

Welsh Affairs Committee

Oral evidence: Wales and the Armed Forces, HC 2031

Tuesday 16 July 2019

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Watch the meeting

Welsh Affairs Committee Members present: David T. C. Davies (Chair); Tonia Antoniazzi; Guto Bebb; Jonathan Edwards; Susan Elan Jones; Ben Lake; Jack Lopresti.

Defence Committee Member present: Mrs Madeleine Moon.

Questions 110 - 175

Witnesses

I: Stuart Andrew MP, Minister for Defence Procurement, Air Marshal Richard Knighton, Deputy Chief of the Defence Staff (Military Capability), Major General Ralph Wooddisse, Assistant Chief of the General Staff, and Lieutenant General Richard Nugee, Chief of Defence People.

Written evidence from witnesses:

[Ministry of Defence](#)

Examination of witnesses

Witnesses: Stuart Andrew MP, Air Marshal Richard Knighton, Major General Ralph Wooddisse and Lieutenant General Richard Nugee.

Q110 Chair: Can I bid a very good afternoon to Major General Wooddisse, Stuart Andrew, who is well known to us all as the Minister now and a former member of this Committee, Air Marshal Knighton and Lieutenant General Nugee? Thank you very much indeed for coming along. As you have probably gathered, we are not here to give anyone a grilling. In fact, this is very much about finding out what we can do to support Wales and the defence industry in Wales, which we are big supporters of. Please feel free to add anything that you think might be relevant. I will probably have to keep a little bit of an eye on the time, and there are four people here, so at some point I may just gently have to speed things along a little bit. Perhaps I could begin with an ex-member of the Armed Forces, Jack Lopresti.

Jack Lopresti: Thank you, Mr Chairman. It was a long time ago, but I appreciate it. Welcome, gentlemen. Thank you for coming. My question is this: approximately 2% of the Armed Forces are stationed in Wales, despite Wales representing about 5% of the UK population. Is this fair or is that not part of your calculations? Is it a reasonable settlement, shall we say?

Chair: Perhaps we could put this to the Armed Forces first and then the Minister at the end.

Jack Lopresti: The Minister has to answer, but we do not need everybody else necessarily.

Stuart Andrew: Can I quickly start by saying that there is obviously an absolute recognition within the Ministry of Defence that Wales has been an important contributor to our Armed Forces? Of course it has been. I think that it is important to say that we do not allocate bases, resources and so on on a nation by nation basis. It is very much on what is needed in terms of defence capabilities. I accept the point that the figures for Scotland look very different to Wales.

Q111 Jack Lopresti: It gets 8%, apparently.

Stuart Andrew: A lot of that of course is because the submarines will all be based up there; we have RAF Lossiemouth with the fast jets; we also have the P-8s. A lot of that is because geographically that is probably the best position to put them in, given some of the work that we have to do in the North Atlantic with the Russian activity that is happening there. I do not think it is fair to say that these things are allocated on a nation by nation basis. It is what the Armed Forces need, but I will certainly let the experts go into more detail.

Air Marshal Knighton: In many respects, the Minister has said everything that I would. When we think about our basing and our locations, what we are principally interested in is generating the best



HOUSE OF COMMONS

military capability we can from the budget that we are given. If you look at the numbers in Wales, it has been fairly stable. It has been declining, but declining in line with the overall decline in the size of the Armed Forces. I am sure you are going to come on to questions around basing particularly, and what we want to try to do when we think about our laydown of the Armed Forces is put our soldiers, sailors and airmen in the right places in the country to be closest to the right training and to ensure that, as I said before, we deliver the best military capability that we can for the budget available.

As the Minister pointed out, we do not make a decision around numbers in a particular country based on purely a numbers basis. It is always around need. Some of the positions we find ourselves in in terms of where the bases are for the Air Force in the east of England or the submarine bases in Scotland is principally a result of the history. A lot of it obviously came from where we ended up at the end of the Second World War.

Q112 **Jack Lopresti:** I will come back very briefly. As for the military footprint in Wales, is it going to remain pretty much stable as it is?

Air Marshal Knighton: That is certainly what we expect.

Q113 **Chair:** Could I throw in at this moment a question as to whether there has been any kind of agreement, officially or unofficially, with the Scottish Government as to how many men and women will be kept in Scotland that anyone is aware of?

Air Marshal Knighton: There was a commitment made in terms of the numbers, which—if memory serves me correctly—was 12,500, which was at a particular point, and that was recommitted to by the previous Government. In practice, at the moment we are not at that level. That is kept under constant review by both the Department and the Government more generally.

Q114 **Chair:** May I throw out a question that possibly only the Minister could answer? The Scottish Parliament is not responsible for defence; it is not a devolved issue. I cannot help but wonder why it has suddenly acquired the right to demand that a certain percentage of the Armed Forces be kept in Scotland and, if it does have that right, I wonder whether the Welsh Government should also have the same influence.

Stuart Andrew: The honest answer is that it was something that was given during the independence referendum campaign, I am sure. Since then of course there has been the planned drop in numbers, so that figure would not correlate with the commitment given back then.

Q115 **Chair:** Clearly this is not your responsibility or your doing, Minister, but your original answer to the question as to why men and women are placed in a certain area is that it is done on the basis of military need. You made perfect sense in talking about the issue with Russia and the North Sea. The Air Marshal's answer suggests that there may be some



HOUSE OF COMMONS

political considerations going on here, certainly, and in fact you have perhaps inadvertently confirmed that. There is a political consideration that goes on, certainly as far as Scotland is concerned, but not with Wales. Is that a fair summary?

Stuart Andrew: Yes, there have been public statements about Scotland and the numbers and that probably has not been the case with Wales, if the truth be known.

Q116 **Guto Bebb:** Just on that issue, I think that the comments are completely fair. At the referendum, we all remember that comments were made. In view of the Scottish rates of income tax, is there an additional cost to the MoD as a result of those commitments and is that being met through the MoD budget or is that being met through Treasury reserves? It was a commitment made by the centre, not by the MoD.

Stuart Andrew: Yes, there is a cost. I am not sure whether it is Treasury or MoD.

Air Marshal Knighton: It is the MoD.

Lieutenant General Nugee: It is the MoD's decision to accommodate the Scottish rate of income tax because we believed that every member of the Armed Forces, wherever they are serving in the world, should pay the same income tax.

Q117 **Guto Bebb:** The overall cost is in what sort of ballpark?

Lieutenant General Nugee: It is a few million.

Chair: Madeleine Moon, I should have explained, by the way, is a member of the Defence Select Committee and is guesting with us today.

Mrs Moon: I am not normally on this Committee. I am a guest.

Chair: You are very welcome.

Q118 **Mrs Moon:** I am not quite sure what my role is, but I get to ask the difficult or awkward ones, which you would be surprised at. I appreciate that you will not have some of the figures that we would like, but is it possible to be provided with details of Welsh bases and units, including training units, which have been closed within the past say 10 years; the numbers of personnel there, both military and civilian; the number of trainees that would pass through them; and where the services that were provided or the training that was provided was moved to and where it is now? There is certainly concern that some of the specialist training that was provided in Wales is no longer there. It would just be useful to have those figures if we could, please.

Air Marshal Knighton: We can definitely provide that detail looking back 10 years. I am afraid I do not have that at my fingertips.

In terms of your broader point about training, I am not sure that I recognise the picture you paint. We know that there are some valuable



HOUSE OF COMMONS

training environments in Wales. RAF Valley is where we train our fast-jet pilots and some of our search and rescue pilots. The MoD has made a strong, long-term commitment to RAF Valley and invested quite a lot there and we foresee that staying the case for many years to come. Similarly, in the land environment for the Army, the training in the Brecon region in particular is first class. I am sure that Major General Wooddisse can talk about that in more detail.

I am not sure that we would recognise the picture you paint of us having lost vital training areas, but I absolutely recognise that there has been a steady reduction in the number of military people in Wales. As I said previously, that has pretty much matched the decline in the overall numbers of the Armed Forces, so it is not in any way disproportionate.

Q119 **Mrs Moon:** As always, I suggest you go back and track my parliamentary questions. You will find what I am after.

Air Marshal Knighton: I will do.

Q120 **Susan Elan Jones:** I know that you will be aware that when we have heard from other witnesses before, we have heard things that many of us would feel very concerned about. One example of this is when Russ Wardle, the former Commander of the 160th (Wales) Brigade, expressed his concern that the Army footprint would be eliminated from north, west and east—as in north, as in west, as in east—Wales, which of course includes north-east Wales, very much so. I wonder if you can tell me what you are doing to ensure that all areas of Wales benefit from military presence.

Stuart Andrew: There are a number of things here. There is the Armed Forces contribution of course, but we also should look at the defence industry contribution too, which is significant. I think the figures in Wales are very impressive. As a Yorkshire MP, I am extremely jealous of the amount per head that is spent on the defence industry in Wales. It is up to £310 per head. It is the third-best area in the country and has gone up from seventh position to third in the UK.

In terms of other areas that you talk about, in the north-west of north Wales, as we have just heard from the Air Marshal, RAF Valley makes a significant contribution in the training of our pilots. The spending commitment that was made to upgrade the runway there shows our long-term commitment because that is a 25-year programme. I know Hightown Barracks in Wrexham well because I used to live across the road from it. I know that there has been a lot of talk that that is closing completely; that is not the case. There are some changes happening there, which we can go into in more detail in a moment.

Then of course there is the work that is happening in DECA at Sealand in north Wales. That again is providing a good defence contribution to the local economy, particularly looking at the skills that we are going to need for the work that they are doing there, the work that they have secured



as part of the F-35 programme. Most recently, the announcement of winning the £500 million contract shows that it has become a real centre of excellence that is helping an international programme. There is a lot to celebrate in the north, east and west of Wales.

Q121 Susan Elan Jones: It was a fabulous answer to the question, Minister, but I am going to go back to bases on this. If the bases must be closed, I wonder if you can at least confirm that the future locations of the 14 Signal Regiment, HQ Infantry Brigade and HQ Wales will be in Wales. That is obviously of cultural as well as strategic importance to a lot of people.

Stuart Andrew: Absolutely. I can confirm that 160 Brigade and HQ Wales will be in Wales. There has been no decision yet in terms of 14 Signals.

Q122 Tonia Antoniazzi: The MoD has stated that St Athan will become the main army base in Wales. What does this mean for its future?

Stuart Andrew: There is a tremendous amount of discussion going on at the moment and that has been happening at official level with the Welsh Government. It is fair to say that we at the MoD absolutely want to maintain that commitment to St Athan, but we have to work with the Welsh Government on it because there are competing ambitions, I think, for what is going to happen on that site, whether there should be economic development there as well. My colleague, the Minister for Defence, People and Veterans, is meeting with Ken Skates in the coming weeks to discuss how we can move this forward.

Q123 Tonia Antoniazzi: Why is there confusion?

Stuart Andrew: We can get more detailed as to reasons why, but the most suitable site is the east site at St Athan. That is what the MoD wants, but the Welsh Government also have some thoughts and ambitions for there too. We have to work out how we can achieve this. I had discussions when I first came into this post with Alun¹ and we talked about the importance of that site and our commitment to fulfilling that obligation that we had made. We will make sure that we work closely with the Government in Wales to ensure that that happens.

Air Marshal Knighton: If I could just add a couple of things, we made a firm commitment that we were going to put an infantry battalion into St Athan. From a Defence and Army perspective, it is our intention to have St Athan as our key centre of gravity in Wales. What we also recognise though is that the Welsh Government want to support economic development. Officials from both the Welsh Government and from the Ministry of Defence are working through to try to find a mutually beneficial solution. We certainly have no indication at the moment we are going to row back at all from our commitment to put an infantry battalion

¹ Note from witness: Alan Davies, the then-Cabinet Secretary for Local Government and Public Services within the Welsh Government.



HOUSE OF COMMONS

there. What we now need to work through is the detail and the modalities of how we are going to make that happen.

Q124 **Tonia Antoniazzi:** When can we expect confirmation of its future plans then?

Air Marshal Knighton: I am not close to the negotiations, but we are working hard to do that as quickly as we can.

Q125 **Tonia Antoniazzi:** Any timescales?

Stuart Andrew: We may have a better idea once the meeting between Ken and Tobias has happened. If that is the case, we will happily provide the Committee with that information.

Q126 **Chair:** Could you clarify something, Minister? Is there any precedent here? I presume in the past when the Ministry of Defence no longer had need for a piece of land it could have been transferred quite easily around between other Government Departments. Presumably the fact of the Welsh Assembly might complicate matters because the Government in London might not be quite so keen to, as it were, gift a piece of land to what is now not another Government Department, as it would have been 20 years ago, but is in fact a separate Government. Is this an issue?

Stuart Andrew: I am no expert on this, so I may need a bit of help here. My understanding is that the arrangements along the St Athan site were decided back in 2003 with the Welsh Government leasing the land off the MoD. I think that is correct.

Air Marshal Knighton: Yes, and your broader question is around whether this is an issue. As far as I understand it, the process that we go through in terms of understanding what we do with Ministry of Defence land that is considered surplus is the same in England as it is in Wales. I am not aware that it creates any kind of friction or difficulty when it comes to thinking through what the long-term benefit is. In all cases officials from the Defence Infrastructure Organisation or the Ministry of Defence will engage with local government to work through what the requirements are for that land and what might be most beneficial for the region, and also meeting some of the targets that are set on the Ministry of Defence for the sale of land, which has been an ongoing process, supported by many Government Departments and particularly the Treasury.

Q127 **Mrs Moon:** I have a number of supplementary questions, if you could bear with me, please.

You have a number of Departments in Westminster and in the Welsh Government involved here. Who takes the lead? Is it the Ministry of Defence or is it the Wales Office? In Westminster, who is leading there? Who does the negotiations? In terms of dealing with Welsh Government, who do they turn to first? Do they turn to the Wales Office or do they turn to the MoD?



Air Marshal Knighton: If it is a defence site, it is the MoD that takes the lead. It will work directly with the local Government; in this case it would be the Welsh Government.

Q128 **Mrs Moon:** What role does the Wales Office play?

Air Marshal Knighton: I am not aware of what role it plays in those specific negotiations, but we could write to you and let you know for sure.

Stuart Andrew: I can give you some updates, in that the Secretary of State for Wales has been meeting regularly with both the previous and the current Secretary of State for Defence to highlight the issues that I know many people have about the St Athan site particularly, but more broadly on defence. They have regular discussions, but as has just been said, it is an MoD lead.

Q129 **Mrs Moon:** You will be aware that a lot of the concern about the site there at the moment is the presence of the RAF School of Technical Training, the No. 4 School, I think it is.

Air Marshal Knighton: No. 4 School, yes.

Q130 **Mrs Moon:** I declare an interest: a number of my constituents work there. What are the plans for moving that? Staff were told it was going to be closed. Now they are told it is a long lead time for the closure. Do you have any timeline for what you are doing there? Is the school secure or is it definitely going to be closed?

Air Marshal Knighton: The intention is to move it. The future location of where it is going to move to is to be decided. You can imagine we go through quite an exhaustive process of identifying potential sites and conducting assessment studies to determine the cost, benefit and suitability of it. As I understand it, 2024 was the most recent date that was declared;² by 2024 we would have moved No. 4 School of Technical Training.

Q131 **Mrs Moon:** Why move it? It is doing well there. It is highly successful, yet unlikely to be able to move personnel from Wales certainly anywhere over into Lincolnshire and the south of England because the house prices would preclude that from happening. Why close a successful unit?

Air Marshal Knighton: As I said right at the start, to the question earlier, what we are trying to do is generate the best military capability we can for the funding that we have available. There are opportunities and benefits to co-locating particular capabilities and outputs from particular units into single locations. You will be aware that, for example, RAF Cosford has been talked about as a potential site for the No. 4 School. When we do that, when we think through the consequences and issues associated with moving units, we do think through the question

² Note from witness: The MOD lease of the site which houses Number 4 School of Technical Training currently runs to 2024.



HOUSE OF COMMONS

around recruitment and retention of staff and consider how effectively we could sustain the outputs, should we move the school.

The No. 4 School, as you will know, is in buildings that are quite old. It is on a side of the camp at St Athan that the Welsh Government are particularly keen to develop. Those factors together are what has driven us to a decision to say we should move it and we are now trying to identify what the best location will be for delivering the output in this case particularly for the Air Force and for the young technicians going through that school.

Q132 Mrs Moon: I understand the concept of co-location and moving capability together; I get that. You do not know where that co-location is going to be, so what is the driver? Is it co-location and efficiencies or is it the Welsh Government want the site?

Air Marshal Knighton: It is a combination of things. It is partly because we would like to provide first-rate accommodation and facilities for the young trainees going through the school. We also clearly will consider the efficiency of the outputs of where the co-location makes sense. As I said before, the fact that the Welsh Government are keen to exploit the site and develop it, that the school is not modern and is not suited for modern training, all of those factors come together to lead us to the conclusion that we should move the school.

Q133 Mrs Moon: Perhaps you can write to us about the skills base and numbers there and your expectations in terms of how many will be made redundant as a result of that decision. Finally, perhaps you could also write to us about the current lease on the site. My understanding is that another lease was signed earlier this year. Can you give us details of how long that lease is for?

Air Marshal Knighton: Which part of the lease? It was a 125-year lease in 2003 to the Welsh Government. I am not quite sure which bits you are referring to.

Q134 Mrs Moon: Earlier this year the commanding officer notified staff that the base was going to close at the end of the month and then a new lease was signed. It is that lease I am referring to.

Air Marshal Knighton: The MoD leases back some elements of the site from the Welsh Government and that lease was signed until 2024.

Q135 Ben Lake: We have already mentioned a little bit about the MoD's relationship with the Welsh Government, albeit in passing. I was hoping to ask the Minister how he would characterise the relationship between the MoD and the Welsh Government.

Stuart Andrew: I think that it is fairly constructive. From my perspective, I suppose my area of responsibility being the procurement side has less of a role in having meetings with Welsh Government Ministers. That said, I did meet with Alun Davies and we obviously talked



HOUSE OF COMMONS

about all the things that were important to Wales from an MoD perspective. Tobias Ellwood spends more time speaking and meeting with Welsh Government Ministers because of course when we look at things for veterans and for Armed Forces personnel, a lot of them will be dealing with services that the Welsh Government provide, so there is that need for close working together.

We recognise decisions that the MoD make will have potential impacts for Wales, but equally decisions that the Welsh Government make will have an impact for the Ministry of Defence. That working relationship is incredibly important and we maintain that.

Equally, we have the Ministerial Covenant and Veterans Board, which is chaired by the Secretary of State for Defence and by the Chancellor of the Duchy of Lancaster. Welsh and Scottish Government representatives sit on that board, so that we are making sure that when we are looking at things across Government it is not just across Whitehall Government, but across the devolved nations too. At official level there is obviously a tremendous amount of working together. Then we have heads of the three services within Wales working as well, updating the First Minister, for example, on the specific issues that may be facing each of the individual services.

Q136 Ben Lake: Would it be fair then to say that there is a considerable degree of continuous engagement between the MoD and the Welsh Government and it is not necessarily just a specific case by case basis on particular sites or whatever that both Ministers or relevant officials will come together? I mean to say, is there some sort of involvement or engagement with the Welsh Government when it comes to the MoD's plans for bases and suchlike in Wales or is it more of a reactive sort of relationship?

Stuart Andrew: It will depend on what the issue is. For example, as I mentioned, the services that come under support for our Armed Forces, families and the public services they will be using would be a continual dialogue. In terms of basing, they will always constantly be in contact, but I do not know whether there is a regular pattern. I would have to find that out for you.

Q137 Guto Bebb: I might be jumping the gun a bit, but you highlighted in your opening remarks the fantastic improvement in the military spend in Wales in terms of industrial spend. To what extent is the fact that Wales have their own Government beneficial in terms of the support that they can give to some of the contractors who win contracts with the MoD in a Welsh context?

Stuart Andrew: Funnily enough, I was at a recent event and Ken Skates was there. I went to speak to him. We agreed that we are going to meet together. Of course when we look at things like the work that is going on at DECA Sealand and the ambitions that the Welsh Government have for the Advanced Manufacturing Research Institute there, that is a classic



example of where the MoD and the Welsh Government should work together. Not only are we both then providing the opportunities that might exist for local people and the employment there, we are getting the capabilities that we need for the Armed Forces and we can work very closely with the Welsh Government to ensure that we have continual skills that we will need in those areas. Very much so—there is a tremendous opportunity to work together on that and to ensure that the benefits of the defence industry spend that we make in Wales continue.

Q138 Guto Bebb: I do not want to overstate this, but in terms of your own experience now, having been in the position for a year, General Dynamics in Merthyr Tydfil and Qioptiq in St Asaph, in both cases are large MoD contracts, and then there was Welsh Government intervention in terms of the infrastructure required for the economic opportunity. It almost strikes me that Wales benefits from having two Governments in that respect.

Stuart Andrew: I think that you are absolutely right. I have been on many trips back to Wales in this role and I have been pleasantly surprised at the huge contribution that a lot of the industry is making. It is not just of course those big industries that you are talking about. The spinoff for the supply chain is equally important. It is in those areas that we have been working together.

Very recently I hosted a roundtable event in Broughton for local SMEs to come along and talk about how they might do more business with the Ministry of Defence. We ensured that Welsh Government were there too so that we can look at those opportunities and we can work collaboratively to benefit Wales, but also making sure that we get the very best that we need for the MoD.

Q139 Ben Lake: Slightly on a tangent here, as it is something that perhaps will be addressed in passing in further questions, but I wanted to put it here in case we do not get the chance. It is in regards to veteran support. The Minister mentioned that Tobias Ellwood will be in a great deal more discussions with the Welsh Government. Something that has concerned me over the last few weeks in particular, with new groups of veterans starting engagement hubs in areas such as Penparcau near Aberystwyth, is that often when the bases are removed or closed that the Armed Forces community can sometimes feel even further away. I was wondering whether there is any work in that regard, Minister, for veterans, working closely with the Welsh Government to try to ensure that as bases close that support for veterans is not in any way reduced.

Stuart Andrew: You may be able to give a more detailed answer, Lieutenant General Nugee, but certainly we have senior officers within the Armed Forces linked to each of the local authorities. We would expect that work to happen, but I do not know if there is anything further you can add.

Lieutenant General Nugee: A lot of the support for veterans is from veterans' hubs that are generated by the veterans themselves. We find



HOUSE OF COMMONS

that is the most effective and the Secretary of State is extremely keen on peer to peer support from veterans because they are with likeminded people who are veterans. We offer quite limited support to veterans all around the UK in terms of going out and helping them. We leave that largely to local government, the local NHS and the charity sector. They are extremely good at picking up veterans and doing hub to hub and peer to peer representation.

Q140 Chair: Minister, we are still picking on you a bit, but the questions will widen out in a moment. Can you tell us what assessment the MoD has made of the economic consequences of base closures and how you will justify that?

Stuart Andrew: In terms of specific work on the economic consequences, it has to be operational decisions that take priority. That said, as I just mentioned a moment ago, we have people obviously who are working closely with each of the local authorities. They will ensure that we will work with those local authorities to see if our future plans meet or provide opportunities for the local authorities' future plans so that we can maximise potential economic advantage. This is also one of the reasons why we have done it as a very long-term plan so that there is plenty of time for those local authorities to prepare for the changes that may come about.

Q141 Chair: The PAC has raised concerns about the impact on recruitment of base closures. Do you have any response to that at all?

Stuart Andrew: Recruitment will come into this more broadly. We have had some challenges with recruitment, of course. That said, I think that the way in which recruitment happens is changing, in fact. It is not just about having bases nearby or indeed walk-in centres, shall we say, or recruitment centres. A lot of it now, particularly looking at the people that we are trying to attract who would be interested in joining the Armed Forces, will be doing things digitally, for example. We are increasing the availability and the information that is online for people to get in terms of what the opportunities are within the Armed Forces and how to do that recruitment.

We are also out in the community a lot more. I was in Swansea a weekend or two ago and it was hugely impressive to see all of the various Armed Forces stands along the promenade there, attracting all sorts of attention from every age group.

Lieutenant General Nugee: To put a figure on that, broadly 6% of our recruits come from Wales, Army, Navy and Air Force. It is about 6% and that has not gone up and down as a result of the number of bases that we have there.

Q142 Jonathan Edwards: All the Welsh regiments are based outside Wales. The Royal Welsh Regiment is based on the Salisbury Plain, the Queen's Dragoon Guards are in the east of England and the Welsh Guards are in



HOUSE OF COMMONS

Aldershot. What are the advantages and disadvantages of basing the Welsh regiments outside Wales?

Major General Wooddisse: I will pick that one up. As we have discussed so far, we make decisions on bases for two or three factors: first, where it makes sense for them to be able to train; they need to have the best training area for the sort of equipment that they have available as close as possible. We make a decision based on the congregation of different types of unit in a particular place so that you get the advantages of being together with organisations of the same type. We make decisions based on the lived experience and indeed, linked to that, where we already have existing infrastructure that we can exploit to make the decision on the most cost-effective basis.

In the particulars of those three units, the Welsh Guards have a role that sees them move between public duties, which means they have to be close to London in order to be able to do so. They then rotate through one of the local brigades, which sees them employed as light role infantry battalions around the world. That makes sense. That means that families can live in the same place and be able to move between those two roles.

For the Royal Welsh, it is an armoured infantry battalion, as you may know. Co-location with other armoured infantry battalions is really important, particularly around Salisbury Plain, because it is the only place that we can train using the Warrior armoured vehicles that they have. They are like all of the other armoured infantry battalions in the Army.

For the Queen's Dragoon Guards, they are a light cavalry unit, as again you probably know. They are based in Norfolk. That will close at some stage and they will move. We have not taken a decision as to where they will move to, but it will be based on the three factors that I outlined earlier on.

Q143 **Jonathan Edwards:** You mentioned training. We visited the Epynt range during the course of this inquiry.³ It is seen as one of the best training assets that is available. We do have the training ability in Wales, so why can't at least one of the Welsh regiments be based back in Wales?

Major General Wooddisse: It depends on the type of training area. The use of vehicles is really important. Having an area where you can drive those vehicles and test the drivers and at the same time fire from those vehicles is quite a hard thing to be able to do. That is exactly the factor that we will have to pin down when we move the Queen's Dragoon Guards over the next 10 years or so. It would be unfair of me to speculate as to where that might be.

Q144 **Jonathan Edwards:** I think that we can see a recommendation coming. However, the army base review in 2013 organised the Army around seven main bases and none of those are in Wales. What was the reason

³ Note from witness: The Epynt range is a subsidiary range within the Sennybridge Training Area (SENTA).



HOUSE OF COMMONS

why Wales was excluded from having at least one of those bases?

Major General Wooddisse: I do not think Wales was discriminated against in that sense. There were seven bases, as you have rightly identified, all of which were in England and all were designed to focus capabilities on particular parts of the country, which makes sense. We have been through that.

In addition to that, there were three light infantry hubs, one in Wales, one in Northern Ireland and one in Scotland. They were chosen because they were the most effective places for light infantry to be able to train and live. I think that on that basis it was an equitable decision, although equity was not one of the drivers behind it. It was based on the requirement to be as consistent as one could be in terms of the capabilities that we have to cover.

Q145 **Jonathan Edwards:** Am I right in speculating as well that in terms of your work with the third sector, in particular on health provision for veterans and serving personnel, that they are based around where the units are based? Doesn't that create a slight problem for Welsh veterans and Welsh serving personnel if they are suffering with issues, especially mental health, in terms of getting access to those services?

Lieutenant General Nugee: They are based on where the veterans are. We have a thing called the map of need, and the map of need is showing us exactly where the veterans are and where they are requesting support. The NHS is looking at the moment to put a number of mental health centres across the wider country and that will be dependent on where the veterans are who need that support. It is not based on a serving basis, it is based on where the veterans are.

Q146 **Chair:** To the Major General, I have read that historically the reason why bases were located some distance from their recruiting areas, and particularly some located around London, was because the idea was that if there was some sort of insurrection people were more likely to be persuadable to fire on people from other parts of the country than their friends and relatives. Obviously this goes back to the 18th and 19th century, if true, but it certainly is not relevant today. We still have a historical legacy of bases being located far from the recruiting areas. Is there some truth in this historical story and, if so, isn't it time we put this idea to bed and perhaps tried to locate the bases much closer?

Major General Wooddisse: I can't comment on whether there is any truth behind the story. As you acknowledge, it absolutely does not feature in our thinking today. I think that we make our decisions based on the capability requirements that we see in front of us. I come from an infantry battalion that recruits from East Anglia, but has been abroad for about 25 years until recently. It is just the way it is. It is just the way that the Army has had to structure itself. Sometimes you live within your recruiting area and sometimes you don't. Living in your recruiting area generates as many problems as it does solutions, so other regiments



HOUSE OF COMMONS

would rather not live near their recruiting area. It is a difficult and delicate balance.

Q147 **Chair:** Air Marshal Knighton, you might be able to help me with this. We know the Army reserve has a significant presence within Wales, but the maritime and Air Force reserves seem to have a rather more limited presence. Is there any particular reason for this?

Air Marshal Knighton: Not that I am aware of. The expansion of the reserves with the Future Reserves 2020 programme that fell out of SDSR 2010 and then the subsequent decisions in 2011 and 2012 saw quite a significant expansion of the reserves right across the UK. As I recall, there were a number of factors that led to the conclusions about where reserve units were based, one of which was around geographic footprint, to make sure that we had a reasonable presence. The other was also around where the air bases were or where particular facilities and capabilities were. For example, I used to be the station manager at RAF Wittering, which was a logistics hub as well as an airfield. When we created a new reserve squadron, we created the logistics squadron that sat at RAF Wittering.

If you look at the £11 million investment that we have made in Cardiff for the Royal Navy and Royal Marines Reserve centre, that indicates that the Ministry of Defence and the reserve units care deeply about having a presence in Wales and value very much the reserve service of those who live in Wales.

Lieutenant General Nugee: Under Future Reserves 2020, HMS Cambria, which the Air Marshal has already mentioned, opens up in spring 2020. We created a new reserves squadron in Cardiff for the RAF, 614 Squadron.

The other thing that is a relatively new idea and is something that is gaining a lot of traction is something that the RAF is calling the base support group, which is taking ex-members of the Royal Air Force, so veterans, and bringing them back in on reserve terms of service for a specific task. They go back into Valley to go and do a specific task on the base or whatever and then come back out. It is using veterans and I think it is a fantastic idea, which we are trying to spread out across the whole of the forces.

Q148 **Guto Bebb:** In terms of recruitment, and we have touched upon this already, Wales is fairly steady at about 6% of overall recruitment. In that respect, how important is it to have a military presence in an area in order to ensure that contact with the military does lead to people being willing and wanting to be recruited?

Lieutenant General Nugee: I will start and then ask the Major General to finish. What we have found—and I know the NAO has picked up a view that you need lots and lots of walk-in centres in order to be able to produce recruits—is the vast majority of our recruits now recruit online,



HOUSE OF COMMONS

which means that they can do so from the benefit of their own homes. We get very few people through walk-in centres and we closed walk-in centres because they were proving not cost-productive at all. We had people there all the time and nobody was walking in, or very few people were walking in.

I would acknowledge though that if the Armed Forces is not seen as a presence at all, then it is more difficult for us to recruit because we are just not seen and therefore we are not at the front of people's minds. Hence the recruiting campaigns that the Army has done recently, the Belonging campaign, the campaign that happened over the New Year. They are all online campaigns and certainly the last one around January proved immensely successful.

Major General Wooddisse: On top of that, a significant amount of effort takes place at unit level in order to make sure that we continue to maintain those links at local level. Wherever you are based in the UK, if you are in the regular Army you will send people back to Wales or to wherever you recruit from in order to maintain your footprint, if you like. Both the Royal Welsh and the Welsh Guards have permanent teams now in Wales, as do many other regiments across the Army. On the reserve side, there are about 120 people within Wales whose only job is to recruit. Again, they are out and about trying to keep the Army in the public eye.

Q149 **Guto Bebb:** Can I follow up on that point? We visited the recruitment centre in Bangor as part of this body of work. The comments about people being recruited online were very much something that we heard. We also heard that there was an importance placed upon almost having a tour from the Bangor centre, where they went along the coast, they went down into rural mid-Wales almost as well, in order to ensure that there was a presence felt. Is there any evidence to back up the fact that that does make a difference, to have that engagement, even though people end up doing the work online in order to be recruited, that the engagement that is provided is making a difference?

Major General Wooddisse: We think that it makes a difference. It is quite hard to prove it.

Guto Bebb: That is the point, yes.

Major General Wooddisse: We think it is worth the investment because it might help. Certainly it happens throughout the UK and it would not happen throughout the UK if it did not make some sort of impact. It is quite hard to prove.

Q150 **Guto Bebb:** In terms of the arrangements that you have with Capita and the efforts being put into having almost roving ambassadors going into local jobcentres and so forth and, if invited, going into schools and colleges, is it in any way possible to have some evidence to back up whether that makes a difference? There is a view out there that that



engagement does lead people to click on to the computer in due course.

Major General Wooddisse: We believe it does, as I say, but again it is quite hard to prove it beyond all reasonable doubt. I don't think it is impossible; I think you can prove it. Certainly if you talk to people at unit level they will say, "This is what works and this is what doesn't work". It is very local. It can change county by county or valley by valley almost as to what it is that attracts people into the Armed Forces, but we certainly feel that it has some benefit, but hard to quantify exactly what it is.

Chair: We have a few questions on Capita so hopefully they will not run into each other.

Q151 **Susan Elan Jones:** If there was one adjective that describes Capita as the recruiter for the Army, what would it be?

Lieutenant General Nugee: Improving.

Susan Elan Jones: Improving, thank you. Minister?

Stuart Andrew: I would agree with that.

Q152 **Susan Elan Jones:** Improving. However, Capita has missed the Army's annual targets for recruiting new soldiers every year since 2013. How has recruitment been allowed to deteriorate to this extent? The National Audit Office has stated that spending with Capita has risen by 37% but the Army believes overall programme spend will remain within the approved £1.36 billion up to 2022. Bearing in mind that we all seem to agree that Capita is improving, can you tell me how confident you are that costs will not exceed agreed limits?

Lieutenant General Nugee: First of all, the Army put a degree of contingency into those figures, so is using up that contingency, but has not used it up and does not forecast to use up the entire contingency.

Secondly, for every recruit Capita fails to recruit against 100% it is financially fined. Therefore it is giving us money back, effectively, for those recruits that it is not making. We are confident that we will stay within the envelope of what we have asked it to produce.

Stuart Andrew: There are a number of issues here. I do not think it is fair to put everything on Capita. There has been responsibility from the MoD side as well. I think that is completely recognised and that is why my colleague, the Minister of State for the Armed Forces, is regularly meeting to make sure that we are keeping pressure on to see those improvements.

There are other factors as well, of course. We have a challenging recruitment environment. High levels of employment have meant that it has been harder to recruit. That said, we have seen the best figures this year than we have for five years. When I say improving, we are confident that that will continue as a trend and we will make sure that we are putting the pressure on to see it continue.



HOUSE OF COMMONS

Q153 **Susan Elan Jones:** The former Secretary of State for Defence, before he was relieved of his contract, stated that Capita would be relieved of its contract if it continued to fail. What is your view on that, please?

Stuart Andrew: I think that if it was continuing to fail we would probably agree, but at the moment it is improving.

Lieutenant General Nugee: The lieutenant general who is responsible for the recruiting and the contract with Capita said to the Public Accounts Committee that we would meet 80% this year: 60%, we made that; 80% this year, he is very confident we will make that and hit 100% by the time of the end of the contract. In other words, it is improving and he is confident at the moment—but it is a couple of years out—that we will make that 100% by 2022, which is what he stated to the Public Accounts Committee. The key point is 80% this year, he is confident that he is going to make it.

Q154 **Chair:** I think you mentioned that the Army put aside contingency funding for recruitment. Could you just elaborate on that a little bit?

Lieutenant General Nugee: I am not the expert on this, but when the Army went into contract with Capita it put aside a set amount of money.

Q155 **Chair:** How much was it?

Lieutenant General Nugee: Presumably the amount of money that it has said it is going to spend. Some of that was put in contingency for unknown circumstances and therefore it had a little bit of a buffer. That is sensible economics, to my mind.

Q156 **Chair:** We do not know how much though, roughly?

Lieutenant General Nugee: I don't know the figures, I am afraid.

Stuart Andrew: I will find out.

Q157 **Mrs Moon:** Thank you. We met with the representative of Capita when we had an earlier session of this inquiry. When I asked how it would apportion blame for the failure of the Capita contract, we were told it was 50:50, so Capita was 50% responsible for the failure and the MoD was 50% responsible for that failure. Would you say that was an accurate picture? If it was, what changes have been made and what percentage do you think we are at now?

Stuart Andrew: I don't know personally, but if we cannot give you that answer, I know a man who can.

Lieutenant General Nugee: Just very quickly, why 50:50? Because we let a contract with an enormous amount of mandatory clauses that effectively closed down Capita's opportunity to innovate and therefore we constrained it too much to be able to do recruiting in the way that it would have wished to do it. That is our 50%. Its 50% was despite the fact that we did not allow it to innovate, it did not make the most of the



HOUSE OF COMMONS

opportunities that were there and had some ideas that have not turned out to be successful.

That contract was completely rewritten last year and that is why we are beginning to see an improving position. I would not put a figure on where the percentage is because we are now in an extremely difficult recruiting environment, as the Minister has said. That is a different position to when we were fighting in Afghanistan and Iraq, which was, ironically, a very good recruiting sergeant for us. It is a completely different circumstance. The piece I take away is that the contract was completely redesigned in 2018 and we are seeing the fruits of that now as we improve year on year.

Q158 **Mrs Moon:** From application to actual enlistment—they have gone through the whole process, they have gone through their medical—how long is it taking now?

Lieutenant General Nugee: It was taking 235 days; it is now taking 108. The best we have had is somebody go through in 21 days.

Q159 **Mrs Moon:** What is your aim?

Lieutenant General Nugee: The previous Secretary of State declared that it should be no more than 90 days. We are aiming towards 90 days. We are not there yet, I absolutely accept that. We have changed the medical system. We have looked at the medical standards to see if we are able to be more opportunistic. We have changed some of the other standards, such as our regulations on tattoos and things like that in the Army—the Navy has done exactly the same—in order to try to maximise the opportunity for people to get into the Armed Forces and particularly the Army.

Q160 **Mrs Moon:** How jealous are you of the Royal Navy's "Made in the Royal Navy" recruiting advert?

Lieutenant General Nugee: There is a joke in the Army, which is "Made in the Royal Navy" has been the best recruiting campaign for the Army that they have made.

Q161 **Chair:** That is a good one. Can I just ask how you respond to the suggestion that the Army was quite happy for Capita to miss its targets because it meant lower wage bills and keeping salaries down?

Major General Wooddisse: Utterly untrue. We want all the soldiers we can get, effectively, in order to be as well manned as we can because it imposes huge pressures on those who are left.

Q162 **Jonathan Edwards:** The British state is the only state that recruits individuals under the age of 18 to its Armed Forces. What percentage of the new recruits are under the age of 18?

Lieutenant General Nugee: I do not know the exact figure. Of course what they do is they go into our junior entry at Harrogate, where they



are educated and come out usually around about the age of 17 and a half, with both qualifications and having gone through basic training. It is an extremely successful way of bringing people from quite difficult backgrounds quite often, giving them a structure to their lives, giving them proper education up to the age of 17 and a half, 18, and getting them into the Army, which is what they want to do. I don't know what the percentage is, but the percentage of senior non-commissioned officers that have come through that route is higher than the proportion of those who come in.

Q163 Ben Lake: Before we move on from recruitment, I want to briefly ask something that has been covered in passing, but it is just to clarify. The National Audit Office has reported in the past and suggested that there is some sort of correlation between areas where there is a closure of a recruitment centre and then a reduction in enlistments, particularly in more rural areas, where perhaps applicants will have to travel even further to get to assessment centres and what have you. Can I ask whether this is a concern that you have or whether you think the arrangements that are now in place address some of these issues?

Lieutenant General Nugee: I think that the issue is not about the recruiting centre and that what we are seeing is an overlay of two different things that have happened. Closing the recruiting centres and encouraging and responding to the online recruiting was a sensible idea. What we did in the early stages of the Capita contract is we removed the face to face altogether. The face to face was happening at recruiting centres; it does not happen online.

What we have gone back to over the last year—again, the army has learnt from the Air Force in this case, but we have shared best practice across all three services—is to create a direct link between an individual in the services and somebody who is recruiting online. As soon as they say, “I want to join” they are assigned an individual who goes to see them, if at all possible, but certainly talks to them on the telephone and of course answers all their e-mails and everything else. We have rebuilt that face to face, but it is now targeted to those who have shown an interest in joining. That is proving hugely successful because people want the reassurance of talking to somebody. That is what we lost when we closed those recruiting centres. That was the issue, not whether people had to drive in or walk in or whatever to go and see them. We have now rebuilt that and that is what is proving very successful.

Q164 Guto Bebb: Turning back to the issue of defence spending on the industrial base in Wales, we have already touched upon the fact that Wales does fairly well and is an improving situation as well. You have also touched upon the relationship with the Welsh Government. One question that is a concern, is there any evidence in other parts of the country that when you see an army base close there is any corresponding reduction in spending on defence industries in that part of the world or is there no relationship at all?



Stuart Andrew: I have certainly not seen any evidence that suggests that. I think that the reality is that we go to where industry can provide the capability that we need. If anything, we are trying to widen the scope of industry participation in working with Defence. This is one of the reasons why we were doing the SME roundtable, to talk to businesses. What I have noticed is that there is a lot of small and medium-sized businesses out there that are developing technology at quite a rate and are able to respond in a much more rapid way than perhaps some of the larger businesses, but they mainly perhaps work in the civil sector and have not potentially thought about the benefits that they could bring to defence. This is why we are trying to get out right across the country to see what business is out there and what technologies they are developing and see whether or not that will provide some of the things that we will need for our future capabilities.

Q165 **Guto Bebb:** You are almost anticipating the next question I have. The Dunne report was an excellent piece of work in terms of highlighting the reach of the MoD into all parts of the United Kingdom and highlighting that the MoD does impact upon the vast majority of the 650 constituencies in this place. I think that it was an important piece of work. Is the outreach to SMEs then building on previous work that was done or is it a step change as a result of the recommendations of the Dunne report, which highlighted that not only were small businesses feeling somewhat daunted by the MoD's procurement methods, but the MoD was also losing out on some really interesting high-tech opportunities in not talking to small businesses? Has there been a change in the way in which the MoD deals with small businesses as a result of the Dunne report?

Stuart Andrew: There is work in progress going on, I think that is the reality. There is nothing more daunting than having one of your predecessors write a report and now I am sitting answering questions from one of my predecessors.

Guto Bebb: Short-lived.

Stuart Andrew: There is a lot of work that is feeding into that. Of course the Government have their own target of the 25% business that we do with SMEs. Philip Dunne's report was excellent, as you say, and we want to start properly analysing what Defence's much wider contribution is to the economy. Most importantly from our perspective is what the capabilities are that they could provide for our Armed Forces and the front-line.

The engagement with SMEs has certainly been increasing. As I say, we have been holding a series of roundtables. We have had one in Northern Ireland and as a result of that we are seeing some significant work going on there now, having whetted the appetite of a number of SMEs in Northern Ireland. We will continue to hold those all over the country.



HOUSE OF COMMONS

Crucially, I have asked each of the primes to take very seriously the appointment of their SME champions. At one point, some of those primes were making their public affairs person the SME champion. That is not good enough, frankly. We want somebody who is dealing with SMEs on a daily basis and understands the supply chain so that they can really feed in and talk to us about how we can expand the work that we do with SMEs.

Equally, we have to try to start making the contracts a little bit easier for small and medium-sized businesses. What has happened in some instances is that we will supply a contract to a prime, they will then go to the supply chain and sometimes will almost replicate the terms and conditions. It is too onerous for some of the small and medium-sized businesses. There is no specific one answer, but there is a series of work going on to ensure that we meet that ambition.

Air Marshal Knighton: I want to add a couple of things. One of the things that we recognise in our thinking about the future of military capability and the increasing reliance on technology that is developed first in the commercial sector, and the pace at which our potential adversaries are changing, says to us that what we do need to do is make the most of the high levels of innovation and technological competence that there is in the UK. The establishment of the Defence Innovation Initiative had this absolutely at its heart, but that initiative also identified the need to support in order to exploit the expertise and agility of the small and medium-sized enterprises.

The Defence and Security Accelerator, which is working very effectively with small and medium-sized enterprises, has dealt with some of the issues that the Minister has talked about in terms of the commercial arrangements and in only two years has already committed over £53 million worth of spend to SMEs, which represents a high percentage of the funds that are going through that innovation fund.

We recognise that it is difficult. We recognise we are not doing as well as we need to, but I think there are signs that things are improving. Through the Defence Suppliers Forum and the initiatives that the Minister has described, we are improving that dialogue with SMEs and are eager to continue this rate of improvement.

Q166 **Chair:** If I may just throw something in anecdotally, I have dealt with two companies in my own constituency, one offering laundry services to the Ministry of Defence, another one doing cars. These are the things one does not necessarily associate with the Armed Forces, but they are used. They have found it very difficult to get in there, and having got in with one part of the Armed Forces, could not get in with another part. It was all very bureaucratic, so hopefully things are improving.

Stuart Andrew: I completely recognise that. That is what I hear myself as I go around the country and it is precisely why we have various things like the acquisition review. Let's make these things as simple as we can



and advertise the contracts more widely. We now have a webpage where the contracts are advertised so that it is open to all businesses around the country to compete in those competitions. We recognise that there is more work to do and we are certainly trying our best to get on with it.

Q167 Guto Bebb: A quick follow-up: in terms of innovation, and I was talking about this before I came in with Madeleine, obviously there are different ways of doing things. I am aware of the significant UK content that is demanded even when contracts sometimes go to companies from overseas. The MoD is very keen to push UK content. Obviously, Minister, in addition to procuring for the MoD in the United Kingdom, you are also a champion for the defence sector in other parts of the world, which is sometimes a challenging situation. You are telling off companies in one country and then telling everybody else how great they are.

In relation to the Canadian deal, in terms of the warship design that they are taking on board in Canada, they are being very innovative in demanding that the value of the contract is reinvested in Canadian industry. How far is the MoD willing to go in terms of similar demands being made on contracts that possibly go to companies from outside of the UK, but where you want to see more of that added value and that spend coming into the communities here in the UK?

Stuart Andrew: There is some of that work going on already. With some of the companies that we may be dealing with that are not UK companies, we wanted to see a benefit to UK prosperity. Indeed, tomorrow I have a meeting with one of those companies to keep the pressure on in terms of what they are doing.

More broadly, there is a serious amount of work going on at the moment to look at this across the board. Is there more that we could do? How can we support more of the UK industry, particularly the supply chain? We are trying to get evidence of where there have been new opportunities for businesses in the UK on the international market as a consequence of having done business with the MoD. We can do a proper analysis of what is working and how we might expand that even further so that we can grow the supply chain here in the UK and it becomes a place where people come because of the reliability and expertise that we have.

Q168 Mrs Moon: Two of the largest contracts—three if we include the F-35—Poseidon and Wedgetail, have gone to Boeing. Both have been military to military sales. In letting those contracts, which were not open to competition, why was it not part of the initial negotiations over the spending of over £4 billion that money had to be reinvested in the UK and in particular that maintenance and support had to be in the UK? It is all very well, Minister, to say you are trying to keep the pressure on, but if you put it in upfront there would not be a need for pressure. Why isn't it there automatically so that the UK, UK companies and the UK Exchequer win from the defence pound?



HOUSE OF COMMONS

Stuart Andrew: In fairness, we looked at the two, and I know we have had many discussions about E-7 in the past. There was not a competition for that because of the proven capability that was needed.

Q169 **Mrs Moon:** There was not a competition for the P-8 or the Wedgetail?

Stuart Andrew: That is what I am trying to explain. There was no other proven platform that could deliver the capability that we need.

Mrs Moon: We disagree on that one.

Stuart Andrew: No, I am going to be quite firm on it because the evidence is there. I know that there was the discussion of Airbus and Saab. Saab had not put the radar on the platform and it had not been proven, and there was a danger—

Q170 **Mrs Moon:** They offered to show it to you and you did not even let them do that.

Stuart Andrew: The point being that the timescale was that this is something that we need. The lessons we have learnt from similar platforms have meant—

Q171 **Mrs Moon:** Can we focus on the reinvestment?

Stuart Andrew: Yes, but I am just trying to explain why we had to make that decision. That was because it was a capability that we needed that was proven to work. There was a danger if we went down another avenue that we could end up with another project that would take years and years and cost a heck of a lot more money and that was not a risk we were prepared to take.

Of course in terms of the UK investment, as you will know, we have Marshall in Cambridge that is winning a significant part of that contract.

Q172 **Mrs Moon:** What percentage?

Stuart Andrew: I can't remember off the top of my head. I will have to come back to you with that. I do not have the figure off the top of my head. Then in terms of the P-8s, that is what we have up at Lossiemouth in terms of the maintenance.

Air Marshal Knighton: That is correct, Minister, yes.

Q173 **Mrs Moon:** What percentage?

Stuart Andrew: Again, I will have to get that. I will happily provide the actual figures for you, but I don't have them just off the top of my head at the moment.

Q174 **Chair:** I think that we are coming towards the end. I want to put one last question to everyone. The National Audit Office has deemed the latest equipment plan unaffordable. To what extent will we need to make a savings impact on the Defence procurement programmes in Wales?



HOUSE OF COMMONS

Air Marshal Knighton: If I can pick that up first, Minister, what the National Audit Office identified is that over the 10-year programme there is a potential shortfall in the funding that was available to deliver the totality of that programme, depending on the assumptions you make about the risk that materialises and potential cost increases. What we set out in the equipment plan that the MoD published at the back end of last year was a methodology that would see us ensure that we would make the financial year that we are currently in affordable through the re-profiling of programmes and costs to deliver an affordable programme, as I outlined.

Until we understand where we are going to be with the spending review, we will not know what the long-term implications are for our programme, but there is absolutely no reason to imagine that any kind of changes would affect—or certainly adversely affect—the position we find ourselves in in terms of the commitment to industry and projects that are delivered from Wales. Indeed, if I look at the likes of the Ajax in Merthyr Tydfil, that programme is set to run for another decade or so and is increasing in its throughputs. I do not see any likelihood at this stage that that is going to change at all.

Chair: Before perhaps we come to the Minister last, is there anyone else? No. Minister.

Stuart Andrew: I echo those points. We recognise that the equipment plan has a challenging budget, but as the Air Marshal has said, the predictions that have been made represent the worst-case scenario of every single equipment acquisition running out of money and we do not envisage that that is the case. That said, we are continuing to work to drive down the savings that are required. We have had some significant success with that. If we look at DE&S, the arm's length suppliers, alone, they have saved over £5 billion so far. There is a lot of work going on to achieve that. That said, any recommendations you would like to make to Treasury as part of the spending review I am sure we would all be grateful for.

Chair: I could make a few, but I do not think you will agree with them. We could start by looking at climate change and foreign aid. I jest, of course. I do not mean it.

Q175 **Guto Bebb:** I have a final question and it is just slightly off piste. You have touched upon the relationship with the Welsh Government on numerous occasions. There is one other area that is important in terms of some of the work in north-east Wales and in Merthyr Tydfil. How good is the relationship between MoD contractors and Welsh Government in terms of skill training? One of the things that we should be rightly proud of is the number of UK apprenticeship opportunities that come through the MoD. Again, because of the devolved nature of government in Wales, how close is that relationship, from what you can see, with the educational sector in Wales? It is the same question about the Welsh Government, but specifically on education.



HOUSE OF COMMONS

Stuart Andrew: It is a very good question. Honestly, off the top of my head, I cannot give you an answer at this stage. I think it probably would highlight something that we perhaps need to look at. There has been a significant amount of work working with industry in ensuring, as you rightly point out, that there are significant apprenticeship opportunities there and they are fantastic. It is one of the favourite bits of the job when you go around and meet these young people, who are hugely enthusiastic about the skills they are learning. You quite rightly point out that the whole skills agenda is a devolved matter and I am not entirely aware off the top of my head whether that engagement has been significant enough. It is certainly something I will go back and have a look at.

Guto Bebb: Thank you, I appreciate it.

Chair: Thank you all very much indeed.