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DAVID WILLIAMS, CB



PERMANENT SECRETARY

[REDACTED]

D/PUS/13/4 (71)

14 July 2023

**Rt Hon Tobias Ellwood**  
**Chair of Defence Committee**  
*Sent electronically*

Dear Chair,

## **EVIDENCE SESSION ON THE ANNUAL REPORT AND ACCOUNTS 2021-22**

I am writing to follow up the oral evidence session on the Annual Report and Accounts 2021-22 from earlier this year, at which I gave evidence with my colleagues Andy Start, Lieutenant General Robert Magowan and Charlie Pate. We committed to provide further information to several questions raised during the hearing. I apologise for the excessive delay.

### **Support to Ukraine**

The UK has been working closely with our partners to identify the capabilities that Ukraine needs. As the Minister of State for the Armed Forces outlined to Parliament on the 5<sup>th</sup> July 2023, the UK will begin basic training for up to twenty Ukrainian pilots in August 2023. After this basic training, these Ukrainian pilots would be ready for advanced flying training and then converting onto a F-16 fighter aircraft, with that training delivered by our partners. [Ukraine's preference for Western fighter aircraft is the F-16]. This was covered at the NATO Summit in Vilnius.

The committee raised the issue of replacing Starstreak High Velocity Missiles (HVM) which have been Granted in Kind to Ukraine. I can confirm that the Department placed a contract with Thales on 30 Sept 2022 to supply HVMs from the remaining stock held by the company. These missiles are due for delivery later this year. A further contract was placed with Thales on 21 December 2022 to commence work on development of a new version of the HVM. Both the number of missiles in our stockpile, and the number being supplied under this contract, are operationally sensitive.

## OFFICIAL

### **Typhoon**

The Committee also asked for the cost per flying hour of Typhoon aircraft. I am afraid that the Department does not publish generic hourly capitation rates as the release of such information would prejudice commercial interests.

### **Challenger 2**

There are currently 213 Challenger 2 Main Battle Tanks in the active fleet, following the Granting in Kind of 14 platforms to the AFU. The number of Challenger 2 deployed and available for deployment fluctuates depending on operational and training commitments and routine maintenance of the fleet. Additionally, 75 surplus Challenger 2 are held in long-term storage. These vehicles are non-operational and are not part of the Army's current active fleet of 213 Challenger 2.

A squadron of 14 Challenger 2 Main Battle Tanks have been brought to higher readiness in place of the 14 sent to Ukraine. The Army continually reviews the readiness of all its equipment; however, it does not routinely confirm the total number of Challenger 2 at operational readiness, due to the potential impact on security and operational effectiveness.

### **Infrastructure and Projects Authority (IPA) assessments**

The Committee raised concerns regarding the absence of some programme information that was released by the MOD alongside the IPA Annual Report in July 2022. In that exercise Government Departments were only asked to explain variances to previously disclosed information. In the case of Sea Venom and the Future Cruise/Anti-Ship Weapon there was no previously disclosed information as these had been part of the Complex Weapons pipeline.

The current forecast Initial Operating Capability for Sea Venom is the end of this calendar year. Future Cruise/Anti-Ship Weapon is being developed in partnership with France and is currently in the Assessment Phase. A schedule for Initial and Full Operating Capability will be presented for approval by the MOD Investment Approval Committee prior to the Manufacture Phase currently forecast for early 2025.

As I am sure the Committee will appreciate, His Majesty's Naval Base Clyde is a 365- day operational site and infrastructure works is constrained by the need to avoid disrupting such vital activity. A recently appointed full time SRO is working closely with the Base Commander to ensure that works undertaken will provide an establishment fit for service for existing Submarines and Dreadnought Class. This may mean adjustments to current scope that will be first considered by the Royal Navy later this year.

In line with the Governments transparency commitment, the MOD will once again disclose programme performance information in respect of most of our major programmes alongside the IPA Annual Report 2022/23. Where it is appropriate to do so we will be providing updated delivery confidence assessments and supporting narratives. Where information is being withheld it is in exceptional cases and following the application of a

## OFFICIAL

public interest test in accordance with exemptions listed in the Freedom of Information Act 2000. A private briefing may be appropriate for these few programmes that are of interest to the Committee but to do so in public may impact on commercial or national security sensitivities.

### **Nuclear Enterprise**

The Committee sought the expected cost overrun on the nuclear programme. The nuclear portfolio comprises the current in-service elements that support and enable Continuous at Sea Deterrence and the replacement programmes that will enable us to sustain this posture. This involves a range of programmes that are the responsibility of either the Royal Navy (for in-service), or the Defence Nuclear Organisation (replacement and disposal), or UK Strategic Command. The Submarine Delivery Agency and the Atomic Weapons Establishment play a fundamental role in delivering in-service support and the replacement programmes, and there is wider involvement from across Defence.

The latest data regarding Defence projects within the Government Major Projects Portfolio (GMPP) is expected to be published in the coming weeks. Information on the whole life costs of these projects will be included in the forthcoming GMPP publication. Some cost information is not included in this transparency data for the purposes of protecting national security, commercial interests and avoiding prejudice to international relations.

The Department has always delivered Continuous at Sea Deterrence within the funding made available each year. As the Committee will know, Defence has now agreed a settlement with HMT of an additional £3 billion over the next two years to ensure that the nuclear portfolio is sufficiently funded in coming years.

### **Ajax**

You asked about the 40mm caseless ammunition used by Ajax. The procurement costs are commercially sensitive: there are multiple global manufacturers of this ammunition so revealing costs on our supply contract could prejudice a single supplier's position. Additionally, a simple per-unit cost comparison of 30mm and 40mm ammunition would fail to appropriately reflect some key differences, as the 40mm Cased Telescoped Cannon and ammunition is a very different capability when considered as a whole system. The 40mm cannon is designed to fire from both a static position and whilst on the move. It is a stabilised weapon, which means that when the vehicle is moving the cannon automatically moves and adjusts to continue accurately targeting either a static or a moving target. Once a target is engaged, 40mm ammunition achieves a significantly greater effect than 30mm against a range of peer threats and, as a complete weapons system, provides a significant advantage.

The 30mm RARDEN Cannon is not stabilised and, to be accurate, must be fired from a static position which also leaves the vehicle more vulnerable to counter-attack. The 30mm cannon is fired in a 3-round burst with greater dispersion than 40mm, whereas 40mm has a far greater degree of accuracy and can be fired in single or burst round modes. Therefore, typically, a 40mm mission should require significantly less (indicatively

## OFFICIAL

25%) of the ammunition required for a 30mm mission. Whilst the 40mm is more expensive compared to 30mm on a round by round basis, taking into account the step change in capability, higher lethality, and the greater effectiveness and survivability of our platforms, this round represents value for money.

As you will be aware, the report on the independent, judge-led Ajax Lessons Learned Review conducted by Clive Sheldon KC has now been published. We discussed this at the Sub-Committee hearing chaired by Mark Francois on 21<sup>st</sup> June 2023. I will write shortly with our initial way ahead on the recommendations made.

### **Service Family Accommodation (SFA)**

Ministers have been clear it is completely unacceptable some of our personnel and their families are not receiving the level of accommodation services they deserve. As the Committee is aware, Damp and Mould (D&M) has been on the increase in Service Families Accommodation (SFA) over many years because of sustained, historical under investment in housing by the MOD. Over the past four years, £148 million has been spent on projects designed to improve thermal efficiency and eliminate damp and mould (thermal efficiency includes insulation, doors, windows and rooves). Fully solving the problem of D&M is likely to take 2-3 years and requires significant investment.

We have established a D&M Taskforce to grip the issue. We have a robust policy in place to deal with reports of D&M in our homes we have set up a dedicated hotline for families to report D&M, should it emerge during their occupancy.

All reports of D&M are triaged by the Pinnacle National Service Centre who establish the severity level and then follow the First Responder process. This involves responding promptly to arrange for the family to receive an initial 'First Responder' visit to validate the triage score, clean and treat the affected areas, provide advice to the family, and if appropriate, in the most severe of cases, or if a family member has a known vulnerability, trigger a move out of the property to alternative accommodation. Professional surveys continue to be arranged for the more severe cases.

As of 30 June, there had been 5,943 cases of D&M reported, 910 of which were subsequently cancelled, 2,564 professional surveys have been completed. 2,450 cases of low-level D&M do not require surveying.

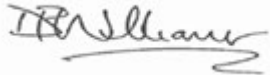
Whilst the First Responder process has been effective in removing D&M from affected areas, it is vital that improvement works are undertaken to address the underlying causes. Subject to approval, around 4,000 homes will receive one of four standardised packages of work to address D&M. These packages have been developed from the most common recommendations from completed D&M surveys and will include: improved ventilation through fitment of upgraded extractor fans and trickle vents, upgrading loft insulation, replacing blown double glazing units, repairs to guttering and damp proof courses and repointing. Works will be prioritised according to severity of issues facing the family and will be delivered over the remainder of this Financial Year and early next. In addition, some homes will also receive more substantial works including full replacement of doors and windows, improved ground drainage, external wall insulation and substantial roof

OFFICIAL

repairs or replacement. Details plans are being finalised, but we anticipate completing circa £94M of these more substantial works this financial year, with more to follow over the next two financial years.

We will provide the Sub-Committee with a future update on this issue.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'D Williams', with a long horizontal flourish extending to the right.

**DAVID WILLIAMS**