



House of Commons
Defence Committee

**Strategic Lift:
Government Response
to the Committee's
Eleventh Report of
Session 2006–07**

**Fourteenth Special Report of Session
2006–07**

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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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Report

The Defence Committee published its Eleventh Report of Session 2006–07 on Strategic Lift on 5 July 2007, as House of Commons Paper HC 462. The Government's response to this report was received on 20 September 2007. This is appended below.

Appendix: Government Response

Strategic sea-lift enables large volumes of defence equipment and stores to be transported to operational theatres in the most cost-effective way, but early political and military decision-making is needed if sea-lift is to be possible. We recommend that the MoD identify how the speed of its decision-making could be improved further in order to maximise the use of sea-lift. (Paragraph 15)

1. The Department notes the Committee's comments. We recognise that the use of sea-lift represents a cost-effective method of moving assets to theatre and this is reflected in the MoD's current Ro-Ro contract. Seeking to make maximum use of sea-lift where operationally appropriate is a standard operating procedure for the Department. Strategic movements planning is fully integrated into the wider MoD operational planning process and we continually seek to optimise the use of the most appropriate form of strategic lift consistent with meeting both planning opportunities and operational timelines.

Strategic air-lift is an expensive option for transporting equipment and stores when compared with strategic sea-lift, but is the fastest option for transporting equipment and stores needed urgently in theatre. When using strategic air-lift, the MoD must ensure that the lift capacity of aircraft is fully utilised, giving priority to the equipment and stores urgently needed in theatre. However, where spare capacity is available, it makes sense to transport other items which are not needed as urgently, rather than "fly fresh air". (Paragraph 17)

2. The Department notes the Committee's comments on maximising the use of airlift capacity. The air bridges used for the support of overseas theatres are sized to match the capacity needed by commanders to prosecute their mission effectively and are kept under continual review. Movement of equipment is closely managed and flowed into theatre in accordance with theatre priorities. Utilisation of aircraft is very high and makes optimum use of the payload and physical space available.

3. We note that the transportation of equipment through third countries to support current operations in Iraq and Afghanistan has generally not caused any problems. (Paragraph 19)

3. The Department notes the Committee's comment on transportation through third countries in support of operations. We continue to receive good support from the countries in question.

We are pleased to learn that the Ro-Ro container ships have performed very effectively in both supporting current operations and undertaking other tasks, and note that the MoD considers that the six ships are sufficient to meet its current needs. (Paragraph 22)

4. The Department welcomes the Committee's comments on the Ro-Ro container ships. The Ro-Ros continue to support a mix of operational and exercise tasks, along with support to overseas garrisons and allied nations. The vessels meet the bulk of MoD's needs with a limited number of additional requirements being met by use of the Landing Ship

Dock (Auxiliary), through reciprocal arrangements with allies, or by the chartering of small numbers of commercial vessels.

We note that in addition to the six Ro-Ro container ships, the MoD's four Landing Ship Dock (Auxiliary) vessels can also be used in a strategic sea-lift role, although they have only been used once to date in such a role. (Paragraph 25)

5. The Department notes the Committee's comments. Three Landing Ship Dock (Auxiliary) vessels are now in service and the fourth, LYME BAY, will be available for tasking in November 2007 following operational sea training. The vessels have now undertaken three sealift tasks with a fourth to take place shortly.

The MoD has good arrangements to access commercial shipping and has, to date, secured the commercial shipping it required to supplement its own sea-lift capability. However, the commercial shipping market is reducing. We recommend that the MoD undertake a detailed analysis of the commercial shipping market with the aim of assessing whether it will be able to secure access to commercial shipping in the quantities and timeframes necessary to meet its future needs. (Paragraph 32)

6. The Department notes the Committee's recommendation. The MoD receives annual assessments of British-registered militarily useful shipping from the Department for Transport, the next of which is due in late September 2007. In addition, detailed assessments and analysis of commercial ship availability are undertaken by NATO's Euro-Atlantic Partnership Council Planning Board for Ocean Shipping. Work is currently underway to produce a new version of this assessment which, along with the Department for Transport data, will enable MoD to take an informed view of the commercial market.

We are very concerned that a high proportion of the current transport and tanker aircraft are not available for immediate deployment to undertake the required tasks. While modifications are often the reason for aircraft not being available, maintenance is also a key factor, and reflects the fact that the MoD has an ageing transport and tanker aircraft fleet which is being flown at an unexpectedly high level in very punishing conditions. While new transport and tanker aircraft are in the pipeline, it will be some years before they enter service. We have real doubts as to whether the current transport and tanker fleet can provide the level of availability required between now and when these new aircraft come into service. (Paragraph 38)

7. The availability of our air transport and tanker aircraft is carefully managed to ensure that there are sufficient available to undertake planned tasks, while managing the routine maintenance programme and any additional modification programmes. Those aircraft undergoing maintenance and/or modification can usually be returned to the front line should they be required for tasking. The response time to recover aircraft from deep maintenance depends upon what is being done to the aircraft, how stripped down the aircraft are and what resources can be diverted to the task by industry. However, there is routine close co-ordination between the MoD and industry to ensure recovery times are as short as possible if this contingency is required. The periodicity of routine maintenance can be calendar-based, landings-based and/or flying hour-based on a particular aircraft.

8. The Department agrees with the Committee that some aircraft are incurring additional maintenance and repair activity as a result of the conditions in which they are employed.

For example, the use of the C-130 Hercules onto natural surfaces rather than paved runways results in some unavoidable damage to the under-belly surface of the aircraft. This was recognised early during the aircraft's employment in such conditions and an under-belly protection programme was rapidly implemented to reduce the requirement to carry out extensive repair and recovery activity. However, the various operational and engineering demands placed on our aircraft are very carefully managed and coordinated to ensure that we have sufficient aircraft to meet the task.

The MoD makes extensive use of commercial air-lift for transporting freight and personnel to supplement its own air-lift assets, and is reviewing whether the current Strategic Lift balance between the air-lift capacity provided by its own air-lift assets and the air-lift capacity it requires from the marketplace is right. The MoD should complete its review as quickly as possible and ensure that the recommendations are implemented fully. (Paragraph 46)

9. The MoD monitors carefully the balance between its own strategic airlift assets and the use of charter. As a result of its most recent detailed analysis the Department has concluded that the purchase of a further C-17 Globemaster III aircraft will reduce the risk inherent in our use of the charter passenger air transport market. This was announced in a written statement by the Secretary of State for Defence on 26 July 2007. The aircraft, which will bring the UK C-17 fleet to six in total, is expected to be delivered in 2008.

We welcome the action that has been taken to improve the reliability of the airbridge and to improve the experience of service personnel being transported to and from the UK and operational theatres. The MoD should not underestimate the impact on the morale of Service personnel of delays returning to the UK, particularly if the delays cut into a short period of leave. The MoD must monitor closely issues relating to the airbridge and ensure that the improvements in hand are fully implemented. (Paragraph 53)

10. The Department notes the Committee's comments on the airbridge and we continue to take measures to refine the service provided. The morale of deployed personnel is an extremely high priority. It has a comprehensive action plan of short, medium and long term measures, with clear responsibilities assigned, accountable to a recently-appointed Defence Air Movements Process Coordinator (ACDS Log Ops). We have instigated a system of formal passenger feedback and have a further formal review planned for later this year which will both enable progress to be benchmarked and identify further potential improvement measures. It should be noted that airbridge reliability has improved, with over 92% of airbridge flights since April 2007 arriving within three hours of forecast timings.

The leasing of four C-17 large transport aircraft, which are to be purchased when the lease ends, has greatly increased the MoD's strategic airlift capability and performed extremely well. We welcome the fact that these four aircraft will be purchased once the lease ends and that the MoD is to purchase a fifth C-17 aircraft. We recommend that the MoD should commission a detailed analysis of the medium and longer term consequences of the high level of use of the C-17 and C-130 Hercules fleets, and should publish the results of that analysis as soon as possible. (Paragraph 62)

11. The Department welcomes the Committee's comments on C-17 and C-130 aircraft. We share the Committee's concerns regarding the medium and longer term consequences of the current high levels of use of the C-17 and C-130 fleets. We wish to reassure the Committee that we already monitor very closely the impact that flying rates have upon the expected life of our aircraft. We constantly monitor the fatigue that our aircraft are subject to in order to reassess our ability to maintain military capability in the future and enable early action to be taken where necessary. In the long term, the MoD is taking account of the reduced life-expectancy of its aircraft as a result of increased flying hours and in the short term, where appropriate and justifiable, any additional costs of increased hours are charged to the Reserve whenever directly attributable to Operations.

MoD officials are producing advice to ministers setting out options for addressing possible risks relating to the MoD's future air-lift requirements. Given the performance of its C-17 large transport aircraft, the MoD must give consideration to the acquisition of additional C-17 aircraft. Such a decision needs to be taken quickly given that the C-17 production line may be closing in the near future. (Paragraph 67)

12. The Department agrees the recommendation. The C-17 has proved a great success on operations and we keep our C-17 requirements under continual review. As highlighted in the Department's response to recommendation eight, on 26 July 2007 the MoD announced its intention to purchase a sixth Boeing C-17 Globemaster III, as part of a number of measures to enhance operational effectiveness. This is indicative of the importance the Department places on Air Transport and will further boost the UK's strategic airlift capability.

13. The requirement for strategic airlift will be reviewed as part of the Department's Planning Round 2008 process in the context of other Defence equipment requirements.

We note that the In-Service Date slippage on the A400M programme remains at 15 months, as reported in the Major Projects Report 2006, and that Airbus has devoted more resources to the programme to keep it on track. (Paragraph 74)

14. The Department notes the Committee's comments. We continue to oversee and support (wherever appropriate) industry's effort to keep the A400M programme on track. Since the release of the HCDC report on Strategic Lift, there has been slippage to the start of aircraft final assembly in Seville, which has now commenced (August 2007, five months later than the contract schedule), and Airbus Military have announced delay to the aircraft's first flight, which is now planned for Summer 2008.

15. Industry are implementing a series of schedule recovery plans and, based on the company's latest forecasts for initial aircraft deliveries, we consider the impact to our In Service Date of March 2011 to be manageable. We are seeking further information from Airbus Military so that we can build increased confidence in the robustness of their estimates.

The delay to the A400M programme has required the lives of ageing C-130K aircraft to be extended. If there are any further delays on the A400M programme, the scope for further extending the lives of C-130K aircraft may be limited, and expensive, leaving a potential capability gap. We recommend that the MoD undertakes a full analysis of the

options for bridging a potential capability gap if the A400 programme experiences any further delays. (Paragraph 77)

16. The MoD accepts this recommendation. The Strategic Mobility Capability Planning Group has already identified the need to carry out such an analysis and working closely with the A400M Integrated Project Team will consider the likelihood and scope of any A400M delays, as well as mitigation strategies to deal with the consequences thereof. The potential costs and limitations of extending the C-130K in service are recognised and critical investment decision points have been identified. We will remain adaptive to emerging information on the A400M programme.

The MoD has assured us that A400M aircraft will be fitted with a Defensive Aid System and a Fuel Tank Inertion system for protection. We assume these systems will be fitted to all A400M aircraft and call on the MoD to confirm, in its response to our report, that this will be the case. It would be a false economy not to fit these systems to all A400M aircraft during manufacture, only then to retro-fit the systems later at great expense. (Paragraph 79)

17. The Department notes the Committee's comments on fitting a Defensive Aids System and a Fuel Tank Inertion system to all A400M aircraft. Procurement and fitting of Defensive systems, including that for the A400M, is kept under constant review. We constantly monitor and take judgements on a range of factors including threats, technology available and industrial capacity to provide the capabilities we need within the timescales we require. In balancing its priorities, the MoD has already ensured that all but one of our A400M aircraft will, during manufacture, be fitted with the necessary equipment to enable full Defensive systems to be installed at a later date; this includes Fuel Tank Inertion and a Defensive Aids System. Thus the higher costs of modifying the aircraft to retrofit these systems will be avoided. The one exception to this is an early development aircraft which is already under construction and cannot be fitted with the enabling pipework for Fuel Tank Inertion during the current production run. However, the MoD is currently looking at ways to address this shortfall. The fitment of defensive aids equipment for the full A400M fleet will be considered in the current Planning Round 2008.

The MoD is acquiring 25 A400M aircraft to replace its C-130K Hercules aircraft fleet. Several C-130 Hercules aircraft have been lost during current operations and the MoD is undertaking work to identify likely future attrition rates. We recommend that the MoD consider acquiring additional A400M aircraft to ensure that the pool of 25 available aircraft is maintained. (Paragraph 81)

18. The Department notes the Committee's concerns about the available numbers of A400M aircraft. The UK has committed to purchase 25 aircraft but in line with current planning assumptions has no plans to purchase more at this time. Unlike Fast Jet aircraft, the MoD does not buy an attrition reserve of transport aircraft but has call on the Treasury Reserve to replace aircraft lost during operations. In determining total A400M fleet size the MoD has considered both the total number of aircraft required to support discrete and concurrent operations, as well as the overall volume of freight to be moved over time required by policy planning assumptions. While the replacement of C-130K with 25 A400M will, overall, result in a one-for-one replacement, the increased payload and range of A400M roughly doubles the relative airlift capability offered by C-130K.

It is intended that the MoD's Future Rapid Effect System (FRES), a family of medium-weight armoured vehicles, are to be transportable to operational theatres by A400M aircraft. However, the increased weight of FRES could lead to it becoming too heavy to be transported by A400M or could substantially reduce the distance that the vehicles could be transported. The weight of FRES must be carefully monitored and managed, both during development and when in-service, to avoid a situation where the UK Armed Forces will have a new generation of armoured fighting vehicles which cannot be deployed rapidly overseas. (Paragraph 90)

19. The Department accepts this conclusion which is consistent with the approach already being adopted by the Department for the FRES programme. In responding to the Committee's report on FRES¹ we explained that transportability by A400M is recognised as a risk to the programme and that this risk is being carefully managed with appropriate mitigation strategies. We also asked the Committee to note² that the question of the relative priority of force protection in theatre and air deployability had been resolved. Whilst both are important, protection in theatre is a higher priority than air deployability by A400M. Decisions on FRES will continue to reflect this priority.

The MoD is undertaking work to identify a support and maintenance arrangement for the A400M aircraft when it enters service. The MoD needs to ensure that the arrangement identified provides the UK with operational sovereignty. (Paragraph 92)

20. The MoD notes the Committee's comments. We are currently undertaking an Assessment Phase, which covers all aspects of support to deliver a through-life value for money support solution that provides the required level of operational sovereignty. The Defence Industrial Strategy (December 2005) identifies no specific sovereign requirement to sustain an indigenous industrial capability for large fixed wing aircraft, but recognises the ongoing need for the systems engineering/design skills and access to Intellectual Property Rights for the integration of mission systems, including defensive aids. The MoD will take account of these needs in its assessment of the range of support options.

The A400M programme is a European collaborative programme, but has been structured in a way to avoid some of the problems experienced on past collaborative programmes, such as Eurofighter. We recommend that the MoD evaluate those aspects of the A400M programme which have gone well, and those aspects which have gone less well, such as the very long development phase, and ensure that the lessons are applied to future collaborative programmes. (Paragraph 96)

21. The Department accepts the Committee's recommendation. Formal Key Stage Peer Reviews (KSPR) are mandated across DE&S at different stages of a project's life. These reviews draw useful lessons and provide examples of good practice for migration through the Organisation. The next A400M KSPR will be undertaken, as required, at the end of the Programme's Development Phase. Its remit will include an assessment of the effectiveness of collaborative aspects of the programme including (but not limited to) the placement and management of the Development and Production Phase Contract through OCCAR.

¹ Defence Committee, Ninth Special Report of Session 2006–07, *Government Response to the Committee's Seventh Report of Session 2006–07: The Army's requirement for armoured vehicles: the FRES programme*, HC 511, response to conclusion 8

² *Ibid.*, response to conclusion 9

The MoD's current tanker aircraft fleet consists of elderly TriStar and VC-10 aircraft which are becoming increasingly expensive to keep in service. We note that MoD considers that these aircraft can be maintained in service until the Future Strategic Tanker Aircraft (FSTA) is available, although it acknowledges that there would come a point where the cost of maintaining the aircraft would become prohibitive. (Paragraph 105)

22. The Department notes the Committee's comments. DE&S has put measures in place to ensure that the TriStar and VC-10 fleets can be sustained until FSTA has been introduced to Service. The costs of maintaining these legacy fleets are constantly monitored to ensure they provide value for money for Defence.

We note that the MoD considers that a Private Finance Initiative (PFI) deal for the Future Strategic Tanker Aircraft (FSTA) programme offers better value for money than acquiring the aircraft under a conventional procurement approach. (Paragraph 111)

23. FSTA will provide our Armed Forces with a modern, efficient, Air To Air Refuelling and passenger Air Transport capability. The PFI service will provide Through Life capability through a contract that covers provision of aircraft, infrastructure, training and support, and which includes incentives on industry to deliver available capability to contractually agreed standards.

The FSTA programme was nominated as a potential PFI project in 1997, but some ten years later a deal has yet to be finalised. We expect the MoD to identify the reasons why this project has taken so long, and the lessons for future projects where the MoD is considering a PFI approach. (Paragraph 112)

24. FSTA entered its formal Assessment Phase in December 2000 when an Invitation To Negotiate was issued to industry. FSTA is a large and uniquely complex PFI programme and the commercial arrangements have inevitably taken time to conclude. In keeping with normal practice, the Department will undertake a Post Project Evaluation and will draw on any lessons learned.

We welcome the news that MoD has decided to proceed towards financial and contractual close of the FSTA PFI deal. However, challenges still remain on the project as the funding has still to be raised. It is important that the MoD works closely with the contractor, AirTanker Ltd, so that the PFI deal can be finalised quickly. We consider it vital that the FSTA aircraft enter service as soon as possible, given the need for improved air transport for Service personnel. (Paragraph 115)

25. The Department notes the Committee's support for the PFI contract. We are working closely with AirTanker and its advisors to ensure the PFI funding process is completed as quickly and effectively as possible. We share the Committee's desire for the FSTA capability to enter service as soon as possible.

We note that other countries also have a requirement for new tanker aircraft. The MoD should consider whether there is scope for another country to become a partner on the FSTA given the financial and inter-operability benefits that this might offer. (Paragraph 116)

26. The Department notes the Committee's comment. We will continue to maintain dialogue with other nations about the scope for cooperation on Air To Air Refuelling capability.