

Public Accounts Committee

Oral evidence: The Future of the Equipment Plan, HC 716

Monday 28 April 2025

Ordered by the House of Commons to be published on 28 April 2025.

[Watch the meeting](#)

Members present: Sir Geoffrey Clifton-Brown (Chair); Mr Clive Betts; Nesil Caliskan; Mr Luke Charters; Peter Fortune; Rachel Gilmour; Sarah Green; Sarah Hall; Lloyd Hatton; Sarah Olney; Rebecca Paul; Oliver Ryan.

Defence Committee member present: Derek Twigg.

Gareth Davies, Comptroller and Auditor General, National Audit Office, Tom McDonald, Director (DBT Value for Money), NAO, and Edward Pinney, Alternate Treasury Officer of Accounts, HM Treasury, were in attendance.

Questions 1-60

Witnesses

I: David Williams CB, Permanent Secretary, Ministry of Defence; Admiral Sir Tony Radakin KCB ADC, Chief of the Defence Staff, MoD; Madelaine McTernan CB, Chief of Defence Nuclear, MoD; and Andy Start, Acting National Armaments Director, National Armaments Director Group and CEO Defence Equipment and Support, MoD.

Reports by the Comptroller and Auditor General

The Equipment Plan 2023 to 2033 (Session 2023-24, HC 315)

Investigation into military support for Ukraine (Session 2024-25, HC 230)

Examination of Witnesses

Witnesses: David Williams, Admiral Sir Tony Radakin, Madelaine McTernan and Andy Start.

Q1 Chair: Welcome to the Public Accounts Committee on Monday 28 April 2025.

For the second year in a row, the Ministry of Defence has not published an equipment plan, which is an official document that sets out the Department's spending plans on equipment procurement and support projects to keep the nation safe. The MoD attributes the lack of publication of an equipment plan to the ongoing strategic and financial reviews, claiming that a plan would not provide an accurate reflection of the Government's spending plans. This is in the context of the Prime Minister's recent announcement that defence spending will increase to 2.5% of GDP from April 2027, with an ambition for it to rise to 3% in the next Parliament. Both the Public Accounts Committee and the Defence Committee consider that the lack of publication of an equipment plan is a huge impediment to our essential role in scrutinising defence spending and procurement, and therefore represents an unacceptable loss of transparency to Parliament and the nation.

The PAC's last Report on the equipment plan, in 2024, identified significant changes in the MoD's management of its equipment budget, including a £16.9 billion deficit between forecast costs and available budgets, representing the largest deficit yet. Questions today will therefore centre on examining the MoD's response to the Committee's recommendations in its Report on the 2023 equipment plan. We are also keen to learn what lessons the Department has learned from support of Ukraine, as well as the defence industrial strategy. We will also be examining our witnesses' plans to address the ongoing issue of recruitment and retention in the military, as well as concerns regarding the quality of accommodation for service personnel. We sincerely hope that by the end of this hearing we will have heard a clear plan from the MoD as to how our Committee, and by extension Parliament, will be able to scrutinise these critical issues in the absence of an equipment plan.

To help us with all that today, we are very pleased to have a very senior team of witnesses in front of us. We have David Williams, permanent secretary at the MoD—welcome, David; you are a regular attendee at this Committee. We have Admiral Sir Tony Radakin, Chief of the Defence Staff. A very warm welcome to you, Admiral. Shall I call you CDS, Admiral, or Admiral Radakin? How would you like to be addressed?

Admiral Sir Tony Radakin: However you want, Chair, but Admiral or CDS might be most appropriate.

Chair: Thank you; that is very helpful. Maddy McTernan is well known to us. She is the chief of defence nuclear. So your initials are, I suppose, CN—

Madelaine McTernan: Not quite—CDN.

Chair: CDN. I should get that right.

Madelaine McTernan: But Maddy is fine.

Chair: Very good. Finally, we are very pleased to welcome back to the Committee Andy Start, acting National Armaments Director, National Armaments Director Group, and CEO of Defence Equipment and Support—DE&S—at the MoD.

We extend a warm welcome to our guest member for this session, Derek Twigg, who is a member of the Defence Committee. We are also joined in the Gallery by clerks from Mid Devon district council—I think their names are David, Angie, Sarah and Laura. It is very good to see people from Devon coming up to see what we do here in Westminster. It is always regarded as a bit of a mystery, so hopefully you will be able to go back and tell people in Devon what we do. It is very nice to see you.

Without any further ado, I have two questions for our witnesses that I think you were warned about at the top. The first is probably to you, CDS, and is on the fact that you cannot operate any military operation without appropriate personnel, so it is on the whole issue of recruitment and retention. In recent times, for every 100 soldiers who are recruited, 130 leave. That is clearly unacceptable. There is a range of reasons for that, but I would be grateful if you could tell us what you intend to do to address that.

Admiral Sir Tony Radakin: Thank you, and good afternoon to the whole Committee. There continues to be a problem—I think we should acknowledge that. The armed forces are getting smaller each month, to the tune of about 200 to 300, but that decrease is getting considerably less than it has been over the last couple of years. If you look at it through the lenses of the three services, the Navy has stabilised and is starting to get bigger now, the Air Force is reasonably stabilised, and the Army is still on a downwards trajectory. That is why I say it is still a problem, but it is easing, and the forecast is that it will bottom out and that we will start to rise across the whole of the armed forces in the next two to three years.

On the recruiting side, we have lots of people who want to join the nation's armed forces. We have to get much better at converting those applications into recruits. The numbers are really healthy. It is in the order of 13 people applying for every place that we then turn into a serviceman or servicewoman, but we are not as strong as we should be in terms of that conversion. We are better than we used to be, and we are doing a whole range of things in each service. We have looked again at some of the

barriers, not to reduce the quality or, in any way, the competitiveness, but to allow more people to come forward.

Some of that has been around the medical standards, and whether we are too rigorous on medical standards that look at people as if everybody is going to serve for a full career of 22 years, when on average, for most people, it is closer to 10 years. Therefore, can you look at someone's medical prognosis maybe five years at a time to give them a route in, and be less concerned about something that might materialise in 20 years' time? The Government went through a whole series of medical standards and made about 100 variations last autumn. There is also a recruitment and retention board, led by the Minister for the Armed Forces and the Minister for Veterans and People, to put all of us under pressure to make lots of different adjustments, to make it easier for people to be converted from their application into recruits.

On the retention side, there is a whole host of initiatives. Some of this is about addressing the fundamentals. You talked about accommodation, so can we improve accommodation? We might come back to that later. We are also the beneficiaries of substantial pay awards, both last year and the year before. That is working at both ends, so can it help to keep people in, but also attract more people to join us?

We used to have a system whereby you were on sort of a probationary wage for the first six months of your career, until you started your second stage of training. We have now brought that forward so that everybody joins on the substantial salary you get in that first rank. That is a huge increase, and closer to £25,000 rather than the previous probationary wage, which was £18,800. That is really significant because we had people who wanted to join, but we were saying, "Come and join the armed forces, and we will pay you less than the minimum wage." Those are some of the things that are being corrected.

I also think there is an onus on all of us to be as effective leaders as possible. These people have joined to serve their country, have fantastic careers and be developed during their time in service. How can we reinforce that that is what is happening, that they have made the right decision, that there are reasons for them to stay in and that they are in an armed forces that continues to contribute to the safety of the nation in an extraordinary way, but that they as individuals are treated as individuals and get the benefit of feeling that?

In the past, we have had moments when, in a more demanding society, we have not treated them as strongly as we should have in terms of their individual requirements. Some of that is about being clear about the stability of life for them and their families, some of it is about the training that we offer them and some of it is about saying, "This is what is happening in the armed forces, these are some of the exciting initiatives and this is why you should stay in." It is all those things. It is getting better, and it is forecast to continue to improve.

Q2 Chair: It is really good to hear from you on that, Admiral. We have an awful lot to cover today, so although I would come back with supplementaries, I cannot.

I think this question on defence housing is applicable to you, Andy Start. Under the new quad arrangement, the national armaments director—you are the interim director at the moment—will take DIO into its orbit, so am I right in thinking that you have taken it into your orbit and it is right to ask you a question on defence housing?

Andy Start: Yes it is, but I might refer to a friend, on the grounds of having had it for about four weeks. I am still learning.

Chair: Okay. The Defence Committee found that two thirds of service family accommodation needed major work to meet modern standards and that families face uncertainty over the allocation of accommodation. This Committee has examined the poor standard of defence housing for a long time. You have just done the deal with Annington Homes. You have bought £6.1 billion-worth of property. How are you going to remediate that property, and how long will it take the average serviceman to see the benefits of that improvement?

David Williams: Chair, the Annington deal, which was concluded at the start of the year, brings with it a range of opportunities in bringing back into public ownership some 36,000 service family houses, alongside the stock that we already owned directly. That means that investment that we make in upgrading those houses becomes an investment in our own housing stock, rather than in houses owned by our third party. It also unlocks the ability to think through, on a site-by-site basis, whether it makes more sense to renovate and upgrade or to knock down and rebuild housing.

There are two points for the Committee to register. The Government have announced a new housing charter; Ministers announced it on Friday the 18th, I think—just over a week ago. That sets out expectations and our ambition for minimum move-in standards and for a digital front end for service personnel and their families, so they can register issues and complaints, and more easily track upgrades to their property. It also sets expectations around minimum standards. That is backed up with initial investment for some quick wins in the 1,000 or so properties that we think are most in need of refurbishment.

That is set alongside the announcement of a new defence housing review, which is being led externally. That will give us advice and options on how to capitalise on the freedoms and flexibilities we now have as part of that Annington deal. There is a range of work in progress that is going to see us improving the standards of service accommodation. It needs to be backed up by investment. We are putting investment in, but it will be a balanced investment decision, for later in the year, about how we sustain that over the decade ahead.

I think there will be areas where we can see improvement in service accommodation pretty quickly, but it is an area where there has been under-investment on a sustained basis for a number of years, and it will take a number of years to get all the accommodation up to the standard that we would like.

Andy Start: There are a couple of things that my colleagues in DIO would like me to add. While there is clearly a job of work to be done here, and the DIO team are committed to doing it, they have made significant progress over the last 12 months. The number of complaints has reduced dramatically, from around just over 4,000 to under 330. Those 330 complaints are not okay, and we need to get through the backlog, but the transformation in terms of the number of dissatisfied individuals and families is significant.

Chair: Thank you very much. I think we will leave that there, because we have so much to cover. I now go to my very able deputy, Clive Betts.

Q3 **Mr Betts:** Good afternoon. The last Report indicated that there was a gap between spending commitments and the funding to meet those commitments of £16.9 billion, which is a pretty big gap. We now have a commitment by the Government to increase defence spending to 2.5% of GDP. I am sure that there is a concern that that extra funding will simply be poured into the funding gap that previously existed, and that frontline services will not see any benefit. Should we have those concerns, or can you allay them?

David Williams: Let me start, and the CDS may want to come in. I can allay them to an extent. We are midway through the process of deciding how to invest that additional defence funding in priorities to ensure that we are supporting the armed forces in what the Government and the country ask of them. We are in the final phases of the strategic defence review, launched last July. That is essentially setting the policy and capability headmarks that the country, the Department and the armed forces need in order to respond to the dangerous and uncertain world in which our armed forces personnel will be operating. That sets, if you like, the parameters for the content of our future equipment programme.

Following the Prime Minister's announcement in the House at the end of February, we have increased clarity on the level of funding for defence in this Parliament. As you would expect, we are working through precisely what that means. We are also working in parallel on a refreshed defence industrial strategy and on a programme of defence reform. The four of us here today are a visible sign of us getting on and implementing that defence reform programme, which will help us to ensure that the money that we get is spent more effectively, in a way that not only secures better value for money for the taxpayer, but ensures that our armed forces are getting the capabilities that they need in order to do the jobs that we ask of them.

My point about allaying your concerns—and this is why we have not published an equipment plan in the past 12 months—is that we need to let that process run to its conclusion before setting out the investment choices that we are making. We will absolutely be transparent as part of that, and I imagine that the Committee will want to tell us how well those concerns are addressed. But while we are still just short of publishing the direction of travel for defence in the SDR, and while we are working through what the increased budget means and thinking about how we deliver that through our defence reform programme and refreshed defence industrial strategy, I cannot, today, give you the detail that you were hoping for, Deputy Chair.

Q4 Chair: You are anxious to tell us, permanent secretary, so can you tell us whether it will be before the EU summit on 19 May, or the NATO summit on 24 and 25 June?

David Williams: The Government said it would publish the SDR in the first half of the year. We have been talking about late spring, so we are not far off.

Chair: So it looks as though it will be before the EU summit on 19 May.

David Williams: I would not speculate on the precise date, but it will be between now and the summer break.

Q5 Chair: I'm tempting you. CDS?

Admiral Sir Tony Radakin: To build on David's points, the premise of the question seems to be that, as well as being able to spend some of the additional money on new capabilities, all it will do is allow the current programme to be fulfilled. I hope that is not an unfair interpretation. That risks skipping over how significant the existing programme is and how ambitious the current programme is, under both the previous Government and this Government. We are renewing the nuclear warhead and renewing our ballistic submarines. We are recapitalising the Army, which is an enormous journey—over £40 billion; we have largely recapitalised the Air Force; and we are about halfway through with the Navy. We are also looking to do AUKUS, both pillar 1 and pillar 2, and we are investing for the long term in a sixth-generation fighter.

That is an extraordinary list of the massive programmes and ambition that are part of the existing programme. We are also trying to embrace some of the areas where we need to strengthen where we are weak, but also to take the opportunity of some real advantages if we can invest in technology and new capabilities.

Q6 Mr Betts: That is all well and good. The problem is that on all the commitments you just highlighted, there is a £16.9 billion deficit in actually funding them. That is the concern. When we get the strategic defence review, will it highlight the extra benefits the country is going to get specifically from the increased commitment to 2.5% of GDP?

Admiral Sir Tony Radakin: Yes. The defence review will try to do what every defence review does, which is to balance ambition and resource, but also chart the direction that we need to respond to the current geopolitical situation and ensure that we have the armed forces that this nation needs, both in the here and now and for the future. In that way it is orthodox, and that is what we definitely anticipate it will start to articulate.

Q7 **Mr Betts:** That is a helpful answer, because it would be really useful to be able to see very easily in the strategic defence review that the extra resources that are now being provided by the Government have got a particular benefit that can be highlighted.

David Williams: Yes, you will see some of that, although it is a strategic defence review that will need to be translated into a set of specific investment decisions in individual capabilities and projects. That will be work for later in the summer and into the autumn. I expect you will see confirmation of those areas of the current programme that remain critical for us to take forward to support our armed forces in the way that CDS has described, as well as pointers for those areas of new capability and new technology that the reviewers believe we should prioritise. That is alongside, as the Chancellor made clear in her spring statement, the benefit that we will get in terms of not only defence capability for our armed forces but the contribution of the uplift in the defence budget to economic growth and prosperity in the country in terms of UK jobs.

Q8 **Mr Betts:** I will come back to that in a second. You said you will have to work through what the strategic review means for equipment. Are we effectively going to get an upgraded equipment plan in a few months after the strategic review?

David Williams: There will be a range of details for us to work through after the SDR is published.

Q9 **Mr Betts:** That was not the clearest of answers, permanent secretary. You just said that the strategic defence review will not give us a clear indication of what the extra funding means for equipment, so you are going to be looking into that. When you have looked at it, are you going to produce a plan that we can all see?

David Williams: Yes. As I said in correspondence with the Committee last month, the intention is to return to a drumbeat of providing greater insight and clarity about our future investment choices. We need to work through how far that mirrors what we have previously published, and how far it reflects the new defence reform set-up, with four main areas of the Department, as well as thinking about our budget in different ways.

As we have previously said, we are quite interested in getting feedback from the Committee. Having sat in a number of hearings on the equipment plan—I note the Comptroller and Auditor General to my left—I know that your predecessor Committees have shown more interest in the analysis that the Comptroller and Auditor General undertakes of our plans than in

the plans that we publish ourselves. There may be some of that analysis that we can incorporate in what we do. The precise form remains to be decided, but there is a ministerial commitment to share with this Committee—with Parliament—more detail of our investment choices going forward.

Q10 Mr Betts: You mentioned the important supply chains and the link to industry. How will the spending review eventually link into the industrial strategy? The other day, the Defence Secretary made it very clear that he

now wants to see more of the money spent on procuring from British companies and creating British jobs to grow the economy.

David Williams: Let me talk slightly in the abstract, and then see whether colleagues to my left may want to give you a specific example. The strategic defence review may say that it is a priority for us to invest more in a particular area of capability. One question we then need to work through is the extent to which, thinking about military capability requirements and timescales, that is something we want to buy off the shelf. Is it a programme where we want to invest in developing new technology with UK design skills and UK manufacturing jobs? What are the options around partnership with international allies—with European partners or the US? The means to deliver on that set of requirements—which will need to be articulated in more detail by the CDS and the new military strategic headquarters—is a feature of that follow-on work.

As we then make our investment decisions, the defence industrial strategy will set out the criteria. You referred to comments from the Defence Secretary; we published a statement of intent around the defence industrial strategy last autumn, which sets out a number of areas that we want to prioritise, including British companies and UK-based jobs, and thinking about partnership, innovation and the pace of delivery to the frontline. Quite critically, the strategic defence review includes the importance of our industrial base and our investment in that as part of the deterrent effect that we want to have on adversaries. Those are all criteria that get you from, “We need to invest in capability X,” to, “It’s this programme rather than that programme.” That is the complexity behind our balance of investment decisions that we make on a routine basis.

Q11 Mr Betts: I will probably leave it there, but I will just that you are very much the owner of Sheffield Forgemasters in my constituency, which is vital to our nuclear submarine programme. That sort of investment is really important for us all to see—for local jobs, growth and our strategic deterrent.

David Williams: Sheffield Forgemasters has an important part to play in supporting the nuclear programme, for which the CDN is there.

Mr Betts: We will come to those issues in future.

David Williams: As an example, though, we are also looking at restarting artillery barrel production with Sheffield Forgemasters, in the first instance to support our partners in Ukraine. That involves thinking about how we can use our requirements and buying power to support the industrial base in a way that then gives us more resilience in our supply chain.

Mr Betts: I was at BAE systems the other day, who are also part of that programme.

Andy Start: It is important to recognise that, today, the vast majority of the defence budget—over 85%—gets spent with British industry. Although we do buy some capabilities in from partners and allies, we then export significantly larger amounts of money. The big opportunity is the fact that as the threat grows—and it is growing, as I am sure we will get into a little later—spending across NATO nations is increasing dramatically. That is creating a very significant opportunity for growth in the defence sector, both in supporting the UK's needs as its budget grows, and in seizing the opportunities to help allies. Going forward, there is a very exciting opportunity for the defence industry to generate greater employment across the country.

Chair: Thank you very much.

Q12 **Mr Charters:** Ms McTernan, may I ask you about Defence Nuclear Enterprise costs? The last equipment plan reported a 10-year forecast of £118 billion, and we have since seen further cost pressures. Would you outline the latest forecast for the DNE? The Committee values transparency around what is a huge component of our military spending.

Madelaine McTernan: It is a very significant proportion of the MoD spend. I think the budget for the year just completed was £10.9 billion, which is about 18% of the total MoD budget.

We are seeing upward pressure in the nuclear forecasts, and I think that is for a few reasons. Over the last couple of years, we have been trying to drive forward the nuclear programme. You might have seen that in some of the publications we have put out—for example, the Command Paper last year—on how we are trying to recapitalise the nuclear programme.

Driving that forward with the pace that it deserves has had some impact on the forecasts. We have obviously got the impact of inflation, which continues to flow through since the last equipment plan was done. We also have some new programmes. You will have seen that last year we announced a new programme to re-establish the capability to produce nuclear reactor fuel for defence purposes—that is a new programme since the last equipment plan. There are others too—another notable one is the change of scope for SSN-A due to the AUKUS programme.

There is upward pressure in the forecasts—of course, there is an increase in funding—but the additional part where we have been very focused the last couple of years, and will continue to be, through defence reform, the

strategic defence review and the industrial strategy, which will help to drive this, is on delivering those programmes effectively and efficiently. We are really trying to drive to schedule, and in a lot of these programmes there is a very strong correlation between driving schedule and costs, because so many of the costs involved are workforce-related.

Q13 Mr Charters: Are you able to give a figure today for your 10-year forecast for the DNE?

Madelaine McTernan: If I compare the 10-year forecast that was in the equipment plan and base it on the same period, I would say that the forecast cost increase is in the order of about £10 billion.

Mr Charters: So you are looking at closer to £130 billion?

Madelaine McTernan: *indicated assent.*

Q14 Mr Charters: Is that based on a like-for-like programme scope, or does it include the things you just mentioned, such as example nuclear fuel?

Madelaine McTernan: It includes the new programmes as well, but it is based on that same period.

Q15 Mr Charters: May I turn to how the ringfence is working? The Government are rightly taking the role of uplifting defence spending to 2.5%—we know how many billions annually this will deliver—but the MoD has had a history of tapping into conventional budgets to fund other projects, such as nuclear. Could you confirm to Parliament today that not a single penny will now need to be diverted from conventional budgets to fulfil the funding needs of the Defence Nuclear Enterprise?

Madelaine McTernan: If we go back, it has actually been the nuclear budget that has, at times in the past, been reduced in order to fund other areas in the MoD. I am sure that at different points in time you could say it has worked either way.

The ringfence works by ensuring that we have all the programmes and costs that are absolutely core to delivering the deterrent in one place. That is ringfenced in the sense that money cannot be taken out of that ringfence and put into the rest of the Department. It is not actually ringfencing the rest of the Department from nuclear, recognising the prioritisation of nuclear. The ringfence itself is part of a broader set of flexibilities that we put in place with the Treasury to really help to drive the delivery of these programmes.

There is the ringfence to protect the nuclear funding. We also have certain other features, which we set out in the equipment plan, that recognise, for example, that we have these very large and very lengthy programmes. Trying to forecast exactly what the capital spend on these programmes is going to be, year by year, can be challenging with programmes of that magnitude. We have the ability, with Treasury consent, to move money between years, which helps to manage the budget effectively, and we also

have the ability to move a little bit between programmes in order to support prioritisation. These are just examples of measures that we are trying to use to ensure effectiveness and efficiency in the way that we are managing the nuclear budget.

Q16 Mr Charters: Put simply, do you think there is a risk that in future things elsewhere in the Department may have to be reduced to support and protect nuclear spending?

Madelaine McTernan: As we started by saying, we have not worked through the implications of all of the SDR on capability choices, which will flow through that to set the future budgets. We will continue to manage between us in order that we can direct our resources to our Ministers and to the Government's priorities for the country.

Q17 Mr Charters: So it could be possible. Let me ask about the sovereign industrial base. Are we using the record investment into DNE to bolster the British sovereign industrial base more broadly? Could you touch on Mr Start's point and say what proportion of DNE spend is being spent on our sovereign capability. I think the figure Andy Start gave was 85% of overall spending; what is the comparable figure for nuclear spending?

Madelaine McTernan: I cannot give you the exact figure here and now, but the vast majority of spending for nuclear is in the UK. We really prioritise this. Obviously, some of the capability has to be sovereign. If you look at warheads, we have grown the number of employees at AWE by—

Mr Charters: Is it higher or lower than 85%?

Madelaine McTernan: My instinct is that it would be slightly higher.

Andy Start: My instinct is also higher, but I have not had the data for the other one. Madelaine does not have the data because we have not pulled it.

Q18 Mr Charters: Turning briefly to AUKUS, I have seen at first hand, as have other Committee members, the Astutes being built in Barrow, which is a fantastic engineering site. There are dozens of nuclear attack submarines as part of that programme. Economics 101 would suggest that as you drive industrial scale, you lower unit costs. Do you think AUKUS has a positive story, in that it might drive efficiency across the DNE? Could it drive industrial productivity gains and drive down some of the unit costs in the production of the Astutes, given the size of the sector for nuclearpowered attack subs is increasing?

Madelaine McTernan: Absolutely. We will be looking to drive efficiencies wherever we can. There will be decisions around the size of the class that we will produce in the UK and how we are going to contract for those, but this should absolutely be a very significant benefit to the British industrial base as we are looking to deliver our own submarines, but also at the creation of a trilateral supply base to support Australia.

Thank you for taking the time to go up to Barrow and have a look. We have a really positive story at the BAE dockyard about the investment that we are putting in there, but also about what we are doing more broadly for the town through the Barrow transformation fund. The Government have committed £200 million over 10 years to support the town as we look to attract more workers who will support the SSN-A production over time. It sits alongside the work that we have been doing across the UK on skills to make sure that we are able to deliver effectively, with the right skills base in the country. It is creating highly skilled and very attractive jobs across the UK.

Q19 Mr Charters: The nuclear supply chain is a huge opportunity for British defence SMEs, which will drive prosperity in my region in Yorkshire and in the rest of the country. What targets might you have to ensure that the nuclear supply chain is open to British defence SMEs?

Madelaine McTernan: Later this year, we will be doing a supply chain conference to talk to those SMEs. Obviously, we talk a lot to the primes, but there are over 3,000 companies involved in the nuclear supply chain in the UK, so we are making sure that we can highlight those opportunities and ensure that people see the attractiveness. The Government's very firm commitment, through the triple lock, to nuclear and that messaging really help to give a positive message and stability to industry as it thinks about how it can invest and how it can support being part of the nuclear sector.

Q20 Mr Charters: Would you like to see more British SMEs supplying the nuclear supply chain?

Madelaine McTernan indicated assent.

Q21 Chair: We will have to speed this whole thing up, or we are going to be here for a very long time.

Permanent Secretary, the important bit of Mr Charters' question was that if you take the figure in paragraph 2.17 of £117.8 billion for the nuclear DNE budget, and the latest total budget figure of £305 billion, you are getting towards 40% of the entire budget going on nuclear. The report makes it clear that the nuclear part of the budget is rising as a percentage all the time. This is surely sucking money out of the rest of the budget. Does that not mean that there will have to be cuts elsewhere in the equipment budget?

David Williams: It does not mean that there will have to be cuts elsewhere in the equipment budget, because as the Prime Minister announced at the end of February, the defence budget is also rising. One of those big capability questions that we need to answer through the SDR and the follow-on work is about the balance of investment in nuclear and conventional capabilities. The equipment programme is about half of our spend. If you factor that in, yes, we have the costs of crewing the submarines, but the 20% figure for the Defence Nuclear Enterprise on an

annual basis is, on the whole, where I think we are. It may increase on a small set of percentages here or there, but it is not at the 40% level.

Q22 Sarah Green: The NAO Report “The Equipment Plan 2023 to 2033” highlighted supply chain issues that constrain delivery, particularly facing “supply chain risks and industry capacity constraints, due to skills gaps, shortages of key components and an increased demand for defence equipment in other countries”. The integrated procurement model was announced in Parliament in February last year, and the new model was designed to drive increased pace in the delivery of military capability to UK forces on the frontline. Mr Williams, did you begin implementing your new integrated procurement model from April 2024 as planned?

David Williams: Yes, we did. I might ask Mr Start to update you, but first let me say that this is in the context of this Government having a baseline position of quite far-reaching reform of the Department. Under our new set-up, Ms McTernan is responsible for the Defence Nuclear Enterprise, I run the new Department of State, the CDS heads up a new military strategic headquarters and Mr Start heads up the National Armaments Director Group—we need a slightly snappier description.

In part, this is about setting clearer sets of accountabilities and clearer responsibilities for different bits of the Department, with a particular focus—I will bring it back to the integrated procurement model—on how we specify the requirements for our frontline forces, which is a responsibility for the MSHQ, and how we then engage industry both strategically and on a programme-by-programme basis to best work out how to meet those requirements, which will be a responsibility for the national armaments director. We will then agree, take forward and enact a set of proposals, each being clear about our role in that.

We will want to port a number of the features of the integrated procurement model into our future ways of operating, but the step back defence reform programme that we are now implementing has a broader set of ambitions for how we improve acquisition—not least getting after recommendations from previous versions of this Committee and from your sister Select Committee, the Defence Committee. Mr Start, do you want to come back on the specifics?

Andy Start: I can come back on supply chain and supply chain resilience if you wish, but the answer to your question about whether pace is accelerating is yes. Under the previous Government, we developed the integrated procurement model to recognise that the threats to the nation had changed. The pace at which we were going about acquisition was no longer relevant to an environment in which our adversaries were developing new capabilities on the battlefield every day.

The integrated procurement model had a number of features, one of which was to develop different commercial pathways. The focus was on spiral development by default; that is, getting to a minimum viable capability and then improving it over time. That allows you to get capabilities into



HOUSE OF COMMONS

the hands of the warfighter much earlier. It also focused on making sure that we took the views of industry in from the get-go. Instead of Tony giving the national armaments director a very firm requirement and him then going to industry, the CDS now goes to the NAD with a warfighting concept and a problem statement, and the NAD goes to industry to say, "What is the best way we can tackle that?" That drives much better value because it allows you to get the 80:20 out of the acquisition. It also allows us to look at exports with industry from the get-go and make sure that we design products that can work for not only the UK market, but our allies and third parties. All of that is allowing us to go after speed.

We rolled out the first new commercial pathway, which is the spiral development handbook and procedures, to the commercial department last year. Feedback has been excellent. It has flowed into a number of early-stage projects. Examples of that are things like the mine-hunting capability, where we have an initial capability in the Gulf working today with autonomous drones working really effectively. We will spiral up from there. The same is going on in the drone space, with a programme called TIQUILA, and in the land mobility programme. The integrated procurement model is in place, working and accelerating the pace.

We are learning a lot from Ukraine—I can unpack that a bit more later on—in terms of additional things we are doing over the top. We are taking those extra lessons into the way we will modify the integrated procurement model further under the strategic defence review and defence industrial strategy. The Chancellor has already announced one of those elements: breaking the budgets into three segments. The top segment is the long-term, big strategic programmes that we have with platform providers—submarines, ships and aeroplanes—where the goal is to transform the time to market from six years to two. That is challenging, but we think it is doable and will really benefit industry and inward investment. The second tranche will be spiral development, which is adding the solutions and systems on top of that, and we are looking to reduce the time to market from three years to one.

On top of that, one thing we have particularly learned from our real successes in Ukraine is to do a lot more rapid commercial exploitation. We have been bringing in a process that has been working phenomenally well for Ukrainian colleagues, which is getting capability to the battlefield in weeks, not months. We call it a 3, 2, 1 process. We identify how much we are prepared to spend and roughly what the problem statement is. We go out to market and make sure that we get at least three bids, although we often get 30 or 40, often from SMEs. We down-select to two products that look like they are really exciting possibilities, and we try those products out; in the case of Ukraine, we take them to theatre and we check how well they work. We then select the one that works best and scale it.

That process has a really powerful effect on the battlefield, but it is also transforming the relationship we have with SMEs and with the private equity and venture capitalists who support them. If you can get the

procurement timescales down to three months, suddenly you are in the timescales that are attractive to that VC and PE community. That is really exciting, and you will see a lot more of that to come.

Q23 Rachel Gilmour: I would like to ask the CDS about your understanding of whether the support provided by NATO allies has been affected by recent geopolitical developments.

Admiral Sir Tony Radakin: If I look at the NATO story as a whole, actually I think NATO is getting stronger. The 30 countries have now become 32, with the addition of Finland and Sweden. The other piece, which is pretty common across all NATO countries, is the increase in defence budgets. The other element, which I think has been a strength of the NATO direction over the last few years—and I pay tribute to SACEUR General Cavoli—is the clarity of refreshing our operational plans so that they are in a much better state and so that the member nations know how they best fit in and what capabilities are required. In that sense, NATO feels, to me, much more significant than it has felt in the previous five years. It is in a strong position and it is strengthening.

Q24 Rachel Gilmour: Do you mean that it is becoming more strategic and more like a jigsaw puzzle that works together, with the impact that flows from it?

Admiral Sir Tony Radakin: Yes. It has always been strong, but it is even stronger now because it has more nations and because of the enormous increases in defence spending. We are talking hundreds of billions: I think it is about £600 billion just from European countries since 2014, and according to the projections over the next 10 years, it will be at least that again. Those are enormous increases in NATO spending, and it is predominantly through European countries. Then there is the operational acuity of a war in Europe and the need to refresh plans and look at what capabilities we require. That is giving an added sharpness to all the countries and militaries.

Q25 Rachel Gilmour: This is a question for David Williams. I wonder whether you have undertaken the planned force testing of this support in the last year as part of your capability planning processes.

David Williams: Yes. In future, that process will be run through the MSHQ with close engagement from the national armaments director, but we do a force testing process on an annual basis. Most recently, that exercise has included close allies and partners in the same way that we take part in their equivalent exercises.

Rachel Gilmour: I would have hoped that that was the case.

Q26 Oliver Ryan: This question is for David. Have you done an assessment of the extent to which our capability is reliant on co-operation with allies? In an uncertain world, how exposed might we be to changes in political will or to support being curtailed or withdrawn at a later date for various

operations, like Ukraine or even some of the tech or development programmes we are involved in? Have we done an assessment of that? Are we honest with ourselves about the extent of those risks?

David Williams: My answer is on a couple of levels. Colleagues to my left, in particular, may want to supplement briefly.

First, I think it is about renewed emphasis on planning from NATO. That is all about ensuring that the 32 nations are able to operate collectively, with each of us knowing our place in the NATO war plans. As a theme from the strategic defence review—I do not think I am giving away many secrets here, because it is in the terms of reference, from the view of an articulated policy of the Government—we are thinking NATO-first in the way in which we think about policy framework, our capability requirements and our procurement and acquisition. That kind of joined-up assessment of where we are providing support and where we are dependent on our allies is very much at the heart of our capability planning and thinking.

There is also, in part from some of our lessons from Ukraine, a renewed emphasis on the importance of standardisation of interoperability. This is the theme that Mr Start has been pursuing with NATO national armaments directors. As we think about war planning and engagement on operations through the military lens, what each partner will bring to the table, how we ensure interoperability and where the links are is essential to the force estimating process that the CDS runs.

Andy Start: To build on that, there are two really important groups to be aware of that we do not talk about very often. One is the conference of national armaments directors, which is my peers across the NATO nations, who work together to make sure that we are able to support NATO's plans and sustain them through the fight. The second is the Ukraine defence contact group, which is about 40 nations that are working together, with significant overlap with the CNAD team, to support the Ukrainian group. Out of both of those communities, we are learning a lot about what it takes to be able to fight today and sustain that fight.

There are some key lessons that you might wish to draw. The first is that in a fight you need your allies. That is incredibly important, and it is absolutely a lesson learned from Ukraine.

Secondly, you want to reduce the number of systems that you have. The more systems you have, the more complicated it is to manage the logistics, the more difficult you make the fight, and the smaller is the deterrent effect that you provide in your nation: you reduce the value that you are getting for the money that you are spending. As far as possible, you want to work together with as many as allies as possible to co-design, co-develop, co-produce and co-support equipment, as we do for things like the Boxer, where we design, build and upgrade it together. That is a much more cost-effective way of operating than when we all have different systems. We need to collaborate to do that as far as possible.

Finally, you need to make sure that you have sufficient ability to sustain the product in the fight if your supply lines are disrupted. That is about making sure that you know enough in your country to continue to operate the piece of equipment, even if your ally is disrupted for either political or technical reasons.

We are learning those lessons. I would like to take the opportunity to say thank you to the NATO industrial advisory group, which is the team of industry working with us, because another lesson that we have absolutely learned from Ukraine is that industry is as fundamental a part of our ability to warfight and sustain as our armed forces are.

Chair: Thank you. We are very pleased to have Derek Twigg from the Defence Committee with us, and he will continue the questioning.

Q27 Derek Twigg: Mr Williams, could you set out for the Committee how your reform programme is going to deliver more equipment projects on time and to cost?

David Williams: Yes. As I have touched on already, at the heart of the reform programme is being really clear about the specific responsibilities and accountabilities within the four main areas of nuclear, Department of State, Military Strategic Headquarters and the national armaments director.

In the capabilities space—CDS and the NAD will want to amplify this—it is a clearer set of accountabilities around setting the military capability problem statement in the MSHQ. What are the problems that we need to solve as part of our war-planning activity? Then there will be richer engagement with industry about how you solve the problem set, rather than just saying, “Here are 1,100 specific requirements that we would like you to meet, though the chances are that we will change our mind about half of them while we are midway through the procurement.” That is coupled with streamlining and simplification of process, including making sure that our approvals process strikes a better balance between assurance and pace.

It is, however, as much about mindset, culture and ways of working, led from the top by Defence Ministers and by the four of us as the leaders of our individual areas. It is also about the importance of pace and the importance of thinking about defence enterprise, not just within the boundary of the Department but out into industry.

Q28 Derek Twigg: I think we get the structure because we have read our briefs and we understand that. What I am trying to find out is how it will make a difference to delivery on the ground. You mentioned culture, for instance; maybe you could give us a few examples of how you are changing culture.

David Williams: Let me look to my left to see if my colleague wants to give some examples. If not, I will carry on.

Andy Start: First, it is worth saying that we have been improving programme performance across the range of defence over the last few years. You have seen the fact that my DE&S team has around 2,500 contracts at any one time and about 600 programmes. The vast majority of those programmes deliver on or ahead of cost and on time. We do have problems with the larger programmes, and I am happy to speak to that in a bit more detail in a minute, but general performance is much better than people perceive; none the less, we would still like it to be better.

The defence reform gives the national armaments director significantly more control over the end-to-end acquisition process than the old structure did historically. For example, under the old structure, I, within DE&S, would receive a very, very detailed requirement from my military colleagues that, because of the incentives, were normally only specified right at the top ends of physics. The natural inclination of a military officer, because they want to protect the people around them, is to tick everything on the option box. Under the new model, the CDS articulates to the NAD how they want to warfight, their fiscal prioritisations and the military problems they are trying to solve. The NAD has the opportunity to go back and offer the most appropriate way of meeting that need, having worked with industry. That stops an inclination towards overspecification, and it stops an inclination towards entryism.

Q29 **Derek Twigg:** How much overspecification do you think is still in the system?

Andy Start: Look at programmes like Ajax, which we are working through. I would say that Ajax was tremendously overspecified. Recognising that the new structures only started on 1 April, I would say there is still quite a lot of overspecification in the system. It has been getting better because of a thing called JROC, which Tony and the vice chief influence to try to force that down, but there is more work to be done.

Q30 **Derek Twigg:** How would you stop the overspecification? What is the trigger that appears somewhere in your new quad organisation and says, "Hang on a minute. Someone is overspecifying here"? What is that?

Admiral Sir Tony Radakin: The trigger is to have a completely different system. If you are asking what will be different, what is different is the drive—

Q31 **Derek Twigg:** That is the question. What is different?

Admiral Sir Tony Radakin: What is different? The drive and clarity from the Secretary of State that we are going to reform the whole of defence. I was a reformer for the Navy; that is a small part of defence. Andy was a reformer for DE&S—

Q32 **Derek Twigg:** Sorry to interrupt, CDS, but are you saying there was no clarity from the Secretary of State for Defence before?

Admiral Sir Tony Radakin: For the reform programmes, there was not the same clarity, the same energy, the same commitment that the whole of defence was going to have a full reform programme. It is very, very different from the way we have had some recent reform programmes. Defence design, head office review—they have not led to substantial changes. This is different in its culture and tone. It is being led from the top; it is top-down driven, in a much stronger way than some of those previous reform programmes.

I will give some examples. When Andy says that those major contracts are now going to have to be commissioned—so instead of being six years, it will be two years—what that means is that all our processes and the way we do business has to be resculpted to fit into two years. The tendency in defence for duplication, the tendency for not being clear enough about who is in charge and who is accountable for which part of the business, the tendency to over-process, the tendency to have an extraordinary number of requirements when we are trying to buy a piece of kit—all of that is going to have to change.

Q33 Derek Twigg: Thank you; that is useful. I am just trying to get to the process. What is the trigger that hits you, the quad, that you find within the system and says there is overspecification or people are still changing a project well down the line of its development? What is the trigger for you?

Admiral Sir Tony Radakin: The inception will be different. The inception for a new capability will come from the chiefs committee, so it still involves all the chiefs. You have your expertise from Army, Navy and Air Force and from Strategic Command, but the chiefs committee, chaired by me, will give to the NAD the problem statement setting out what we require in the future for a new capability. That will be much more of a problem statement, rather than “These are the thousand things that need to be achieved for our next armoured fighting vehicle.” It will be much broader. One example is that we need more lethality in terms of our long-range weaponry. Rather than giving a whole series of specifics, it will be a much more general problem statement. That then gives the NAD the opportunity to go out to industry to see what is out there, to go out to the innovators, to explore in a much more open way and then come back with solutions.

The other piece that is different is that we then take it as a chiefs committee. If you want to have an integrated force that combines maritime, air, land, space and cyber, can you take that new capability in the round, looking at it across all five domains? Can you also be much more grown-up about the infrastructure element that has to go with that, and the choices? If the NAD is offering something that is off the shelf and you can get it quickly, that might meet only 80% of the problem statement, rather than being constrained to meet something that actually is 120% of something that might be out there if it gets invented in the next few years. It is very, very different.

Q34 Derek Twigg: I am still not sure about the trigger, but Mr Williams, could you tell us this? Currently, do you have the right calibre and skillset within the MoD to drive this reform through, or do you have shortages in that area? In other words, is there a risk in relation to then having the people in place to drive reform of acquisition through? If you don't mind, because time is tight, it will be a yes or no answer. Do you have—

David Williams: Yes, I think we do in the central team, but as we come to roll the full impact of the reform programme across the Department, and indeed, as we deliver in parallel the recommendations of the strategic defence review and embody the defence industrial strategy, that needs a reforming transformation mindset and skillset across the Department, not just in head office.

Q35 Derek Twigg: Finally, the Procurement Minister told the Business and Trade Committee in March, "The target is to reduce the average time to contract at that top layer from six years to two years and at the middle layer from three years to one year. At the bottom layer, we want to be able to get to contract in three months." When will that target be reached?

Andy Start: It will take us time.

Q36 Derek Twigg: You don't have a timescale, then.

Andy Start: We will drive it through. It will take us a number of years to get the averages down, because we have a lot of legacy programmes, but it is absolutely directionally correct and it is the right thing to do. We will change the processes this year, so you then have to see that flush through. You will start to see the first of those programmes under the new model this year.

Q37 Derek Twigg: So it is a target without a timescale.

Admiral Sir Tony Radakin: It is, but it is happening now. That model is alive and well and being experienced in the way that we are supporting Ukraine. The comfort for the Committee is that it is not one or two capabilities where we have been able to go superfast; in whole swathe worth billions and in a massive range of capabilities, we have demonstrated that this is definitely possible.

Andy Start: I don't think I agree with your narrative of it being a target without a timescale. We will have rolled out a new set of processes that mean that new programmes follow those timeframes by the end of this calendar year—faster, I hope. As CDS said, we have delivered well over 1,000 programmes to Ukraine using an accelerated model, so we know that we can go incredibly quickly when we have the right things in place. What we are doing is taking that learning and applying it back into the acquisition of the equivalent programmes in the UK model.

David Williams: That particular metric will be part of a refreshed dashboard that is being reviewed by us as a senior leadership team with Ministers, by the Defence Board. I think we will be in a better position to



HOUSE OF COMMONS

send an expectation of predominantly meeting that target once we are through the other side of the SDR and the defence industrial strategy.

We have made a bunch of changes as part of defence reform from 1 April, but I would describe '25-'26 as a transitional year, when we bed in those changes. I think we will get to a point where there is a timescale for that target later in the year.

Q38 Chair: CDS, can I test your answers to Mr Twigg using a practical example,? You said that there was going to be a complete overhaul of the Army. You also said just now that you need to increase the lethality of the Army. Your No. 2, CGS, said that you need to double the lethality of the Army by 2027—that is, in two years' time. You and Mr Start have also said that you send down a specification and he goes out and procures. To do that, you will need a lot of kit to be procured in a short space of time. For example, you are going to need to upgrade 140 Challenger tanks from 2 to 3, introduce a new artillery system and a new DeepStrike missile, and introduce an entirely new battlefield digital communications system. Is this timetable really practical?

Admiral Sir Tony Radakin: Yes. General Roly Walker talked about doubling lethality by 2027 and tripling it by 2030. On one level, to be super-honest with the Committee, that is a reflection of how low the lethality is at the moment, but it is also a reflection of the opportunities that are out there and what we have learned from Ukraine. We have done some of them already, such as the Archer artillery system, which we procured much more quickly than we would have done ordinarily. But it is also about the benefits, especially in the land domain, of what is available through some of the drone technology, whether that is in ISR terms or in lethality terms, and how you blend that with some of your more traditional programmes. That is where you get the uplift in lethality, and there is then an ability to carry that on.

That is what Roly Walker is demanding of the Army. It is absolutely in tune with where we think the defence review will come out and in tune with two elements of technology and industry responding and offering these opportunities. Again, we are seeing it in Ukraine.

Andy Start: If I can build on that, you listed the historical programmes. We are going to see a mixture of crude capabilities—the things that we would historically recognise—and an ongoing modernisation programme of that that is delivering. We have delivered all the Apaches. The Boxers are rolling off the production lines. From memory, Ajax is up to 100-odd vehicles, and we have the first of the Challenger 3s rolling out. But the real lethality shift comes from when you have attritable and disposable capability. What do I mean by that? It is when you take programmes like TIQUILA, which adds drone capability on top of those, so we can see farther and further and be more effective and hit more. We are adding one-way effectors, which are, in layperson's terms, low-cost cruise missiles; we have done that very effectively for Ukraine, and we are rolling

those out in the UK Army. So the combination of that traditional crude equipment with the autonomous capability laid over the top transforms the lethality of our military.

Chair: Thank you both very much for those interesting answers. We are going to take a short break. The clock says 16:46 and if we can be back here by 17:00 sharp—I ask Committee members and witnesses to stick to that—we can get going on the next bit, in which we will want to examine the lessons you have learned from Ukraine. Thank you for what you have said so far—it has been really helpful—and thank you to the Committee.

Sitting suspended.

On resuming—

Chair: When she has caught her breath, the first questioner will be Sarah Olney.

Q39 **Sarah Olney:** Mr Williams, we obviously covered this quite a bit before the break, but could you be more specific about some of the lessons you have learned from procuring equipment for Ukraine?

David Williams: In the interests of speed, I wonder whether I might hand over to Mr Start and then to the CDS.

Andy Start: To slightly reprise the earlier conversation, the first thing is that allies really matter. One of the great pleasures of this job was seeing some of my staff being awarded a medal by President Zelensky for the unstinting support my team have been able to give Ukraine. He was very clear that his country would not exist if allies had not stepped up to the plate to support him and his nation. So allies really matter is the first lesson.

The second is that you need a mixture of high-end capabilities—those exquisite crewed capabilities that have been so essential to part of the fight—as well as affordable mass; it is a mixture of the two that you have to have to be a capable military. The high-end stuff is things like the Storm Shadow capabilities, which have been absolutely fundamental in the war, but which are expensive, long-term developments that you have to have and that are right on the edge of technology. At the other end is the transformation that has happened as a consequence of first-person drones, which mean that it is almost impossible to operate within 15 km of the frontline any more in any degree of safety. The combination of those two capabilities is what really matters, and that is driving some of our thinking going forward. We need both high-end and affordable mass.

The third thing is about recognising that there is a fantastic opportunity to innovate in parts of the market. That is why we are going forward with this proposal to segment our market. At the top of the market are big, longterm and exquisite but necessary capabilities—submarines, ships,

sixthgen aeroplanes. But there are also capabilities where we go to market with a problem and we see a fantastic array of British and Ukrainian SMEs working together to develop unbelievable innovation; it has been absolutely joyful to see that, and we are taking it through into our new model.

The fourth lesson is about having a mix of crewed and uncrewed. Autonomy is starting to really matter, whether that is augmenting your helicopters with autonomous collaborative platforms or making sure that you have AI that is able to help for parts of the battlefield when there are very high levels of electronic warfare. Those kinds of innovation are really important.

As I mentioned earlier, the final thing is about designing together, building together and supporting together. It is a team game. If you do not work together with your allies and integrate your design and support capabilities, you cannot be robust and resilient. One of the things I am really excited and proud about is the way our industry has embraced Ukrainian industry through a thing called Task Force HIRST. We are working together, and we are both benefiting. By the time that the conflict hopefully finishes, Ukraine will have one of the biggest defence industries in the world and it will be one of the most innovative and adaptable. It will also be one that is closely plugged-in with ours and we will be benefiting from each other.

Q40 Sarah Olney: Thank you so much. I found that really inspiring.

Could you elaborate slightly on the different aspects that you mentioned in terms of the ability to procure at pace and to really increase or speed up the timescales? That is the part of the procurement process that the report really highlights: the Ukraine conflict and the need to keep Ukraine provided with weaponry. That is the bit you have really had to change in terms of normal procurement procedures. What has enabled you to increase the speed at which you procure?

Andy Start: In what I will call that bottom segment, where we are really driving commercial innovation, what has made it really effective is Ukraine being really clear about how much it was going to spend, or the UK being really clear about how it is going to spend through our taskforces, and the military users being clear about the problem they were trying to solve rather than the detailed specification, and then engaging with industry at pace and saying, "I've got this much money, I've got this problem, what solution have you got?" We have then been taking those problem statements to industry early at high levels of classification. We have been sharing some secret data with trusted industry partners to work with us to solve the problem. As a consequence, they have come back with some incredible innovation at real speed.

We have had some cases where we have been able to get a solution within 48 hours. More generally, we have been following what is called the 3, 2, 1 process, which is where we have rapidly gone out with the problem

statement and within a month got a proposal back from quite a lot of industry players. We have then used experts to down select that to two players, and we have taken those two players into theatre and tested the kit. That has allowed us to then choose and scale up the one that is really most effective. We will then do it again three months later, and again three months after that, because the adversary is innovating at such a pace that if we do not keep doing it our equipment becomes out of date.

Q41 Sarah Olney: Excellent. Thank you.

Admiral Radakin, is there anything you want to add in terms of what has proved successful in speeding up the timelines and has that got wider application across the MoD?

Admiral Sir Tony Radakin: It definitely has. On what Andy is explaining, there is this clarity of needing something for a particular problem and whether you can you go out and see what is out there and can people innovate. The other facet that goes with it—which is very different to a peacetime mentality, and one we need to embrace in a much stronger way—is that, in effect, your factory is part of your weapon system. The ability of that factory to deliver what you need—the ability, even when the demand is lowered, to know that you can call on that factory for 10,000 drones a month, and that it exists, and you have got that capability—is part of the more substantial reorganisation of the UK defence industry that we will have to demand. Some of that is quite fundamental.

The only caution I have is that there is lots with Ukraine that is affirmatory of our security construct. When you go up higher, we keep our nation safe by the fact that we are a nuclear nation. We have collective security through NATO. If you are going to be in a gun club, it is quite handy to be in the most powerful ever military gun club. It is also really useful to have America, as the strongest military nation on the planet, as your closest ally—that construct has been affirmed. Then there are things that we are learning from Ukraine and that we need to adopt. Then there are things where we need to also say that we will not fight like that.

When you step back and look at some of the tactical fights in Ukraine, which for large parts have been about artillery and a deeply tactical land battle—with Russia putting enormous sums of people into harm's way and grinding through—there has been an absence of air power, more modern techniques, manoeuvre and what we would call an all-arms battle. There is the absence of it even being joint and linked with your air force and navy. There are lots of things about Ukraine on which we should be really clear: that is not how we would fight, and that is not part of the western model. The way in which Russia is fighting, and struggling, is again affirmation of our way of fighting, and that we would be successful.

Q42 Sarah Green: To follow up on what my colleague has just asked, I am interested in the change processes that you have just been describing. Earlier, Mr Start, you mentioned 1,000 programmes delivered at accelerated pace, and you have referred to the 3, 2, 1 process. I am not

sure whether my question is for Mr Williams or Mr Start, so I will allow you to decide between you. Which of your change processes has made the biggest difference in reducing those procurement timescales?

Andy Start: So, the speed at which we are operating in Ukraine comes from having a very clear military demand signal; giving problem statements, rather than requirements; and my team having the authority to execute, which involves the delegation of authority without lots of separate people checking. The historic UK model was designed for the post-cold war peace dividend, when the threat was very low. I sometimes give this example: on one of our programmes, for every one person doing the work, there were 11 people in Government checking that they had not made a mistake.

In the Ukraine model, we have people sitting side by side who check, which is what is called our first line of defence. We have a second team that reviews and audits it quickly, which is the second line of defence, and then we go ahead with the decision. We have a third team that audits it afterwards but does not slow down the process. In the Ukraine model, the number of checkers who are actually slowing the process down is effectively one, and I think that is prudent. We are then checking after the case to see whether there are any lessons that we should learn. That 11 reduces to one, which makes a phenomenal difference to the speed at which you can operate. We are therefore trying to design our new processes for the UK model to be more like that, and we are going through that process at the moment.

David Williams: From an accounting officer perspective, building on Mr Start's comments, what the CDS and I have done here is agree with Ministers the overall effect that we are trying to deliver. So, if you like, we are operating at a portfolio level, not on individual purchases. We are agreeing a set of key parameters around what we want in theatre, or these kind of timelines. Specifically, from an accounting officer's perspective, I am being really clear about where my risk appetite sits. If it is within that risk appetite, I do not really want people to come back to me very much. If it is outside that risk appetite, it does not mean that we will not do it, but I will then need to be engaged in the conversation. It is about streamlining the process and pushing as much of the decision making down the hierarchy as we can.

Q43 **Sarah Green:** I have a follow-up question for the CDS, which links to that, about the risks involved in those changes. You have said that you are hoping to move towards one rather than 11, but that is not necessarily where you will land. I am curious to know what risks are attached with having fewer eyes checking things.

Admiral Sir Tony Radakin: I was going to add to the other piece—the financial risk that David is willing to tolerate—that the other facet is the operational risk that we are willing to tolerate in order to field something because Ukraine needs it desperately to continue to defend their country.

What this has proven is that if your financial risk is a bit higher, and your operational risk is a bit higher, in everything that Andy has explained, the ability to then provide kit quickly exists. Obviously, if you are in the middle of a war, your risk will be extraordinarily high. Some of the regulations and procedures that we have—much of which may be sensible—may risk being arcane.

In terms of test and evaluation, do you need one person checking or do you need 11? That is the bit where we have to gauge what is sensible. Even in that initial conversation, where we go out to people and say, "This is the problem. We are looking for something to match this problem," there are parts of the UK defence industry that cannot operate in a four or eight-week cycle. They struggle to even provide a concept, never mind the idea that it will lead to a prototype that will be tested very quickly afterwards that they then have to change. The question is how much of that we can adopt and what it is right for. It will not be right for nuclear submarines, but it can be right for lots of our other equipment. And it is absolutely necessary, because the pace of technology and the opportunity that is out there are running so quickly that if we stick to the old model then we get kit that is out of date by the time we can field it. It is fundamental.

Andy Start: I would not want to leave you with the impression that we have not been tackling this. We have been transforming my DE&S organisation dramatically over the last two and a half years. We have completely restructured it, and it is now running 10% cheaper. At the same time, it is already 8% more efficient, in terms of delivering 8% more output. This is dodgy maths, but that is roughly 18% more efficient, which is pretty good going. We will get more out of that as we introduce these new processes and techniques over the top. I do not want to give you the impression that we have not been getting at this, but we have already been getting after the issue of too many people checking, and not doing so in an organised way. Our opportunity in defence reform is to now completely change the processes to really prioritise speed. As Tony just said, that has become imperative, because if you take too long you guarantee that what you are providing is not value for money because it is out of date.

Q44 Lloyd Hatton: To build on the previous two contributions, I suppose one thing that was clear in the NAO Report, which has been demonstrated again today, is that the conflict in Ukraine has meant that the Department has had to look at much more innovative ways of sourcing military equipment. The way that this has been done broadly seems to be a success story. What would be helpful for the Committee is if you could explain in more detail how you changed those processes and what have been the real successes. If there have been pitfalls as well, what have they been and how are we learning from them?

Andy Start: In terms of the backward look—what did we do for Ukraine, because there is a knock-on consequence for what we will do going



HOUSE OF COMMONS

forward—we set up an organisation called Kindred, which works for Tony, that was empowered with a substantial budget to provide capabilities to Ukraine at the pace at which they needed to be provided. Instead of doing what we would have traditionally done in the UK, which is to go to quite a

low-level team on each programme and ask them exactly what they wanted, we went to the top of the shop—to the Ukrainian chief of defence—and asked, “What is the most important thing for you right now?” The Kindred team has worked with the Ukrainian chief of defence staff to make available the thing that was most important.

The UK worked with over 40 different ally nations. We are recognised as being particularly efficient in the way our acquisition operates—I know that will be surprising to a number of you. The UK is the preferred route for the things that are difficult to get because we are the fastest and most efficient. We have picked up a whole set of absolute priorities while other nations have stepped in on things like providing munitions, where they could just turn up the volume of manufacture. That required empowering and enabling the Kindred team, which was within Tony’s team, and making sure, from my side, that we had a team that worked hand in glove with them. That is my operations team, which is run by a two-star general and was rapidly doing the sourcing with industry. Because we empowered and enabled the teams, and because we made sure that the oversight was one checker, not 11, they have been able to operate really quickly and get the things that the top of the shop in Ukraine thought were absolutely essential.

The shift to working with industry around problem sets and budgets—“I have this much to spend, and this is the problem we’re trying to solve; what can you do?”—instead of around requirements, has energised industry. That has been really effective. To make sure that we marshalled all the resources of Europe in the most effective way, we set up the Ukraine defence contact group. It was originally led by the Americans and is now led in co-operation between the UK, Germany and Ukraine. We have a ministerial-level version and a national armaments director-level version. It leads more than 40 nations, using their equivalents of me to drive acquisition through whichever supplier is most efficient and effective at delivering that kind of capability. We share the work and co-operate using capability collaborations. The level of international collaboration around particular capability themes has been extraordinary.

That is the backward look at what we have done. What are the pitfalls? I will not call it a pitfall, but a reality is that you will sometimes make a mistake. We have bought things for Ukraine in all good faith, based on what it said were absolute priorities, but when we delivered it, although Ukraine thought it was going to work, the adversary had out-innovated it within a month. As a consequence, the kit we bought was just thrown away and ignored because it was no longer relevant. That is the pitfall of operating at this pace of innovation. It is an arms race, and the speed with which you are operating is phenomenal.

A simple example is that, at the front end of the war, it was perfectly possible to use radio frequency communications—radio links—to talk to drones. Now, except in some very special cases, talking to drones in the electromagnetic warfare environment is almost impossible, given the level of jamming we are seeing from the Russians. Therefore, instead of a radio link, we now have very long spools of fibre that come out the back of the drones. That is a mode of operation that would not have been imagined two and a half years ago, yet it has become absolutely necessary, and the Russians are doing the same. The speed of the evolution is quite phenomenal.

The biggest pitfall is the pace of change. The fact is that, as the Public Accounts Committee, you need to recognise that it is right and proper that, going forward, you will hear me saying, “I’ve stopped this programme. I’ve written that off. I’ve thrown that away. That’s not relevant any more. I bought that for the season, but I’ve thrown it away now.” We have to get comfortable that that is the reality of operating in this new, higher-threat environment. Doing that is good value, because it is innovating to stay up with the market.

Admiral Sir Tony Radakin: I would like to add a couple of points. David has overseen the £3 billion—this year it will be £4.5 billion—in a lighttouch way. We are talking about these teams. The Kindred team is led by a one-star civil servant who is spending that money on behalf of all of us. That is large sums of money at a relatively junior level with light-touch oversight, but with empowered teams, and it is then hooked up to Andy’s two-star general who enables it to get to contracts and companies.

The other pitfall is the imbalance of demand and supply. That is a real issue—you thought you had a certain amount of money to buy a certain number of shells, but the industry does not exist in terms of supply, and therefore the cost of those shells goes up. If you track the cost of a 155 mm shell over the last three years, that is a real problem. That is when you need your investment of BAE and Rheinmetall. You then also link up internationally with your allies to try to get over those supply problems, and you might be buying from other providers until that industrial supply comes on tap. How do you manage that while retaining good value for money and, most importantly, keeping Ukraine in the fight?

Q45 Lloyd Hatton: On that last point, where we have taken this more innovative approach, how much of it has been done in lock step with our allies? How much of it sits solely with the UK? Have we found that, because of that level of co-operation, which maybe did not exist in the recent past, we are able to start applying it to our own domestic procurement processes? Are we able to embed those innovations in a more permanent way of doing things when it comes to procuring military equipment?

Admiral Sir Tony Radakin: Andy might want to come in on this. The Ukraine defence contact group is frequently over 50 nations. Its origin

came under Ben Wallace when he was Secretary of State, with an initial group in Copenhagen. The US then took it on, and it is now with a UK and German lead. That is a collectivism that, just in the last meeting a few weeks ago in Brussels—even though we are three and a half years in—raised €21 billion in continued support for Ukraine. That is on the back of the previous meeting about six weeks earlier, which raised €10 billion. You have that international crowdfunding and that level of collectivism, and then you have the honesty of, “Where is the money going, and what does Ukraine want?”

If you take the Ukraine defence contact group, it always comes with a western assessment and a Ukrainian assessment of the battlefield, and with a list of priority capabilities with which Ukraine needs support. Rather than updating it every six weeks, we have also adopted a range of what we call capability coalitions. The UK and Norway lead, for example, on maritime, and there is a drone coalition, an artillery coalition, a cyber coalition and an IT coalition. You have about 12 coalitions led by different countries. That tries to thread through, “What does Ukraine need in the fight tonight?”, and “What does Ukraine need in the future to continue to defend itself and deter future aggression?” It will need to build up capabilities as well as the fight tonight. You are doing that through leadership by different countries, by transparency and by linking back to Ukraine, asking what armed forces they think they require in the future, what level of budget they will be putting to this, and how we can support them in the here and now.

If you keep coming down to a lower level, the short answer to your question is that it is very mixed in terms of what is UK-centric and what is best utilised by the UK saying, “We can provide this,” but making it open to other nations that might say, “Actually, we might have a better missile that we can get there more quickly. We are also adapting this drone technology and think we have reached a certain level of maturity.” Instead of having a competition in which you are trying to suffocate your competitor, you are in a competition in which you are trying to do the best for Ukraine and drag your competitor forward, because you have that clarity because they are in the fight tonight. That is what is going on the whole time, across a whole range of capabilities.

Q46 Lloyd Hatton: To go back to an earlier point, how is this going to affect the longer-term way we procure military equipment in this country? This is a once-in-a-generation episode, in respect of how we have had to very quickly and innovatively acquire certain equipment; over the longer term, how will that change the way we do things in the UK?

Admiral Sir Tony Radakin: At the higher level, it is about the fact that we are all spending more on defence. It is also about the way that we are co-operating with other nations. Andy has talked about national armaments directors and their meetings; how can you collaborate in a much more successful way? Where does the UK specialise in its

capabilities, and where do you defer to others? How do you manage that? That is much more at the strategic level.

There are things about this that are fundamental and will shift certain areas of capability; there are other things in respect of which it will not change the way we operate, but it can look to trigger. Can you have clearer accountability? Can you have a much more simple system? Can you have less duplication? Can you have less process? You then get back to some of the earlier conversation. If in the past we thought it was somehow tolerable to have six years to get something on contract, now we say, "No, it's going to be two years." You are going to have to change the way you operate—your whole system—and industry is going to have to respond to that. That then gets you to a different way of going about our business.

It is almost a challenge, and something for the Committee to look at. If we have this clarity about how some things can be better, how do we mainstream as much of that as possible, and where is it appropriate? Where can you take a bit more financial risk? Where can you take a bit more operational risk? Where are your current systems entirely appropriate, such that you do not want to change them? How do we gauge that, where do we bring it in, and then what does it look like?

David Williams: To build on the comments from both CDS and Mr Start, for me, in that space it is particularly about getting that innovation loop into our core, in terms of both requirement setting and then subsequent procurement. That is partly about making sure that we join up the warfighter with our own scientists and engineers, and with industry, in a whole-of-enterprise way. There is definitely a role for the national armaments director.

It is also about the mindset. When we buy our next set of drones, they are not going to be on the shelf, in the warehouse or in the hangar for 10 years. We are going to have to keep iterating the capability that they bring over time. We should train with the latest technology but accept that there is a spiral development or a growth path, and the shelf life of some of these capabilities is necessarily shorter than, instinctively and traditionally, defence procurement tends to view these things.

Q47 **Nesil Caliskan:** May I take the opportunity to thank the panel? I am a member of the NATO Parliamentary Assembly, as part of the UK delegation led by Mr Twigg. I echo your earlier comments about Ukraine's ability to defend its country. It is very clear from meeting parliamentarians from Ukraine at our meetings that they absolutely recognise that. They see the UK's contribution in military terms as key to their ability to exist now and in the future.

My question is about acquisition programmes in general, building on what Lloyd has asked. My understanding is that the 2023 Defence Command Paper set out a five-year commitment for acquisition programmes, but the National Audit Office Report from the same year highlights that the MoD's



HOUSE OF COMMONS

plans are to replace the UK stocks over a nine-year period. I wonder whether you might comment on how you align a five-year commitment with the nine-year period outlined in the National Audit Office Report. Is the five-year commitment for acquisition going to be maintained by the MoD? If so, will that happen in a timely manner? To what extent is that linked to the strategic defence review?

Chair: I am trying to finish by 6 pm, so may I ask for short questions and short answers?

David Williams: There's an incentive! I think there are two separate questions there, so let me unpack them and then we can address them very quickly.

First, there is a question about the timeframe over which we are replenishing equipment, stocks and other consumables that we have donated to Ukraine. That is partly driven by investment in building up industrial capacity where sometimes production lines had closed. In some cases it also makes more sense for us to invest in the next generation of capability rather than simply replacing the equipment that we have donated. The nine years is driven in part by a view of the financial profile, but it is mainly about the capacity to deliver. Mr Start may want to expand on that.

The more general point about the timeliness with which we are undertaking procurement plays back to the comments that we have made about acquisition reform, about the reform programme and about the segmentation into large platforms. Nuclear submarines are definitely at one end of the spectrum—they necessarily take a long time to build—but the capability that those platforms offer through their mission systems, their weapon systems and their sensors is something that we want to spiral and bring through more quickly.

I think those are the two halves of the question. Andy, do you want to come in?

Andy Start: I think you have answered the first part. On the second part, I will add just a little bit of colour.

When we did the integrated procurement model, we absolutely recognised that we needed to get faster. Setting a five-year target was designed to stop military end users overspecifying; it was designed to constrain that dynamic. We always knew that there would be certain platforms that would take longer than five years—a nuclear submarine will always take more than five years—but on average we were trying to get it down.

What we are doing in the development of the new model is going to the next stage. The first thing is to segment the market, to recognise that the big strategic platforms will always take a bit longer and really push the time down on the other programmes, where the vast majority of things are. The second thing is to give time to contract. That is the biggest

problem that we have to solve at the moment: it takes us too long to get on contract. We are laser-focused on that and will be asking the NAO to help report on that, so that you get a regular feed on that piece of information as well as the time to deliver.

The goal should be to continue to deliver the aspiration of the integrated procurement model, which is to make sure that the total programme length remains under five years in the vast majority of cases. Again, we will start to report on the times from contract to delivery, which will give you another data point about how we are improving.

Nesil Caliskan: So it may be nine years overall, but that is because some of the programme's procurements may start later. Is that what you are saying?

Andy Start: Yes.

Nesil Caliskan: Thank you.

Q48 Chair: I have a quick question on single source procurement. Paragraph 2.21 on page 31 of the NAO Report makes it clear that we have procured £1.27 billion through this route.

I am always slightly worried about single source procurement and whether we are getting a competitive deal. When this Committee went to the Pentagon last year, we heard in detail about how the Americans are very strict with the information they get from their suppliers. Mr Start, are we as strict with that information? Do we bear down on our suppliers as well as we could in single source procurements?

Andy Start: Single source is often a tool that we need to use. That is true when we have unique capabilities in the UK, particularly in nuclear. The Chief of Defence Nuclear might want to expand on what she has been doing to drive performance in that space, because she has really been driving the envelope on single source in the nuclear space.

Sometimes it is necessary because there is only one supplier or because you are extending from an existing programme, and it would be a waste of money to start again completely: you would not get competitive value. We make that assessment each time. The single source regulator has a wealth of useful data on programme performance and is very good at helping us to hold the companies to account. The companies do not like it; some of my most difficult conversations are with companies where we are using single source data to really hold them to account.

I will stop there. I think that there is opportunity for single source regulation development, and we are having those conversations now, but in general it is a necessary tool to deliver value for money, particularly if you have vital national capabilities that you want to sustain.

Chair: Maddy McTernan, you have been very patient. You spend a lot of money with very few big suppliers, much of which is single source. Do you have anything to add to Mr Start's answer?

Madelaine McTernan: Yes. I think the single source regulations are part of the equation. Since I have been in role, as we have had the opportunity to re-contract in new opportunities, as we move into the next stage of contracts, we are being a lot more thoughtful about how we get the incentivisation right. I touched on this a little bit earlier—the drive to really get the objectives clear.

This is also one of the lessons that comes across from the Ukraine piece. Obviously, in nuclear we have not quite had the immediacy of that imperative of supply into a war, but trying to get people to understand that we have an immediate need to ensure that we are delivering nuclear super effectively, because it is underpinning everything that everybody else is currently doing, is critical.

There are a whole range of levers that we have been trying to use in defence nuclear. On contracting better, there are still things you can do within the single source regulations; it is not simply a case of saying, "Well, it's just cost-plus." Trying to incentivise delivery against what we really want—which is schedule and delivering to it, as I said earlier—should have a good correlation with cost control, because it is those schedule overruns that drive a lot of cost into programmes, because so much is workforce costs and so on.

Single source can be a little bit blunt, but you can look at it as a tool and think about what else you can use to ensure that—to your point, Chair—you have the right information to understand how the money that we are spending is being effective.

We have been working much more closely with industry. We are driving this idea of national endeavour, because it is critical that we drive these programmes, but we are trying to underpin this idea of transparency and what we can do together to speed up programmes to be more efficient. It is working with industry in a different way, trying to contract in a way that incentivises the outcomes that we actually want to deliver. There may be more that could be done around single source, but I am focused on how we find that flexibility to drive a win-win through these contracts for us and for industry.

Chair: Thank you very much. Just before we move off Ukraine, let me say that this Committee very often criticises, but we should acknowledge where things go well. It is a great credit to all of you that we have delivered £7.8 billion of aid and military equipment to Ukraine and, above all, trained 41,000 people, so well done to all of you.

Q49 **Derek Twigg:** The Infrastructure and Projects Authority's latest report of 2023-24 lists eight defence projects as red and 36 as amber. That is about

90% of the projects. How do you categorise that performance, Mr Williams?

David Williams: First, this covers about 50 of our most complex programmes, so it should not surprise the Committee that those are the ones that intrinsically bring with them the most difficulty in delivery. A number are programmes with sub-projects, and we have made good progress on some of those. Some are already in service for programmes that are nevertheless still rated red, because not all the components are making the progress that we or the SRO want to see. The ratings are a snapshot in time, based on the senior responsible officer's judgment of risk and progress, backed up by a periodic review by the Infrastructure and Projects Authority, which is now merged into the new NISTA organisation.

Set against the portfolio of major projects overall, we are in the same sort of zone. We are not complacent about the challenges in successfully delivering those 50 or so programmes. The red ones get a lot of attention, the amber ones get quite a lot of attention, and to get to green requires quite sustained engagement too.

Derek Twigg: Well, there were only two of those in the last report.

David Williams: There were only two of those. The last data shows a modest worsening of the position, and I think we may see that trend continue in the next set of data, which I expect to be published in the summer. For me, it is really about the complexity of delivery. Mr Start, do you want to give some colour to that?

Andy Start: First, it is important to see these as—

Derek Twigg: Sorry to interrupt, but there are some very big and important projects here. They are all important, but there are some very big ones.

Andy Start: These are our biggest, often collaborative, international projects, which are fundamental. They are really important, and we would not wish to demean them, but it is helpful to see them in the context of the scale of everything else we deliver.

In terms of colour coding, you would expect most programmes to be amber, because the definition of amber is that the programme SRO believes the programme will deliver to the expectations upon it, but there are some risks and challenges to overcome. If we were not challenging our programmes to deliver to reasonably aggressive timelines or a reasonably aggressive cost, this Committee would be giving us a very hard time for padding out the timescales and the costs of our major programmes. We judge the programmes to be realistic but challenging. Realistic but challenging equals amber, so the vast majority will be amber.

I am not happy about the reds. When programmes go into red—

Q50 **Derek Twigg:** How would you characterise the red projects, of which there are eight?

Andy Start: Red programmes are where the SRO is concerned either that they will not deliver them to cost or to time, or that they will not deliver the military outcome that was originally expected. The data shows that historically the vast majority of programmes, even the red ones, have delivered the military capability but are too often late. We normally, there or thereabouts, get there on cost—not always, but normally. They are often late, and the red signalling is an indicator that the SRO does not believe that they themselves can recover the programme without help. It is a warning bell that comes up to us as senior management to help lean in and support those programmes.

Q51 **Derek Twigg:** How many of those are at risk of failing completely at the moment?

Andy Start: I do not expect any of the programmes that are in front of us to fail to deliver the military capability.

Q52 **Derek Twigg:** So none of the eight that are currently in red?

Andy Start: I expect none of the eight to fail to deliver, but I do expect—well, I know—that some of them will be late. Let me give you an example. The E7 capability, which is a vital early-warning capability, is late, and they have had real technical and delivery issues within Boeing in delivering that aircraft. That is the bad news. The good news is that it has had a huge amount of attention from me and others to get it back on track. It will deliver later than I had hoped, but I am pleased that the first aircraft is now flying and is in RAF colours.

Q53 **Derek Twigg:** So what is the delivery date for Wedgetail?

Andy Start: We should have the first of the Wedgetails with us by the end of the year and in operational capability next year. I just used that as a single example.

Q54 **Chair:** That is going to be absolutely critical in our coalition of the willing and in protecting aircraft over Ukraine. The delivery of that is absolutely critical, isn't it?

Andy Start: The E7 is a critical national capability, and it is really important we deliver it.

Admiral Sir Tony Radakin: But it is not critical for the coalition of the willing and what we envisage with that. There are other capabilities and other countries that can satisfy the operational requirement for what we anticipate with the coalition of the willing. I just wanted to separate that.

Andy Start: What I do not want to do is to underplay the importance with which we focus on getting red programmes back to where they need to be. Our track record of making sure they deliver the capability is extremely

good. Our track record of delivering them as fast as I would like is not as good as I would like it to be.

Q55 Derek Twigg: And also not at cost either.

Andy Start: It depends on the programme. Take the example of something like Ajax—

Q56 Derek Twigg: What is Wedgetail costing additionally?

Andy Start: Wedgetail is actually going to cost less than the original programme expectation. It is a fixed-price programme. We were originally buying five, and we reduced that to three in an earlier SDR round, and because it is a fixed-price programme, the expectation is that Boeing will still deliver to the price. It is not a price issue on Wedgetail; it is a timescale issue. Although I have been critical of Boeing here, it has leaned in with serious amounts of resource and stuck with that programme to make sure it is delivered.

Q57 Derek Twigg: I have a final question for Mr Williams before we finish. Both the Defence Committee and this Committee are concerned about the fact that there is a budget of approximately £300 billion for equipment over 10 years based on figures from two years ago. How do we scrutinise that?

David Williams: As I indicated earlier, it is the Government's intention to get back into a routine of sharing information on our forward plans once we are through this cycle of the SDR and the spending review and for that data to be available to colleagues in the NAO to analyse and provide insight to the Committee.

In advance of that, there are opportunities for specific briefings, supported by NAO Reports on particular capabilities. We are finalising the Report on F-35, and that would lend itself to a Committee session. Where material is necessarily confidential, either on capability grounds or because it is commercially sensitive, Ministers have been open to and supportive of the idea of private briefings, and then there is the range of normal parliamentary scrutiny as well. I am clear that the Department works better with the scrutiny that we get both from this Committee and from the Defence Committee, and Ministers are clear that they want the Department to be more transparent than we have been.

Once we get through the cycle of the defence review, it will be not so much a return to normal business as an expectation and ambition that we might be able to share the decisions that have been made and what they mean for the forward programme in a way that enhances the scrutiny that this Committee gives to us.

Chair: Sarah Hall, you might like to follow that, and let's see where you get to.

Q58 Sarah Hall: Scrutiny and parliamentary accountability are obviously essential, given the amount of money that we are talking about here.

Exactly how will you report back? When will the next report be, timescalewise? How frequently will reporting happen? Can you give us an idea?

David Williams: These are all questions that we are currently considering, and I set some of those out in my letter to the Chair last month. One of the criticisms that the Committee rightly had of the previous versions of the Report was that, by the time we finished the planning round, we provided data to the NAO, the NAO produced its Report and we scheduled a hearing, it was normally about 12 months after the cut-off date for the decisions that we were presenting. We are looking at how we might be able to do this in a more timely fashion. I think there is something against a Government commitment for a spending review every other year—a publication of our plans in the year of a spending review will necessarily look a bit different from one in the off year, if I might put it like that.

We are also working through the new defence reform construct—the responsibilities of the four of us here on the panel and the way in which we are looking at restructuring our budgets, with less focus on equipment, infrastructure or R&D innovation, but thinking about those in the round—to see whether there is a way of presenting information that the Committee, the Defence Committee and Parliament will generally find more helpful. I would expect Ministers to want to set out where they get to on that process shortly, but we remain keen to hear from the Committee on aspects that it has previously found helpful or examples of good practice from other Departments.

Q59 Sarah Hall: That is still a little vague. The Secretary of State said last year—I think it was the back end of last year—that he was absolutely committed to an increase in transparency, yet we are still here, two years on from the information that we are seeking to have, so I am going to press again. Given the urgency of you coming back with that information, the amount of money we are talking about, the need for accountability and the importance of getting the best value for taxpayers' money, it is absolutely essential to have that information as soon as possible. It is essential for the NAO to have access to that information as well. Can we get a date for that coming forwards?

David Williams: I cannot give you a specific date. The process needs to follow—

Sarah Hall: Can we get a ballpark figure, then?

David Williams: We need to finalise the strategic defence review and get that published, and there is a Government intention to do that, I think, before the summer break. We need to work through some of the more detailed capability choices through an internal balanced investment process, and then set out the results of that for parliamentary scrutiny and to share the underpinning data with the National Audit Office. That all suggests to me that we are talking about a timeframe of later this

calendar year, into the autumn, but these are decisions that Ministers are considering. It is only right that Ministers set out how they intend the Department to fulfil their ambition of our transparency to you.

Q60 Chair: Permanent Secretary, thank you for your offer of private briefings. We may well want to take that up. Whether those are on F-35s, something else or a mixture of things, we do not know yet, but we will consider that. That is helpful.

Your answers to Ms Sarah Hall were not satisfactory. I am hopeful that we will not get a defence review every year, but we must do this on an annual basis—it is very important, and we need to be able to do it with a baseline, so that we can measure one year against another. In a fast-flowing and dangerous world, it is even more important that we get these views right, so that this Committee can scrutinise—as Sarah said—this huge amount of money and find out whether it is suitable to meet the threats of that changing world.

There is some thinking to be done. I ask you to take that away and to write to the Committee with your ideas on how this can be done in a satisfactory and thorough way at least once a year.

David Williams: I am happy to do that. There is no disagreement about the ambition.

Chair: It is the precise methodology that I am after, not the ambition. That is what I would like to see, please, Permanent Secretary.

David Williams: I will take that away.

Chair: Thank you. Any other questions? No. I thank our witnesses: you are a very senior team of witnesses and you are all busy people. We thank you very much. It has been an interesting session. An uncorrected transcript of the hearing will be published on the Committee's website in the coming days. The Committee will produce a Report, probably with recommendations. Thank you again for coming before us.