



House of Commons
Defence Committee

Work of the Committee in 2004

First Report of Session 2004–05



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Report, together with formal minutes

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The Defence Committee

The Defence Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Ministry of Defence and its associated public bodies.

Current membership

Mr Bruce George MP (*Labour, Walsall South*) (Chairman)
Mr James Cran MP (*Conservative, Beverley and Holderness*)
Mr David Crausby MP (*Labour, Bolton North East*)
Mike Gapes MP (*Labour, Ilford South*)
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Mr Frank Roy MP (*Labour, Motherwell and Wishaw*)
Rachel Squire MP (*Labour, Dunfermline West*)
Mr Peter Viggers MP (*Conservative, Gosport*)

The following Member was also a member of the committee during the period covered by this report.

Mr Crispin Blunt MP (*Conservative, Reigate*)

Powers

The committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via www.parliament.uk.

Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at

www.parliament.uk/parliamentary_committees/defence_committee.cfm

A list of Reports of the Committee in the present Parliament is at the back of this volume.

Committee staff

The current staff of the Committee are Mark Hutton (Clerk), Richard Cooke (Second Clerk), Ian Rogers (Audit Adviser), Daniel Korski (Committee Specialist), Adrian Jenner (Inquiry Manager), Lis McCracken (Committee Assistant), Sheryl Dinsdale (Secretary) and James McQuade (Senior Office Clerk).

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1 Introduction

1. There is a widespread belief, especially in the United Kingdom, that defence issues are the ‘natural’ prerogative of the executive. Only government is assumed to have the requisite knowledge and ability to act on these matters. The decisions to go to war, to contribute troops to multinational peace support operations, to restructure its forces, to train its soldiers, pilots and airmen, or even to raise defence spending, are seen as decisions best left to the Government. It is argued that the nature of defence is different from other forms of public policy because the business of Armed Forces is to organise violence most effectively and prepare for the potential loss of life. This makes the intrusion of non-professionals a sensitive issue. Nonetheless, Parliamentary oversight of the executive should extend to all sectors of government activity, particularly an area of public policy that centres around warfare, and its consequences. The Defence Committee aims to provide this scrutiny.

2. We are a Committee of eleven Members of Parliament, appointed by the House of Commons and drawn from the three political parties with the largest number of seats in the House. Our responsibility is to monitor and to hold to account the Ministry of Defence and its associated public bodies, including the Armed Forces, on behalf of the House of Commons and the people who elect it. We report to Parliament on our findings, which we publish and which are accessible on the Internet.¹

3. We fulfil our responsibility principally through undertaking inquiries. We seek evidence in writing, and we call witnesses to give evidence to us in person. This evidence almost always takes place in public, and is often televised.² Once the evidence-gathering process is complete, we usually produce a Report, setting out our findings, coming to conclusions, and making recommendations where we believe that action needs to be taken. The Government responds to our conclusions and recommendations, both in published replies to our Reports, and, where it agrees with us, through its actions.

4. This Report covers the calendar year 2004. As in 2003, the coalition operations in Iraq dominated the defence agenda, and the workload of the Committee reflected this in the production of a substantial report, running to more than 200 pages, on the Lessons of Iraq.³ Other key areas of the Committee’s work during the year included its continued interest in the development of defence policy through its related inquiries into the Defence White Paper, Defence Procurement, and Future Capabilities.⁴ The Committee also embarked on an extensive inquiry into the duty of care provided by the Armed Forces for recruits under training, which is expected to report in March 2005. During the year the Committee started an inquiry into proposals for the long-awaited Tri-Service Armed Forces Bill, which will replace the three Service Discipline Acts. Our report into the Armed Forces Pensions and Compensation Bill, published at the end of 2003, was referred to frequently during the passage of that legislation during 2004.

1 At www.parliament.uk

2 At www.parliamentlive.tv

3 HC 57-I (2003–04)

4 Reports published as: Defence White Paper 2003:HC 465-I (2003–04), Defence Procurement: HC 572-I (2003–04); Future Capabilities inquiry expected to report before Easter 2005.

5. The format of this Report follows the guidance from the Liaison Committee on Core Tasks for Select Committees.⁵ Several of our inquiries fall under more than one of the Core Task headings. To avoid repetition, the information on our activities is provided only under the most relevant heading. The annexes to the report provide information on the Committee's informal meetings, visits and specialist advisers. Additional statistical information on the Committee's activities during calendar year 2004 will be published in the Sessional Returns for Sessions 2003–04 and 2004–05.⁶

Inquiries carried out into Government policy proposals

6. In December 2003 the Government published *Delivering Security in a Changing World*, a White Paper which, in the words of the Secretary of State, 'sets out our analysis of the future security environment, the implications for defence, and how we intend adapting our planning and force structures to meet the potential threats.'⁷ The White Paper explicitly built on the *Strategic Defence Review* of 1998 and the *New Chapter to the Strategic Defence Review* of July 2002, both of which had also been the subjects of inquiries by the Defence Committee. It also reflected lessons learnt from operational experience, most recently in Afghanistan and Iraq.

7. The White Paper examined the international security environment and the challenges it posed to which we might expect our Armed Forces to be able to respond. It then described the types of capabilities which they would need in order to fulfil those requirements. It focussed, in other words, on the outputs which the Armed Forces should be expected to deliver. We therefore decided in our inquiry to look at what the Armed Forces would need in terms of people and equipment to generate those capabilities. Since the three Service Chiefs—the First Sea Lord, the Chief of the General Staff and the Chief of the Air Staff—are responsible for ensuring that their respective Services provide operational commanders with the capabilities they require, we decided to invite each of them to give evidence to our inquiry.

8. At MoD's request, the three Service Chiefs appeared together accompanied by the Chief of the Defence Staff. Inevitably this proved to be a somewhat cumbersome arrangement and we were unable to complete our questioning of them at one sitting. Consequently they appeared together again some weeks later. We believe that these were the first occasions on which the Chiefs of Staff had appeared together before any Defence Committee.

9. Despite our best efforts, however, we were able to make little progress in identifying what changes to specific capabilities or force structures would be needed to deliver the outputs required by the White Paper. As we stated in our report:

The White Paper remains disappointingly vague about numerous areas of relevance to these questions, including future force structures, manning levels, equipment choices and the costs of embracing new technologies. It refers to the possibility of

5 As approved by the Liaison Committee on 20 June 2002, pursuant to the Resolution of the House of Commons of 14 May 2002 on Modernisation of the House of Commons.

6 HC 1 (2004–05) and HC 1 (2005–06), Once published, these will be available online at the parliamentary website, www.parliament.uk. Information relating to the formal decisions of the Committee will be published online in 2005.

7 Cm 6041, Foreword

making reductions in “redundant” capabilities, but goes into no detail about what these might be. We were unable to elicit any further information from the Secretary of State, the Permanent Under Secretary, or the Chiefs of Staff about the likely direction of these changes.⁸

While we understand that government ministers and officials (including senior officers of the Armed Forces) may wish to maintain the confidentiality of their internal discussions, we were disappointed at the unwillingness of the MoD to embrace the benefits of wider consultation on, and discussion of, specific proposals.

10. Our report therefore principally examined the robustness of the policy proposals in the White Paper and the analysis which underpinned them. In many respects our conclusions built on those of our earlier inquiries into the New Chapter to the Strategic Defence Review and the Lessons of Iraq and, as in those reports, while we agreed with much of the analysis of the new international security environment, we continued to be concerned that the MoD was placing too much emphasis on delivering military effect at distance and on technological solutions to shortfalls in capability. We also concluded that what we described as MoD’s ‘essentially reactive approach to defence of the UK homeland’,⁹ was unsatisfactory in the light of the scale of the threats which we now faced, particularly from international terrorism.

11. We published our report at the beginning of July. On 21 July the Secretary of State announced in the House the force structure and capability decisions flowing from the policy analysis of the White Paper and the outcome of the 2004 Spending Review. At the same time he published a further White Paper: *Delivering Security in a Changing World: Future Capabilities*. Our response was to launch a new inquiry (Future Capabilities) and invite the Secretary of State to appear before us as soon as practicable to expand on what he had told the House. Because of the summer recess, this session was held on 15 September when the Secretary of State was accompanied by his Permanent Under Secretary and the Chief of the Defence Staff.

12. In the following months we took evidence again from the three Service Chiefs, but this time they each appeared separately and unaccompanied. We have no doubt that this arrangement has worked much better than that which we were obliged to follow in our inquiry into the December 2003 White Paper and we are grateful to the Service Chiefs for their willingness to appear before us, sometimes at short notice, and for the open and constructive approach they brought to the sessions. They have been among the most useful we have held.

13. The Future Capabilities statement included outline proposals for restructuring the Army, which would involve the loss of four infantry battalions and the merging of the remaining single battalion regiments into larger regiments of two or more battalions. But which battalions would be lost and exactly what the new structure would be was to be subject to further consultation within the Army. The outcome of that process was announced by the Secretary of State to the House on 16 December.

8 HC (2003–04) 465, para 158

9 *Ibid*, para 48

14. We concluded in our report on the New Chapter to the Strategic Defence Review published on 15 May 2003 that the MoD had embarked on ‘a continuing process of reviewing defence policy’ in response to the terrorist attacks on New York and Washington on 11 September 2001.¹⁰ At that stage the Secretary of State’s stated intention was to publish a Defence White Paper in the autumn of 2003 and to use it as the vehicle to set out the allocation of the extra resources provided to the MoD in the 2002 Spending Review. In the event the White Paper which was published in December 2003 looked ahead to the 2004 Spending Review and a detailed statement on the allocation of resources did not appear until the Future Capabilities announcement in July 2004.

15. Critical decisions on a number of major equipment programmes which are central to the policy proposals set out in the December 2003 White Paper and the Future Capabilities statement are still awaited. Nonetheless the Government clearly expects the principal elements of those proposals to determine the shape and role of the Armed Forces for the foreseeable future. The Chief of the General Staff has told us that the restructuring of the Army will take until 2008 and that he hopes that the new organisation of the infantry will then stand for a generation or two to come.¹¹ Many of the proposals in respect of aircraft and ships will take ten years or more to be implemented.

16. Our inquiry into Future Capabilities is still in progress and we will set out our conclusions both on the proposals themselves and the processes by which the MoD has arrived at them in our report. We have, however, made persistent efforts over the last year—as we did over the year before that—to engage with these emerging policy proposals as they developed and to have sight of the information and analysis which was the basis for the decisions reached in respect of them. We believe that select committees can make an important contribution to the ongoing process of policy development. We do not believe that our role should be limited to commenting after the event on decisions reached behind closed doors. We have not, however, been entirely successful in persuading the MoD of this argument. We did secure the detailed breakdown of manning and establishment figures for all infantry battalions which was one of the key criteria on which decisions on their future were to be made, even though the Government had previously maintained, in response to a written question in the House of Lords, that that information could not be provided.¹² We have been less successful in obtaining the analysis of those raw figures which the Chief of the General Staff used in his appearance before us.¹³ We were also disappointed by the Secretary of State’s somewhat old fashioned characterisation of our role:

it seems to me that the Committee’s role is to consider Government policy. Government policy is what the Government announced, it is not what it rejects.¹⁴

10 HC (2002–03) 93, para 59

11 Oral evidence 3 November 2004, Q 238, Q 279

12 HL Deb, 7 September 2004, WA 113

13 The information provided was in the event a graphical representation of the statistics previously provided rather than a graphic analysis of trend lines.

14 Oral evidence, 12 January 2005, Q 626

Inquiries into areas seen by the Committee as requiring examination because of deficiencies

17. The Duty of Care inquiry was prompted by well-reported and tragic incidents at Deepcut barracks and other army training establishments. The inquiry is focused on aspects of the services initial training regimes that have caused concern within the military establishment and among the public.

18. The Committee's annual inquiry into defence procurement highlighted a range of deficiencies in the MoD and the Defence Procurement Agency. It built on the National Audit Office's *Major Projects Report* published in January 2003, which identified some of the largest cost increases ever on the top 20 projects. The inquiry is described in detail later in this report.

Duty of Care

19. On 17 March, the Committee announced the terms of reference for its inquiry into the duty of care regimes for initial training in the Armed Forces.¹⁵ The inquiry, although prompted by the deaths of young soldiers at Deepcut barracks and elsewhere, was not intended to be a substitute for the police or judicial process. However, the inquiry has examined how well the Armed Forces look after their recruits; whether any improvements should be made to the training system and whether independent oversight of recruit training was necessary.

20. In the course of the inquiry the Committee visited training establishments from all three services and met recruits, officers, welfare staff and trainers. The Committee found the opportunity to speak informally with recruits during these visits particularly rewarding. We also attended several of the training courses for Armed Forces' trainers and welfare providers.

21. The Committee was provided with a large quantity of information for this inquiry. We are grateful to the work of our secondee from the House of Commons Library for her assistance in producing background briefing for the Committee and we welcome this type of innovative use of the House's resources to aid the work of select committees.

22. This inquiry has been notable for the level of access and information provided by the MoD and the Armed Forces. We have, during this year, and in previous years, found the MoD sometimes to be less co-operative and forthcoming with information than we would wish.¹⁶ During this inquiry the MoD has assisted the Committee in gaining access to documents and arranged visits to initial training establishments throughout the country.

23. In the course of the inquiry the Committee has received evidence from Armed Forces personnel, the MoD and expert witnesses on welfare issues. Despite the fact that the Committee was not investigating individual cases, it decided to hear evidence from families of recruits who had died at Deepcut and Catterick barracks. The sessions, which took place

15 http://www.parliament.uk/parliamentary_committees/defence_committee/def190304__no__17.cfm.

16 See Lessons of Iraq Report, para 4; and comments relating to the Future Capabilities inquiry earlier in this Report.

on 1 December, provided the families with an opportunity to put their own experiences of the Army's duty of care on the record.

24. We received requests to contribute to our inquiry from the families of servicemen who had died in non-combat situations that fell outside the inquiry's terms of reference. The Committee decided to provide an opportunity for these families to tell their stories—these accounts were heard at a public informal meeting held on 2 December. Newspaper articles about incidents alleged to have occurred at Deepcut published a few days before the evidence sessions added to the press interest in the Committee's work. We are grateful for the valuable assistance provided by the Committee's media officer before and after the evidence sessions, particularly in responding to some of the hostile reporting that occurred in the days after the sessions.

25. We are grateful to all those families of soldiers who died at Deepcut, at Catterick and at other Army bases, in the UK and abroad who contacted the Committee or provided us with oral and written evidence. We pay tribute to them, and to the families of other young servicemen and women who have died in non-combat situations for their dedication to keeping important issues to do with care and supervision in the public eye. We hope that our report will contribute to the efforts to keep the public informed, and the Government focused, on this crucial issue.

Inquiries into associated public bodies

26. Given the nature of the defence sector the majority of our contact with Government is with the Ministry of Defence itself. Nevertheless, we have taken evidence from several associated public bodies during the year. As part of our Duty of Care inquiry we visited several Armed Forces initial training establishments under the auspices of the Army Training and Recruitment Agency; the Naval Recruiting and Training Agency and the Training Group Defence Agency. The Committee also visited the newly formed tri-service training establishment, the Defence Centre of Training Support based at Upavon and Halton.

27. As part of our inquiry into Future Capabilities, we have examined the rationale behind Government announcements made in September 2004 affecting the Defence Aviation and Repair Agency (DARA) and the Army Based Repair Organisation (ABRO). We have requested further information from MoD on these matters.

28. We took evidence from the Defence Procurement Agency in May 2004, as part of our inquiry into defence procurement.

Inquiries into departmental actions

29. The Committee undertook several inquiries into departmental actions in the course of the year—principally the operations in Iraq. The Lessons of Iraq report, was published on 15 March 2004. In that report we stated that we would return to the subject of Iraq to consider the continuing operations and the handover of sovereignty from the Coalition Provisional Authority to the Interim Iraqi Government. We have visited Iraq twice in 2004, in May and December.

Lessons of Iraq

30. Our report, published on 16 March 2004, followed nearly a year of evidence-taking and several field-based trips, including a visit to Iraq in July 2003. We concluded that the UK's military operation in Iraq was a significant achievement, a demonstration that the soldiers, airmen and pilots of the British Armed Forces remain among the best in the world. We did, however, point out that a more capable enemy could have exposed serious weaknesses in the preparedness and resilience of UK forces. To remedy the problems identified during the course of our inquiry, we made 131 recommendations, and urged the Government to address a number of critical issues that put UK forces under unwarranted pressure. We published the Government's response to our report on 8 June 2004.

31. Parliamentary inquiries into on-going or recently finished military operations are always sensitive, but the Defence Committee has, since its establishment in 1979, vigorously reviewed major operations both for the purposes of recommending improvements to the way the operations were resourced and supported, and also in order to provide public parliamentary scrutiny of this most important governmental activity.

32. For Lessons of Iraq, we took evidence from the Secretary of State, from Air Marshal Brian Burridge, the UK's National Contingent Commander during Operation Telic, and from every senior general officer involved in the Operation Telic. Civil servants such as Sir Kevin Tebbit, Permanent Under Secretary, and Mr Ian Lee, Director-General of the Ministry of Defence's Operational Policy were also examined. Given the doctrinal changes since the last war against Iraq in 1991—the departure from the previously prevailing Powell doctrine and its emphasis on overwhelming force—we took evidence from academic experts such as Dr Barry Posen, of the Massachusetts Institute of Technology and Professor Chris Bellamy, of Cranfield University. In order to understand the media's role in the conflict—a conflict that saw more reporters 'embedded' with fighting units than ever before—we took evidence from journalists about their experiences. And perhaps most importantly, we visited both within the UK and Iraq many of the units which had taken part in Operation Telic.

33. Overall, we concluded that the military operation was a significant success.

34. We assessed that while most equipment performed well, the record was marred by individual failures. Skynet 4, the MoD's military communications satellite, proved inadequate to the tasks required of it—and not for the first time. The MoD accepted this was the case. On the other hand, the previously much reviled Phoenix, an all-weather, real-time surveillance and target acquisition system, made a valuable contribution to Operation Telic. Perhaps most importantly, we concluded that the two main land weapons, the Challenger tank and the AS90 self-propelled gun, performed up to or above expectations. In addition, we were told about the success of air-delivered precision weapons, such as Storm Shadow, Paveway and Maverick.

35. The biggest problem—and the key lesson to emerge from Operation Telic—was the inability to track equipment and stocks both into and within theatre. We found that this inability resulted in numerous problems with the in-theatre distribution of critical items such as ammunition, body armour and NBC equipment. The issue of the availability of desert clothing and boots was a particularly visible concern. Worryingly, in one instance

we found that even after combat operations began, 60 per cent of the necessary required clothing was not available. The shortages may have affected some areas of combat effectiveness. In its reply to the Committee's report, the MoD admitted: "the key difficulty was our inability to track assets." We urged Ministers to provide the necessary funding to address this deficiency. We have continued to monitor the position and, at an evidence session on the Future Capabilities inquiry with the Chief of Defence Logistics in November 2004, we were told that £20 million had been approved to improve upon the existing capability.

36. The Territorial Army plays an important part in the Order of Battle and Operation Telic demonstrated this. Unfortunately, we discovered a number of problems confronted by reservists. Many were unsure of their call-out liability; others had their pay delayed; and a number lost their jobs when they returned from active duty. The MoD undertook to deal with these issues and have, following our endorsement, undertaken to ensure that a 'Reserves Cell' is part of any future deployments to deal with reserve-related issues.

37. We welcome MoD's embrace of effects-based operations (EBO). Seeing military action as part of a larger political strategy is not a new concept. No one advocates mindless destruction and attrition; and any military officer schooled in command and staff colleges within the past few decades will have learnt that war must ultimately serve higher political objectives. But EBO may also complicate the role of the Armed Forces who are already operating in increasingly complex situations and under intrusive scrutiny: We discussed these issues in more detail in our report on the Defence White Paper 2003.

38. Finally, in our study of Operation Telic, we concluded that there had been lack of adequate planning for the situation in post-conflict Iraq. This limited the effectiveness of UK troops and squandered Iraqi goodwill. This conclusion has now been confirmed by most commentators both in the UK and beyond.

39. The report was launched at a seminar at the Royal United Services Institute (RUSI). Understandably, given the interest and level of analysis of the British role in Iraq, there were aspects of our report that had been covered elsewhere, nevertheless, it remains one of the most authoritative and comprehensive studies of the conflict.

Continuing operations in Iraq

40. We continued our scrutiny of Iraq in our inquiry into post-war operations, the lessons learned since the transfer of authority from the Coalition Provisional Authority to the Iraqi Interim Government and the likely scale and length of UK's military commitment in Iraq. For this inquiry the Committee returned to British forces in the South of Iraq in May and December 2004. In May, we were briefed on the general political and military situation while in Kuwait before travelling to Southern Iraq. In Iraq we met members of the fledgling Iraqi police service and local Iraqi politicians. We visited a Royal Navy ship and had an opportunity to discuss a range of issues with junior and senior ratings. Although visits to operational theatres inevitably entail restrictions on the Committee we had an opportunity during our December visit to have a 'walkabout' in Basra—enabling us to meet and talk with 'ordinary' Iraqis, and gauge the strength of feeling about the work of coalition forces on the street. We also visited the Division Temporary Detention Facility at Shaibah although naturally we had no contact with prisoners.

41. On 21 October the Secretary of State announced the deployment of the Black Watch to Camp Dogwood. This was a significant operational development and on 2 November he appeared before the Defence Committee to explain the background to the deployment in greater detail. This was a rare opportunity for the Committee to question the Secretary of State on a deployment as it was happening.

Defence Procurement

42. The total forecast costs at the end of March 2003 of the top 20 defence equipment projects was some £52 billion. With the introduction of annual defence equipment debates in 1998, our predecessors put their monitoring of equipment issues on a more systematic basis. In addition to monitoring the progress of a number of key defence equipment projects, the aim is also to assess the implementation and impact of policies and initiatives relating to equipment procurement, in order to inform those debates. We undertook to continue this exercise, and produced our third Report on Defence Procurement¹⁷ in July 2004, following evidence from both the MoD and from representatives of industry.

43. The Report examined the procurement performance relating to key defence equipment projects. In 2002–03, the top 20 defence equipment projects experienced in-year cost increases totalling £3.1 billion and further time slippage—on average, they will be delivered a year and a half late. We sought to identify the reasons why the MoD’s Smart Acquisition initiative, launched in 1998, had yet to deliver its objective of procuring equipment faster, cheaper, better. The Chief of Defence Procurement told us that a review of the implementation of the Smart Acquisition initiative, which he had commissioned, had found that only one of the seven principles underlying Smart Acquisition had been implemented in full. He had instituted a fundamental overhaul of the initiative and we will be looking for regular reports on its progress.

44. The Report also examined the implementation of the Defence Industrial Policy which was launched in October 2002. The Policy has led to an improved dialogue between industry and Government, although practical implementation of its core principles was patchy. We welcomed the fact that MoD has recognised the importance of establishing an industrial strategy to sit alongside the Defence Industrial Policy. Following up our previous interest, we were disappointed to learn that the expected waiver for the UK from the US International Traffic in Arms Regulations (ITAR) has yet to be secured, and protectionist measures in the US had re-emerged.

45. Given the poor procurement performance in 2002–03, and the disappointing results from the review of the implementation of the Smart Acquisition, our report was highly critical. The Government’s Response sought to discredit the Report. It claimed that many of the conclusions could not be substantiated and that the Report was selective in the use of evidence. We stand by our Report, which drew on a range of authoritative sources including the National Audit Office’s Major Projects Report 2003 and the evidence of the Chief of Defence Procurement. Subsequent publications have supported our main findings—these include the Defence Procurement Agency’s *Annual Report and Accounts 2002–03* and the Committee of Public Accounts report on the *Major Projects Report 2003*.

The National Audit Office's *Major Projects Report 2004*, published in November 2004, reported further cost increases and time slippage for 2003–04, and also pointed to the failure to apply consistently the principles underpinning Smart Acquisition. Our Report was referred to on a number of occasions during the debate on the floor of the House on defence procurement, which took place on 4 November 2004.

Strategic Export Controls

46. The Defence Committee continued its contribution to the 'Quadripartite' Committee, together with members of the Foreign Affairs, Trade and Industry, and International Development Committees. The Quadripartite Committee's task is to examine strategic export controls, which it has done since 1999. The Committee published a report on the Government's Strategic Export Controls Annual Report for 2002. The Report continued the Committee's interest in a range of issues, including concerns about the end-use of British equipment in the Aceh region of Indonesia; the European Union's role in export controls; and the recent changes in the United Kingdom's strategic export control legislation and the defence industry's difficulties with its implementation.

47. Towards the end of the year the Committee took further evidence, from non-governmental organisations and defence manufacturers, to take forward this work into 2005.¹⁸

Inquiries into the implementation of legislation and major policy initiatives

Defence Procurement

48. As part of our inquiry into Defence Procurement, discussed above, we examined two major policy initiatives—the Smart Acquisition initiative and the Defence Industrial Policy.

Armed Forces Pensions and Compensation Bill

49. The Armed Forces Pensions and Compensation Bill, introduced on 4 December 2003, was 'enabling' legislation that contained little detail on the proposals or the pensions and compensations schemes. Those proposals had moved on from our first consideration of the schemes in 2002.¹⁹ We took evidence from the Minister before the introduction of the Bill, and our report and the Government response were available in time for the second reading debate in the House of Commons on 22 January 2004. We found that the legislation addressed some, but not all of our concerns. We welcomed the proposals relating to entitlement for widow(er)s and the rights for unmarried partners. We were not impressed, however, by the MoD's interpretation of 'cost neutrality', which we believe will reduce the value of benefits to Armed Forces personnel. We were also critical of the lack of detail within the legislation, and the reliance on secondary legislation to tinker with the scheme.

18 HC 145-i

19 The Ministry of Defence Reviews of Armed Forces' Pension and Compensation Arrangements, HC 666 (2001–02)

50. The Government response did not accept our main criticisms. However, the Report and Response were available to Members debating the passage of the legislation and we believe helped to inform the debate in Standing Committee and on the floor of the House. Reference was made to both this report, and the Committee's 2002 Report during debates on the legislation in both Houses.²⁰

Examination of any draft legislation

Tri-Service Armed Forces Bill

51. In June 2003, the Government informed the Committee that it planned to replace the three Service Discipline Acts with a single Tri-Service Act and, in April 2004, informed the Committee that agreement had been reached on the harmonisation of summary and court martial disciplinary powers and processes across the three Services. The proposed Act would also provide an opportunity to modernise the legislation and provide for the statutory basis for Service discipline for the next generation. The Government hoped that the next five-yearly Armed Forces Bill, due in the 2005–06 session, would be the vehicle for the Tri-Service legislation.

52. In June 2004, the Government proposed that a Memorandum be provided to the Committee in autumn 2004 setting out the key principles underpinning the legislation and giving details of the main policy proposals. The Government hoped that the Committee could consider the proposals, take evidence and produce an initial report in early 2005. The Committee received the Memorandum in early October 2005, and an evidence session was held with the Tri-Service Armed Forces Bill team in late October 2005. The Committee has requested additional information and progress reports from MoD. A further evidence session is planned in early 2005 and we aim to produce a report by Easter 2005.

53. Despite our heavy work programme, the Committee worked with the MoD to ensure that we were able to scrutinise the proposals as early as possible in the process. We have been limited by the lack of detail, in of the MoD's Memorandum, which provided little more than a outline of many aspects of the proposed legislation. We do not consider this process to be equivalent to the detailed pre-legislative scrutiny that legislation of this importance deserves.

Examination of expenditure

54. Our routine monitoring of defence expenditure is principally carried out through the inquiry into defence procurement, discussed above.

55. As noted in last year's Annual Report, we examined the Winter Supplementary Estimates for 2003–04 and MoD's Annual Report and Accounts 2002–03, and drew on the expertise of the Scrutiny Unit within the Committee Office to formulate questions in writing, which we put to the MoD in December 2003. We received MoD's response at the end of January 2004, and held an evidence session with MoD's Permanent Under Secretary and Finance Director on 12 May 2004. At the evidence session, a number of issues were examined including the format of the Annual Report and Accounts, Resource Accounting

and Budgeting and performance against Public Service Agreement (PSA) targets. The Permanent Under Secretary told the Committee that MoD would be taking on board the Committee's point that not enough information was included about the content of the Committee's reports. Additional information on the Committee's Reports was provided in MoD's Annual Report and Accounts 2003–04.

56. We have also drawn on the expertise of the Scrutiny Unit on the Spring Supplementary Estimates for 2003–04 and the Winter Supplementary Estimates for 2004–05. We have asked the Scrutiny Unit to Review MoD's Annual Report and Accounts 2003–04, and we plan to write to the MoD with a list of questions.

57. Our Report on Lessons of Iraq examined the costs of the operation including MoD's practice of identifying net additional costs. It also examined how Resource Accounting and Budgeting (RAB) had impacted on the costing of the operation, as this was the first time that a major operation had been costed under RAB principles.

Examination of Public Service Agreements

58. In the Defence Procurement Report, we examined the Defence Procurement Agency's performance against its Key Targets. These are the same as MoD's Public Service Agreement (PSA) targets relating to procurement. At the evidence session with the Chief of Defence Procurement, he told us that the Defence Procurement Agency had proposed a revised set of Key Targets. We welcomed these new targets which should provide a better measurement, and be more representative of the work the Agency undertakes. We also welcomed the addition of a new target covering asset delivery.

59. As already noted above we held an evidence session with MOD's Permanent Under Secretary and Finance Director on 12 May 2004, and examined performance against PSA targets.

Other activities undertaken by the Committee in 2004

60. The Committee undertook visits and informal briefings through the course of the year which were not directly associated with inquiries.²¹ For example, a member of the Committee, accompanied by a member of staff attended the CETINJE Conference organised by the Serbian and Montenegrin legislatures. The Conference considered parliamentary oversight of defence ministries in the Balkan states. We underlined the importance of institutional elements in the process of oversight; and the importance of the relationship between ministries and defence committees to ensure an environment not only of constructive criticism but also improving public understanding of Government's defence policies.

Structure of the Committee's work in 2004

61. As in previous years, the Committee has not adopted the Liaison Committee's Core Tasks as a basis for a systematic approach to its work because of the imperatives placed on us to cover certain pressing topics. In particular, our agenda this year has continued to be

21 A list of informal meetings and visits are provided in the annexes.

dominated by the operations in Iraq. Nevertheless, the inquiries into the Defence White Paper, Defence Procurement and Future Capabilities have enabled us to cover the breadth of the Ministry of Defence's activities and the Government's policy objectives in this area. We do not believe that our approach is an impediment to scrutiny of the Department.

Looking Forward

62. The Committee aim to publish reports on Duty of Care, Future Capabilities, Iraq and the Tri-Service Bill by Easter 2005. This Committee will cease to exist at the forthcoming General Election, expected before the Summer, and it will be for our successor Committee to decide its priorities for the next Parliament. There are several issues that we would expect our successors will wish to return to—including the issues we have identified in the course of our inquiry into Duty of Care; and the continuing presence of British forces in Iraq. Procurement, expenditure and the future structure of the Armed Forces will also remain important topics; as will developments in the role of European Union in defence matters and international cooperation in defence and security issues.

ANNEX A

Informal meetings during 2004

MEETING	DATE
Yuval Shteinitz, Chairman of the Knesset Foreign Affairs and Defence Committee	8 December 2003
AirTanker Limited	15 December 2003
Tanker Transport Services Company	15 December 2003
The Armed Services Committee of the House of Representatives of the US Congress	8 January 2004
The Bulgarian Internal Security and Public Order Committee	27 January 2004
The Swedish Export Control Council	23 March 2004
Lithuanian Committee on National Security and Defence	25 March 2004
Pakistan National Defence College	29 April 2004
Mr Kastriot Robo, Ambassador of the Republic of Albania	8 June 2004
The Croatian Speaker and Presidents of the Croatian Parliamentary Committees	21 June 2004
BaE Systems, Woodford	23 June 2004
Mr Mikhail Saakashvili, President of Georgia	14 July 2004
Mr Reindhold Robbe, Chairman of German Bundestag Defence Committee	19 July 2004
Romanian Defence Committee	21 July 2004
Chairmen from Bangladesh Parliament	14 October 2004
Mr Ferenc Huhasz, Hungarian Defence Minister	11 November 2004

Annex B

Overseas and UK Visits during 2004

Overseas Visits		
11-15 January 04	Washington and Norfolk, USA	Lessons of Iraq Inquiry
8-13 February 04	Sarajevo, Bosnia and Herzegovina, Banja Luka, Republika Srpska and Pristina, Kosovo	European Security and Defence
7-11 March 04	Ankara and Istanbul, Turkey	Security relations with Turkey
28-29 April 04	Brussels and Paris	Quadripartite Committee Strategic Export Controls Inquiry
16-20 May 04	Kuwait and Southern Iraq	Continuing Operations in Iraq Inquiry
5-7 September 04	Island les Embiez, France	Second Summer Defence Conference of the National Defence and Armed Forces Committee of the French National Assembly
28-30 November 04	Centinje, Montenegro	Centinje Parliamentary Forum,
5-10 December 04	Southern Iraq	Iraq Inquiry

UK Visits		
6 January 04	HMS Ocean and 42 Commando, Devon	Lessons of Iraq Inquiry
20 January 04	Air Assault Brigade, Colchester	Lessons of Iraq Inquiry
30 March 04	Land Command HQ, Wiltshire	Defence White Paper 2003 Inquiry
21 April 04	Strike Command, Buckinghamshire	Defence White Paper 2003 Inquiry
29 April 04	Fleet HQ, Portsmouth	Defence White Paper 2003 Inquiry
11 May 04	Upavon, Wiltshire and RAF Halton, Buckinghamshire	Duty of Care Inquiry

UK Visits		
22 June 04	RAF Halton, Buckinghamshire	Duty of Care Inquiry
28 June 04	RSC Glencorse, Edinburgh	Duty of Care Inquiry
29 June 04	ATR Lichfield, Staffordshire	Duty of Care Inquiry
5-6 July 04	HMS Raleigh, Cornwall and CTCRM Lypstone, Devon	Duty of Care Inquiry
12-13 July 04	AFC Harrogate and School of Infantry Catterick, North Yorkshire	Duty of Care Inquiry
13 July 04	BAE Systems, Barrow-in-Furness	Defence Procurement Inquiry
20 July 04	Farnborough Airshow, Hampshire	Defence Procurement Inquiry
26-27 July 04	RAF Halton, Buckinghamshire	Duty of Care Inquiry
19 October 04	DCL Deepcut and School of Defence Catering, St Omer, Surrey	Duty of Care Inquiry
8 November 04	Adult Learning Inspectorate, Coventry	Duty of Care Inquiry
9 November 04	HMS Collingwood and HMS Sultan, Hampshire	Duty of Care Inquiry
15-16 November 04	DEF College of CIS Blandford, ARMR Centre Bovington, Dorset	Duty of Care Inquiry
25 November 04	MoD Chaplains, Andover	Duty of Care Inquiry
30 November 04	RAF Cosford, Wolverhampton	Duty of Care Inquiry
14 December 04	Hendon Police College,	Duty of Care Inquiry

Annex C

Specialist advice sought during 2004

Inquiry	Specialist Advisor
Armed Forces Pensions and Compensation	Mr Andrew McDonald, Professor Mark Mildred, Mr John Robbs, Ms Sue Ward
Lessons of Iraq	Mr Paul Beaver, Professor Michael Clarke, Rear Admiral Richard Cobbold CB, Dr Toby Dodge, Air Vice Marshal Professor Tony Mason CB CBE, Brigadier Austin Thorp
Strategic Export Controls: Licensing Policy and Parliamentary Scrutiny (Quadripartite Committee)	Dr Sibylle Bauer, Dr Wyn Bowen, Dr Paul Cornish
Defence White Paper 2003	Mr Paul Beaver, Professor Michael Clarke, Rear Admiral Richard Cobbold CB, Air Vice Marshal Professor Tony Mason CB CBE, Brigadier Austin Thorp
Defence Procurement	Mr Paul Beaver, Professor Michael Clarke, Rear Admiral Richard Cobbold CB, Professor David Kirkpatrick, Air Vice Marshal Professor Tony Mason CB CBE, Brigadier Austin Thorp
Future Capabilities	Mr Paul Beaver, Professor Michael Clarke, Rear Admiral Richard Cobbold CB, Air Vice Marshal Professor Tony Mason CB CBE, Brigadier Austin Thorp
Tri-Service Bill	Mr Paul Beaver, Professor Michael Clarke, Rear Admiral Richard Cobbold CB, Air Vice Marshal Professor Tony Mason CB CBE, Brigadier Austin Thorp
Duty of Care	Professor Michael Clarke, Rear Admiral Richard Cobbold CB, Professor Cary Cooper CBE, Professor Christopher Dandeker, Professor Michael Kerfoot, Air Vice Marshal Professor Tony Mason CB CBE, Professor Stephen Palmer, Brigadier Austin Thorp
Iraq	Mr Paul Beaver, Professor Michael Clarke, Rear Admiral Richard Cobbold CB, Air Vice Marshal Professor Tony Mason CB CBE, Brigadier Austin Thorp
Homeland Security	Dr James Broderick, Professor Michael Clarke, Mr Peter Clarke, Rear Admiral Richard Cobbold CB, Air Vice Marshal Professor Tony Mason CB CBE, Mr Paul Read, Brigadier Austin Thorp
MoD Annual Report and Accounts	Mr Paul Beaver, Rear Admiral Richard Cobbold CB, Air Vice Marshal Professor Tony Mason CB CBE, Brigadier Austin Thorp

Formal minutes

Wednesday 2 February 2005

Members present:

Mr Bruce George, in the Chair

Mr James Cran
Mr David Crausby
Mr Dai Havard

Mr Mike Hancock
Mr Frank Roy

The Committee deliberated.

Draft Report (*Work of the Committee in 2004*), proposed by the Chairman, brought up and read.

Ordered, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 62 read and agreed to.

Annexes [Informal meetings during 2004, Overseas and UK visits during 2004, Specialist advice sought during 2004] agreed to.

Resolved, That the Report be the First Report of the Committee to the House.

[Adjourned till Wednesday 9 February at 9.45 am

Reports from the Defence Committee since 2001

Session 2003–04

First Report	Armed Forces Pensions and Compensation	HC 96-I & II (<i>Cm 6109</i>)
Second Report	Annual Report for 2003	HC 293
Third Report	Lessons of Iraq	HC 57-I, II & III (<i>HC 635</i>)
Fourth Report	Strategic Export Controls: Annual Report for 2002, Licensing Policy and Parliamentary Scrutiny	HC 390 (<i>Cm 6357</i>)
Fifth Report	The Defence White Paper 2003	HC 465-I & II (<i>HC 1048</i>)
Sixth Report	Defence Procurement	HC 572-I & II (<i>Cm 6338</i>)

Session 2002–03

First Report	Missile Defence	HC 290 (<i>HC 411</i>)
Second Report	Annual Report for 2002	HC 378
Third Report	Arms Control and Disarmament (Inspections) Bill	HC 321 (<i>HC 754</i>)
Fourth Report	The Government's Proposals for Secondary Legislation under the Export Control Act	HC 620 (<i>Cm 5988</i>)
Fifth Report	Strategic Export Controls: Annual Report for 2001, Licensing Policy and Parliamentary Scrutiny	HC 474 (<i>Cm 5943</i>)
Sixth Report	A New Chapter to the Strategic Defence Review	HC 93-I & II (<i>HC 975</i>)
Seventh Report	Draft Civil Contingencies Bill	HC 557 (<i>Cm 6078</i>)
Eighth Report	Defence Procurement	HC 694 (<i>HC 1194</i>)

Session 2001–02

First Report	Ministry of Defence Police: Changes in jurisdiction proposed under the Anti-terrorism Crime and Security Bill 2001	HC 382 (<i>HC 621</i>)
Second Report	The Threat from Terrorism	HC 348 (<i>HC 667</i>)
Third Report	The Ministry of Defence Reviews of Armed Forces' Pension and Compensation Arrangements	HC 666 (<i>HC 115</i>)
Fourth Report	Major Procurement Projects	HC 779 (<i>HC 1229</i>)
Fifth Report	The Government's Annual Report on Strategic Export Controls for 2000, Licensing Policy and Prior Parliamentary Scrutiny (Joint with Foreign Affairs Committee, International Development Committee and Trade and Industry Committee)	HC 718 (<i>Cm 5629</i>)
Sixth Report	Defence and Security in the UK	HC 518 (<i>HC 1230</i>)
Seventh Report	The Future of NATO	HC 914 (<i>HC 1231</i>)

Government Responses to Defence Committee reports are published as Special Reports from the Committee (or as Command papers). They are listed here in brackets by the HC (or Cm) No. after the report they relate to.