



House of Commons
Welsh Affairs Committee

**Future of RAF St
Athan: Government
Response to the
Committee's Fourth
Report of Session
2005–06**

**Sixth Special Report of Session 2005–
06**

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The Welsh Affairs Committee

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

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Committee staff

The current staff of the Committee are Nick Wright (Clerk), Stephen Boyce (Committee Specialist), Jane Trew (Committee Assistant), Sarah Colebrook (Secretary) and Jim Lawford (Senior Office Clerk).

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Fourth Special Report

The Committee published its Fourth Report of Session 2005–06, *Future of RAF St Athan* on Tuesday 25 July 2006. The response from the Ministry of Defence was received on 19 September 2006 and is published as the Appendix to this Report.

Appendix

1. This memorandum constitutes the Government's response to the House of Commons Welsh Affairs Select Committee Report *Future of RAF St Athan* (4th Report, HC 1129, Session 2005-06), which was published on 25 July 2006.

2. The MOD notes the Committee's interest in the outcome of the competition for the two Defence Training Review (DTR) Programme contractual packages. The DTR is a key element of the MOD's Change Programme. It aims to provide servicemen and women with modern, cost effective, specialist training and facilities on a Defence wide basis, through a programme of investment, rationalisation and modernisation which is expected to realise benefits of around £3bn over 25 years. By providing training on a Tri-Service basis, the programme will reduce the number of training sites from thirty down to around ten, and will enable the creation of nationally recognised centres of excellence.

3. The DTR Programme selected a Public Private Partnering (PPP) arrangement as the most appropriate means of delivering the considerable capital investment required. The PPP approach will link payment to successful training delivery and provide the MOD with the flexibility to adjust training demand and content over time. It will also allow for the introduction of new training technology and techniques such as simulation and computer based training in a blended learning approach.

4. Whatever the result of the DTR competition, the MOD will continue to work with the Welsh Assembly to develop the commercial aerospace opportunities at St Athan as the Defence Aviation Repair Agency (DARA) Fast Jet work draws down.

Response to specific conclusions and recommendations

We welcome the work being carried out by the Welsh Assembly Government to attract new business to St Athan, and in particular businesses that will continue to nurture the aerospace centre of excellence in South Wales. (paragraph 6)

We share the Committee's desire to see continued development of the aerospace industry in south Wales and to attract new business to St Athan. The Ministry of Defence continues to work closely with the Welsh Assembly Government to attract investment to St Athan, through our jointly funded and staffed marketing team based at St Athan. Working together, we have already ensured the arrival of the commercial company ATC Lasham, and continue to work very closely together to promote the site to other interested parties.

We are impressed with the high level of support for the bid and welcome the cross-party co-operation at all levels in promoting the Metrix bid to locate the MOD's Military Training Academy at St Athan. (paragraph 32)

[No comment]

We understand the fact that having decided on two packages, that European Union law prevents the MOD from assessing both Metrix bids together. We share the view of our witnesses that the two bids have the potential to deliver economies of scale and we are disappointed that potential savings in those areas cannot be explored. (paragraph 39)

The decision to divide the work into two packages was taken on the grounds of the size and complexity of the overall programme. It was judged that two work packages offered the best solution on grounds of risk management while ensuring that a reasonable work-package was available to contractors. In the interests of fair and open competition we are required to evaluate the bids received independently and on their individual merit in accordance with the criteria established at the outset. To examine any potential economies of scale offered by the two Metrix bids as part of the evaluation process would be contrary to the basis on which the MOD sought proposals from Bidders and also would be contrary to Public Sector Procurement Regulations.

We believe that the MOD should not wait to be asked to disclose the evaluations of the bids. We recommend that once the contract has been announced, the MOD should make public all its data and records on the evaluation process, not only to individual requests but in electronic form on their website. Furthermore, we expect the reports of Professor Molyneux on the evaluation process to be included in that information. (paragraph 43)

It is not MOD Policy to release commercially sensitive information proactively. We will however meet our obligations under the Freedom of Information Act.

We welcome the clear statement from the current UK Minister, Tom Watson MP, that his position as a west Midlands Member of Parliament will not affect his decision on the award of the contract and that his decision will be based on what is best for the armed services. (paragraph 48)

[No longer applicable]

We add our support to the already wide support in Wales for the Metrix bid to locate the Ministry Defence training academies in Wales. (paragraph 49)

[No comment]

The MoD has assured us that the contract for the military training academies will be based on an objective criteria which has been designed to deliver the best possible solution to the needs of the Ministry of Defence. We give a guarded welcome to that assurance. The proof of the objectivity of that process will not be in the award of the contract, but in the ability of the Ministry of Defence to demonstrate that this was a fair and open competition in which the bids for the contract were evaluated on their merits alone. We have no reason to believe that this will not happen. But should we or any of our witnesses believe that the process was anything other than fair, we will reserve our right to return to this issue again. (paragraph 50)

We note the Committee's view and are confident that the competition is, and will be seen to be, fair and open. An extensive evaluation methodology has been undertaken to ensure

the Bidders' proposals meet Defence Training requirements and are evaluated on an equitable basis. We further note that Professor Stephen Molyneux was appointed to act as an independent scrutineer of the bidding process to give certainty of fair play, and has described it as rigorous and robust. The programme has also been scrutinised by the Office of Government Commerce under their 'Gateway Review' process.