

Defence Committee

Oral evidence: Work of the Department 2017, HC 439

Wednesday 25 Oct 2017

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Members present: Dr Julian Lewis (Chair); Leo Docherty; Mr Mark Francois; Graham P. Jones; Johnny Mercer; Gavin Robinson; Ruth Smeeth; John Spellar; Phil Wilson.

Questions 1-148

Witnesses

[I:](#) Rt Hon Sir Michael Fallon MP, Secretary of State for Defence, Lieutenant General Mark Poffley, Deputy Chief of Defence Staff for Military Capability, and Peter Watkins CBE, Director General Security Policy, Ministry of Defence.

Examination of witnesses

Witnesses: Rt Hon Sir Michael Fallon MP, Lieutenant General Mark Poffley and Peter Watkins.

Q1 **Chair:** Welcome to the Secretary of State for Defence and his team. Secretary of State, we particularly appreciate your willingness, in this special session, to cover the whole range of your responsibilities. It was kind of you to say you would do that when we were setting up the meeting, before the new Committee had been finalised and had finalised its specific projects for inquiries. We shall try to take maximum advantage of your generosity on this occasion. I understand that, in addition to introducing your team, you would like to say a few words.

Sir Michael Fallon: Thank you very much, Chairman. Let me congratulate you formally on your re-election as Chairman, and congratulate the rest of the Committee on their appointments. I am accompanied by Lieutenant General Mark Poffley, who is Deputy Chief of Defence Staff with responsibility for military capabilities—in other words, the equipment programme—and by Peter Watkins, who is director general security policy at the Ministry.

As it is the first session since the election, I hope you will permit me a very short opening statement, which I think might help you with the context. As you know, the Government are conducting a national security capability review to make sure that we have the right capabilities, from

hard to soft power, to achieve the security, prosperity and influence objectives that we set out in the strategic defence review 2015. That work is being led by the National Security Adviser, with 12 separate work strands, of which defence is a major part.

The strategic defence review 2015 identified the major threats that face our country and our allies: terrorism, state-based aggression, cyber and the undermining of the rules-based international order. It also restored the right level of ambition for defence, including our commitment to grow the Defence budget from now on by at least 0.5% ahead of inflation year on year, with £178 billion to spend on equipment.

Since the strategic defence review two years ago, the threats that we identified then have intensified, so we are now looking at strengthening our defence in cyber, space and hybrid, and in how to deal with global threats from ballistic and cruise missiles, CBRN—chemical, biological, radiological and nuclear—and information warfare.

We are also dealing in Defence with the challenge of inflation, cost growth in some of our more complex programmes and the ambitious efficiency targets—particularly in the next two to three years—so it is right that we continue to modernise the way we work, look to remove duplication and prioritise our capabilities to deliver smarter and stronger defence.

That work is ongoing. No options have yet come to Ministers for decision, so I will not be able to comment today on where we might spend more or less or on what capabilities might be prioritised or reduced. That is the purpose of the review. I hope that is helpful.

Q2 Chair: Well, it is helpful, but until you got to the end, it sounded as if you were saying we had this strategic defence and security review in 2015, the threats have got worse and we are therefore holding this review in order to see how matters can be strengthened. Towards the end, you started to say that, as well as strengthening some capabilities, we might actually reduce other capabilities. I am sure you agree that the way this review is being portrayed in the media, including the specialist media, is that major cuts might come out of it.

When you responded to a question on Monday at Defence questions, you said that “the purpose of the capabilities review...is simply to make sure that the equipment programme that we set out in 2015 is on track and is spending our money in the best possible way to deal with the threats, which have intensified since then.”

Are we expecting that this review is not about cuts but strengthening our capabilities—or could it end up making severe cuts to certain capabilities?

Sir Michael Fallon: The review is about getting the greatest impact from a growing budget. I gave the House the figures that our budget is growing by on Monday. The budget was £34 billion when I became Secretary of State; it is £36 billion this year and rises to just

under £40 billion in 2020-21. Part of the review is obviously how we get the greatest impact from the increases in that budget.

However, as I have also said, as the threats have intensified, it is right that we look again at the overall context—the way some threats have intensified in ways that we did not predict—and some of the other things that have happened, such as the referendum, which was not forecast in the strategic defence review. The implications of the referendum, on the exchange rate, for example, are something that we will eventually have to take into account as well.

Q3 **Chair:** Thank you. Ruth Smeeth will come back to the question of the review a little bit later, so I will leave it at that for the moment and move on to the question of the size of the Defence budget. You will be aware from the second report that the Committee produced in the last Parliament, entitled “Shifting the goalposts? Defence expenditure and the 2% pledge”, that we charted the relative decline in percentage of GDP over a very long period in the sphere of defence, even though more money is spent on defence in absolute terms. In the 1980s, we were spending 5% of GDP on defence, 5% on health and 5% on education, but now we spend two and a half times on education and nearly four times on health what we do on defence. Is 2% of GDP sufficient to deliver the required level of defence capability?

Sir Michael Fallon: I hope you have charted the change in defence expenditure since April 2016. It started rising from that point and, as I have already indicated to the Committee, it will go on rising for the rest of this Parliament. We believe that our expenditure plan is sufficient to meet the objectives in the strategic defence review set out in 2015. I am ambitious for defence. We should look at the budget and reassure ourselves that we are spending enough on the right capabilities. That does not mean that we need to stop searching for efficiency and modernisation and cutting out duplication, but I want to see the budget continue to grow and I am proud that this Government have been able to enable that.

Q4 **Chair:** It has been noted with approval, Secretary of State, that in recent times you have made a number of references to the 2% being “at least” 2% of GDP. Is that a sign that the drumbeat that this Committee, among others, has been trying to transmit—that a figure approaching 3% of GDP would be not inappropriate—has been heard? As late as 1995-96, three or four years after the peace dividend at the end of the Cold War, we were still spending 3% of GDP on defence. Would this not have some bearing on the review that is being undertaken, when people are suggesting—another topic we will be coming to—that we might lose our entire amphibious capability to save money, for example?

Sir Michael Fallon: Yes, it is an indication of the influence of this Committee, which is a very important stakeholder, if I may use jargon, in the process. We follow what the Committee says extremely carefully, and will always look at its recommendations. We have a rising

budget. You are right to remind us that the 2% is a minimum or a floor, and we continue to encourage the rest of NATO that has not yet met it to meet it by at least committing to annual increases. I note that we are already well above 2.1%; my aim is to keep us up there.

Q5 **Chair:** Last year, you expected to access £2.1 billion from the joint security fund up to 2020. Is that still your expectation?

Sir Michael Fallon: Yes, it is.

Q6 **Chair:** Very good. What might prevent you meeting the 2% target this year? For example, there is the fall in the value of sterling.

Sir Michael Fallon: I am ready to be corrected, but I think we are at 2.14% this year, so I do not see sterling affecting that. It is not just the 2%; we have built in a commitment, reflected again in our manifesto in this year's election, to increase the budget by 0.5% ahead of inflation in each successive year of this Parliament. We have a double lock on a rising budget.

Q7 **Chair:** Yes, but I still cannot help reminding you that, in comparison with other high-spending Departments, defence is still at a much lower level: 2% compared with, for example, 12% on welfare.

Sir Michael Fallon: You have made your point in your own powerful way, Chairman. I also note that defence spending is rising among our adversaries: Russia spends 4% of its GDP on defence.

Q8 **Chair:** Indeed.

Sir Michael Fallon: We should not ignore the international context. I reassure the Committee that we have a growing budget and that, on my watch, it will continue to grow.

Q9 **Chair:** We will move on to something that will get me into trouble with my Vice-Chairman, Mr Spellar. It is what are termed, in the jargon, efficiency measures. Mr Spellar, with some force, emphasises that if there are no efficiencies to be made and they in fact amount to cuts, it is wrong to call efficiency measures by that name. Have you identified the so-called efficiency measures needed to balance the spending review and the equipment plan? I am particularly concerned that Stephen Lovegrove, the permanent secretary, has been talking in terms of £20 billion of efficiency savings to be made over, I believe, the next 10 years. Is that a figure that—I will not use the words “that you recognise”. Is that a correct figure?

Sir Michael Fallon: I read that reference to £20 billion—I think it was in the light of some fairly rapid Committee questioning—and I, too, have been trying to drill down as to exactly how it was constructed. Let me set out for you the facts.

In the first Parliament of the coalition Government, between 2010 and 2015, we were set the task of finding £5.4 billion in efficiency savings. We did that. We were then set, in the new strategic review, the target of finding £7.8 billion by 2021. That is the target that we have to meet. As I think the permanent secretary may have told you last week, around 80% of that is within our sights—is, we believe, achievable now by the end of 2021—and we have to continue to hunt for the remaining 20%. It is a very challenging target, and we have a lot of work to do to ensure that we meet it. The bonus of meeting it, of course, is that all that money then feeds back into our equipment programme, so we have every incentive to get on and find these efficiencies. I can give you examples: our equipment support contracts; the way we procure complex weapons; the reduction in the size of our civilian workforce—a whole series of savings that are helping to modernise defence and release the necessary savings.

Q10 **John Spellar:** Could you write to us with those details?

Sir Michael Fallon: Yes, of course. I am happy to do that.

Q11 **Chair:** Before I hand over to Mark Francois, who will continue with this approach, I would just like your reaction to a statement by Professor John Louth, who, as well as being one of our advisers—he is here today—is the Director for Defence, Industries and Society at the Royal United Services Institute for defence studies. He has been quoted as saying: “This search for the holy grail of £20 billion”—you have already commented on that—“is unrealistic.” More importantly, he says: “The savings that were available have already largely been taken; the low-hanging fruit has already been swallowed up over the last decade or so. The only significant thing left is really taking the knife to the body proper.” This is our worry about this whole concept of, allegedly, efficiency savings.

Sir Michael Fallon: First, on the £20 billion, we will get you a proper reply from the permanent secretary explaining what I think was some attempt to give you the cumulative figure. The target we have to go for is £7.8 billion by 2021. We are only one and a half years in to what is a five-year programme, so it is a bit too early for anybody to say we are not going to make it—of course it is a challenging target—or to say that we have already taken all the low-hanging fruit. I don’t believe that. There are still efficiencies to be garnered, and we continue to press the services—the top-level commands—to look at the way in which their back-office services are provided, the administration, and so on, to find us some if not low-hanging fruit then medium-hanging fruit that can be made more efficient without affecting frontline capability.

Q12 **Mr Francois:** Secretary of State, let’s look at a number of these different areas of efficiency savings, if we might. First, civilian headcount reductions. You have some really quite ambitious targets for reducing the number of civil servants in the Department. How are you getting on with that, and what effect do you think those reductions will have?

Sir Michael Fallon: We have a very ambitious target to cut the civilian headcount by 30% down to 41,000. We have already made a reasonable start to that process. We have, I think, 7,000 reductions already completed or—again, I am sorry to use the jargon—in flight. Those are reductions that have been agreed and are going to be completed. We also need to focus on the financial savings that come with that reduction. It is not just the reduction in headcount; we want to deliver the net financial savings that come from it, which is around £300 million. We have more work to do to continue to look right across the board and to continue to use more digital technology, for example, to up the pace on getting greater efficiency out of our administration and so on. We have made a reasonable start, but again, it is a challenging target.

Q13 **Mr Francois:** There is now some evidence that the level of pay is affecting retention. If the Armed Forces Pay Review Body next year recommends an increase of greater than 1%, bearing in mind what is happening with some other Departments, how will you manage to accommodate that?

Sir Michael Fallon: First, let us welcome the new flexibility that the pay review bodies are being given to recognise certain areas of skill shortage and move above the previous 1% cap. I welcome that. We have particular skills gaps in the armed forces, and that flexibility will enable the pay review body to look specifically at what needs to be done to improve either recruitment or retention in those particular areas.

The pay review body is independent. We will submit evidence to it after the Budget, and I will then give oral evidence, and it is then for it to give its recommendation. I think the Chancellor has been fairly clear that pay increases fall to the Defence budget, so we will have to make accommodations if we are to accept recommendations that are higher than we might have originally anticipated.

Q14 **Mr Francois:** But is it likely that your 0.5% increase above inflation could largely be taken up purely by pay?

Sir Michael Fallon: Arithmetically, I think the answer to that is no, it is unlikely.

Q15 **Mr Francois:** Okay. Equipment is also an area where you have ambitious targets for efficiency across the 10 years of the equipment plan. We learned from the permanent secretary last week, in relation to the F-35, that while the two carriers will cost, I think, slightly in excess of £6 billion, the first 48 F-35Bs to equip those carriers will cost £9.1 billion.

Sir Michael Fallon: That is right.

Q16 **Mr Francois:** How are you going to ensure that you do not end up with an equipment plan that has several very large expenditure programmes in it that begin to crowd out everything else?

Sir Michael Fallon: We need to ensure that. I hope he reassured you; I think he owes the Committee a further letter.

Mr Francois: I think he does.

Sir Michael Fallon: I hope he reassured you that the unit cost of each plane is now falling. It has fallen already over the period of the initial so-called LRIP blocks that we have purchased, and we expect it to continue to fall over the longer term of our purchase of the remaining aircraft that we need. We need it to do that and it will; that is part of the commercial negotiation that is going on at the moment between the Joint Programme Office and Lockheed Martin.

Q17 **Mr Francois:** Would you agree that it is a slightly curious situation when 48 aircraft cost 1.5 times more than the two carriers they are designed to arm?

Sir Michael Fallon: That is in the nature of modern aircraft. They are extremely expensive but extremely powerful. We took the decision to restore our carrier capability, and it is important that we have the planes that we need on them.

Q18 **Mr Francois:** Lastly, what will be the total cost of the F-35 programme?

Sir Michael Fallon: Again, I think the permanent secretary offered you a rough order of magnitude last week, and I think he will offer some more clarification of what the total programme cost has been, because we are now talking of a period of years a long way ahead.

Q19 **Mr Francois:** So we can expect a figure from him in his letter?

Sir Michael Fallon: You can expect him to do his best to provide that figure. Whether it is more of an estimate than the rough order of magnitude he offered last week, you will have to wait and see. We will do our best to give you as close an estimate as we can.

Chair: Your efforts are paying off, Mark. Johnny, you wanted to come in.

Q20 **Johnny Mercer:** On pay, am I correct in saying that, when we talk about the pay freeze for our servicemen and women, they actually go up in banding every year? So, essentially, no one has had their pay frozen, but the levels at which those bandings happen have been set? Is that correct—nobody has seen their pay absolutely freeze since this policy came in?

Sir Michael Fallon: That is correct, and nor have the increases necessarily been frozen at 1%. As they have moved up the bands—I think this is generally true across public service—they have actually enjoyed increases of more than 1% and of course our armed forces do not make a contribution to their pensions. They enjoy subsidised accommodation as well.

However, it is important, and it is part of the remit of the body, that we keep pay comparable with the private sector and that we do not see our people slipping behind the private sector. That is part of the armed forces review body's remit, and I look forward to hearing from it in due course.

- Q21 **Johnny Mercer:** Yes, definitely, but it is important that the debate is framed correctly, isn't it? The idea that people have essentially had their pay frozen is not entirely correct. However, on that, if the pay cap is removed and the Chief of the General Staff comes to you and says, "Yes, we can increase pay but you will have to lose more men and women in personnel", what are you likely to say to him? Are you prepared to see a reduction in personnel to increase pay?

Sir Michael Fallon: I don't accept the necessary trade-off there, or that there are not further efficiencies elsewhere that could be explored. We are getting ahead of ourselves; we have not seen the recommendation from the pay review body. What is really important is that the work of the review body helps us to address some of the high-tech skills gaps we have in all three services, which are roughly 95% or 96% recruited at the moment. That is why I welcome, as I hope you do, this new flexibility that the Government are providing, which will allow us, for certain trades and skills, to move above the 1%.

- Q22 **Ruth Smeeth:** Based on what you just said, I want to make it clear, as a former trade union officer, that those were increments that staff were contractually entitled to, which is why they received a pay rise. It was not that they were not entitled to them.

On the capability review and away from terms and conditions, which we will revert to later, I am interested in the context in which the capability review has been framed—specifically, what was put forward on there having to be an assessment of the last SDSR, as you outlined, from where we were to where we are now. Can you outline for us the main headlines that are driving the capability review?

Sir Michael Fallon: As I said in my opening statement, the principal driver of the review is the intensification of the threats that we identified back in 2015, most of which have gotten markedly worse. We have seen an extraordinary increase in Russian submarine activity in the north Atlantic over the last couple of years, for example. We have seen North Korea testing nuclear missiles. We have seen cyber-attacks on our own country and our own Parliament. We have had terror attacks—five this year—on our own streets. These threats have intensified since we carried out the 2015 review, and I think it is right that we look again and make sure, across the board of security and defence, that we have our capabilities in the right place. This isn't just about Defence; it is making sure the Home Office, the Foreign Office and the agencies have their capabilities in the right place. It is making sure that we are ready to meet these threats as they intensify.

Q23 **Ruth Smeeth:** A great deal of the media coverage around this has been about the cost envelope, as opposed to necessarily the capabilities. Obviously, everything we are talking about, whether it is the potential loss of Albion Bulwark or whether we will lose a number of service personnel or whatever it may be, it comes down to a cost envelope. What was your guidance when you initiated the defence review, in terms of what people specifically had to look at?

Sir Michael Fallon: The cost envelope is the rising Defence budget within the parameters that I set out—that we meet the 2% target and that the overall budget increases by at least 0.5% each year. The cost envelope is not being reduced; on the contrary, it is an increasing cost envelope. If we are going to come on to the Navy, which you have already flagged up, we are growing the Royal Navy. We are launching more ships and submarines and growing the size and power of the Royal Navy, including its manpower.

Q24 **Ruth Smeeth:** I think we will come on specifically to the Royal Marines later. Can you please give us some information about the timescale of the review, and when we might see it?

Sir Michael Fallon: As I said, we are not conducting the review. It is being led by the National Security Adviser and it involves other Departments, so I am not able to clarify exactly when we are going to reach a conclusion. I hope it will not be too long.

Q25 **Ruth Smeeth:** Have you agreed yet how this is going to be communicated? I ask this specifically because, as you know, I have taken over as chair of the APPG for the armed forces covenant, and I wrote to you last week about service personnel who have already contacted me being told that they were about to lose some of their tour bonuses. Some of their specific terms and conditions, they had been told, were under threat because of the review. You may remember that during the 2015 SDSR process I raised with you the poor level of communication that was happening at that point, and how it was undermining service personnel and their concerns and morale. I am truly concerned that we are back to exactly the same point now, both in terms of your stakeholders who will be sitting round this table and listening to this, but also those service personnel who are deployed, or about to be deployed, who are worried about what this is going to mean for their employment.

Sir Michael Fallon: First, we are committed to maintaining the size of the armed forces. We are growing, specifically, the size of the numbers in the RAF and the Royal Navy. We set that out at the time of the 2015 review. I cannot control the kind of speculation that we have seen in the papers. None of it I recognise. None of it involves any options or proposals that have been put to me. We are at a relatively early stage of this review; but I take your point about communication. As soon as we can offer reassurance, as soon as we are ready to do that, we will do so. But I think you will see how difficult it is for me to say we are definitely not looking at

x; you will then ask me, "Why can't you say that with y and z?" and so on. We are at the beginning of this particular review, and I cannot comment on specific pieces of speculation, but we will get our people the reassurance they need as quickly as we can.

Q26 **Ruth Smeeth:** Can I ask, on behalf of the Committee, that we have some private briefings, as and when you are ready to give them to us, so that we know in advance, too, before the publication of the outcomes, or immediately before publication?

Sir Michael Fallon: I am happy to offer that sort of private briefing. I have, indeed, already conducted a briefing with Conservative Members of Parliament with an interest in this, and I have written to the shadow Defence Secretary offering the same briefing for Labour Members of Parliament as well—not so much a briefing, but if they have particular concerns or they want to make particular representations that gives them the chance to do so, and I hope that can be fixed reasonably soon.

Chair: Before you move on, Minister, I think Leo wants to come in, briefly.

Q27 **Leo Docherty:** Do you think it would be sensible for the National Security Adviser to offer a briefing, either in public or in private, to this Committee?

Sir Michael Fallon: I think he has written to the Chairman indicating that he is answerable to another Committee—

Chair: Yes.

Sir Michael Fallon: The title of which, I am afraid, I forget.

Q28 **Chair:** That is not your fault, Secretary of State, because it is not a very well known Committee. That is something that, although we are making light of it, we are actually very unhappy about, because we wanted the National Security Adviser to come before this Committee. We have had previous National Security Advisers come before this Committee. His argument in his letter to me, for not doing so, is that, "Because the main decisions on defence were taken during the 2015 SDSR, this review is not defence-focused." Of course he points out all the other agencies and Departments that are affected by it, but if this review, Secretary of State, is going to result in the loss of major military capabilities, as it is speculated it might, surely that is enough reason for this Committee to be able to hold him accountable, especially as he says later in the letter, "The established procedure is that I appear before the Joint Committee on the National Security Strategy on these issues. Although it has not been constituted in the new Parliament, as Chair of the Defence Committee, you"—that is I—"are an ex-officio member." It is great to know that I am an ex-officio member of a Committee that could interview him but that does not yet exist. We really would appreciate any help and any pressure that can be put on to get the National Security Adviser to appear before us.

Sir Michael Fallon: Well, I don't think we can blame the National Security Adviser for the fact that the Joint Committee has not yet been established. I am afraid that there are other avenues that you will have to pursue to get that Committee established. The National Security Adviser does not report to me. This involves other Departments of State, such as the Home Office, the Foreign Office, and others, which will be subject to this capability review. So far as the defence strand is concerned, it is for myself and the permanent secretary to be accountable to you. I do not think I can add further to that.

Chair: Ruth, would you like to continue?

Q29 **Ruth Smeeth:** Yes. Can you update us on the progress that has been made to refresh the defence industrial strategy? In what way is that dependent on the national security capability review?

Sir Michael Fallon: Thank you. Yes. We committed to refreshing the defence industrial strategy at the 2015 review because it was older than that review—I believe it was from 2012—and overdue for refreshment. We have a very good story to tell around it in terms of developing regional skills and productivity. The national shipbuilding strategy that we launched in September fits naturally into it.

We hope to publish that refreshed defence industrial policy shortly. It will include a new approach to building economic value and international leverage through early analysis of business cases. It will say what we are doing about innovation, on which we made commitments in the 2015 review. It will discuss co-operation between defence and civil industry in terms of productivity and investment. It will look at the security of the supply chain. Finally—we have had a lot of discussion with industry about this—it will look at ways of making it easier for British industry to deal with defence, to access defence, to get into our procurement processes and to bring us its solutions. A lot of work has been done, and I hope that publication will not be far away.

Q30 **Ruth Smeeth:** Thank you. We look forward to seeing it. As you said, we have had the national shipbuilding strategy. Given recent announcements from BAE, which my colleagues will touch on, what are the chances of us having a defence aerospace industrial strategy?

Sir Michael Fallon: That is something that we will obviously consider now. It is a more complex area than shipbuilding, where we need to replace the Type 23 frigates. We have already decided to give the work on the anti-submarine frigates to the Clyde, but we wanted to introduce a much more competitive process for the general purpose frigates and open up that work to other shipyards across the country, as recommended by Sir John Parker's report. I think that is innovative. It is not an approach we have tried before—we are putting a fixed price on it and challenging industry to meet it—but it is relatively simple.

Aerospace is more complex. We do not need to replace Typhoon until 2040, but it is not too early to start thinking about how we would replace it. We have to ensure that that work fits with the other work we have been doing, for example with the French on future combat air systems. It is a slightly more complex picture because of the interrelationship with civil aerospace as well. Again, I am ambitious in that area and I would like that work to lead to an aerospace strategy, but we are not quite there yet.

Ruth Smeeth: The Committee's concern is ensuring that we have the sovereign skills capability to deliver, whether that is for the sixth-generation fighter, our own version of the P-8, or whatever it may be in the future. It is about sovereign capability, but unless the work programme starts sooner rather than later, that will be undermined. We saw that in Barrow where we had to seek additional support later to do the submarines. It took eight years to get up to the full skill set that we needed there once the Astute class started. We will end up in exactly the same place, which is the concern that we all have.

Q31 **John Spellar:** Following on from Ruth's question about the widespread concern about the loss of jobs and potentially capacity incapability at BAE—that concern includes a lobby of Parliament today—what discussions have you or other Ministers had with BAE about the job losses?

Sir Michael Fallon: I called the chairman in last week, and I have subsequently written to him. We are obviously committed to continuing to work with the company, but we want to see the production lines for Typhoon and Hawk kept open should new orders materialise. You know how hard we have been working at securing those new orders. We have a statement of intent with Qatar. We continue to work hard to secure a similar statement of intent with Saudi Arabia so far as batch 2 of Typhoon is concerned. We are assisting the company in other Typhoon export campaigns in Belgium, Malaysia and Finland, and we will continue to work with the company to maximise those export opportunities. In turn, we want the company to keep the production lines open. We also need them to keep meeting the milestones to provide the new F-35 facilities at RAF Marham. We want them—I think this touches on Ruth Smeeth's point—to keep their graduate and apprenticeship programmes going so that when we are in a position to take further development decisions in relation to future combat aircraft we will have those skills available and we will not have the hiatus that we originally had at Barrow under whichever Government that was.

Q32 **John Spellar:** We won't go into delays on the programme, which might make for an interesting debate—we will leave that one. I certainly acknowledge the work that you have done with Qatar, but when the French, for example, are undertaking a sales programme, the whole of the French Government get involved. I acknowledge that the MOD is doing some work on this, but are other Government Departments weighing in as effectively and at as high a level as the French Government?

Sir Michael Fallon: Yes. This is co-ordinated across Government, and we have the right Government structure to do that. It brings together all the different Government Departments. I take responsibility for major export campaigns such as Typhoon quite separately from Liam Fox at the Department for International Trade. When it comes to Typhoon, complex weapons and F-35 support—those three particular export campaigns—I take responsibility, and I co-ordinate the work that is done across Government by the Foreign Office, the Department for International Trade and others to see what further help is needed. As I have said, we all have a part to play in this. With very great respect, when we are pursuing the vital order from Saudi Arabia, for example, it is important that we all get behind the BAE Systems campaign and do not in any way undermine it.

Q33 **John Spellar:** Indeed. Those are thoughts that I am sure all the members of the Committee from all parties would thoroughly endorse. In your comments you rightly stressed—it was very welcome—the maintaining of the production lines for Hawk and Typhoon. What scope is there for new UK work on Hawk, including new aircraft for our world-renowned Red Arrows?

Sir Michael Fallon: We do not need to replace the Red Arrows until 2030, so it would be premature to start considering that now. We do not need new aircraft. We have 75 of the Hawk T1 aircraft, and 14 of those are currently available to the Red Arrows. We do not need new aircraft at the moment, and we do not need to commission new aircraft yet. The right thing to do to maintain Hawk production is for us to continue to look for those further export opportunities for Typhoon and Hawk and get the whole Government, and hopefully the whole of Parliament, behind them.

Q34 **John Spellar:** But given that the Red Arrows are very much a shop window for Hawk and Britain's aerospace industry, should we not be considering using T2 for that?

Sir Michael Fallon: Well, in order to rest my voice, perhaps I could bring in General Poffley to answer on T2.

Lieutenant General Mark Poffley: The T2 aircraft inevitably comes with certain characteristics. It is not currently inside our programme. Coming back to the question that Ms Smeeth raised, that option and a number of others are capabilities that we look at with the companies to see, first, how we can best support the export campaigns we have running and, secondly, how those options might fit part of our future requirement going forward. At the moment, it is not in our plans to use T2s for that.

Q35 **John Spellar:** But is there not the slight problem? If there is too significant a gap in orders, we may lose that capacity. Therefore, if we were going to maintain the Red Arrows, for example, we might ultimately have to buy those from, for example, the United States.

Lieutenant General Mark Poffley: I don't think that would necessarily be the case, but I recognise that is a possibility. The realities of where we are with regard to the Red Arrows is, as the Secretary of State has said, that we do not need to take that decision right now, and with regard to future capacity inside BAE Systems or any other manufacturer in the aerospace sector, we are actively engaged—as we were with the shipbuilding strategy—in confirming the requirements of industries' ability, first, to service our sovereign capabilities and, secondly, to maintain our operational advantage.

Q36 **John Spellar:** Two final questions from me. On maintaining the workforce and skills, and looking therefore at the next generation of fighter aircraft in the UK, what steps are you taking to ensure, either separately or more likely collaboratively, that we will be maintaining the capacity, as well as looking towards building that next generation of fighter aircraft in the UK? The final question, linked to that and to whether some of the proposed cuts are a consequence of the Tornado fleet being taken out of service in 2019, has there been consideration of extending the life of that fleet?

Lieutenant General Mark Poffley: On future capability, we have an active programme, funded, that in collaboration with a number of our suppliers is looking at new technologies and new systems that might be accommodated inside a future aircraft. You would expect us to do so, I would have hoped. As regards other measures, I think the Secretary of State has been very clear about the fact that there may be, or may not be, options around a capability review across a series of capabilities, and at the moment we have taken no decisions on any of those with regard to combat aircraft.

Q37 **Chair:** Does the potential slowdown in Typhoon production have any implications for the SDSR 2015 commitment to introduce two new Typhoon squadrons?

Lieutenant General Mark Poffley: No, it does not.

Q38 **Graham P. Jones:** I am very worried about the 1,900 job losses, as I know everybody else is. Without a UK defence aerospace strategy, do you not worry about the long-term or medium-term viability of Warton and Samlesbury, two of our remaining three aircraft manufacturing sites in the UK?

Sir Michael Fallon: I am concerned about the job losses. Anybody would be concerned about the job losses. That is why we have been in touch with the company and we are continuing to talk with them and make sure they have all the assistance they need in the export campaigns that I have described. That is why, yes, I would like to work towards an aerospace strategy alongside the shipbuilding strategy that we have talked about earlier. That is my ambition, and the scale of the job losses is such, I think, that it does put an obligation on us to look at that work and see if it can be accelerated.

Q39 **Graham P. Jones:** Obviously, one of the issues is the Saudi Arabia Batch 2. I wonder if you could update the Committee in more detail as to why that Typhoon deal has not been secured so far.

Sir Michael Fallon: We have been working extremely hard on the Batch 2 deal. I travelled to Saudi Arabia back in September and discussed progress on the deal with my opposite number, the Crown Prince of Saudi Arabia, and we continue to press for signature of at least a statement of intent, as we have done with Qatar. I have to repeat, sadly, to this Committee that obviously, other criticism of Saudi Arabia in this Parliament is not helpful; I will leave it there. But we need to do everything possible to encourage Saudi Arabia towards Batch 2. I believe they will commit to Batch 2. We continue to work away on the timing.

Q40 **Graham P. Jones:** Finally, when we talk about the long-term sustainability of Warton, Samlesbury and Brough and the sixth-generation fighter, and we hear about the Germans and the French, what discussions are you having with their Governments about the sixth-generation fighter or a collaborative effort for the next-generation fighter that might keep the long-term viability of these three sites going?

Sir Michael Fallon: We have work in hand with the French—the French companies—between British Aerospace and Dassault and the other companies involved, on the future combat air system. I will be reviewing that with the French Defence Minister when she visits London shortly, in preparation for the next Anglo-French summit that will review progress generally under Lancaster House to see what the next phase of that will be. Of course, we also continue to talk to the Americans about the developments of future combat air.

Lieutenant General Mark Poffley: I would only add that we hold capability dialogues with many countries, most notably in Europe with Germany and France. Of course, we all have slightly different competing priorities, and the aim is to get enough synergies to make this commercially and economically viable, and to retain a degree of sovereign choice around some of the capabilities that are on offer. The aircraft world, in particular, is a vibrant part of that discussion.

Q41 **Graham P. Jones:** Does Brexit have an impact on those discussions?

Sir Michael Fallon: Well, of course Brexit is happening, and it is very important for us to maintain those bilateral relationships in Europe, which we work extremely hard at. We have capability frameworks with France and Germany, and now with Poland, and strong relationships with a number of other countries. I am also very keen to ensure that our companies do not miss out on future collaborative programmes that may come forward under the new format of European defence funding. I will obviously be working to ensure that our companies have access to the European Defence Agency and some of the longer-term research that often comes before these particular development phases. So, yes, it

means we have to work hard to ensure that our own industry does not lose out in any way from Brexit.

- Q42 **Mr Francois:** Secretary of State, you have already said that new aircraft are very expensive, and we realise that. The Tornado GR4 is still, even by today's standards, a very capable aircraft, and has given extremely good service in the Middle East. Has any work been undertaken to look at the cost of mothballing a wing of those GR4s and keeping them in storage as a war reserve, bearing in mind that new aircraft are extremely expensive and also take quite a long time to build? I realise there is a cost in doing that, but has any work been done to look at that as an option?

Sir Michael Fallon: First, I think we should pay tribute to the resilience of Tornado. It has been flying around the clock in the Middle East for three years now, and I think it has proved a lot of its doubters wrong. It has been an invaluable part of the successful campaign against Daesh in Iraq and in Syria. I haven't seen proposals on the cost of mothballing Tornado. I would be happy to write to the Committee on that.

- Q43 **Chair:** Yes. That's terribly important, Secretary of State, because time and again we see relatively short or medium-term decisions to cut capabilities that then lead to expensive equipment being taken out of service before the end of its life. I think there is a general feeling on the Committee, strongly promoted by Mark in particular, that, when that happens, can we not at least keep some of the equipment in the long term in a condition so that it can be reactivated should circumstances change?

Sir Michael Fallon: I will look at that point.

- Q44 **Ruth Smeeth:** I just want to go back to the Qatari contract. The statement of intent has obviously been signed, but I wonder if you can update us with where we are with the memorandum of understanding, and whether the contract for the Hawks will actually be signed before Christmas?

Sir Michael Fallon: You are right to draw a distinction between the statement of intent and the contract; the statement of intent is not the contract. Our aim is to get on to contract before the end of the calendar year. That is something we are actively pursuing with Qatar at the moment. My Minister for Defence Procurement is chasing progress on that literally week by week. It is our intention to get that signing done before Christmas.

- Q45 **Ruth Smeeth:** Because the BAE redundancy announcement is contingent on getting that contract, it would be even deeper if that contract was not seen through. It would be interesting to receive an update from the Minister for Defence Procurement on exactly what is happening in terms of whether there is a taskforce and how she is ensuring that this is moving forward.

Sir Michael Fallon: I do not want to describe too much of the internal work of Government, but you are very close to it in what you just said.

Ruth Smeeth: Good.

Sir Michael Fallon: We are pursuing this. I want to get on contract. I realise the implications for BAE Systems. I do not want to see any more jobs lost than is absolutely necessary. We are driving the company very hard to see if we can get on to contract before the end of the calendar year.

Q46 **Gavin Robinson:** Good afternoon, Secretary of State. Can I thank you, first, for your involvement in the Cabinet action plan over the course of the summer in relation to the Bombardier and Boeing dispute? When you visited Belfast in September, that was the day when you named HMS Belfast. It was also the day when an additional 80% tariff was proposed by the Department of Commerce. You were quite forthright in your view that to proceed with such a trade dispute could not continue without consequences, nor was it what you expect from a partner. Can you elaborate on the "could jeopardise" phrase that you used and whether there has been any review of contracts thus far?

Sir Michael Fallon: First, this is not the behaviour we expect of a major defence partner, and we have made that very clear to the company. The company is a major defence partner of the United Kingdom. We have a huge annual spend with Boeing. Boeing are investing in the United Kingdom. They are investing in jobs in the United Kingdom and, indeed, in research facilities at the University of Sheffield. This is not what we expected from a major partner, and we have made that very clear to them.

So far as your second question is concerned, there are future contracts coming up that Boeing will be bidding for. We have drawn their attention and everybody else's attention to those contracts. We want to go forward in a constructive relationship with Boeing, but we want to see this dispute settled. I hope you, too, will recognise the progress that has been made on the Airbus agreement with Bombardier. I hope that that is helpful, but it does not resolve the underlying dispute, which needs to be resolved.

Q47 **Gavin Robinson:** I respectfully understand that there are contractual issues, and I do not want to draw you publicly on too much of the detail. Are you prepared to engage privately on some aspects of contracts and discussions?

Sir Michael Fallon: Well, some of these discussions are commercially confidential, and I would not be allowed to go into commercial details, but if we can arrange a more private briefing, I would be happy to do that.

Q48 **Gavin Robinson:** I am very grateful for that. Secretary of State, can you indicate whether any of the discussions with the DoD in the United

States around this issue have yielded fruit? Do they wish to get involved with USITC, or is that a wholly independent process?

Sir Michael Fallon: It is a more independent process, and the discussions that the Business Secretary, the Northern Ireland Secretary and I have been having have been with other people—with the US ambassador in London, with the various trade bodies over in the States, with the Business Secretary's counterpart and so on.

Q49 **Johnny Mercer:** Secretary of State, I want to rest your voice, if that is okay, and go to General Poffley and to Peter. We are going to talk about the Royal Marines briefly. The Secretary of State clearly will always go on military advice. You are the military advice. General Poffley, in your view, how important is the amphibious capability to both UK defence and the wider industry we have been talking about today?

Lieutenant General Mark Poffley: I think it goes without saying that the country places great value on having an amphibious capability. It is part of a suite of options that policy makers can use, and it is quite clearly one of our major contributions as a tier 1 military nation. The construct of it and its evolving nature clearly will change with the operational environment, and that has been a continual case. In terms of the industrial base that lies underneath it, clearly it maps very neatly into the work we have done on the national shipbuilding strategy, and as the sponsor group of the national shipbuilding strategy looks at the forward programme of our maritime expenditure, clearly the amphibious capability fits prominently inside that, as befits the significance of that role.

Q50 **Johnny Mercer:** Looking backwards—discounting Afghanistan but certainly looking at Iraq and what we have done previously—would it be fair to say that the ability to secure access to the beach-head, that unique capability that we have, not only has been uniquely relied on by our NATO allies such as Norway, the Netherlands and the US, but has been a fundamental part of operations? I would say to you that it is not part of a suite of measures we have; it is one of the most vital things we have in our military today. I am talking about that ability to secure the beach-head and project force on to the land. Having aircraft carriers and so on is all great, but you have to be able to get ashore. This is therefore more than just one of a suite of capabilities; it is one of our major capabilities, and recognised as such by our allies.

Lieutenant General Mark Poffley: I think that is reflected in the fact that we, in the 2015 SDSR, made significant provision inside the QEC programme to modify both the Queen Elizabeth and the Prince of Wales to accept an ability to deploy amphibious troops ashore. Indeed, we have increased the capacity over that provided by HMS Ocean in that role by some 200 personnel, so—

Q51 **Johnny Mercer:** Forgive me for cutting you off; time is quite short. Why now are we looking at two ships, with a life expectancy of 30 years, that are recognised command-and-control nodes and that enable this vital

part of UK defence? We say it is speculation, and I absolutely agree that some of it is speculation. However, in Brazil and Chile they are already making plans, as reported today, to take these ships on, so clearly something is going on in the Department. Why are we looking at these two core capabilities when you yourself have just said, and if you look back over history, that capability to have and project force is absolutely vital?

Lieutenant General Mark Poffley: As a point of clarification, I am not aware of any overture being made by either of those countries with regard to the LPDs.

Q52 **Johnny Mercer:** Well, how did they find out about it? It's not us; it's not me.

Lieutenant General Mark Poffley: You would have to tell me. I am not aware of any overtures by either of those countries for those platforms. With regard to whether we are looking at those platforms, we look across the spectrum of capabilities, as we are doing in the capability review—

Johnny Mercer: Absolutely—

Lieutenant General Mark Poffley: And of course you would not expect us not to look at this particular capability.

Q53 **Johnny Mercer:** The fact that we have to be very careful around money and defence now is not up for debate. I absolutely support you in that endeavour, and you look at some areas of the military, such as the 17 soldiers for every clerk, and the 30,000 vehicle platforms. I am not going against the fact that you have to look continually at the threats and configure your military to that, but what I am saying is that if there is a fundamental misunderstanding of amphibious warfare, and a decision is taken to remove that from the options that are available to the Secretary of State and the Prime Minister—maybe they don't want to deploy one of the big aircraft carriers, but the options available to the Secretary of State and the Prime Minister are going to reduce significantly should those two platforms go. I worry that that strand of amphibiousness, which has been so important for this nation, not only over the past 50 or 30 years but over the last 10 to 15 years, and just this summer in humanitarian operations, is not going to have as much emphasis placed on it as it should have.

Lieutenant General Mark Poffley: I can assure you that all the Chiefs are actively engaged in a debate on not just this capability but a broad range, including the areas you have suggested, to make sure that we are actually setting the priority right. It is the First Sea Lord who will provide that expert advice into the chiefly committee, and indeed the Vice-Chief of the Defence Staff is a serving Royal Marine who is quite clearly competent to be able to provide some counsel into that forum.

Q54 **Chair:** If it weren't for financial considerations, nobody would be thinking of pensioning off these ships at this stage, would they?

Sir Michael Fallon: Well, in the 2015 review we made it clear that Bulwark would enter a period of low readiness from last month and Albion would take over the role, so we were not anyway planning to deploy them together. You have just heard General Poffley tell you that the Queen Elizabeth carriers will be able to carry more personnel, will have larger armouries and will be able to carry more helicopters than those ships. They will actually give us a better littoral capability than we have at the moment with Albion and Bulwark.

Q55 **Chair:** No, I am sorry, Secretary of State, but there is no way that a Queen Elizabeth-class carrier can substitute for the capabilities of the Albion and the Bulwark as a landing platform dock. You did not answer my question: were it not for financial considerations, we would not be considering withdrawing these ships, would we? The Minister for Defence Procurement wrote to me as recently as 25 January, because I had heard a rumour about this mad scheme and had raised it on the Floor of the House of Commons. She wrote, "There are no current plans to decommission the ships early, and I can reassure you that their out of service dates are 2033 and 2034 respectively." This is really all about there not being enough money in the defence budget, isn't it?

Sir Michael Fallon: No, it is not. That is speculation. No proposals to get rid of either Albion or Bulwark have reached my desk in any shape or form. At the moment, that is simply speculation. What we said in the 2015 review was that the carrier capability adds, in certain respects, to our littoral capability. I hope that is understood.

Q56 **Chair:** I absolutely understand.

Sir Michael Fallon: A carrier can take 900 men and women and can take more helicopters. Neither Albion nor Bulwark were involved in the Caribbean.

Q57 **Chair:** How many landing craft can a carrier take?

Lieutenant General Mark Poffley: There is an absolute distinction here on how you deliver troops ashore between the landing platform dock, which clearly has the capacity to deliver from rotary but most significantly has the ability to deliver through landing craft, and the carrier, which does not have that capability. I think we made that clear.

Q58 **Chair:** If you want to make a landing in the dead of night, quietly, on a part of the coast where you wish to take people by surprise, do you think a fleet of troop-carrying helicopters is a substitute for silent landing craft coming in off purpose-built ships with built-in command centres, designed for that special purpose?

Lieutenant General Mark Poffley: It will be the judgment of the First Sea Lord and the Chief of Staff's committee as to whether they think, first, that that is an appropriate operation in the contemporary and future operating environment, and secondly, that it is something we would prioritise over other things.

Q59 **Chair:** We have had this exchange before. You talk about the contemporary and future operating environment, but the truth of the matter is that we do not have the faintest idea what crises will arise in the future. Some of them will require this sort of silent insertion of troops over a beach, which cannot be substituted by helicopters. I come back to the question again: obviously, the answer should be to have both capacities, and were it not for a question of money, that is what we would be doing, isn't it?

Lieutenant General Mark Poffley: We will examine both the capability of delivering troops from surface vessels and from rotary in the context of the prioritisations we make in the capability review.

Q60 **Chair:** Surface vessels that can launch landing craft from a dock?

Lieutenant General Mark Poffley: Indeed.

Q61 **Chair:** You would not compare, for example, the capacity of the Bay-class ships to do that with the capacity of the Albion and the Bulwark, would you?

Lieutenant General Mark Poffley: In terms of scale and number of landing craft I would not, but the capacity to deliver the same types of landing craft, albeit on a lesser scale, is provided for in the Bay-class RFAs.

Q62 **Chair:** Yes, I know, but the scale is the operative question.

Lieutenant General Mark Poffley: This is about a judgment on the likelihood of deploying at scale in circumstances such as you have described. That, again, will be a judgment that the Chiefs will make.

Q63 **Johnny Mercer:** General, if I understand you correctly, are you essentially making the assertion that the command and control and the nodes that Albion and Bulwark were designed to provide in the 30 years they have got coming are not replicated in the QE-class carriers?

Lieutenant General Mark Poffley: That is not replicated in the QE-class carriers.

Q64 **Johnny Mercer:** That is one of our specific capabilities that our allies rely on us for. Have you seen the Americans' comments on that yesterday? The C2 ability of those two platforms is one of our strategic assets and complements to NATO, isn't it?

Lieutenant General Mark Poffley: They certainly bring a very capable C2 suite. Whether you could replicate it through other means—

Q65 **Johnny Mercer:** What other means?

Lieutenant General Mark Poffley: Well, you would need to provide a platform of a similar type, if it is C2 of that type that you wish.

Johnny Mercer: Right. So we are talking about providing another platform. If, theoretically, these platforms were to go, are you thinking along the lines of retaining capability so that we can go elsewhere?

Lieutenant General Mark Poffley: If I may, this is purely speculative, because at the moment we are not having the conversation yet about the level of prioritisation.

Johnny Mercer: Of course. I understand that.

Lieutenant General Mark Poffley: There is a range of different possibilities for all parts of the capability suite that could go forward. Clearly, Albion and Bulwark provide some very specific capabilities that, if they were not there, would either need to be replicated in a different form, or one would have to accept that you are making a compromise in that part of our operational portfolio.

Q66 **Johnny Mercer:** My concern is that when we look at options for conducting operations abroad, the military arm goes to the Secretary of State and the Prime Minister with these options, and without those two specific assets you are significantly withdrawing that range of opportunity you can give people.

Lieutenant General Mark Poffley: And that will be a consideration that the Chiefs make when they consider any form of prioritisation of the capability suite.

Q67 **Chair:** And the only reason they are having to consider this prioritisation is because they have not got enough money.

Sir Michael Fallon: No, it is because we have to consider the way in which, as I have said several times, the threats have intensified. We have to spend money on dealing with the threats from cyber as well as finding resources to storm beaches. It is for the Chiefs to weigh these priorities up and then give me the right military advice when the decision comes. The threats have intensified in other domains apart from storming beaches.

Q68 **Chair:** So if there was enough money you would not have to consider sacrificing one thing in order to meet the other. The question I want to put to you is this. Traditionally it was always said that the Chiefs of Staff, if they were worried about the state of the defence of the nation, retained the right as a body to demand to see the Prime Minister for the sake of obtaining more resources, or at least sounding a warning that the country was not adequately resourced to defend itself. Do the Chiefs of Staff still retain that right?

Sir Michael Fallon: Well, they don't—they have every opportunity to make representations to me through CDS.

Q69 **Chair:** That wasn't my question.

Peter Watkins: Technically, they do have the right.

Sir Michael Fallon: Technically they do.

Q70 **Johnny Mercer:** That is the concern here. Some of us are from that generation where you could argue that the Chiefs of the General Staff have not been prepared to say, "We can't do X, Y and Z", and some of us have paid a very heavy price for that. So the concern now is that we present a set of options. It is simply not credible to say that an amphibious nation like ours, a maritime nation, can do away with a capability that is so heavily relied upon. Do you understand the impact that will have on not only NATO, but the United States, and on our standing as a military nation, if we say, "On that amphibious capability, you can go and buy a roll-on/roll-off ferry from P&O tomorrow, paint it green and roll the troops on"? On that specific capability around Albion and Bulwark and the amphibious capability of the Royal Marines, do you understand the effect that will have strategically?

Lieutenant General Mark Poffley: I understand that it will have a strategic effect if you were to take it in isolation, but I don't believe that we will take it in isolation. There will be a series of considerations that are made and the aggregate strategic effect will be that that really defines us as a tier 1 military nation.

Q71 **Mr Francois:** General, we cannot know the future, but we can know the past. Do you accept that in the 1981 strategic defence review lots of very bright people in the Ministry of Defence did lots of very hard staff work and came up and recommended that we got rid of Fearless and Intrepid? Then a year later, during the Falklands war in 1982, if we had not had those ships, we might not have been able to carry off the remarkable operation that we did. So you could say that history has already rung a very loud warning bell for us on this. We went through a review, we made a mistake and, luckily as it turned out, we did not have to pay for it. Does anybody in the Ministry of Defence have a strong sense of history?

Lieutenant General Mark Poffley: I can assure you, having lived through a number of campaigns that I did not expect to be on personally, I absolutely take the point you are making. However, we have looked in some significant detail at the future, and of course we will look to make the best provision, given the budget across a portfolio of capabilities.

Q72 **Mr Francois:** "Given the budget"?

Lieutenant General Mark Poffley: That is always going to be the case. In the case of an infinitesimal budget, I can guarantee you I would still have a bunch of folk outside my door looking to spend more money on a series of priorities.

Sir Michael Fallon: Mr Watkins was in the Department in 1981, so it might be useful to hear from him.

Peter Watkins: You are right, of course, about the history. We cannot change the history, but I would just like to underline what the Secretary of

State has said a number of times: the threat environment that we are now living in is changing extremely rapidly—more rapidly than we have seen over the past 30 years—so we do have to take account of how we think the future will develop as well as learn the lessons of the past.

Also, just to add to what Mark said, when we get to the prioritisation debate, I will be heavily involved in that from two aspects. First, on the point I have just made, I will be working with my colleagues in Defence Intelligence to come up with our best sense of what the future operating environment and strategic environment will look like, but secondly I will also be working very closely with our NATO partners to ensure—we do this as part of an alliance, not on our own—that overall we have the best capabilities. So that we have capabilities that complement theirs, and their capabilities complement ours.

- Q73 **Mr Francois:** But if the threat is intensifying—the Secretary of State mentioned increased submarine activity by the Russians in the north Atlantic, and we all know about the importance of the high north, which this Committee has been looking into specifically—do we want to delete an entire area of capability?

Peter Watkins: It is intensifying and changing. That is my point.

- Q74 **Chair:** But it is not changing in any way that you could ever predict that we would never need quietly to insert ground forces over a beach without having to ferry them in on noisy helicopters. The record of all these past conflicts is that they usually arise with little or no warning at all. Why should we be any better at predicting the future now than we have been in the past?

Peter Watkins: I think the General has already talked about different means of doing this. This is something we will look at when we get into the prioritisation debate.

- Q75 **Chair:** So why did the Minister responsible for procurement say, as recently as 25 January, that she could reassure me that there were no plans to delete these ships and that they were due to go out of service in 2033 and 2034?

Sir Michael Fallon: There is no plan to delete these ships.

- Q76 **Chair:** Will you keep it that way?

Sir Michael Fallon: What we have been describing to you is the capabilities review against the background of a rising budget, which we will assess as we get nearer the conclusion of the review. We will assess that, and we will do it—this is the answer to Mr Mercer. We will do it—I will do it—on the basis of military advice.

- Q77 **Johnny Mercer:** I absolutely know that you will, but Mr Watkins, are you saying—you have been in the Department since 1981, which unfortunately is the year I was born—that in the past 18 months or two

years the threats have changed at a greater pace and taken on a more diverse nature than they have at any time in our history as a nation, and that that is leading this review, not the budget? My argument is that if those threats are diverging, as everybody can see, you need more money, not to take this route. Anyone can say, "Oh, the threats have changed, so we're going to change the way we do business." You had a defence and security review two years ago, and now you are coming and saying, "These threats have changed so wildly, and we just had no idea it was going to happen. We're going to have to really have a look at everything." Do you see how it is quite hard to sell that credibly to the men and women who serve?

Sir Michael Fallon: As I said right at the beginning, in just two years we have had our own mainland attacked by terrorists—

Johnny Mercer: I don't dispute that, but we used to conduct long-range, medium-level operations on a regular basis.

Sir Michael Fallon: We've had cyber-attacks on this Parliament. We've seen Russian aggression.

Johnny Mercer: I accept that. We were at one stage conducting two medium-level operations, in Iraq and Afghanistan, and you could arguably say, "The military has never been that stretched before, so let's have another review and see what we can get rid of."

Q78 **Chair:** Do you accept, Secretary of State, that if the threats can change one way in two years, they can change another way in another two years? The answer is that you need to keep as much of the whole range of capabilities as possible, and if that means that your rising budget needs to rise by rather a lot more, then that is surely what we need to do.

Sir Michael Fallon: I have told you what my ambition is. We have a rising budget, and I want to see it go on rising, but every so often the military do have to review exactly what is needed, and they do have to prioritise.

Chair: Ruth has been champing at the bit, waiting patiently. I just want to flag up the fact that we may have to adjourn for a period for a vote, but we will try to keep that as brief as possible. I gather you wanted to come in, Mr Watkins.

Q79 **Johnny Mercer:** Did you want to answer the question about the two-year period, and whether things have changed much more than they have at any time in our country's history to drive the review?

Peter Watkins: I was going to say that we think that we identified the main threats and risks correctly in 2015, as the Secretary of State said. What we did not precisely get right was the velocity at which they are

changing. Some of them, in particular cyber and space and so on, are changing very rapidly, which means that we have to prepare ourselves as a defence organisation for a broader range of threats and risks than before. That is my point.

Q80 Ruth Smeeth: Retaining our position as a tier 1 military has been mentioned several times. This is all speculative, but we are due to lead with our amphibious capability the NATO IFFG in 2019—as the lead country. We are due to support the Netherlands’ lead, which means using Albion, in 2020. Our very position in NATO and what we contribute towards NATO operations is, at this point in our deployment plans, built around the use of Albion.

We have also signed, in 2017—the Secretary of State will remember that Anne-Marie Trevelyan and I hosted the lunch—the bilateral agreement with the US marine corps on the relationship between our marines and theirs. We have a bilateral US-French relationship in terms of amphibiousity, and one with the Netherlands. In a post-Brexit environment, this is about our contribution to the world. Can you confirm that that will be retained if we lose Albion and Bulwark?

Lieutenant General Mark Poffley: It is absolutely true that we retain the ambition to be able to work alongside a number of nations in the littoral, and that our contributions currently, in the platforms and on the dates that you described, are a major part of that going forward. Again, that is the sort of information that would be fed into the consideration when this comes before the chiefs to confirm whether this is a sensible proposition—if indeed it even emerges as a proposition. At the moment, we are having a rather theoretical conversation about a series of propositions that have been speculated on in the newspapers. At the moment, we have yet to reconcile that part of the debate inside the Ministry of Defence.

Q81 Ruth Smeeth: Speculated on in the newspapers to such a point that it is in the trade press today that Chile and Brazil are seeking to buy Albion and Bulwark.

Lieutenant General Mark Poffley: As I mentioned earlier, I am not aware of any overtures by either of those countries to the Ministry of Defence.

Q82 Phil Wilson: To draw out a point that I think has come out of our discussion about Bulwark and the Royal Marines and what we can do without amphibious forces, it seems that our military strategy is not threat-led. Actually, it is budget-led; we will only deal with the threats as long as we can afford to.

Sir Michael Fallon: It is a rising budget—the fifth-biggest defence budget in the world. The threats are intensifying and we have to make sure that that budget has the best possible impact.

Peter Watkins: Looking at the way our strategy has adapted over the last three years, since the Russian intervention in Crimea, I do not think one would say that this is a threadbare approach being dragged along by the money. We have made significant adjustments. We have contributed substantial forces to a whole range of assurance measures, and so on.

We are now contributing to a very wide range of NATO activities and missions. Mention has been made of one in 2019, but I could mention a whole raft of others we are doing this year and next year involving other naval forces, air forces and land forces—enhanced forward presence in Estonia, for example, and in Poland. What you are seeing is a strategy that has adapted to meet a new challenge, and one that has intensified and broadened in the way that we have said, so I do not agree with your characterisation.

- Q83 **Phil Wilson:** That is fair enough. It just seems to me that we are faced with all those threats—all the threats you have mentioned I accept and agree with—and it seems wrong that we are allowing arguments about what happens with Bulwark and such to get to the point where there is speculation, and there doesn't seem to be any rebuttal of it. What happens is, people feel as though the defence of the nation is being constrained by the budget—everything seems to be cash-led. We know there has got to be a budget, but if we keep saying that the threats are multiplying, we cannot then say that we can do this by getting rid of our amphibious forces or the means of delivering to a beach. A lot of it is about perception. If the budget is not an issue, we should say that; we should not let it grow. We could be doing away with a whole host of our capability.

Peter Watkins: To add to what I have said, one of the steps NATO took after the events in Crimea was to make public the target of 2% of GDP for defence spending. That was in NATO documentation already, but it was made public and Heads of State and Government at the Wales Summit signed up to it, and we have delivered on that. We are meeting the NATO benchmark.

- Q84 **Graham P. Jones:** When you have South Ossetia, Abkhazia and, by proxy, Nagorno-Karabakh, I do not understand why Crimea suddenly came as a surprise and a juncture at which you change policy or outlook. I am confused by that, because Russian aggression in the Balkans had been going on prior to that.

Peter Watkins: There had been a developing pattern of behaviour—you are right to point to Georgia—but the intervention in Crimea was the first time since the Second World War that a piece of sovereign territory was seized by another nation by force. It was a significant change in the security landscape in Europe.

- Q85 **Mr Francois:** Mr Watkins, I was not in the Ministry of Defence in 1981, but I did get to Georgia in 2008. I hope that counts for something.

Secretary of State, I am going to come on to land systems in a moment, but I will offer an observation rather than ask you a question. I think you have seen, in the mood of all sides of the Committee, the very real concern about our amphibious capability. That is only a precursor to the kind of debate there would be if such an option were to be proceeded with. Can I offer the observation humbly? In terms of what you would say, the game is not worth the candle.

Sir Michael Fallon: I note your observation.

Chair: If you want to fight for a bigger defence budget, we will be right by your side.

Q86 **Mr Francois:** Turning to land systems and specifically the Warrior capability sustainment programme, how is that programme going? How many Warriors are actually planned to be upgraded?

Sir Michael Fallon: We are currently engaged in negotiations with Lockheed Martin UK on the manufacturing contract, so I cannot comment specifically on the commercial negotiations, which are ongoing at the moment. This project is at the demonstration phase. It is the manufacturing phase that we are negotiating about. We have already conducted initial live firing with the prototype vehicle, and we have demonstration vehicles being produced for a more rigorous trials programme that we hope to start at the end of the year. It is a complex programme that has led to a number of significant engineering and technical challenges in getting this right. I am not sure I can add much more to that.

Q87 **Mr Francois:** Could you give us at least some idea of how many armoured infantry battalions you intend to have with the upgraded Warrior?

Lieutenant General Mark Poffley: In its current form, the armoured brigades will have two armoured infantry battalions in each of the brigades.

Q88 **Mr Francois:** Stand fast the review, you still envisage that to be the likely requirement.

Lieutenant General Mark Poffley: That is our current plan.

Q89 **Mr Francois:** Thank you. On the mechanised infantry vehicle programme, have you set any numbers and costs yet? Will United Kingdom companies be able to tender for it?

Sir Michael Fallon: We have not taken a final decision on our acquisition strategy for procuring the MIV yet. We do not expect to do that until the end of the year. Sorry, your first question was on cost, was it, or numbers?

Q90 **Mr Francois:** Have you got a rough idea about costs and whether UK companies will be able to tender?

Lieutenant General Mark Poffley: We do have an idea of costs, but I am afraid that is commercially sensitive at the moment because we are in the middle of a competitive process in which we will see a series of bidders. I am happy to give you a note subsequently on the range of costs being considered.

Mr Francois: I am sure the Committee would welcome a note. Thank you.

Q91 **Chair:** Before you move on, concerns have been raised that British companies might not be able to tender for the MIV. Why would they not be able to do that? Why would it be better to just buy it off the shelf?

Sir Michael Fallon: The general may want to add to that, but there is always a trade-off between pure market competition and the better value for money you might get for the taxpayer from that, and the OCCAR process that gives you a more collaborative approach with some of our allies who may want and be able to share some of the costs.

Lieutenant General Mark Poffley: One of the stages that we are at is getting into the business of the cost, options, requirement, and trade-offs that will undoubtedly take place. The assessment phase that we are currently competing for is partly there to make those judgments. To come back to the conversation we had earlier about the industrial and national benefits: clearly they will form part of our consideration.

Q92 **Mr Francois:** The Department has a programme to retrofit and upgrade the main Challenger 2 battle tank. We currently have 227 Challengers in the fleet. Is it the intention to upgrade all or only part of that number? If only some, can you guarantee that the ones that are not upgraded will be kept in reserve?

Lieutenant General Mark Poffley: We certainly have no plans to dispose of Challenger 2 in any form at the moment. I am not in a position at this stage to tell you the precise number that we are planning to put into the upgrade programme. That will be dependent on the configuration of the brigades in the future, and the review will undoubtedly want to make a judgment about that capability too.

Q93 **Mr Francois:** "The configuration of the brigades" implies at least two armoured regiments, doesn't it?

Lieutenant General Mark Poffley: Correct.

Q94 **Mr Francois:** Moving on to Foxhound, there have been some technical issues with the Foxhound protected mobility vehicle. Can you update us on that? At the same time, some service personnel have claimed—as reported by the BBC, I think—that they have had to make modifications with tools that they have bought themselves to keep the Foxhounds serviceable. Can you enlighten us on that at all?

Sir Michael Fallon: I saw the same report questioning the reliability of Foxhound in high temperatures. Foxhound has been operating in high

temperatures, and the unit concerned, which is out there, does not recognise that report as a fair reflection of the reliability of the vehicle. It continues to meet its availability targets, but I have sent a specialist team out to double check.

Q95 **Mr Francois:** So you are looking into it?

Sir Michael Fallon: We look into the things that are raised with us; they are not always accurate.

Mr Francois: Thank you.

Chair: I am pleased to say that there will not be a Division, so we can carry on without interruption.

Q96 **Graham P. Jones:** Given that the UK once had 14 Nimrod maritime patrol aircraft, why was it decided that just nine P-8A Poseidons would be sufficient for our maritime patrols?

Sir Michael Fallon: Again, that was a decision taken on military advice; it was one of the 2015 review's major decisions. That was the number of aircraft that the military believed would give us sufficient maritime surveillance and anti-submarine and anti-surface ship warfare capability, and enable us to improve the protection that we need to surround the nuclear deterrent and the new aircraft carriers. That is where the figure nine came from.

Q97 **Graham P. Jones:** You talked about reflection from 2015. We have seen a heightened and increased presence of Russian submarines around the British Isles, in the north Atlantic and elsewhere. We have also seen an increasingly outward-looking China and Chinese fleet. Will you reflect on that and perhaps consider that we need to increase our maritime surveillance capacity?

Sir Michael Fallon: We reflect on all these things, but I hope you agree that it was the right decision to restore this maritime patrol capability back in 2015. It is something that fell away because of the cancellation of the Nimrod programme, which is something the previous Government had pursued for a long time without actually getting the planes up into the air. It was the right decision then and I'm glad we took it. The figure of nine is what was recommended to me at the time of the 2015 review, and we have begun to purchase those aircraft. I don't know if you'd like to add anything on China, Peter?

Peter Watkins: I will add something on this. It was precisely because we were detecting this increase in Russian submarine activity in 2015 that we recommended that one of the decisions of that review should be to reinstate this capability, and that we should follow the procurement route that we did, which was an FMS purchase from the United States, in order to bring the aircraft into service as quickly as possible.

Q98 **Chair:** Was it not entirely predictable that that gap would have to be filled from the moment it was created? Would the same not apply to our amphibious capability, for example?

Peter Watkins: As the Secretary of State said, the Government in 2010 was dealing with a failing programme. There was an option to keep putting more money and time into that programme, but it would have been a big waste of taxpayers' money.

Q99 **Chair:** How many aircraft can we get in the air with the relatively small number of nine available in total?

Lieutenant General Mark Poffley: There is a single task line being provided by those aircraft on a 24 hour, seven days a week basis. However, you need to place that in context. This is part of a multinational operation, including both the Americans and the Norwegians, both equipped with P-8. It complements a series of other capabilities, most notably the Type 26 in the future and the Type 23 anti-submarine warfare frigates in the current fleet. This is not an isolated capability; it sits as part of an ecosystem. As I say, it is part of that multinational force.

Q100 **Chair:** Isn't the problem that, so often, we end up with these very small numbers of very expensive pieces of equipment, and we find that, in the case of our own industrial base, we have fallen below critical mass, and so we get into a vicious circle?

Lieutenant General Mark Poffley: No, and if I may, I think the P-8 is a very good example of where we have taken it, along with multinational partners, to produce a support arrangement with other nations, in the context of this platform, which actually will be sited in the United Kingdom.

Q101 **Gavin Robinson:** You have drawn the parallel about plotting our course in the future and assessing forthcoming threats. Are you aware that the Polish air force looked at P-8 and decided that the airframe was too large for their needs, and that other options were available? Therefore, if there is a future intended view to increase the number of maritime patrol aircraft, would we look elsewhere, outside the P-8 model?

Peter Watkins: It is conceivable that the Polish air force came to that conclusion because they will have been looking at the issue through the lens of operations in the Baltic, which do not necessarily require an aircraft of that range and endurance, whereas we are very much looking at the wider north Atlantic.

Q102 **Gavin Robinson:** We proceeded with P-8 without a competition, is that correct?

Peter Watkins: In order to ensure that the aircraft would be able to enter service as quickly as possible, yes.

Q103 **Gavin Robinson:** Did we make any modifications to what was available in the market, on the basis of our needs and capabilities?

Lieutenant General Mark Poffley: The aircraft is exactly as is being configured by the United States and Norway. I am not prepared to go into the detail of the systems in the back, but they are certainly of the very highest quality and certainly not matched by either of those other countries.

Sir Michael Fallon: To add to that, we have signed an agreement with Norway and the United States, as has been referred to, so that we can share some of the support arrangements and the logistics and the costs involved in operating it across the north Atlantic.

Q104 **Gavin Robinson:** We have had seven years without a maritime patrol aircraft, is that correct? Has there been an assessment of the vulnerabilities that have arisen during that time? There was one trawler in the Irish sea, for example, which got caught up with a Russian submarine.

Peter Watkins: What we have done in the interim is rely on other assets, co-operation with other partners and so on, as the 2010 White Paper said we would. In the light of the fact that the strategic situation is changing and the degree of Russian activity is increasing, we need to move towards a more resilient model, which includes having our own fleet of aircraft but still working very closely with the others.

Q105 **Graham P. Jones:** In terms of the purchase of platforms from other nations, what efforts do you make to try to get some work-share out of it, particularly reflecting that this is an airframe, and given the situation at Warton and Samlesbury? Going forward, what efforts do you make to get UK work-share out of foreign procurement on all MoD contracts?

Peter Watkins: That takes us back to the earlier discussion about Boeing. As part of the discussion about the P-8, we have encouraged Boeing to make significant investments in this country, and they recently opened a new facility in Sheffield, as you may know.

Lieutenant General Mark Poffley: I will expand on that. It is at the forefront of our mind when we are setting a requirement, and it is certainly at the forefront of the mind of the support agency, under Tony Douglas, when they embark on a commercial discussion. A very good example of that is the Ajax vehicle, which will be assembled in Wales. That was a requirement, and it will bring great benefits to that part of the country.

Q106 **Graham P. Jones:** Certainly assembly, but what about technical expertise in work-share?

Lieutenant General Mark Poffley: Again, that is an active part of the capability dialogues, which I referred to earlier. When we look at technical

exchange, we would clearly wish to maximise the UK's benefit in any of those discussions.

Q107 **Leo Docherty:** Gentlemen, turning to Russia, the Department will have observed the conduct of the ZAPAD 2017 exercise, which, according to RUSI, involved some 70,000 Russian troops. Observing that and taking into account the Russian campaign in Ukraine, what is your judgment of the threat currently posed by Russia to NATO and our interests?

Sir Michael Fallon: Our judgment is that the threat is demonstrated not just by the scale of the ZAPAD exercise, but by the intensification of the submarine activity, which I referred to; the non-compliance with the Minsk agreements, as far as Ukraine is concerned; and the meddling—the threats we have seen elsewhere in western Europe and the United States—in electoral processes and so on. Perhaps Mr Watkins can answer directly on ZAPAD.

Peter Watkins: Obviously, we knew ZAPAD was coming because we could see the preparations, and so on. The official figure for the number of troops involved was 12,700, which was conveniently below the level for notification under the Vienna Document. We know that there were other relevant activities outside the immediate area of the exercise in Belarus and Russia. We think that the total size of the exercise was roughly about 50,000. The exercise is now over, and we are still continuing to assess precisely what it involved, and so on. The indications are that all the units involved have returned to their home bases.

Q108 **Leo Docherty:** In your judgment, gentlemen, how long would it take for NATO to mobilise a similar number of troops for a similar sort of exercise?

Peter Watkins: Russia and NATO have different military structures and military cultures. We don't tend to run those sorts of exercises on that scale.

Q109 **Leo Docherty:** So therefore, how long do you think it would take us to mobilise a similar number of troops?

Peter Watkins: Well, if we don't do exercises in that manner, we wouldn't do so anyway. The relevant point is whether we have an appropriate deterrence posture to ensure that if there were to be the idea of aggression against a NATO country, the potential adversary would think again.

Q110 **Leo Docherty:** That is exactly why I am asking that question. Having that credible deterrent is important, and frankly if NATO does not know, or if we are not able to identify how long it would take NATO routinely to mobilise that level of troop number, it would seem that the deterrent is not particularly credible. Turning to the specific deterrent in place in the Baltic states, are you content, Secretary of State, that that is of significant number to pose a credible deterrent to Russia?

Sir Michael Fallon: Well, it provides reassurance for our allies as well as, I hope, providing sufficient deterrence in the form of a tripwire, if you like, to Russian activity. Of course it is not the only NATO response. We have lined up, sitting behind it, the Very High Readiness Joint Task Force, which we are leading this year, and the mobilisation of other units that can be brought to bear. I am satisfied that it is a sufficiently strong reassurance and a sufficiently significant deterrence to Russian activity.

Q111 **Leo Docherty:** Further to that, in your estimation, Secretary of State, how long would it take NATO to mobilise a similar force size of some 50,000 troops?

Sir Michael Fallon: I do not have a direct answer to that.

Peter Watkins: I misunderstood your question. I thought you meant organise a similar exercise—I thought that it was asking us whether we would do the same as the Russians, which we would not necessarily do. NATO has been working on upgrading and improving its plans for reinforcement in the event of any sort of incursion, or anything like that. I am afraid that that work is classified so we would have to provide some sort of note in private.

Q112 **Leo Docherty:** Finally, on the deterrent in the Baltic states, what work has the Department done on protecting our troops stationed in Estonia from Russian cyber-attacks and Russian propaganda?

Peter Watkins: Extensive measures have been taken to ensure that they are resilient to any nefarious activity of that sort. Again, I cannot go into detail, but it was something we took into account when we were planning the deployment with our allies.

Q113 **Chair:** Can we have a brief discussion about the future defence relationship that a post-Brexit Britain will have with the EU? We will have an intensive discussion with a very highly qualified and balanced panel on 5 December and it might be that in the light of that, we will want to come back to you again, Secretary of State, if you would be so kind. Just to touch on that a bit today, how do you envisage the future defence relationship with the EU after Brexit, particularly in the light of the policy paper that has been published which talks about a future UK-EU defence partnership?

Sir Michael Fallon: In her Article 50 letter, the Prime Minister set out the shape of the future partnership that we seek with the European Union, which is one of both economic and security co-operation. The policy document that we published reflects that and sets out the key areas on which that co-operation should be built. As far as European Union machinery itself is concerned, obviously we will still expect to play some part in the common security and defence policy arrangements. There are over a dozen different missions—some military, some non-military—to which we already contribute in some form. As a third country outside the European Union, we will obviously have the ability and the right to

continue to contribute to them. We are now considering the basis on which we might do that. We already play a very active part in Operation Sophia in the central Mediterranean and in Operation Atalanta off the horn of Africa, and in some of the other training missions. We will want to make sure that we have the option to continue our participation in those missions.

Q114 **Chair:** Would it be fair to say that we would expect to have the same sort of bilateral relationship with the EU that we would have with another major ally, such as the French, so that on a case-by-case basis we would decide either to participate or not to participate in some defence initiative, or would we be locked into something in a more constricting relationship than that?

Sir Michael Fallon: Third countries outside the European Union already have the right to participate, and do participate, including the United States. Countries much further afield already participate in Common Security and Defence Policy missions. What we would want to secure is a right of access to missions that are in our interest and in the interests of European security generally. The Prime Minister has been very clear that we will continue to be committed to European security in the round, because the challenges that Europe faces are challenges that affect us.

That is so far as CSDP is concerned. As I have already indicated, we will want a continuing relationship with the European Defence Agency and we will want to make sure that our companies—British defence companies—do not lose out from any future research and development, and collaborative programmes that may emerge from some of the new European architecture of CARD and the European Defence Fund, which is now being created as a result of the High Representative's initiative.

Beyond that, of course, we will want to intensify our bilateral relationships, as I have described them, primarily with France, but a growing relationship with Germany and with Poland, and increased bilateral work with some of the other countries involved.

Q115 **Chair:** I do not want to push this too far at this stage, but just to come straight back to this key question: would the nature of our defence relationship with the EU after we have left it ever be such that we could be locked into a situation where a majority of the countries in the EU wanted to take some defence initiative and we didn't but we would have to do so as a result of these arrangements, or would it be as in the case of bilateral arrangements, if we don't like it at any given point we don't have to do it?

Sir Michael Fallon: No, we are withdrawing from the European Union, so we want to preserve our sovereignty in that respect and our ability to choose whether or not to support particular missions and operations. We should not forget of course that our primary obligation is our membership of NATO, rather than our relationship with the European Union. But we do

want to continue the security co-operation across the board that we have at the moment. That extends to policing, judicial and intelligence sharing right across the board, as well as pure defence co-operation.

Peter Watkins: Mr Chairman, you used the word “constricting”. In terms of the options we are looking at, I think the word I would use is “enabling”, because as the Secretary of State says a number of countries have sort of ad hoc third-country arrangements and contribute to individual missions, but we think that, in view of the scale of our contribution to European security, there may be scope for us to be party to general discussions about threat risks and so on—so an enabling arrangement, rather than a constricting one.

Q116 **Chair:** Yes, but not one that if, for example, the majority decided something different from what we thought to be right we would then have to do a back somersault and go with that majority.

Sir Michael Fallon: Absolutely not.

Chair: That is very clear.

Q117 **Graham P. Jones:** Out of curiosity, would a no-deal Brexit result in cost inflation for some of our systems, such as the Typhoon, which is obviously part of a four-nation coalition? Would it add to the cost of the aircraft frame if we had a no-deal Brexit?

Sir Michael Fallon: We don’t think so. We will get back to you if that is the case.

Q118 **Chair:** We look forward to that. Finally on this, can European defence integration go ahead without undermining NATO? In particular, is there a risk of an integrated EU foreign and security policy offering unrealistic security guarantees to countries that perhaps NATO would not offer a security guarantee to?

Sir Michael Fallon: We won’t be part of the European Union after 2019, so we will not be able to prevent any further federation of European defence. We will not be able legally to prevent that, but it is not just us. The Union as a whole signed up at the Warsaw summit to EU-NATO collaboration in seven areas in which the two organisations are working together to avoid any duplication and to put their complementary capabilities together. That is work we will continue to champion until the moment we leave, after which we will be a leading European member of NATO outside the European Union, so we will have every interest in continuing to pursue that agenda.

Chair: Very clear.

Q119 **Leo Docherty:** Turning to the Middle East. You said before that the Department’s defence and engagement strategy across the Middle East is linked to our defence exports.

Sir Michael Fallon: Prosperity is a key part of the 2015 review. We are determined that from now on—the shipbuilding structure proves this—where we invest in this country, we have to build in exportability from the outset. That is why we call the new frigate Type 31e, rather than Type 31.

Part of that review was also to ensure that our defence effort is more international by design. We have specifically identified the Gulf as an area where we want to do more. We are building up a regional defence staff based in the Gulf. We are working hard at thickening our defence relationships with each of the Gulf states. I visited four of them last month. There is a programme of more regular exchanges between our senior military, of ship visits, of preparation of exercises, such as Saif Sareea next year in Oman, and of greater use of facilities in the Gulf, such as the port of Duqm in Oman, the new base at HMS Jufair in Bahrain, and other work we can do with each of the individual Gulf states. We are putting more effort into the Gulf because the stability of that region matters to us here, not only in terms of trade and oil and gas supplies, but in terms of our fight against terrorism.

Q120 **Leo Docherty:** It is an effort well expended. Why is the Gulf strategy, which I imagine has fed into some of this, not being published?

Peter Watkins: I think the outcome of the work we did on the Gulf strategy was reflected in many of the decisions that the Secretary of State for Defence has just mentioned, particularly in some of the language in the 2015 SDSR. You are seeing the product of the strategy. It is rolling out over time, starting with the facility in Bahrain and most recently with the memorandum of understanding that the Secretary of State signed in Oman for Duqm and so on.

Q121 **Leo Docherty:** So why wasn't it published?

Peter Watkins: As I said, it was an internal examination, the results of which were reflected in the SDSR and in decisions.

Q122 **Leo Docherty:** So it was an internal document.

Peter Watkins: Yes.

Q123 **Leo Docherty:** Okay. Moving on to Iraq, clearly there has been some tremendous progress pushing ISIS out of Mosul and now Raqqa. Broadly, what do you think the next step is, operationally, in those two places?

Sir Michael Fallon: The next step operationally in Iraq is to clear the remaining portion of the middle Euphrates river valley up to the border with Syria. That is now where the coalition's efforts should be directed—I don't think those operations are fully under way yet, because of the Iraqi Government's need to engage around Kirkuk in the east—but that is where the next necessary step to defeating Daesh is. We are doing our bit to support that. As I told the House on Monday, I have authorised an extension to the deployment of our engineering effort at Al-Asad airbase. I

am also allowing our forces to do some of the force protection and training outside the perimeter wire, slightly further forward, in order to free up other coalition forces to head up the Euphrates towards the border. That is where the next effort has to be in Iraq. Similarly, on the other side of the border, as Raqqa has now fallen, we want to ensure that Daesh does not regroup anywhere between Mayadin and the Iraqi border, on that side of the Euphrates river valley. That is where our air effort is now concentrated.

Q124 **Leo Docherty:** Once Daesh is finally vanquished, what, in your judgment, will be the most significant threats emerging from both of those places in Syria and Iraq?

Sir Michael Fallon: In Iraq we need to support the Abadi Government in the process of stabilisation in the Nineveh and Anbar provinces and of reconciliation, so that the Sunni tribes and population there feel they have a real stake in the security of those two provinces and in the future of Iraq. As well as reconstruction and getting essential services back in the cities and towns that have been liberated, it is essential for the Government to concentrate on that process of political reconciliation, and we will be working with them on that. Part of that will be to build up their capacity in dealing with future insurgencies, so that we do not have to go back in there and do this all over again—so that they are able to deal with insurgency better should it recur in the future.

Q125 **Leo Docherty:** Indeed.

Sir Michael Fallon: On the Syrian side of the border we still do not have the kind of political settlement that will enable us to look towards a better future for Syria. My colleagues in the Foreign Office are continuing to pursue that.

Q126 **Leo Docherty:** Do you see the role played by Russia and/or Iran in either country as a possible threat to our interests?

Sir Michael Fallon: Yes I do. I think that the role and interference of Iran in a number of countries in the Middle East has not been helpful to stability in the region, is not in our long-term interests and is not the kind of better behaviour that we expected of Iran after the signing of the joint comprehensive plan of action. That has not been helpful. Russia's intervention in Syria has undoubtedly prolonged the civil war and the suffering of the Syrian population, and has complicated the search for a political settlement in Syria. So neither of those two countries have helped.

Q127 **Graham P. Jones:** Our ambassador, Frank Baker, is held in very high esteem out in Iraq. As you rightly say, reconciliation is key. You talk about the Sunni minority, but in Nineveh province there is a Sunni majority. We need a democratic settlement to include the minorities who have been persecuted—most notably the Yazidis, who need to be part of the democratic settlement so that we do not see retribution and do see

reconciliation, with all groups included. What exactly are we doing on the ground to try to support that reconciliation and democratic settlement that will see a peaceful Nineveh province?

Sir Michael Fallon: Let me, too, pay tribute to Frank Baker, who is completing his term of office as our ambassador in Baghdad. He is my constituent. I hold him in equally high esteem, and he has played a notable role in working with the Government in Iraq.

What are we physically doing to aid the process of reconciliation? We obviously have a huge contribution to make to the physical reconstruction of the country. That is going in through the United Nations programme, and my colleague the Secretary of State for International Development leads on it. Throughout, we have continued to urge Prime Minister Abadi to complete the reform processes that are needed to enable the governorates of each province to take responsibility for security of those provinces and to promote the reconciliation that is needed. There are Yazidis, but there are also other groups, particularly in Nineveh, that need to be accommodated and to feel that they have a sufficient stake in the future of a united Iraq.

We will look to see how our training effort is developed and what more we can do not just to build up their counter-terrorism capabilities but to look at issues such as border security, how the police can be better trained and so on, to bring about the stability that we want in both those provinces.

Q128 **Graham P. Jones:** Briefly, do you see a role for the United Kingdom in the governance of Raqqa? What role do you see? We have the Geneva talks in November and they are floating the idea of various sectors of governance—I don't know, but I think that might have come from somewhere inside Moscow. How do you see the governance of Raqqa being resolved and what role will the British play?

Sir Michael Fallon: We are not on the ground in Raqqa, as you know.

Graham P. Jones: I understand that.

Sir Michael Fallon: But we have been working with the rest of the coalition to get the Raqqa civil council up and running again—Mr Watkins might say a bit about that. As coalition Defence Ministers, when we next meet in a couple of weeks' time we will review the next steps that are required to ensure the stability of Raqqa, again to ensure that the quite complex population of Raqqa can, again, share in its future.

Peter Watkins: I would add that the US in particular, and the UN and others, are actively engaged in trying to set up the civil council and to ensure that it is appropriately representative as soon as possible. That work is under way.

Sir Michael Fallon: It is important that you keep a balance between the Kurdish and the Arab elements, so that both sides feel that they have a sufficient stake.

Q129 **Chair:** Secretary of State, you have been generous with your time. To give you a guideline, we have about four or five more topics, which are fairly concise, but at the moment we have only about 10 minutes left. Are you able to stay a little longer?

Sir Michael Fallon: Of course.

Q130 **Chair:** That would be splendid, thank you. We will try to be as concise as possible. Following on from the previous point briefly, I do not think that we touched on the Kurdish independence referendum and the subsequent clashes between Iraqi and Kurdish forces. What are your brief observations on that rather unwelcome development?

Sir Michael Fallon: A very unwelcome development. I flew from Baghdad to Irbil to try to persuade President Barzani to call off the referendum and not to go ahead with it, as did the rest of the international community. I warned him that, as we are all discovering, a referendum is not an end in itself; it is only a means and there might well be consequences. There have been some consequences, including some violence—I think not quite as much as initially feared or reported—but some violence around Kirkuk. Inevitably, that is making it more difficult for Baghdad and Irbil to work together. We continue to urge both Baghdad and Irbil to de-escalate the tension. Our ambassador and his teams continue to work away at that. Referendums have consequences.

Q131 **Chair:** Phil, I believe you are going to touch on China and Korea.

Q132 **Phil Wilson:** Let us move a bit further round the world to Asia-Pacific. Is China a strategic competitor of the UK, taking into consideration the UK's renewed commitment to our presence in Asia-Pacific?

Sir Michael Fallon: Could Mr Watkins start on that?

Peter Watkins: Obviously, we have a very close economic relationship with China, and in many ways that is getting stronger. On the other hand, we have expressed concern about some developments in the region, in particular in relation to the South China Sea. I would expect our policy to continue to need to balance our economic and security interests.

Q133 **Phil Wilson:** Can you confirm that one of the first missions of the Queen Elizabeth class carrier will be to go to the South China Sea? I think that the Foreign Secretary made that commitment at the end of last year.

Sir Michael Fallon: I think that he suggested earlier this year that that might be one of the options that we would consider for a future deployment of Queen Elizabeth. We have not mapped out her deployments year by year, but we are very clear that we will continue to exercise our right to navigate, sail and fly through the South China Sea.

Our Typhoons flew through that sea last October. We advised the Chinese in advance that that was going to happen, and they flew through without incident. Where appropriate, we will continue to sail our ships through the South China Sea.

Q134 **Phil Wilson:** Can you confirm that one of the first missions of the Queen Elizabeth will be to go to the South China Sea?

Sir Michael Fallon: I have not yet finalised the first missions of Queen Elizabeth, but I hear your bid.

Q135 **Phil Wilson:** On North Korea, what is the state of the UK's military planning for a potential conflict in the peninsula? What obligation does the UK have to intervene?

Sir Michael Fallon: We are not planning for a military conflict with North Korea. Nobody wants a conflict; we want a peaceful resolution to the extremely volatile and dangerous situation. We are working flat out to try to secure that, to get the necessary resolutions at the United Nations, to get the existing resolutions properly enforced and to get China to maximise pressure on its neighbour to deal with the nuclear programme and bring it to a halt. As far as our obligations are concerned, we were one of the sending states during the Korean War. We signed a joint declaration at the end of that war, but that does not necessarily commit us to any particular action. South Korea is a partner of ours, and we continue to urge everyone involved to seek a peaceful resolution, but we are not planning on military conflict.

Q136 **Phil Wilson:** I want to move on to a different part of the world—the Caribbean, where hurricanes took place this summer. Do you think that the criticisms of the speed and scale of the initial response were fair?

Sir Michael Fallon: No, I don't. It was suggested that we were late. If anything, we were early. We had our ship there in advance of the hurricane, pre-positioned with exactly the kind of supplies that were needed by Anguilla, the British Virgin Islands and Turks and Caicos. The ship was there and it was pre-positioned. As soon as the scale of the hurricane became obvious, we deployed the additional help. At one stage, we had some 2,000 personnel there. We deployed helicopters and then we sent HMS Ocean. You cannot deploy in the middle of a hurricane—you need to find out, as soon as the hurricane has passed, what airfields are available and you need to carry out an initial assessment of what aid is needed and where. We will obviously review Operation Ruman in terms of Hurricane Irma and see what lessons are to be learned, but there are very few other countries in the world that could have got as many people and as many helicopters and airplanes there as quickly as we did.

Q137 **Phil Wilson:** I think I am right in saying that the French have a garrison in the Caribbean, and we do not. Is that any impediment to any support that we give to the territories over there?

Peter Watkins: The French have a permanent presence on one of their islands, that is true. But, as the Secretary of State said, in practice we were able to deploy and put people in place very quickly, given the circumstances. When we got there, we worked very closely with the French, the Dutch and the Americans to bring about as much relief as we could to all the islands.

Sir Michael Fallon: The French and Dutch territories are differently governed. Our overseas territories like to govern themselves. They have their own Chief Ministers, their own police forces and so on. We are not in the position of being able to have a garrison there. In terms of speed, we deployed within 24 hours of being asked to deploy. I do not think you can ask much more of the military than that. We got 2,000 people into the region, one of our largest ships and the necessary helicopters and so on. At one stage, I think we even airlifted some French aid into Guadeloupe, because they simply did not have the airlift capability that we have. So yes, I think some of the reporting was very unfair.

Q138 **Chair:** We are down to the last three topics. The first is very specific, Secretary of State. I will ask one question about policy and one slightly more about the individual circumstances. We do not have a mechanism in Parliament for any form of scrutiny of the activities of UK special forces. That work is classified for understandable reasons, but so is the work of the intelligence and security services, and we have a mechanism in the form of the Intelligence and Security Committee that is able to exercise scrutiny over those top-secret activities. Would it not be sensible for Parliament to fill what is apparently a scrutiny gap so far as UK special forces are concerned, especially when the United States and other countries seem able to manage such scrutiny without impeding operational capabilities?

Sir Michael Fallon: The United States has a different policy from us. We do not comment—no previous Government have done this—on the activities of our special forces. Therefore, we are not able to report or offer the degree of scrutiny on them that has been secured by the agencies.

Q139 **Chair:** Do you not agree that that is a scrutiny gap in the work of Parliament?

Sir Michael Fallon: I think it is a gap, with respect, that protects the ability of our special forces to do the remarkable work that they do. I don't favour changing the current accountability arrangements. I am of course accountable to you in general terms for the operation of our armed forces, and am happy to be so.

Q140 **Chair:** Without going into anything secret that special forces might have done, the question is prompted by the extensive investigation by *The Sunday Times* back in June into allegations of unlawful killings in Afghanistan, which were being investigated by Operation Northmoor. Of course, the Committee has been wholeheartedly in favour of ensuring

that service personnel are not hounded through the courts on the basis of bogus charges, but in this particular case I am advised that the bulk of the allegations in the Northmoor inquiry have come from members of our own armed forces, non-governmental organisations and other bodies working in Afghanistan, rather than claimant lawyers. Is there anything you can say to reassure the public that, in the absence of any mechanism for parliamentary scrutiny, if anything of the nature of a war crime has been committed, it will be properly investigated and the appropriate action will follow?

Sir Michael Fallon: I cannot comment on whether this particular investigation involves members of the special forces or not. I am not able to comment on that. I can tell you that if there are allegations of unlawful behaviour, it is Parliament itself that set up the system by which they are investigated. We are required by law—by you—to make sure these allegations are properly investigated. The allegations in respect of activity in Afghanistan are being investigated by the Royal Military Police, under Operation Northmoor.

Q141 **Chair:** But the problem that would then arise would be that in the arrangements that you have to investigate these matters, which are presumably court martial-type arrangements, the people conducting the court martial would themselves have to be “indoctrinated”, as they say, or cleared for top secret access. If that is the case, they are likely to be perceived as being too close to the organisations that they are investigating. Once again, I just put it to you that perhaps the Government should give a bit of further consideration as to whether some form of supervision and scrutiny, with appropriate safeguards, would not be an improvement on the present situation.

Sir Michael Fallon: I’m afraid, Mr Chairman, that you are making an assumption that there are special forces involved in this particular investigation. I cannot comment on whether that is or is not the case, because we simply do not comment on special forces’ activities. What I can do is to reassure you that this investigation is being conducted independently of the units concerned and independently of Ministers. It is not a process that I exercise any control over.

Chair: I will have to leave it at that. On the question of investigations into alleged wrongdoing, Gavin, would you like to take us to the Northern Ireland questions?

Q142 **Gavin Robinson:** You will be aware of our report that was published just prior to the general election on legacy investigations from Northern Ireland and the proposed statute of limitations. You have sent us a holding response, but in the interim there have been a number of press articles. The latest stories would suggest that our recommendations are being considered positively within the MOD. Are you in a position to provide an update at this stage?

Sir Michael Fallon: I can try to help you in two respects. First, as part of the consultation that the Northern Ireland Office is about to undergo, we will be seeking views on alternative approaches that would enable the Province to think about drawing a line under the past, which might involve a statute of limitations.

There are huge difficulties with a statute of limitations and ensuring that it is non-discriminatory, for example, under the European convention on human rights. I personally think—the Government, I hope, will share this view—it is worth the Province starting to think about this. It is an approach that has been successful in other countries, and I hope you would agree that that is one of the approaches that should be canvassed.

So far as our own veterans are concerned, I am separately determined that this should be neither a witch hunt nor any kind of fishing expedition that sees our veterans, who are defending the state and state citizens, being hauled from their beds and dragged across to Belfast. I want to see safeguards now in this process to ensure that there will not be investigations unless there are very strong grounds to reopen cases—for example, the emergence of new evidence.

Q143 **Gavin Robinson:** Can I take from that, Secretary of State, that while you will respect and allow to continue a process in Northern Ireland, the Ministry of Defence will respond appropriately to this Committee's report that was published prior to the general election?

Sir Michael Fallon: I am very much aware that a response is owed to you. I know you will understand that because of the developments in Northern Ireland, a response has been necessarily delayed, but we will be making clear in that response exactly what I want to see happen to protect, as I said, members of our armed forces from any kind of witch hunt or fishing expedition.

Q144 **Gavin Robinson:** I have previously engaged with the MOD about one of our serving personnel who, on behalf of the Provisional IRA, attacked one of our bases and was convicted of it. There has been a reluctance thus far to indicate that his pension entitlements were relinquished. Can I take this opportunity to invite you to write to the Committee? I received correspondence suggesting that you would conduct a review of that situation, but perhaps you could write to the Committee to indicate the process for removing pension entitlements from service personnel and to address the individual case.

Sir Michael Fallon: I am very happy to write to you on that.

Q145 **Chair:** May I say how encouraged the Committee will be to hear your responses today, particularly in relation to a statute of limitations? There is also concern that people like Dennis Hutchings are facing prosecution now when there has been no new evidence in that case for 40 years, and I believe he is the only living witness to what happened in the incident concerned. As a Committee, we wish every success to your efforts to

draw a line under this matter, which must be a huge deterrent, apart from the questions of individual justice, to anyone thinking about a career in the armed forces.

Sir Michael Fallon: I hope it isn't. I hope the speed with which we have been able, with the help of your Committee, to wrap up some of the more speculative parts of the IHAT inquiry in Iraq demonstrates our determination that, as far as we can, members of the armed forces should be protected from this kind of witch hunt after the event. I cannot comment on any particular case, but as I said, I want to ensure that we have sufficient safeguards in place to protect ex-servicemen and women from investigations into previously investigated cases where no new evidence is available.

Q146 **Chair:** Presumably you are aware that our former colleague on this Committee, Richard Benyon, has a ten-minute rule Bill on this very question that will be presented to the House next Wednesday. You might care to take an interest in that.

Sir Michael Fallon: I will reflect on that as well.

Chair: Thank you very much. Finally, Ruth.

Q147 **Ruth Smeeth:** The end is in sight of your marathon session. Can you update us on when we might find out the results of the consultation on the new compensation scheme for those injured or killed in combat? Why has it been so delayed?

Sir Michael Fallon: It was necessarily delayed because after the consultation closed at the end of February, the general election was called. We have obviously had to consider the results of that consultation and decide how we are going to take those proposals forward. We would prefer, as we have said all along, to legislate, to clarify the scope of the common-law doctrine of combat immunity—that, in itself, would help to stem the recent trend towards the judicialisation of war and take some of the second-guessing of wartime decisions away from the judiciary—and, of course, to find a better way of getting compensation to families in these cases much more quickly than is the case when they have to take us to court through very long, drawn-out proceedings. That is what we aim to do, and we are looking for a suitable vehicle to publish our response.

Q148 **Ruth Smeeth:** It has been delayed from February to October. Do you have any idea of the timescale?

Sir Michael Fallon: I hope to publish the response to the consultation shortly and then to set out how we are going to proceed with legislation thereafter, but I hope it will not be too long delayed now.

Ruth Smeeth: Thank you very much.

Chair: Secretary of State, we are all very grateful to you indeed for approximately two and a half hours of continuous discussion. I will be

addressing the annual dinner of the Royal Marines this evening. Perhaps there is a message you would like me to convey to them, particularly in relation to amphibious capability. In any event, we are much obliged to you. We have all had a very worthwhile session. The meeting is concluded.