



House of Commons  
Committee of Public Accounts

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# Assessing and reporting military readiness

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**Twenty–sixth Report of  
Session 2005–06**

*Report, together with formal minutes,  
oral and written evidence*

*Ordered by The House of Commons  
to be printed 30 January 2006*

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## The Committee of Public Accounts

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Diana R Johnson MP (*Labour, Hull North*)

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# Contents

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<b>Report</b>	<i>Page</i>
<b>Summary</b>	<b>3</b>
<b>Conclusions and recommendations</b>	<b>4</b>
<b>1 The reporting of military readiness and operational commitments</b>	<b>7</b>
Public Service Agreement readiness target	9
<b>2 Logistics risks to readiness</b>	<b>11</b>
Cannibalisation of equipment	11
Reduced Support Period for the Fleet	12
Urgent purchases of equipment and stocks	13
Asset tracking	14
Defence Logistics Transformation Programme	15
<b>Formal minutes</b>	<b>17</b>
<b>Witnesses</b>	<b>18</b>
<b>List of written evidence</b>	<b>18</b>
<b>List of Reports from the Committee of Public Accounts Session 2005–06</b>	<b>19</b>



## Summary

Readiness is the term used to describe the way in which the Ministry of Defence (the Department) holds its military forces at varying levels of preparedness to respond to emerging operations. The Department holds forces at “graduated” levels of peacetime readiness to deploy, ranging from a few hours to several months.

Determining the required readiness of military forces, and then assessing whether or not this is being achieved, is a complex matter. In order to plan for potential future military operations, the Department has developed a set of Defence Planning Assumptions. These Assumptions analyse a number of potential military operations in order to permit the Department to estimate the necessary size and shape of the United Kingdom’s Armed Forces.

The Department has developed a sophisticated system for defining, measuring, and reporting the readiness of the Armed Forces. It assesses the readiness of individual units (for example, an armoured brigade, a ship or squadron of aircraft) which are then aggregated to give an assessment of the readiness of larger units or even the Armed Forces as a whole.

On the basis of a Report from the Comptroller and Auditor General,<sup>1</sup> the Committee took evidence from the Department on two main issues: the readiness reporting system and operational commitments; and logistics risks to readiness.

We found that almost a third of forces had Serious or Critical weaknesses to their required peacetime readiness levels – their readiness to deploy on any future operations – against a backdrop of a continued high level of commitment to current operations. “Serious” weaknesses are defined as creating a medium risk that forces would not be available for operations within agreed timescales. “Critical” weaknesses, on the other hand, attract a high risk that forces would be unavailable for operations within the required timescale.

The Armed Forces are still recovering from large scale operations in Iraq, and have been operating above the most demanding combination of scenarios envisaged by Defence Planning Assumptions during five of the past six years. Ordinarily, the Department would expect to achieve full readiness within three years of a large scale operation but, given the level of operational commitment, recuperation will take longer.

Under its Public Service Agreement, the Department is aiming to achieve 73% of forces with no Serious or Critical weaknesses to peacetime readiness by March 2008, but has not set a timetable for achieving full peacetime readiness. The Department’s redirection of resources from support for the Royal Navy in order to focus on the readiness of the Army and parts of the Royal Air Force, and the rise in equipment cannibalisation, provide an indication of the increased strains on the materiel of the Armed Forces.

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1 C&AG’s Report, *Ministry of Defence: Assessing and reporting military readiness* (HC 72, Session 2005–06)

## Conclusions and recommendations

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- 1. Around 30% of the United Kingdom's Armed Forces had serious weaknesses to their peacetime readiness levels on average over the year to September 2005; weaknesses which would need to be addressed before these forces were ready to deploy on any future operation.** The Department's high level of commitment to current operations impacts on readiness for future operations given the draw on resources and the lack of opportunity for deployed units to prepare for future roles, for example through collective training.
- 2. The Department has not established how quickly it expects to restore forces to funded levels of peacetime readiness.** The Department has now published its baseline of 68% of forces with no Serious weaknesses to readiness, based on the average performance achieved in 2004–05. It is now aiming to achieve a target of 73% by March 2008 under the Public Service Agreement. The Department should set out a planned rate of improvement with interim milestones for that period, and indicate what further progress it expects beyond March 2008 towards achieving 100% of forces with no Serious or Critical weaknesses.
- 3. Achieving funded peacetime readiness has been difficult because forces are committed above Defence Planning Assumptions.** At present, it is difficult to judge the Department's achievements in terms of the proportion of forces with no Serious or Critical weaknesses to peacetime readiness, or how stretching the Public Service Agreement target for readiness is. In reporting on peacetime readiness, the Department should set it in the context of information on the level of operational commitments, for example, the number of personnel deployed.
- 4. The continuing high levels of operational commitment are leading to significant strain on equipment support in particular areas, with long term effects.** The Armed Forces have, for several years, been committed to operations at levels exceeding the Department's Defence Planning Assumptions, and the Department expects this to continue for the foreseeable future. As a consequence, the Department has relied on cannibalisation to increase equipment availability. The Department should establish thresholds for the proportion of the equipment fleet above which levels of cannibalisation would present unacceptable risks to readiness or be less cost effective over the longer term than adopting alternative solutions, such as increasing the rate at which equipment can be repaired.
- 5. The Department has reduced the readiness of the Royal Navy for future operations, in order to focus on the readiness of the Army and those parts of the Royal Air Force facing greater operational demands.** Whilst this reduction has not prevented the Royal Navy undertaking its current operational tasks, the extent of the impact on future operational capabilities of the fleet is uncertain. Before it reviews resources available for the support of the Royal Navy in 2006, the Department should assess what physical degradation will result from the reduced support status for ships and derive cost projections for remedial work over the longer term.
- 6. The Department has yet to demonstrate that its asset tracking system is sufficiently resilient to cope with an operational environment and peak volumes**

**of demand for any significant future deployment.** Since the early 1990s, we have pointed repeatedly to deficiencies in the Department's asset tracking capabilities. The introduction of a civilian off-the-shelf system has given the Department visibility of the majority of items throughout the supply chain to Iraq, but it remains untested during the critical initial stages of any deployment. The Department plans to deliver additional enhancements to its system over the next three to four years, and should draw up contingency plans to accelerate its work programme should the capabilities be required for operational deployments in the shorter term.

7. **The Department plans to deliver efficiency savings to meet a target of £2 billion by 2011 through the Defence Logistics Transformation Programme, at a time when high levels of operational commitments are already stretching the logistics system.** In implementing the savings, the Department will need to safeguard operational effectiveness and improved readiness through, for example, increased availability of equipments, quicker repair loops, and shorter supply times.



# 1 The reporting of military readiness and operational commitments

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1. Readiness is the term used to describe the way in which the Department holds its military forces at varying levels of preparedness to respond to emerging operations. Holding forces at readiness for all potential contingencies would be prohibitively expensive. Consequently, the Department holds forces at “graduated” levels of peacetime readiness. Some forces are held at short notice to deploy while others are given gradually longer notice to reinforce or to replace units later in an operation.<sup>2</sup> The term ‘readiness’ does not necessarily mean that a force at five days readiness could be in theatre and ready to fight within that timescale, but rather that forces will be ready to deploy (for example, ready to leave their barracks) within five days.

2. Determining the required readiness of a military unit and then assessing whether or not this is being achieved is a complex matter. In order to plan for potential future military operations, the Department has developed a set of Defence Planning Assumptions. Using a series of hypothetical future scenarios, these planning assumptions assess the most likely nature and scale of future operations, thereby allowing the Department to determine the required size and shape of the United Kingdom’s Armed Forces. The most demanding set of Assumptions assume that the Department should be able to conduct two medium-scale operations and a small-scale operation concurrently.<sup>3</sup> The Defence Planning Assumptions also take into account other potential combinations of operations, including at large-scale, but they remain guidelines only, and are not designed to constrain military decision-making. These planning tools offer a benchmark by which to measure and report readiness levels.<sup>4</sup>

3. Except for 2000, the Armed Forces have operated at or above the most demanding combination of operations suggested by the Defence Planning Assumptions in every year since 1999 (**Figure 1**). The Department considered that this will continue to be the case for the foreseeable future.<sup>5</sup>

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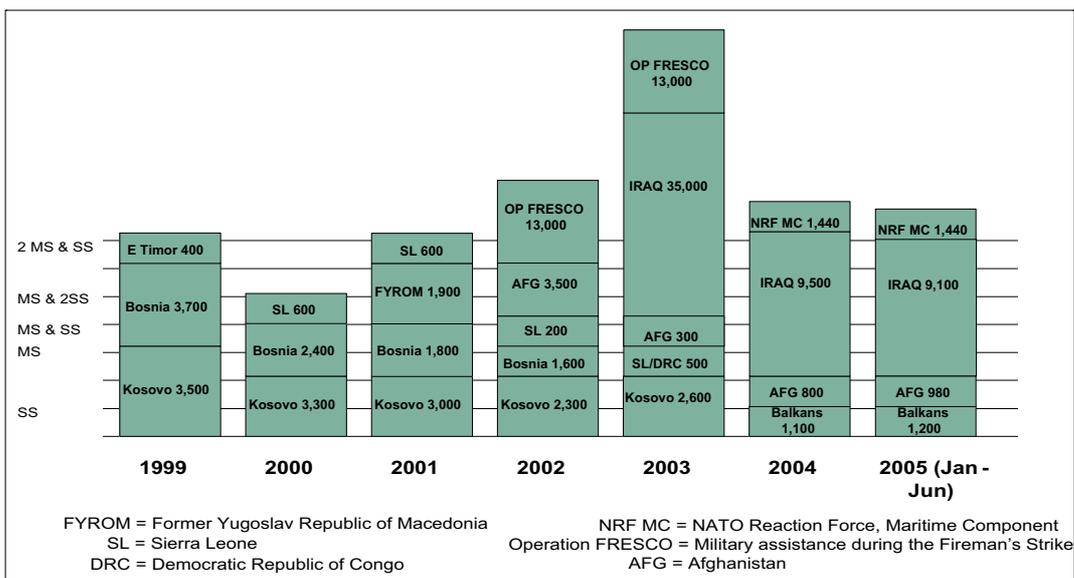
2 C&AG’s Report, paras 1.3, 1.9–1.10

3 Depending on the nature of the operation, for the Land component a small-scale operation is defined as approximately battalion-sized (500–1,000 personnel); brigade-sized (3,500–5,000 personnel) for a medium-scale operation; and roughly division-sized (10,000–20,000 personnel) for a large-scale operation.

4 C&AG’s Report, paras 1.4, 1.7–1.8; Q 84

5 C&AG’s Report, para 2.13; Ev 18

Figure 1: Number of personnel deployed on military operations, 1999–2005



Key: SS: Small scale operations MS: Medium scale operation

Source: Ministry of Defence

4. The Department has developed a sophisticated system for defining, measuring and reporting the readiness of the Armed Forces. It assesses the readiness of individual forces against a number of specific criteria including manpower, equipment, training and logistic support. Broader assessments are also made of their ability to deploy, be sustained and then recover from operations. These are then aggregated to give an assessment of the readiness of larger units or even the Armed Forces as a whole.<sup>6</sup>

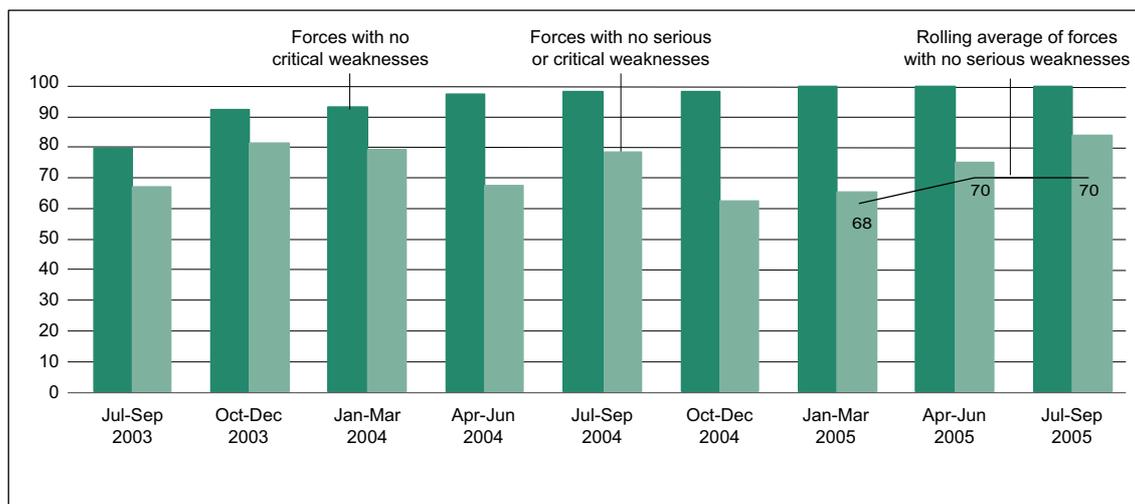
5. While no forces were currently reporting any Critical weaknesses<sup>7</sup> in their required peacetime readiness levels, overall around one quarter of forces had reported Serious weaknesses in their peacetime readiness since 2003 (Figure 2). The Department said that this was to be expected as the Armed Forces were still recovering from the large-scale military operation in Iraq, Operation TELIC, in 2003. Under its planning assumptions, following an operation of that size, the Department would expect to take three years to regain full peacetime readiness and to recover its force structure into balance. Furthermore, it would not expect to undertake the level of operations that it was whilst recovering from Operation TELIC. The continued level of commitment of forces above Defence Planning Assumptions since 2003 would mean that recuperation from Operation TELIC would take more than three years.<sup>8</sup>

6 C&AG's Report, Executive Summary para 6, para 1.13

7 Forces with Serious (or Critical) weaknesses fall significantly short of (Critical: unable to provide) performance criteria for funded readiness. There is a medium risk (Critical: high risk) of failing to provide the capability within required timescales.

8 Qq 3–4; Ev 17

**Figure 2: Forces reporting no serious or critical weaknesses against peacetime readiness**



Source: Ministry of Defence

6. The Department noted that if Defence Planning Assumptions were altered to align funded peacetime readiness levels with the current level of operational commitments so that it could routinely handle the peak of activity seen in 2003, it would require considerable additional resources. The Department's planning assumptions provided for that scale of activity to be generated only once every 10 years. Furthermore, it did not consider that it would be sensible for the Department to constantly amend its planning assumptions in an attempt to reflect the current level of deployed forces at any one time.<sup>9</sup>

7. The impact on the Armed Forces of operating consistently above Defence Planning Assumptions had been to create strain on equipment and personnel which, in turn, had long-term effects. For example, personnel had worked above the guidelines set for the amount of time that they should be separated from their families. This was particularly true for trades either in high demand or with shortfalls in personnel, such as engineers, communicators, and human intelligence operators who experienced much reduced intervals between operational tours. The Department continued to work to address these deficiencies, in part by increasing capacity in these specialist areas.<sup>10</sup>

8. The current high level of operations also had other impacts on the Department's readiness. For example, the Army's current commitment to operations meant that some peacetime activities, such as collective training for roles not employed in current operations, had been curtailed. This made it much more difficult for the Army to take on any unforeseen additional operations at the present time, though its ability to sustain ongoing campaigns in the Balkans, Afghanistan and Iraq was not prejudiced.<sup>11</sup>

## Public Service Agreement readiness target

9. The Department's Public Service Agreement with the Treasury, set in 2004, required a 5% improvement in the peacetime readiness of forces over the three year period to 31

<sup>9</sup> Qq 7-8

<sup>10</sup> Q 9

<sup>11</sup> C&AG's Report, para 2.5; Q 99

March 2008. The quarterly performance reporting of peacetime readiness had recently shown signs of improvement. The Department had agreed, as recommended by the C&AG's Report, to base its measure of improvement on a rolling average of the whole of year 2004–05. This provided a baseline of 68% of forces with no Serious or Critical weaknesses against which overall performance improvements in peacetime readiness could be measured. Current performance, based on the average of the last four Quarters' results, had risen to around 70% of forces reporting no Serious or Critical weaknesses. The Department considered that it had some way to go before achieving its target of 73% of forces reporting no Serious or Critical weaknesses to their funded peacetime readiness states by 31 March 2008.<sup>12</sup>

10. The Department would continue to report progress against the Public Service Agreement readiness target to the Treasury on a quarterly basis. It did not, however, have any interim milestones in place formally to record progress between April 2005 and 2008.<sup>13</sup>

11. The Department said that undue focus on the Armed Forces' efforts to achieve readiness targets set out by the Public Service Agreement often obscured the success being achieved on actual operations.<sup>14</sup> Currently, the Department did not report explicitly progress in achieving its Public Service Agreement readiness targets alongside its level of current operational commitments.

12. As well as peacetime readiness, the Public Service Agreement target also committed the Department to a second readiness metric of improving the ability of forces to prepare to deploy on operations, as well as a third readiness measurement of deploying, conducting and sustaining forces in theatre and thereafter recovering them. The Department had begun reporting its ability to deploy forces on operations, but it had been unable to establish to what extent forces were adequately prepared to deploy, sustain and recover from operations. Overall, the Department continued to report the aggregate of all three readiness metrics as having Serious weaknesses against preparedness for potential future operations.<sup>15</sup>

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12 C&AG's Report, paras 1.39, 1.41 and Figure 10; Qq 5–6; Ev 17

13 C&AG's Report, paras 1.35, 1.41

14 Q 2

15 C&AG's Report, para 1.32 and Figure 10; Ev 17

## 2 Logistics risks to readiness

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13. Risks to readiness existed at a number of levels. As evidenced by **Figure 2** above, there were risks to the delivery of the peacetime level of readiness that Front Line Commanders had been directed to achieve and for which they should have been fully resourced. And risks also existed in the Department's ability to generate forces from their peacetime readiness states to be ready to deploy on operations and then actually to deploy, sustain and recover them from specific operations.<sup>16</sup>

### Cannibalisation of equipment

14. The redistribution of equipment parts from units that are not themselves scheduled for deployment is referred to as "cannibalisation". The Department relied extensively on cannibalising equipment and transferring spares between platforms to deploy and sustain forces, particularly at a time of high operational commitment.<sup>17</sup> For example, during Operation TELIC the Army cannibalised 44 Challenger 2 Main Battle Tanks, some 22% of the non deployed fleet. The Royal Air Force does not record cannibalisation (known in the RAF as aircraft "robbing") in the same way as the Army, choosing to focus on the number of incidents of aircraft robbing rather than the number of aircraft robbed. The number of incidents was highest for the Tornado GR4 and F3 fleets; 44 aircraft were deployed, with a total of 1622 incidents of aircraft robbing across the fleets.<sup>18</sup>

15. The need to cannibalise individual equipments arose mainly from the Armed Forces operating consistently above Defence Planning Assumptions and was one way in which the Department managed risk and prioritised its use of resources across the defence budget. Cannibalisation was a short-term measure of last resort designed to boost the immediate availability, and therefore readiness, of units actually deploying on operations. The Department stated that the United Kingdom's Armed Forces were not unique in this respect: the United States, as well as other military and civilian airlines around the world, used similar practices, where appropriate.<sup>19</sup>

16. Cannibalisation of equipment had longer term effects, however. It was frequently inefficient, introduced engineering risk and reduced the Department's ability subsequently to generate forces for even higher scales of effort. It could also reduce the pool of equipment available for training, leading to wider detrimental impacts on both individual and collective skills and future readiness levels. In addition, the extended use of cannibalised equipment would lead to it reaching the end of its useful life sooner than would otherwise have been the case.<sup>20</sup>

17. The Department noted that the increasing incidence of cannibalisation needed to be seen in context. For example, in the Royal Navy, recent increases in cannibalisation from

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16 C&AG's Report, paras 2.5–2.6

17 *ibid*, para 2.41; Q 61

18 Qq 40, 44–45; Ev 21, 22

19 Qq 9–10, 63–64, 66–67

20 C&AG's Report, paras 2.44–2.45; Q 9

five to 10 incidents each month to approximately 30 incidents were against a background of average monthly demands exceeding 15,000 items. Moreover, the Department considered that cannibalisation offered an affordable alternative to increasing stock levels within a tightly constrained Defence budget. In its view, it was a legitimate mechanism for solving supply difficulties without holding enormous stocks on the shelf when it could not predict which stocks would be required and in what timescales. Should cannibalisation become prevalent, however, the Department would reconsider its use.<sup>21</sup>

### Reduced Support Period for the Fleet

18. Against the background of the continuing likelihood of the greatest operational demands being made of the Army and some elements of the Royal Air Force, the Department decided that it should reduce the readiness of some naval vessels. It therefore transferred around £310 million of resources previously available to the Royal Navy for the two years 2004–05 and 2005–06 to support the Army and Royal Air Force. To mitigate the risk of the Royal Navy not being able to provide a balanced set of capabilities to the Department’s Joint Rapid Reaction Force during this period, if required, the Department introduced a “Reduced Support Period” arrangement in June 2004, aimed at making the best use of capital spares and prioritising funding for repair support. Under the revised arrangements, all ships were given either normal support status or reduced support status. Ships in the latter category would generally only receive support for defects affecting health and safety and environmental safety.<sup>22</sup>

19. While it regretted the introduction of the reduced support arrangements, the Department confirmed that they remained appropriate in order to continue to recuperate the Army from the warfighting phase of operations in Iraq in 2003 and to maintain forces in theatres such as Iraq, Northern Ireland and Bosnia, and to prepare for future commitments in Afghanistan. The introduction of the Reduced Support Period had not prevented the Royal Navy from undertaking all of its essential operational commitments so far, though, should the reduced support arrangements continue for a long time, that might not always be the case.<sup>23</sup>

20. Under the reduced support arrangements, the ships that were performing operationally essential tasks were receiving full support. Those ships which were less critical had a reduced level of support. For example, all submarines remained unaffected since the deterrent remained the top priority while the nature of specific tasks determined whether individual destroyers and frigates were subject to full or reduced support. The Department retained some flexibility under these arrangements, however, since some operations did not require certain items of equipment. For example, sonar which was used for anti-submarine warfare would not necessarily be required if a vessel was on guardship duty in the Caribbean.<sup>24</sup>

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21 Q 10

22 C&AG’s Report, paras 2.8–2.9

23 Qq 11, 90

24 Qq 15, 91

21. The Department would monitor this position carefully and had already provided further resources of £50 million since 2004 to ameliorate the impact on the Royal Navy. The Department intended to review the position in 2006 when it would look to ameliorate the funding situation further between then and 2008. The precise level of additional funding to be provided would depend upon the outcome of the review.<sup>25</sup>

### Urgent purchases of equipment and stocks

22. Since Operation TELIC, the Department had reviewed its requirements for operational stocks and had purchased an additional £120 million of consumable operational items including, for example, Nuclear, Biological and Chemical clothing; desert uniforms and boots, and Enhanced Combat Body Armour. These stocks were now held in the Department's inventory and should be capable of being delivered to forces more quickly than would otherwise have been the case.<sup>26</sup>

23. In moving from actual levels of readiness to having forces that are ready to deploy and be sustained on operations the Department needs to increase the stockholdings of equipment and spares that it holds.<sup>27</sup> The Department could not maintain an inventory and force structure to cater for every possibility that might arise since this would be unaffordable. It therefore accepted that to meet the specific needs of individual operations it would have to supplement its force structure by making urgent purchases of equipment and stocks from industry. Such purchases provided very particular capabilities for specific operations which could not have been predicted in advance.<sup>28</sup>

24. The Department's Integrated Project Teams were required to take a longer-term view of the potential equipment gap between what the Armed Forces currently possessed and what might be required if certain operations were undertaken, and to incorporate the possible requirement for urgent purchases in contracts with industry at an early stage. To mitigate the risk that these urgent purchases would not be delivered in sufficient time for an operation, Integrated Project Teams had been tasked, as part of the Department's 2005 Logistics Sustainability and Deployability Audit process, to undertake assessments to determine the level of confidence that they had that industry could meet the assumed delivery times. Where gaps in assumptions were discovered, Teams were to consider modifying any existing contracts with defence industry to ensure the timely delivery of purchases.<sup>29</sup>

25. The Department had not always routinely collected information on the timely delivery of urgent purchases that it made. For example, for Operation TELIC, data on timely delivery were available for only 102 of the 194 urgent purchases made.<sup>30</sup> The Department had now created a single database to track progress of all urgent purchases, rather than simply reporting by exception when items had not been delivered. The Department

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25 Qq 14, 90, 96

26 Q 87

27 C&AG's Report, para 2.24

28 Q 27

29 Qq 25–26, 28, 85, 98

30 C&AG's Report, para 2.28

considered that the defence industry was well accustomed to providing accurate forecasts on delivery times, which were mostly achieved, and the Armed Forces did not pay a premium for such equipment. The contracts under which urgent purchases were delivered were managed under normal contracting arrangements, albeit on a fast track basis.<sup>31</sup>

## Asset tracking

26. During Operation TELIC, problems in the Department's logistic supply system resulted in shortages of key equipment such as body armour and armoured vehicle air filters available to front line forces. We were concerned to learn whether the Department could be confident that such problems would not arise again on any future operations.<sup>32</sup>

27. The Department said that it could not guarantee that such problems would not arise again since military judgment was the final arbiter of whether a force was ready for operations, balancing operational risk against waiting for the logistics to be fully delivered. Compelling military or political factors may, for example, override logistics considerations. The Department had, nevertheless, taken robust steps to manage and reduce the risks of similar problems happening in future and it had improved the supply system since Operation TELIC.<sup>33</sup>

28. Problems on that Operation were due partly to late changes in the planned entry point for United Kingdom forces into Iraq, resulting in significant changes to the composition of the force that needed to be supported and requiring the Department to meet much shorter readiness timescales than its planning assumptions for an operation of that size provided. In the event, most stocks were delivered to the Iraqi theatre in 2003 in sufficient time but weaknesses in the asset tracking system in place during the deployment and warfighting phases prevented some of these reaching the designated forces. Although in theory capable of tracking containers being dispatched into theatre, the system was slow and cumbersome, and took too long to identify what was contained in each shipping container. Consequently, the rate of supply build-up at the dockside in Kuwait was such that the asset tracking system was overwhelmed and essentially broke down and there had also been failures in associated satellite communications links.<sup>34</sup>

29. As part of an ongoing programme of improvements to its systems, the Department had made significant efforts to improve its asset tracking ability, its management of materiel in transit and the robustness of its associated communications structure. For example, the Department was now able to track 93% of the equipment delivered into the Iraq theatre of operations through to the point of final consumption. Further improvements were needed, however, and these would be introduced over the next three to four years. The planned improvements included increasing the resilience of the system, since it was purchased as a civilian off-the-shelf solution and lacked the necessary robustness for deployed military

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31 Qq 28, 30–32

32 Qq 83, 85–89

33 Qq 86, 88

34 Qq 83, 85, 102

operations. The system was also somewhat inflexible, and needed to be fully linked to appropriate inventory and accounting management systems.<sup>35</sup>

30. Work to improve asset tracking comprised enhancements to both the Department's consignment tracking capability and its inventory management systems. To date, the Department had spent some £18 million on consignment tracking and around £6 million on inventory management. Over the three years from 2006–07, it planned to spend a further £8.5 million on consignment tracking and around £45 million on inventory management. These costings excluded the new Skynet 5 satellite system, which was being procured by the Department to support a wide range of defence activities, including providing sufficient bandwidth for asset tracking communications. The Department considered that it had made significant improvements to its capability in this area at relatively low cost.<sup>36</sup>

## Defence Logistics Transformation Programme

31. The Defence Logistics Transformation Programme was central to the way in which the Department was addressing the issues of reduced levels of stocks and cannibalisation. The Programme covered all Defence logistics activity and aimed to deliver savings of around £2 billion by 2010–11.<sup>37</sup> The Department acknowledged that recuperating from Operation TELIC and continuing support to current operational commitments above the recommended levels set by Defence Planning Assumptions was straining logistic support and had, inevitably, led to some shortages. The drive for savings engendered by the Programme had not contributed to this position. Rather than posing further significant risks to readiness, the Defence Logistics Transformation Programme was intended to move towards an era of efficient delivery of effective logistics support.<sup>38</sup>

32. The Department was confident that it would achieve the level of savings predicted and said that it had already identified savings worth £1.5 billion. The Defence Logistics Transformation Programme aimed to make savings by improving efficiency and effectiveness as well as by reducing budgets. Principally, these improvements would be achieved by, for example, closer partnering with industry and by contracting for availability, not spare parts. This should reduce the costs of support and maintenance, lead to faster turnaround times within repair loops, and raise the availability of a range of equipment such as aircraft and armoured vehicles. Under these arrangements, the Department had adopted more efficient repair and maintenance procedures for Harrier aircraft and increased the number of available aircraft by 12 from within the same total fleet size. It was, therefore, possible to sustain or even increase frontline availability, thereby improving readiness, whilst achieving savings within the maintenance pool. Closer partnering with industry will also be a feature of new equipment programmes, including

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35 Qq 89, 102–104

36 Qq 103–105; Ev 21

37 C&AG's Report, paras 2.46–2.47

38 Qq 16, 97

the introduction of the future aircraft carriers, the precise timing of which remains uncertain.<sup>39</sup>

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39 Qq 16–18, 20, 97

# Formal minutes

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**Monday 30 January 2006**

Members present:

Mr Edward Leigh, in the Chair

Greg Clark  
Jon Trickett

Kitty Ussher

A draft Report (Assessing and reporting military readiness), proposed by the Chairman, brought up and read.

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

Paragraphs 1 to 32 read and agreed to.

Introduction read and agreed to.

*Resolved*, That the Report be the Twenty-sixth Report of the Committee to the House.

*Ordered*, That the Chairman make the Report to the House.

*Ordered*, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned until Wednesday 1 February at 4.10 pm.]

## Witnesses

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**Wednesday 9 November 2005**

*Page*

**Sir Kevin Tebbit KCB CMG, Lieutenant General Sir Rob Fry KCB CBE, and Air Vice-Marshal Kevin Leeson CBE, Ministry of Defence**

Ev 1

## List of written evidence

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Ministry of Defence

Ev 16

Ministry of Defence

Ev 18

## List of Reports from the Committee of Public Accounts Session 2005–06

First Report	Managing National Lottery Distribution Fund balances	HC 408 ( <i>Cm 6712</i> )
Second Report	The regeneration of the Millennium Dome and associated land	HC 409 ( <i>Cm 6689</i> )
Third Report	Ministry of Defence: Major Projects Report 2004	HC 410 ( <i>Cm 6712</i> )
Fourth Report	Fraud and error in benefit expenditure	HC 411 ( <i>Cm 6728</i> )
Fifth Report	Inland Revenue: Tax Credits and deleted tax cases	HC 412 ( <i>Cm 6689</i> )
Sixth Report	Department of Trade and Industry: Renewable energy	HC 413 ( <i>Cm 6689</i> )
Seventh Report	The use of operating theatres in the Northern Ireland Health and Personal Social Services	HC 414 ( <i>Cm 6699</i> )
Eighth Report	Navan Centre	HC 415 ( <i>Cm 6699</i> )
Ninth Report	Foot and Mouth Disease: applying the lessons	HC 563 ( <i>Cm 6728</i> )
Tenth Report	Jobskills	HC 564 ( <i>Cm 6724</i> )
Eleventh Report	Local Management of Schools	HC 565 ( <i>Cm 6724</i> )
Twelfth Report	Helping those in financial hardship: the running of the Social Fund	HC 601 ( <i>Cm 6728</i> )
Thirteenth Report	The Office of the Deputy Prime Minister: Tackling homelessness	HC 653 ( <i>Cm 6743</i> )
Fourteenth Report	Energywatch and Postwatch	HC 654 ( <i>Cm 6743</i> )
Fifteenth Report	HM Customs and Excise Standard Report 2003–04	HC 695 ( <i>Cm 6743</i> )
Sixteenth Report	Home Office: Reducing vehicle crime	HC 696 ( <i>Cm 6743</i> )
Seventeenth Report	Achieving value for money in the delivery of public services	HC 742 ( <i>Cm 6743</i> )
First Special Report	The BBC's investment in Freeview: The response of the BBC Governors to the Committee's Third Report of Session 2004–05	HC 750
Eighteenth Report	Department for Education and Skills: Improving school attendance in England	HC 789
Nineteenth Report	Department of Health: Tackling cancer: improving the patient journey	HC 790
Twentieth Report	The NHS Cancer Plan: a progress report	HC 791
Twenty-first Report	Skills for Life: Improving adult literacy and numeracy	HC 792
Twenty-second Report	Maintaining and improving Britain's railway stations	HC 535
Twenty-third Report	Filing of income tax self assessment returns	HC 681
Twenty-fourth Report	The BBC's White City 2 development	HC 652
Twenty-fifth Report	Securing strategic leadership in the learning and skills sector	HC 602
Twenty-sixth Report	Assessing and reporting military readiness	HC 667

The reference number of the Treasury Minute to each Report is printed in brackets after the HC printing number



# Oral evidence

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## Taken before the Committee of Public Accounts

on Wednesday 9 November 2005

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Bacon  
Mr Ian Davidson

Sarah McCarthy-Fry  
Stephen Williams

**Sir John Bourn KCB**, Comptroller and Auditor General, National Audit Office, was in attendance.

**Mr Brian Glicksman CB**, Treasury Officer of Accounts, HM Treasury, was in attendance.

### REPORT BY THE COMPTROLLER AND AUDITOR GENERAL

#### MINISTRY OF DEFENCE

#### ASSESSING AND REPORTING MILITARY READINESS (HC 72)

*Witnesses:* **Sir Kevin Tebbit KCB CMG**, Permanent Under Secretary of State, **Lieutenant General Sir Rob Fry KCB CBE**, Deputy Chief of Defence Staff (Commitments) and **Air Vice-Marshal Kevin Leeson CBE BSc CEng FIEE RAF**, Assistant Chief of Defence Staff (Logistic Operations), Ministry of Defence, examined.

**Q1 Chairman:** Good afternoon, welcome to the Committee of Public Accounts. Today we are considering the Comptroller and Auditor General's Report *Assessing and Reporting Military Readiness*. We welcome back Sir Kevin Tebbit, who is the Permanent Under Secretary at the Ministry of Defence. We are also joined by Lieutenant General Sir Rob Fry, who is Deputy Chief of Defence Staff Commitments and Air Vice-Marshal Kevin Leeson, who is the Assistant Chief of Defence Staff Logistic Operations. You are all very welcome. Sir Kevin, it is your last appearance before the Committee. Would you like to reflect on your time in office with particular regard to what might be of interest to the Committee and what you think are the outstanding features, what you may have achieved or not achieved?

**Sir Kevin Tebbit:** I hope the barely quorate nature of the meeting does not reflect my popularity with your Members over the years.

**Q2 Chairman:** I regret that Gerry Steinberg is not here. I had thought he might make a guest appearance.

**Sir Kevin Tebbit:** Absolutely; he is the Member I am missing most. I have been Permanent Secretary through the last seven and a half years which has coincided with a huge transformation of our defence posture. I came to the MoD basically with the remit to implement the Strategic Defence Review in 1998. Most of my time has been pushing through and managing that change throughout the organisation, while also helping the Armed Forces to organise their own frontline effort; indeed that was the first priority, to shape the force structure around a truly expeditionary capability. The second was to shape the Department and our relationships with industry to support that more

effectively. Frankly, whether we have done that well or badly is not for me to judge. What I would say is that I think we were quicker than most countries to recognise the way the world was going and we did indeed generate a capability broadly used in line with our expectations and forecasts and our analysis. If I have a positive comment, it would be that I think the NAO has been very helpful in those years in their analyses of our business in showing a pretty deep understanding of the challenges we face. Ours has been a budget, which, as you know, has remained pretty static or has grown in very small ways over the period. We just had our largest increase for 20 years, but it is still 1.4% a year and considering what is going on elsewhere in terms of costs, we have had to cope with some huge challenges there. The comments and proposals and recommendations we have had from the C&AG have been very helpful; I have to say that sometimes I felt the debate we had around the table here did not always add to the objective value of the issues, but by and large the process has been very helpful in enabling the Department to do better. One thing, if I may, almost moving into this Report, is that we sometimes have a difficulty in separating out two very different issues. Because we are about defence most of our planning, virtually all of our planning, has to be for contingencies. We have to make assumptions about the world and plan in considerable detail, including, for example, readiness assumptions, which are not what we actually do; it is how we get ourselves into a position to be able to do the things. Our main effort, as an organisation, tends not to be improving literacy or reducing waiting lists in hospitals, but in the rather artificial world of planning contingency assumptions. We then have to translate that into action, using crisis

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 Ministry of Defence
 

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management and risk management and flexibility and it is the operations we undertake which are the things which really matter. What sometimes worries me is that the natural imperfections in our planning structure and our system, which are supposed to be there, because we are testing ourselves all the time and deliberately setting ourselves targets which are stretching so that we maximise our ability to do the right thing, are sometimes taken as weakness in the output, when in fact I believe the output has been very strong.

**Q3 Chairman:** That is what we are going to get onto now, but you of course set these targets and our questions are around suggesting to you politely that you set your own targets, so why can you not meet them? Let us try to test that, shall we? Thank you for that little introduction. Will you start, please, by looking at one of the most important figures in this Report by the Comptroller and Auditor General, which is figure 8 on page 15, which deals quite well with the whole issue? If you look at that figure, you can see that one quarter of your forces consistently reported serious weaknesses in their peacetime readiness over the past couple of years. Why is that, do you think?

**Sir Kevin Tebbit:** These are of course the forces which are not engaged in operations. The main reason is because we have just had a massive operation in Iraq, which was large scale by any standards, and we have now to come down from that level to be within what is called our defence planning assumptions of three operations consisting of medium and small-scale operations. We are slightly above that still. We expect to have three years to recover our force structure into balance from an operation of the size of TELIC, of Iraq. We have not yet got through that three-year period. We also expected, in that recovery period, not to be operating at the level we are at present. This is entirely to be expected.

**Q4 Chairman:** You hope; you hope that you are not going to have to operate at the level you have been recently, or did I misunderstand you?

**Sir Kevin Tebbit:** Under our planning assumptions, which are the things which drive these figures, we should be at 100%, that is if all the rest of our assumptions are normal. Having done a major operation, we should not expect to get 100% for three years at best. Having also sustained an operational level above our planning assumptions for the two and a bit years since then, that would extend it still further. This is entirely to be expected by the nature of our operational tempo.

**Q5 Chairman:** Will you look over the page to page 16, figure 10? This is the Public Service Agreement readiness target set in 2004. We read there that you have a 5% improvement in the readiness state of force elements over three years. Do you think that is stretching enough? Why can you not set a more ambitious target?

**Sir Kevin Tebbit:** We are doing pretty well at present. Perhaps I ought to say what the current quarter shows of how fast we are recovering. The last figure we were able to give the Committee for April to June was 75%, which was well up on the 69% the previous quarter. I have just received the figures from June to September and that shows 79%, so we are improving rapidly. We have agreed, as a result of recommendations from the C&AG to base our improvement on a rolling average of the past 2004–05 year as a whole, which obviously pulls down the performance against that average. At the moment we are at 70.25% from 68%, so we are on the way, but we still have a way to go.

**Q6 Chairman:** It is not a great improvement though, is it, 75% from 68%?

**Sir Kevin Tebbit:** It is a great improvement over a quarter. The improvement over a quarter has gone right up to 79%; it is just that we are trying to pace it over time.

**Q7 Chairman:** You talk about the particular tempo of operations with which you have had to deal during your time in office. If we look at page 22, paragraph 2.13, it says there that “figure 13 . . . shows that the operations on which the United Kingdom’s Armed Forces are committed have consistently exceeded this planned level of activity in the past three years”. We know that because of the international situation. Why then do you have a readiness system which reports against planning assumptions which are lower than the level of actual operational commitment, or are you going to tell me that you cannot possibly predict what those operations are going to be? Is that the reason?

**Sir Kevin Tebbit:** No; it is that if you wanted us to have Armed Forces which could regularly, routinely deal with the sort of peak you saw in 2003, you would have to increase the defence budget by a very large sum indeed. We expect to be able to generate that scale of activity about once every 10 years with our working assumption. There then needs to be a period of recuperation and recovery of the force structure. Frankly, another word for 79% or 75% is the recovery margin, the recuperation margin which is being used and needed to reform the force structure after this huge stress on it.

**Q8 Chairman:** What is the actual impact on the Armed Forces of consistently operating above these planning assumptions? What is the impact on them?

**Lieutenant General Sir Rob Fry:** There is a certain amount of strain and that is undeniable and that is widely reported. I would endorse entirely what Sir Kevin has already said, which is that to jump around constantly with your assumptions in order to try to chase the error, as it were, of the current level of deployed forces, seems to me to be not the way to give steady and mature guidance to the Department’s planning processes.

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 Ministry of Defence
 

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**Q9 Chairman:** It is widely reported, but just assume that we are standing alone in a vacuum in this Committee and we have not read all the press reports. Tell us more, as a serving officer, of the impact on the Armed Forces of operating consistently above defence planning assumptions.

**Lieutenant General Sir Rob Fry:** I will take it in several areas. Let us look at the material impact in the first instance. We do have stresses on some of our equipments, we do have to go through processes like the cannibalisation of equipment, which is not what we want to do and it does have long-term effects. Those things are well recorded and recorded by the Report. In terms of the human impact, it means that people work above the guidelines which we establish for the amount of time that they will spend separated from their family. This is a rather capricious figure, because it is far harder in some areas than it is in others. The areas which we call the pinch-point trades, the engineers, the communicators, the people who are involved in human intelligence, for example, are always in demand in whatever operation we find ourselves. For them, there is a much reduced interval between the tours in which they deploy and the harmony guidelines which we broadly try to observe are sometimes observed in the breach. What we do about that in those particular areas is try, as far as we possibly can, in very particular areas, to increase the capacity, because we do understand that whatever the campaigns we shall be undertaking those will be at a premium.

**Q10 Chairman:** You mentioned cannibalisation and that is dealt with in the Report. Shall we look at that just for a second as you happen to have mentioned it? It is on page 28, "Example b 'Cannibalisation'", particularly paragraph 2.42. It says "Cannibalisation is also becoming more prevalent within the fleet". You can understand our concern that you are increasingly relying on this.

**Sir Kevin Tebbit:** Before I ask Air Vice-Marshal Leeson to give a logistician's expert view on this let me just say that this all has to be seen in terms of how we prioritise our resources across defence. If you pick an individual area, you are sure to be able to find a problem, but you have to see how we apportion them. The good thing about this Report is that it shows how we manage the risk across the totality of the force structure. If cannibalisation became prevalent, serious, we would have to think very seriously about taking the strain in other areas rather than this. May I just give you an important figure? It says here in paragraph 2.42 that the incidence of using this has risen from five to 10 instances a month to 30 a month; that is out of 15,000 items which are demanded each month. So we are still talking about a very small proportion of the normal extent to which we have to go to these sorts of arrangements. However, it is on the increase and it is still an area of last resort. We should still believe it is the right thing to do if the alternative is to increase stock levels to a point where it is simply unaffordable in relation to the rest of the budget which grows at 1.4% a year.

**Air Vice-Marshal Leeson:** Sir Kevin has really answered your question. Our ranges of equipment are very wide, broad and deep. We hold a number of items in capacities to cover attrition over 20 or 30-year buys of equipment and therefore that represents in itself a pool of spares which can be very legitimately used to cover short-term eventualities while we then buy stock, rather than holding large amounts of stock on the shelf. So cannibalisation, robbery, redistribution, call it what you will, is a very legitimate mechanism for solving your supply difficulties without holding enormous stocks on the shelf when you cannot predict which of those stocks will actually be used and in what timescale.

**Q11 Chairman:** I am particularly worried about the Royal Navy and this is dealt with in paragraph 2.8 on page 20 "Readiness of the Royal Navy". It talks here about the £310 million cut in resources. What effect is that having on current and future naval capabilities?

**Sir Kevin Tebbit:** We all regret this. I shall answer your question directly first. No operational tasks of the Royal Navy are not being performed as a result of this at present. The Royal Navy is still fulfilling its operational commitments at present. I say "at present" advisedly, because clearly if this continues for a long period of time that could not be the case. The effect on the Royal Navy is mitigated by the fact that this was a decision taken corporately by the Defence Management Board, which included the Chief of Naval Staff, on the basis that this was the best thing all round, given that in the recuperation period after TELIC and given the current commitments we have still in Iraq and in Afghanistan as well as the Balkans, the priority was not the naval tasks, but the land tasks and the air tasks. This shows the corporate solidarity of our Defence Management Board and the Chiefs of Staff.

**Q12 Chairman:** So the Royal Navy is taking the hit.

**Sir Kevin Tebbit:** They have taken the hit on the basis that it is the best balanced solution for defence within the budget of 1.4% real growth.

**Q13 Chairman:** In terms of corporate collective responsibility they accept this.

**Sir Kevin Tebbit:** They do indeed.

**Q14 Chairman:** With a bitter heart.

**Sir Kevin Tebbit:** With a promise that we will revert to this. This is not an indefinite thing. The graph you have assumes only that it carries on going like that; that is not the assumption.

**Q15 Chairman:** Somewhere in this Report they have 42 ships on normal support and 26 ships on reduced support. What is it at present? Are more ships now on reduced support than were at the time this Report was written?

**Lieutenant General Sir Rob Fry:** We do not have a definitive answer to that.

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 Ministry of Defence
 

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**Sir Kevin Tebbit:** I should think it has stayed about the same. The ships which are performing the tasks which are operationally essential to meet their operational commitments are on full support. There is a flexibility because you can use a ship perhaps without its sonar fully working, if you are not expecting any anti-submarine warfare activity on that ship; if it is doing guardship duty, for example, in the Caribbean. There are flexibilities around this which still enable tasks to be performed. I am told that it is the same number.

**Q16 Chairman:** Defence Logistics. If you look at page 29, “The Defence Logistics Organisation’s Transformation Programme”, it says you are expecting savings of £2 billion by 2010–11 as part of this Defence Logistics Transformation Programme. We already have shortfalls in logistics. Is that not going to pose significant risks to the readiness of our Armed Forces?

**Air Vice-Marshal Leeson:** The Defence Logistics Transformation Programme aims to make those savings by a variety of means, principally mechanisms to improve efficiency and effectiveness not just reducing the budget. We are certainly some long way towards achieving the strategic goals with £1.5 billion in already. There clearly are stresses, to which Sir Kevin referred earlier, given the current level of commitments and where we are emerging from the earlier Operation TELIC experience. It is therefore somewhat inevitable that there are some logistic shortages across the piece. These are not because of the transformation programme: it is all about moving us into a new era of efficient delivery of effective logistics support.

**Sir Kevin Tebbit:** I know that permanent secretaries are supposed to do strategy and not detail, but some of the detail here is relevant. For example, as part of this programme we have managed to make 12 more Harrier airframes available from the same number totally in the fleet by more efficient ways of putting them through repair and maintenance. We are using techniques called pulse line techniques whereby you do repair and maintenance rather like conveyor belt production; you put the thing through various stages and it is much faster and with the same number of aircraft, or armoured fighting vehicles or whatever, we are able to get much more availability from them. It is not the case that this is a zero-sum gain. You can get the savings and still sustain, if not increase, some availability in the frontline.

**Q17 Chairman:** Lastly, Sir Kevin, I cannot resist asking you this and you may rule me out of order in my own Committee: are we going to get these carriers on time?

**Sir Kevin Tebbit:** I should not dream of ruling you out of order. The trouble with us is that we created a time before we even had the thing on the drawing board and knew what it looked like. We named both carriers before we even had the first picture. We have shot ourselves in the foot frankly. I could not give you an answer to that until it goes through main gate and that is due pretty soon.

Unfortunately I shall have retired just before it happens and that is the point at which you will know.

**Chairman:** So you are not going to answer. We now have a Member of Parliament who is intimately interested in the Royal Navy.

**Q18 Sarah McCarthy-Fry:** I have two lines of inquiry and I was going to go down the naval readiness one. I am actually more interested in your defence logistics efficiency savings and your whole risk management thing. Coming back to the carrier, when the carrier is commissioned how far do you go in your future Defence Logistics Transformation Programme? Obviously there could be common components across each Service. When the carrier is designed, do you bring any requirements in there to use similar things such as electronics or smaller components, because then obviously you would have to keep their spares, would you not, if common things could be used?

**Sir Kevin Tebbit:** Just to set the general policy and strategy, what you are talking about is also true of a thing called the Defence Industrial Strategy, which we are about to publish; Lord Drayson hopes to publish that by Christmas. One of the elements of that is a genuine through-life approach to equipment, so that we build in the through-life issues right at the beginning of the project rather than add them on at the end. That is one way in which I can give you a positive answer. Another aspect of that is much closer partnering with industry than we had in the past. We are now finding, particularly in repair and maintenance, that if we pose the problems to industry in a fuller way and get them more engaged, we get much better value for money for everybody. They get their profit, but we get reduced cost. We contract for availability rather than for particular bits of spares. Thirdly, we are trying increasingly to build into our programmes off-the-shelf open architectures, stuff which is available in the private sector generally rather than stuff which is purely for defence and has no other market, which again makes it much easier to maintain them through life because we upgrade them as the commercial industry is being upgraded. The answer is very much yes. May I ask Air Vice-Marshal Leeson to give you more expert detail?

**Air Vice-Marshal Leeson:** I wish I could better that. That is the key issue. We shall always be designing our equipments to optimise the effect we are trying to deliver from them and they are born of a defence programme which is joint and aims to direct towards capability, rather than a particular pre-conceived platform ideal. Within that it is inevitable that there will be very, very different systems on different platforms. Clearly, where you can use generic systems such as information technology systems, communication systems, we aim to use common enablers in all vehicles, be they air vehicles or seaborne or land. The key issue, which is the one Sir Kevin picked on, is to focus your ability to be able to deliver from a wider industrial base onto a more commercially founded

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 Ministry of Defence
 

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basis. Then you can use the might of a much, much larger delivery system than the pure military would require and that applies equally well to ships.

**Lieutenant General Sir Rob Fry:** May I offer an observation which I think is a valuable one? To see a fleet carrier at sea is actually to see a triumph of human endeavour as much as technological endeavour. One of the main components of capability is actually the people, those who fly the aeroplane for example. We have made great strides in ensuring that the naval and the air force crews who do this in the current generation of aeroplanes have been brought together as a common pool.

**Q19 Sarah McCarthy-Fry:** I do not dispute that. I am trying to get back to the Chairman's point on this £2 billion in efficiency savings by 2010. That seems to me a pretty tall order, considering we are already at 2005. Is it right that you have so many different IT systems that your IT systems across departments in the Services cannot actually talk to each other? I believe there is a programme going on now to bring everything together.

**Sir Kevin Tebbit:** It is the critical programme for our transformation programme across defence, Defence Information Infrastructure. That is replacing about 300 different legacy systems built up by the individual Services when they were completely separate. All of those are being replaced by one ring main, which will service both the business function of defence and the operational nature of defence. We have signed the contract, it is now working, we are on phase one; we are fielding it more or less as from now, bit by bit throughout the Department. This is absolutely critical. This is critical, but the risk is being managed and worked on by the top level of the Department and others because it has to work and without that nothing will work. You have hit the nail on the head.

**Q20 Sarah McCarthy-Fry:** My worry is that because of the length of time it is going to take for that to come in, because that is going to be crucial to it means you are not going to get your £2 billion by 2010. Are you quite confident that we are going to achieve those savings by 2010?

**Sir Kevin Tebbit:** Yes, I am. It has a lot of resilience and a lot of backup to it.

**Q21 Sarah McCarthy-Fry:** I look forward to your successor coming back to tell us whether we have achieved those savings.

**Sir Kevin Tebbit:** I am trying not to say that there have been cases of people being recalled; it is a sensitive issue. I realise that I am not completely out of the woods, although I cannot believe I said that.

**Q22 Sarah McCarthy-Fry:** May I come back to your risk assessment procedure? How often do you update the actual procedure of risk assessment, how you assess whether you have the right things, or is it on a rolling basis?

**Sir Kevin Tebbit:** It depends at what level: strategic, operational or tactical. People in the field, commanders, people who are caring about their immediate units, are doing it all the time. We do it at Defence Management Board level, the board which I chair, the stuff in Appendix 2 to this Report, on a quarterly basis, if not required to by life itself more often, based on all of the risk registers which come up from the major units, the 13 Top Level Budget areas, all reporting into a common system. As we see risks moving towards the danger area, based on about 17 different measures which we have across defence, we then focus on that in the discussion, decide what is going wrong, what we should do about it, what we can do about it and apply corrective action.

**Q23 Sarah McCarthy-Fry:** How easy is it? Obviously after an engagement you get anecdotal stories which come through, but where are you getting your information from? Is there a mechanism for the guy right on the ground who is actually using the equipment to have his point of view put forward into your risk management?

**Sir Kevin Tebbit:** Oh, yes. It is a combination of mathematical, technical assessments and the human reporting system saying it is not working, which comes all the way through. If you were sitting at our board meeting, you would see one thing moving into the danger zone, like manpower or something like that, you would ask to be told more about it and you can drill down through the technology right to the detail. So you can find out why it was that somebody had said this was going wrong under our colour coding system.

**Q24 Sarah McCarthy-Fry:** The point I am trying to get at is whether the man or woman actually on the ground has to report to their superior officer, to their superior officer, to their superior officer before it gets to you or is there a mechanism for the people?

**Sir Kevin Tebbit:** Not necessarily.

**Lieutenant General Sir Rob Fry:** There is an empirical mechanism and you have just described that. There is also a more direct human mechanism which is that the people who sit on the DMB, the heads of Services, the commanders-in-chief of the deployed forces, spend a lot of their time going to see their people wherever they are. The British soldiers, sailors and airmen are not usually sparing with their views when those things happen. There is a scientific method by which this is derived, but there is also a method which derives directly from human contact.

**Q25 Sarah McCarthy-Fry:** May I come now to the urgent requirements? You said that if you have an operation, then you have urgent requirements. I think there were 94 urgent requirements in the last one. Do you have to pay a premium for that or is it built in with the suppliers you have, that you may have an urgent requirement?

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 Ministry of Defence
 

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**Sir Kevin Tebbit:** For TELIC, for example, there were an awful lot more than that: a figure of 512 comes to memory. We had a hearing in this Committee which is burned on most of our memories about that. Over the last year there would have been far fewer than that. What we tend to do is build in UOR possibilities to our discussions with the industry right at the beginning in normal circumstances. We are now organised in Integrated Project Teams for equipment and for logistics and the integrated project team and its leader have the task of looking at UOR possible requirements as well as the normal job of bringing on the basic bit of their programme so that they are not caught short if the requirement arises. A lot of them will be off-the-shelf items, which obviously can be fulfilled pretty quickly. We do try to take that long-term contingent view rather than just say "Oh, my goodness, can you possibly supply it?". Indeed there is a very formal process now of the audit done by logistics on an annual basis which scrubs this every year to make sure they have it right.

**Q26 Sarah McCarthy-Fry:** Nonetheless you do sometimes have to do that.

**Sir Kevin Tebbit:** Yes. What I am talking about is the process by which we understand the gap between what we have and what we might need if we had a particular contingency to fulfil.

**Q27 Sarah McCarthy-Fry:** And you do have to pay a premium for that.

**Sir Kevin Tebbit:** It costs more to go for a specific operation because there will be particular characteristics around that operation. We could not have an inventory and a force structure to cater for every possibility which might arise; that would just be impossibly expensive, so we have to manage the risk. One of the ways of doing that is to accept that for the specifics of a particular operation we have to top up our force structure with urgent operational requirements. The actual costs of them of course are met from the reserve and the Treasury is there to make sure that we do not cheat and rely on a UOR process just to fatten our force structure because we did not get a big enough budget in last year's settlement. That does not happen; this is not a way of doing that. This is for very specific characteristics around individual operations which cannot be predicted in advance.

**Q28 Sarah McCarthy-Fry:** In paragraph 2.28 the Report states that you do not routinely collect information on the timely delivery of your urgent purchases. If you are in a situation where you have had to go to a supplier and say you need something now, they may not be able to meet that requirement. Do you think you should measure that?

**Sir Kevin Tebbit:** This was an issue where we had a bit of a difference of agreement with the Comptroller and Auditor General, but I decided that it was best not to argue with him, so we have given in. We used to report by exception, in other

words, if it does not come, tell us, because then it really matters, but if you are in the middle of a war, do not bother telling us that it has come, just get on with the war. This is the urgency of those sorts of things. We were persuaded that was not a terribly reliable way of managing these things through the whole process, so we now have a new system. All our UOR data is on one single unified database which can be accessed by everybody who needs to, so we can track the progress of all our UORs and will be able to do so in future. I also mentioned the logistics audit we do annually, where our Integrated Project Teams have to measure and report on the level of confidence they have that industry can indeed meet their possible requirements in the timescale set out in the planning.

**Q29 Sarah McCarthy-Fry:** That was the point I was getting to. If you do not collect information on its timely delivery, how do you know, next time you need to use them, that they are going to be able to deliver?

**Sir Kevin Tebbit:** Exactly and what should be the target one is aiming for.

**Q30 Sarah McCarthy-Fry:** Do you penalise late delivery? Is it built into the contract? If you are paying a premium to get it urgently and you do not get it urgently, can you claw that back?

**Sir Kevin Tebbit:** We may not be paying a premium. I would not see it quite like that. They are contracts managed through the normal contracting business; they are done on a fast track, but they are still done under normal contracting terms. It is not an open pocket for the contractor to do what he likes.

**Q31 Sarah McCarthy-Fry:** I know that it is not an open pocket, but take a scenario where you urgently need a piece of equipment, your supplier would normally be delivering it in six months and you want it brought forward in three months, are your suppliers not going to say they can do it but they are going to have to pay overtime for the guys to do it?

**Sir Kevin Tebbit:** I should perhaps say that the defence industry has lived with the Armed Forces forever. They are actually very good at rising to these sorts of requirements and not trying to profiteer from it; it is one of their best advertisements.

**Q32 Sarah McCarthy-Fry:** I am not suggesting the defence industry tries to profiteer from it: I am saying that they may well have to pay a premium themselves to get it to you.

**Sir Kevin Tebbit:** Again I cannot believe what I am saying. Yes, but it is fair usually.

**Air Vice-Marshal Leeson:** The key issue in the circumstances of an urgent operational requirement is that it is against the backdrop of a very real world event which is both in our interest and in industry's interest to solve. When we go to them and say we require a quantity of this to do this

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 Ministry of Defence
 

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particular function, then we get very, very honest forecasts which are almost certainly achieved because they would not wish to disappoint us because it clearly matters and because we would come up with an alternative contingency if they could not deliver.

**Q33 Sarah McCarthy-Fry:** But you do keep records.

*Air Vice-Marshal Leeson:* We do keep records.

*Sir Kevin Tebbit:* We do keep records.

**Q34 Mr Bacon:** I was about to ask a first question about reserves, but did I understand you to say that there is a reserve list system which operates for senior civil servants as well as for soldiers and that you could get called back at some point?

*Sir Kevin Tebbit:* I did not really; I wish I had never said that. Please delete my remarks from the record.

**Q35 Mr Bacon:** Can we take it that the Cabinet Secretary will not mind if we call you back at some future point when you have stopped being accounting officer?

*Sir Kevin Tebbit:* I think nobody is entirely clear where the actual constitutional position lies. I should like to withdraw my remark, if I may, and have it excised; it could cause the Chairman more trouble than it was worth as well as me.

**Q36 Mr Bacon:** On the subject of reservists proper, whether they be TA or other forces, when a reservist is called up and then serves the amount of time, how long is it before that reservist can be called up again? I know two parliamentary colleagues who are in the reserves and have had to go to Iraq, one for five months; I think five months is the normal period

*Sir Kevin Tebbit:* It is a very good question and I know exactly what you are driving at. We work our reservists hard. They are absolutely essential to us these days. It is not weekend soldiering any more; it really is vital to the operational efficiency of the Armed Forces. It is an area of very high importance and concern. It seems whatever number of reserves you set, you seem to manage to get 80% of them, which is not enough. Once in every five years is what it seems is very comfortable.

**Q37 Mr Bacon:** So they can be called up again, but there is expected to be a gap.

*Sir Kevin Tebbit:* The point is that they can be called up once every two years and that is a strain on people and they find it difficult. There has been a proposal—I do not know whether I am going beyond my brief here—that the norm would be easier if we were able to ease it. Perhaps I could ask General Fry to comment.

*Lieutenant General Sir Rob Fry:* We expect a gap of two years between the successive compulsory call-outs and we still have to exercise compulsory call-out. The thing which is most interesting is the degree of voluntary response which actually occurs. If we are looking for an index of how hard we are

working our reservists, or how many of them are volunteering to come back and do it again, that is a consistently high figure.

**Q38 Mr Bacon:** Sir Kevin said that he knew what I was driving at, but for the avoidance of doubt, what I was interested in was that at the rate at which you are having to call up reservists, including compulsorily reservists, when will you run out?

*Sir Kevin Tebbit:* What I was really implying was giving you a bit of an insight into the sort of thinking that is going on around the renewal of the Armed Forces Bill, which will be debated quite soon and we shall be looking at this issue in terms of how frequently and how quickly it is reasonable to call people back.

**Q39 Mr Bacon:** I anticipate that you may have to boost recruitment of reservists in order to make it work.

*Sir Kevin Tebbit:* I do not think we can expect people to have a commitment more regular than at present. If anything, the tendency on compulsory call out is to ease that requirement, although what is impressive is how many people keep volunteering anyway all the time and always will do. We are keeping the position on the reservists under review very closely.

**Q40 Mr Bacon:** I should like to ask a question about cannibalisation which the Chairman touched on earlier. Figure 14 on page 28 refers to the number of vehicles cannibalised, the percentage of non-deployed fleet cannibalised and the total number of components cannibalised by vehicle type. Let me just take the top line as an example, the Challenger 2. It says that there are 44 vehicles cannibalised and the percentage of non-deployed fleet which has been cannibalised is 22%. Does that mean that the 44 is 22% of a figure which is presumably roughly 170 or so of non-deployed vehicles or what? What is the number of vehicles which are actually non-deployed and what is the number of vehicles which are deployed, just to take that top line with the Challenger 2?

*Air Vice-Marshal Leeson:* That is 22% of the fleet not deployed. The not-deployed fleet will consist of the training fleet and the various other—

**Q41 Mr Bacon:** When you say “fleet” I always think of ships. Do you mean Challenger 2s?

*Air Vice-Marshal Leeson:* The total number we own.

**Q42 Mr Bacon:** How many Challenger 2s do we have in total?

*Air Vice-Marshal Leeson:* I do not know.

*Lieutenant General Sir Rob Fry:* I do not know.

*Sir Kevin Tebbit:* This is the problem, because we have an operational fleet and one which is non-operational.

**Q43 Mr Bacon:** You do not know how many Challenger 2s we have.

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 Ministry of Defence
 

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**Sir Kevin Tebbit:** No.

**Lieutenant General Sir Rob Fry:** We know how many armoured regiments we have, but that is not going to give you the complete answer.

**Q44 Mr Bacon:** I am looking for several bits in order to get a complete answer. I should like to know how many Challenger 2s there are. That is part one. Part two is: how many Challenger 2s are cannibalised? I think the answer is 44.

**Air Vice-Marshal Leeson:** Correct.

**Q45 Mr Bacon:** How many non-deployed Challenger 2s are there?

**Lieutenant General Sir Rob Fry:** We could work this out mathematically. I do not know the answers, but we could work it out mathematically because the figure 44 represents 22% of the non-deployed fleet.

**Q46 Mr Bacon:** That is what I was assuming and in my head I was making it 170 or so. If it were 25% then presumably it would be 44 times four, 176, but it will be perhaps slightly higher. Am I on the right lines?

**Lieutenant General Sir Rob Fry:** Yes.

**Q47 Mr Bacon:** Is it possible we could have a note in each case with the gross number of the type of vehicle, so the gross number of Challenger 2s, the gross number of Warriors, the gross number of AS90s? Is that an armoured personnel vehicle?

**Air Vice-Marshal Leeson:** A note. Yes.

**Q48 Mr Bacon:** All the way down column one, the total number of items of each particular bit of kit. Secondly, the numbers which have been cannibalised, which is column one here in the Report. Thirdly, the number which are not deployed, irrespective of whether they are cannibalised or not; the number not deployed. Fourthly, the number deployed. Could we have that?<sup>1</sup>

**Sir Kevin Tebbit:** On this particular operation?

**Q49 Mr Bacon:** Everything which is on this chart, in other words all these different vehicles. This chart relates to TELIC, does it not?

**Air Vice-Marshal Leeson:** It does.

**Sir Kevin Tebbit:** Indeed, it is a TELIC chart, exactly. Happy to do so. I am sure neither we nor the NAO would have wanted to mislead you.

**Q50 Mr Bacon:** No, I just want to get it clear in my head. Did I understand you to say we cannibalise aircraft?

**Air Vice-Marshal Leeson:** We do. We tend not to use the word cannibalise: robbery tends to be the vernacular.

**Q51 Mr Bacon:** I am not a great expert on aircraft. I know there is a thing called the Tornado and I think there is a thing called the Jaguar. How many different aircraft types do we fly in the RAF?

**Air Vice-Marshal Leeson:** I was rather hoping that you would ask the fleet disposition/Tornado question, because I could probably have answered that.

**Q52 Mr Bacon:** How many different fighters do we have?

**Air Vice-Marshal Leeson:** How many different fighter types?

**Q53 Mr Bacon:** Yes.

**Air Vice-Marshal Leeson:** Harrier, Jaguar, Tornado, Typhoon.

**Q54 Mr Bacon:** How many bombers do we have? I think in a very simple World War II kind of way.

**Air Vice-Marshal Leeson:** A Tornado GR4 is a bomber.

**Q55 Mr Bacon:** As well as being a fighter.

**Air Vice-Marshal Leeson:** Indeed.

**Q56 Mr Bacon:** I understand.

**Air Vice-Marshal Leeson:** There is the problem: a number of our systems are multi-role.

**Q57 Mr Bacon:** What about big aircraft, transport vehicles, Galaxies or whatever they are called.

**Air Vice-Marshal Leeson:** We have 52 Hercules in various variants. We have four C17s, TriStar, VC10, Canberra sitting rather in the middle range, an old type bomber but now a reconnaissance platform.

**Q58 Mr Bacon:** Does the robbery programme encompass all of these different aircraft?

**Air Vice-Marshal Leeson:** It would. The technique of robbery would be applied to those.

**Q59 Mr Bacon:** Could I possibly have my Challenger tank chart for these different aircraft as well? Then I can have in my left-hand column the number of Typhoons, the number of Tornados, the number of Harriers *et cetera*, then the number cannibalised, then the number not deployed, whether cannibalised or not and then the number deployed.<sup>2</sup>

**Air Vice-Marshal Leeson:** For the TELIC period?

**Q60 Mr Bacon:** I am talking about in the Air Force full stop actually. It would just be interesting to know.

**Air Vice-Marshal Leeson:** For a particular snapshot.

**Q61 Mr Bacon:** I take it that cannibalisation gets worse at the time of a high operation presumably.

<sup>1</sup> Ev 18–19

<sup>2</sup> Ev 20–26

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 Ministry of Defence
 

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**Air Vice-Marshal Leeson:** Indeed so.

**Sir Kevin Tebbit:** Exactly so, particularly in large scale, which is what this records.

**Q62 Mr Bacon:** It would be interesting to know what it was like in TELIC and what it is like now.  
**Air Vice-Marshal Leeson:** We could dabble around in Tornado. At the moment, there are 142 aeroplanes in the fleet, broadly 100 operate in the peacetime training fleet; the remainder are either because of maintenance programmes or they have been bought against the future rate at which aircraft crash in a 30 or 40-year timescale, given production might stop. We currently have eight deployed and I could probably usefully predict that the number of aircraft out there at the moment which have some spares removed to service other aeroplanes, either in the deployed fleet or the current operating fleet would be in the two handfuls, five through 10, because you are using this as an opportunity not to hold very large high-price spares whose arising rate of replacement is very low.

**Q63 Mr Bacon:** If you could send us a note summarising it, that would be very helpful.

**Air Vice-Marshal Leeson:** Sure<sup>3</sup>.

**Sir Kevin Tebbit:** But I hope this will still be in the context that this is an action of last resort in terms of value for money overall.

**Q64 Mr Bacon:** You can write on it in big red letters, if you want: Mr Bacon, this is an action of last resort. I shall not mind at all. I am just interested in getting more of a global picture of what is going on both at the TELIC moment, when obviously there is peak pressure, and at other times.

**Sir Kevin Tebbit:** The only point I should make though is that a lot of this is fleeting. It is very short-term stuff. We need it for this thing and it will change very quickly. Even civil air operators do cannibalisation themselves.

**Q65 Mr Bacon:** So do car dealers.

**Sir Kevin Tebbit:** When they say their aircraft has been delayed a little in take-off, they are whipping something off something else.

**Q66 Mr Bacon:** Yes. I should just like to know more about it and if you could send us some stuff, I should be grateful. By the way, on the subject of cannibalisation, do the Americans cannibalise?

**Sir Kevin Tebbit:** Yes, everybody does.

**Q67 Mr Bacon:** *Cosi fan tutti*.

**Sir Kevin Tebbit:** As far as I am aware, all air forces in the world do. It is a terribly pejorative term.

**Q68 Mr Bacon:** You prefer “robbery” do you, like the Air Vice-Marshal?

**Sir Kevin Tebbit:** No, I think there is a very elegant term actually used by the NAO itself and I am very grateful for it: redistribution for efficiency.

**Mr Bacon:** That is what happens when you have 700 chartered accountants; they use much more elegant phrases.

**Q69 Chairman:** Are permanent secretaries ever cannibalised?

**Sir Kevin Tebbit:** That did worry me, because at one point the Report did appear to refer to people as well as to equipment in this phrase and I was rather worried about what the NAO meant.

**Q70 Mr Bacon:** I should like to ask you another question about the Americans. We are involved in a peace-keeping operation in Afghanistan with the French and the Germans, is that right?

**Sir Kevin Tebbit:** Yes; and others.

**Q71 Mr Bacon:** Are our forces, British forces involved in that peace-keeping operation available for offensive operations in Afghanistan?

**Sir Kevin Tebbit:** The answer is yes and no, but General Fry can help.

**Q72 Mr Bacon:** That is a very good answer.

**Lieutenant General Sir Rob Fry:** There are two operations, as I am sure you are aware, which are running in Afghanistan at the present time. One is commanded by NATO and called the International Security Assistance Force and the other one is an operation which the Americans term Operation Enduring Freedom. The NATO operation is where most of our people are at the present time; they are in the north of country, they are also in Kabul. They are very much part of the NATO operation which is about counter-insurgency and is about less overtly aggressive operations than the Americans are involved in. We do however have some elements of our forces, including the Harriers which are currently based in Kandahar, which serve both the ISAF mission and also OEF as well.

**Q73 Mr Bacon:** Can you just remind me which is which?

**Lieutenant General Sir Rob Fry:** ISAF is the NATO mission.

**Q74 Mr Bacon:** Which is the war-fighting mission?

**Lieutenant General Sir Rob Fry:** No.

**Q75 Mr Bacon:** The other way round.

**Lieutenant General Sir Rob Fry:** It is essentially a humanitarian mission which also has implications for expanding the writ of the Government of Afghanistan but fights under rules of engagement which are about self-protection.

**Q76 Mr Bacon:** And the other one is called?

**Lieutenant General Sir Rob Fry:** Operation Enduring Freedom.

**Q77 Mr Bacon:** And that is the war-fighting one.

**Lieutenant General Sir Rob Fry:** That is the war-fighting part of it, yes.

<sup>3</sup> Ev 20

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 Ministry of Defence
 

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**Q78 Mr Bacon:** And would you like to be able to deploy the British forces you currently have in the ISAF more actively into the war-fighting operation? Are they available for that?

**Lieutenant General Sir Rob Fry:** We have already said, the Prime Minister at the Istanbul summit and the Secretary of State subsequently, that during the course of the operation we would move our people from the north, where they are at the present time, down to the south of Afghanistan and we would take a provincial reconstruction team from the north and place it in the south and we would need to put some other forces there as well. We are still thinking about precisely the size and shape of those forces. If we were to do that, necessarily we should have to put it under the command of Operation Enduring Freedom, because NATO would not be mature enough at the beginning to be able to take command of that part of the operation. But we also hope that NATO's command will expand over a far larger part of the country and therefore, whilst we would begin with Operation Enduring Freedom, we would eventually be subsumed within NATO command when the conditions were right.

**Q79 Mr Bacon:** But would you not have a problem with the French and the Germans, if you sought to do that?

**Lieutenant General Sir Rob Fry:** We could well have some problems with the French and Germans because they have national sovereign positions that they will preserve. It is interesting however that the French are operating under Operation Enduring Freedom at the present time and they are therefore fully involved in war-fighting operations. The Germans, as I am sure you are aware, are operating in ISAF.

**Sir Kevin Tebbit:** What we are thinking is eventually a single command structure which enables both types of activity to go on. I think the Secretary of State used the phrase synergy between the two types of activity, which would make sense. The Afghan Government wants to deal with one command structure rather than two separate organisations and a commander needs the flexibility to move those forces prepared and able to do both as necessary. The important thing is not to lose either the French or indeed the United States.

**Q80 Mr Bacon:** Your phrase "single command structure" leads me neatly into what the Chairman tells me is my last question and that is about tri-service. Plainly with the success of Northwood and various other operations, there is a closer integration than ever before. What truth is there in the notion that serious consideration is being given to an effective merger of the Services? When I lived in Canada, there was one Service, the Canadian Armed Forces.

**Sir Kevin Tebbit:** None whatsoever.

**Q81 Mr Bacon:** That is not going to happen. Why could it not happen, keeping a brand badge separate but to all intents and purposes underneath being managed as one?

**Sir Kevin Tebbit:** Let me just say that from a policy point of view, one of our greatest successes has been the creation of a Permanent Joint Headquarters in 1995.

**Q82 Mr Bacon:** At Northwood.

**Sir Kevin Tebbit:** Yes, under a Commander of Joint Operations who is a separate budget holder in his own right and is the man who essentially puts together the force packages necessary to carry out the various operations that we are involved in. That works extremely well and I think it gives us the best of both worlds. From my point of view, from the Permanent Secretary's point of view—military men can comment—it preserves the ethos of the individual Services according to their own characters, background and roles, while at the same time giving us the effects we need on the battlefield or in the peace support area or whatever. Not only would there be problems about doing that, it would be completely pointless because you would actually go backwards; it would reduce the effectiveness of our Armed Forces rather than improve them.

*The Committee suspended from 4.40 pm to 5.20 pm for divisions in the House*

**Q83 Mr Davidson:** I wonder if I might go back to Operation TELIC and the shortages of body armour and boots and air filters in particular. I have read the stuff here about this system which seems to be fine and everything works dandy, but why did we, presumably with the same system, have such a breakdown in supply in TELIC?

**Sir Kevin Tebbit:** We have improved the system since TELIC, but let me go back to TELIC. TELIC was an operation which took place with a speed of notice that was much shorter than our planned readiness times to meet it. Perhaps I might just explain; I tried to before but I think it is important. I was with Geoff Hoon in Ankara in January 2003 trying to negotiate with the Turkish Government the arrangements for what we then expected it still to be, our force package that would go to Iraq. It was going to go through south-east Turkey and would have held the northern part of the country. It would have involved a very different force from the one that we eventually sent; its composition would have been completely different from the one we eventually had to send. It was a smaller force than the one we had to send, it would have been equipped particularly for mountainous conditions, whereas the force we sent had to be equipped for desert conditions. It had a completely different logistics supply chain requirement from the one we found we needed in Kuwait. The host nation arrangements were completely different; different countries. There was a total change from plans which might have been made up to January to what actually happened for an operation which took place by the end of March. We usually plan on a

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 Ministry of Defence
 

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much, much longer timescale to be able to do such an operation than the amount of warning time we actually had with this operation. Therefore, it was not to be expected that we could achieve perfection and there were shortfalls. What was impressive I think was that we were still able to manage the risks and difficulties and achieve the result. If I might just give you a specific, it was not that we did not have a system for tracking and identifying the logistics that we were putting into the theatre. We did have a system, but it was a slow system and it was overwhelmed by the speed with which items had to arrive into this one place in Kuwait where everything had to come for this huge force which we were putting together and it simply broke under that strain. What we now have is a much better system, which I could ask Air Vice-Marshal Leeson to explain in more detail if you wish, which does indeed give us much more resilience than was the case there, but the basic answer to your question is that we were operating outside our planning guidelines.

**Q84 Mr Davidson:** May I just get this clear? At that stage you had a state of readiness which depended upon the task being the task for which you had already planned and you were unable to adjust if there was an alteration in both the time parameters and the style of operation. This does not seem to me to be the sort of flexibility and planning that would be necessary. You seem to be saying to us that you can implement any plan we want, provided it is a plan you already have.

**Sir Kevin Tebbit:** Not at all; no. Forgive me, I was giving you the very specific answer; I ought to give you the more general context. Our defence planning assumption is to be able to conduct three operations simultaneously, a combination of medium and small scale, or to be able to reconfigure with warning time to a very large-scale operation. This was a large-scale operation; no mistake about that. Those are not absolutely specific, because you cannot be specific about the precise operation it might be. If we tried to be specific, we should just have a massive defence budget. So we do the best we can with assumptions, plans based on exercises, based on operational analysis; we try to scale our forces, our training requirements, our equipment, our support requirements around assumptions, but they are all assumptions. When the real world issue hits, we then have to shift, hoping that we have managed risks and carried our assumptions as well as we possibly can to the real world and we have to act. All I am saying is that in this particular case, the time available to make the shift was less than ideal. It meant that there were particular stresses at various parts of the points in the force structure.

**Q85 Mr Davidson:** I do find that slightly difficult to accept on the basis that my recollection is that virtually everybody knew what the options were some considerable time beforehand and while a formal decision might not have been made, the direction in which we were moving was quite clear.

What I want to clarify, and I understand that you were talking there about what happened in the past, is the shortage of equipment such as boots, for example. Boots do seem to me not to be the cutting edge of high technology. I, in my office, was being phoned all the time by the wives of Territorials saying that their husbands were out there with the wrong sorts of boots and without desert equipment and so on. What I want is a guarantee that the changes in the system that you have now introduced mean that that will not happen again. Can you give me that guarantee?

**Sir Kevin Tebbit:** I can give you various guarantees, but I must just go back. I do not think I made myself clear in my first explanation. It was a very different environment, even to the extent of requiring rather different boots and colour of clothing, going in through the south than the north. The warning time for that size of force that we actually had for that specific operation was very short; it was three months not six months, certainly not a year. I do ask you to consider that, because it is a real fact. To come on to your point positively, since TELIC we have reviewed our scales of requirements. Every year a logistics audit is done, including what we would need for deployed forces, and we have increased the scales of holdings that we have for uniforms and boots and that sort of thing. We have done a lot of other things since then. That audit also reviews our arrangements with industry and establishes whether we are right in our assumptions about how quickly they can produce the stuff we do not hold in our inventory. If we have it wrong, then we have to change our assumptions or, more likely, redo the contracts so as to make sure that we can. So we have done indeed a number of things and I could go on in more detail. Back to a fundamental point, in a lot of cases it was not that we did not get the equipment there even in the reduced timescales, it was that it was piling up so fast through one small choke point that our tracking and identification system, what was in the ISO containers, went wrong. We have also changed that whole way of tracking and being able to see our material in transit and that also is a very big improvement. It includes IT changes; there is a particular project going on at the moment. We also kept that system called TAV minus, which you may remember us discussing before, but also, for example, the SkyNet programme, making sure we have more satellites that we can use so our communications are more robust.

**Q86 Mr Davidson:** I do not want to get drawn unduly into micromanaging the system for you; I just want to know that this is not going to happen again.

**Sir Kevin Tebbit:** I am just trying to give you assurances.

**Lieutenant General Sir Rob Fry:** I cannot guarantee this is not going to happen again and for one very good reason: there is a role in here for military judgment and the management of operational risk. As happened in TELIC and as can happen on any

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 Ministry of Defence
 

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number of other occasions, a judgment is made by the people who are commanding the forces in the field on whether they wait for the logistic train entirely to catch up with them, so that every man is equipped to the level which we want, or whether there are other absolutely compelling factors which say that we do something now and those can be military or those can be political. We must always accept the fact that there is a place for that, because that is much more likely to bring about a decision on the battlefield than simply waiting for our logistics stocks to be right.

**Q87 Mr Davidson:** To be fair to you, I entirely understand that there are these operational decisions which have to be taken in the circumstances that prevail at the time and striking a balance and so on. The issue is of course, if the commander at the time has to decide to go without certain equipment, that we need to clarify whether or not things could and ought to have been done to make sure that that equipment was actually there. That is the issue that perplexed us at the time of TELIC.

**Sir Kevin Tebbit:** May I just give you a little more on that? We kept explaining that commanders declared they had full operational capability and therefore they had what they needed to do the job. It did not stop your criticisms and we accepted those. If you look at paragraph 2.38 of the Report, you will see that already we have purchased £120 million of extra consumable operational stocks, which we now hold in the inventory and which we do not therefore have to get off the shelf, and can therefore get to any particular event faster than would otherwise be the case; well we hope so anyway. You will see there that it includes NBC clothing and enhanced combat body armour, the very sorts of personal equipment you are talking about.

**Q88 Mr Davidson:** So we can be satisfied that the issues that we identified last time will not occur again.

**Sir Kevin Tebbit:** Nobody can be absolutely certain in a business which is about managing risk and taking risk, which is what security, combat, warfare are about. What you can be certain about is that the Department has taken very, very robust steps to manage these risks and to reduce them.

**Q89 Mr Davidson:** Can I be satisfied that next time, if the equipment has been pre-ordered, it will actually get from the back to the front and that you have the systems to track and distribute materials? I understand the point you are making there, this is now a slightly different issue about being able to track and identify and follow through and so on. Has that entirely been resolved now?

**Sir Kevin Tebbit:** Yes.

**Air Vice-Marshal Leeson:** We are now much more confident on that. We have rolled out a system which has a number of stages of improvement still to deliver, but right now, for the Iraq theatre, we can actually track 93% of the equipment delivered

to theatre on a routine basis to final point of consumption. It is a good performance and we can make it better.

**Q90 Stephen Williams:** May I return to some questions about distribution of resources in between the various services, particularly the Navy. As I understand it, in 2003, or approximately 18 months ago, £310 million was switched out of Royal Navy maintenance effectively to support the Army and the Air Force and it says that some vessels simply had maintenance that was the minimum required just to meet Health and Safety considerations and some environmental safety obligations as well. In paragraph 2.10 on page 21 of the NAO Report, it says that this decline in maintenance funding effectively means that you are building an assumption in the long term that the material state of the fleet will degrade and that will obviously presumably affect readiness levels. As we do not have a representative of the Admiralty here, perhaps Sir Kevin would like to comment on that?

**Sir Kevin Tebbit:** You do not have one of course because the Admiralty no longer exists; we are one integrated Department. The first thing I ought to say is that that was a judgment of relative priorities that was taken by the Defence Management Board on which the Chief of Naval Staff sits and it was a collective judgment taken by us in the way we have to take all sorts of decisions of this kind. We have one limited amount of resource, we have a budget growing at 1.4% real, which is good for defence but is not that impressive considering how costs are moving in the economy as a whole. We have to decide where we have to prioritise resources to meet the most important tasks, contingencies which arise. We made a collective decision, to which the Navy subscribed fully, that the right thing, given where our force structure was most stretched, was to focus resources in this area on the Army for their recovery from Operation TELIC and for the upcoming operations which were seen to be of the most importance. Firstly, continuation of the task in Iraq and secondly, preparation for doing more in Afghanistan whilst sustaining what is going on at the moment still in the Balkans and with standing commitments such as Northern Ireland. Similarly the Air Force has tasks in those areas too. It was felt that at this particular stage, things were easier for the Navy. That does not mean to say that this was easy or welcome: it means that there is still enough in the Navy allocation to meet their tasks. So far none of the operational commitments of the Navy has been missed. It means we have to keep this carefully under review, so that we do not see the red line in the Report emerging, but we review the position next year and ameliorate. We have already given some amelioration to the Navy where things have looked as though they could have come unstuck if it had continued that way. They were not major amounts of money, but there have already been two injections of additional resource to help where the shoe pinched. Yes, but it was a prioritisation decision and it will only become seriously damaging

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 Ministry of Defence
 

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if it prolongs into the future in the way the red line shows, but if the blue line is the one that is chosen, then it will ameliorate after 2006 up to 2008.

**Q91 Stephen Williams:** Does this degradation in the fleet affect all vessels or is it just targeted at particular vessels, surface vessels, submarines?

**Sir Kevin Tebbit:** No; the vessels which are most critical for achieving the tasks are protected. Those which are less critical have a reduced level of support. For example, all the submarines are completely protected because the deterrent is a number one priority still and nothing changes there. With the destroyer and frigate fleet, then it depends on what tasks they are engaged.

**Q92 Stephen Williams:** You referred in the answer to my first question to additional units of resource in 2005 and 2006.

**Sir Kevin Tebbit:** In 2006, not 2005.

**Q93 Stephen Williams:** It is anticipated to come back to normal in 2006, is that right?

**Sir Kevin Tebbit:** Normal is a word I could not use at this stage. It will be reviewed carefully and the level that will be decided on will be chosen then. The way in which the Navy is managing this is on the basis of outputs and effects. In other words, they look at their tasks, ensure that they can meet them and move the resources around in their support accordingly. So it means that this particular vessel is targeted for a second class life, it means active management of a reduced level of support across the fleet.

**Q94 Stephen Williams:** Given that you said there were extra resources in 2005, were they shifts again within your overall department budget from the Air Force and the Army, or were they additional resources.

**Sir Kevin Tebbit:** No, I would not put it like that. Within a budget of £27 billion, we do have some flexibilities, but this year, for example, the extra cost of fuel for the Armed Forces as a whole is not less than £100 million, so this obviously gives you the sort of shifts that we have to cope with on a normal basis.

**Q95 Stephen Williams:** So are you saying there were other factors which in fact outweighed this switch in maintenance budgets in those two years?

**Sir Kevin Tebbit:** Sorry which two years are we talking about?

**Q96 Stephen Williams:** I was asking about 2004–05 and 2005–06.

**Sir Kevin Tebbit:** When I was talking about the small adjustments. The smaller budget; no, that was a different point. I do not necessarily take the advice of my advisors, but I usually do. I would have thought the shift of resources in favour of the Navy against the savings that were taken earlier would have been about £50 million, that sort of figure.

**Q97 Stephen Williams:** May I look at the effect this shifting around of money and priorities has on your suppliers? On page 22, paragraph 2.11 does rather suggest that the impact of these switches on the defence industry effectively is not properly considered. Is that a fair comment, do you think?

**Sir Kevin Tebbit:** I do not think that is right. Clearly, we do have to veer and haul resources according to circumstances and the outputs we achieve for defence, which is our number one priority. However, it is increasingly recognised that to do that we need a closer relationship with industry and better partnering with industry where it is good value for money. We are about to bring out a Defence Industrial Strategy in December which will have, as one of its important elements, this issue of giving industry a clearer long-term view of where we will need them and where we will need less of them, so they can plan their own loadings accordingly. The sorts of shifts we are talking about here are relatively tactical; they are not strategic. The really big issues are about the partnering we are now doing for the whole of our repair and maintenance work, whether it is land fleets, vehicles or the air fleets, for example. This is one of the most important elements of the logistics transformation programme, so I should say the relationship within industry is getting closer rather than weaker. If you look at our change programme, where we are creating efficiencies in logistics of £2 billion up to 2011, a lot of that is being done by smarter partnering with industry to reduce the costs of support and maintenance, faster turnaround times in repair loops, so that planes are being serviced for shorter periods than before and you have more availability of the fleet as a whole; true of armoured vehicles as well.

**Q98 Stephen Williams:** Paragraphs 2.24 to 2.29 actually flesh that out in rather more detail and paragraph 2.28 mentions Iraq and the supplies that were needed there. It says “102 of the 194 urgent operational requirements”. Those are the only figures for which you were able to supply the data. “Of the 102 acquisitions for which data was available, 77 were required to be ready for use before war fighting began” in Iraq. “Of these, 53 were fully delivered, fitted and usable in time while, in a further 19 cases, part quantities had been delivered, fitted and were usable”, which builds on what I was saying earlier. What sort of work does the Department do to assess the risk that an industry will not be able to supply the equipment that all the Services need in order to meet the Government’s defence objectives?

**Sir Kevin Tebbit:** We are covering the same ground as we have done earlier, but I am happy to continue to do so because I am answering your questions rather than those of another Member of the Committee. Firstly, on the information question, we used to gather information on an exception basis. In other words, with urgent requirements of this kind we tended only to gather information which needed action, that is to say it had not arrived; a negative reporting system. We have

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 Ministry of Defence
 

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accepted that we should cover all of the urgent operational requirements under one system, so in future we shall have data always available on whatever is happening. Secondly, if you actually drill into these figures, even about TELIC, you will find that the position was actually much more positive than this because this does not take account of those requirements where you only needed part of them actually to begin the operation. A lot of them would be needed for sustainment over a longer period of time and could arrive anyway throughout a longer period. In fact, 93% of those items that were required for the start of war fighting were in fact delivered. To your point: since then, as part of the 2005 logistics support and deployability audit, all of the Integrated Project Teams—and that is how we manage logistics and equipment programmes—have been tasked to express the level of confidence they have in industry's capacity to meet the assumptions which are there about delivery times and if there is a gap between the assumption and what industry is now telling us, to consider amending the contracts so that we can be sure that we get the stuff in time.

**Q99 Stephen Williams:** May I switch to the effectiveness, the stretching the Army has on other objectives. This is on collective training which is referred to in paragraph 2.5, which says “The Army's current commitments to operations also means that some peacetime activities, such as collective training for roles not employed in current operations, has been curtailed. This is further fleshed out in paragraph 2.15 which actually says “. . . the impact of high activity levels is pervasive and results in additional strains on processes, people and equipment”. What is the impact of this reduction in collective training, and other matters I have just referred to, on the Army's state of readiness?

**Lieutenant General Sir Rob Fry:** It will be much more difficult for us to take on an unforeseen contingent operation now. Bearing in mind the level of commitment we already have, that is not something we are looking to do. The Report very much uses the language of contingencies and I must introduce the language of campaigns here, if only for a few moments. A campaign is different from a contingency in so far as it runs on for a period of time and you generate forces against the requirements of that theatre, rather than against a generic requirement and that is the situation currently in Iraq. Now clearly that is the operation which is the clear and present danger and we must try to resolve that, therefore we need to concentrate our force generation issues there. This does have a knock-on effect more widely, particularly in the land ORBAT, but what it does not do in any way is prejudice the conduct of our campaigns in the Balkans, in Afghanistan or in Iraq; indeed those are specifically preserved. What it does make more difficult is retaining a body of forces which could now discharge an entirely unforeseen contingency.

**Sir Kevin Tebbit:** And that is why we are quoting readiness levels, the main purpose of this Report, lower than the 100% which they otherwise would be. In other words, the main reason is that because of the high tempo of operations in excess of our planning assumptions two years ago and the fact that since then we have remained at a very high state, inevitably what you might regard as that bit of the perfect readiness which should be there is actually up in those operations in the real world and is not available for perfect contingency minding for the rest of the structure. Indeed I should be surprised if it were, because if it were, people would say either we did not need so much money for defence or we should be having even more ambition.

**Q100 Stephen Williams:** May I just pick up something you said in the start of your answer? You said that if there were an unforeseen military campaign, the Army would not be at the desired state of readiness.

**Lieutenant General Sir Rob Fry:** Let me just make sure that I convey exactly what I mean. We have very high readiness forces which are contained within a joint rapid reaction force and we preserve those. Therefore, up to a given scale, we could certainly respond. If, however, this were likely to develop into something which looked like a higher level of operation, into something like medium scale, it would be difficult. That is only what you should expect, given the assumptions we take into all this and, as Sir Kevin has already said, the assumption we have is one medium scale and two small scales as the maximum level of concurrency. Now that is what we make all our preparations against.

**Sir Kevin Tebbit:** We are doing it now.

**Q101 Mr Bacon:** Sir Kevin, you referred to paragraph 2.38 and the fact that the Ministry has already spent some money on operational stocks of consumables. It refers there to body armour. As it happens, I was looking at the TELIC report last night and it did say that you actually had armour; I seem to remember the figure of £2.9 million for a load of body armour at £169 a set and you actually had it. The issue was not whether you had it or not: it was in theatre in Kuwait in containers and squaddies had to break them open to find where it was. In the TELIC hearing which we had, you mentioned almost in passing that you had spent £120 million on various attempts to improve asset tracking and I think you agreed that you had been trying to buy a Rolls Royce when a Toyota might have done. I should just like to know where it stands now. I was in Boston last year and I bought some books from a book shop and they gave me a slip because there were too many and I had asked them to ship them back for me. In fact they gave me two slips, because there were two boxes—the exchange rate was very favourable and I got quite a lot of books—and they told me just to type this long code, which was a number of letters and numbers, into the DHL website and said

## Ministry of Defence

I would be able to see at any one moment where the books were. So I duly did and they arrived in no time in my Commons office. You referred to the word “visibility”. How visible is your asset tracking now? Are you where you need to be, or is there still further to go and how much have you spent?

**Sir Kevin Tebbit:** Both my colleagues are keen to chip in here, but I must firstly say thank you for your question. One of the things I shall miss most of all are these references to the real world and then challenging questions as to why defence cannot do the same thing.

**Q102 Mr Bacon:** And I have not mentioned Marks and Spencer.

**Sir Kevin Tebbit:** No, we have had that out already, so I need not go into all the details about not having to do it in danger, not having to *et cetera, et cetera*. We have had that discussion. However, it is of course relevant that the Marks and Spencer analogy does not work in terms of defence. To your question: we have indeed put a lot of effort into improving the visibility, the efficiency, the simplicity of our tracking system and the management of our material as it goes in transit and we are also improving the robustness of our communications structure; the SkyNet 5 programme putting up satellites. One of the biggest problems we had was when one of the satellites went down. SkyNet 5 and now SkyNet 6 is coming up, PFI programmes, SkyNet 5 very successful by the way. It is delivering exactly what we require. There are several initiatives which come together to improve that asset tracking issue.

**Q103 Mr Bacon:** Is it there now, where it needs to be?

**Sir Kevin Tebbit:** Yes. It is already there and it is coming out in phases of improvement. May I ask the Air Vice-Marshal to give you more details?

**Air Vice-Marshal Leeson:** It is there in so far as if you were in the Iraq theatre now and you placed a demand, you could see the progress of that demand, both its acceptance by whatever unit it is going to issue against it and then where that item is actually transferring through the system, rather as you described civilian systems do. The areas where we are trying to improve on that are the resilience of it, because at the moment it is essentially a civilian off-the-shelf system which does not have some of the robustness in. It is not exactly soldier-proof at the moment, so the various screens and front ends that we are using are not as adaptable and flexible as we should like. Equally we want to transfer that into a proper accountancy system which also, as well as tracking where the item has got to, maintains it on some sort of inventory system to fulfil all the other obligations we have to ensure that every pound we spend is correctly used. There is a period of work for three or four more years to get to exactly where we want to be, but we actually have in place where we need to be at the moment, which is to make sure that we can avoid the problems that you identified earlier of tracking exactly where things have got to.

**Q104 Mr Bacon:** There is one more part of my question. Perhaps I can ask that and then ask my final question all in one go. First, how much have you spent and are you planning to spend in total to get asset tracking the way you need? Second, could you just say something about the Defence Information Infrastructure, how much that has cost in total or how much it is going to cost and where it is in terms of development?

**Sir Kevin Tebbit:** On the first thing, again I shall refer to the Air Vice-Marshal. My recollection is that we have spent something like £27 million so far on it. There are various elements; that is not the SkyNet thing. The point is that you also need the communication system which you have to put in, as you will recognise yourself, rather than rely on what might be available in the country in which you are operating. So that does not include anything to do with the SkyNet structure. I think the actual changes to our own IT systems have been something like £27 million.

**Air Vice-Marshal Leeson:** For the asset tracking system, some £27 million so far and a further £3 million next year, which is the ability to track where an item has got to. There is a wider series of activities which moves into the more inventory management area, for which I regret I do not have the figure, but that is a slightly more elaborate system in the longer term<sup>4</sup>.

**Q105 Mr Bacon:** Perhaps you could send us a note.

**Sir Kevin Tebbit:** It does not sound very much, but, just to recall—I never thought I managed to get this point across earlier—two years ago when we were talking about these issues, it was not so much that we did not have a system there, it was that the system we had worked slowly. It took quite a long time once a container arrived, in this single place where they were all turning up, for the people manipulating the machines to work out what was inside the container. By the time they got going, another container and another container had arrived and they were simply overwhelmed by the speed of arrival of containers, because their system worked far too slowly and was too cumbersome. Our work has been to speed up, to simplify, to clarify that process in the first instance, so it has not actually cost us as much money as one might have assumed to make quite significant improvements.

**Q106 Mr Bacon:** And the DII?

**Sir Kevin Tebbit:** The DII, as you know, is crucial to the whole of our transformation programme because it is the ring main which replaces 300 existing stand-alone IT systems brought together by the three Services and the various bits of defence as it has merged. Tranche one under the contract has been let; that will provide the basic infrastructure, the terminals which cover the UK and I think some overseas locations, not all, certainly not the deployed bit, but fixed locations. That is a massive contract. I am not sure what that

<sup>4</sup> Ev 15

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 Ministry of Defence
 

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bit of it is worth, but the whole of the DII programme is worth something like £4 billion. I think phase one is about £1 billion.

**Q107 Mr Bacon:** Is it possible that you could send the Committee a note just summarising DII, not in detail but the main heads and the main money?

**Sir Kevin Tebbit:** Happy to do so. We are working on tranches two and three, so we will not have final details on that because they have to be let and contractual negotiations have to go on. For phase one I can certainly let you have that<sup>5</sup>.

**Q108 Mr Bacon:** And a sketch of the rest of it.

**Sir Kevin Tebbit:** Certainly. Very happy to do so. Two quick additional points on it: it is running to time and cost, it is on track at present. It is being monitored by the Defence Management Board itself; it is of that importance to us. We are also standing on the shoulders of the US Marine Corps in certain areas where they have used some of the same sorts of contractors. We are doing everything

we can because it is so important to manage the risk and I am satisfied we have got a very robust arrangement for doing so. I shall give you the details of how much it is costing and what the steady state costs will be, because this will be several hundred million pounds per year when the contract is fully let.

**Q109 Mr Bacon:** Perhaps you could sell your advice to the health service.

**Sir Kevin Tebbit:** We are quite confident about this.

**Q110 Chairman:** Air Vice-Marshal, General, thank you very much. I am sorry it has been quite a long day, but it has been a very illuminating one and, Sir Kevin, thank you very much for coming before us and thank you on behalf of the Committee for all you have done over the last seven years. It has been a great pleasure. Whether it has been as much of a pleasure on your part appearing in front of us . . .

**Sir Kevin Tebbit:** There are times when I did not think I would say this, Mr Chairman, but I am genuinely sorrowful that this is my last appearance.

**Chairman:** Thank you.

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<sup>5</sup> Ev 26

### Memorandum submitted by the Ministry of Defence

This memorandum provides an update of the factual assessments contained in the NAO Report “Assessing and Reporting Military Readiness”.

The assessments of military readiness that appeared in the Report were based on the latest available data. This comprised information up to and including the period October 2004 to December 2004 (Quarter 3 of 2004–05). Assessments covering the period January 2005 to March 2005 (Quarter 4 of 2004–05) and April 2005 to June 2005 (Quarter 1 of 2005–06) are now available.

The assessment in the Report (para 1.30) of readiness against required peacetime levels, our B1 measure, was Yellow—minor weaknesses from target. This remained the position both at Q4 04–05 and Q1 05–06.

The assessment in the Report (para 1.32) of overall readiness, our aggregated B measure, was Amber—showing serious weaknesses. This also remained the position both at Q4 04–05 and Q1 05–06.

Figure 8 of the Report (on page 15) illustrates the percentage of Force Elements with no critical or serious weaknesses to their required peacetime readiness levels (our B1 measure). An updated version of this table is attached at Appendix 1. This shows that the percentage of Force Elements with no critical weaknesses rose from 98% at Q3 04–05 to 100% at Q4 04–05, and remained at 100% at Q1 05–06. The table also shows that the percentage of Force Elements with no serious weaknesses rose from 62% at Q3 04–05 to 65% at Q4 04–05, and rose again at Q1 05–06 to 75%.

Data covering the second quarter of 2005–06, namely the period from July 2005 to September 2005, will be provided as soon as it is available.

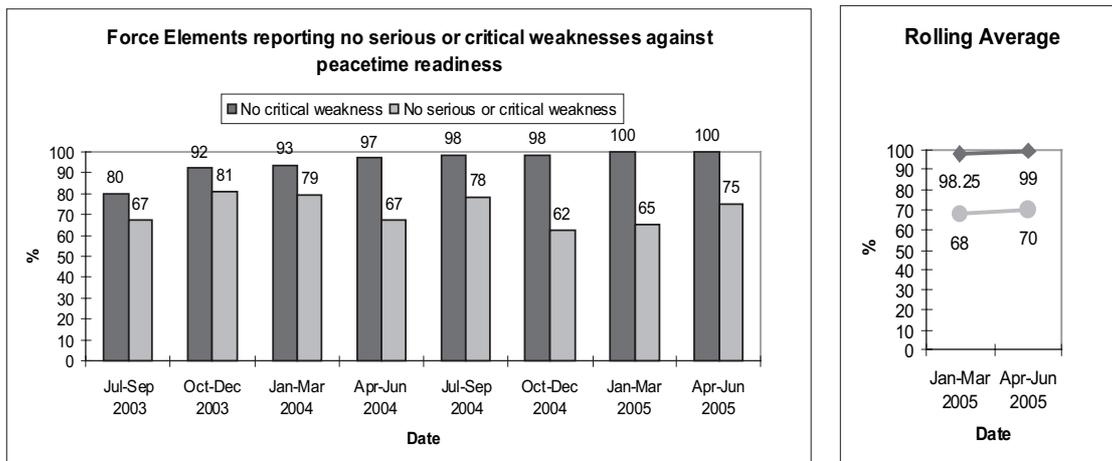
The NAO expressed concern (paragraph 1.41) about the failure to disclose the Public Service Agreement (PSA) baseline against which readiness improvements are to be measured. In particular, the Report noted that it would not be possible to assess from published data whether the 5% improvement we aim to achieve represents good or bad performance. The Report also expressed concern (para 1.41 and 1.42) about our proposed use of “a single census date”, in this case 31 March 2008. It noted that the use of a single census date could, in theory, permit us to fail to achieve any improvement in readiness levels, and perhaps even experience degradation, while still achieving our target on 31 March 2008.

To address these concerns, we have changed the baseline from the readiness levels at Quarter 4 of 2004–05 to the average readiness level across the whole of year 2004–05. We have calculated the average by dividing the quarterly assessments by four. This gives a baseline of 68% of Force Elements with no critical or serious weaknesses. As our aim is to improve planned peacetime readiness levels by 5% by 31 March 2008, our target is 73% of Force Elements with no critical or serious weaknesses. Appendix 1 includes a new table that illustrates average readiness levels to date in 2005.

On page 23 of the Report, Figure 13 illustrated UK military operations, including the numbers of personnel deployed. The table covered the calendar years 1999 to 2004. An update of the table, showing average figures for the first six months of 2005, is at Appendix 2.

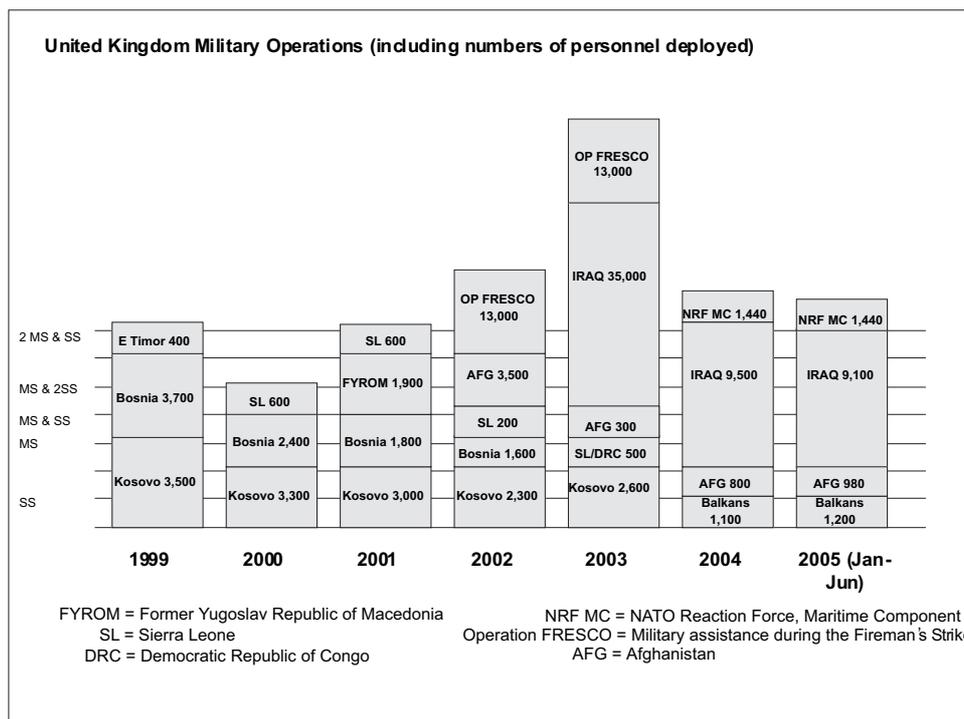
**APPENDIX 1**

**UPDATE OF FIGURE 8, ILLUSTRATING THE PERCENTAGE OF FORCE ELEMENTS WITH NO CRITICAL OR SERIOUS WEAKNESSES TO THEIR REQUIRED PEACETIME READINESS LEVELS**



**APPENDIX 2**

**UPDATE OF FIGURE 13, ILLUSTRATING UK MILITARY OPERATIONS, INCLUDING THE NUMBERS OF PERSONNEL DEPLOYED**



## Supplementary memorandum submitted by the Ministry of Defence

Q48. Mr Bacon: Cannibalisation figures for tanks.

<i>Vehicle</i>	<i>Fleet size in March 2003</i>	<i>No of Eqpts deployed to Op TELIC 1</i>	<i>No of Eqpts not deployed</i>	<i>Number of vehicles cannibalised</i>	<i>Percentage of non-deployed fleet cannibalised</i>	<i>Percentage of overall fleet cannibalised</i>	<i>Total number of components cannibalised by vehicle type</i>
Challenger 2	386	116	270	44	22.4 <sup>1</sup>	11.4	172
Warrior	794	217	577	24	4.7	3.0	30
AS90	176	36	140	37	29.0	21.0	149
Challenger Armoured Recovery & Repair Vehicle	81	26	55	5	12.5	6.2	10
Chieftain Armoured Recovery & Repair Vehicle	48 <sup>2</sup>	0	48	13		27.1	
Chieftain Armoured Vehicle Launched Bridge	51 <sup>3</sup>	9	42	8	36.0	15.7	46
Chieftain Armoured Vehicle Royal Engineers	58 <sup>4</sup>	9	49	8		13.8	
Combat Vehicle Reconnaissance—Tracked (variants)	1,241	262	979	56	5.8	4.5	149

<sup>1</sup> This figure was derived from the active fleet held by FLC; it did not include training fleet, repair pool or reference vehicle.

<sup>2</sup> 33 held in storage.

<sup>3</sup> Includes engineer vehicles located with ATRA.

<sup>4</sup> Comment as for footnote 2 above.

<i>Vehicle</i>	<i>Fleet size now</i>	<i>No of Eqpts deployed to Op TELIC<sup>1</sup></i>	<i>No of Eqpts not deployed</i>	<i>Number of vehicles cannibalised</i>	<i>Percentage of non-deployed fleet cannibalised</i>	<i>Percentage of overall fleet cannibalised</i>	<i>Total number of components cannibalised by vehicle type</i>
Challenger 2	365 <sup>2</sup>	16	349	0	0	0	0
Warrior	794	130	664	0	0	0	0
AS90	146	0	146	0	0	0	0
Challenger Armoured Recovery & Repair Vehicle	81	3	78	0	0	0	0
Chieftain Armoured Recovery & Repair Vehicle	7 <sup>3</sup>	0	7 <sup>4</sup>	7		100	
Chieftain Armoured Vehicle Launched Bridge	49 <sup>5</sup>	0	49	13	28.8	26.5	91
Chieftain Armoured Vehicle Royal Engineers	55 <sup>6</sup>	0	55	12		21.8	
Combat Vehicle Reconnaissance—Tracked (variants)	1,241 <sup>7</sup>	91	1,150	0	0	0	0

<sup>1</sup> Current Fleet sizes for Op TELIC taken from October 2005 TEAR.

<sup>2</sup> Difference in figures from previous table accounted for as follows: One CR2 destroyed on Op TELIC, 20 × CR2 written down and in-storage for salvage to meet MSFI sustainability requirement.

<sup>3</sup> CH ARRV has now been completely withdrawn from service, number shown are in depot awaiting disposal.

<sup>4</sup> All are in depot and earmarked for disposal having been salvaged to support the CH fleet remaining in-service.

<sup>5</sup> Includes 23 in storage and training fleet. These are undergoing salvage to support the remaining in-service fleet, this action has facilitated the closure of some repair lines providing the best value for money for defence.

<sup>6</sup> Includes 24 in storage and training fleet. Remaining comment as for footnote 7 above.

<sup>7</sup> Includes 2 CVR(T) with Battle damage awaiting disposal.

*Q59 (Mr Bacon): Cannibalisation figures for aircraft.*

#### BACKGROUND

The RAF does not record cannibalisation (known in the RAF as “robbing”) statistics in the same way as the Army. This note outlines the number of aircraft deployed for Operation TELIC, explains the process of aircraft “robbing” and provides information on the number of aircraft “robs” by month for each of the deployed aircraft. This gives an indication of the demands placed on the aircraft support system during the operation as a comparison, in percentage terms, with the same period in 2004 and 2005.

#### OPERATION TELIC WAR-FIGHTING PHASE: NUMBERS OF AIRCRAFT DEPLOYED

<i>Aircraft Type</i>	<i>Number deployed on TELIC</i>	<i>Number not deployed on TELIC</i>
Tornado GR4	30	82
Tornado F3	14	79
Harrier	12	39
Jaguar	0	46
Tristar	4	5
C17	0	4
C130	11	40
VC10	9	10
E-3D Sentry	4	2
Nimrod MR2	7	13
Nimrod R1	1	1
Canberra PR9	2	2

Note: The remainder of the available Air Transport fleet was running 24 hour continuous operations to meet the strategic air transport task into theatre.

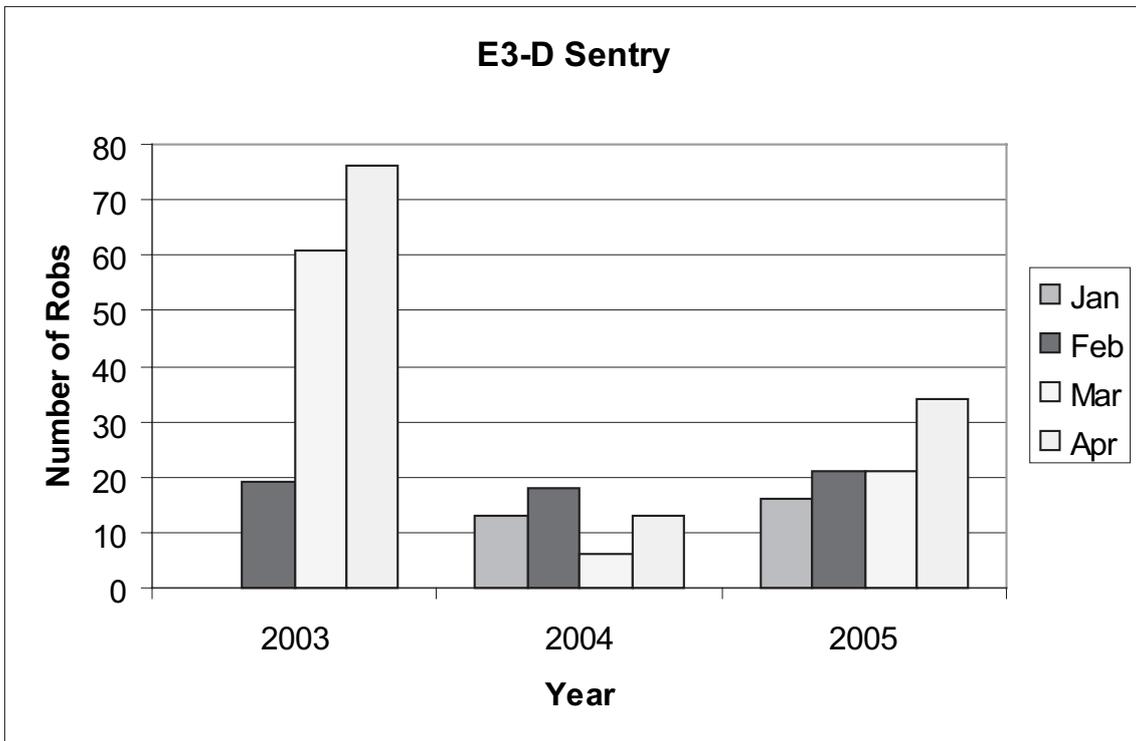
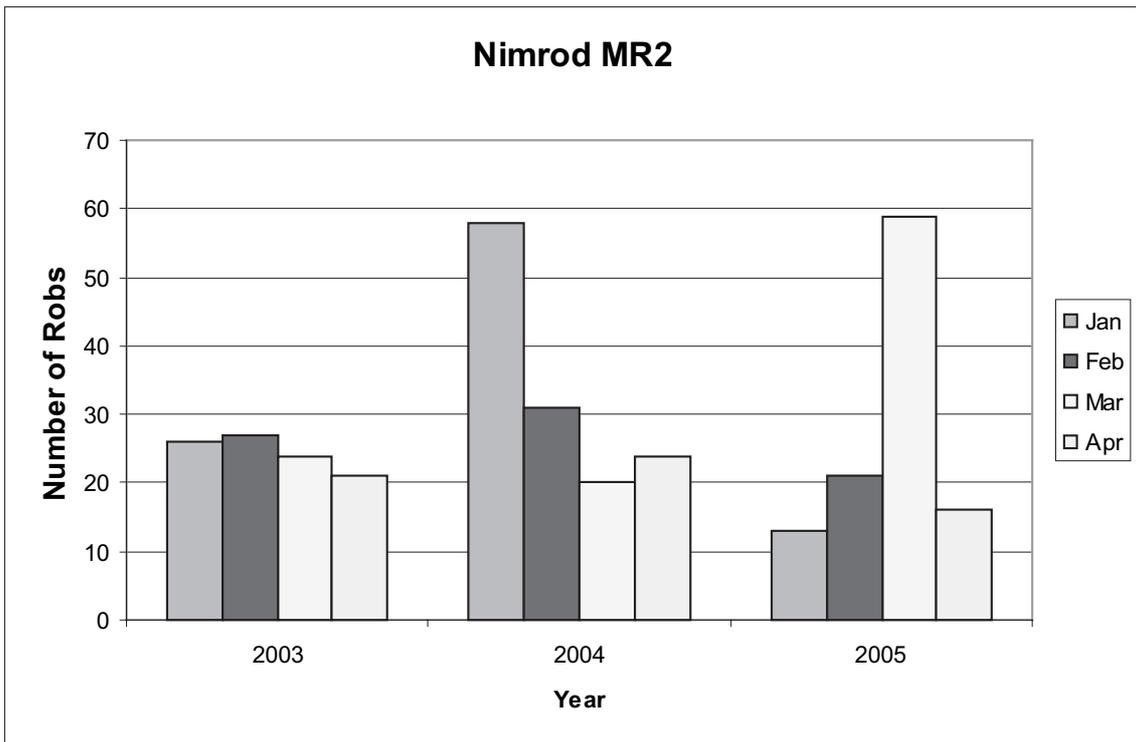
#### AIRCRAFT CANNIBALISATION/ROBBING

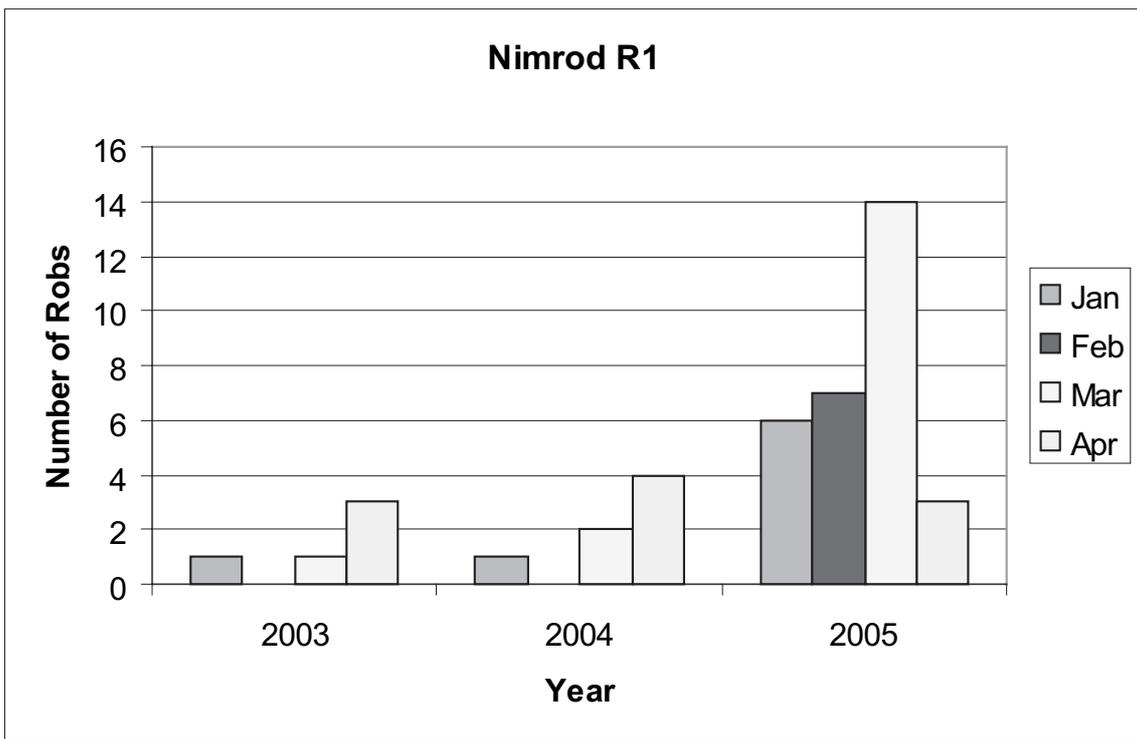
Cannibalisation (“robbing”) is an authorised and controlled process whereby serviceable parts from an aircraft or uninstalled assembly are removed in order to make other aircraft serviceable. It is a tried and tested means of generating aircraft to meet the flying/operational task, and is a short-term palliative measure that is employed by air forces around the world.

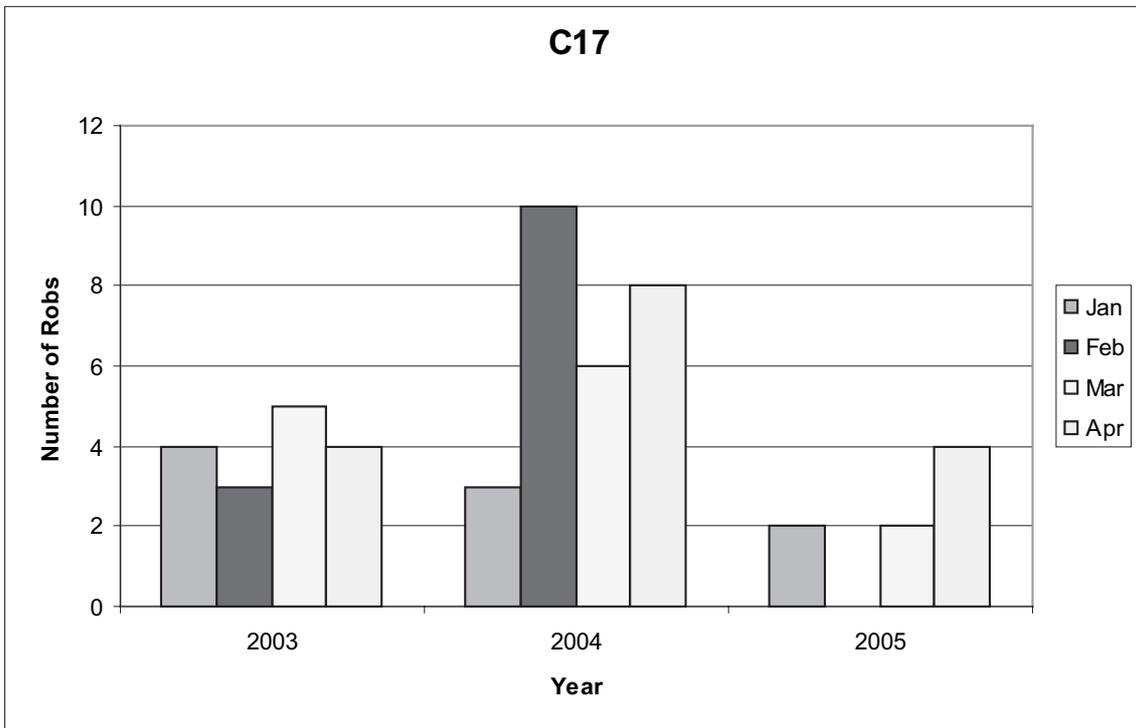
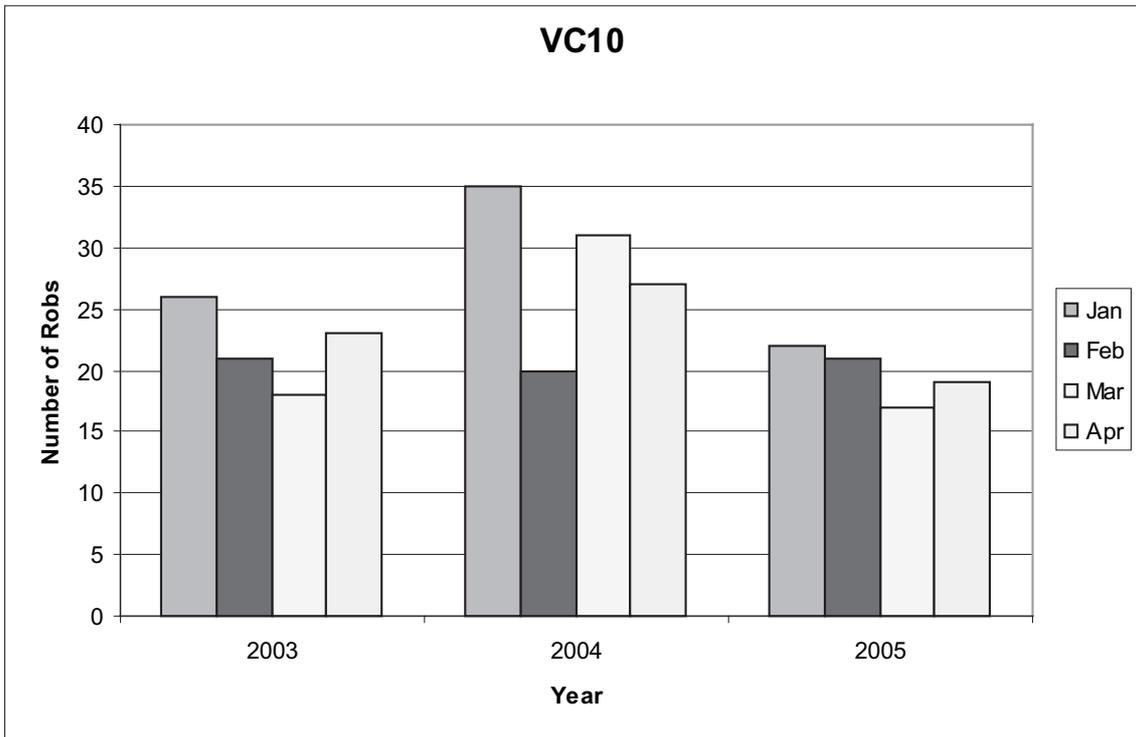
If an aircraft is undergoing maintenance and is therefore not available to fly, parts may be taken from it to keep other aircraft serviceable. This ensures that the maximum numbers of aircraft are available, with the minimum numbers awaiting spares deliveries at any one time. “Robbing” is only authorized once an appropriately prioritised order has been placed but the delivery forecast is such that the part will not be available within the required timescale.

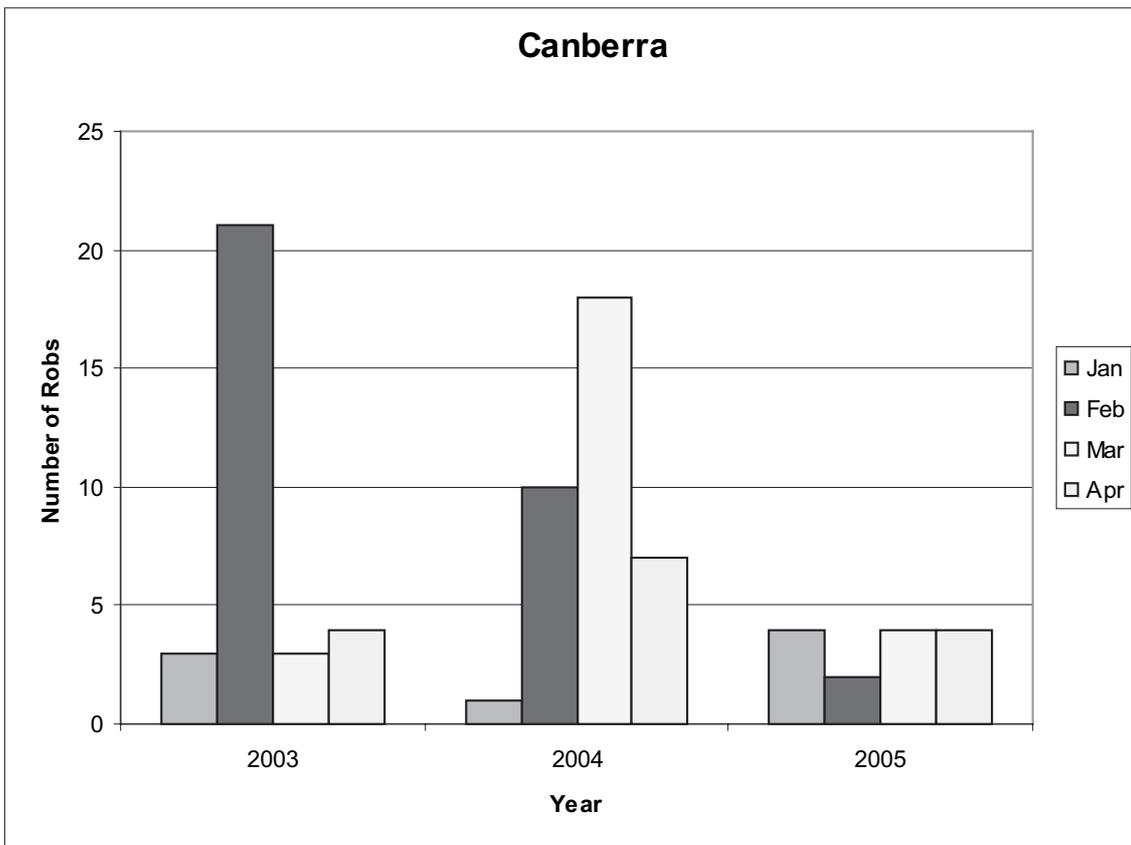
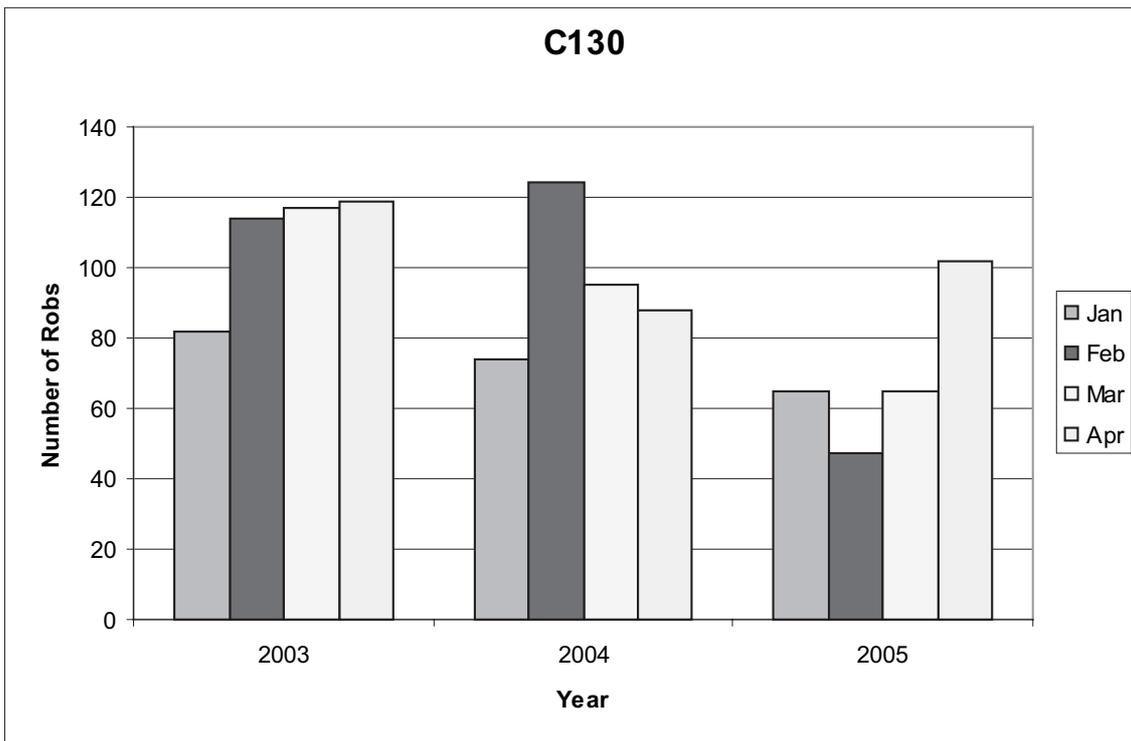
#### STATISTICS FOR AIRCRAFT ROBBING

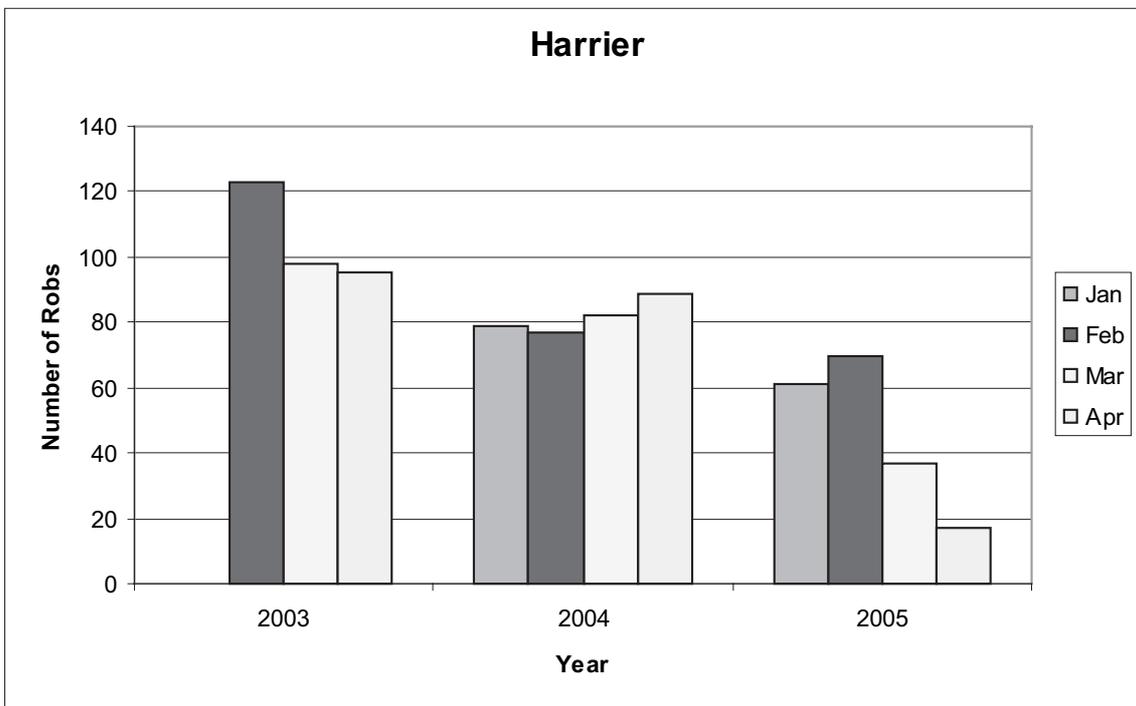
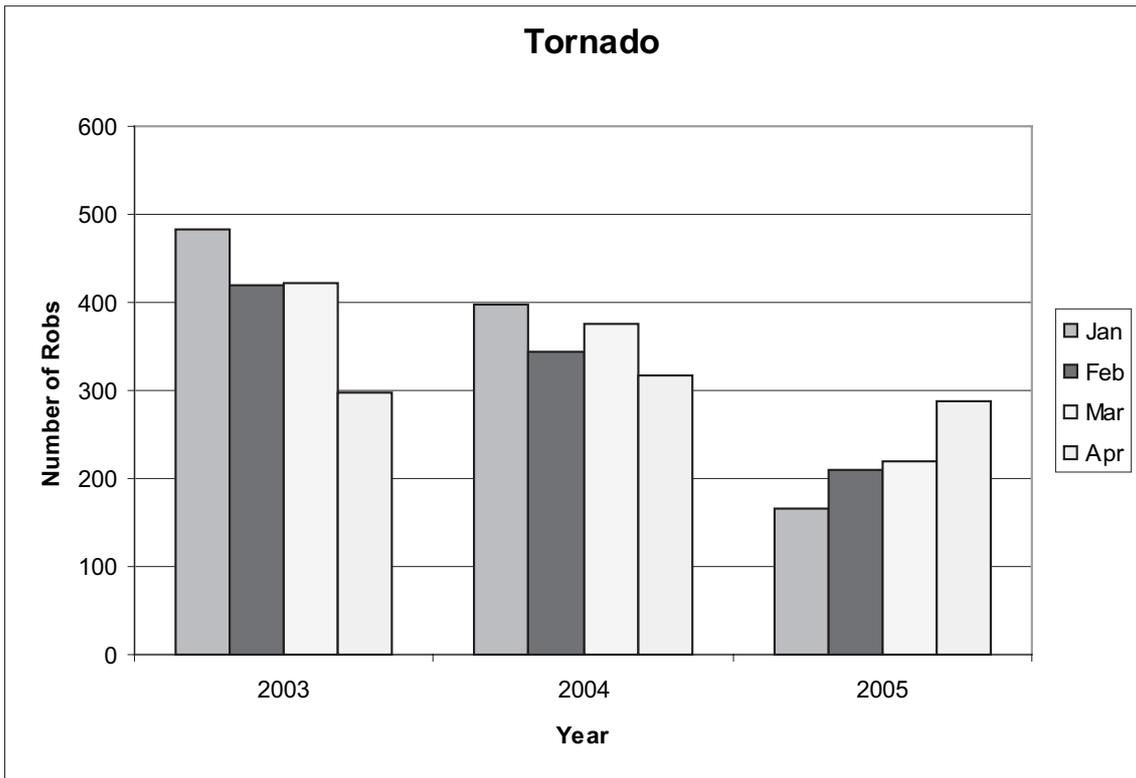
The attached spreadsheet compares the number of “robbing” incidents during January to April 2003, the Operation TELIC war-fighting phase, with the same period in 2004 and 2005.

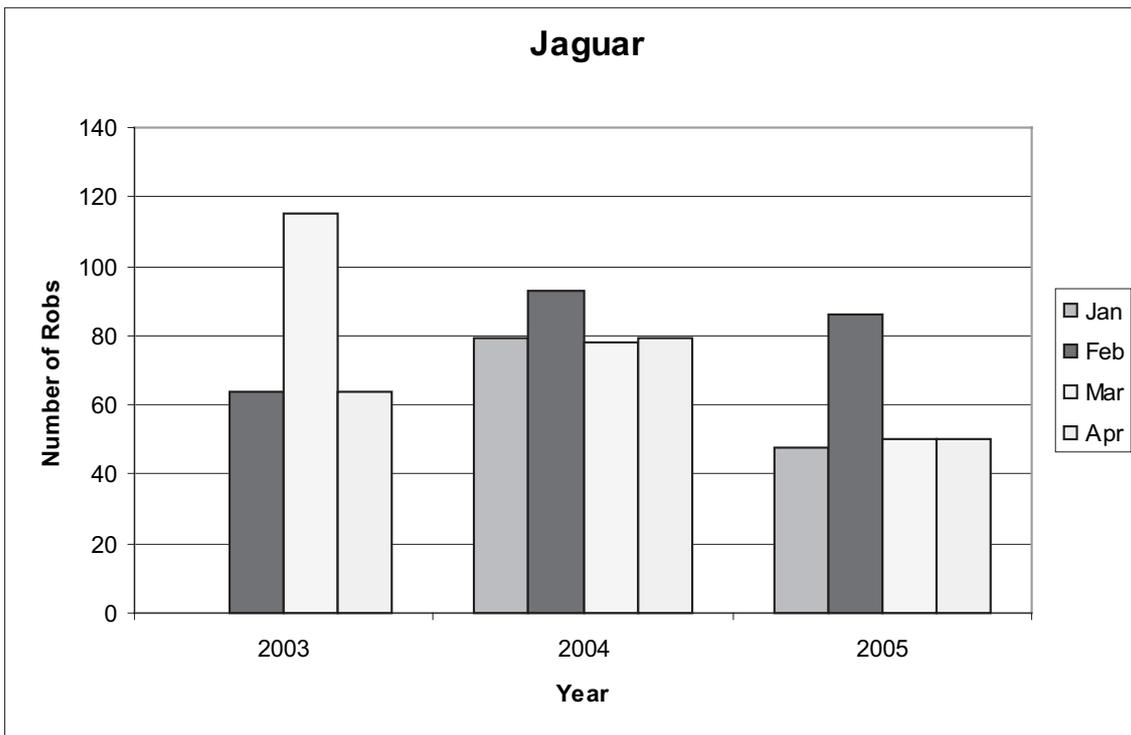












Q104 (Mr Bacon): Amount spent on improving asset tracking

Work to improve asset tracking comprises enhancements both to our consignment tracking capability and our inventory management systems. Expenditure to date on consignment tracking is some £18 million, with around £6 million having been spent on inventory management. Planned expenditure for the three financial years from 2006–07 is expected to amount to some £8.5 million. Over the same period, we plan to spend around £45 million on inventory management.

Q107 (Mr Bacon): Amount spent on the Defence Information Infrastructure programme

The Defence Information Infrastructure (Future) programme aims to provide a single, coherent IT infrastructure for the Ministry of Defence. It will replace over 200 major information systems at over 2,000 locations in 24 countries. DII will enable the department to introduce a range of improved ways of working, such as more efficient delivery of personnel services for both Service and civilian staff. It will also enable a number of planned benefits from other major change programmes to be realised.

The DII(F) contract was let in March 2005 to the ATLAS consortia. It covers a 10 year period, 2005–06 to 2014–15, and comprises three increments. The contract value of the 10-year Increment 1, covering the period 2005–07, is £2.3 billion. The value of the whole 10-year contract (ie comprising all three increments) is £4 billion. Costs incurred to the end of October 2005 amount to £85.2 million.

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