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PERMANENT SECRETARY

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Rt Hon Dr Julian Lewis MP
Chair of the House of Commons Defence Committee
Sent electronically

Dear Julian,

FOLLOW UP TO THE MOD ANNUAL REPORT AND ACCOUNTS HCDC SESSION

I am writing concerning the evidence provided to the Committee on 15 October relating to the MOD's 2018/19 Annual Report and Accounts. I was asked a number of questions which I committed during the session to providing further detail on. In the Annex attached I provide responses to those eight questions but would like to highlight some of the most substantive issues.

First, I was asked about the benefits associated with the Capita contract. I can confirm that projected benefits of c. £180M are forecast to be realised by the end of the contract in financial year 2021/22.

Second, I was asked about the impact of minimum income thresholds and cost of visas for Foreign and Commonwealth military personnel applying for indefinite leave to remain in the UK. I would like to assure you that this matter is being taken forward as a matter of priority by senior officials in the Ministry of Defence, Home Office and Foreign and Commonwealth Office, who are currently considering the scope to make changes to the current policy as it applies to these personnel.

Third, in relation to the questions regarding the Military Flying Training System, the response provided in the Annex includes detail on progress made to reduce the backlog in aircrew training and projected future aircrew time in training. In addition, I have commissioned work to capture data for aircrew progression through training for financial years 2013/14 and 2014/15 and will supply this information to you within three months.

Finally, I would particularly like to draw your attention to the information in the Annex showing the significant work being undertaken with the Department for Education for improving skills for the future.

Yours sincerely,

A handwritten signature in blue ink that reads "Stephen Lovegrove". The signature is written in a cursive style with a large initial 'S'.

STEPHEN LOVEGROVE

Annex

Follow up Questions from House of Commons Defence Committee (HCDC) on Annual Report and Accounts (ARAc) 2018-19 held on 15 October 2019

1. **Questions 39** Martin Docherty-Hughes: This question relates to previous questions to Cat Little or Sir Simon Bollom. Of those contracts that we talk about for those non-accountants, **how many would be dollar-denominated?**

Response

The number of current arrangements denominated in US\$ dollars is 539. This comprises of 438 live Foreign Military Sales cases and 121 direct contracts. (Foreign Military Sales (FMS) cases are procurement arrangements with the United States Department of Defense (USDOD)).

2. **Questions 44-51:**

Question 44 Mr Francois: Thank you, Chair. I will try not to be too long. The NAO reported at the end of last year that Capita had not met its performance targets for the number of new recruits in 37 out of the 38 months to September 2018. When the contract was let in 2012, it essentially had two objectives. One was to increase recruitment into the British Army. In that respect it has been an unmitigated disaster. But it was also intended to save in the order of a quarter of a billion pounds over the 10-year programme. **How much money have you saved to date?**

Air Marshal Knighton: I think, Mr Francois, the net benefit was £180 million. We are still forecasting that.

Question 45 Mr Francois: No, the NAO said that, "In 2012, the Army forecast that the Programme would achieve financial savings of £267 million by 2022". That is from the NAO's report into Capita.

Air Marshal Knighton: You have to offset that with the costs that you would need to invest in it.

Question 46 Mr Francois: I am just telling you that the NAO said 267. Anyway, go on.

Sir Stephen Lovegrove: I think the 267 is the same as the 180. It is just a net figure as opposed to a gross figure.

Response

At the beginning of the £1.36 billion Recruiting Partnering Project (RPP), benefits were estimated in the region of £267 million. By the time of the National Audit Office (NAO) inquiry into the RPP, this had been revised to £258 million.

Following the findings of the NAO, projected benefits were revised to be circa £180 million by the end of the contract.

At the end of financial year 2018/19, the RPP has recorded around £80 million in benefits, and the Army remain confident that the remaining benefits will be realised before the contract ends. The majority of these are expected to be delivered towards the end of the contract for two primary reasons. Firstly, there has been a requirement to offset the cost increases, which were largely Information and Communications Technology related, which have now happened. Secondly, the benefits largely relate to a reduction in manpower

across recruiting activities. This has always been the forecast position, which has the impact of accumulating benefits towards the end of the programme.

3. Question 53: In what year will we actually hit the target that you contracted for?

Response

It is expected that soldier inflow targets will be achieved by the end of the contract in Financial Year 2021/22. However, there are very positive indications that the expected delivery of 80% of the target this year will be exceeded; with the contract already having offered jobs to 76% of the applicants the Army needs with 5 months still to run in the recruiting year. Both the Army and Capita continue to exploit every opportunity to deliver 100% this year.

4 Question 64: Chair: And the 11-month wait for Sandhurst?

Response

The time taken between applying for and starting training as an officer cadet at the Royal Military Academy Sandhurst (RMAS) is not tracked in the same way as for soldiers. This is because it varies considerably for officer applicants. For example bursary applicants can apply years ahead of their planned entry date. Consequently, any average waiting time would be meaningless.

Equally, every Direct Entry intake to RMAS this year has been full to capacity, as it has been for the last two years; and with three intakes a year, unfortunately this will mean some people will be waiting for a place on what continues to be an incredibly competitive course.

5 Questions 102-104: Commonwealth pay and visas

Question 102 Martin Docherty-Hughes: **Have you made any progress with the Home Office in resolving the impact on foreign and Commonwealth military personnel of the minimum income threshold, and the high cost of visas and indefinite leave to remain?**

Question 104 Martin Docherty-Hughes: I will ask you the final section on this. The former Minister for defence people and veterans told this Committee that he believed there is “a moral case” for getting rid of these fees. **Does the Ministry of Defence continue to hold that view?**

Response

All Service Personnel, regardless of their nationality, are subject to the Minimum Income Requirement when applying for visas for non-EU citizen dependants to enter the UK. The Minister for Defence Personnel and Veterans has written to the Home Secretary and recently met with the Minister for Immigration to investigate whether policies around visa fees and the Minimum Income Requirement could be changed or improved for Service Personnel and their dependants. This is now being taken forward by officials from both departments. In the meantime, we are making every effort to ensure that non-UK personnel and their families understand how immigration policies affect them from recruitment and throughout service life.

6 Questions 107-8: What contact has there been with DofE on improving skills?

Question 106 Martin Docherty-Hughes Do you ever talk to the Department for Education about future pinch points and skills gaps in general, and how does that inform your recruitment processes for younger recruits?

Response

The MOD routinely, through the Directorate of Training, Education, Skills, Recruiting and Resettlement (TESRR), Civilian Human Resources and the Defence Engineering Champion, works with Department for Education (DfE) to improve skills. The main areas of focus are Apprenticeships, T Levels (a new Level 3 Qualification to be introduced in 2020), Science, Technology, Engineering and Mathematics (STEM), Higher Education/Further Education (HE/FE) Scheme and the Further Forces programme. It should be noted that the MOD also works with the Devolved Administrations on similar matters. Detail on MOD business with the DfE can be found below.

Apprenticeships

The MOD works closely with DfE on the implementation of the Government's Apprenticeship Policy. MOD is one of the largest providers of apprenticeships in England with around 20,000 personnel on apprenticeships at any one time. TESRR staff attend the Cabinet Wider Public Sector meetings with DfE colleagues. Over the last three years there have been regular meetings between MOD and DfE on Apprenticeships as both adapt to the Government's Apprenticeship Reforms. The MOD reports against Government/DfE targets on the delivery of apprenticeships and engages with the National Apprentice Advertising Campaigns. The MOD is an active multi-regional member of the Apprenticeship Ambassador's Network which is linked into DfE.

T Levels

The MOD and DfE remain in close contact to facilitate the introduction and implementation of T Level Policy. DfE or Education Skills Funding Agency are invited to the MOD T-level working group. A Royal Electrical and Mechanical Engineers Warrant Officer chairs the Maintenance, Installation and Repair T-level panel, and the MOD has a representative on that panel, the Onsite construction panel, and the IT Support and Services panel. The MOD has volunteered to look for additional panel members if requested. The MOD are working with DfE to set up a trial of Industrial placements in anticipation of T-levels starting in 2020.

STEM

The original remit of the DfE-led, cross-Government Department STEM Oversight Board was to address the concerns of the NAO Report into UK Skills, though this has grown to address a greater coherence of approach. Indeed, considerable effort has been undertaken by the Board in mapping Government Departments' STEM engagement activity with a view of achieving some collaboration. The MOD is a prominent member of the DfE-led STEM Oversight Board, regularly providing consultancy to the DfE, including ongoing contact outside of the Board. This consultancy is reciprocal. The MOD is an exemplar for UK engineering employing in excess of 54,000 engineers and technicians and has become recognised nationally for our collaborative STEM Youth Engagement programme.

Further Forces

Further Forces is a national Government-funded programme that seeks to address the deficit of teaching staff in Further Education by supporting the resettlement of Armed Forces Services leavers. It retrains them and supports their transition to technical teaching in subjects including science, engineering and technology, where there is a recognised shortage of teachers in the Further Education and Training sector. It began in 2017 and is funded by the Department for Education with support from the Ministry of Defence and the Gatsby Charitable Foundation. The DfE has commissioned the Education and Training Foundation, the Government-backed national workforce development body for the sector, to deliver Further Forces. As at September 2019, Further Forces have 79 Service leavers on programme and in employment.

Teaching opportunities

In September 2018 the Government unveiled a £40,000 bursary for ex-Service personnel to retrain as teachers. The bursary was developed as part of the DfE's commitment to the Armed Forces Covenant and is offered on priority undergraduate courses in Biology, Chemistry, Computing, Maths or modern foreign languages. Courses at universities nationwide offer the incentive to veterans who have left full-time employment in the British Army, Royal Air Force or Royal Navy.

This new bursary replaced the Troops to Teachers Programme, providing veterans with greater flexibility and enabling them to train with any Initial Teacher Training provider, while still receiving the same level of financial support. In addition to the bursary, trainees also have access to further support through the Government's Get Into Teaching service and other financial incentives.

HE/FE

The MOD works with DfE on two specific schemes that DfE currently contributes £5 million towards. The Armed Forces Bereavement Scholarship Scheme (AFBSS) which provides post 16 scholarships for children of Service Personnel whose death has been attributable to Service since 1990. For Financial Year 2018/19 the DfE contribution to the AFBSS was £682,200. The second is the Publicly Funded Further Education – Higher Education Scheme for Service Leavers, which was introduced on 17 July 2008. The scheme provides funding capped at £9,250 per year (revised fee cap with effect from 1 Aug 19) towards fees to enable Service Leavers to gain a 'first' of one of the following qualifications: Full Level 3 qualification i.e. 2 A Levels (or vocational equivalent), an Undergraduate Degree (including a Foundation Degree), Higher National Certificate or Higher National Diploma (for which the entry qualification is lower than a degree) or such qualifications in Scotland which are the equivalent of those qualifications.

7. Question 144/145:

Question 144 Gavin Robinson: Have you asked the Defence Fire Safety Regulator to come in and assess the work done?

Question 145 Gavin Robinson: Have they concluded that work? Have they, having issued shortcomings, stepped back and said, "Well, having worked with you and walked this process with you, we are now satisfied that you have adequately

responded to these improvement notices”?

Response

As you know the Defence Fire Safety Regulator’s (DFSR) role is to provide assurance that Defence is compliant with the law and DFSR regulation. A full detailed assessment of its regulation audits, findings and assessments are contained within the 2018/19 DSA Annual Assurance Report that will shortly be published on Gov.uk. The Report concludes that Head Office had demonstrated decisive leadership in responding to previous concerns. Acknowledging that areas of improvement still remain, the commitment shown by the Head Office and Top Level Budgets shows continued improvement of the Fire Safety picture within Defence. One measure of progress is that 8 of the 11 enforcement notices raised by DFSR over the previous 12 month period have now been resolved.

8. Questions 158/9: Military Flying Training System (MFTS) pilot experience grid
Question 158 Chair: After this hearing, can you perhaps supply us with a grid that shows us what the story has been in terms of the career timetable of a new recruit, from what it was before 2010 through to where it is now and where it is projected to be?

Question 159 Chair: I think we would like to have this updated every six months or something like that, so we can see what sort of progress has been made. I think we have to keep a close eye on it.

Response

The Department will provide data for flying training for 2014 and 2015 within the next three months. The independent NAO report completed in 2015 noted that the average time in training for the RAF was:

- Fast Jet 6.9 years
- Rotary Wing 4.5 years
- Multi Engine 3.8 years

<https://www.nao.org.uk/report/military-flying-training/>

The current and projected time in flying training from the end of Initial Officer Training, to the end of phase 2/MFTS is shown in the table below:

	2019/20	2020/21	2021/20	2022/23	2023/24
Fast Jet	6.5	5.9	5.4	4.2	2.0
Rotary Wing	4.3	4.6	3.1	1.8	1.8
Multi Engine	3.4-4.6	3.7	2.9	1.6	1.6

The backlog of pilots ‘holding’ (pre-elementary flying training) in the training system is currently around 200. This is on track to reduce to 30 for the RAF and 25 each for the Army and RN by April 2021.

The Department is clearing this backlog through a programme of outsourcing and protected the frontline through biasing pilot tours into cockpits. These approaches are sustainable until the UKMFTS reaches maturity in 2021.

The Department accepts that it has taken too long for some students to complete their flying training and that there have been significant challenges with delivery. Successful delivery of this Programme is the key RAF priority for the Secretary of State for Defence who has requested monthly updates on UKMFTS performance.