



MINISTRY OF DEFENCE
FLOOR 5, ZONE D, MAIN BUILDING, WHITEHALL
LONDON SW1A 2HB

Telephone: 020 7218 7975
Fax: 020 7218 3048
E-mail: PUS-PrivateOffice@mod.gov.uk

PERMANENT SECRETARY

D/PUS/13/5(60)

25 March 2020

Meg Hillier MP, PAC Chair

Meg,

FOLLOW UP TO 11 MARCH PAC ORAL EVIDENCE SESSION: DEFENCE NUCLEAR INFRASTRUCTURE

At the recent Public Accounts Committee on Defence Nuclear Infrastructure I agreed to write to you in response to several questions put forward by the committee. These responses are set out below.

The scale of effort in No-Deal planning, and pressures created by diverting officials from their business as usual jobs, to no-deal planning.

Our planning for No-Deal was split into two lines of operation: effort to ensure that the impact on Defence was mitigated; and support to other government departments to assist them in their contingency planning as part of Op Yellowhammer. This necessitated the creation of an internal Operation Redfold cell which brought together the existing EU Exit team as well as personnel working on the wider government response. This required:

- internal staff augmentation;
- support to other government departments through the deployment of Government Liaison Officers to assist with contingency planning; and
- staff being deployed to other government departments to support No-Deal operations cells.

In preparation for this exercise, leaders from across MOD looked closely at their business areas and identified work that could be deprioritised or paused to support the deployment

of staff. This ensured that the remaining workforce were not put under undue pressure due to the planned absence of their colleagues. Staff who volunteered to assist were only released where this would not prejudice the Department's ability to deliver critical Defence business.

As the UK did not exit the EU without a deal, the majority of identified staff did not in the end need to be deployed. Following the ratification of the Withdrawal Agreement, all Civil Servants on No-Deal assignments at other government departments have been demobilised and returned to their MOD roles. No Defence projects were paused or stopped as a result of No-Deal planning.

Progress made to bring forward legislation to prevent vexatious claims against armed forces veterans.

On the 18 March the Overseas Operations (Service Personnel and Veterans) Bill was introduced to Parliament. The Bill comprises important legal protections for service personnel and veterans who serve on overseas operations. It will help to reduce the uncertainty faced by our Armed Forces, who perform exceptional feats in incredibly difficult circumstances to protect this country. It also looks to the future, providing a better legal framework for any future overseas conflicts, recognising the unique burden and pressures placed on our personnel. The Bill will not put the Armed Forces above the law. Service personnel are rightly held to the highest standards of personal behaviour and conduct, and credible allegations of serious criminality must be investigated.

While the Bill does not apply to operations within the United Kingdom, including events which took place in Northern Ireland during the Troubles, the Government will introduce separate legislation. This will address the legacy of the past in Northern Ireland in a way that focuses on reconciliation, delivers for victims, and ends the cycle of reinvestigations into the Troubles that has failed victims and veterans alike – ensuring equal treatment of Northern Ireland veterans and those who served overseas.

Percentage of subcontracted work by value each of the MOD's contractors have given to closely associated companies in their own area, for each of the main projects referenced during the session.

For the Primary Build Facility, approximately 2.55% of the Site Redevelopment Programme commitment has been subcontracted to BAE Systems Properties Ltd. BAE Systems Properties Ltd are one of multiple management consultancy agents employed by BAES to deliver the programme.

For the Core Production Capability, RR Submarines Limited has not awarded any infrastructure work to RR subsidiaries. Since moving to a single legal entity, RR Submarines does not have any such arrangements; this work is placed directly from RR Submarines Limited to the external supply chain.

For Mensa and Pegasus, AWE have no contracts with ML consortium members on either of the project.

The impact the Single Source Contract Regulations (SSCR) 2014 have had on Departmental savings.

The recently published Defence Equipment Plan 2019¹ set out the Department's assumptions about savings in the acquisition and support of military equipment. The SSCRs are contributing to the expected £12.2Bn of savings which will be delivered over the 10 years of the plan.

The Permanent Secretary wrote to the Chair of the PAC in November 2018 about SSCR related savings. He confirmed that, due to the difficulty of accurately separating these savings from those achieved through other contractual and commercial means, the Department intended to 'pool' all DE&S efficiency targets related to the equipment plan. This has now been implemented.

An analysis of the Department's skills coverage, identifying areas of skills shortage, and outlining when the Department will be able to address shortages.

We recognise the skills challenges across the MOD in the Nuclear space and are absolutely focused on improving our resource capacity and capability across the enterprise.

¹ <https://www.gov.uk/government/publications/the-defence-equipment-plan-2019>

Since spring 2019 a nuclear strategic workforce planning project has been ongoing to collate and analyse data for civil service personnel. The work is aimed at looking for areas/skills that have a level of criticality², providing a definition to work from and identifying critical role families. This will help the MOD to understand what skills it requires now and, in the future, to meet the Defence Nuclear Programme requirements. The first data was collated in Oct 2019. Initial areas identified, by the data, as having the highest proportion of gaps are:

- Nuclear Infrastructure Engineers
- Strategic Weapons Systems Engineers
- Atmospheric Control Specialists

Those roles with the highest pure headcount gapped posts are:

- Engineering Authority
- Programme Management
- Nuclear Infrastructure Engineering

On completion of this work interventions and activities will have been developed to tackle the areas of concern. It takes several years to grow suitably qualified personnel, so we are implementing a long-term strategy to address skills challenges – this requires sustained commitment and efforts from the Department and industry.

In certain geographically challenging areas work has been ongoing to increase the size and capability of the workforce. In SDA Barrow for example they continue to grow their numbers in specialist areas, approximately doubling since the SDA was established. The SDA senior management committee have recently endorsed a continued expansion of these numbers over the next 2-3 years.

We recognise the skills challenge is not just with nuclear-specific specialisms, it also includes other broader categories such as commercial, finance and programme and project management. There has been an ongoing focus on developing key commercial skills for staff through the continuation of a comprehensive training programme, and the implementation of a Commercial Licencing process to test and accredit staff to evidence

² Those roles defined as being ‘Strategically Important’ (direct accountability to delivering outcomes where we can’t afford to have a gap or accept someone who is in development mode of a lengthy period of time) and are ‘Hard to Sustain’ (Workforce can’t be outsourced and difficult to sustain because it is; Difficult to retain, Difficult to recruit or Difficult to develop).

they have reached the required standard. By September 2020 all commercial staff with contractual authority will be required to pass a MOD or Government Commercial Organisation (GCO) assessment process and be Chartered Institute of Procurement and Supply professionally qualified. Within the commercial function all civil servants at grade 7 and above are employed by the Government Commercial Office (GCO) and required to undertake GCO Assessment and Development Centre. Within DNO commercial posts are currently 21% gapping and in the SDA at 10% (as at Mar 2020), although this has shown improvement in recruiting over the last month.

Within the finance function MOD are implementing a Finance functional leadership strategy, launched in 2018, to build capability in the Finance Function and to introduce a revised operating model, which is consistent with that introduced across Whitehall. The implementation of the strategy will ensure we have the optimal-sized Finance Function with the right people and the right skills in the organisation. In order to achieve this, we are developing and implementing a clear workforce strategy and plan which will include recruiting, developing and retaining talent in finance and raising skills for all.

Military Skills

The National Audit Office has previously recognised a national shortage in science, technology, engineering and mathematics (STEM) skills included an estimate that 700,000 additional STEM technicians will be needed to meet employer demand by 2024³. This shortfall impacts on recruiting personnel into the Submarine service in the future, along with the time to train which can take up to 12 years for a Chief Petty Officer. The Naval Service is implementing several measures which include providing opportunities from other Service technicians and engineers to move across into the Submarine roles. The Royal Navy's Personnel Recovery and Growth Programme (PRGP) continues to take a holistic view across Royal Navy personnel in order to draw together initiatives in support of Engineering Submarines recovery and growth. It continues to have a demonstrable positive effect. PRGP is key to the continued assurance of Suitably Qualified and Experienced Personnel (SQEP) to support the RN's wider Nuclear Safety responsibility, including the safe operation of Submarines both at sea and alongside.

³ Comptroller and Auditor General, Delivering STEM skills for the economy, Session 2017-2019, HC 716, National Audit Office, 17 January 2018.

To date, the PRGP has delivered three Accelerated Schemes, reducing the training time which underpins the qualification component of SQEP and greater use of the Fast Track scheme which includes a move of junior technicians' professional development into an alongside Submarine environment to increase engineering experience. The Accelerated Apprenticeship scheme, along with Fast Track, delivers entry SQEP level of Leading Engineering Technician, and the Under Graduate Apprentice Scheme delivers a sustainable inflow directly in to Petty Officer Engineering Technician scheme. Accelerated Schemes, in conjunction with a cohort of 'non-accelerated' Engineering Submarines personnel continue to support the high qualification standards required to enable employment as a Nuclear Propulsion Plant Operator.

PRGP is delivering enhanced financial and non-financial remuneration packages, resulting in improved retention of experience⁴, setting a solid foundation for recruiting and professional progression, to deliver a sustainable personnel solution in support of continued safe operation. Whilst challenging, Engineering Submarines continues to sustain safe operation in the face of the previously reported SQEP situation, tangible benefits are being seen in most areas. The latest 'Winter 19' personnel forecast continues to indicate sustained growth, across all cadres, against the challenge of an increasing demand signal.

Yours sincerely,



STEPHEN LOVEGROVE

⁴ Voluntary Outflow are steady below PRGP targets and the uptake of extended career options is high.