



House of Commons  
Defence Committee

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# Future Capabilities

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**Fourth Report**

*Volume I*





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Defence Committee

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## Fourth Report

### *Volume I*

*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.

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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](http://www.parliament.uk).

### Publications

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:

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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 Korsi (Committee Specialist), Adrian Jenner (Inquiry Manager), Lis McCracken (Committee Assistant), Sheryl Dinsdale (Secretary), and James McQuade (Senior Office Clerk).

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## Summary

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The Future Capabilities announcement of July 2004 set out how the policy analysis of previous white papers would be implemented in terms of force structure, equipment and personnel. It was made against the background of year-on-year real terms increases in the defence budget and an ambitious programme of major procurement programmes many of which have already delivered substantial advances in capability. We welcome the Government's commitment to modernising the Armed Forces and to equipping them to face the security challenges of the future.

The announcement included the withdrawal earlier than previously planned some defence equipment. The Ministry of Defence (MoD) argued that these withdrawals reflected changes in perceived threats or improvements in capabilities (allowing more to be done with less) rather than financial constraints. But they may lead to reductions in what the Armed Forces can do. Fewer frigates and destroyers mean that several of the Navy's standing commitments will have to go. The early withdrawal of the Jaguar squadrons by 2007 will leave a capability gap before the multi-role Typhoon enters operational service around the end of the decade.

Across the Services equipment is being withdrawn over the next two to three years, but new (and significantly more capable) equipment in the same areas will not enter operational service until after 2010. Some of the replacement equipment has already encountered difficulties with its development (eg the Joint Strike Fighter and the Future Carrier) or is dependent on unproven technologies (eg the Army's Future Rapid Effect System (FRES)). We are concerned that these programmes may be delayed or may fail to deliver the full range of planned capabilities. Other important requirements (eg for new helicopters) seem still to be some way from crystallising into specific programmes.

The Army is to be restructured, firstly to allow the development of a medium weight capability (to be delivered through FRES) and secondly to enable it to meet the demands of more concurrent but smaller scale operations. Infantry units have traditionally changed their roles and their locations over time in a process called arms plotting. This is to be ended. As a consequence the infantry will move to a structure of large multi-battalion regiments, where individual battalions are fixed in role and in location. Ending the arms plot will bring benefits in terms of family life, career development and unit deployability. We strongly endorse and welcome the decision to end the arms plot.

At the same time, however, four infantry battalions are to be cut freeing up some 2,500 posts. Together with other posts which have been found from elsewhere in the Army, this will allow some 3,000 new posts to be created in support capabilities. We support the strengthening of these capabilities but we are concerned that it has been achieved by reducing the total size of the infantry at a time when many units have been facing and continue to face a very demanding operational cycle.

Future Capabilities lays great emphasis on the potential of network enabled capability (NEC) to transform the effectiveness of the Armed Forces. A number of programmes are being introduced to improve the connectivity of different force elements, but the real

challenge lies in moving from that to the integration of force elements, which MoD aims to do by 2015. We recommend that MoD sets out how it plans to meet that target.

The Future Capabilities proposals have been driven by a particular vision of future operational requirements. We believe that that vision takes a somewhat narrow perspective on the range of demands which our Armed Forces might be expected to meet in the future. Furthermore it may take another decade before the capabilities to deliver those requirements are in place. In the meantime equipment withdrawals and personnel reductions may leave gaps in capability. Those gaps, in turn, may create risks. Some of those risks, in our view, need not have been taken.

# 1 Introduction

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1. Following the terrorist attacks on Washington and New York on 11 September 2001, the Government began a reassessment of the analysis of the security threats facing the United Kingdom which it had published in the 1998 Strategic Defence Review (SDR). That reassessment focussed on the threats posed by international terrorism of the kind which had been behind the attacks on the United States, that is international terrorism with a global reach. The result was *A New Chapter to the Strategic Defence Review*, published in July 2002. That document promised a further Defence White Paper in 2003, which would ‘cover more comprehensively the range of Defence issues’.<sup>1</sup> In December 2003, the Government published *Delivering Security in a Changing World* (subsequently referred to as *Delivering Security*).<sup>2</sup> The Defence Committee conducted inquiries into, and published reports on, both of these white papers.<sup>3</sup>

2. In our report on *Delivering Security*, we were critical of its lack of information on the practical consequences of the revised policy analysis, in terms of force structures, equipment and personnel:

The lack of detail in the White Paper has been much commented on, with descriptions such as “good light reading”, but “no real meat” typical. In the House of Lords, the former Chief of the Defence Staff, Lord Guthrie was disappointed:

Although I approve the thrust of the White Paper... I have serious concerns. It does not attempt to go into detail...it is, as it stands, a bland document and lacks detail. It is full of buzz words and platitudes—flexibility, force multipliers, network enabled capability. What does it actually mean? Everybody gives me a different answer.

In this inquiry we have attempted to answer that question, but have found, like Lord Guthrie, a lack of clarity in the document itself and the explanations offered by ministers and MoD officials. We are disappointed that a policy document that could have far reaching implications has been presented with little or no detail on the relevant procurement decisions, funding questions or likely changes in force structures and consequent effect on personnel.<sup>4</sup>

## Lessons of Iraq

3. Although *Delivering Security* built directly on the SDR of 1998 and the *New Chapter to the Strategic Defence Review* of 2002, it also drew heavily on experiences of operations, for example those in Sierra Leone, Afghanistan and, in particular, Iraq. Operation Telic, as the British deployment to Iraq is known, was originally a large scale operation and therefore beyond what should be expected of the Armed Forces ‘as a norm’. Nonetheless it was in

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1 Cm 5566-I, Introduction

2 Cm 6041

3 *A New Chapter to the Strategic Defence Review*, Sixth Report of Session 2002–03, HC 93, and *Defence White Paper 2003*, Fifth Report of Session 2003–04, HC 465

4 HC (2003–04) 465-I, paras 34 and 35

many respects the most testing of recent operations and has unsurprisingly led to the identification of many lessons for the future across the whole range of operational activities. We produced our own comprehensive report on the *Lessons of Iraq*<sup>5</sup> and we have drawn on that and on our work on the continuing operations in Iraq in this report.

## The Future Capabilities statement

4. On 21 July 2004 the Secretary of State made a statement in the House of Commons setting out a series of proposals for restructuring and equipping the Armed Forces to enable them to meet the policy priorities identified in *Delivering Security*. The proposals were also published in an accompanying White Paper, *Delivering Security in a Changing World: Future Capabilities*<sup>6</sup> (subsequently referred to as *Future Capabilities*).

5. These proposals have excited substantial interest and debate. By choosing to divorce the policy proposals from their force structure and equipment consequences the Government put itself on the back foot in the debate that followed the Future Capabilities announcement. As a consequence that debate has focussed overwhelmingly on the reductions in manpower, reduced platform numbers and delays to some equipment programmes rather than on how to reshape the UK's Armed Forces for the tasks they are most likely to face in the new security environment. We concluded in our report on *Delivering Security* that a proper assessment of the Government's proposals required that both the policy analysis and the practical decisions flowing from that analysis be considered together. In this report that is what we have tried to do.

6. In broad terms the Future Capabilities proposals contained the following three elements:

- The paying-off or withdrawing from service earlier than previously announced of equipment no longer required;
- Confirmation, with or without amendment, of existing procurement programmes;
- Rebalancing of forces in each of the Services (a) to meet the security challenges identified in the analysis and (b) to reflect decisions on equipment.

No new equipment programmes were announced. Although the amendments to existing programmes overwhelmingly represented reductions compared to previous plans, the purchase of the currently leased C-17 transport aircraft (plus one additional aircraft) was announced as were unspecified enhancements to Special Forces.

7. It is a paradox of the Future Capabilities proposals that, at a time of year-on-year real terms increases in the defence budget, they are dominated by reductions in equipment and personnel. And those reductions do not take place in an environment of acknowledged over-provision (save in certain very specific areas), but rather at a time when the Armed Forces, at least in their conversations with us, claim to be operationally stretched and physically under-resourced. We return to this issue below.

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5 *Lessons of Iraq*, Third Report of Session 2003–04, HC 57

6 Cm 6269

8. The implementation of the proposals, again in broad terms, will, according to *Future Capabilities*, take place in two stages. Firstly over the short to medium term (roughly the next two or three years) the equipment that is no-longer required is planned to be withdrawn and the principal changes to force structures will be introduced. Secondly over the longer term (from around the end of the decade) major items of new equipment, delivering enhanced capabilities across all three Services, are planned to enter service.

9. This picture considerably over-simplifies the product of a very large number of often inter-related decisions. Typhoon for example is expected to have an initial operational capability (albeit in its air defence role) before the end of the decade.<sup>7</sup> Nonetheless it illustrates an important assumption under-pinning the proposals, that recent technological advances coupled with a perceived reduction in a number of conventional threats allow reductions in capability now. According to MoD, some military tasks have become less important (eg NATO commitments which were determined by the Cold War), others may require less effort (eg anti-submarine warfare) and others can now be performed by fewer better equipped forces (eg air defence of deployed forces).

10. But neither *Delivering Security* nor *Future Capabilities* itself concluded that there is likely to be a significant increase in the overall threat in the foreseeable future. Against that level background all three Services will see a step change in military capability, between roughly 2010 and 2020, with the introduction of major equipment improvements, such as the Type 45 Destroyers, the new Carriers and the Joint Strike Fighter, the Astute class submarines and the FRES medium weight land capability. **As we have previously stated, we agree with much of the policy analysis in *Delivering Security*. We welcome the Government's commitment to modernising the Armed Forces and to equipping them to face the security challenges of the future. Inevitably much of the analysis in this report focuses on areas where we still have concerns or questions.**

## Our response

11. As we anticipated in our report on *Delivering Security*, the statement on future capabilities filled out the detail of that white paper's policy proposals. It contained the most important set of decisions on the organisation and equipping of the Armed Forces since the SDR. Recognising this we immediately launched this inquiry into the proposals.

12. We began by taking evidence from the Secretary of State, the Chief of the Defence Staff and the Permanent Secretary at the MoD in September 2004. We then held evidence sessions with each of the three Service Chiefs in turn. Central to the proposals is a focus on increasing deployability by strengthening support capabilities, including crucially logistic support. We therefore also took evidence from the Chief of Defence Logistics.

13. In a statement to the House of Commons on 16 December 2004, the Secretary of State announced further decisions about the future structure of the Army. In particular he set out how the previously announced reductions in the number of infantry battalions and the parallel move to larger regiments of two or more battalions would be implemented. In the light of this announcement we held a final evidence session with the Secretary of State and the Chief of the General Staff in January 2005. We are grateful to all those who gave

evidence to us and also to those who took the trouble to write to us during the course of this inquiry.

14. We have discussed the Future Capabilities proposals with a wide range of service personnel of all ranks whom we have met on various visits both within the UK and abroad since July 2004. In particular we visited Iraq in December 2004, Cyprus in January 2005 and Northern Ireland also in January 2005.

15. We are also grateful for the assistance of our Specialist Advisers, Mr Paul Beaver, Professor Michael Clarke, Rear Admiral Richard Cobbold, Air Vice Marshal Professor Tony Mason, and Brigadier Austin Thorp.

## 2 Scales of effort and concurrency assumptions

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16. Although as we noted above, the debate on the Future Capabilities proposals has been dominated by arguments about numbers and costs, the proposals are, at least in theory, simply the practical expression of the conclusions set out in *Delivering Security*. Underpinning those conclusions are the defence planning and concurrency assumptions. As General Sir Mike Jackson, Chief of the General Staff, told us:

There has to be some sort of intellectual yardstick against which the defence effort is judged, and that stems of course from the defence planning assumptions... You may not agree with them, that is another matter, but it is from those assumptions that the force structure is calculated as laid out at the back of the White Paper.<sup>8</sup>

They are set out in Supporting Essay 2 of *Delivering Security*. Central to them are the 'Revised Scales of Effort'.

17. In 1998 the Scales of Effort in the SDR required of the Armed Forces the capability to mount one large (ie of a similar scale to the force sent to the 1991 Gulf War) or two medium operations (one similar to the then commitment to Bosnia; the other of a combat brigade and supporting elements). In December 2003 the Revised Scales of Effort required the capability to mount, without overstretch, one medium and two small operations (the medium and one small being peace support operations, the other small being an intervention operation) but with the ability also to reconfigure rapidly to two medium and one small (where one of the mediums is an intervention operation).

18. A large scale operation would still be possible 'given time to prepare' and on the assumption that 'we will not need to generate large scale capabilities across the [full] spectrum, given that in the most demanding operations we will be operating alongside the US and other allies, where capabilities such as air defence and naval escorts are less likely to be at a premium'.<sup>9</sup>

19. Alongside these assumptions was a greater focus on capabilities for expeditionary operations (which had been a central conclusion of the June 2002 *New Chapter to the SDR*) and on 'the importance of the continued transformation of our forces to concentrate on the characteristics of speed, precision, agility, deployability, reach and sustainability'.<sup>10</sup> 'At the heart of this transformation is Network Enabled Capability (NEC) [which]... is about the coherent integration of sensors, decision-makers and weapon systems along with support capabilities'.<sup>11</sup> We discuss some of the specific capabilities which are integral to NEC later in this report.

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8 Q 367

9 Cm 6041-I, p 7

10 Cm 6269, p 2

11 Cm 6269, p 5

20. The MoD arrived at the assumptions on the basis of its assessment of the international security challenges which the UK will face in the years ahead. Again we examined this assessment in our report on *Delivering Security*. Two conclusions from that report are worth repeating here:

What has emerged in the past six years is the extent to which the Armed Forces have been operating at the limits of what they can achieve. The SDR's planning assumptions provided relatively little resilience to enable the services to re-orientate when called upon to do so.<sup>12</sup>

It may be rash of the White Paper to state that “we expect to see a similar pattern of operations in the future”, just after its predecessor document—the SDR—has had to be substantially amended, not least because unforeseen developments in the security environment have led to changes in operational demands. We are not convinced that expecting things to follow a similar pattern to the recent past is the best way to shape UK defence policy in an era of rapid change.<sup>13</sup>

21. To the extent that defence plans cannot be expected to foresee every future contingency and defence budgets cannot fund unlimited force numbers or capabilities, any decisions on force structures or on capabilities must accept elements of risk. **Nonetheless in our conclusions quoted above we identified two broad areas of potential risk from the MoD's policy analysis: a lack of resilience in the face of changing operational demands and too narrow a focus on the range of operational demands which the Armed Forces of the future may face. In this report we intend to look more closely at how the Future Capabilities proposals have addressed those areas of risk.**

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12 HC (2003–04) 465-I, para 37

13 HC (2003–04) 465-I, para 42

## 3 The financial context

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### The defence budget

22. The transformation of the Armed Forces set out in *Future Capabilities*, will require substantial resources. However, *Future Capabilities* does not set out how much the transformation is expected to cost. It takes place against a background of increases in the defence budget. On 21 July 2004, the Secretary of State announced that:

The 2002 Spending Review provided the largest sustained growth in defence spending plans for 20 years. This year it has been possible to make even more resources available to Defence, providing the longest period of sustained growth for over 20 years. A defence budget rising by £3.7 billion. It is this sustained investment that makes possible the transformation to which the Government and the Armed Forces are committed.<sup>14</sup>

23. We were constantly assured during this inquiry that capabilities were not being withdrawn or reduced in the short and medium term in order to fund these longer term improvements. In all cases capabilities were being withdrawn, we were told, because the current threats and challenges did not justify their retention. Nonetheless it was clear that the overall budget was very tight and that some difficult choices were made. As Admiral Sir Alan West, First Sea Lord, told us, ‘You have to cut your cloth according to the amount of money that is around’.<sup>15</sup> As we noted above the most immediate consequences of the Future Capabilities proposals are reductions in existing equipment and manpower. In a number of cases, the service Chiefs have expressed regret that those reductions have to be made. It is not initially obvious why this should be necessary when the defence budget is experiencing ‘the largest sustained growth in defence spending plans for 20 years’.

24. In addition to the increases to the defence budget—an average of 1.4 per cent a year in real terms over the three years to 2007–08<sup>16</sup>—substantial resources are expected to be produced as a result of MoD’s Efficiency Programme; the reduction in orders in the current equipment programme (for example, reductions in the number of Nimrod MRA4 aircraft and Type 45 destroyers); and the reduction in current equipment (for example, Jaguar aircraft, Mine Counter Measure Vessels and AS90 self propelled howitzers).

25. It has not been easy to establish how far the implementation of the Future Capabilities proposals depends on the full release of the predicted sums in each of these different categories. Asked directly whether the ability to fund the proposals would be dependent on achieving the efficiency gains, the Secretary of State replied:

All of the money that we save in making our systems more efficient... will be available to invest in front-line activity. The more we are able to save from generating

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14 HC Deb, 21 July 2004, c 343

15 Q 504

16 National Audit Office—Ministry of Defence: Major Projects Report 2004. HC 1159-I. Session 2003–2004. Para 2.4.

capability more efficiently and more effectively the more we have available to spend on front-line activity.<sup>17</sup>

He was also confident that the efficiency targets for 2004–05 would be met. This remains to be seen, but it is far from clear that the achievement of the headline target would actually release the sums implicit in the individual targets. For example, the MoD achieved its overall efficiency targets in both 2002–03 and 2003–04, despite the fact that the Defence Procurement Agency (DPA) had failed to meet its individual efficiency target in both of those years by a total margin of £4.8 billion (£3.1 billion in 2002–03 and £1.7 billion in 2003–04). This appears to have been possible because of the weighting system used by MoD to assess its overall efficiency performance. Under that system each of the five individual efficiency targets contributes a certain percentage to the achievement of the overall target. These five targets cover training, procurement, logistics, managements costs and disposal of land and building.

26. The £4.8 billion failure in the procurement target contributed just half as much to the calculation of MoD's overall efficiency performance as the Defence Estates over-achievement of its individual target which was worth a total of £230 million over the same period. Indeed the individual target of the Defence Logistics Organisation (DLO) contributes 68 per cent to MoD's overall target on its own, even though in monetary terms DLO's efficiency programme achieved just £297 million in 2003–04.

27. In practical terms of course these sums are not directly comparable. Much of the money raised from sales of the defence estate is presumably available for spending on other priorities in the year in question. The efficiency savings in the DLO may similarly release immediately useable funds. The over-runs in the DPA, on the other hand, largely represent increases in estimated costs to be paid in future years and various other charges (see below). It might seem not unreasonable therefore that MoD gives a proportionately lesser weight to these predicted, even notional, overruns than to the immediate cash-in-hand gains from the DLO and the defence estate.

28. But this may be short-sighted. MoD's ability to fund the long term transformation required under *Future Capabilities* will be at risk if the additional resources have to be utilised elsewhere. There may already be evidence that this is happening. The Winter Supplementary Estimates 2004–05 proposed a decrease in Net Provision of some £840 million for Commander-in-Chief Fleet, Commander-in-Chief Land Command and Commander-in-Chief Strike Command.<sup>18</sup> The decrease for Strike Command was some 12% of the previous Net Provision. By contrast the DPA received an increase in Net Provision of some £1billion—a 50% increase in the previous Net Provision. On the face of it this reallocation represents a significant in-year shift of resources from the front line to pay for procurement overruns.

29. However, MoD told us that the alterations to the budgetary allocations for Commander-in-Chief Fleet, Commander-in-Chief Land Command and Commander-in-Chief Strike Command in the Winter Supplementary Estimates represent 'decreases in

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17 Q 711

18 There was also an increase of a little under £38 million in the budget of the Chief of Joint Operations, leaving a net decrease to the front line of some £800 million.

depreciation and cost of capital charges relating to previously planned fixed asset holdings. The changes brought these Top Level Budgets into line with the revised defence programme announced on 21 July 2004 [the Future Capabilities statement]<sup>19</sup>. In the case of the DPA, MoD told us that the 'budgetary allocation... represents the non-cash consequences of changes in provisions for liabilities and charges and is not linked in any way to cost increases on major defence equipment projects'.<sup>20</sup>

### **Calculating the cost of overruns**

30. In its response to our 2004 Defence Procurement Report, MoD stated:

The Department accepts that problems on four legacy projects (Typhoon, Astute, Nimrod and Brimstone) led to serious delays and cost increases. But around 40% of these cost increases were internal interest on capital charges, which were offset by reduced capital charges and depreciation elsewhere in the defence budget. This has limited effect on the affordability of our plans.<sup>21</sup>

The cost increases on the four legacy projects represented £2.7 billion of the total overrun of £3.1 billion in 2002–03. Around £1.1 billion of that total was incurred as interest on capital charges. We do not have a similar breakdown for 2003–04, for which the total overrun was £1.7 billion, but it is unlikely that such charges represented a greater proportion of that year's overrun. On which basis it would seem that some £3.5 billion of the total overrun of £4.8 billion in the two years 2002–03 and 2003–04 were not incurred as interest on capital charges.

31. We appreciate that resource accounting creates charges on assets and capital which in some senses do not represent real expenditure. Nonetheless they have to be managed within overall limits set by the Treasury. In-year increases in one area need to be off-set by decreases elsewhere. And, as we understand it, if they cannot be, 'real' money must be found to make up the difference. MoD appears to be arguing that operational commands saved depreciation costs because they did not have the equipment which through continuing delay was still stuck on DPA's books and thereby giving rise to some of the cost increases identified by the NAO. In this area at least the introduction of Resource Accounting and Budgeting (RAB) has not increased transparency. Although RAB may capture more information in total, it makes tracking individual items of expenditure between years on a comparable basis considerably more difficult. But whatever accounting practices are applied to these overruns, in the end, they will translate into real increases in the total lifetime costs of defence equipment. So both the transfers in the Winter Supplementary Estimates and that proportion of the total procurement overruns which are charges on capital may be seen as illustrative of the cost to MoD (and more pertinently the Armed Forces) of the DPA's failure to provide equipment on time. The consequences may have a limited effect on affordability, but they still represent a poor use of tax-payers' money.

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19 Ev 180

20 Ev 180

21 The Government's Response to the House of Commons Defence Committee's Sixth Report of Session 2003–04 on Defence Procurement, para 12. Cm 6338.

32. However, the greater part of the overruns (on our estimation around £3.5 billion in 2002–03 and 2003–04) must have a more direct impact on the programmes themselves. Lieutenant General Fulton, Deputy Chief of Defence Staff (Equipment Capability) explained to the Committee of Public Accounts how these impacts might be managed:

There is not a one-to-one relationship between the change in one programme and the effect because there is a range of impacts that it will have. The first thing that we need to do is to trade performance within a project and therefore we might in a particular programme reduce either the capability or reduce the numbers of that. Next we might build the capability rather more slowly, so that we profile it over time. Next, we might contain it within a group of projects so that, for example, cost or time overrun within one intelligence gathering system might be offset by capabilities in other parts of the capability... we are very well aware of the need also to take account of the need to run on old equipment so as to fill the gap if there is a delay because that is the other way we can fill that gap.<sup>22</sup>

These are all real impacts on real programmes intended to deliver real capabilities to the Armed Forces.

**33. MoD must press ahead with the full implementation of its plans to re-invigorate the Smart Procurement initiative, which it continues to maintain will deliver equipment projects to time and cost. Only if these plans are successful will it be able to exploit the forecast savings from reductions in existing equipment. MoD must also ensure that its efficiency programme delivers its targets as useable additional funding. Those funds will be needed to deliver the ambitious programme of transformation set out in *Future Capabilities* within the proposed timescales.**

### Service accommodation

34. *Future Capabilities* projected that total Armed Forces personnel would be reduced by about 10,000 over the period to April 2008.<sup>23</sup> Over the same period the MoD's civilian workforce is expected to be reduced by a similar figure. There are approximately 300,000 people in the MoD and the Armed Forces combined. A reduction of 20,000 would be a little under seven per cent of that total. According to the Secretary of State the proportion of the budget spent on equipment 'will remain roughly consistent in the years ahead'.<sup>24</sup> If the operational tempo in the future remains broadly similar to that of the recent past (as is foreseen in *Delivering Security* and *Future Capabilities*), there should be greater opportunity to allocate funds to other areas, such as accommodation, which have not received the attention they deserve.

35. On our recent visit to Cyprus we saw examples of very poor married quarters housing. We were told that Commanding Officers' budgets did not include provision for their refurbishment and that, in some cases, essential repairs (for example to make houses water-tight) could only be afforded by delaying statutorily required works, such as water

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22 Committee of Public Accounts, *Ministry of Defence: Major Projects Report 2004*, Minutes of Evidence, Session 2004–05, HC 294-i, Q 18

23 Cm 6269, p 12. This calculation includes a reduction of about 1,500 in the Army. See eg Q 4.

24 Q 710

supply and drains maintenance. The Secretary of State admitted that one of the factors which would determine when the arms plot (see paragraphs 66–74 below) could be ended was the need to bring Army accommodation up to an acceptable standard.<sup>25</sup> *Future Capabilities* also proposes that the RAF will concentrate onto fewer larger bases.

36. We regularly heard about (and were shown) poor accommodation during visits in connection with our Duty of Care inquiry. In some cases, funds for refurbishment or improvement promised at the start of the financial year had subsequently been withdrawn. Although the primary focus should be on operational needs, we should not lose sight of the drip down effect that poor accommodation will have on morale, state of training and discipline, and hence operational effectiveness. **Service accommodation across the defence estate is too frequently of a poor standard. Although the Future Capabilities proposals focus on operational needs, MoD must not lose sight of the necessity to find funds to bring accommodation for all service personnel up to an acceptable modern standard. We recommend that MoD commits itself to a clear timetable within which the necessary improvements will be made.**

## 4 Maritime

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### Principal proposals

37. The principal equipment decisions announced in *Future Capabilities* which affect the Royal Navy are:

- Three **Type 42 destroyers** to be withdrawn (by end 2005)
- Three **Type 23 Frigates** to be withdrawn (two in 2005, last by March 2006)
- One **Trafalgar class nuclear submarine** to be withdrawn (by December 2008)
- One **Swiftsure class nuclear submarine** to be withdrawn (by December 2008)
- Three **Mine Counter Measure Vessels** to be withdrawn (by April 2005)
- Three Northern Ireland **patrol vessels** to be withdrawn (one in 2006, remainder by April 2007)
- Eight **Type 45** destroyers to be acquired

Royal Navy manpower will reduce from around 37,500 to 36,000 by April 2008.

### Standing tasks

38. Before March 2004, the Royal Navy's destroyer and frigate flotilla was committed to meeting seven Standing Tasks, each requiring the deployment of one destroyer or frigate and where appropriate supporting elements. Two of these were contributions to Standing NATO Forces Atlantic and Mediterranean. One was escort duties in UK home waters. Of the remaining four, two were committed to Atlantic Patrol Tasks North and South and the final two were deployed east of Suez, the first in the Arabian Gulf and the second in the Indian Ocean and further east.

39. Admiral Sir Alan West, First Sea Lord, Chief of the Naval Staff, told us that the Standing Tasks had been reduced from seven to six with the withdrawal of the commitment to the Standing NATO Force Atlantic in March 2004. The commitment to Standing NATO Force Mediterranean continues, but is likely to 'transform into part of the NRF [Nato Response Force]'. Admiral West described the remaining five tasks to the Committee on 24 November 2004:

They effectively are fleet ready escort around the UK, the Atlantic Patrol Task North—that is the Caribbean and all that sort of thing, and all the good work that *Richmond* has done after the various hurricanes and things; Atlantic Patrol Task South, which is down in the Falkland Islands and the work done on West Africa and that sort of thing; the ship that is up in the Gulf—... right up at the northern end of the Gulf, looking after those two oil platforms to ensure the safety of that oil flow and stability out there. And then one out in the Indian Ocean involved on Operation

Enduring Freedom—this is looking for terrorists in the Indian Ocean, where we have taken command of that group quite often.<sup>26</sup>

40. The paying-off of three Type 42 Destroyers and three Type 23 Frigates will require that those six tasks are reduced to four.<sup>27</sup> Admiral West argued that it was in the UK's interests to maintain a global (or at least geographically widely spread) naval presence:

I think it is very important for the UK to have coverage in these areas because it helps stability. Again, part of the reason that we are wealthy and affluent and doing very well at the moment is that there is this stability and prosperity in the world, and the fact that we have investment abroad, the fact that there is a free flow of trade, the fact that insurance rates are low, it always helps if you have a grey funnel line ship around.<sup>28</sup>

On the other hand in September the Secretary of State told us:

There is a temptation sometimes, I think, to see the Royal Navy as somehow separate from the kinds of strategic changes that are occurring in the world. When the First Sea Lord talks about reducing commitments, it may well be that he is reducing commitments that in a sense are no longer as relevant. Some of our standing commitments historically, particularly those through NATO for example—NATO also has to change in this environment. We have put a lot of effort, as an important member of NATO, in getting NATO to recognise that some of its traditional commitments and organisation, still largely determined, I think entirely wrongly by the Cold War, need to change. So there are adjustments that are taking place at national level but which also take place internationally and changing the way in which our Royal Navy operates, and our Royal Navy will be engaged in this expeditionary warfare in exactly the way that the Army and the Royal Air Force will be; so it is supporting that expeditionary flexible capability.<sup>29</sup>

41. If it is assumed that protection of UK waters will not be scrapped, two of the five remaining tasks will have to go. Admiral West argued that if the Mediterranean commitment did transform into the NRF, it might not be a standing commitment since 'we will be able to earmark units as necessary to make up a sensible maritime part of the total NRF'.<sup>30</sup> That would mean one cut from either the two ships in the Atlantic or the two east of Suez. Admiral West said that decisions on which standing commitments would be cut 'will be made ... probably by the third quarter or something of next year [ie 2005] because that is when, with these timelines, we will have to be making that sort of decision'.<sup>31</sup>

42. We have quoted Admiral West's description of the roles of these four ships. We visited HMS Grafton in May and HMS Marlborough in December 2004 when each was fulfilling

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26 Q 510

27 Q 511

28 Q 512

29 Q 71

30 Q 515

31 Q 514

the role in the northern waters of the Arabian Gulf as part of a US naval task force.<sup>32</sup> We were told that there is little prospect of the Iraqis themselves acquiring the capabilities to provide for all their naval protection needs. Mr Adam Ingram MP, Minister for the Armed Forces, told us in February 2005, in the context of our Iraq inquiry, that there were ‘no plans to change that posture at all for the foreseeable future’.<sup>33</sup>

43. HMS Chatham was fulfilling the role in the Indian Ocean when it was diverted at the end of 2004 to help in the humanitarian relief operation in Sri Lanka following the Asian tsunami. Admiral West described some of the other work which ships in that role have undertaken:

I have just been to China, for example, and HMS *Exeter* was up there. This had huge impact on the Chinese. I am sure that her visit this year, after *Liverpool's* last year during the Sars epidemic, resulted in us getting some huge contracts at the airport there in Shanghai. They were able to talk to me and said how wonderful it was that we had a ship. This defence diplomacy issue is often a singleton type ship, and if you have one of something it does not matter how network enabled you make it because if you have not got it you have not got it.<sup>34</sup>

Thus each of these ships as well as fulfilling its primary task contributes in a range of ways to the promotion and protection of British interests.

**44. None of these four commitments in the Atlantic Ocean and east of Suez is a Cold War legacy undertaken on behalf of NATO. It is hard to see which could easily be dropped. Since the decision on which it is to be has not yet been made, it appears that the Government has decided that a specific number of commitments can be cut, without knowing which they will be. But ships are already being withdrawn. The commitments cannot be sustained if the ships are not available. We recommend that MoD announces a timetable for the decision and for withdrawal from the chosen commitments.**

45. The reductions in frigate and destroyer numbers are being made now. Contrasting the levels of public awareness of these reductions to those proposed for the Army, Admiral West told us:

There has not been very much about the real loss of my ships and those have started happening already. This is not something in the future; already *Newcastle* has gone into port for the last time, and from my perspective these are regiments. Similarly, *Glasgow*; she had her last visit up to Glasgow and she is paid off. Tomorrow HMS *Norfolk* pays off. Two of my MCMVs have paid off, but they are not quite at the same level as a regiment.<sup>35</sup>

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32 Other Coalition nations (notably Australia) are also represented in the task force.

33 HC 65-v, Q 552

34 Q 504

35 Q 504

## Littoral focus

46. Alongside the reduction in standing commitments was what *Future Capabilities* calls ‘an increased emphasis on delivering effect onto land at a time and place of our choosing’.<sup>36</sup> In the longer term the two new aircraft carriers equipped with the joint combat aircraft will provide, in MoD’s words, a step change in capability in this area. In the meantime the capability will be built around the existing carriers and the Joint Force Harrier. This will be accompanied by an amphibious capability based on the new ships, HMS Albion and Bulwark.

47. As well as these capabilities *Delivering Security* emphasised proposals for the ‘increased use of secure joint sea-based logistics, particularly for operations where Host Nation Support is limited or where, for force protection or political reasons, we would wish to reduce our ashore footprint’.<sup>37</sup> There is, however, no mention of these proposals in *Future Capabilities*. Admiral West suggested in evidence that these proposals had ‘slipped’ because of the amounts of money available for ship building. His view was that that slippage was not a problem, and the timescales were still acceptable, since the package was linked to the new carriers.<sup>38</sup>

48. We consider the carrier programme below, but it is worth pointing out that particularly an expeditionary capability needs support. Carriers cannot provide a platform from which aircraft can mount deep offensive air strikes unless those aircraft can be fuelled (and if necessary re-fuelled). Host nation and other ground based support comes in a variety of forms. In Operation Telic, for example, extensive use was made of the facilities in the Sovereign Base Areas in Cyprus for a wide range of support operations including air-to-air refuelling, but no offensive or combat operations were flown from them. So the lack of secure sea-based logistic support need not undermine the overall capability of the carrier task force to mount offensive expeditionary operations, but it may restrict that capability.

## Future Carriers

49. The proposal for two new larger aircraft carriers was a central element of the SDR’s plans in 1998 for the development of expeditionary force projection capabilities over the longer term. Since then both our predecessor Committee and we ourselves have taken a close interest in progress with plans for the carriers—which according to the SDR were to be ‘developed in detail in the normal way’.<sup>39</sup>

50. Since the SDR the MoD has, as we have noted, revised the Scales of Effort in order to reflect the changing nature of operations under which British forces ‘have been effectively conducting continual concurrent operations, deploying further afield to more places more frequently and with a greater variety of missions than set out in the SDR planning assumptions’. The emphasis has been ‘on multiple concurrent Medium and Small Scale deployments’.<sup>40</sup> Given these changes, and the demonstrated capability of carriers to re-role

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36 Cm 6269, p 7

37 Cm 6041-I, p 12

38 Q 560 and 538

39 Cm 3999, p 29

40 Cm 6041-II, p 7

to troop-carrying, there might have been an argument for reconsidering whether two large carriers still best reflected the Armed Forces needs. Three or more smaller more agile carriers might be a better (and perhaps cheaper) option. We put this to Admiral West who responded:

The reason that we have arrived at what we have arrived at is because to do the initial strike package, that deep strike package, we have done really quite detailed calculations and we have come out with the figure of 36 joint strike fighters, and that is what has driven the size of it, and that is to be able to deliver the weight of effort that you need for these operations that we are planning in the future. That is the thing that has made us arrive at that size of deck and that size of ship, to enable that to happen. I think it is something like 75 sorties per day over the five-day period or something like that as well.<sup>41</sup>

51. If the MoD remains persuaded that the two carriers will provide an essential capability, that conviction needs to be translated into an effective procurement strategy which will ensure that they are delivered on time, which for the first is 2012. That date was first set in the SDR and it remains the target. Admiral West told us, 'I am still adamant that I want it in 2012'.<sup>42</sup>

52. In a memorandum submitted to us in May 2003, the MoD stated that Main Gate approval for the contract for the carriers was expected in February 2004 and the award of the design and manufacture contract in 'early 2004'.<sup>43</sup> In the event, however, those decisions were both delayed. The Minister for Defence Procurement, Lord Bach, told us that the decision to extend the assessment was taken in order to ensure that sufficient progress had been made with de-risking the programme before contracts were approved and that this decision was fully in line with Smart Procurement principles.

53. In our 2004 Defence Procurement report, we supported the emphasis on de-risking the programme before any contract was signed. But we also emphasised the importance of sticking to the overall timetable for bringing the carriers into service. Delaying contracts because important elements of the design are still to be finalised is one thing—and we note Admiral West's comment in November 2004: 'We have 60% design definition now, which is higher than any other project'<sup>44</sup>—but recent press reports have suggested that the delays may be as much to do with disputes between the various parties involved in the project as with the design of the ships themselves.

54. Recent press coverage of the Future Carrier programme has focused on the appointment of the Physical Integrator (PI). In early December 2004, press articles reported that Kellogg, Brown and Root (KBR), a subsidiary of Halliburton, was likely to be appointed the Physical Integrator. An article in the Sunday Times of 5 December 2004 suggested the appointment of KBR could lead to 1,000 job losses at Rosyth because KBR has previously advocated the assembly of the two ships at Nigg (owned by KBR). Several newspapers ran stories at the end of January 2005 about the Physical Integrator. In the

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41 Q 533

42 Q 538

43 *Defence Procurement*, Eight Report of Session 2002–03, HC 694, Ev 69

44 Q 534

Financial Times on 31 January 2005, it was reported that BAE Systems has threatened to pull out of the project if Halliburton was chosen to manage the carrier programme.

55. The Secretary of State wrote to our Chairman on 7 February 2005 informing him that he was announcing that day the selection of Kellogg, Brown and Root Ltd as the 'preferred Physical Integrator for the Future Aircraft Carrier'. MoD will develop the precise role and responsibility of the PI in consultation with all Alliance participants over the coming months. The selection of the preferred PI followed a competitive exercise. Subject to value for money, the carriers are expected to be built by a combination of four shipyards—BAE SYSTEMS Naval Ships at Govan, VT at Portsmouth, Swan Hunter on Tyneside and Babcock BES at Rosyth. Decisions relating to the build strategy will be taken by the PI and the Alliance as a whole—'with the customer i.e. the Ministry of Defence retaining a final veto'. 'The MoD, as client, will retain the right to have the final say on all work allocation and selection decisions'.<sup>45</sup> The intention now is that the PI should take the lead in the development of an 'optimum shipbuild strategy' which in turn will inform the main investment decision which is expected to be taken in the second half of 2005.<sup>46</sup> MoD remains committed to the target in-service dates of 2012 and 2015.

**56. We welcome this announcement as an indication that progress is being made with the procurement strategy for the future carriers. We emphasise again the importance of de-risking the project ahead of final contracts being signed. But it is equally important, particularly where the contractual arrangements are as complicated as in this case, that the responsibilities for the various elements of the programme are clearly defined and allocated.**

## Air defence

57. The last Sea Harrier FA2 squadron will be paid off in 2006. This, according to Admiral West, will leave a gap in naval air defence capabilities until the introduction of the Type 45 Destroyers and their PAAMs missile systems.<sup>47</sup> We examined the proposed withdrawal of the Sea Harrier in our Major Projects Report of 2002. It is important to note that Sea Harrier's air defence capabilities are principally effective against other aircraft. MoD believes that in the future British ships will be more likely to face the threat of sea-skimming missiles than hostile aircraft. Admiral West described the Type 45, equipped with PAAMs, as 'the only anti-air warfare ship in the world which is capable of shooting down the highest threat missile which the Russians produced, and they have already sold to India and I think will go to China'.<sup>48</sup>

58. Nonetheless the withdrawal of the Sea Harrier before the introduction of the Type 45 will lead to a capability gap. As Admiral West told us:

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45 Ev 214

46 Ev 179

47 Q 540

48 Q 522

We will... be taking risks in that gap period in certain types of operations; and I would not be too happy being in a very high air threat.<sup>49</sup>

59. The in-service date of the first Type 45 has now slipped from 2007 to May 2009. The remaining seven will then be delivered in the following years. Thus the air defence gap is set to extend well into the next decade. Although this gap will limit the ability of the versatile and expeditionary naval force envisaged in *Future Capabilities* to operate without host nation support to provide shore-based air defence cover, it would not, in Admiral West's view, mean that such operations could not be conducted ('The Navy never says it cannot do it'). They would, however, be high risk and other means would have to be employed to reduce the threat:

Is there a way of making sure they cannot use any of these airfields? Are we able to use special forces? Are we able to use TACTOMS for instance? So you can get round these things.<sup>50</sup>

## Attrition

60. Admiral West's concern that in certain operations the Navy would be exposed to significant risk points up a concern that crosses all three Services but is particularly acute in the Navy. The paring down of numbers of equipments on the grounds of increased capability and in some cases of reduced maintenance requirements can seriously reduce the Armed Forces' resilience to attrition. Admiral West told us that the decision to buy eight (rather than the originally planned twelve) Type 45s meant that 'we have no attrition buy for these'.<sup>51</sup> Drawing on his own experience as commander of the frigate HMS Ardent when it was sunk during the Falklands campaign, he told us:

I think it is 12 destroyers and frigates for a large-scale operation. I have only been involved in what I might call one large maritime operation—that was fighting in the Falkland Islands—and there were 23 destroyers and frigates involved, of which four were sunk, one of which was my ship, and eight were badly damaged. I do have a worry about that resilience, which is a point you raised. So that again is a reason why I am nervous.<sup>52</sup>

**61. There is little evidence in *Future Capabilities* that MoD has factored the risks of attrition into its calculations for a number of key future equipment programmes, particularly in the maritime environment.**

## SSNs

62. One capability which is well able to operate despite a high air warfare threat is the nuclear powered attack submarine (SSN). Admiral West described them as 'in war-

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49 Q 540

50 Q 541

51 Q 520

52 Q 520

fighting... they are the tops really, they are fantastic'.<sup>53</sup> But they also have an important role in other circumstances:

...they can carry special forces, they can insert them and no one ever know they have been there and get them back again, they can carry out SIGINTs in places where people have not a clue that is going on, and we have some really good coups, in terms of anti-terrorist stuff because of that.<sup>54</sup>

63. The existing fleet, however, is ageing, and its replacement—the Astute class—has been subject to substantial, and well-documented, delays and cost overruns. *Future Capabilities* states:

We judge in the light of the reduced threat that an attack submarine fleet of 8 SSNs will be sufficient to meet the full range of tasks.<sup>55</sup>

Admiral West did not seem so sure:

I think the figure from the SDR was 10 SSNs. We went from 12 to 10. From that ten, how many of those on average am I able to guarantee running? The figure is probably about six. My worry with going down to eight was: how many of those can I guarantee running? As I say, they are getting older and how can I be sure that I will have the numbers I need for the sorts of operations that are laid down in the *Defence Planning Guide*, and that requires actually six SSNs, five or six, depending on circumstances, and with eight of these old, ageing ones I am concerned.<sup>56</sup>

These are strong words from the man responsible for ensuring that operational commanders have the naval forces they require. The attack submarine fleet is planned to reduce to eight vessels by the end of 2008. The first Astute is currently due to be delivered to the Royal Navy in 2009, but will then need to be worked up before it can be deployed. **We believe that Admiral West's concerns must be addressed. If there is a risk of further delays to the bringing into operational service of the Astute submarines, serious consideration should be given to postponing the withdrawal from service of HMS Superb and Trafalgar.**

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53 Q 549

54 Q 549

55 Cm 6269, p 7

56 Q 548

## 5 Land

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### Future Army Structure

64. The proposals for the Future Army Structure have attracted more public comment and probably more controversy than any other part of the Future Capabilities package. Any restructuring of the Army and particularly of the infantry will give rise to deeply felt emotional responses. Unlike a sailor or airman, a private soldier is likely to spend most, if not all, of his or her serving career with the same unit. Creating and sustaining loyalty to the unit is seen as an essential element in developing the war-fighting ethos.

65. Additionally many regiments are deeply rooted in their local communities. Not only do they recruit from them, but they are also part of their fabric through involvement in a wide range of local activities. This relationship is important for historical and traditional reasons but it also contributes to the cohesion and morale of the regiment and thus, directly, to its operational effectiveness.

### The Arms Plot

66. Arms plotting is the process by which units (and it applies in its full form only to the infantry) are periodically required to re-locate and to re-role. *Future Capabilities* proposes that arms plotting by infantry battalions will be phased out by April 2008. Thereafter battalions 'will be fixed by role and largely by location'.<sup>57</sup> Arguments in favour of periodic re-location have traditionally centred round the need to station infantry battalions overseas. Such battalions move lock, stock and barrel to where they are to be stationed. They can then expect to remain there for a minimum of two years. They are normally accompanied by their families and the disruption caused to family life by these regular moves has been given as an important reason for ending the arms plot. Currently there are four infantry battalions (excluding the Royal Irish home service battalions) stationed in Northern Ireland, five in Germany and two in Cyprus. Some of these postings have been seen as more attractive than others, and re-location through the arms plot allowed them to be shared through the whole of the infantry.

67. Often re-location gives rise to re-rolling (and re-rolling, say from light to armoured infantry, may require re-location, eg to provide access to training areas). The main argument for re-rolling has been the need to provide variety and breadth of experience to career soldiers. In the view of General Jackson, however, the arms plot 'does not offer a proper structured career progression'<sup>58</sup> and one of the 'fundamental reasons' for ending it was to improve career planning for individual army personnel.<sup>59</sup>

68. The process of arms plotting (ie re-rolling and re-locating) takes time and during that time a battalion is not available for any other tasks. According to the MoD, 'By ceasing the

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57 HC Deb, 16 December 2004, c 1196

58 Q 280

59 Q 342

Arms Plot, the Army will have most, if not all, of the thirty-six... infantry battalions at its disposal'.<sup>60</sup> The Secretary of State told us that he could not understand:

why anyone should criticise a change which means that we will have 36 battalions available rather than 26 or 27 as is currently the case.<sup>61</sup>

General Jackson told us that currently, 'at any one time under the arms plot regime you have seven or eight [battalions] that are not available'.<sup>62</sup>

69. There are then at least three strong arguments for ending the arms plot: increased operational capability; greater family stability (family homes can be bought; children do not have repeatedly to change schools and it is easier for spouses to pursue careers); and improved career planning. So why has it taken so long to do? General Jackson told us:

I know of at least three occasions in my own service—which I think is coming up to 42 years—when the Army Board has considered stopping the arms plot, knowing that it was not a very good way of bringing capability, but had come to the view that the difficulties of dealing with the aftermath of stopping the arms plot were more than they wished to take on at that time.<sup>63</sup>

Perhaps the most significant of those difficulties and certainly the one which has given rise to the most public debate and controversy is that the ending of the arms plot means also the ending of the single battalion regiment. The reason for this stems from the point we made at the start of this chapter: infantry soldiers stay with, or return to, their regiments through their career and they see that attachment as a key relationship in their service and one that is central to the ethos and moral component of the infantry. There are no proposals to end this regimental system. To quote General Jackson again:

there is no question of a corps of infantry, absolutely none, that is not the way to go in my view. The regimental system has served the British Army extremely well down the hundreds of years.<sup>64</sup>

The regimental system is the absolute bedrock to us, what we call part of the moral component, part of that heart side I was talking about.<sup>65</sup>

70. With single battalion regiments fixed by role and largely by location it would be impossible to provide the breadth of experience which is considered to be an essential part of the career development of an infantry soldier. Consequently it was necessary to restructure the whole infantry into multi-battalion or 'large' regiments.

71. Within large regiments breadth of experience will be provided by individual postings between the component battalions. As General Jackson explained:

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60 Ev 156

61 Q 3

62 Q 246

63 Q 250

64 Q 324

65 Q 325

The important thing in a career soldier, whether he be officer, junior and senior NCO, is that over time we invest in him a breadth of experience... When you know there are four battalions of the Blankshires, one is armoured infantry, one is air assault, one is light infantry and, what shall we say, one is on public duties, there we are, there are four rather different roles, and you know, shall we say, you have got a major coming out of the staff college, you know what he has done before, made the armoured infantry, right well, he is going to command a light infantry company or he is going to command an air assault company so it is properly planned.<sup>66</sup>

In that example a notional four battalion regiment is used. The Royal Regiment of Scotland will have five battalions; and there will still be five battalions of Foot Guards, but otherwise the largest regiments will have three battalions and many will only have two.

72. On the face of it two battalions, each fixed in role, would not seem able to provide as wide a range of opportunities as are available through the arms plot. In broad terms the infantry have four operational roles (armoured, mechanised, light and air assault) as well as a public duties role. We have met a number of serving infantry personnel who have maintained that a regiment of two battalions is not large enough. They have argued that a regiment would need at least four battalions (as in General Jackson's example) and that, as a consequence, the present proposals will need to be revisited in the relatively near future. If this is the case, it would seriously undermine General Jackson's intention that this restructuring should serve the infantry for 'a generation or two to come'.<sup>67</sup>

73. He, however, did not accept this argument. Although he complimented the Scottish Division for taking 'the bold step to go directly to a large large regiment', neither he nor the Army Board had believed that it would be right to impose 'large large' regiments—all with four or five battalions—across the board:

We took the view that this was a very major change, some would say radical, and that we should take a measured step.<sup>68</sup>

Now that that decision has been taken, work is being conducted on how it will be implemented in practice:

The Director of Infantry is now well engaged on planning how individual postings will take place within the infantry in the future and it is self-evident that two battalions will give you two roles and you have got that. Where you want to develop somebody beyond that, as we do from time to time now, he will have to go to another regiment to get that particular experience, and so there is a balance to be struck there.<sup>69</sup>

In General Jackson's view, however, a relatively small number of people would fall into that latter category:

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66 Q 338

67 Q 279

68 Q 690

69 Q 690

it would be a very small proportion overall because you would be looking at a particular officer or senior NCO, I think, who already had, say, a tour as a company commander at armoured infantry and a tour in the light infantry, something like that, and you would say, “This guy is so good we have got to give him something else to do”, and we would make appropriate arrangements, but I would not see that necessarily as the standard practice. Those would be exceptional measures.<sup>70</sup>

**74. There are compelling arguments for ending the arms plot and we strongly endorse and welcome the decision to do so. There are, however, a number of issues relating to the practical implementation of the decision which have not yet been resolved (see paragraphs 91–95 below). It is incumbent on MoD and the Army Board to provide answers to these as soon as possible. Additionally further information is required on the means by which career soldiers in two and three battalion regiments will be given a breadth of experience comparable to that they could have expected under the arms plot.**

## Numbers

### *Recruitment and manning record*

75. *Future Capabilities* proposed a reduction of four infantry battalions, one from Scotland and three from England and Wales, as part of the overall package of army restructuring. The details were to be worked out by the Army and announced by the end of the year (2004). The two criteria which were used to determine specifically where the reductions in battalion numbers would be made were, as General Jackson told us, manning and demographic statistics. In essence these criteria came down to how well regiments had been able to recruit and retain personnel in the past and how well they could be expected to in the future. As General Jackson told us this meant that there would be ‘an element of judgement in this as well’.<sup>71</sup> One of the outcomes he maintained would be a more coherent and consistent approach to recruiting across the country as a whole:

On recruiting, I think this is very important. Up until very recently, the way we have done this has been a bit of a turf war, in some cases—who has got the recruiting rights over some small village or whatever? I do not think that has gone as well always as it should have done. May I give you an example? The new large Yorkshire regiment is one example when we are looking at names. On the same day as the Secretary of State made that announcement the three current small regiments came together at a joint press conference and launched the Yorkshire Regiment. They want to get on with it and do this as quickly as they can. They see the benefits of this, not the least of which is that recruiting will be dealt with on that large regimental basis and then soldiers allocated to battalions, partly no doubt according to precisely where they come from, that regional link will still be there, or partly where the manning requirement is—the whole system will be much more, in my view, flexible and right for the future.<sup>72</sup>

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70 Q 694

71 Q 294

72 Q 637

76. The MoD supplied us with the raw data from which the Army Board would draw its conclusions on recruiting and manning records. We are aware that these figures were turned into trend lines for individual units which in General Jackson's words would 'inform the decision-making'.<sup>73</sup> We asked MoD for these individual trend lines, but all they provided was a 'graphical representation of the statistics previously provided'.<sup>74</sup> **We believe that it would have been helpful, both for our inquiry and for wider reassurance of the fairness of the decision-making process, if MoD had been prepared to publish not only the raw statistics but also its own analysis of those statistics.**

77. Introducing his December 2004 statement on the future infantry structure the Secretary of State said:

Since July, the Army has been engaged, under the leadership of the Chief of the General Staff, General Sir Mike Jackson, in detailed work on how the changes should be implemented. I will now set out to the House the results of the Army's deliberations.<sup>75</sup>

In evidence to us he confirmed that he had accepted the recommendations of the Army Board on the future infantry structure and had made no change to them.<sup>76</sup> He refused however to allow us to see the minutes of the Army Board's meetings at which the various options had been discussed on the grounds that they constituted advice to Ministers.<sup>77</sup>

78. In his evidence in November 2004, General Jackson described the approach which the Army Board was taking:

the Army Board... asked the divisions of infantry—you know how we split up the infantry into six divisions—and said, "We need to restructure on to regiments of at least two battalions", but that left the door open for more if that was suitable. What we want to do, if we can achieve it, is to get the Army Board's top-down direction on this meshed with the wishes of the divisions themselves coming bottom-up.<sup>78</sup>

On the decision on where the battalion cuts would be made, he said:

I can assure you that no regiment was sacrosanct. The Army Board has looked at each and every one.<sup>79</sup>

We have looked at the manning statistics; we have looked at the demographic statistics; can these battalions recruit, not only today but in the future? It has been, I promise you, a very thorough process.<sup>80</sup>

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73 Q 306

74 Ev 165

75 HC Deb, 16 December 2004, c 1195

76 Q 621–2, Q 627

77 Q 631

78 Q 274

79 Q 285

80 Q 287

79. In his December statement, the Secretary of State set out his decisions on the future structure of the infantry. In summary these were:

- A reduction of three battalions through amalgamations of existing single battalion regiments (one of which as previously announced was in Scotland). Additionally one of the existing three Parachute Regiment battalions would be removed from the infantry to become the core of a new tri-service unit to support Special Forces.
- No change was made to the number or organisation of the five battalions of Foot Guards. The Gurkhas battalions were also untouched.
- With the exception of the Foot Guards, the infantry would be organised into multi-battalion regiments. The seven existing multi-battalion regiments would continue as before. There would be a single Scottish regiment (the Royal Regiment of Scotland) of five battalions; and four new regiments: the Royal Welsh Regiment (two battalions), the Mercian Regiment (three battalions) the Yorkshire Regiment (three battalions), and the King's, Lancashire and Border Regiment (two battalions).

80. **Thus the infantry was subject to two separate processes: the first to determine the details of the restructuring of the regiments and the second to decide on where the reduction of four infantry battalions would fall. In practice these two processes were conducted together. The Secretary of State announced both the proposed new structure for the infantry and the decisions on battalion reductions at the same time. Much public commentary has also combined these two processes, but they are distinct and the arguments for each are quite different.**

81. In meetings with members of the Armed Forces over recent months it has been emphasised to us that the lack of transparency in the Army Board's deliberations has left a residue of suspicion that lobbying by sectional interests played a disproportionate part in the final decision. **We regret that the Secretary of State has refused to publish the minutes of the Army Board's deliberations on the future Army structure. A more open approach, which might have demonstrated that the Army Board had arrived at its recommendations on the basis of sound and objective arguments, would have reaped significant benefits in terms of support from serving and retired members of the Army for the proposals overall.**

### ***Size of the infantry***

82. The reduction in the number of infantry battalions is equivalent to about 2,400 men, which would be rather more than ten per cent of the total infantry strength. In fact some 500 of those posts will be 'reinvested' in the infantry 'to make units more robust and less dependent on back-filling'<sup>81</sup> (see also paragraphs 101–102 below). So overall something under 1,900 posts will be cut from the infantry.

83. Those posts will be used to strengthen ‘trade groups that have been in high demand such as engineers, logisticians and intelligence personnel’.<sup>82</sup> As the Secretary of State told us:

I am not suggesting for a moment that our infantry battalions have not been under pressure, that is certainly the case, but the real challenge in recent years has been to supply the supporting elements to those battalions when they have deployed.<sup>83</sup>

The need for additional supporting elements derives directly from the conclusions on Scale of Effort and concurrency of operations in *Delivering Security*. Small deployments still need to be supported. Several concurrent deployments are each likely to require their own support chain and ‘it is an enormous strain on manpower... maintaining those kinds of simultaneous chains’.<sup>84</sup>

84. We have no argument with the need for additional support capabilities, and indeed on our visits to the Armed Forces we have encountered at first hand examples of the unreasonable strains under which some of these specialist trades are currently working. The question is whether these resources can properly be found from within the existing establishment of the Army. *Future Capabilities* states that under its proposals the future Army will be around 102,000 strong, that is about 1,500 fewer than its current strength. General Jackson told us that that number was ‘arrived at by a very rigorous examination of what the future army structure should look like’<sup>85</sup> and that it was ‘just enough to man the force structure which has emerged from the defence planning assumptions’.<sup>86</sup>

85. Earlier we noted the conclusion in our report, *Defence White Paper 2003*, that the planning assumptions in the SDR had ‘provided relatively little resilience to enable the services to re-orientate when called upon to do so’. **We are concerned that if the size of the Army is only just enough to man the proposed force structure a similar lack of resilience may be experienced in the future.**

86. **If since 1998 the strains have principally been felt among the supporting elements, in the future they may be more apparent in front line units. We remain concerned that the current emphasis on expeditionary operations, on what we termed in our earlier report ‘the projection of force,’ risks undervaluing the continuing need to be able to deploy a presence of significant numbers of ‘boots on the ground’. We have also previously expressed our concern that MoD is giving insufficient priority to the role which the Armed Forces may in the future be called upon to fulfil in respect of defence of the homeland. MoD’s emphasis is on an expeditionary strategy under which the threat from international terrorism is ‘dealt with at source’.**<sup>87</sup>

82 Ev 162

83 Q 4

84 Q 11

85 Q 229

86 Q 363

87 See HC (2003–04) 465, paras 49 and 84

### Harmony guidelines

87. If overall the Army were too small for the commitments required of it one likely consequence would be reduced intervals between operational tours. Each of the Services has what are called 'Harmony Guidelines' whose purpose is to allow personnel to have sufficient time away from operations for unit and formation training, personal training and development, and to spend time at home with their families. For the Army the guidelines set 24 months between operational tours. According to MoD's *Annual Report and Accounts 2003–04*, in that year the average across the Army was just under target at 23.3 months.<sup>88</sup> In December 2004, the Secretary of State told the House:

Which part of the Army is overstretched? I emphasise that it is not the infantry—if he listened to General Jackson on the radio this morning, he will have heard him make the same point. The tour interval for the infantry, on average, approaches 22 months.<sup>89</sup>

88. It is not always clear how these figures are calculated and it is difficult to reconcile them with the accounts of the infantry battalions we have met in recent months. The First Battalion, The Royal Highland Fusiliers, for example, whom we met in Cyprus just as they deployed to Iraq in late January, told us that that deployment was their ninth operation in seven years. There is also a range of deployments which take soldiers away from their families for extended periods of time (weeks or months) but do not count as tours for the purpose of calculating tour intervals. The King's Own Scottish Borderers, whom we met recently mid way through a two year tour in Northern Ireland told us that, since their return from Cyprus in March 2001, they had had six months operational deployments to Northern Ireland and Iraq, as well as re-rolling to be a mechanised unit and a four months training deployment to Canada.

89. And this pace is not unique to the infantry. 26 Royal Artillery Regiment, whom we met as the British component of UNFICYP, told us that they were on their seventh six-month operational tour in six years. It is worth noting, in this context, that *Future Capabilities* proposes a reduction of six AS90 batteries, something over 600 posts, by March 2007 and that this reduction, according to General Jackson, may involve 'a small redundancy programme'.<sup>90</sup> There may be units whose tour intervals have been sufficiently over the two-year target to account for the average quoted in the MoD's *Annual Report*, or there may be inconsistencies in different people's definitions of operational tour, but it is clear that the perception among front-line units is that their operational cycle has been intense in recent years and that they see no prospect of any relaxation of that intensity in the foreseeable future.

**90. We conclude that many front line units in the Army have for some years been experiencing an operational and training cycle whose intensity is unsustainable over the longer term. We are not convinced that MoD's statement of average tour intervals is an accurate or fair reflection of the strain on particular units or on individuals. The strengthening of support elements proposed in *Future Capabilities* is welcome and**

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88 *MoD Annual Report and Accounts, 2003–04*, HC (2003–04) 1080, p 75

89 HC Deb, 16 December 2004, c 1202–3

90 Q 243

deserved, but we are concerned that that strengthening has been achieved at the expense of the total establishment of the infantry.

### The 'golden thread'

91. We referred at the start of this chapter to the importance of the local connections which regiments build up with their communities. We also noted, in the context of the restructuring proposals, that there was absolutely no intention to move away from a regimental structure for the infantry. General Jackson described it as 'the absolute bedrock to us'.<sup>91</sup>

92. He also recognised that the strength of the regimental system lies as much in the intangible elements of history and tradition as in the structure itself. In his words:

One of the principles which the [Army] board has had before it in all of this, and we have used perhaps an emotive phrase, is we have said the maintenance of the golden thread, the golden thread being the heritage, the history, the sense of belonging that is very much in our minds.<sup>92</sup>

Many different elements contribute to this golden thread. They certainly include a regiment's sense of belonging to a particular area and an awareness of and a pride in its history even if that history has to be traced through previous amalgamations and changes of name. They also include what are called 'accoutrements,' that is various distinguishing features which are worn with the uniform. And, of course, they include the name itself.

93. We do not intend in this report to take sides in any of the individual disputes over the names of the new regiments. These disputes need to be resolved by MoD Ministers, the Army Board and the regiments themselves. **We regret however that they seem to have been fomented by the perceived lack of transparency in the Army Board's deliberations and decision-making processes.**

94. Each of the new regiments will have a single cap badge, but the member battalions, many of which would formerly have been single battalion regiments themselves, will be able to preserve their identity through the retention of various accoutrements:

They also have—yes, a single cap badge, but that is a must—all the other accoutrements by which this or that battalion identifies itself.<sup>93</sup>

The details, however, of exactly which accoutrements will be retained and under what circumstances they may be worn (for example whether an officer from battalion A will be able to wear the accoutrements of that battalion when he is posted to battalion B) are yet to be worked out. In February 2005 MoD told us:

The question of regimental accoutrements is currently being worked through by the Army. The Department expects this to be decided before the end of this year.<sup>94</sup>

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91 Q 325

92 Q 326

93 Q 636

94 Ev 173

95. Decisions on the retention of regimental accoutrements will be seen by many in the infantry as a touchstone by which to judge in practice the commitment made by the Secretary of State and General Jackson that the identities of former single battalion regiments will be preserved in the future infantry structure. We are surprised that these decisions are still many months away. They flow directly from the decision to end the arms plot, a decision which in our view was implicit in the proposals announced in *Delivering Security* in December 2003. We do not understand why the Army Board was not able to reach agreement on these matters before the announcement of the future infantry structure in December 2004. They are an important part of the golden thread referred to by General Jackson and thus can contribute directly to operational effectiveness. A prolonged period of uncertainty will, in our view, be damaging both to morale and to confidence in the restructuring proposals more broadly. **We urge the Army Board to bring forward recommendations on measures to maintain the ‘golden thread’ of regimental heritage, as soon as possible. The identity of individual regiments is derived from more than just cap badges. It depends rather on a complex fabric of related elements. As well as the range of local links and the matter of accoutrements, these include issues such as museums, recruitment and the siting of headquarters. How these are to be preserved is still unclear, but that preservation will be central to the successful implementation of the future infantry structure.**

## Deployability

96. Increased deployability has been cited as one of the principal benefits of ending the arms plot. General Jackson described it as ‘a remarkable improvement in getting more military capability out of the resources I have’.<sup>95</sup> The extent of this improvement may be measured by the number of battalions which, in the phrase of General Walker, are ‘put in baulk’ because of the arms plot.<sup>96</sup> As the Secretary of State said, ‘we will have 36 battalions available rather than 26 or 27 as is currently the case’.<sup>97</sup>

97. ‘Available,’ however, is not necessarily the same as ‘deployable’. The Force Structure tables in *Future Capabilities* show that for one medium and two small concurrent operations—the level of operations which the Armed Forces should be able to sustain ‘as a norm and without creating overstretch’—just five battalions will be deployed (in addition to the 7.33 battalions committed to Standing Commitments). Even for one large and one small operation—which ‘given time to prepare we should be capable of undertaking’—sixteen battalions would be deployed. Together with the 7.33 on Standing Commitments, this makes a total of 23.33 of the 36 battalions in the future infantry structure.

98. We are not clear on what the Secretary of State based his estimate of 26 or 27 battalions currently available. General Jackson told us:

Of the 40 battalions that are currently in the order of battle, at any one time under the arms plot regime you have seven or eight that are not available.<sup>98</sup>

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95 Q 248

96 Q 6

97 Q 3

98 Q 246

On that basis 32 or 33 of the current 40 battalions, would be, as it were, out of the arms plot baulk, and thus available, at any one time. If that is the analogous figure to the 36 battalions available under the post-arms plot structure, and using the rotation requirements set out in the Annex to *Future Capabilities* (ie that five army units are needed for each one deployed), it would appear that the change will mean that there will be, under normal circumstances, one more battalion available to be deployed than at present. This is a welcome increase in capability, but it is perhaps not as remarkable as our witnesses may have implied.

99. The arms plot will not, however, be completely ended. Even if there came a time when no GB battalion was required to be stationed in Northern Ireland, there are no plans to end the commitment in Cyprus. At present this requires two resident infantry battalions. When *Future Capabilities* was published there was speculation that that commitment might be reduced. However, during our recent visit to Cyprus we were told by Commander British Forces that his assessment was that there was an enduring need for two resident infantry battalions, and that those battalions would continue to arms plot. We were not entirely convinced by this assessment. It seemed from our visit that the very extensive military infrastructure maintained in the Sovereign Base Areas is significantly under-used. We are aware of MoD's ambition to develop the Forward Mounting Base capability, but many of the facilities (notably the runway and harbour facilities at RAF Akrotiri) require substantial investment if that ambition is to be realised. Other facilities (for example, the Princess Mary's Hospital) have benefited from considerable investment, but seem to have some difficulty in making effective use of it. And overall, as we noted in paragraph 35 above, the estate—particularly the accommodation—bears all the hallmarks of persistent under-investment in basic areas such as maintenance and refurbishment which comes from a lack of confidence in the long term future. **We recommend that MoD sets out its proposals for the long term military commitment in Cyprus, including the purpose of that commitment and the force levels required to sustain it, in its response to this report.**

100. Furthermore the infantry, at around 20,000, currently makes up around one fifth of the total Army strength. The net reduction in infantry strength will be about 1,900, so that, in an Army whose total strength in the future will be around 102,000, the infantry will continue to represent somewhat less than a fifth of the total. *Future Capabilities* also proposes reductions in the Artillery (six batteries) and in the Armoured Corps (seven Challenger 2 squadrons). These latter reductions will largely be achieved through re-rolling and the Armoured Corps will remain 'much as they are in terms of manpower'.<sup>99</sup> As we noted above, there may be a small redundancy programme for the Artillery.

101. The reduction of four infantry battalions will release 2,476 posts. Additionally MoD plans to reinvest an additional 524 posts which are currently established in Northern Ireland when operational circumstances allow.<sup>100</sup> The final allocation of all 3,000 posts to be reinvested is still under consideration. The intention is that the posts themselves should all be filled by April 2008. It is not, however, a simple matter of moving individuals from the infantry to these posts. Some of them represent new capabilities. In many cases, because of the skills required, additional recruiting or transfer and training will be required.

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99 Q 243

100 Ev 174

102. At this stage the principal elements which will be strengthened by the planned reinvestment are:

- Intelligence units will gain over 300 posts beginning from August 2005.
- Six Brigade Signal Squadrons will gain around 25 posts, the 2 Divisional Signal Regiments will gain around 50 posts each and the Logistic Brigade Signal Squadrons will gain 10 each. Implementation of these changes is planned to begin in August 2005 with priority to those due to deploy on operations.
- A new port and maritime squadron is planned which will enhance the military port at Marchwood and the Sea Ports of Disembarkation capacity on expeditionary operations. It will also improve tour intervals in this very specialised logistic unit. The unit will increase by nearly 100 posts, primarily in the Royal Logistic Corps posts. Implementation will be in two tranches, beginning in August 2005 and January 2008.
- New sub-units are planned to enhance capabilities such as unmanned aerial vehicle, surveillance and target acquisition and bomb disposal capabilities, the latter in two tranches in September 2007 and March 2010.
- An additional strategic communications unit will be created which will improve the level of signals support available for expeditionary operations. An additional 30 Royal Signals posts will be provided, in three tranches: April 2005, April 2006 and January 2008.
- A logistic support regiment is planned for each deployable brigade to provide integral combat service support for medium scale operations. This is an internal re-rolling that begins in April 2005 with 7 & 20 Armoured Brigades, with other brigades complete by April 2008. Around 60 additional Royal Logistic Corps posts will be invested in Logistic Support Regiments from August 2006 with a further 40 drivers already provided to Brigade Equipment Support Regiments from April 2005.
- A commando engineer regiment is planned to enhance the support provided to 3 Commando Brigade. It will provide more engineering capacity, a planning cell and improved command and control capability. This enhancement will bring 3 Commando Brigade into line with all the other brigades—where each have a dedicated Engineer Regiment. This entails an increase of some 250 Royal Engineer and Royal Electrical and Mechanical Engineer personnel. An implementation team will be set up in August 2006 with the intention to establish the unit fully by April 2008.<sup>101</sup>

103. This programme represents a significant investment in many of the key capabilities for expeditionary operations. **The increase in military capability, derived from the whole package of proposals for the future army structure, will be delivered as much by the**

reinvestment of the lost infantry posts into more robust unit establishments and ‘hard-pressed pinch point areas’<sup>102</sup> as by the ending of the arms plot.

### Shift to medium weight forces

104. *Delivering Security* proposed the development of a medium weight land capability, so that future land forces would be able ‘to deliver a decisive impact across the full spectrum of operations’. Medium weight forces would ‘increase our flexibility in responding to crises’ by providing ‘a high level of deployability (including by air) together with much greater levels of mobility and protection than are currently available to light forces’.<sup>103</sup>

105. The Army does not currently have a medium weight capability and will not have until the proposed Future Rapid Effect System (FRES) is introduced.<sup>104</sup> The generally quoted date for the introduction of the first FRES vehicles has been 2009. In late May 2004, the Minister for Defence Procurement said of the 2009 date, ‘We think it is achievable, otherwise we would not say it is’.<sup>105</sup> However that date has never represented full operational capability for a medium weight force. FRES is intended to be family of vehicles and the first introductions would be the simpler variants. In October 2004, in the reply to our *Defence Procurement* report, MoD drew a distinction between formally endorsed in-service dates and internal planning assumptions ‘which help guide project assessment work’. Nonetheless, they went on, ‘our planning assumption for FRES remains to introduce early variants around the end of the decade’.<sup>106</sup> In January 2005, General Jackson told us that he doubted that FRES would be available by 2010.<sup>107</sup>

106. The MoD, however, is pressing ahead with reducing the number of armoured brigades from three to two and creating a new light brigade. This will produce a land force of two armoured brigades, three mechanised brigades, a light brigade, an air assault brigade and a commando brigade.<sup>108</sup> This decision was made:

not because we are in any way uncomfortable or unhappy with this modern very successful main battle tank [ie Challenger 2], it is because a judgment has been made, given the strategic global environment in which we have to operate, that it is important to have more medium-weight forces available, that we cannot get to a crisis with main battle tanks as quickly as we might like and that, therefore, a medium-weight capability, an enhanced medium-weight capability, will be important in the kind of conflicts that we have to deal with currently.<sup>109</sup>

107. Until the medium weight capability which FRES promises becomes available, the mechanised brigades will have a reconnaissance role.<sup>110</sup> In our report, *Defence White Paper*

102 Ev 174

103 Cm 6041-I, p 12

104 See Cm 6041-I, p 12

105 *Defence Procurement*, Sixth Report of Session 2003–04, HC (2003–04) 572-II, Q 311

106 Cm 6338, p 11

107 Q 719

108 Q 57

109 Q 53

110 Q 44

2003, we expressed surprise that the Army was prepared to do away with then unspecified quantities of heavy armoured forces when their replacement was little more than a concept which had not even left the assessment phase.<sup>111</sup> In its reply the MoD stated that there was ‘no operational reason’ why the re-rolling of a heavy armoured brigade should be ‘held up pending the introduction of enhanced medium-weight capabilities, such as FRES’.<sup>112</sup>

108. The analyses of the international security environment and the likely challenges to be faced by British Armed Forces in both *Delivering Security* and in *Future Capabilities* do lead logically to the conclusion that future operations will draw less on heavy forces than had previously been expected. This is partly because those operations are likely to be smaller in scale than in the past, but also because they may be conducted at shorter notice and at greater distance from the UK. As the Secretary of State said, ‘we cannot get to a crisis with main battle tanks as quickly as we might like’. We also accept that there are strong arguments for developing an effective medium weight capability, which extend beyond its greater deployability. Indeed we have repeatedly pressed MoD to ensure that every effort is made to avoid further delays to the introduction of FRES.

109. Challenger 2 has proved itself to be an excellent main battle tank. Recent operations, not least in Iraq, have also clearly demonstrated that, for the foreseeable future, tanks will continue to provide an irreplaceable capability. The United States recently announced that their main battle tank, the Abrams, would be in service until 2032. As General Jackson told us:

We have no doubt whatsoever that the Challenger 2 is with us for another generation, 25 years, a similar sort of time frame. I have no doubt about that. The main battle tank is still the beast that it is, and if technology one day can produce the fire-power, mobility and protection of the main battle tank but weighs 20 tonnes and it goes in the back of a Hercules, that will be quite something; we are certainly not there yet. Until then, the main battle tank without doubt has its place on the battlefield.<sup>113</sup>

Despite our support for FRES, we agree with this analysis. We were therefore concerned that the MoD planned to phase out seven Challenger 2 armoured squadrons by March 2007, largely on the basis of the assessment of the future security environment set out in *Delivering Security* which had concluded that the future would see a similar pattern of operations to the recent past. Our view was that, given the uncertain and changeable nature of the global security environment, that conclusion was rash.<sup>114</sup>

110. In evidence the Secretary of State appeared to go some way towards accepting this when he told us that he was ‘edging towards the idea of storage’ rather than disposal in respect of those Challengers.<sup>115</sup> He also made clear that although the number of Challenger squadrons would be reduced from 25 to 18, only 40 of the total fleet of 385 tanks would be

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111 HC (2003–04) 465, para 116

112 HC (2003–04) 1048, para 61

113 Q 376

114 HC (2003–04) 465-I, para 42

115 Q 53

withdrawn from service because ‘we will take less risk with the remaining squadrons’.<sup>116</sup> **We support this approach. The combination of the unpredictability of future military operations and the proven value of the Challenger 2 would, in our view, make any decision to dispose permanently of a significant number of them, before the introduction of an effective and proven medium weight capability, foolhardy.**

111. The decision to re-role the brigades over the next two years, rather than as FRES becomes available, reflects the MoD’s assessment that we will not need to deploy a larger force of heavy armour than that will allow. General Walker argued that recent experience substantiated that assessment:

We only had two armoured regiments fully employed in the Gulf in the last operation in the Gulf.<sup>117</sup>

The force structure tables in *Future Capabilities* suggest that MoD does not expect that heavy armour would ever be deployed as part of a small scale operation, and that no more than three squadrons would be deployed to an enduring medium scale operation.

112. These assessments reflect the pattern of recent operations, but they may underestimate the flexibility and utility of the main battle tank. Certainly it takes time to deploy, but once in theatre it has a presence—whether for deterrence or coercion—which no other land capability can match. There are clearly financial advantages in moving to three medium brigades ahead of the introduction of FRES. It may also be that the re-rolling will itself facilitate that introduction. But even on the most optimistic estimate of FRES’s delivery, there will be three years between the re-rolling and the introduction of the most basic FRES vehicles. In the meantime the medium brigades will have an armoured reconnaissance role. All three force structure tables (two smalls and one medium, two mediums and one small and one large scale operation) anticipate the deployment overall of fewer armoured reconnaissance squadrons than armoured squadrons. **We conclude that the decision to re-role one armoured brigade to medium (and the consequential re-rolling of a medium brigade to light) is consistent with the experience of recent operations and the assessment of the future security environment in Delivering Security, but that assessment also identified the requirement for a medium weight capability. We are concerned that even the initial delivery of the equipment to provide that medium weight capability (ie FRES) will not take place for some years after the re-rolling of the brigades.**

113. In the meantime the mechanised brigades (including, presumably, the re-rolled armoured brigade) will have to operate with existing equipment, much of which is approaching the end of its planned life. Having to maintain that equipment in service for longer than planned is likely both to be costly and to lead to a gradual deterioration in operational capability. Over time that may become an increasingly impracticable and expensive option, in which case a replacement for those equipments would have to be procured. As General Fulton told us during our Defence Procurement inquiry:

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116 Q 52

117 Q 44

there is a very clear choice to be made between what I might call not-FRES and FRES. Not-FRES we could go out into the market today and buy a light armoured vehicle, and there are a number on the market.<sup>118</sup>

The assessment phase needs to answer for me the question can we have FRES in a timescale that is acceptable to my end customer or have we got to spend money on not-FRES in the intervening period, money that I would much rather invest in FRES?<sup>119</sup>

114. The Army has made the acquisition of a medium weight capability a key priority. Its delivery depends upon FRES. But FRES depends on the successful incorporation of a number of new technologies, which are largely, if not entirely, unproven in the military context. **If FRES encounters significant further difficulties or delays the Army will have no choice but to acquire new, currently available, vehicles to replace the existing outdated and increasingly unserviceable fleet.**

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118 HC (2003–04) 572-II, Q 314

119 HC (2003–04) 572-II, Q 315

## 6 Air

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### Principal proposals

115. The equipment decisions set out in *Future Capabilities* affecting the air environment include:

- Disbandment of XI(F) **Tornado F3** squadron (October 2005)
- **Jaguar** to be drawn down two years earlier than planned (One squadron to be disbanded in 2005, second in 2006 and third in 2007)
- **C-17**—current fleet of four and one additional aircraft to be purchased.
- **Nimrod MR2** fleet to be cut from 21 to 16. Around 12 **Nimrod MRA4s** to be bought, but details still to be worked out with industry
- A plan to invest some £3billion in **helicopter platforms** to replace and enhance existing capability
- **RAF regiment** to give up its Rapier short range air defence role
- Move to fewer, larger and better supported **bases**

RAF manpower will reduce from 48,500 to around 41,000 by April 2008.

116. Some of these reductions are made possible by the decision that recent improvements in the capabilities of aircraft and weapons systems will enable an air expeditionary task force capable of deploying up to 64 offensive fast jets to meet the full range of small, medium and large scale contingent operations in the revised Scales of Effort.<sup>120</sup>

### From air defence to offensive strike

117. The Eurofighter/Typhoon aircraft has sometimes been criticised as a legacy of the Cold War—an air superiority fighter intended to combat the threat of the Soviet air force which, now that that threat has passed, is left looking for a role. The air defence commitment for the UK itself is now being and will continue to be met by a small number of Quick Reaction Alert aircraft. Furthermore *Future Capabilities* takes as a planning assumption that there is ‘a reduced air threat to our forces on deployed operations’.<sup>121</sup> Yet the UK is still apparently committed to buying 232 Typhoons in three tranches, a first (which is currently being delivered) of 55, a second of 89 and a third of 88 aircraft.

118. Air Chief Marshal Stirrup, Chief of the Air Staff, maintained that criticisms of this sort were misguided:

I have seen a lot of what I regard to be ill-informed comment on Typhoon over recent months, for example that it is a Cold War legacy. It is the case that major

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<sup>120</sup> Cm 6269, p 9

<sup>121</sup> Cm 6269, p 9

platforms in all three environments from initial conception to out-of-service date are going to be in service for anything upwards of half a century and over that period things are going to change many times so the key is that our platforms in which we invest a lot of money and which we need in service for a long time to amortise that cost must be adaptable. We must be able to change the nature and/or scale of the capability we mount from those platforms, and these days that is increasingly about software, so that is at the heart of the integration of sensors and weapons onto Typhoon.<sup>122</sup>

119. The key strength of Typhoon, he argued, was that it was ‘very software intensive’.<sup>123</sup> This had allowed MoD ‘to advance our air-to-surface capability which we were expecting to introduce quite a bit later... into the final batch of tranche one aircraft’.<sup>124</sup> We do not, however, yet have any indication of when the ‘final batch’ of Tranche one Typhoons will enter service.

120. In our 2004 *Defence Procurement* report we drew attention to the continuing delays to the agreement of a contract for the tranche two aircraft. The NAO Major Projects Report of 2003 had noted that the second tranche was expected to be ordered around the end of 2003. Lieutenant General Fulton, Deputy Chief of Defence Staff (Equipment Capability) told us that MoD’s priority for the tranche two aircraft was that they should be multi-role:

Multi-role aircraft give an operational commander much greater flexibility either to switch between roles from one mission to another or, indeed, to switch roles within a single mission. My objective is to make sure that the aircraft that come into service henceforth do have that multi-role capability. Clearly it was originally designed as an air defence fighter and will always be a very, very high performance air defence fighter, but the multi-role will give it the additional capability.<sup>125</sup>

121. However, when Air Chief Marshal Stirrup appeared before us in late October 2004, the contract had still not been agreed. Although he was not able to tell us exactly what issues were holding up the negotiations at that time, it was apparent that they revolved around the enhancements needed to make the aircraft ‘multi-role’ and that these were:

to bring forward the integration of laser-guided and GPS-guided precision weaponry... because that is the most important capability we need in addition to air defence to give us the kind of multi-role responsiveness we need today.<sup>126</sup>

The announcement that the contracts for tranche two had been signed was finally made on 15 December 2004.

122. Initial operational deployment of Typhoon, in its air defence role, is scheduled for the second half of this decade.<sup>127</sup> We were told during our Defence Procurement inquiry that

122 Q 105

123 Q 105

124 Q 100

125 HC (2003–04) 572-II, Q 304

126 Q 105

127 Q 100

there would be ‘no gap between the planned out of service dates for the F3 and Jaguar fleets and the [Operational Employment Date] of Typhoon’.<sup>128</sup> That statement, however, predated the Future Capabilities decision to draw down the Jaguar force two years earlier than planned, closing one squadron in each year between 2005 and 2007. As the multi-role version of Typhoon is unlikely to enter service before the end of the decade, there will be a capability gap after the withdrawal of the Jaguar fleet. Not only does this appear to undermine the MoD’s previous assurance, it may also call into question the need for the full number of Typhoons since they had been seen as replacements for Jaguar. **If, as now seems the case, MoD is content to pay off the Jaguars two years before their replacement, because upgrades to the Tornado F3 and Harrier (including the Storm Shadow, Brimstone and Maverick missile systems) have considerably enhanced their capability, is a new aircraft to replace the Jaguars necessary?**

123. In the session on 15 September 2004 the Secretary of State explained:

The judgment that we have made in relation to bringing forward the out-of-service date for Jaguar, given that it was always to go out of service, is simply based on our requirement for fast jets today, and we judged that given the enhanced capability that we have available to us that we can manage those requirements with a smaller number of available fast jets.<sup>129</sup>

Air Chief Marshal Stirrup elaborated on this point in his evidence:

with the introduction of much more capable, multi-role aircraft, such as Typhoon, we were always clear that we would be able to achieve our tasks with lower numbers, but we expected to have to maintain those higher numbers until we got those systems like Typhoon into service and fully proved. It has now become clear, however, with the improvements that we have been making in stages over the years, for example, with the F3 by the introduction of JTIDS, with the introduction of the highly capable ASRAAM short-range missile and with the introduction of the highly capable AMRAAM radar-guided missile, that we are seeing some of those efficiency improvements within specific capability areas in advance of new systems coming into service.<sup>130</sup>

This explanation obscures the fact that air to air enhancements for the F3 are irrelevant to the loss of the air to surface attack and reconnaissance roles of the Jaguar. **The capabilities of the Typhoon will be fully demonstrated as it begins to enter service and as, at some point, it sees operational action. If, however, it delivers its advertised capabilities, it will clearly represent a very significant increase in the firepower available to the RAF.**

### **Joint Combat Aircraft**

124. *Future Capabilities* states:

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128 HC (2003–04) 572-II, Ev 96

129 Q 80

130 Q 99

The new carriers deploying the Joint Combat Aircraft (JCA) will transform our capability to project power from the sea... The state-of-the-art, multi-role JCA will provide significantly increased performance, improving strike and reconnaissance capabilities, as well as incorporating stealth technology.<sup>131</sup>

125. MoD has selected the Joint Strike Fighter (JSF) to meet the JCA requirement. We examined the JSF programme as part of our 2004 Defence Procurement inquiry.<sup>132</sup> We were concerned that as development work had progressed, the work to mature the design to meet weight targets necessary to achieve desired performance levels had proved much more demanding than expected, and the problem appeared to be greater on the Short Take Off and Vertical Landing (STOVL) variant of the aircraft—the variant selected to meet the UK requirement.<sup>133</sup> In its response to our report, MoD stated that it:

continues to play an extremely active role in the assessment of the design and trade solutions to address the excessive aircraft weight identified in 2003, particularly in the STOVL variant... The impact, if any, on the JCA ISD [in-service date] will also be considered.<sup>134</sup>

126. We asked Air Chief Marshal Stirrup, about the weight problems on the JSF and reports that the solution to the problem had been to reduce the capacity of the aircraft's weapon bay. Sir Jock told us:

It has no direct implications for the United Kingdom. The reduction in the size of the weapon bay means that it will not be able to house the 2,000lb class of weapon internally in the weapon bay but it could, of course, still carry it externally. Carriage of a 2,000 lb class weapon is not one of our key user requirements for the joint strike fighter... So as far as our operational requirements are concerned, that does not have any impact.<sup>135</sup>

In evidence to the Committee of Public Accounts in January 2005, the Chief of Defence Procurement, Sir Peter Spencer, argued that the weight issue on the JSF could be managed:

The basis of that has been the recent project reviews in the United States, which took place towards the end of 2004, where the view was taken by the Project Office and by the US DOD, joined by representatives from the UK Ministry of Defence, that substantial progress has been made in identifying ways of reducing the weight of the STOVL variant for the Joint Strike Fighter, and opinions vary as to just how much weight at the moment we could be confident had been reduced, but a figure in the region of 3000 pounds has been presented by my own team leader with a fair degree of confidence and of course we will do a very final check on that when the STOVL variant of this aircraft undergoes its critical design review early in 2006.<sup>136</sup>

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131 Cm 6269, p 7

132 HC (2003–04) 572-I, paras 81–84

133 HC (2003–04) 572-I, para 82

134 Cm 6338, para 84

135 Q 146

136 HC (2004–05) 294-i, Q 6

127. We asked Sir Jock when the JSF was expected to enter service. He told us:

We are still working on a date of around 2012 for the first aircraft appearing, but we will have to see what the implications are of the restructuring of the programme which the prime contractor has made over the last few years, not least to address the weight problem. We do not know at the moment what the implications are because there are efforts to recover some of the lost time in other parts of the programme.<sup>137</sup>

He added:

We have to understand that we are talking about development programmes at the cutting edge of technology which will run into problems. It is unthinkable that they would not run into problems. So whether there will be an impact on the in-service date and, if so, what that impact will be, are things which are impossible to forecast at the moment.<sup>138</sup>

128. Sir Jock's caution was well-advised. MoD have since told us that, because of the time taken to resolve the 'well-known weight growth problems incurred by the STOVL variant of the JSF aircraft,' they are now basing their planning assumptions on a revised in-service date of December 2014. MoD also state that they do not intend to make a firm decision on the ISD 'before the UK purchases significant numbers of aircraft'. This is not expected before 2008.<sup>139</sup> It may also suggest that MoD has little confidence in the current planning assumptions for this programme.

**129. We note that 'substantial progress' has been made to identify ways of reducing the weight of the STOVL variant of the Joint Strike Fighter, but that has been at the expense of a two year delay to the programme. And it seems that there may well be further delays.**

130. The programmes for the JSF and for the future carrier together make up the principal components of the proposed carrier task force. That in turn is at the heart of the Armed Forces' expeditionary ambitions and the MoD's primary goal for large scale operations of maximising its influence in a US-led coalition.<sup>140</sup> Together the two programmes are currently estimated to cost around £12 billion. As we have seen they are both also complex programmes which have already encountered significant problems. At present the first carrier is still expected in 2012, which is two years before the first JSF. When operational the carriers are each intended to support 36 JSFs. It is likely to be some years after 2014 before those numbers of JSFs are operational. Additionally the effective integration of carriers and JSF into a joint expeditionary force will itself be a challenging undertaking. **We recommend that MoD sets out in its reply to this report when it now expects the first JSF-equipped future carrier to be operational.**

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137 Q 149

138 Q 150

139 Ev 180

140 See Cm 6269, p 3

## Support assets

131. *Delivering Security* set out the priority for the air environment as being ‘to project air power from both the land and the sea offering capabilities across the range of air operations, but with a clear emphasis on offensive effect’.<sup>141</sup> But air assets also have vital roles to play in support of expeditionary operations. Over the years we have monitored progress on several procurement programmes designed to enhance capabilities in these areas. **We welcome the announcement in Future Capabilities that the four currently leased C-17s and a fifth will be purchased.**

132. The Future Strategic Tanker Aircraft (FSTA) programme is intended to provide a replacement for the ageing fleet of VC10s and Tristars. The programme was nominated as a potential Private Finance Initiative programme in 1997. Although MoD chose Air Tanker Ltd as the best candidate to provide a PFI solution at the end of January 2004, the decision formally to accord them preferred bidder status was not announced until 28 February 2005, prolonging industrial uncertainty. In a letter to our Chairman at the time of that announcement the Secretary of State wrote :

A final decision on whether to proceed is dependent on a satisfactory conclusion of negotiations with AirTanker. This is a complex programme and these negotiations, including a competition for the financing of the deal, will take some time to conclude.<sup>142</sup>

Asked in October 2004, when he would like a decision to be made, Air Marshal Stirrup replied, ‘A year ago’.<sup>143</sup> He explained, ‘from an operational perspective we need to get something under way as soon as we possibly can’.<sup>144</sup>

**133. Air to air refuelling (AAR) is an essential enabler to extend the range and endurance on station of combat aircraft in attack and defence and is already in short supply in coalition operations. Carrier based expeditionary operations will be severely constrained without access to AAR. We are encouraged that a decision on the Preferred Bidder for FSTA has finally been taken, but we are concerned at the amount of work which still remains to be done before a final decision to proceed will be taken.**

## Personnel reductions

134. RAF manpower is to be reduced from 48,500 to 41,000 (15%) by April 2008. According to *Future Capabilities* this:

takes into account planned manpower savings arising from the introduction of new aircraft types. It also includes savings from various existing efficiency programmes such as End to End Logistics and from the implementation of multi- and adaptive skilling, whereby individuals will be trained to undertake a variety of specialist tasks

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141 Cm 6041-I, p 13

142 Ev 213

143 Q 177

144 Q 178

across their career increasing flexibility. It recognises changed assumptions relating to the requirement for RAF personnel for contingent operations.<sup>145</sup>

The reduction will be managed through a combination of natural wastage, recruiting adjustments and a redundancy programme. The redundancy programme is to be effected by a compulsory scheme for which applications will be invited. Only if there are insufficient suitable applicants will it be necessary to select some non-applicants. There will be 2,750 redundancies overall in three tranches of 450, 1,200 and 1,100 posts to leave the service in successive years from 2005 to 2007. The bulk of the numbers are expected to be from the aircraft engineering trades. Applications for the first tranche were invited by 28 January 2005. 1,160 applications were received.

135. We are concerned about some aspects of this reduction. Only a small number of Typhoons will have entered service by 2008. Under present plans 144 Typhoons will be acquired in tranches one and two, replacing 38 withdrawn Jaguars and 59 remaining Tornado F3s. Even allowing for an element of attrition cover in the Typhoon purchase, that does not represent a reduced training requirement. Moreover, there will be a large gap between the disbandment of the last Jaguar squadron in 2007 and their replacement by the multi-role variant of the Typhoon, which will present problems of aircrew transition and increase the training requirement. Yet *Future Capabilities* envisages a smaller training requirement prompted by the reduction in the front line.

136. We consider the arrangements for the future support of military aircraft below (see paragraphs 163–181). However, one of the principal justifications for the decision to concentrate support—deep repair, scheduled maintenance and modification of aircraft—forward to main operating bases was the need to retain sufficient uniformed personnel to sustain the level of concurrent operations as set out in *Future Capabilities*. It is therefore, on the face of it, surprising that the bulk of the 2,750 redundancies from the RAF are to be aircraft engineers.

137. The proposal to provide 170 front line crews to man up to 64 offensive fast jets in an air expeditionary task group, representing an aircrew to aircraft manning ratio of approximately 2.5 to 1, reflects current practice. The numbers do not, however, represent the overall requirement for offensive fast jet aircrew. There is always a further number of aircrew on squadrons who are not yet combat ready, others who are filling operational and other training posts and others whose experience is essential to fill associated staff posts. **We are concerned that the significant reductions in RAF manning in the short term ignore a predictable increased requirement in the medium to longer term, with the effect that a short term gain may undermine longer term resilience.**

## Helicopters

138. It became apparent during our Lessons of Iraq inquiry that the Joint Helicopter Force had faced a number of significant challenges during the combat operation. In its report on battlefield helicopters, published in April 2004, the NAO stated that there was an overall shortfall in helicopter capability of 38 per cent. General Jackson argued that this figure was set against ‘an absolute ideal whereby for every scenario we have, every helicopter would be

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145 Cm 6269, p 12

there in its full theoretical quantity'.<sup>146</sup> A more realistic assessment—recognising 'that you are not going to be doing everything at once'—produced a shortfall of around twenty per cent.<sup>147</sup>

139. We would have expected MoD to have been keen to take steps to reduce a capability shortfall of twenty per cent, especially in view of the assertion that 'helicopters provide a key capability in the battlefield and maritime environments, and their flexibility means they contribute to the majority of the Military Tasks'.<sup>148</sup> We were therefore surprised that *Future Capabilities* contained a proposal to reduce overall helicopter numbers in response to the improved security situation in Northern Ireland. Given the shortfalls in the overall helicopter fleet, it would have seemed more sensible to have redeployed those helicopters. Air Chief Marshal Stirrup, however, argued that simple redeployment might not be the most effective response:

We are..., of course, talking about Pumas and Pumas... are scheduled to go out of service. In terms of overall efficiency of the helicopter force, the sooner we can reduce the overall numbers of types, the more output we will get from the force as a total. It is not just a case of extending old types in service to meet the requirement, that is not necessarily the most efficient way of doing it.<sup>149</sup>

We appreciate the force of this argument in theory. In practice, however, it depends upon progress being made more broadly towards modernising the helicopter force. According to *Future Capabilities*, the Government plans to 'invest some £3 billion in helicopter platforms to replace and enhance... existing capability'.<sup>150</sup>

140. Air Chief Marshal Stirrup, who admitted to being 'very concerned' about the pressures which recent operations have placed on helicopter crews, told us that MoD had 'set in hand a comprehensive study to look at our future rotorcraft needs'.<sup>151</sup> That was in October 2004. *Future Capabilities* (published in July 2004) stated that the substantial proposed investment offered 'an opportunity to maximise efficiencies and coherence across our future helicopter fleet,' that MoD had been working with industry 'to review thoroughly both our capability requirements and our forward plans' and that MoD aimed to report on progress with this work 'in the next few months'.<sup>152</sup>

141. In February 2005 MoD told us:

This is a complex programme of work and we need to make sure we give due weight to the full range of capability, affordability, and industrial issues—as set out in our Defence Industrial Policy. We hope to have a clearer idea of the way forward towards the summer of this year.<sup>153</sup>

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146 Q 380

147 Q 380

148 Cm 6269, p 9

149 Q 223

150 Cm 6269, p 9

151 Q 214

152 Cm 6269, p 9

153 Ev 178

So ‘the next few months’ appears to have turned into a year, and capability requirements and forward plans have turned into ‘a clearer idea of the way forward’.

142. MoD also told us:

The Department is at present testing existing capability requirements to ensure the right balance between land and maritime lift, reconnaissance and attack capabilities to provide a robust force structure for the future. This work is well underway and is being conducted by an Operational Analysis Working group and a Requirements Working Group. The output of these groups will inform the programme and identify opportunities where common equipment and approaches to training and support could provide whole life cost benefits.<sup>154</sup>

This seems to suggest that there is still some way to go to establish what the future helicopter requirement might be. But General Jackson was quite clear on what he wanted for the land environment:

We need a battlefield reconnaissance helicopter, whatever that may look like and whoever may eventually make it, as I say, I am not your expert witness there, but I am quite clear about that role. If it has a small utility aspect to it as well, ie it is big enough to carry a small command group, that is a great help. Without doubt, the Army in the field needs lift—how much lift and the way in which that lift will be delivered and which aircraft will do it, again these are procurement decisions, but in terms of making the land component work, that is how I see the helicopter requirement.<sup>155</sup>

143. *Future Capabilities* describes helicopters as providing ‘a key capability in the battlefield and maritime environments’. **We are concerned that that recognition of their operational value does not seem to be matched by the priority or urgency which MoD gives to their future procurement plans.**

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154 Ev 178

155 Q 378

## 7 Network Enabled Capability

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144. *Future Capabilities* includes a scenario for a fictional operation in 2010 which is intended to illustrate the benefits of network enabled capability (NEC) to British forces.<sup>156</sup> In it a target is identified by an Army reconnaissance squadron. Information on it is relayed (using their Bowman radio system), via their unit and Brigade headquarters, to the Joint Forces Land Component Command (JFLCC) which diverts a Watchkeeper UAV to provide positive identification of the target. At the same time an ASTOR aircraft is also diverted to provide battlefield surveillance. A plan for engaging the target is worked out by JFLCC and Joint Forces Air Component Command (JFACC), communicating with each other through the Skynet 5 satellite system. Authorisation for an attack is obtained, again via Skynet (either from within theatre or from UK depending on rules of engagement). Then an E3D Sentry aircraft is directed by JFACC to re-task two Harrier GR9s, currently on standby in a holding pattern from a nearby carrier, to attack the target with Maverick missiles. Finally the Watchkeeper provides a battle damage assessment and confirms that the target has been destroyed. In all this takes a little over thirty minutes from when the target was first observed.

145. We asked Air Chief Marshal Stirrup whether this scenario was (a) achievable by 2010 and (b) fast enough. His answer was ‘Yes and no’. His target was to bring the cycle from sensor to shooter described in the scenario down to ‘a small number of minutes’.<sup>157</sup>

146. General Jackson described the acquisition of NEC as taking place over three phases:

The initial phase is characterised by interconnection. In other words, things can connect one with another without difficulty. The transitional phase, the second, is integration—where you do better than that and you have the whole thing together. The mature phase is characterised by synchronisation—we are all informed, everywhere, everything. That is a conceptual approach.<sup>158</sup>

He believed that the initial phase was achievable by 2007; the transitional by 2015 and the mature phase some time ‘beyond that’. Sir Jock’s target must represent the second, if not the third, of those phases.

147. Both Air Chief Marshal Stirrup and General Jackson emphasised the complexity of NEC. Sir Jock described it as ‘the totality of your military force rather than just the bit that connects the nodes’,<sup>159</sup> and Sir Mike told us:

this is not an overnight wave of some magic wand. It is not the arrival of a gee-whizz black box: it is a very progressive programme, which depends on equipment which is just coming in now, and some yet to come in.<sup>160</sup>

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156 Cm 6269, p 6

157 Q 193

158 Q 263

159 Q 194

160 Q 264

Indeed of the network enabling equipment employed in the scenario in *Future Capabilities*, only the E3D Sentry aircraft are currently fully in service. The Bowman radio system is in the process of being introduced into the Army (see below). Skynet 5 was due to enter service in February 2005 but no announcement to confirm this had been made when we agreed this report on 2 March. According to the NAO's 2004 Major Projects Report, Watchkeeper is due to enter service in November 2006, and ASTOR in November 2005, although in respect of the latter programme, the contractor has encountered difficulties associated with the development of the radar and it is not clear what impact these will have on the in-service date.<sup>161</sup> And some of the other programmes supporting these capabilities may not be available for some years yet. Falcon, for example, which will provide secure communications at the operational level, has already had its in-service date slip from 2006 to 2007 and there are reports that it may be subject to further delays.

148. After years of delays and difficulties with the previous Bowman projects (Yeoman and Archer) the revised<sup>162</sup> Bowman achieved what the MoD called its 'ambitious' in-service date on 26 March 2004 'ahead of the target of 30 March'.<sup>163</sup> In-service, however, was defined as 'a Brigade Headquarters, two mechanised battalions and support troops capable of engaging in Operations Other than War (ie peacekeeping)'.<sup>164</sup> By February 2005 around ten per cent of the Army had been converted. The target for the end of 2005 is for one third of the Army to have converted. The total conversion programme is expected to last until at least the end of 2007.<sup>165</sup>

149. There have been regular press reports of difficulties with the introduction of Bowman. General Jackson told us in early November 2004 that there had been 'some teething problems with this first tranche of Bowman'.<sup>166</sup> In his judgement, some of these were practical problems to do with the programme's implementation, but others were technical.<sup>167</sup> In a recent memorandum MoD responded to a number of the reported problems and asserted, 'The Department, all three Services (but particularly the Army) and an extensive industrial base are all solidly behind the continuing programme to convert the Armed Forces to the Bowman system'.<sup>168</sup> **We welcome the commitment of MoD and the Armed Forces to the successful introduction of Bowman. Recent operational experience has demonstrated the Army's need for a modern communications system. If MoD's ambitions for Network Enabled Capability are to be realised, the effective and timely introduction of the programmes which will support NEC is essential.**

150. But even the successful introduction of Bowman and of the other programmes highlighted in the scenario in *Future Capabilities* will only take British forces to the first of General Jackson's three levels of NEC. The scenario illustrates how the connectivity of

161 HC Deb, 26 October 2004, c 1206W

162 See *Major Procurement Projects*, Tenth Report from the Defence Committee of Session 1999–2000, HC 528, paras 41–59.

163 See HC (2003–04) 572-II, Ev 94

164 HC (2003–04) 572-II, Ev 94

165 Ev 176

166 Q 262

167 Q 271

168 Ev 177

currently planned equipment could be exploited. The next phase, to integrate organisations and systems, may prove to be significantly more challenging. It is striking that the scenario includes no communication directly between different services below headquarters level and it appears that land and air forces still need separate battlefield surveillance assets. **Despite the efforts made to move to a more joint procurement process, the principal items of network enabling equipment due to become available in the next few years still seem to bear the hallmarks of single Service procurement. We recommend that MoD sets out in its response to this report how it plans to move from the connectivity of communication and surveillance programmes to their integration by 2015.**

151. It is important to press on with the development of network enabling capabilities not only to increase the effectiveness of our Armed Forces but also to maintain the capacity to operate alongside the Americans. One of MoD's strategic goals is to be able to influence large scale US-led operations. It has judged that in order to do that it must be able to contribute capabilities which will add real weight to a US operation (see paragraphs 188–193 below). The US is devoting enormous resources to its objective of 'network centric warfare'. As we noted in our report on *Delivering Security*, the UK could not match those resources. Instead, as Air Chief Marshal Stirrup told us, MoD's objective was to 'point ahead and get to the same capability at the same time'.<sup>169</sup> In his evidence to this inquiry, he made the same point somewhat more graphically:

Keeping up with the Americans presupposes that the Americans know where they are going and we just follow on a little bit behind. Actually that is not good enough and we need to be there at the same time as they do, so we have to try to predict where they are going to wind up so that we are in a position at that moment in time to be interoperable, but there is so much here that is new in terms of technological opportunity, in terms of the implications for doctrine, process and procedures that we are trying to track a moving target, a very rapidly moving target. That is the great challenge.<sup>170</sup>

In his view, the UK was doing well in this area—and was also doing well in keeping aligned with other allies—'the problem [was] one not so much of understanding, but one of determination and allocation of resources'.<sup>171</sup>

152. This assessment assumes that there is a common vision of what the ultimate goal of NEC is. But it is not clear that there is. Indeed General Jackson argued that, at least in the land environment, UK and US objectives were quite distinct:

The language here is quite interesting. In the United States they call it "network-centric warfare". "Centric" is an interesting word there, is it not? That implies that the network is at the centre. Our view is somewhat different, because we do not quite see it that way.<sup>172</sup>

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169 HC (2003–04) 465-II, Q 257

170 Q 195

171 Q 195

172 Q 269

At the end of the day, being an infantry officer... you have infantry soldiers at the point of decision. They will be at the centre, in that sense of decision-making. I believe our phrase, “network enabling”, is absolutely right. Better, more sophisticated, and faster communications enable us to do things we have done before... but much more quickly, smoothly, securely, more easily.<sup>173</sup>

According to *Future Capabilities* NEC is ‘at the heart’ of the transformation of the UK’s Armed Forces which it sets out. The enhanced capability which NEC will bring ‘is about more than equipment; we will exploit the benefits to be obtained from transformed doctrine and training, and optimised command and control structures’.<sup>174</sup> **If MoD is to exploit NEC both as a central element in the transformation of the Armed Forces and as a contribution to its strategic objective of bringing ‘real weight’ to large scale US-led operations, it will need not only to ensure that adequate resources continue to be devoted to it but also to develop a coherent and joint doctrinal framework, compatible with that of the United States, without which it will not be possible to realise the benefits of fully integrated NEC.**

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173 Q 270

174 Cm 6269, p 5

## 8 Support and logistics

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153. MoD acknowledged the importance of support and logistics in *Future Capabilities*:

Operational experience since the SDR [Strategic Defence Review] has shown the key role of logistics and the importance of sustainability as an enabler across all elements of military capability. As with other capability areas, logistics requires strengthening in order to meet the demands of concurrent operations. There will be further significant investment in this area. As part of the re-balancing of our Army structure we are strengthening our logistic capability at brigade level, and improving deployable port and maritime capabilities, which will help meet the demands of expeditionary operations. And drawing on our experience from Operation TELIC, we are also applying the latest technology to our logistic visibility and asset tracking capability to ensure the right materiel is in the right place at the right time.<sup>175</sup>

### End to end logistics review

154. MoD's Annual Report and Accounts 2003–04, included a section on the end-to-end logistics review:

...in July 2003, a review of 'end-to-end' (E2E) Air and Land logistic support reported on how logistic support to Air and Land forces, including Naval Aviation and the Royal Marines, can be streamlined across organisational boundaries, from industry to the front line, and thereby generate improved logistic effectiveness and savings for investment in other Defence priorities. The Minister of State for the Armed Forces reported the findings to Parliament on 10 September 2003. The E2E Review Final Report proposed a future support strategy recognising that small and medium-scale operations outside Europe are now the norm, and that these will require logistic support that is joint, flexible, rapidly-deployable and robust. A more detailed Demonstration Phase validating the proposed scope and pace of change was completed in April 2004. It concluded that the original recommendations were sound and that the postulated benefits could be achieved.<sup>176</sup>

The key changes proposed by the E2E review include:

- Support infrastructure in the air environment to be concentrated in key locations and rationalised from four to two levels of Forward and Depth support.
- Support activity in the air environment to be concentrated where it could be carried out effectively. This meant that some Forward support activities could be moved back into Depth support decreasing deployed infrastructure.
- Land environment logistic support to be tailored for two states; peacetime support in barracks and deployed logistics, with robust arrangements for transition between the two.

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<sup>175</sup> Cm 6269, p 10

<sup>176</sup> HC (2003–04), 1080, p 66

- A better focus was needed to ensure the arrival of materiel in the theatre of operations in the right order, at the right place and at the right time. A permanent, joint organisation was needed to establish and prioritise a joint supply chain that would be driven by the needs of the joint commander of operations.
- MoD's approach to contracting to be improved to maximise the role that industry could play and to realise the benefits of competition.
- The cost of logistic support to be made clearer to budget holders who should own the corresponding funding. The Chief of Defence Logistics (CDL) must own the process from industry to the front line.<sup>177</sup>

155. In our *Lessons of Iraq* report, we concluded, 'Given how critical logistics are to operations, we expect MoD to implement the lessons identified in its reports on Operation TELIC, and also those lessons identified by the National Audit Office. We intend to closely monitor the progress of MoD's end-to-end review'.<sup>178</sup> Mr Ingram announced on 20 July 2004, that many of the principles and recommendations put forward by the E2E Final Report had been proven through pilot activities. The intention was to focus future activity on implementation and the early realisation of benefit. MoD had invested £18 million in the programme over the previous fifteen months. 'End to End Demonstration has identified efficiency benefit of between £16 million to £19 million per annum and identification of realisable benefit of around £330 million'.<sup>179</sup>

156. We asked CDL about the lessons that had been learned from recent operations relating to logistics. CDL told us that these operations 'did highlight areas where we can improve and, such was the importance of those areas from a collective perspective, not just a logistic one, we are now making significant progress across what we call the end-to-end regime that is truly holistic'.<sup>180</sup>

**157. The end-to-end logistics review identified a range of major changes with the aim of improving logistic effectiveness and securing substantial efficiency gains. Although MoD appears to be making progress in implementing the review, we note that future improvements will be dependent on the continuing achievement of efficiency targets. We recommend that MoD sets out a timetable for the full implementation of the review.**

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177 HC Deb, 10 September 2003, c 26–7WS

178 HC (2003–04) 57-I, para 283

179 HC Deb, 20 July 2004, c 234W

180 Q 388

## Efficiency programmes and initiatives

158. We considered MoD's overall efficiency programme in Chapter 3 above. The efficiency targets and key efficiency programmes relating to the DLO are set out in the Table below.

**DLO efficiency targets and key efficiency programmes**

£ million		2005-06	2006-07	2007-08
DLO collocation				5
DLO restructuring		25	25	26
DLO procurement reform		47	94	157
DLO elements of Defence Logistic Transformation Programme <sup>181</sup>	DLO element of end-to-end study	19	53	65
	DLO change programme	374	432	555

Source: MoD<sup>182</sup>

159. Major General Tony Raper, Defence Logistics Transformation Programme Team Leader, provided the following summary of the various efficiency programmes in the logistics area:

The DLO change programme... had a strategic goal, the balance of which was the £1.262 billion, for delivery by 31 March 2006. If you add on the amount that had already been delivered against that, that takes you up to about £1.8 billion. The end to end review also identified further efficiencies on top of those that had been taken inside the DLO change programme. The DLO change programme specifically looked at activities [within] the DLO budgetary area, rather than the end to end programme which has clearly taken account of those aspects of logistics which are within the front line commands and the services.<sup>183</sup>

160. We asked where the efficiency savings would be re-invested, General Raper told us that 'some of that is reinvested to improve processes within the DLO... Life in the logistic area will not get easier'.<sup>184</sup>

161. MoD subsequently told us that 'the overall savings from the MoD Efficiency Programme have been used to balance the Departmental programme as a whole'.<sup>185</sup> However:

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181 The DLO change programme and end-to-end study were merged to become the Defence Logistic Transformation Programme on 1 April 2004

182 Ev 170

183 Q 481

184 Q 483

185 Ev 170

every change programme requires a level of investment and DLO elements of DLTP will have some £215M invested over the above period to enable change to occur. Furthermore, the MOD had committed £61M on investment in asset tracking and improving the supply chain and is considering, in the current budgeting round, the level of priority for further investment in these areas.<sup>186</sup>

**162. We note that there are a range of programmes and initiatives in the logistics area which are expected to deliver substantial efficiency savings. However, we are concerned that only some of these will be re-invested in logistics and to hear that ‘life in the logistics area will not get easier’. We have previously noted that the measures to strengthen logistic support for land forces, by providing additional personnel, are to be resourced by reductions in infantry numbers. Given the crucial role of logistics and the shortcomings noted in recent operations, we are concerned that MoD is continuing to resource the total logistics effort in a piecemeal rather than a holistic manner.**

### Future support of military aircraft

163. The E2E review set out key changes for the air environment (paragraph 154 above). *Future Capabilities* states, ‘Work continues to develop options for the future support of military aircraft’.<sup>187</sup> On 16 September 2004, Mr Ingram announced the Government’s preferred way forward, subject to trades union consultation. The key points from Mr Ingram’s statement were:

- The end-to-end review recommended that on-aircraft depth support—deep repair, scheduled maintenance and modification of aircraft—could best be rationalised by concentrating at main operating bases (MOBs), and that this conclusion should be tested in an investment appraisal.
- Confirmation that in order not to prejudice the in-service date of the upgraded Harrier GR9 of 2006, Harrier support would concentrate forward to the MOB at RAF Cottesmore.
- The wider investment appraisal and subsequent affordability analysis had demonstrated that concentrating support of the Tornado GR4 aircraft forward at the MOB at RAF Marham would provide best value for money compared with the alternative of concentrating backward on the DARA site at St. Athan.
- The continuing work had demonstrated that it would not be cost-effective to concentrate the Tornado F3 aircraft either forward or back, given that it would be replaced by Typhoon. The work had also shown that it would provide better value for money to concentrate depth support for Lynx, Chinook and Sea King back to DARA Fleetlands.
- MoD’s preferred way forward had implications for the military and civilian workforce, as well as for partners in industry who undertake depth support of military aircraft.

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<sup>186</sup> Ev 170

<sup>187</sup> Cm 6269, p 11

- Concentrating support for rotary aircraft at DARA Fleetlands offered the opportunity to exploit fully the economies of scale that might be achieved by collocating these platforms at a single centre. Sufficient defence work would remain at DARA St. Athan to enable continued operations there until 2008–09.
- MoD would explore with other Government Departments alternative options for St. Athan after 2009, although the migration of work and the withdrawal from service of some platforms meant that 500 redundancies would be needed there in 2005.<sup>188</sup>

164. We were particularly concerned about the proposal to concentrate support of the Tornado GR4 aircraft forward at the MOB at RAF Marham rather than concentrating backward on the DARA site at St. Athan, as this appeared to go against the aim of the *Strategic Defence Review* which stated that:

A single Agency will also be created to repair and overhaul all military aircraft. This will amalgamate the Naval Aircraft Repair Organisation (responsible for helicopters) with the bulk of the RAF Maintenance Group Defence Agency (fixed wing aircraft). The new Agency will become a Trading Fund as soon as practical.<sup>189</sup>

### **Defence Aviation Repair Agency**

165. DARA was formed on 1 April 1999, merging the two former agencies to create a single MoD-wide aviation deep-repair organisation. On 17 January 2001, MoD laid before the House a draft Order to establish DARA as a trading fund on 1 April 2001. Our predecessors held an inquiry into DARA and visited St Athan, DARA's largest site and its headquarters, in February 2001. Their report *The Draft Defence Aviation Repair Agency Trading Fund Order 2001*, was published on 7 March 2001. Its overall conclusion was:

The MoD sees benefits from converting DARA to a trading fund, which will develop a competitive alternative to its commercial sources of repair work, saving money for other more pressing defence requirements. For DARA, the change of status will challenge its previously sheltered relationship with the Department, but it will, we are persuaded, also bring benefits to the Agency. But if as a result DARA cannot deliver reduced prices and better performance, the MoD might be increasingly driven to place more of its repair work directly with industry, which would effectively leave DARA to wither on the vine. The Agency should become a trading fund on 1 April 2001, as planned. It should continue to have the status for the foreseeable future.<sup>190</sup>

166. The Government's Response to the Committee's Report stated:

Although allowing DARA to operate on a more commercial footing should help the MoD reap some of the above benefits, the Government supports the Committee's view that there must be important safeguards that the MoD will keep in place. In particular the requirement to ensure that there is assured access to repair capabilities

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188 HC Deb, 16 September 2004, c 164–165WS

189 Cm 3999, p 47

190 *The Draft Defence Aviation Repair Agency Trading Fund Order 2001*, Fourth of Session 2000–01, HC 261, para 48

and a capacity for surge workloads in times of crisis (as the Kosovo campaign in 1999 demonstrated). That continuing requirement must be protected in DARA.

The Government is pleased to note that the Defence Logistics Organisation is making a firm commitment to making DARA a successful Trading Fund and will be making investments and ensuring that DARA continues to be an integral part of the capability available to the MoD.

The Government welcomes the Committee's support for Trading Fund status for the DARA, which recognises the excellent work by both the DARA and the Ministry of Defence in transforming the management of our aircraft repair and maintenance business.<sup>191</sup>

167. DARA was the subject of a debate in Westminster Hall on 2 November 2004 and also featured in the Defence Procurement Debate on 4 November 2004. In the former, Mr John Smith MP, whose constituency includes St Athan, said:

During the past year, £18 million of taxpayers' money has been invested to build a state-of-the-art military hangar at RAF St. Athan. It is the size of six football pitches and is purpose-built to repair 47 fast jets at any time—the entire fleet.<sup>192</sup>

168. Mr Ingram said:

The completed investment appraisal and affordability analysis demonstrated that concentrating support of the Tornado GR4 aircraft forward at RAF Marham would provide best value for money compared with the alternative of concentrating backward at DARA St.Athan. In essence, the choice was either to move the aircraft to an existing main operating base for depth support or to move RAF personnel to DARA St.Athan. The latter would have meant significant up-front infrastructure costs, but either option would have meant a significant reduction in civilian posts. That was the reality. The investment appraisal and affordability analysis also showed that it would not be cost-effective to concentrate the Tornado F3 aircraft either forward or back, given that it will soon be replaced by the Typhoon.

For rotary wing aircraft, helicopters, the investment appraisal and analysis demonstrated that it would provide better value for money to concentrate depth support for the Lynx, Sea King and Chinook back to DARA Fleetlands, a civilian base, not a military base.<sup>193</sup>

169. Mr Ingram added, 'The consultation period ended on 27 October, and I have received a formal response from the trade unions which is now under consideration. I hope to make a final decision shortly and am only a matter of days away from doing so'.<sup>194</sup>

170. Prior to our evidence session with the Chief of Defence Logistics, we received a memorandum from the trade union Prospect<sup>195</sup> outlining concerns about the

191 Fifth Special Report, Session 2000–01, HC 514, paras 4, 12, 14

192 HC Deb, 2 November 2004, c 27–28WH

193 HC Deb, 2 November 2004, c 30–31WH

194 HC Deb, 2 November 2004, C 31WH

195 Ev 117–119

Government's preferred way forward of re-locating Tornado GR4s from DARA St Athan to RAF Marham. The memorandum raised a number of concerns including the possible closure of DARA St Athan by 2008, and concerns about the value for money of MoD's proposals. MoD also provided a memorandum, responding to the points raised by Prospect, the day before the evidence session. It stated that advice would be submitted to Ministers shortly and that that advice would take into account comments made by the Trades Unions.<sup>196</sup> The MoD submission concluded:

We consider that the comprehensive analysis in the IA [Investment Appraisal] and on the affordability of the options was carried out in an objective and impartial way, and we believe that the preferred option offers the best outcome for Defence in terms of operational effectiveness and value for money.<sup>197</sup>

171. We asked CDL about DARA. He told us:

When we applied that principle of better support and we looked at different ways of achieving it, the investment appraisal showed us that one particular area rolled forward to a single centre of excellence for depth was the right answer and in other areas rolled back into industry or DARA was the right answer.<sup>198</sup>

172. We asked CDL when RAF personnel had last undertaken the deep repair of aircraft and what experience service personnel at RAF Marham have in undertaking such work on Tornado GR4 aircraft. CDL told us that at RAF Cottesmore on Harrier aircraft:

we have already introduced something we call a pulse line lean system using RAF manpower, which has made huge efficiencies in that process. Of course, we have learned from that in the proposals for the business case for what we are going to do at [RAF] Marham.<sup>199</sup>

173. We asked what would happen if problems were experienced at RAF Marham with the deep repair of Tornado GR4 aircraft and where else this work could be undertaken. CDL told us that 'theoretically I suppose you could look back at the original manufacturer as one option'.<sup>200</sup>

174. CDL did not accept our suggestion that the proposals relating to DARA amounted to a re-nationalisation because 'other aspects of this review have resulted in a roll back. An example of that is that the helicopter community will go back to [DARA] Fleetlands because that was seen as the most effective and efficient way of conforming with depth and forward requirements in the future'.<sup>201</sup>

175. Following the evidence session, we sought from MoD the additional information which had informed the announcement on 16 September 2004, including copies of the Investment Appraisal and the Affordability Analysis. MoD provided copies of these

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196 Ev 158–160

197 Ev 160

198 Q 407

199 Q 420

200 Qq 428–429

201 Q 451

documents<sup>202</sup> and a further explanation of the decision to re-locate support of Tornado GR4 aircraft from DARA to RAF Marham:

The End-to-End Review concluded that there was substantial excess capacity in all areas of air systems support... There was both a need and substantial scope for improvement in all areas. It also reflected the fact that, with some notable exceptions, the Department and the Services were not using industry modern best practice to drive down the cost of supporting military aircraft. The case for significant change was unarguable.

It was clear then—and demonstration since has amply proven—that significant improvements can be made to the productivity of the RAF personnel through the application of lean techniques, enabling more work to be done at front-line bases, whereas there would be significant costs and operational penalties in moving these personnel from the Main Operating Bases (MOBs) to St Athan. These personnel form part of the “Crisis Manpower Requirement” for the Royal Air Force, which determines how many RAF personnel we need to sustain the level of concurrent operational deployments for which the Department plans. Accordingly, these personnel must be uniformed personnel and cannot be replaced by civilians or contractors. Where the total depth support task exceeds the number of RAF personnel required to support deployments, the remaining work would be carried out at MOBs by civilians or contractor personnel.<sup>203</sup>

176. A report by the Management Accountancy Services (Army) examined ‘the comparative incremental costs for the rolling forward or rolling back of on-aircraft Depth support for 5 platforms (Tornado GR4, Tornado F3, Sea King, Lynx and Gazelle) to single Depth facilities under 3 options’.<sup>204</sup> The three options were Roll Forward and Roll Back and a Hybrid option.<sup>205</sup> For Tornado GR4 the report assessed the Roll Forward option at £25.449 million, the Roll Backward option at £35.955 million and the Hybrid option at £25.464 million and concluded that ‘In summary, the Roll Forward and Hybrid options present better value for money than the Roll Back’.<sup>206</sup>

177. We were concerned about the substantial investment that had been made in the DARA St Athan site. MoD told us that the original decision to proceed with the modernisation of the St Athan site was taken on the basis of a sound business case and that:

The work load projections in the Red Dragon business case indicated that the case for Red Dragon (in terms of MOD work) was soundly based in the short to medium term out to 2008/09 but there was a need for DARA to find commercial work in the medium to long term. It was not possible to take into account the effect of the End to End Logistics Review at the time the Red Dragon business case was approved, since the Review had not yet then started.<sup>207</sup>

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202 Ev 168–169

203 Ev 169

204 Ev 181

205 Ev 181–182

206 Ev 185–186

207 Ev 169

178. On 25 November 2004, Mr Ingram announced his decision ‘to implement the preferred strategy’. On 16 December 2004, he wrote to our Chairman to update him on the future of DARA and the work that he was commissioning. MoD was reviewing strategic options for the future of DARA. Mr Ingram stated that ‘The decision as to whether DARA should remain part of the Department therefore needs to be considered... The alternative to retaining DARA within MoD would be to place parts or all of it in the private sector’. He emphasised that the decision to undertake a study of these matters ‘does not in any sense imply that we see sale to the private sector as a ‘preferred’ option’.<sup>208</sup>

**179. We find it surprising, given the substantial investment to create a state-of-the-art aircraft repair facility at DARA St Athan, that MoD has announced that support of Tornado GR4 aircraft will be moved to the Main Operating Base at RAF Marham. We expect MoD to work closely with all interested parties to ensure that DARA St Athan has a future and we expect MoD to keep this Committee informed of the current study reviewing the strategic options for the future of DARA St Athan.**

**180. We are aware that the revision and concentration of Tornado maintenance in the RAF was driven by a need to reduce both costs and manpower, as well as to improve procedural efficiency. If these drivers are not to have an adverse impact on operational effectiveness, the new arrangements at RAF Marham will need to match, if not exceed, the high standards set by the skilled workers at DARA St Athan. We expect MoD to monitor this closely.**

**181. We find it of real concern that if problems are experienced at RAF Marham, MoD may be dependent upon the original manufacturer of the aircraft to undertake repairs. One of the reasons why DARA was created in the first place was to provide ‘assured access to repair capabilities and a capacity for surge workloads in times of crisis’. It is not apparent how the proposed arrangements at RAF Marham will meet this requirement.**

## Asset tracking

182. A key logistic lesson identified from Operation Telic was the need for a robust system to track equipment and stocks both into and within theatre—a requirement which had previously been identified in the 1991 Gulf War. We concluded in our *Lessons of Iraq* report:

The lack of such a system on Operation Telic resulted in numerous problems with the in-theatre distribution of critical items such as ammunition, body armour and NBC equipment. MoD has told us that having such a system is top of its logistics priorities and we understand that proposals will be submitted to Ministers in the spring. We urge Ministers to provide the necessary funding. However, we find it deeply unsatisfactory that a full system is unlikely to be in place within the next five years.<sup>209</sup>

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208 Ev 213

209 HC (2003–04) 57-I, para 291

183. In its response to our report, MoD stated:

Both the NAO report and the Department's own reports on Operation TELIC recognise shortcomings in our ability to track equipment in theatre, and the issue of tracking has been examined. A package of improvements for logistics materiel management has been identified which includes tracking. This package would require funding and options will need to be considered as part of the Department's planning round against other priorities. If funded, the enhancements will provide a robust tracking capability.<sup>210</sup>

184. During our inquiry we asked about the progress in introducing a robust asset tracking system.<sup>211</sup> Sir Kevin Tebbit, Permanent Under Secretary of State at MoD, told us:

There is no simple off-the-shelf solution... What we are doing is putting in place an in-transit visibility system to help us from the deployed location to the front-line. We did introduce it at the end of the operation and it made a huge change straightaway; so we know it works. It is called TAV. It is an American system. We had TAV Minus. We are now integrating this thing (TAV) into our existing logistic systems and that is already proving to be a great help. It does not cost a fortune. The software costs are not huge. I think the full figure you have got probably there is around £17 million. We have already spent about half of that on this. But you also need people who are trained to use it at both ends.<sup>212</sup>

185. Sir Kevin acknowledged that greater effort was needed on operational logistics.<sup>213</sup> To assist this, MoD had created a new post—'ACDS [Assistant Chief of Defence Staff] operational logistics two-star appointment'.<sup>214</sup> But it is also essential that there are sufficient numbers of people with the appropriate training to undertake the asset tracking. Sir Kevin told us that 'That is part of the 3,000 that will be added as a result of the change in the four regiments, four battalions'.<sup>215</sup> As we noted earlier, the final allocations for the reinvestment of those infantry posts are still to be determined, but in January 2005 General Jackson told us that provisionally 396 of the 3,000 would be logisticians.<sup>216</sup>

186. In terms of timescales, we asked when MoD would have a 'unified tri-service logistics system'.<sup>217</sup> Sir Kevin told us that 'we will be progressively getting better between now and 2007...the issue is we have legacy IT systems that we have to put smart front-ends on to pull them together and give everybody the same amount of information'.<sup>218</sup> We asked whether, by 2007, MoD would have a system where it would know where everything is and

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210 *Lessons of Iraq: Government Response to the Committee's Third Report of Session 2003–04*, First Special Report of Session 2003–04, HC 635, para 136

211 Q 58

212 Q 60

213 Q 63

214 Q 63

215 Q 63

216 Q 652

217 Q 66

218 Q 65 and Q 67

what container it is in.<sup>219</sup> Sir Kevin's reply reflected the chequered history of logistics capability programmes in MoD:

Now I have been in the job for six years, I am not going to say "Yes" again. What I am going to say is, you know, I stake a lot of my job on getting this right and making sure it happens progressively and I will continue to do so.<sup>220</sup>

**187. A key logistics lesson identified from Operation Telic was the need for a robust system to track equipment and stocks both into and within theatre. MoD is now investing in a system to deliver an 'in-transit visibility system to help us from the deployed location to the front-line'. However, it is disappointing that MoD could not assure us that such a system would be fully functioning by 2007. We look to MoD to set out a clear timetable for the early introduction of the system, and to ensure that the required number of personnel with the appropriate training are available to operate the asset tracking system.**

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219 Q 68

220 Q 68

## 9 Operating with allies

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### United States

188. As we noted above, *Delivering Security* took as an assumption that in the future ‘in the most demanding operations we will be operating alongside the US and other allies’. By the time of *Future Capabilities* in July 2004, this had hardened to the assumption that ‘the most complex large scale operations will only be conducted as part of a US-led coalition’.<sup>221</sup> As a consequence of this assumption, the Government’s primary goal is to bring as much influence as possible to bear on the planning, execution and management of the operation. In order to do this, the ‘force structure at large scale should... focus on those capabilities which add real weight to the campaign and hence the UK’s ability to influence its outcome’. Those capabilities are then listed as:

- special forces;
- networked communication and intelligence systems which can integrate with the US network;<sup>222</sup>
- amphibious and carrier strike task groups;
- an air expeditionary task force capable of long range strike and close air support; and
- a land manoeuvre division, capable of conducting offensive operations.

189. The common characteristic of all of these capabilities is their focus on offensive and expeditionary operations. This is consistent with the assessment in *Delivering Security* that, in order to meet future security challenges, the Armed Forces overall would ‘require a clear focus on projecting force, further afield and even more quickly than has previously been the case’.<sup>223</sup> Clearly from a planning point of view it is very helpful that the separate decisions on the best way to exert influence on large scale US-led operations and on what is required to defend UK interests both require similar force structures and capabilities.

190. Operation Telic, however, demonstrated the strain that a large scale commitment places on the Armed Forces. At one stage almost two-thirds of the entire Army was committed (ie preparing for, taking part in or recovering from operations).<sup>224</sup> A similar scale operation would not have been possible again for some considerable time. The Chief of Defence Staff told us in June 2003 that he expected it to be another eighteen months before it would be possible to generate a medium scale capability.<sup>225</sup>

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221 Cm 6269, p 3

222 Referred to in *Future Capabilities* as C4ISR (Command, Control, Communication, Computers, Intelligence, Surveillance and Reconnaissance) assets

223 Cm 6041-I, p 7

224 See HC (2003–04) 57-I, para 49

225 HC (2002–03) 771-i, Q 41

191. It is a reflection of the importance which the Government places on its relations with the United States that it is prepared as a matter of policy to take on a level of commitment (however infrequent) which has such consequences.

192. A further illustration of the importance placed on the relationship with the United States was given by Admiral West. He initially told us that the reason that the MoD had decided that it needed two large carriers was:

because to do the initial strike package, that deep strike package, we have done really quite detailed calculations and we have come out with the figure of 36 joint strike fighters, and that is what has driven the size of it, and that is to be able to deliver the weight of effort that you need for these operations that we are planning in the future. That is the thing that has made us arrive at that size of deck and that size of ship, to enable that to happen.<sup>226</sup>

Later in the same session, however, he explained that the size of the carriers had also been fixed so that they would be able to ‘mix and match’ with a US carrier:

in terms of... the CVF, I have talked with the CNO (Chief of Naval Operations) in America. He is very keen for us to get these because he sees us slotting in with his carrier groups.<sup>227</sup>

He really wants us to have these, but he wants us to have the same sort of clout as one of their carriers, which is this figure at 36.<sup>228</sup>

**193. We support MoD’s determination to maintain a strong defence relationship with the United States. We note the assumption that the most complex large scale operations will only be conducted as part of a US-led coalition. It will be important to ensure that the Armed Forces’s commitment to maintaining a capability for large scale operations is strengthened by this assumption.**

## Europe

194. *Delivering Security* stated:

Significant progress has been made towards ensuring that ESDP offers a capable and credible military capability under the Helsinki Headline Goal.<sup>229</sup>

195. Another significant step was taken on 22 November 2004, when all 25 European Union defence ministers announced their contribution to the rapidly deployable units referred to as ‘battle groups’ by the British or ‘tactical groups’ by the French.<sup>230</sup> This

226 Q 533

227 Q 546

228 Q 547

229 Cm 6041-II, p 2

230 A ‘battle group’ is considered the minimum military effective, credible, rapidly deployable, coherent force package capable of stand-alone operations, or for the initial phase of large operations. The battle group concept is based on a combined arms, battalion sized force and reinforced with Combat Support and Combat Service Support elements. A ‘battle group’ could be formed by a Framework Nation or by a number of countries. A ‘battle group’ will need to be associated with a Force Headquarters and pre-identified operational and strategic enablers, such as strategic lift and logistics.

concept was modelled on Britain's intervention in Sierra Leone in 1999, when UK troops provided the vital bridgehead in a UN-sanctioned operation. At the meeting, the Secretary of State for Defence announced the UK's willingness to supply a 1,500-man battle group. With this commitment Britain will play a leading role and, along with France, provide the EU with an Initial Operational Capability (IOC) of one battle group in 2005 and two battle groups by early 2007.

196. There are many areas where we may benefit from closer working with our European partners. Admiral West, for example, pointed to the French plans for a future large aircraft carrier. We noted the possibility of co-operation between the UK and France during the building of the respective carriers in our 2004 Defence Procurement report. Once they come into service, Admiral West was confident that 'we can come up, within the context of the European Battle Group or whatever else..., [with] some way of operating our carriers so that we were taking the weight between us'.<sup>231</sup>

197. The EU Council of Ministers will have to agree unanimously before any deployment takes place.<sup>232</sup> While it is not written into the proposals, the assumption is that the EU force would act under a UN Security Council mandate and primarily support UN missions.

198. The Capabilities Conference, during which the pledges were made, also took steps towards expanding the EU's Civil-Military Cell (consisting of military officers and civilian personnel), and establishing the European Defence Agency and heard from France, Italy, the Netherlands, Portugal and Spain about their plans to establish a European Gendarmerie Force (EGF). It also updated the European Capability Action Plan, the EU's yard-stick to measure the progress made in remedying military shortfalls.

199. The Military Capability Commitment Conference and the pledges came as the EU took on its biggest military mission yet, replacing NATO in charge of the 7,000-man Stabilization Force (SFOR), which has kept the peace in Bosnia-Herzegovina since 1995.<sup>233</sup>

200. The EU battle groups are now an integral part of the wider process of increasing the EU's defence capabilities, having been incorporated in the long-term Headline Goals 2010. They began, however, as a way to galvanize a process, which had not previously delivered very much. They will provide the EU with a concrete, rapidly deployable capability which it has previously lacked despite the goals set at the 1999 Helsinki Summit. It has also allowed the UK to focus European minds on achieving the appropriate standards for forces, and ensuring compatibility with NATO's Response Force.

## NATO

201. In the words of the Secretary of State:

NATO [has] to recognise that some of its traditional commitments and organisation still largely determined, I think entirely wrongly by the Cold War, need to change.<sup>234</sup>

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231 Q 536

232 Countries not wishing to support an operation themselves, but unwilling to scotch the operation entirely could allow it to take place by 'constructively abstaining' from voting.

233 The European Union already has deployed troops in Macedonia (Operation Concordia) and Congo (Operation Artemis), but the deployment to Bosnia-Herzegovina (Operation Athena) is much bigger.

Although those remarks were made in the context of naval commitments, they clearly have a wider resonance. One of the significant developments in the international security context identified in *Delivering Security* was NATO's enlargement and its evolution away from large static forces and towards smaller response forces able to deploy and undertake operations outside the NATO area.<sup>235</sup>

202. The establishment of the NATO Response Force (NRF) has been a major step in this evolution. We were briefed on the NRF and on the other work of Allied Command Transformation when we visited them in early 2004. The commitment to establish the NRF was made at the Prague Summit in 2002. The purpose of the NRF was to provide NATO with a high readiness capability for high intensity operations, which would be fully trained and certified as a joint force. On 13 October 2004, the NATO Secretary-General announced that the NRF<sup>236</sup> had reached an Initial Operating Capability of around 17,000 troops and would reach Full Operating Capability by October 2006 with around 21,000 troops.

203. Alongside its development as a deployable force, the NRF is also being used as a catalyst for a broader process of transformation of military capabilities in NATO member states. In our 2002 report on *The Future of NATO* we concluded:

NATO has come a long way since the Cold War and has established roles in peace-keeping, promoting interoperability, and advancing security within and beyond Europe which are regarded as making a major contribution to the preservation of peace and stability in the world. The challenge now, which must be confronted directly at Prague, is for NATO to transform itself again, into an organisation which is relevant and can contribute to the 21<sup>st</sup> century security context and the post-11 September world. We believe NATO has the potential to meet this challenge.<sup>237</sup>

**204. We are encouraged by the progress NATO has made since the 2002 Prague Summit. We welcome the declaration of Initial Operating Capability of the NATO Response Force. We note the Secretary of State's belief that in some areas NATO is still wedded to Cold War structures and tasks. We recommend that the Government makes the pursuit of continuing NATO transformation a key priority.**

## United Nations

205. The EU deployment in Bosnia (see paragraph 199 above) is under a UN mandate. British and other coalition forces in Iraq are operating under the UN mandate provided in UN Security Council Resolution (UNSCR) 1546. The United Kingdom provides British military personnel to a number of UN forces, notably to UNFICYP in Cyprus where the British contribution makes up about a third of the total force.

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234 Q 71

235 Cm 6041-I, p 2

236 The NRF is not a permanent or standing force; it is comprised of national force contributions, which are meant to rotate through periods of training and certification, followed by an operational 'stand by' phase of six months.

237 *The Future of NATO*, Seventh Report of Session 2001–02, HC 914, para 163

206. In Afghanistan British forces provided the headquarters and the lead elements of the first International Security Assistance Force (ISAF) to implement UNSCR 1336. They established a significant presence on the ground within four weeks. It is in this area, of providing a rapidly deployable 'first-in' capability on behalf of coalitions of the willing, that the Government expects the UK's contribution to UN operations chiefly to be made.<sup>238</sup> In other respects, *Delivering Security* focuses more on the perceived shortcomings of the UN. The UN is not seen as having an operational or leadership role rather it is the place where 'ultimately debates on the handling of major security crises will continue to crystallise'. The UK must 'be realistic about the limitations of the UN'.<sup>239</sup>

207. In March 2000, following a number of perceived peace-keeping 'failures' such as Somalia, Rwanda and Sierra Leone, the UN Secretary-General convened a High-Level Panel to undertake a thorough review of United Nations peace and security activities. Lakhdar Brahimi, the former Foreign Minister of Algeria, chaired the Panel, which presented its findings in August 2000. The Brahimi Report recommendations mainly addressed the UN's rapid deployment capacity and its planning and support structure.

208. Following the Brahimi Report, and in light of the terrorist attacks on the United States in September 2001 and the conflict in Iraq in early 2003, the UN Secretary-General convened another panel, the High Level Panel on Threats, Challenges and Change, to assess the principal threats to international peace and security in the twenty-first century and to recommend changes to improve the effectiveness of the United Nations in responding to those threats. Lord Hannay, a former UK Permanent Representative to the United Nations, was a member of the Panel. The Panel reported in December 2004 and made over 100 suggestions for reforming the role of the UN. Significantly, the report affirmed the right of nations to practice self-defence, including pre-emptive self-defence when an attack is imminent. The Panel also said that the UN Security Council would have to take steps to become involved earlier and more intensively when dealing with situations involving terrorism and weapons of mass destruction. On the Security Council's composition, the report put forward two proposals both of which would entail an expansion to 24 members. The report also proposed the creation of a Peace-Building Commission that would identify areas at risk of developing conflicts and act to prevent these developing further.

209. The UN Secretary-General has made obtaining agreement on the report's recommendations a centrepiece of his efforts leading up to the UN General Assembly's 60th session in September 2005. On 1 December 2004, the Prime Minister issued a statement on the report saying: 'Britain will play a leading role in taking forward work on the range of the Panel's recommendations, including in the run-up to the Millennium Review Summit next September and as part of our G8 and EU Presidencies in 2005'. In a debate in Westminster Hall in January 2005, Mr Bill Rammell MP, Parliamentary Under-Secretary of State at the Foreign and Commonwealth Office, confirmed the Government's welcome for the report, noted that the Secretary General was to publish his own report on its implementation in March 2005, and stated:

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238 See Cm 6041-II, p 3

239 Cm 6041-II, p 3

We are intending to work with him and seize the opportunity that exists for the international community. The United Kingdom is uniquely placed, especially this year, to be able to do that, given our dual presidencies of the European Union and the G8'.<sup>240</sup>

On 10 February the Foreign Secretary launched a public debate on the reform of the UN and on 24 February he published the Panel's report in a Command Paper. In the introduction he wrote 'We would like to see a substantial package of reform based on the report's proposals ... the report represents an opportunity we cannot miss'.<sup>241</sup> **Whatever the UN's perceived shortcomings in recent years, it is in the UK's interests to promote its reform in line with the recommendations of the High Level Panel. MoD must play its part in that effort.**

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240 HC Deb, 19 January 2005, c 292WH

241 *A More Secure World: our Shared Responsibility, Report of the United Nations Secretary General High-Level Panel on Threats, Challenges and Change*, Cm 6449, p 3

## 10 Conclusion

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210. *Delivering Security*, building on the New Chapter to the SDR, set out the Government's analysis of the defence and security challenges against which the Armed Forces need to be prepared, structured and equipped. Although we accept much of that analysis, we have been, and continue to be, concerned that its vision of the future is too narrowly confined by the expectation that the experience of recent years constitutes a sufficient guide to the future: that there will be 'a similar pattern of operations in the future, with the emphasis on multiple concurrent Medium and Small Scale deployments'.

211. Many of the key capabilities, identified by that analysis and in *Future Capabilities*, depend on the introduction of new equipment, and much of that equipment will not be available until the end of the decade or later. For example:

- Carriers, from 2012
- Type 45 Destroyers, from 2009
- Astute submarine, delivery of first in 2009
- FRES, first vehicles 2009 or later
- Typhoon, multi-role not before 2010
- Joint Strike Fighter, from 2014
- New helicopter capabilities, no date set

A number of these programmes have already experienced significant delays. The possibility of further delays cannot be discounted.

212. On the most optimistic of projections, it will be the middle of the next decade before the UK has the Armed Forces described in *Future Capabilities*. At that point the analysis of the threat upon which that structure was posited will be more than ten years old. Given the extent of the changes which have been seen in, for example, the seven years since the Strategic Defence Review of 1998, it must be expected that that analysis, in some respects at least, will not have stood the test of time.

213. MoD's response to this risk has been to emphasise the flexibility which the Future Capabilities proposals will provide to the Armed Forces. This flexibility is demonstrated by, for example, the multi-role capabilities of the Typhoon; or by the agility and deployability of the proposed FRES vehicles; or by the range of capabilities which can be provided from the future carriers. While such flexibilities are welcome, they are not all new. Many existing capabilities have proved themselves to be extremely flexible.

214. Flexibility in terms of total military output, however, comes not only from the ability to use one set of equipment for a number of different purposes—or train one unit of personnel to undertake a number of different tasks—but also from having a large enough pool of resources from which to draw an appropriate mix of effective equipment and trained personnel to achieve the range of tasks that may be required. *Future Capabilities*

concentrates on providing the resources needed for particular types of operation: expeditionary, high intensity, network enabled.

215. We are concerned that *Future Capabilities* places too great an emphasis on providing for high levels of capability across a relatively narrow part of the total spectrum of military activities. The risk involved in doing this could be compounded if some of the key equipment programmes which we highlighted above were either subject to significant delays or failed to deliver the full ranges of their planned capabilities. There is continuing uncertainty over the Carrier programme. There have been problems with the Joint Strike Fighter. And the critical technologies for FRES remain untested.

216. A second area of risk is over the tempo of operations, and the strain which this places on the Armed Forces. In recent years the Armed Forces have been operating at or near the limit of their capabilities. General Walker, on his first appearance before the Committee as Chief of the Defence Staff, told us in June 2003, that each of the single service chiefs had raised concerns with him, as the new CDS, about the level of commitments.<sup>242</sup> The proposals in *Future Capabilities* are not predicated on any significant reduction in operational tempo in the future. Indeed the MoD's analysis for *Delivering Security* states:

A major lesson of the last five years is that the Department and the Armed Forces as a whole have to be structured and organised to support a fairly high level of operational activity at all times, not as a regular interruption to preparing for a Large Scale conflict.<sup>243</sup>

217. We are not convinced that that lesson has been learned in terms of what can be reasonably expected of Armed Forces personnel over an extended period. Admiral West described the Navy as being 'very very taut... in terms of numbers'.<sup>244</sup> General Jackson said that an Army of 102,000 was 'just enough to man the force structure'.<sup>245</sup> Air Chief Marshal Stirrup has publicly commented on the painful nature of the reductions for the RAF and there is still uncertainty about the core manpower requirement as the Service adapts to the demands of expeditionary warfare. RAF manpower savings depend not just on reductions in existing force levels, but on the timely entry into service of aircraft and systems which will require fewer people to operate them. On recent operations at least ten per cent of those deployed have been reservists. The total number of reservists, however, has recently been in decline and there have been problems with recruitment. The MoD has admitted that the arrangements for financial assistance for reservists have had an adverse effect on retention rates.<sup>246</sup>

**218. Historically the Armed Forces have had difficulty recruiting to their full Manning levels. Failure to do so in the future could seriously undermine the sustainability of the force structure set out in *Future Capabilities*. The MoD needs to recognise that, under**

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242 HC (2002–03) 771-i, Q 3

243 Cm 6041-II, p 7

244 Q 568

245 Q 363

246 Changes to the Reserve Forces (Call-out and Recall) Financial Assistance Regulations – Statutory Instrument 1997 No 309: Regulatory Impact Assessment, p 5 MoD, January 2005.

its proposals, there will be very little, if any, fat left in Armed Forces manning figures. Full recruitment will be a necessity rather than an aspiration.

219. The Future Capabilities proposals have been driven by a particular vision of future operational requirements. It may take another decade before the capabilities to deliver those requirements are in place. In the meantime equipment withdrawals and personnel reductions may leave gaps in capability. Those gaps, in turn, may create risks. Some of those risks, in our view, need not have been taken.

220. The longer term vision is for an expeditionary, high-intensity and network-enabled package of forces, capable of contributing 'real weight' and thus influence to US-led operations. Its achievement depends on the timely delivery of a range of new and sometimes unproven equipment programmes. We believe that that vision takes a somewhat narrow perspective on the range of demands which our Armed Forces might be expected to meet in the future. The decision to commit the Armed Forces to the realisation of that vision is a demonstration of the Government's confidence in the enduring relevance of the analysis of the future international security environment in *Delivering Security*.

# Conclusions and recommendations

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## Introduction

1. As we have previously stated, we agree with much of the policy analysis in *Delivering Security*. We welcome the Government's commitment to modernising the Armed Forces and to equipping them to face the security challenges of the future. Inevitably much of the analysis in this report focuses on areas where we still have concerns or questions. (Paragraph 10)

## Scales of effort and concurrency assumption

2. In our report into the Defence White Paper of December 2003 (*Delivering Security in a Changing World*), we identified two broad areas of potential risk from the MoD's policy analysis: a lack of resilience in the face of changing operational demands and too narrow a focus on the range of operational demands which the Armed Forces of the future may face. In this report we intend to look more closely at how the Future Capabilities proposals have addressed those areas of risk. (Paragraph 21)

## The financial context

3. MoD must press ahead with the full implementation of its plans to re-invigorate the Smart Procurement initiative, which it continues to maintain will deliver equipment projects to time and cost. Only if these plans are successful will it be able to exploit the forecast savings from reductions in existing equipment. MoD must also ensure that its efficiency programme delivers its targets as useable additional funding. Those funds will be needed to deliver the ambitious programme of transformation set out in *Future Capabilities* within the proposed timescales. (Paragraph 33)
4. Service accommodation across the defence estate is too frequently of a poor standard. Although the Future Capabilities proposals focus on operational needs, MoD must not lose sight of the necessity to find funds to bring accommodation for all service personnel up to an acceptable modern standard. We recommend that MoD commits itself to a clear timetable within which the necessary improvements will be made. (Paragraph 36)

## Maritime

5. None of the four naval standing commitments in the Atlantic Ocean and east of Suez is a Cold War legacy undertaken on behalf of NATO. It is hard to see which could easily be dropped. Since the decision on which it is to be has not yet been made, it appears that the Government has decided that a specific number of commitments can be cut, without knowing which they will be. But ships are already being withdrawn. The commitments cannot be sustained if the ships are not available. We recommend that MoD announces a timetable for the decision and for withdrawal from the chosen commitments. (Paragraph 44)

6. We welcome the announcement of the Physical Integrator for the Future Aircraft Carrier as an indication that progress is being made with the procurement strategy for the future carriers. We emphasise again the importance of de-risking the project ahead of final contracts being signed. But it is equally important, particularly where the contractual arrangements are as complicated as in this case, that the responsibilities for the various elements of the programme are clearly defined and allocated. (Paragraph 56)
7. There is little evidence in *Future Capabilities* that MoD has factored the risks of attrition into its calculations for a number of key future equipment programmes, particularly in the maritime environment. (Paragraph 61)
8. We believe that Admiral West's concerns about the availability of the SSN fleet must be addressed. If there is a risk of further delays to the bringing into operational service of the Astute submarines, serious consideration should be given to postponing the withdrawal from service of HMS Superb and Trafalgar. (Paragraph 63)

## Land

9. There are compelling arguments for ending the arms plot and we strongly endorse and welcome the decision to do so. There are, however, a number of issues relating to the practical implementation of the decision which have not yet been resolved. It is incumbent on MoD and the Army Board to provide answers to these as soon as possible. Additionally further information is required on the means by which career soldiers in two and three battalion regiments will be given a breadth of experience comparable to that they could have expected under the arms plot. (Paragraph 74)
10. We believe that it would have been helpful, both for our inquiry and for wider reassurance of the fairness of the decision-making process, if MoD had been prepared to publish not only the raw Manning and Recruitment statistics for individual infantry battalions but also its own analysis of those statistics. (Paragraph 76)
11. The infantry was subject to two separate processes: the first to determine the details of the restructuring of the regiments and the second to decide on where the reduction of four infantry battalions would fall. In practice these two processes were conducted together. The Secretary of State announced both the proposed new structure for the infantry and the decisions on battalion reductions at the same time. Much public commentary has also combined these two processes, but they are distinct and the arguments for each are quite different. (Paragraph 80)
12. We regret that the Secretary of State has refused to publish the minutes of the Army Board's deliberations on the future Army structure. A more open approach, which might have demonstrated that the Army Board had arrived at its recommendations on the basis of sound and objective arguments, would have reaped significant benefits in terms of support from serving and retired members of the Army for the proposals overall. (Paragraph 81)

13. We are concerned that if the size of the Army is only just enough to man the proposed force structure a similar lack of resilience, to that experienced in the Army in the past, may be experienced in the future. (Paragraph 85)
14. If since 1998 the strains have principally been felt among the supporting elements, in the future they may be more apparent in front line units. We remain concerned that the current emphasis on expeditionary operations, on what we termed in our earlier report 'the projection of force,' risks undervaluing the continuing need to be able to deploy a presence of significant numbers of 'boots on the ground'. We have also previously expressed our concern that MoD is giving insufficient priority to the role which the Armed Forces may in the future be called upon to fulfil in respect of defence of the homeland. MoD's emphasis is on an expeditionary strategy under which the threat from international terrorism is 'dealt with at source'. (Paragraph 86)
15. We conclude that many front line units in the Army have for some years been experiencing an operational and training cycle whose intensity is unsustainable over the longer term. We are not convinced that MoD's statement of average tour intervals is an accurate or fair reflection of the strain on particular units or on individuals. The strengthening of support elements proposed in *Future Capabilities* is welcome and deserved, but we are concerned that that strengthening has been achieved at the expense of the total establishment of the infantry. (Paragraph 90)
16. We regret that disputes over the outcome of the restructuring of the infantry seem to have been fomented by the perceived lack of transparency in the Army Board's deliberations and decision-making processes. (Paragraph 93)
17. We urge the Army Board to bring forward recommendations on measures to maintain the 'golden thread' of regimental heritage, as soon as possible. The identity of individual regiments is derived from more than just cap badges. It depends rather on a complex fabric of related elements. As well as the range of local links and the matter of accoutrements, these include issues such as museums, recruitment and the siting of headquarters. How these are to be preserved is still unclear, but that preservation will be central to the successful implementation of the future infantry structure. (Paragraph 95)
18. We recommend that MoD sets out its proposals for the long term military commitment in Cyprus, including the purpose of that commitment and the force levels required to sustain it, in its response to this report. (Paragraph 99)
19. The increase in military capability, derived from the whole package of proposals for the future army structure, will be delivered as much by the reinvestment of the lost infantry posts into more robust unit establishments and 'hard-pressed pinch point areas' as by the ending of the arms plot. (Paragraph 103)
20. We support the Secretary of State's proposals for retaining Challenger tanks following the re-rolling of the brigades. The combination of the unpredictability of future military operations and the proven value of the Challenger 2 would, in our view, make any decision to dispose permanently of a significant number of them, before the introduction of an effective and proven medium weight capability, foolhardy. (Paragraph 110)

21. We conclude that the decision to re-role one armoured brigade to medium (and the consequential re-rolling of a medium brigade to light) is consistent with the experience of recent operations and the assessment of the future security environment in *Delivering Security*, but that assessment also identified the requirement for a medium weight capability. We are concerned that even the initial delivery of the equipment to provide that medium weight capability (ie FRES) will not take place for some years after the re-rolling of the brigades. (Paragraph 112)
22. If FRES encounters significant further difficulties or delays the Army will have no choice but to acquire new, currently available, vehicles to replace the existing out-dated and increasingly unserviceable fleet. (Paragraph 114)

## Air

23. If, as now seems the case, MoD is content to pay off the Jaguars two years before their replacement, because upgrades to the Tornado F3 and Harrier (including the Storm Shadow, Brimstone and Maverick missile systems) have considerably enhanced their capability, is a new aircraft to replace the Jaguars necessary? (Paragraph 122)
24. The capabilities of the Typhoon will be fully demonstrated as it begins to enter service and as, at some point, it sees operational action. If, however, it delivers its advertised capabilities, it will clearly represent a very significant increase in the firepower available to the RAF. (Paragraph 123)
25. We note that 'substantial progress' has been made to identify ways of reducing the weight of the STOVL variant of the Joint Strike Fighter, but that has been at the expense of a two year delay to the programme. And it seems that there may well be further delays. (Paragraph 129)
26. We recommend that MoD sets out in its reply to this report when it now expects the first JSF-equipped future carrier to be operational. (Paragraph 130)
27. We welcome the announcement in *Future Capabilities* that the four currently leased C-17s and a fifth will be purchased. (Paragraph 131)
28. Air to air refuelling (AAR) is an essential enabler to extend the range and endurance on station of combat aircraft in attack and defence and is already in short supply in coalition operations. Carrier based expeditionary operations will be severely constrained without access to AAR. We are encouraged that a decision on the Preferred Bidder for FSTA has finally been taken, but we are concerned at the amount of work which still remains to be done before a final decision to proceed will be taken. (Paragraph 133)
29. We are concerned that the significant reductions in RAF manning in the short term ignore a predictable increased requirement in the medium to longer term, with the effect that a short term gain may undermine longer term resilience. (Paragraph 137)

30. We are concerned that the recognition in *Future Capabilities* of the operational value of helicopters does not seem to be matched by the priority or urgency which MoD gives to their future procurement plans. (Paragraph 143)

### Network Enabled Capability

31. We welcome the commitment of MoD and the Armed Forces to the successful introduction of Bowman. Recent operational experience has demonstrated the Army's need for a modern communications system. If MoD's ambitions for Network Enabled Capability are to be realised, the effective and timely introduction of the programmes which will support NEC is essential. (Paragraph 149)
32. Despite the efforts made to move to a more joint procurement process, the principal items of network enabling equipment due to become available in the next few years still seem to bear the hallmarks of single Service procurement. We recommend that MoD sets out in its response to this report how it plans to move from the connectivity of communication and surveillance programmes to their integration by 2015. (Paragraph 150)
33. If MoD is to exploit NEC both as a central element in the transformation of the Armed Forces and as a contribution to its strategic objective of bringing 'real weight' to large scale US-led operations, it will need not only to ensure that adequate resources continue to be devoted to it but also to develop a coherent and joint doctrinal framework, compatible with that of the United States, without which it will not be possible to realise the benefits of fully integrated NEC. (Paragraph 152)

### Support and Logistics

34. The end-to-end logistics review identified a range of major changes with the aim of improving logistic effectiveness and securing substantial efficiency gains. Although MoD appears to be making progress in implementing the review, we note that future improvements will be dependent on the continuing achievement of efficiency targets. We recommend that MoD sets out a timetable for the full implementation of the review. (Paragraph 157)
35. We note that there are a range of programmes and initiatives in the logistics area which are expected to deliver substantial efficiency savings. However, we are concerned that only some of these will be re-invested in logistics and to hear that 'life in the logistics area will not get easier'. We have previously noted that the measures to strengthen logistic support for land forces, by providing additional personnel, are to be resourced by reductions in infantry numbers. Given the crucial role of logistics and the shortcomings noted in recent operations, we are concerned that MoD is continuing to resource the total logistics effort in a piecemeal rather than a holistic manner. (Paragraph 162)
36. We find it surprising, given the substantial investment to create a state-of-the-art aircraft repair facility at DARA St Athan, that MoD has announced that support of Tornado GR4 aircraft will be moved to the Main Operating Base at RAF Marham. We expect MoD to work closely with all interested parties to ensure that DARA St

Athan has a future and we expect MoD to keep this Committee informed of the current study reviewing the strategic options for the future of DARA St Athan. (Paragraph 179)

37. We are aware that the revision and concentration of Tornado maintenance in the RAF was driven by a need to reduce both costs and manpower, as well as to improve procedural efficiency. If these drivers are not to have an adverse impact on operational effectiveness, the new arrangements at RAF Marham will need to match, if not exceed, the high standards set by the skilled workers at DARA St Athan. We expect MoD to monitor this closely. (Paragraph 180)
38. We find it of real concern that if problems are experienced at RAF Marham, MoD may be dependent upon the original manufacturer of the aircraft to undertake repairs. One of the reasons why DARA was created in the first place was to provide 'assured access to repair capabilities and a capacity for surge workloads in times of crisis'. It is not apparent how the proposed arrangements at RAF Marham will meet this requirement. (Paragraph 181)
39. A key logistics lesson identified from Operation Telic was the need for a robust system to track equipment and stocks both into and within theatre. MoD is now investing in a system to deliver an 'in-transit visibility system to help us from the deployed location to the front-line'. However, it is disappointing that MoD could not assure us that such a system would be fully functioning by 2007. We look to MoD to set out a clear timetable for the early introduction of the system, and to ensure that the required number of personnel with the appropriate training are available to operate the asset tracking system. (Paragraph 187)

### Operating with allies

40. We support MoD's determination to maintain a strong defence relationship with the United States. We note the assumption that the most complex large scale operations will only be conducted as part of a US-led coalition. It will be important to ensure that the Armed Forces's commitment to maintaining a capability for large scale operations is strengthened by this assumption. (Paragraph 193)
41. We are encouraged by the progress NATO has made since the 2002 Prague Summit. We welcome the declaration of Initial Operating Capability of the NATO Response Force. We note the Secretary of State's belief that in some areas NATO is still wedded to Cold War structures and tasks. We recommend that the Government makes the pursuit of continuing NATO transformation a key priority. (Paragraph 204)
42. Whatever the UN's perceived shortcomings in recent years it is in the UK's interests to promote its reform in line with the recommendations of the High Level Panel on Threats, Challenges and Change. MoD must play its part in that effort. (Paragraph 209)

## Conclusion

43. Historically the Armed Forces have had difficulty recruiting to their full manning levels. Failure to do so in the future could seriously undermine the sustainability of the force structure set out in Future Capabilities. The MoD needs to recognise that, under its proposals, there will be very little, if any, fat left in Armed Forces manning figures. Full recruitment will be a necessity rather than an aspiration. (Paragraph 218)
44. The Future Capabilities proposals have been driven by a particular vision of future operational requirements. It may take another decade before the capabilities to deliver those requirements are in place. In the meantime equipment withdrawals and personnel reductions may leave gaps in capability. Those gaps, in turn, may create risks. Some of those risks, in our view, need not have been taken. (Paragraph 219)
45. The longer term vision is for an expeditionary, high-intensity and network-enabled package of forces, capable of contributing 'real weight' and thus influence to US-led operations. Its achievement depends on the timely delivery of a range of new and sometimes unproven equipment programmes. We believe that that vision takes a somewhat narrow perspective on the range of demands which our Armed Forces might be expected to meet in the future. The decision to commit the Armed Forces to the realisation of that vision is a demonstration of the Government's confidence in the enduring relevance of the analysis of the future international security environment in *Delivering Security*. (Paragraph 220)

# Formal minutes

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**Wednesday 2 March 2005**

Morning Sitting

Members present:

Mr Bruce George, in the Chair

Mr James Cran  
Mr David Crausby  
Mike Gapes  
Mr Dai Havard

Mr Kevan Jones  
Richard Ottaway  
Mr Frank Roy

The Committee deliberated.

Draft Report (Future Capabilities), proposed by the Chairman, brought up and read.

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

Paragraphs 1–84 read and agreed to.

Paragraph 85 read as follows:

Earlier we noted the conclusion in our report, *Defence White Paper 2003*, that the planning assumptions in the SDR had 'provided relatively little resilience to enable the services to re-orientate when called upon to do so'. **We are concerned that if the size of the Army is only just enough to man the proposed force structure a similar lack of resilience may be experienced in the future.**

Amendment proposed, at end to insert "We do not support the cuts in the Infantry battalions"—(Richard Ottaway).

Question put, that the Amendment be made.

The Committee divided.

Ayes, 2

Mr James Cran  
Richard Ottaway

Noes, 4

Mr David Crausby  
Mike Gapes  
Mr Dai Havard  
Mr Kevan Jones

Paragraph 85 agreed to.

Paragraphs 86 to 220 read and agreed to.

Annex [Summary] agreed to.

*Resolved*, That the Report be the Fourth Report of the Committee to the House.

*Ordered*, That the provisions of Standing Order No. 134 (select committees (reports)) be applied to the Report.

*Ordered*, That the Appendices to the Minutes of Evidence taken before the Committee be reported to the House.

*Ordered*, That several memoranda be reported to the House.

[Adjourned till this day at 2.30 p.m.]

# Witnesses

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## Wednesday 15 September 2004

Page

**Rt Hon Geoff Hoon**, a Member of the House, Secretary of State for Defence, **Sir Kevin Tebbit KCB CMG**, Permanent Under Secretary of State, and **General Sir Michael Walker GCB CMG CBE ADC Gen**, Chief of Defence Staff, Ministry of Defence

Ev 1

## Wednesday 20 October 2004

**Air Chief Marshal Sir Jock Stirrup KCB AFC ADC**, Chief of the Air Staff, Ministry of Defence

Ev 19

## Wednesday 3 November 2004

**General Sir Mike Jackson KCB CBE DSO ADC Gen**, Chief of the General Staff, Ministry of Defence

Ev 38

## Wednesday 17 November 2004

**Air Chief Marshal Sir Malcolm Pledger KCB OBE AFC**, Chief of Defence Logistics, **Major General A J Raper CBE**, Defence Logistics Transformation Programme Team Leader, and **Major General M D Wood CBE**, Director General Logistics (Supply Chain), Ministry of Defence

Ev 57

## Wednesday 24 November 2004

**Admiral Sir Alan West GCB DSC ADC**, First Sea Lord, Chief of Naval Staff, Ministry of Defence

Ev 75

## Wednesday 12 January 2005

**Rt Hon Geoff Hoon**, a Member of the House, Secretary of State for Defence, and **General Sir Mike Jackson KCB CBE DSO ADC Gen**, Chief of the General Staff, Ministry of Defence

Ev 94

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## Reports from the Defence Committee since 2001

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### Session 2004–05

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Second Report	Tri-Service Armed Forces Bill	HC 64
Third Report	Duty of Care	HC 63-I & II

### 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

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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> )

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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.