



House of Commons
Welsh Affairs Committee

The Armed Forces and Defence Industry in Wales: Government Response to the Committee's First Report of Session 2019

**First Special Report of Session
2019–21**

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Welsh Affairs Committee

The Welsh Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Office of the Secretary of State for Wales (including relations with the National Assembly for Wales).

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The current staff of the Committee are Mems Ayinla (Second Clerk), Dr Adam Evans (Clerk), Louise Glen (Senior Committee Assistant), Simon Horswell (Committee Specialist), Kelly Tunnicliffe (Committee Assistant), Tim West (Media Officer) and Rhianon Williams (Committee Specialist).

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First Special Report

The Welsh Affairs Committee published its First Report of Session 2019, *The Armed Forces and Defence Industry in Wales* (HC 128) on 4 November 2019. The Government's response was received on 13 January 2020 and is appended to this report.

Appendix

1. The Government is grateful for the previous Welsh Affairs Committee's report on the Armed Forces and Defence Industry in Wales. Wales is vital to the defence and security of the whole of the UK; much of the military training and testing conducted in Wales is key to Defence commitments in the UK, overseas and to NATO. Defence benefits from Wales just as Wales benefits from Defence and we recognise the Defence presence makes an important contribution to the Welsh economy, prosperity and wider society.

2. Since the report was published on 4 November 2019, the Committee will have noted that the UK Government has restated its commitment to continue to exceed the NATO target of spending 2 per cent of GDP on Defence and increase the budget by at least 0.5 per cent above inflation every year of the new Parliament. Wales will continue to benefit from Defence spending. The Government intends to conduct an integrated security, Defence and foreign policy review and we will look to engage with relevant stakeholders in Parliament and Wales as this progresses.

3. We are grateful that the Committee has recognised the historic military connections in Wales and Defence's longstanding commitment to military bases, capabilities and training facilities which will continue to have a long-term future in Wales. In addition, the Government would wish to stress that Defence agencies and establishments such as the Defence Electronics and Components Agency (DECA) at MOD Sealand and MOD Aberporth also make a significant contribution to Wales. DECA employs approximately 350 personnel in North East Wales which is not dissimilar to personnel levels at a military base. The report rightly recognises the key role of the Defence industry in Wales. As part of the Defence Prosperity programme, the UK Government and Welsh Government officials continue to work together at many levels to support industry, innovation and skills in Wales.

4. We understand why the Committee was concerned about military bases which, under plans announced in 2016, are due to close with effect from 2024 and we acknowledge the Committee's request for more progress on plans to relocate military units to and from Wales. Since the report was published, the UK Government and Welsh Government officials have continued to meet to discuss respective aims. Recently appointed UK Government Ministers in the MOD and the Office of the Secretary of State for Wales are committed to continuing the constructive dialogue with Welsh Government Ministers on plans for MOD St Athan, in particular support for Defence industry and other areas of mutual interest and responsibility.

5. The Government's response to the Report's recommendations and conclusions is below with the Committee's findings in **bold** and the Government replies in plain text. For ease of reference, paragraph numbering reflects the contents of the Report.

Chapter 2: Basing and locations of personnel

We are disappointed that the UK Government has proposed the closure of Cawdor and Brecon Barracks, two of the main army bases in Wales, in 2024 and 2027, particularly given the potential impact on the Welsh economy and links to local communities.

We call on the UK Government, in cooperation with the Welsh Government, to revisit the defence estate strategy to ensure the base closures do not result in a reduced military presence in Wales. We ask for an update on this work in the response to our Report. (Paragraph 14)

6. We recognise the Committee's concern about future base closures in Wales. The vision for the Defence Estate was set out in the Better Defence Estate strategy announcement of November 2016. Consolidating the estate across the UK enables us to invest in a smaller number of sites better suited to support and accommodate Armed Forces and their families. The planned reductions in Wales are in line with the UK-wide reductions. The strategy looks ahead to 2040 to enable a lengthy period of transition and engagement with Devolved Administrations, Local Authorities and other stakeholders over Defence plans and regeneration potential. Parliament is updated annually on the progress of the Better Defence Estate strategy. The latest report to Parliament was on 28th February 2019 and communicated to the Welsh Government. We will continue this process.

7. The HQ 160th (Welsh) Brigade, currently based at Brecon Barracks will be re-provided for in Wales, so Wales will continue to be home to the Brigade Headquarters, as well as the training facilities at Brecon, and an additional infantry unit at St Athan. RAF Valley is expanding to include basic flight training as well as fast jet training, making use of the newly resurfaced runway. HMS Cambria, a newly-built £11M Royal Navy Reserve centre, will open in Cardiff Bay in 2020. The impact of the Better Defence Estate and basing changes strategy on overall force levels will be broadly neutral and we are committed to maintaining a strong Defence presence in Wales. UK Government officials and Ministers will continue to work with the Welsh Government and others.

We are pleased that HQ Wales and the 160th Brigade currently based at Brecon Barracks will remain in Wales, but we are concerned that the future location of the 14 Signals Regiment currently based at Cawdor remains unconfirmed. We urge the UK Government to confirm its future location as a matter of urgency and by the end of 2019 at the latest. (Paragraph 19)

8. We welcome the report's acknowledgement that HQ 160th (Welsh) Brigade will remain in Wales. We continue to examine options to relocate 14 Signals Regiment once Cawdor Barracks closes in 2024. The future location will depend on a number of factors, one of which is the opportunity to locate the unit closer to similar capabilities, which are being concentrated in the West Midlands. As soon as we are in a position to confirm the new location we will do so, and continue to work with Pembrokeshire County Council, the Welsh Government, the Office of the Secretary of State for Wales and others on potential alternative uses for Cawdor Barracks.

We regret that the new structure of the basing programme proposes units to be consolidated around seven major centres in the south of England. The location of all Welsh combat units outside of Wales also poses challenges to retaining Welsh

connections and identity. Clustering leads to less visibility and military presence in local areas. We recommend that the UK Government assess the feasibility of relocating at least one of the units to Wales. (Paragraph 24)

9. Although the British Army's three regular Welsh units (1st The Queen's Dragoon Guards, 1st Battalion The Welsh Guards and 1st Battalion The Royal Welsh) are based outside Wales for capability reasons, they all recruit predominantly from Wales and maintain strong links to Wales. Their Welsh heritage and culture are key to their identity and is a strong element of the recruiting offer. Their historic connections to Wales are maintained in a variety of ways including Wales-based Welsh Guards and Royal Welsh Regimental Support Teams; Royal Welsh Regimental Headquarters[2] and the dispersed presence of the 3rd Battalion The Royal Welsh; Queen's Dragoon Guards Home HQ; and three regimental museums[3], which preserve Welsh military heritage and links with traditional recruiting areas and communities;

10. In addition to the Army units in the major garrisons around Salisbury Plain, Aldershot, Catterick and Colchester, and in East and West Midlands, there remains a significant Army presence in Scotland, Wales and Northern Ireland.

11. In addition to the infantry unit to be based at St Athan in future, we are considering the feasibility of relocating a further unit to Wales in the longer term, however it will be some time before we are in a position to confirm the outcome of this work. Neither will it be confined to those units the Committee has referred to as Welsh combat units.

We are concerned that only around 2% of the armed forces is currently based in Wales, despite Wales representing 5% of the UK's population. We note the commitment to maintain a set number of personnel in Scotland, and recommend that the UK Government makes, and adheres to, an explicit commitment about the number of personnel to be based in Wales. (Paragraph 29)

12. The Defence commitment to Wales encompasses a wide range of Defence benefits which reflects the overall Defence contribution to the Welsh economy, skills and society.

13. Regular force levels in Scotland and Wales reflect the capabilities based there. For example, more than half of regular forces in Scotland are based at two locations - RAF Lossiemouth and HMNB Clyde - which provide unique Defence capabilities, including being home to all the Royal Navy's submarines, which cannot be replicated elsewhere in the UK. Whilst force levels are subject to fluctuation, we are committed to maintaining a strong Defence presence in Wales. This includes regular and Reserves personnel, MOD civilian staff and Defence contractors.

14. In addition, following recently produced statistics concerning expenditure with UK industry and supported jobs in the UK for 2018/19 there are 7,700 industry jobs with businesses in Wales supported by Defence expenditure, an increase of 1,400 on the previous year. This demonstrates the MOD's continuing commitment to industry in Wales.

We are concerned about the ongoing uncertainty about future plans for St Athan, despite a previous Welsh Affairs Committee making recommendations about developing the site as early as 2006. We recommend that the UK Government work

with the Welsh Government to find a solution for the site by December 2019 at the latest and to ensure that the right balance is struck between regeneration opportunities and military needs. (Paragraph 35).

15. We recognise the Committee's concerns about future plans for MOD St Athan and acknowledge that there have been a number of announcements over the years about Defence plans for the site. The MOD is committed to relocating the RAF No. 4 School of Technical Training, currently based at the East Camp of St Athan, and has announced its intention to base an infantry battalion there. We are grateful that the committee also recognises that parts of the site are owned by the Welsh Government which is in effect the MOD's landlord.

16. We will continue to work with the Welsh Government to secure a future for St Athan that aims to meet our respective aspirations for the home of an infantry battalion in South Wales and an aviation business park. Ministerial and officials' meetings involving the MOD, Welsh Government and Office of the Secretary of State for Wales have continued to take place to increase mutual understanding with the aim of achieving a solution.

We also regret the proposed relocation of No. 4 School of Technical Training from St Athan, with no confirmation of its future location. We urge the UK Government to ensure that the RAF Training School remains on site in St Athan. (Paragraph 35)

17. We recognise the Committee's disappointment over the intended relocation of the RAF No. 4 School of Technical Training which was first proposed in 2015.

18. There are opportunities and benefits to co-locating particular capabilities and outputs into single or nearby locations. Co-locating the school with other Defence College of Technical Training sites will support the college's wider transformation agenda to deliver modern, efficient training with improved accommodation for the trainees going through the school.

19. The vacation of the site by the RAF by 2024 enables significant Defence investment in the site to make it fit for the Army's requirements and suitable for the approximately 600 number of Army personnel and their families who will move there. St Athan will continue to be home to the Universities of Wales Air Squadron and No 2300 Squadron RAF Air Cadets, which will provide an ongoing RAF presence in South Wales.

Chapter 3: Recruitment and Capita contract

There was some concern that recruitment to the Armed Forces has declined in Wales and across the UK more widely. Wales has traditionally provided a significant percentage of recruits to the Army, and it is important that the UK Government addresses the factors causing this decline. Setting targets for the constituent nations of the UK will give the MOD more detailed management information to help address the decline. We call on the UK Government to set specific recruitment targets for Wales for each of the forces and provide us with details of performance against these targets by April 2020 (Paragraph 39).

We share the concerns raised by the Public Accounts Committee, the Defence Committee and others about the repeated failings of the Army recruitment contract with Capita, leading to it missing every annual recruitment target since it began. It is

important that lessons are learned for future contracts, including better collaboration between the Army and whichever company manages recruitment in future. *We call on the UK Government to write to us with regular updates on recruitment in Wales, and we expect to see evidence of both data and steps being taken to increase recruitment in Wales.* (Paragraph 43)

20. All three Services are working hard to improve recruiting performance, including within Wales, against the background of a challenging recruitment environment. We are not persuaded that setting and monitoring specific recruitment targets for each UK nation would improve our response to those challenges. Performance of the Recruiting Partnering Project between Capita and the Army has improved dramatically following a comprehensive re-design and is attracting record numbers of recruits who are being delivered into training establishments that are now nearing full capacity. Whilst it would be possible to provide information about the numbers of personnel who are recruited by Armed Forces Career Offices (AFCOs) located in Wales, we would not be able to separate national activity and process improvements from local recruiting activity. Any figures reported would include non-Welsh applicants using AFCOs in Wales and exclude Welsh applicants using AFCOs in other parts of the UK.

21. We are content to provide the committee with regular updates on recruiting efforts and performance in Wales. We propose to do this annually.

***We call on the UK Government to ensure the highest possible welfare standards for veterans, not least to address concerns about harm to physical and mental health having a negative effect on recruitment* (Paragraph 39).**

22. The Government is committed to this aim, and a number of initiatives have been adopted to ensure standards continue to improve, including a dedicated strategy for veterans, and the new Office for Veterans Affairs (OVA). The Strategy for our Veterans was produced jointly with the Welsh Government demonstrating excellent collaboration in support of veterans, given that many of services accessed by them are devolved.

23. The OVA will lead in ensuring the whole of government is delivering better outcomes for veterans; highlighting the outstanding contribution veterans from all walks of life are already making to our economy and society and ensuring no individual who needs help is left behind after they leave service. It will work in partnership with local authorities and the Devolved Administrations to coordinate activity across the United Kingdom. The OVA will build on the Strategy for our Veterans and has been tasked with:

24. Pulling together all functions of government, and better collaboration with the charity sector, in order to ensure this nation's life-long duty to those who have served

25. Ensuring that every single veteran and their family knows where to turn to access support when required

26. Helping to generate a 'single view of the veteran' by making better use of data to understand veterans' needs and identify where gaps in provision exist

27. Improving the perception of veterans and showcasing the brilliant contribution they make after leaving service.

We were impressed by the clear commitment of staff, and the techniques used, at the careers centre at Bangor, but we are concerned that eight out of twelve careers centres in Wales have been closed. Many potential applicants still face long travelling distances, a factor that can affect application numbers. *We call on the UK Government to write to us with ideas of how to reduce travelling times for applicants, including the potential to increase the use of hubs and pop-up centres across Wales. We call on the UK Government to make an assessment into what impact the closure of centres has had on deprived areas, and how it plans to mitigate that impact.* (Paragraph 49).

28. The Army has 13 mini recruiting vehicles, which support engagement activities across the UK (including Wales), where there may be resultant surges in applications. These are particularly utilised in rural locations. The Army also has five mobile Army Careers Centres that regularly visit locations every week or month. These mobile Centres offer the ability to meet candidates and process applications. Looking to the near future, the Recruiting Partnership Programme (RPP) trialled a mobile re-test capability in November, where candidates will be provided the opportunity to retake any parts of the initial assessment in a location closer to home, rather than travelling to an Assessment Centre. We hope this meets the committee's request to come up with ideas to reduce travelling times as set out above.

We have heard that face-to-face communication is more successful when recruiting applicants and were encouraged that Capita have revised their recruitment approaches accordingly. We are pleased that candidates now have a more personal experience and role models who have previously worked for the army. However, we are concerned that this element was not restored earlier. (Paragraph 53).

29. The Recruiting Partnership Programme (RPP) and the Army, with Capita as its recruiting partner, sought to transform the way it approached recruitment. This included reducing the number of military personnel involved directly in recruiting, freeing them up to support frontline military activity against the backdrop of the Strategic Defence and Security Review 2010. The lived experience of those currently serving is an essential part of inspiring new applicants. Military personnel have continued to be involved in recruiting centres and community engagement. We recognised that those military personnel involved in recruiting needed to appeal to those considering a career in the Armed Forces and the concept of the serving 'role model' soldier was formalised. The committee's comments are welcomed and are particularly relevant as the public become increasingly separated from direct access to family and friends who have served with the Armed Forces. However, this change only represented part of a complete reinvigoration of the RPP from 2018, and there remains a critical part to be played by professional Capita staff in making candidates feel at the heart of the recruiting process

It is important that provision is made for potential recruits from Wales who speak Welsh. We were pleased that Capita were beginning to translate published material into Welsh, and that the Army Careers Centre offered Welsh-language support. However, more could be done to encourage and assist applicants who speak Welsh and to address the rights of Welsh speakers and learners to use the Welsh language. *We recommend that the MOD's Welsh Language Scheme be regularly monitored. We also believe that Capita should increase numbers of Welsh speaking staff working across all their engagement channels and ask them to write to us with a plan to do so.* (Paragraph 56)

30. The additional resources, outlined below, reflect the MOD's continued commitment to its Welsh Language Scheme which, together with regular monitoring, aims to continuously improve the services it offers to the people of Wales.

31. With respect to recruitment in Wales; it will continue to support the goal where both the recruiter and the applicant will have the capability to conduct all or some of the interviews in Welsh.

32. In addition to the services currently offered, the MOD Welsh Language Scheme team is preparing to extend its online presence with a bi-lingual Welsh/English portal hosted on the MOD.gov.uk website; making it simpler and more convenient for users to access key Defence information and activities in Wales.

33. These changes illustrate the continuing commitment under the MOD Welsh Language Scheme to respect the principle of equality, making the decision of any individual to use either Welsh or English in their dealings with the MOD, a matter of personal choice.

34. The RPP with Capita is very much a partnership, delivered through the Recruiting Group; with the military personnel within recruiting teams as critical as the civilian recruiters. Welsh speakers are requested from the Army Personnel Centre when posting Army personnel to the Welsh teams and, at present, there are two Welsh speakers within Wales, one covering North Wales from Bangor and one covering South Wales from the Outreach team (TO NOTE: This has reduced from the six stated in the oral evidence provided to the committee hearing). Adverts for Capita roles within Welsh Army Career Centres list the ability to speak Welsh as 'desirable', with plans to strengthen this as a requirement. Training for any existing staff who wish to undertake Welsh language lessons is also fully supported.

Chapter 4: Wales and the Defence industry

We are pleased that the MOD spend on the defence industry in Wales was higher than in many other areas in the UK. We were impressed by the contribution of the industry to the Welsh economy and society and by the strong support provided by the Welsh Government to develop the industry. The defence industry in Wales and the strong partnerships supporting this clearly represent a success story, but it is important that momentum is not lost. *To ensure the sustainability of the industry in Wales, the UK Government must ensure that choices made about the future structure of the Armed Forces and basing programme do not impact negatively on the equipment and support sector in Wales.* (Paragraph 64)

35. Defence continues to increase capability and support industry which shows that, despite restructuring and basing changes, Wales has continued to benefit. This includes:

36. The AJAX project is now in its production and support phases with the Army having taken formal delivery of the first six ARES variant in March 2019, generating circa 250 jobs at General Dynamics UK's factory in Merthyr Tydfil.

37. RAF Valley has expanded to include basic flight training as well as fast jet training, increasing the RAF footprint.

38. The F-35 avionic and aircraft component repair hub in North Wales was awarded a second major assignment of work supporting hundreds of additional F-35 jobs, many of them at the MOD's Defence & Electronics Components Agency (DECA) at MOD Sealand.

39. A £250m contract to support the RAF's fleet of Shadow aircraft for 11 years, securing 200 jobs at Raytheon's intelligence and surveillance hub in Broughton, North Wales.

40. The Government understands the major role it plays in local and regional economies and this is reflected in the rigour attached to its estates planning and procedures. When making major investment decisions regarding the future Defence estate, the Department considers a range of factors. These include the capability and infrastructure requirements of our Armed Forces, overall value for money for the taxpayer, and the effects on local economies and industry. The Department has engaged constructively with the Welsh Government on major estates programme and will continue to do so.

We welcome recent procurement programmes that will support the economy and provide jobs in the defence industry in Wales. However, we heard that procurement processes for small and medium-sized Enterprises (SMEs) in particular were often too complex. We call on the UK Government to simplify procurement processes and provide more guidance and engagement, especially for SMEs. We recommend that it consult with the defence industry, especially smaller companies, on the shape and contents of this guidance. (Paragraph 65)

41. The MOD is committed to improving its engagement with SMEs. Our SME Action Plan sets out our commitments to small businesses throughout the defence supply chain. In light of the Acquisition Review, we are implementing changes in the acquisition system. The aim is that programme decisions are strategic and tailored from the outset and continue to be agile when moving from requirement through to delivery. We have an ongoing, regular engagement to test our approach with smaller suppliers via the Defence Suppliers Forum (DSF), and through Trade Associations and the MOD Outreach team. This engagement aims to target smaller and more innovative businesses, to increase the awareness of, and access to, opportunities in the MOD's supply chain. Throughout 2020, we will look for opportunities to host events and for inviting Welsh businesses to showcase the local supply-chain in supporting defence and security contracts.

The Equipment Plan has been deemed "unaffordable" and a need for savings identified. We call on the UK Government to make efficiency savings that are realistic and achievable, ensuring that they will not negatively affect the defence industry in Wales. (Paragraph 68).

42. The UK Government values the pivotal role Wales plays in protecting our national security. Our partnership with Welsh companies has over many years proved to be long-standing and fruitful, providing world-class defence to protect the United Kingdom.

43. The MOD continuously reviews the strength of the defence industry in Wales, working towards ensuring that our Armed Forces in Wales and the rest of the United Kingdom are well-equipped against impending threats to our nation. Part of this analysis is to ensure the affordability of the Equipment Plan in its current state, through transforming our current programmes and associated costs.

44. MOD expenditure with industry in Wales continues to increase. New figures released in January 2020 confirmed that expenditure with Defence Industry in Wales was £1,086 billion in 2018/19 supporting 7,700 jobs. This is an increase of £126 million and 1,400 jobs from the previous year, continuing to make Wales one of the most competitive places in the world to innovate, build business and deliver security.

45. The Department is aiming to achieve a £13bn cost reduction in the Equipment Plan through efficiency initiatives over the ten years from 2019/20, with processes for identifying and developing new efficiency opportunities already underway.

46. In addition, we are embarking on a significant programme of wider transformation to ensure the Ministry of Defence is prepared for the present and fit for the future. This programme seeks to deliver the digitised, efficient, productive and modernised Defence Enterprise required to respond to the strategic threats we face, and to enable the battle-winning capabilities of the future – across the battlespace as well as in the way we do business – so that we can continue to protect, deter and fight.

47. To ensure that these plans – and any efficiency savings delivered as a result – are realistic and achievable, a dedicated central transformation team has been established, and has implemented a more rigorous and uniform approach to efficiency analysis throughout Defence.