

Scottish Affairs Committee

Oral evidence: [Defence in Scotland, HC 611](#)

Monday 21 March 2022

Ordered by the House of Commons to be published on 21 March 2022.

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Members present: Pete Wishart (Chair); Andrew Bowie; Deidre Brock; Wendy Chamberlain; Sally-Ann Hart; John Lamont.

Questions 213-256

Witnesses

[I](#): Baroness Goldie DL, Minister of State, Ministry of Defence, Damian Parmenter CBE, Director General Strategy and International, Ministry of Defence, Sherin Aminossehe, Director of Infrastructure, Ministry of Defence, and David Brewer, Chief Operating Officer, Defence Infrastructure Organisation, Ministry of Defence.

Examination of witnesses

Witnesses: Baroness Goldie, Damian Parmenter, Sherin Aminossehe and David Brewer.

Q213 Chair: Welcome to the Scottish Affairs Committee for our last evidence session in what we are now referring to as our first inquiry into defence in Scotland and the military landscape across Scotland. We are absolutely delighted to be joined this afternoon by the Minister responsible, Baroness Goldie, who I will now let introduce herself and her colleagues who are accompanying her today.

Baroness Goldie: Mr Chairman, thank you very much indeed. I am delighted to be here. I am here as the Minister of State at Defence with responsibility for engagement with the devolved nations. Very importantly, that of course includes Scotland, which is a task that I undertake not just with interest, but great affection, as you will understand. I am delighted to be joined by three colleagues from the MOD. I will ask them to introduce themselves, starting with you, Damian.

Damian Parmenter: Thank you. I am Damian Parmenter, director general strategy and international at the Ministry of Defence.

Sherin Aminossehe: Good afternoon. I am Sherin Aminossehe. I am director of infrastructure at the Ministry of Defence, and the SRO for the defence estate optimisation portfolio.

David Brewer: Good afternoon. I am David Brewer, chief operating officer for the Defence Infrastructure Organisation.

Q214 Chair: Thank you. Do you have an opening statement for us, Minister?

Baroness Goldie: Purely a scene setter from an MOD perspective. I thank you and your colleagues for inviting me to appear before the Scottish Affairs Committee. It is genuinely a pleasure to be here.

The Committee will understand that the armed forces have both shaped and been shaped by the UK. In a sense, our service personnel have become emblematic of the UK and all its diversity, and Scotland plays an integral part in all parts of our UK defence capability. We have Scottish military and civilian personnel working at establishments right across the UK, and working in Scotland itself, and that is a combination of facilities that are home to the diverse military capabilities that are vital to the UK and our NATO allies.

In Scotland, personnel defend UK airspace, patrol surrounding seas and help to protect everyone in the United Kingdom against both natural and man-made threats, just as elsewhere in the UK personnel contribute to keeping Scotland safe. From a defence perspective, we value that partnership.



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Scotland plays a vital role in our combined defence and security. I think it will be obvious to the Committee the growing commitment in and to Scotland from the MOD. That was set out in last year's defence Command Paper. I know that the Committee has taken evidence from a rich variety of sources, so I will not rehearse everything, but basically we have Scots at the Rosyth and Govan shipyards benefiting from the shipbuilding pipeline, and at Lossiemouth we have very big infrastructure investment to accommodate the new maritime patrol aircraft, the Poseidon force, and to support the Typhoon force growth. Lossiemouth will also soon base the RAF's fleet of Boeing E-7A Wedgetail—they are the airborne early warning aircraft.

Then of course there is Faslane and the Clyde, which I understand is the second largest single site employer in Scotland. It has about 6,800 people now. That will increase over the next decade to 8,200, as the base becomes the headquarters for all Royal Navy submarines. A big infrastructure programme is going on there, worth an estimated £1.6 billion.

Defence's contribution is critical. Certainly, it chimes with a vision for a stronger, more secure, prosperous and resilient Union. I accept, Mr Chairman, that there are people who will have a different perspective of the Union, and I respect that view. I may not agree with it, but I know that you and some of your colleagues in Committee hold that view. From an MOD perspective, however, I simply say what I see.

It is indicative that, if you look across the UK, we have got a world-class defence industry building everything from submarines to Typhoons, right across the country—frigates in Scotland, satellites in Belfast, armoured vehicles in Wales and aircraft in the north of England. In a sense, the Union, like the defence industry, is a pretty well-evolved ecosystem. It provides a whole range of social values across the UK, and every corner of the UK benefits from these industries.

The defence settlement—I can say this as a Minister—was unexpected, but very welcome. It is a record investment—£24 billion over the life of this Parliament. That provides for a net increase in defence spending for Scotland and, at a time of increasing and destabilising change in the world, that is perhaps more important to global stability than ever before. So, as the integrated review and the Command Paper are implemented, the military footprint in Scotland will be better consolidated. It will be different, and I know the Committee will want to ask questions about that; I look forward to trying to answer them. Following Future Soldier, the shape of the military is changing inherently. That is a twofold response: it is a response to the threat we face, and the character of that threat, which is of an unprecedentedly diffuse and multifaceted nature. It means that we have to be more agile and better equipped to deal with the character of that change, and able to address that threat as and when it manifests itself.

Finally, I just want to say that I engage with Scotland; I engage with the Scottish Government. I and my Defence Minister colleagues are committed



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to working closely and positively with the Scottish Government and, indeed, the Department already engages with a wide range of stakeholders. I think there is a range of opportunities for defence to continue to support and develop communities and the economy throughout Scotland. I am proud of Scotland, Mr Chairman, and I am proud of the role it plays in contributing to our defence capability and our defence modernisation.

Q215 **Chair:** And we are very grateful for that. Thank you, Minister. I know you guys are very busy just now—obviously—with the current international situation, so we will try to make this session as brief as possible to allow you to get back to your very many and onerous responsibilities.

I will start. You did mention the figure, so we'll come to that first. An extra £24 billion will be spent on defence across the lifetime of this Parliament. We are finding it pretty hard to find out how much of these budgets is spent in Scotland. Obviously, there is a commitment, and you're right: it is above inflation and it looks like further spending in Scotland. Could you give us any indication about where you would expect to see this extra funding going, in terms of the resource in Scotland?

Baroness Goldie: I think, across the piece, it covers a variety of things. It will be reflected, obviously, in infrastructure investment, some of which I talked about. We have ongoing infrastructure investment of a significant nature both at Faslane and at Lossiemouth, but we also have steady infrastructure investment going on in other areas. I referred earlier to the defence estate optimisation programme. That is a specific programme, which is budgeted to provide over the next decade for Scotland—I think it's just over £400 million, Sherin, from memory.

Sherin Aminossehe indicated assent.

Baroness Goldie: And, for example, that money will be used in Leuchars, where we retain a military presence; it will be used at Dreghorn. Again, this is all about improving the estate and making sure that we are clear-sighted about two things: the estate we need to deliver the capability we have; and making sure that that estate is the best it can be for our personnel. But the money will also be reflected across industry and activity within industry. I referred to shipbuilding on the Clyde and in the Forth. We also have other industry partners, as the Committee will be aware. Then, of course, there is the ongoing spend on personnel as we increase presences at both Faslane and Lossiemouth.

I think that is a rough, generic description. Damian, I don't know whether you—

Damian Parmenter: The only other thing I would add is R&D generally—

Baroness Goldie: Sorry—R&D, importantly, yes.

Q216 **Chair:** And space, because we have heard quite a bit about that as a growing sector in cyber. Those are some of the issues that we have been touching on as we have progressed this inquiry.



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We have had several reviews, obviously. You referred to the integrated review and Future Soldier, and there are parts of Scotland that are obviously benefiting. This Committee went to Lossiemouth—we went to examine and discuss these issues with the bases in both Kinloss and Lossiemouth. That is an area that is growing and developing, but there are other parts of Scotland, as you know, that are not doing as well and where there are issues, such as Fort George. What is likely to be next? In the response there was an increase of 12,500 extra regular armed forces personnel in Scotland. Is that still a number that you recognise? Can we expect to see that number being added to the regular force in Scotland?

Baroness Goldie: It's a fair question. The figure, as you are aware, was conceived nearly eight years ago. I think it was assessed to be a reasonable projection at the time, but then, as I think everyone understands, succeeding events have changed the character of what defence is trying to do. If you combine that with the integrated review, the defence Command Paper and the defence and security industrial strategy, as I said earlier, you see a very different character emerging for how we begin to address threat. I think that 12,500 is a narrow perspective. To me, what really matters is the holistic picture for Scotland of that defence presence there. For example, I think in our written submission to the Committee we used figures based on April 2021. I have more up-to-date figures for October 2021, and I will be happy to write to the Committee with the details of that.

Chair: Yes, that will be helpful.

Baroness Goldie: Essentially, what these figures show—they are relevant as at 1 October 2021—is that if we take regulars, including the Gurkhas, we have 10,440 personnel. We have a total of 5,320 reserves and a civilian population of just over 4,000. That rounds up to just under 20,000 personnel. If you add to that the industry partner component, the number of people in Scotland whose jobs directly depend on the investment that these industry partners are receiving, these industry partners total about 23,500, so there is a generic shape there of just over 43,000. I am very happy to send these detailed figures to the Committee. That gives a broader perspective and a more accurate reflection of what defence means to Scotland and what Scotland means to defence.

Q217 **Chair:** All that is immensely helpful. If you can send that information to the Committee, we would be grateful to receive it. Does that therefore mean that the target of 12,500 has been dropped as an ambition for the Government, regardless of all the other things that you are doing?

Baroness Goldie: I think it has been overtaken. When I mentioned Future Soldier, the integrated review and the defence Command Paper. What all of that has done is to both recognise and reflect what defence sees as a whole changing face of threat. We exist to deal with threat. That is why we are there. It is to protect the nation, and with our allies to try and contribute to global stability and security.



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What was very clear from Future Soldier—this is exciting and positive, and has been well received—is that we see the role of the reserves as more fluid and much more aligned to working in partnership with the regular forces personnel. Before, sometimes the reserves felt that they were there, but really waiting for something to happen and not necessarily sure if anything was ever going to be demanded of them. We felt, having carried out the review, that there was a much more important and relevant role that we could nourish and cultivate for all the reserves. That has been well received, but it does mean that we have much more of a conjunction now between the regulars and the reserve forces.

Q218 Chair: I don't know how old Future Soldier is. It is only a few months, is it, since it was released?

Baroness Goldie: It was this year—January.

Q219 Chair: You are right that many communities across Scotland welcomed it. We have seen the practical benefits in Moray. We are surely now anticipating a further review, given the events of the past few weeks. Is there anything you can share with this Committee on future resilience? I am particularly thinking about the Scottish bases. Lossiemouth is now almost exclusively do the northern patrol. We have issues to do with the deterrent being at Faslane and the new basing around Leuchars. Will there be a further review? What is the Ministry's thinking on this? If there is a further review, what impact is it likely to have in Scotland? I know you can't give clear answers, but you can maybe help us with some of your thinking around this.

Baroness Goldie: It is a fair question, Mr Chairman. I think we all share the same horror at what has been happening in Ukraine, and I have been hugely encouraged by the political unanimity coming from the UK. That has been a very powerful message and contribution. I know you would like to draw me on some interesting juicy specifics, but I am afraid that I cannot go there. What I would say is, we, in defence, live in the business of constantly assessing what the need is, where we deploy capability, how we deploy it, and whether we have all the components of the capability we need at any given time. There have been some interesting tests of that, to be honest.

The Committee will be aware that the armed forces responded very positively right across the UK on MACA tasks during the height of the covid pandemic, and did so to very good effect. I am pleased to say that it was very well received by local communities. We had that call on resource. We always had to balance, when we allocated resource to do that, what we were drawing that resource away from to ensure we were not in any way impacting on a critical core that we needed.

I think the only way I can answer your question, Mr Chairman, is to say that we do not just sit passively in defence waiting to react to things. It is a dynamic, vibrant entity, and we constantly assess what is going on around us. The Secretary of State is very engaged in ensuring our UK defence capability is fit for purpose and able to respond, whatever the call



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may be, and to deal with how that threat manifests. We constantly embark on that process. I am afraid that I cannot be more specific to the Committee.

Q220 **Chair:** I totally understand that. Thank you for attempting to answer that question. I know you are obviously restrained by what you can say. Lastly from me, what goes through a number of the questions we will ask is the relationship that you have with colleagues in the Scottish Government. We see that part of your many responsibilities are Scotland, Wales and Northern Ireland, and therefore I presume it is left to your good self to lead those negotiations and have those discussions. Could you give us some indication of how often you meet with the Cabinet Secretary responsible in Scotland? When was the last time that you spoke to him?

Baroness Goldie: My engagement was fairly regular pre-covid, and it would usually take the form of a phone call. I would engage with the devolved Governments, particularly Wales and Scotland, and discuss with the relevant Minister in that Government issues relative to the armed forces. That might be general issues of skills and employment, or other issues, such as veterans' needs. I have found those conversations very constructive.

With covid, there was inevitably a bit of disruption, but we now want to resume that. I did manage to move my office up to Edinburgh for a week because I wanted to use that to get a sense of it. I may live in Scotland and am proud of my country, and I guess I can be a bit rosy-eyed about how I see it, but I wanted to actually be there as a Government Minister and use the advantage of that physical presence in Edinburgh for a week, with all my staff to meet everyone we wanted to meet. From memory, that included a discussion with the Scottish Government. Am I correct in saying that, Sam? Yes, it included a discussion with the Scottish Government.

Q221 **Chair:** I don't know if you managed to catch any of the evidence that was given by the Cabinet Secretary from the Scottish Government when he came to this Committee, but he said that he felt a bit lonely, unloved and not particularly well communicated with. He thinks the relationship has deteriorated somewhat during the last few years. I don't know if there is anything that you want to say to try to resolve and rectify that to some degree.

Baroness Goldie: Well, I have to hold my hands up and say, "Mea culpa," because it is my job to engage, and that is what I have been trying to do. To be fair to the Cabinet Secretary, his observation may have been broader than just Minister to Minister—I don't know. I certainly am very happy to engage with the Scottish Government. Now that covid, hopefully, is less of a distraction than it was, that is a relationship that I look forward to resuming and to burnishing. Apart from ministerial engagement, my officials are obviously often in touch with their counterparts in the devolved Governments, and that includes Scotland.



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An interesting question emerged from these discussions, I think with Mr Brown's predecessor, and it arose out of Lossiemouth. It is fine, and everybody welcomes, bringing more personnel into an area, but that brings its own burden. What does the education system then have to support? What is the health board expected to cover in respect of increased demands for the provision of healthcare?

But it also alerted us to the possibility that our cohort coming in may bring skills, and these skills may come in the form of spouses and partners. So we agreed there was probably something better we could do in trying to match up exchange of information when that happens. I am happy to go away and see how that is going on at grassroots level, because I have left that to the officials to pursue.

Chair: We have certainly heard lots of evidence that supports what you said in terms of bringing in the skills, and the need for developing extra services for the bases when personnel come in. Those are some of the questions we want to touch on as we go through the session, so I will now hand over to John Lamont.

Q222 **John Lamont:** Thank you, Chairman, and good afternoon, Baroness Goldie. It is good to see you again. My questions will initially focus on MOD spending with SMEs. In 2020-21, the MOD spent £1 billion with UK SMEs. How much of that was spent with Scottish SMEs?

Baroness Goldie: The figure I have—I am doing mental arithmetic here—may correspond to yours, Mr Lamont. The figure I have for 2019-20 is that 21.3% of MOD procurement went directly or indirectly to SMEs. Does that correspond with your figure, Damian?

Damian Parmenter: Yes.

Baroness Goldie: That was about £4.5 billion across the UK. Roughly 10% of the MOD's direct procurement expenditure with industry is based in Scotland, with contracts placed with a wide range of defence suppliers. For example, we have Leonardo, Thales and Chemring Energetics UK all providing important support facilities to some of the prime contractors. That is the most accurate figure I have, I think.

There is an SME action plan across Government, but there is also an MOD action plan—let me see if I have more specific information about that, as it is very recent. The MOD SME plan is called "Opportunity and Innovation: The Defence Small and Medium-sized Enterprise (SME) Action Plan" and was launched on 27 January this year. We are very clear that we can have good and strong relationships with prime contractors, and we do, but that SME supply chain is absolutely critical.

Q223 **John Lamont:** Are there any particular aspects of that action plan that apply to Scotland to try to increase that Scotland spend?

Baroness Goldie: I would say it is all about trying to relate better the challenges SMEs have, and that is a pan-MOD approach across the UK. We would deploy that in Scotland as we would anywhere else. It is trying to

understand the particular challenges that SMEs have, and then trying to make sure that we understand better what their needs are and that our prime contractors signal as early on in the process as possible to potential suppliers what may be needed.

In that way, we want to try to encourage primes to invest in SME technology and innovation, while driving up direct expenditure with SMEs themselves. That is to meet the 25% target of overall procurement expenditure with SMEs by 2022—this year. So, that is the target.

Damian Parmenter: I will just add that we are rolling out the Defence Technology Exploitation Programme at the moment, which sets out centres that will get funding for SMEs to sponsor innovation and that will try to matchmake them with the big primes so that we can get them into the programmes. They¹ are being rolled out regionally—we haven't got the dates for Scotland yet. It is part of a programme that has come out following the Defence and Security Industrial Strategy; we recognise that a key part of innovation and enabling cutting-edge technology is getting the SME community aligned with the big primes to make sure the primes are not just taking ideas but having partnerships with SMEs and growing advantage on the modern-day battlefield. That is one of the programmes we are rolling out over the next couple of years to support SMEs.

Q224 **John Lamont:** Forgive me if I should know the answer to this, but is the action plan you referred to publicly available and something that can be shared with the Committee?

Baroness Goldie: Yes, it is publicly available. I will see if there's a link.

John Lamont: I'm sure the Clerks will have it.

Baroness Goldie: We will write to the Committee with the specific reference point for that, but it is a public document and a public piece of information.

Q225 **John Lamont:** Thank you. I am going to move on to another topic. There is a lot of discussion just now around the importance of NATO. How does Scotland contribute to NATO's collective security?

Baroness Goldie: Probably very significantly, through the continuous at-sea deterrent operating from Faslane—we are one of the few nuclear partners in NATO. As the Chairman alluded to, the other important contribution is the development of Lossiemouth as a strategic defence capability. It is in the right place for the task that we want it to do.

That is why we have what will be a very impressive triad of operations. We have the Typhoons, which we will share with our UK counterparts down in Lincolnshire; they go out on their rapid reaction flights. We have the Poseidon fleet, which is a terrific development. I went up to Lossiemouth to see the arrival of the first Poseidon, and you would have thought that Moray was having a fully declared public holiday. The whole community

¹ Clarification added by the MOD on 31/03/22: Regional Defence and Security Clusters



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had turned up—they were invited to the airbase to watch. It was a superb looking plane as it came in. I gather all nine planes are now there. That is to deal with our surveillance work in the high north, which is always important but is achieving new significance because climate change is opening up maritime routes up there that we did not have before, which makes that surveillance facility so important. Lastly, we are going to have three Wedgetails, which will operate from Lossiemouth as well. Those are all critical components of our contribution to NATO.

In addition, on the general military front, we make a variety of contributions in how we support military activity, such as through the enhanced forward presence up in Estonia—we have steady deployments of UK military to that. We also participate in JEF; some members of JEF are NATO members and some are not. Again, that is a very important part of the activity. All of this activity has been given a renewed sense of relevance by what's been happening in Ukraine.

Q226 John Lamont: Indeed. That is very helpful. Thinking back to the Chairman's question about the engagement you have with the Scottish Government, and bearing in mind that some Scottish Government Ministers are opposed to our membership of NATO—certainly, they all seem to be opposed to Trident—what discussions have you had to try to persuade them of the errors of that view?

Baroness Goldie: As I said earlier, I am respectful of politicians who hold different views. I may not agree with the agenda of independence for Scotland, but I absolutely respect the right of people to hold that view. One of the components of that debate—which is not for today—is, quite simply, people having to work out the pros and cons. Are there advantages to being in the Union? If so, what are they? Are there advantages to being independent? What are they? That debate is for another day.

I can affirm to the Committee that we are regarded as one of the pivotal members of NATO. We are the second biggest contributor to NATO; we are the biggest European contributor. That reflects our stature within the organisation and the importance the organisation attaches to the UK's membership. It is the case that the facilities we have at Faslane and Lossiemouth are pivotal to our NATO contribution.

John Lamont: That is very helpful. Thank you, Chairman.

Q227 Deidre Brock: Welcome to our witnesses—nice to see you again, Baroness Goldie. Very quickly, I am going to fire through a few questions. I am going to put the first one to Mr Parmenter, if I may. Is the £4 billion investment announced in the new shipbuilding strategy all new money?

Damian Parmenter: I would have to check on that, I am afraid.

Q228 Deidre Brock: If you could write to the Committee and confirm that or not, that would be very helpful. I have noticed that some questions have been raised over that issue.

Baroness Goldie, the Secretary of State for Scotland said that the



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majority of that investment announced for shipbuilding—whether it is new or not, I suppose—is going to be spent in Scotland, but he has not provided any figures yet to back that up. I am just wondering if you have any indication of when we are going to see a breakdown of that estimate.

Baroness Goldie: Again, I think I am being drawn in directions where I want to be helpful but cannot be specific. The national shipbuilding strategy is not just a new development in itself; it is a refreshed strategy. I remember, three years ago, in 2019, having to present the revised strategy, which Sir John Parker had produced—he revised 90% of it—to my colleagues in the House of Lords.² I remember reading that revised strategy and being very struck because—those of you who come from Scotland will identify with this—I had watched with dismay, particularly over the latter part of the 20th century and the early bit of the 21st century, the feast-and-famine condition that attached to shipbuilding in Scotland. It seemed to me that that was never going to be conducive to developing a sustainable, prosperous indigenous shipbuilding facility, and that that, from a defence perspective, was what we needed.

The 2019 revision was principally concerned with naval shipping,³ but it actually produced the components you need—the healthy ingredients you need—to begin looking at how you help shipbuilding to know what is happening down the line and make plans, not to be wondering as it finishes one order where the next one is coming from. If you look at how the refreshed shipbuilding strategy has been structured, I think it is exciting. It has been very well received by the shipbuilding industry, but they were contributors to the strategy. We engaged with them to work out what they needed.

If you look again at the kernel ingredients of this, you've got green technology, productivity, skills, autonomy—that will be an increasing feature of shipbuilding—and export facilities. What we see is something that is absolutely designed to help our shipbuilders and encourage them, and the Government is putting some money there. It is putting some R&D money into this; it is putting a contribution towards what we call SHORE. That is the green technology investment, to encourage shipbuilders to be looking at new ways of doing things. So when you ask specifically what bits of resource are being allocated where, we can—and we will do this—write to the Committee with the bits of resource we can identify.

Deidre Brock: That would be super. That would be really helpful.

Baroness Goldie: We will do that, but this is very much a blueprint for how we go forward successfully with a good shipbuilding industry within the UK.

Q229 Deidre Brock: Of course, he did say that he thought the majority of that

² Clarification added by the MOD on 31/03/22: This refers to Sir John Parker's 2019 review of the 2017 National Shipbuilding Strategy.

³ Clarification added by the MOD on 31/03/22: This refers to the contents of the 2017 National Shipbuilding Strategy.



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investment announced for shipbuilding would be spent in Scotland. The MOD says that it “considers that a regular drumbeat of design and manufacturing work in UK yards is needed” but the Government’s policy is now that the “procurement approach for each class of ship will be determined on a case-by-case basis.”

You mentioned Sir John Parker, who is very influential, of course, in shaping other parts of the national shipbuilding strategy. He said that “UK-only competition should be considered for future defence-funded vessels.” Is the UK Government ignoring his recommendations on that?

Baroness Goldie: No. In fact, the Defence Secretary did make a decision about declaring that ships would be classed as warships, for want of a better description, and I think that extended to the fleet solid support ships. Although the contracts have not been placed, they will be built either exclusively within the UK or by a predominant UK consortium taking in parties outwith.

From the Scottish perspective, what I would say is that if you look at what is being built in Scotland at the moment, it is the Type 26s on the Clyde and the Type 31s on the Forth, and we know that the Type 32 is now already in embryonic thought. That is going to be the next frigate, and it is very possible that Scottish yards could expect to benefit from that. They have the skills and the infrastructure. If you look at the multi-role ocean surveillance ships, again, there is no reason why the facilities in Scotland could not cope with that, and equally the multi-role support ships and the landing ship dock auxiliary conversion. This is all in the pipeline. Some of this is obviously referred to in the strategy.

The basic thing is that if we can have a resilient, prosperous shipbuilding industry within the UK, this is pointing to opportunities whereby shipyards can look at what is coming down the road—if that is not a wrong metaphor for shipbuilding—and they can make their own judgments about where they might be interested and where they would have capacity to seek to tender for some of these contracts.

Q230 **Deidre Brock:** The GMB’s general secretary, Gary Smith, said: “The Government’s scheme of sending potentially every order overseas is killing investment. No other shipbuilding nation would dream of procuring its own vessels in this way.” I think one of the companies that gave evidence to the Committee suggested that they were having to compete against other shipyards—international shipyards—that are supported more heavily by their Governments. Is that something that you think is a fair complaint or point to make?

Baroness Goldie: I don’t immediately identify with that analysis, and I don’t agree with that assessment. What we are trying to do is ensure that shipbuilding has a healthy and prosperous future. If I say to the Committee that for the first time in 30 years we are building two types of frigates simultaneously, I think that is indicative of how shipbuilding for the UK is in a far better position than it has been for a very long time. On the argument why we don’t have a “Buy British” defence and security

industrial strategy, which I think is at the heart of the question, our defence security—

Q231 **Deidre Brock:** Not really. It was just the company that suggested that they were at a disadvantage because they were competing against countries that were giving their shipyards more governmental support.

Baroness Goldie: From our perspective, we are contributing to what we hope will be—and what, on all the evidence, seems to be—a vibrant shipbuilding industry in the UK. We take the view that competition has a role to play in that. We take the view that the shipyards need to be resilient and always need to have a hunger for looking for orders. We are being clearer on those segments where we need to retain onshore capabilities for our operational requirements—we are clear about that—and for our operational independence. But we will still continue to rely on global competition where it is in our interest to do so and where it provides the best value for money. At the end of the day, what the MOD buys, the taxpayer pays for.

Q232 **Deidre Brock:** Lastly, I wanted to ask about the fleet solid support ships. We have been told that they would be produced in an integrated fashion, and I wondered what “integrated” meant.

Baroness Goldie: I am not an expert, and I am not a naval architect, but it was a practice that was used for the two aircraft carriers, whereby bits were built in different places and parts were provided by different producers, and they are then consolidated in the UK. I said earlier that the final thing will ultimately be a UK-only or UK-predominant consortium with other parties. Is that correct, Damian? Am I right about that? I am not an expert on shipbuilding.

Damian Parmenter: Just to cover the ground, we are very clear in the defence and security industrial strategy that, for operational reasons and strategic security reasons, warships are one of things we want built in the UK. We particularly want to build the skills, R&D and technology that go with that. The Type 26 is the best anti-submarine ship in the world, and you have Type 31 frigates being developed. We are centring some brilliant ship making in Scotland, with excellent skills and technology around, and we are trying to continue growing those over the long term—hence the shipbuilding strategy. The Secretary of State declared the fleet solid support ship a warship as well, so, again, it will be built in the UK.⁴ Again, it is about building the skills to ensure that we can sustain it, support it, update it and upgrade it, in terms of the threat.

Q233 **Deidre Brock:** So the potential is there for the final assembly to be in Scotland, if it is being produced in bits across the UK.

Damian Parmenter: It is too early to say, in terms of procurement.

⁴ Clarification added by the MOD on 31/03/22: The Secretary of State for Defence has stated that the ships will be considered as warships, which confirms that the programme is exempt from requiring international competition.



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Baroness Goldie: It is too early—the contracts are still to be placed, and we do not want to mislead the Committee. All we are pointing out is that if you take the aggregate of: “Does infrastructure exist to do this in Scotland?” and it does; “Do the skills exist to do this in Scotland?” and they do; and, “Is there an industrial commercial will by the shipbuilders to do this?” and undoubtedly that is there too, then, in due course, we will get into the more detailed territory of specifications and tenders.

Deidre Brock: Certainly, Babcock and BAE have indicated that they have extra capacity for more shipbuilding, so I am sure you will keep that in mind. Thank you very much.

Q234 **John Lamont:** I was struggling to listen to some of that line of questioning. I very much welcome the UK Government’s commitment to building these extra ships in the UK. You will understand, Baroness Goldie, the importance of shipbuilding to communities in the Clyde and at Rosyth. I am sure you are aware that around the time when the UK Government strategy was published, the Scottish Government announced that they were sending orders for two new ships overseas to Turkey. What was the UK Government’s view on those ships not being built, given the line of questioning you have just heard from the SNP representative on this Committee?

Baroness Goldie: That is something that my hon. Friend may wish to discuss with his Committee colleague over a cup of coffee. In so far as I can give evidence on behalf of the MOD—this is an important point that links back to the one made by Deidre—we recognise the right of Governments to freedom of action to place orders. Apart from where operational security would want us to build something on an indigenous basis, we want the freedom to make other decisions. I think it is right that other Governments have that choice. However, as the Scottish Government have reflected, they do not feel bound to build ships in Scotland. They no doubt had their reasons for making that decision. That is the freedom of any Government to make their choice.

Q235 **Andrew Bowie:** Maybe we could classify ferries as warships and get them built in Scotland, too. Annabel, it is good to see you again. Welcome to the Committee, and thank you for giving us your time this afternoon. I will focus on the defence estate in Scotland. However, first, I will ask about the review.

We have spoken about Poseidon, and I agree that it is a fantastic asset, and Lossiemouth will be incredibly important as part of our contribution to defence of the High North, especially in the current circumstances. However, the decision in the 2010 security review to get rid of the Nimrod capability—our previous maritime patrol aircraft capability—led to us having a gap in our capability for quite a few years. That then led to a position where we had to invest in Poseidon, realising that the threat aspect had changed.

Baroness Goldie, you have already said that it is the business of the MOD and the defence community to reassess threats. None of us has a crystal ball or knows what is coming around the corner in the next few years. At



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the time, Russia was an ally, and it was the beginning of a new golden age, apparently, with China. Obviously, that all changed, so how much do you think that defence reviews are a process of correcting the mistakes of the previous defence review?

I am really moving towards the decision of the SDSR to recommend that we reduce the size of the regular Army by 10,000 troops. That was predicated on an assumption that the age of vast plain tank warfare was behind us, and we needed to invest more in cyber, Future Soldier and all the rest of it. That is all very well and good, but that situation has changed very quickly. Do you suspect—to perhaps follow on from the Chair's main question—a change in that capability, and can we expect the planned reduction of regular troops by 10,000 to be reversed?

Baroness Goldie: That is a penetrating question. I remember the 2010 review, because Lossiemouth was under threat. I have not been on many protest marches in my life, but I was on one to save Lossiemouth because I felt that it was such an important part of our capability that it would be disastrous to lose it. Now, to be fair, every political party thought the same, so off we went, on a pouring wet day, and we marched to save Lossiemouth. I was very relieved that Lossiemouth was removed from threat. I think we now see how wise that decision was.

The 2010 review was a reaction to a cataclysmic financial situation brought about by the global recession in 2008-09. This country was not immune to that. Some very hard decisions had to be made. The MOD was in the uncomfortable position of having a deficit of, from memory, £35 billion; I am not suggesting a new goal, but you may remember it better than I do.

Damian Parmenter: That is a debating point, Minister.

Baroness Goldie: There was a huge MOD deficit. There were some really difficult—in some respects, inescapable—decisions to take. Inevitably, there was a bit of reaction to what happened, and of trying to get things on to a better footing.

If we wind on to the integrated review—we went past the 2015 one—it was a really innovative, visionary piece of work. It recognised that not only were we living in a changing age of threat, but the MOD cannot live in a silo any more than the FCDO or any other Government Department can. A lot of what we do is interconnected. There had to be some coherent awareness of what threat is, how we respond to it and who is responding to it. You do some of that with diplomacy; some with hard MOD activity on the ground; and some through the detailed and skilled security work that our intelligence agencies undertake.

To me, the IR got away from, "That didn't work, so we'd better not do that again." The IR almost took a clean sheet of paper and said, "What does the future require from us? How on Earth do we address that?" Interestingly, the integrated review recognised Russia as a threat. That is why the MOD felt that everything we do is, in a sense, predicated on Euro-Atlantic security—that is, our relationship within and with NATO countries.



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That is why the integrated review came out with the conclusions that it did. I think they were solid conclusions.

On the shape of the Army, the publication of “Future Soldier” and the decision to reduce down, I know many people are worried and disappointed by that. I can understand why, particularly where families and communities have strong familial connections with the military and the Army—maybe generations of the family have served there. We know—serving personnel will confirm this—that with technology, we are able to undertake some tasks with a fraction of the manpower that we used to need. We undertake the task with the same degree of effectiveness as we did before.

We have to be alert to the changing character of threat, and to the very positive contribution that technology and innovation can make to how we address that. That is reflected in our thoughts about the Army. As I said to the Chair, we are not a passive organisation; we are very much a dynamic organisation, and we will constantly assess what is happening. Like any organisation, the MOD has its boundaries pushed by what is happening. We have to be intelligent in our response to that. Current events have certainly induced thinking, not just right across Government but across global powers, about what they are doing and how they do it.

David Brewer: To build on that point, you talk about the headline of the reduction in size, which is not for me to comment on at all, but from an infrastructure perspective, we are spending a huge amount of our money on modernising the facilities that the Army operate from and building the capability. It is not a question of disinvesting in the Army; as Baroness Goldie outlined, it is about a different set of requirements.

Q236 **Andrew Bowie:** That leads me to my next question about modernising the defence estate. I would be the first to concur with the MOD’s position that, for example, Fort George, Redford and MOD Caledonia are places where accommodation is found wanting, and that we should invest in a newer estate to provide our soldiers, sailors and airmen with the facilities they deserve, given the job they are doing. That is all well and good, but there is some confusion in local communities and from local authorities about the fluid nature of the dates by which they can expect these bases to close. I wonder, Minister, if you or anybody else could give an update on the expected closure dates of Caledonia, Forthside, Redford and Fort George. At the minute, it seems as if they are not fixed. Local authorities are seeking to develop their area, to build houses and such—at Caledonia, they are looking to build a school—and they need security to be able to plan for the future.

Baroness Goldie: Yes, and I accept that. Fort George is probably the most elderly part of the estate, and my understanding is that it is scheduled for closure in 2032. Is that right, Sherin?

Sherin Aminossehe: Yes.

Baroness Goldie: Interestingly, I had the pleasure, while on duty, of speaking to some of our soldiers who were billeted in Fort George. Their assessment was not flattering, so I was convinced that this is the right thing to do, as David has been explaining.

Q237 **Andrew Bowie:** I don't disagree with that. My question was more about the dates and how local authorities can plan.

Baroness Goldie: Sherin may have more detail on this. The basing in Stirling, which is—

Sherin Aminossehe: Meadowforth and Forthside.

Baroness Goldie: They are being partly retained now. One part has been disposed of, but another part is being retained. Redford is acting as a temporary location for 51st Brigade while we assess what else is possible in Edinburgh. Edinburgh is a popular location. Personnel like being there. It has good infrastructure and connectivity. We are having to look at the situation there. It is difficult to be more specific about that. Sherin, can you share any further detail with the Committee?

Sherin Aminossehe: Yes, I can go through the closures and the retentions. On Meadowforth and Forthside, the disposal is still scheduled for this year. As you are probably aware, we are working with the city deal over there on the land release. We are retaining the western side, and the eastern side is going to be disposed of, alongside the Forthside area. It is the current home of the 51st Brigade, who are going to be—for the moment, at least—moving into Redford.⁵ Therefore, its disposal date has been delayed from 2025 to 2029, because of enduring military capability reasons. We talked about Fort George, and the Minister discussed that.

In terms of Caledonia, there have been some changes. The most recent was because of the construction of the Type 31 frigates in the area. The Navy was contemplating whether we would need it as a capability going forward. The decision was taken in January 2022, when I was notified that we would not be needing it any further. As you know, it is home to a variety of units and people. One of the things I am keen to do as the SRO, because it is part of the DEO programme, is work closely with local authorities, the Scottish Government and the Scotland Office. I suspect the disposal date will not be exactly 2022, but we are working on when it is likely to be.

On retentions, Glencorse has been retained. Obviously, that is an Army site, and it is really important. A number of units will go there. Condor airfield, which is a Royal Marine site, was originally going to be disposed of. That is going to be retained because of the military capability it affords us.

Q238 **Andrew Bowie:** Thank you. It is good to hear that you do work with the

⁵ Clarification added by the MOD on 31/03/22: 51 Brigade HQ have already moved to Redford Barracks as an interim solution to allow the HQ to establish itself in Edinburgh while more comprehensive capacity and assessment studies are completed.



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local authorities. The closure of MOD Caledonia, presumably this year, and the relocation—presumably, if it is naval in Scotland, across to Faslane—brings us back to the point raised by the Chairman about resilience. We have heard from other witnesses about putting all our eggs in one basket. You have a super-base at Faslane, which is the submarine base for the entire UK, and presumably some of the elements that were at Rosyth will be transferred across. I am thinking that the Band of the Royal Marines—Her Majesty's Royal Marines in Scotland—will presumably be at a naval base in Scotland; one would hope so. Then you have Plymouth amphibious and most of the surface fleet down in Portsmouth. There are those three major bases.

Is there not a feeling, looking at the threat as it develops, that instead of keeping our units as disparate as possible, we are having super-bases around the United Kingdom—particularly, in Scotland, at Faslane? Is that not a worry for those who are taking these decisions? Would it not be a better idea to keep our capabilities in Scotland in Rosyth as well as Faslane?

Baroness Goldie: The straightforward answer is that we have to make a decision depending on the defence capability that is located at a site. We have to make sense of that, and make sure that there is a coherent defence presence on that site, with appropriately qualified people. Well, that is where they have to be. By the nature of what happens at Faslane, that is a very specialised activity. We recognise that that means, as you say, that you have a lot of resource concentrated in one geographical area. We are no different from other countries, which have had to take similar decisions. We just have to be vigilant about security, and that is what we are. We are vigilant about any unexplained or hostile marine activity around that area. We are certainly vigilant about any unexplained or potentially hostile aerial activity. That is how we operate.

The sites that you mention at Portsmouth and Plymouth are very important and have specific niche functions, which the estate is designed to reflect. That is a little different from what goes on at Faslane.

Q239 **Andrew Bowie:** You have talked about engaging with local authorities. How exactly do you judge the economic impact of base closures and removal of personnel from the local community, and what do you do to mitigate the impacts? There is obviously an economic impact when a decision is taken to close a base and remove a regiment, a squadron or a naval establishment from a place.

Baroness Goldie: The first thing to say, and it is important, is that we make these decisions because we have to; we make them because of the circumstances of our capability. If a facility is unnecessary and incurs unnecessary expense for the Department, it triggers our decision to dispense with that facility. That is the underlying rationale for making the decision. However, yes, there is engagement. If we are going down that course, we will engage with the local communities and authorities; we will discuss what we can do to help the community to absorb the consequence of the closure. However, the bottom line is that our decision is predicated



upon a defence-led decision. I don't know if there is anything you want to add to that, Sherin.

Sherin Aminossehe: There are different impacts, of course, and when we dispose of a piece of land, we would like for good economic use of it, whether it is used for housing or industry, or is mixed-use. Obviously that gives back to the local economy; it is a slightly different profile, of course, but it gives back in a different way.

Q240 **Andrew Bowie:** This is my very last question. At the beginning, Minister, we spoke about the 2010 review having been undertaken in the shadow of the financial crisis. A lot of the decisions taken in that review therefore reflected the changed landscape regarding the money available to spend on defence.

We are obviously entering a period, post-covid and with the situation in Ukraine, in which the economic outlook is maybe not as optimistic as it was when the SDSR was being compiled in the latter part of last year. Can you give a guarantee that none of the decisions taken in the review will be impacted by the changing economic circumstances of the UK, and that any further decisions will not be impacted by the changing economic fortunes of the UK?

Baroness Goldie: The integrated review was very much about the future, not reacting. It is about vision, and how we cohere as a nation, with our different Government Departments and agencies, so that we are much better at keeping the nation safe and making our contribution to global stability. The defence settlement to which I referred earlier, £24 billion over the life of the Parliament, is settled money—I mean, some of it is spent; the bits that are not spent are definitely committed, so I would say that we are safe to assume that that settlement will be undisturbed.

Defence is not a cheap capability to run, by its very nature. The Prime Minister has been very clear about his vision for defence; it was he who talked about the Type 32s. He also talked about the Type 81 or Type 83 destroyer—the next destroyer—and that is what we have to think about, even right now, although it is purely concept at the moment. That all requires money, so I think the Prime Minister does understand. As I said earlier, I was very, very pleasantly surprised at the settlement the MOD got at a time when things were very difficult financially.

The Prime Minister, along with the Secretary of State, recognise that a defence capability is not something you can do a bit of. You either have it or you don't, because if you are going to have it, there is no point in not having it properly resourced and sustained, and thereby effective. If you cannot do that, it calls into the question the wisdom of having it at all, and this country is very clear about the need to have it. The Prime Minister and the Secretary of State are very clear about that, and I am confident about the political will to drive that forward.

Q241 **Chair:** Three bases—Glencorse, Redford and Condor—were all earmarked for closure, and I think we are all grateful for the fact that they are now going to be spared and, in some cases, expanded. Is there any particular



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reason why so many bases—there are three rather large bases there—were initially put down for closure, and have been reassessed to stay open or even to be expanded?

Baroness Goldie: I think it is a recognition of what I was talking about. We in the MOD are alert to changing situations, and we saw a need from Future Soldier to be more agile in how we organise our military. That is why we have more units going to Scotland.

I had a figure somewhere; if I cannot it, someone else may be able to provide it for me. I was interested to see that—if I remember correctly—following Future Soldier, a greater proportion of the Army's workforce will be going to Scotland than today; it will increase from 5.1% to 5.5%. That meant that an additional resource was needed to ensure satisfactory accommodation and proper facilities.

Q242 **Chair:** When you do get around to working your very effective charm offensive, and making sure that you are engaged with the Scottish Government—we did have the local authorities here, and there were representatives from several that had big defence footprints who also felt that there was not much in the way of consultation, particularly Midlothian around Glencorse, where there was the possibility of losing 552 jobs. That would have been a big wrench to the community, and they felt there was little to no communication at all about it.

Baroness Goldie: I hear you, Mr Chairman, and I will take that away, because it is not the sort of scenario I think is helpful and I see no reason why the Department cannot improve in its engagement. There is no barrier to doing that, and I will take that helpful suggestion away.

Chair: Thank you for that. Wendy, I know you had a supplementary, but you have the floor anyway.

Q243 **Wendy Chamberlain:** Yes, thank you very much, Chair. Delighted to see you, Baroness, and thank you to your colleagues for being here today as well. I have a very brief supplementary. I have worked for the Career Transition Partnership at Caledonia in Rosyth, and I would be interested to know—given that that is the Scottish resettlement centre and, dare I say it, it was well located—what the plans are for CTP's footprint in Scotland once Caledonia closes.

Baroness Goldie: I do not think I can help. Do you have an answer, Sherin? If not, we will have to write, but maybe you know something.

Sherin Aminossehe: This is a piece of work that we are currently doing with the Navy, because as I said, the confirmation of its closure was in January 2022. That is actually not a long time, especially in MOD terms. We can commit to write to you as soon as that work is done and give you greater certainty about where those units are going, but I totally understand.

Wendy Chamberlain: It is not the unit—it is the resettlement centre for veterans leaving.



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Sherin Aminossehe: Yes.

Q244 **Wendy Chamberlain:** That would be great, thank you. Moving on to my main questions—this follows on from the questions from the Chair and Andrew Bowie—how many areas of surplus MOD land have been released in Scotland in the last 10 years?

Baroness Goldie: I think it was quite a significant amount. If I can find the appropriate bit of my information—I was looking at the page just before we started. Here we are; I have it here. This is all quite detailed, and I will give you some headline facts, if I may. Again, Mr Chairman, I can write to the Committee because there is quite a lot of information in here. On areas of surplus land released in Scotland in the last 10 years, 85 areas were released. Pre-empting your next question, you might want to know what proportion were released free of charge directly to local authorities—[*Laughter.*]

Wendy Chamberlain: Yes.

Baroness Goldie: I don't think I need to be Einstein to work out why you are interested in that. I can tell you that two parcels of land were released at nil value. These were smaller areas—foreshore and seabed at Port Edgar in South Queensferry. There was a very small area of land at Kirkcudbright—25 square metres. If you want to know the explanation for why that was released free of charge, the note states, "Reason not clear". I would imagine that it was such a small area of ground that it was probably just given away. I don't know any more about it.

Seven areas were disposed of directly to local authorities. The Port Edgar area at South Queensferry went to a local authority. Playing fields at MOD Caledonia went to Fife Council, and five former service family accommodation houses in Ayr went to South Ayrshire Council. I have some information about decontamination prior to sale for other areas. I can write to the Committee about that.

Q245 **Wendy Chamberlain:** That would be great. Thank you, Baroness. What we have heard in evidence so far is that potentially less land has been released in Scotland than local communities might have expected. Indeed, the Cabinet Secretary told the Committee that assurances regarding the release of land at nil charge and decontaminated by the MOD were provided to him previously, and he suggested that that had been done in "Bad faith". Do you agree with the assessment that less has been given than expected, or that assurances given have not been met?

Baroness Goldie: I suppose I am not in a position to understand his expectation. I don't know what that was. It might help the Committee to know that there are certain rules that apply to MOD when we dispose of ground. We have to carry out disposals in accordance with Treasury guidelines. When looking at any disposal, we may find that we have an obligation to a former owner, and that might have to be investigated because there might be some form of pre-emption return to the former owner. Once a site is declared surplus to defence purposes, it is put on a cross-Government database managed within the Cabinet Office, and that



provides an opportunity for other public bodies to express an interest. Another Government Department might have an interest before the site is placed on the open market.

The Treasury guidelines state that transactions such as sales between Departments should be at full market value. When transferred to other public sector bodies, that includes publicly sponsored housing associations. If no other Government Department has expressed an interest, the site is sold in a way that achieves best value for the taxpayer. That would normally be on the open market. If we are selling to a local authority under managing public money guidelines, we are obliged to sell for market value, so gifting is very much an exception. I do not know, as I say, what expectation the Cabinet Secretary had, but there are certainly very strict rules that govern how we dispose of property.

Sherin Aminossehe: I have a couple of examples that might help bring that to life for you. The other side of it, for example for DIO, is that we are relying on those capital receipts to fund part of the programme, so, in addition to Treasury rules, we have to think about what the capital receipts are going to be used for.

Wendy Chamberlain: Potentially for your expansion plans?

Sherin Aminossehe: Exactly, and renewing accommodation and so on. That is obviously very dear to us in MOD.

Having been responsible for writing those policies originally in Cabinet Office many years ago, I can confirm that, even if it is given to a Government Department, we would expect that Government Department to pay for it, because of exactly what I said—Treasury rules, but also the need for those receipts to be put in other parts of the Department.

I can give an example of where we have worked with a local authority—this was in Lossiemouth with Moray—in terms of the release of public land. That was a piece of land that we had not actually identified as surplus. The local authority came to us and said, “We don’t think you’re doing an awful lot with it. What do you think?” We worked with them quite closely to release that and actually sought an exemption from the Crichton Down rules, which the Minister was referring to earlier.

Baroness Goldie: That covers the former owner—just to explain.

Sherin Aminossehe: It does. Sorry, yes—apologies for the technicalities. We actually got a ministerial exemption for that, to be able to release the piece of land and give it to the local authority for better use than we had of it. Where there is opportunity to do that, we obviously welcome that opportunity.

Q246 **Wendy Chamberlain:** It all sounds quite complex. One other question that I want to ask is relevant to my next question, which is about expansion. You engage with Scottish local authorities on disposal sites generally, as is the case elsewhere in the UK; obviously, in England, you are dealing directly with local authorities. Is that potentially one of the



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challenges around how you include the Scottish Government or other devolved Governments in this process?

David Brewer: I guess it is a possibility, yes. We have really well established ways of disposing of these sites, and it works predominantly through local communities and the local planning system, as the primary area of focus. I think there is a potential that we have not really tuned our ways of working to reflect the fact that there is a different structure.

Q247 **Wendy Chamberlain:** That is good to know. To follow on from the Chair's point about some of the decisions that have been made to reverse decisions for closure, is that one of the other reasons why we are not meeting expectations around disposal of surplus land—because decisions might be rescinded?

Sherin Aminossehe: Some of the time the land is not surplus at the end of the day. It goes back to the resilience point that you were making earlier. When we are uncertain about what the future use of a site is going to be, we do not want to commit ahead of time to a community that they are going to have a piece of land, then see them put it in their local plan, and then have to take it away. We would obviously prefer not to do that.

Q248 **Wendy Chamberlain:** My other questions are about the decision-making processes around the expansion of sites. I suppose some of the responses might be the same, but what engagement are you having with the Scottish Government and local authorities, particularly around devolved support such as education and health, to ensure that those services are in place? As you know, I have worked in resettlement, so I know how important it is to have those different connections in place.

Baroness Goldie: It is an important point. As I indicated earlier, when we do expand, we appreciate that that may place pressure on local authority provision of education, and maybe it places pressures on the local health board and the provision of healthcare. We are very much aware of that and we work closely with the local authorities and the relevant statutory bodies affected; that would include Government Departments. We will engage with them from the outset, with an assessment study on a site, and all the way through to the final construction and delivery of the project.

The engagement can be both informal and formal, but just as I said earlier that disposals are predicated on an absolutely clear-sighted MOD decision about what we need for capability and what is no longer required—equally, when we expand, that is an MOD decision based on what we require, where we need to be and how many people we think we are going to require to be working for us in that location. These are decisions that we essentially make at the MOD end, but yes, we would discuss with the affected area—hopefully there are many benefits for the community, for the area. As David was indicating, the most direct agencies are likely to be the local authority, to be honest—and it might be a health board. If a health board were making some strategic decision about where to put a hospital or something and learned that we were proposing to ship another



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2,000 people into the area, it would be relevant, I think, to have a discussion with them.

Q249 Wendy Chamberlain: What I am hearing from you is that the MOD capability is, rightly, first and foremost, but I suppose there is then the impact assessment to think about, regarding how and in which community that capability it is best delivered. What I am not hearing is on the Scottish Government—going back to your previous point, David, on the different structure, are we thinking properly about where the Scottish Government fit into that?

David Brewer: I guess the other thing to point out is that a lot of the consultation and the work happens in teams who are based permanently in Scotland. I am speaking from my perspective, but the teams on the ground will be tuned into what works in this context and environment. The heads of establishment of the individual forces will always hold the strongest relationships with their local communities, and my teams who are based in Scotland will understand the dynamic of who they need to talk to about which element. I hope that it is not a defining feature of the way in which we work, but it definitely is worth us looking, as we do all the time, at how we can make this work better. Some of these things are complex changes.

Wendy Chamberlain: Clearly what we are trying to do as a Committee is square the circle in terms of the variety of evidence that we have received.

Baroness Goldie: For the avoidance of doubt, Mr Chairman, I would not want there to be any sense that the MOD is deliberately excluding the Scottish Government. That is not the issue at all; we would not do that. But given the very nature of what a base is and where it is, as David has been explaining, many of the most direct discussions and decisions affect the local community, and are reflected in the decision making by the local authority and possibly by the health board.

Wendy Chamberlain: Local authorities have different approaches, obviously. Obviously Leuchars in my constituency, Fife Council, Moray—

Baroness Goldie: Different authorities have different approaches; that is the other point.

Q250 Wendy Chamberlain: Finally on this point, the MOD signed a beneficial partnership agreement with Argyll and Bute Council in 2017. What is the MOD's view or approach—would they be open to similar agreements with other local authorities?

Baroness Goldie: Amenable to that. That has actually been a very successful partnership. I have seen at first hand how it works, because we were looking at an issue and I attended a virtual meeting, and I found it extremely helpful to have on the call all the relevant people who had an interest in the issue and were able to contribute their thoughts; some clarity emerged about who was going away to do what. I found that really helpful. To answer your question—absolutely no bar to these agreements



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at all; if that is what a local community was interested in doing, we would seriously entertain that.

Q251 Sally-Ann Hart: Good afternoon to our panel. I am going to ask some questions about military personnel and their families, given the movement within the UK, particularly from England to Scotland. In this inquiry, we have heard evidence about the difficulties arising in services families—when moving to Scotland in particular—as regards primary healthcare, education, income tax and spousal qualifications, for example, and that information provided to personnel is key. What information, particularly in relation to access to healthcare, child education and spousal employment, does the MOD share with armed forces personnel and their families before they move to Scotland for the first time, and before they move from Scotland to other parts of the UK?

Baroness Goldie: That is an important question. I know that the question is posed in the ethos of “It’s a good thing to move to Scotland.” It is not as though we are trying to suggest that special treatment is needed before anyone does move to Scotland. We think that people moving to Scotland is terrific, and the more people who want to do so, the better.

It is an important question because people may be accustomed to particular structures of provision of healthcare and education, and legal issues such as the court system. They may find, in moving to Scotland, that all of that is different. It is vital that we as the MOD understand that and have arrangements in place to address it, which we do.

Help and support is offered in a variety of ways. It can be offered through the single services, so depending on which service the personnel are in, that single service will offer specific advice. If they are going to Lossiemouth, for example, that might specifically encompass the area and what the facilities are. Induction packages are available, and there are also established community organisations that do provide support, not just to families already within the local area but those who may be moving to the area.

There is an organisation called the Army Families Federation, and a “Welcome to Scotland guide 2021”, and they provide information, which can be accessed online. The Scottish Government also provides a comprehensive guide, “Welcome to Scotland: a guide for service personnel and their families in Scotland”, which is again online provision of advice and support, which is very welcome and helpful.

On specific issues such as tax, which did arise as an issue, tax rates in Scotland differ from the rest of the United Kingdom. Because there is a higher tax rate in Scotland, MOD did undertake measures to ensure that this would not adversely affect serving personnel. There were concerns of low morale and we did not want Scotland to be perceived as a less attractive place to serve in. If you were acquiring a tax-based residence in Scotland, different tax treatment would follow. The MOD stepped in, and we make an annual payment—it is an average of £850⁶—and it will



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continue to be provided indefinitely to serving personnel, but not their spouses, to make sure that British troops, regardless of where they are deployed or their families are based, will pay the same income tax.

Guaranteeing a permanent Scottish income tax mitigation will protect nearly two thirds of our armed forces liable for increased tax through serving in Scotland. That provides ongoing certainty to our armed forces, and we thought that was the right thing to do. I want to make it clear that I am not for one moment disputing the right of the Scottish Government to exercise its tax-raising responsibilities—that is one of its Government-devolved functions—but from an MOD perspective we were worried because it introduced a bit of a fracture into what we like to have as a uniform relationship.

Q252 Chair: Was there any thought given to making an allowance for members of the armed forces who serve in England who might have lower rates of tax? I know the focus has been on the £28,000 and council tax rates being higher in England. It is equalised across the UK where higher earners in Scotland get the rebate, and those who are benefiting from lower rates in England should get the same too.

Baroness Goldie: The thing about income tax is that it is a centrally imposed tax and affects all who are employed within the tax revenue-based area. That meant that our personnel, regardless of where they were in Scotland, were going to pay that. It does come at a cost to the MOD: it was £6.8 million for the financial year 2021-22, but we think it is the right thing to do.⁷

The other important thing to observe is that professional qualifications differ across the United Kingdom, and that is vital not just for our armed forces personnel but for spouses and partners who may want to undertake activity and careers within the area where their spouse or partner has been deployed to serve. We try to make sure that information is made available about that as well.

Q253 Sally-Ann Hart: Looking at spouses and income tax, military personnel are—I wouldn't say it is a tax rebate—compensated for the extra tax they have to pay in Scotland. Is anything done for spouses who have to pay more tax in Scotland?

Baroness Goldie: Not by the MOD. The MOD considers its direct responsibility is to the serving personnel—

Q254 Sally-Ann Hart: Happy spouse, happy personnel. Looking at the

⁶ Clarification added by the MOD on 31/03/22: This figure comes from an announcement made prior to FY 21/22, with an estimated average payment value. The actual figures for FY 21/22 are now known and are higher, with average payment value of £995.

⁷ Clarification added by the MOD on 31/03/22: This figure also comes from an announcement prior to FY 21/22 using estimated cost of payments to the MOD. Actual figures for FY 21/22 are now known and are higher, with total net cost of payments of £7.1 million. The total gross cost to the MOD, once additional employers' NICs is added, is £8.1 million.



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professional qualifications, you have mentioned that solicitors have different professional qualifications in England and Wales from those in Scotland. Perhaps teaching staff also have different qualifications. Do you see these as barriers to military personnel going into Scotland and vice versa—coming down into England and Wales? Is there anything that the MOD can do to mitigate or reduce the barriers?

Baroness Goldie: That is an interesting question, and I am not sure that we have any evidence of that being a barrier. The one thing that is very visible and obvious within the armed forces is this familial sense of duty and obligation. Our armed forces personnel serve, and they serve on the basis that they will go where they are asked to go. That is the professionalism and the commitment of these excellent men and women, so they do that.

I think if their spouses and partners were wanting to pursue careers in the new destination, they would make inquiries with advice, help and consultation with their own professional bodies. My understanding is—I do not have any specific information—that professional bodies in these new locations will be helpful and encouraging, and there should not be an insuperable barrier, as far as I am aware, about trying to continue. If you have been teaching in Scotland and you want to move to England, there should not be some insuperable barrier. There may be some need to satisfy some additional criteria, but I am not aware of it being a barrier in respect of people wanting to move to Scotland, or vice versa.

Q255 Sally-Ann Hart: A 2018 survey found that only 6% of organisations in Scotland had signed the armed forces covenant, whereas all the local authorities in Scotland have. What is the UK Government doing, if it can, to encourage more organisations in Scotland to support that covenant?

Baroness Goldie: The covenant is, to us in the MOD, a very important compact between the state, the providers of services and the armed forces personnel. It is very significant for veterans. The covenant is supervised by the Office for Veterans' Affairs, which is responsible for that.⁸ To remind the Committee, the significance of the covenant was recognised in the recent Armed Forces Act when we took deliberate steps to try to place an obligation on providers of services within health and education to have regard to service personnel moving into their areas, who might have different backgrounds, different pressures and different issues confronting them or their children. I have to say—I am grateful to both Houses—that that was recognised as a good thing to do. I think that has helped to raise the profile of the covenant.

On your specific question, covenant signings have continued to grow at a very steady pace. Across the UK, they have been averaging about 30 to 40 a week. They are currently at over 8,000 UK-wide, from what I can

⁸ Clarification added by the MOD on 31/03/22: The OVA leads UK Government efforts to make the UK the best place to be a veteran, including ensuring veterans' interests are championed within government. The MOD is the department responsible for overseeing the Armed Forces Covenant – the nation's promise that those who serve or have served, and their families, are treated fairly.



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remember. Of these, I think Scotland has had 567 signings, with also a very good number of employer recognition scheme awards issued. That is encouraging. The gold award association is very active in Scotland. It is a fantastic advocate for the covenant and the communities it supports. You are right; local authorities have been good. I have got some detail here about other employers throughout Scotland, and what I might offer to do is to write to the Committee with these details. It is encouraging, and we are under no illusions about how important that is to the support of both our personnel and our veterans.

Q256 Chair: There are quite a lot of issues you are going to write to us about, and we are grateful for that. There is maybe just one more that you could write to us about, unless you can give me this figure. It was in an exchange that you had with Mr Lamont about the UK Government's £1 billion spend on SMEs. The question we have is how much of that £1 billion is spent on Scottish SMEs. You probably have not got that to hand, but if you could—

Baroness Goldie: I don't think I gave a specific figure. I think I hazarded an estimate of roughly 10%, but we will see what we can dig out, and if there is something more specific, we will provide the Committee with it.

Chair: That would be excellent. We are very grateful to you, Minister. We knew this would be a very good session, and you have not disappointed us. I think we have got everything that we require.

Baroness Goldie: It has been a great pleasure to appear before this Committee, and I have enjoyed the experience.

Chair: It would be great if we got those little bits of correspondence. For today, thank you and your officials ever so much for helping us in what will be the last session on the military landscape part of our inquiry.