



House of Commons  
Defence Committee

---

# Evidence Session with the Secretary of State

---

**Oral and written evidence**

***7 December 2011***

*Rt Hon Philip Hammond MP, Secretary of State  
for Defence*

*Ordered by The House of Commons  
to be printed 7 December 2012*

## Defence Committee

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

### Current membership

Rt Hon James Arbuthnot MP (*Conservative, North East Hampshire*) (*Chair*)

Mr Julian Brazier MP (*Conservative, Canterbury*)

Thomas Docherty MP (*Labour, Dunfermline and West Fife*)

Rt Hon Jeffrey M. Donaldson MP (*Democratic Unionist, Lagan Valley*)

John Glen MP (*Conservative, Salisbury*)

Mr Mike Hancock MP (*Liberal Democrat, Portsmouth South*)

Mr Dai Havard MP (*Labour, Merthyr Tydfil and Rhymney*)

Mrs Madeleine Moon MP (*Labour, Bridgend*)

Penny Mordaunt MP (*Conservative, Portsmouth North*)

Sandra Osborne MP (*Labour, Ayr, Carrick and Cumnock*)

Sir Bob Russell, MP (*Liberal Democrat, Colchester*)

Bob Stewart MP (*Conservative, Beckenham*)

Ms Gisela Stuart MP (*Labour, Birmingham, Edgbaston*)

The following were also Members of the Committee during the Parliament:

Mr David Hamilton MP (*Labour, Midlothian*)

Mr Mike Hancock MP (*Liberal Democrat, Portsmouth South*)

Mr Adam Holloway MP (*Conservative, Gravesham*)

Alison Seabeck MP (*Labour, Moor View*)

John Woodcock MP (*Lab/Co-op, Barrow and Furness*)

### Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via [www.parliament.uk](http://www.parliament.uk).

### Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at: [www.parliament.uk/defcom](http://www.parliament.uk/defcom).

### Committee staff

The current staff of the Committee are Alda Barry (Clerk), Judith Boyce (Second Clerk), Karen Jackson (Audit Adviser), Ian Thomson (Inquiry Manager), Christine Randall (Senior Committee Assistant), Miguel Boo Fraga (Committee Assistant) and Sumati Sowamber (Committee Support Assistant).

### Contacts

All correspondence should be addressed to the Clerk of the Defence Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 5745; the Committee's email address is [defcom@parliament.uk](mailto:defcom@parliament.uk). Media inquiries should be addressed to Alex Paterson on 020 7219 1589.

# Oral evidence

---

## Taken before the Defence Committee on Wednesday 7 December 2011

Members present:

Mr James Arbuthnot (Chair)

Mr Julian Brazier	Penny Mordaunt
Thomas Docherty	Sandra Osborne
John Glen	Bob Russell
Mr Dai Havard	Bob Stewart
Mrs Madeleine Moon	Ms Gisela Stuart

---

### Examination of Witness

*Witness:* **Rt Hon Philip Hammond MP**, Secretary of State for Defence, gave evidence.

**Q1 Chair:** Secretary of State, thank you very much for coming before us. We are conscious of the fact that you have been in position for seven weeks now. You have been spending a lot of your time travelling and visiting troops in operational areas, which is entirely the right priority for you, and we do not expect you to know absolutely everything about absolutely everything, because of the concentration that you have to give to that. Please do not feel any concern that we will ask you to know the detail of everything, because we do not expect that, but we would like to know that you, coming into this job, have some priorities, and we would like to know what they are and how you see things. If you would like to give us an idea of that, that would be most helpful.

**Mr Hammond:** Absolutely, and thank you for those opening remarks. It is, as you say, a finely balanced decision whether to go out and visit the troops in operational areas and meet international commitments made by my predecessor with regard to visits, conferences, meetings and so on, or get straight down to the internal challenges of transformation and budgeting. I hope that I have got the balance right by spending the first four weeks or so trying to do the former, and now focusing very much on the latter.

I said on the day after I was appointed that my first priority, of course, as must be the case for any holder of this office, is the successful completion of operations. At the time, that meant our engagement in Afghanistan and our engagement in Operation Ellamy in Libya. Fortunately, Operation Ellamy has satisfactorily concluded, but the operational priority around Afghanistan remains. I am very conscious that the future sustainability of our defence posture relies on the successful implementation of the transformation programme: to deliver the force configuration that we need to be able to meet our standing commitments and have an effective contingency capability by the time we get to 2020; to have an MoD that is structured appropriately to support that activity; and, crucially, to have a defence equipment programme that is sustainable within a budget that the fiscal position—the public finances—can afford, so that we have a sustainable position going forward.

It is critical that we move away from what I perceive to be the major problem faced by defence, which is living hand to mouth, constantly trying to fix a short-term cash-flow problem by moving projects and programmes to the right, incurring significant additional cost in doing so and, in fact, in the long term, making the problem worse. We have to get from that hand-to-mouth living to a sustainable programme with sufficient headroom and flexibility in it to deal internally with budget shocks.

It would be wrong to suggest that getting from where we are to where we need to be will be easy or pain-free. It will be a very challenging process, and it will involve some painful decisions and, in the short term, not having some things that we would much prefer to have. All that must be done to achieve the long-term sustainable position that we set out in the SDSR.

**Q2 Chair:** Right, thanks. We will come back to the SDSR later. May I ask a brief question about working in alliances, and the Anglo-French treaty, or the Franco-British treaty, depending on which way you look at it?

**Mr Hammond:** Anglo-French treaty is the way I look at it.

**Q3 Chair:** Thank you. On the joint industrial projects that were foreseen in those Anglo-French treaties, we have asked industry what progress has been made, and the answer has been, “Well, actually, none.” I am not suggesting that if it is not in the British interest to make a huge degree of progress we should do so anyway, but I wonder whether this is one of those things that you intend to get a grip on as a matter of urgency.

**Mr Hammond:** It is. I have already visited Paris and had successful meetings with my French counterpart and the relevant presidential advisers in anticipation of the summit that was going to occur last Friday, but was cancelled due to pressure on the President’s time because of the eurozone crisis. The discussion around industrial co-operation has centred initially on work on unmanned aerial vehicles, and work has been going on to prepare an announcement about a commitment to the assessment phase for an unmanned aerial vehicle project. If the summit had gone ahead, I think

7 December 2011 Rt Hon Philip Hammond MP

it is fair to say that the expectation was that an announcement would have been made at the summit. We will look for a suitable opportunity, probably in the new year, to make a joint announcement to that effect.

**Q4 Chair:** As I understand it, the senior civil servant who was dealing with issue, Stephen French, has now retired, and has not been replaced. It would be helpful if you could concentrate on that. It would also be helpful if you could concentrate on the protection of intellectual property, both for France and the United Kingdom. Perhaps you could give that some thought over the coming weeks, because it is a matter of some urgency and huge complication.

**Mr Hammond:** I agree that all those things are very complicated, but there are some pretty irreversible drivers behind the process. Both the UK and France will face major budget challenges ahead. We have already recognised what our budget challenges are likely to look like, and I suspect that the French, post the presidential election, will have to look very hard at their budget plans for the future. I think the French military and the military procurement establishment are already beginning to think about how to do things more effectively and efficiently, and collaboration must be part of that process. We clearly have a profile of defence commitment and defence spending that, within Europe, looks more like that of the French than any other potential partner. There are some very strong practical, pragmatic drivers behind this collaboration.

I have to say that on my visit to Paris I was pleasantly surprised by the clear enthusiasm and commitment on the French side to taking this forward. I recognise that there are some complex challenges, but I think the underlying drivers are very powerful and will propel us in the direction of co-operation on specific projects where it makes sense for both of us in the future.<sup>1</sup>

**Q5 Bob Russell:** Secretary of State, on the UAV and the Anglo-French discussions, is there any Israeli involvement in those discussions at any stage?

**Mr Hammond:** Not as far as I am aware.

**Q6 Chair:** There is an Israeli involvement in the UAVs that are made for the United Kingdom, isn't there?

**Mr Hammond:** There is Israeli involvement in the UAV technology, but as I understand it—

**Q7 Chair:** But not in relation to the Anglo-French treaties?

**Mr Hammond:** The project that we are talking about with the French is about developing an Anglo-French UAV, which would essentially be a substitute for current products that are based on Israeli technology.

**Chair:** You have just mentioned the financial stringency that both we and the French will be going through; moving on to the Autumn Statement, John Glen.

**Q8 John Glen:** I have two questions concerned with finances. On 18 July, your predecessor announced a

real-terms increase of 1% in the defence equipment budget from 2015–16 to 2021. First, could you confirm how you see that fitting into the overall uplift that was very much required to meet Future Force 2020 as a consequence of the SDSR? Is that sufficient? In the Chancellor's statement last week, he described a 0.9% real-terms decrease in the overall total managed expenditure for the two years beyond the current CSR period. How do you see this impacting on the pressures that the MoD faces in order to reach the Future Force 2020 aspirations?

**Mr Hammond:** Clearly, the further two years of fiscal constraint have not yet been allocated in terms of departmental budgets, and they will not be allocated until the next spending review process, so we can make no assumption at this stage about the impact on the overall defence budget. I have a reassurance, however, from the Treasury that the commitment to the 1% increase in the equipment budget remains firm, and that whatever happens to the overall package, that part of the budget will be protected.

**Q9 John Glen:** But do you see that 1% real-terms increase in the defence equipment budget as sufficient to reach the aspirations of Future Force 2020? Is that enough of an uplift in that time period to reach what you need in the MoD budget, or will more be required in those spending decisions?

**Mr Hammond:** I am very clear that we have to live within the budgets that we have. I think my predecessor said that one of the greatest strategic threats that we face is the threat of persistently unbalanced public finances, and I completely agree with him on that point. Defence cannot be immune from the process of fiscal correction, so we have to live within the budgets that we are given. We have set out a strategy for 2020, and we will have to tailor how we deliver that strategy to the budgets that are available. Our working assumption has been that we will have flat real budgets with a 1% uplift in the equipment budget. We will have to wait until the next spending review to find out whether that is a safe assumption or not.

**Q10 Chair:** When the Prime Minister says that it is his own personal wish and personal view that there ought to be an increase in the Defence budget, is that what you regard as fulfilling that personal wish?

**Mr Hammond:** I cannot speak for the Prime Minister's personal wish, but we have a clear commitment that there will be a 1% increase in the equipment budget, and I have been reassured since the Autumn Statement that that commitment will be protected. I suspect I can speak for the Prime Minister and many other colleagues in saying that we would all wish to see the ability to have a larger Defence budget, but that will depend entirely on the fiscal circumstances, which in turn will depend on the performance of the UK economy.

**Q11 John Glen:** But surely you must have a view as an incoming Secretary of State of what you need the MoD budget to look like in order to fulfil the Future Force 2020 obligations and the vision that has been set out. What you seem to be saying is that if that

<sup>1</sup> Ev 17

---

7 December 2011 Rt Hon Philip Hammond MP

---

money is not forthcoming over and above the 1% increase in the defence equipment budget, there may need to be some changes to that package of reforms and spending, because, quite obviously, if you do not have the money, you cannot spend it. That seems to be where you are coming from, rather than saying we need this as an irreducible core for the MoD.

**Mr Hammond:** One of the problems in the MoD, if I may say so—I am speaking with only seven weeks' experience—has been the tendency to look from inputs, rather than looking at required outcomes. One of the other tendencies has been to assume that concepts such as efficiency, which every other Department in Whitehall would recognise, do not necessarily apply. There is a budget constraint. We know the outcomes we have to deliver. As with every other Department, the clever bit—the bit that we are paid to do—is to work out how to get to the required outcomes within the budget constraints. Clearly, that cannot be without limit.

It is not possible to deliver any outcome with any level of budget support, but my working assumption is that I should plan around a flat real budget in the non-equipment area and 1% real terms in the equipment and support programme, and that my challenge is to deliver the required outputs for Future Force 2020 within that budget envelope. I am now working my way through the process. The Department has something like 21,000 open contracts at the moment, which will contribute in one way or another to that, so this is not going to be a quick or easy process, but that is the sort of framework that I have set myself for this part of the exercise.

**Q12 John Glen:** And that commitment you are giving the country will also include not postponing decisions beyond 2020, because it would be easier to achieve your obligations up to 2020 by pushing off expenditure beyond that.

**Mr Hammond:** The outcome commitment is to have the ability to deliver the capabilities that Future Force 2020 envisages by 2020. That is the challenge we face. Simply pushing programmes into the future has historically increased their cost and delivered poorer value for money for the taxpayer. If there is one clear lesson, it is that we have to move away from managing this business for cash to managing it for value, and that is the transition process that we are now into.

**Q13 Chair:** If you are remembered for that, you will be a great Secretary of State.

**Mr Hammond:** Thank you.

**Q14 Mr Havard:** That last thing is partly what I wanted to ask you about. Having a budget is one thing; having that money available to you throughout the period is another thing. On cash flow and perhaps having a guarantee that you will get back money for an operation, but having to find the money in the first place, our concern is that you then have a three-year delay before you get it paid back to you from the Treasury. Having the money available to you in a constant flow across the period is something we have raised concerns about. We have also raised concerns

about you potentially having the ability to have a 10-year budget—possibly longer—to help you plan that process. Have you had any thoughts about that?

**Mr Hammond:** It goes without saying that anybody running a spending Department would like to have the longest possible period of budget certainty. Certainly when you are planning for long lead-time projects, longer budget certainty would be helpful, but I recognise that the realities of public finances do not make that easily deliverable. I think the commitment that we have through the next spending review to a real-terms increase in the equipment and support budget is a very significant concession, and I am sure will have been delivered only with a very considerable amount of hand-wringing in the Treasury. It cuts against a lot of Treasury theology, so I think we have secured quite a significant concession from the Treasury in getting that commitment.

**Q15 Mrs Moon:** In your recent speech to the Soldiers, Sailors, Airmen and Families Association at its annual defence industry dinner, you said that unpicking the SDSR piece by piece was simply not an option. Did anything about recent operations, particularly in Libya, make you think differently about the balance of the SDSR decisions?

**Mr Hammond:** No, I don't think so. I think that Libya showed that the aspiration of Future Force 2020 to have the ability to deliver on our standing commitments, and to have an adaptable, flexible and rapidly deployable capability to meet contingencies was exactly what we needed to deal with a situation like Libya. It is fair to say that this time last year no one envisaged intervention in Libya or anywhere in that area, yet our Armed Forces, with very short notice, were able to deploy and to mobilise for that operation, and to bring it to a successful conclusion very effectively. That reflected huge credit on the skill of our Armed Forces, and the quality of our equipment platforms.

**Q16 Mrs Moon:** Do you feel that the operation in Libya has restricted us strategically in future in relation to Iran and the Middle East generally—Syria?

**Mr Hammond:** I am not sure I understand the logic of the question. I think frankly that our diplomatic position with Iran is such that what we do or don't do in Libya is unlikely to significantly affect it. I do not think that it affects our position vis-à-vis Syria at all. Syria is a very different situation from Libya, as the Foreign Secretary made clear.

**Q17 Chair:** Don't you think that the Russian and Chinese vetoes on various resolutions in relation to, for example, Syria, and possibly Iran, were caused by the activities of NATO in Libya?

**Mr Hammond:** I have to say that I think that is a question for the Foreign Secretary.

**Q18 Chair:** The Foreign Secretary is not here.

**Mr Hammond:** It had not occurred to me as a logic for the Russian and Chinese position in Syria.

**Chair:** I thought that was what they had expressly stated, but I will leave that with you.

---

7 December 2011 Rt Hon Philip Hammond MP

---

**Q19 Thomas Docherty:** Following Mrs Moon's question, surely you would accept that—I say this as someone who spoke and voted in favour of the action—our blatant targeting of only one side or the other is what has driven the Russians and Chinese to say, “We will not again allow NATO to lead an operation.” Because we were given that freedom by the UN, I do not care what your predecessor said, we took a side in the conflict, and the Chinese and Russians will not let us do that again.

**Mr Hammond:** We took the side of the Libyan people, and sought to protect civilians, as we were mandated to do under the United Nations resolution. I have to say that I think this is attributing to the Russian diplomatic position over Syria a rather altruistic motive. Russia has significant strategic and commercial interests in Syria, which it is clearly seeking to protect.

**Q20 Bob Stewart:** Hello, Secretary of State. What do you see as the most challenging parts of the SDSR? Are we on schedule, and which parts of the SDSR are we certainly not up to speed on?

**Mr Hammond:** Okay. That is a big question, and we could probably spend the rest of the afternoon on it. The SDSR sets out a strategic aspiration—where we need to get to—and my perception is that it accurately reflects our needs looking out to 2020. It sets out some of the steps that we must take, and we have taken many of them already—some very painful steps, for example, about Nimrod, about downsizing the Navy, and about Harrier. I think I have alluded to this already, in terms of both the military structure and the supporting civilian structure. How we manage the transformation process—driving that forward, really a massive programme of change—bearing the capital cost of implementing that change, the frictional costs of the transition, while at the same time delivering business as usual and maintaining an effective defence posture, is the big challenge. Are we on track? The first round of actions have already been taken. We are now into some more complex territory around defence materiel strategy and so on. I think we are broadly on track, although there are some areas that I will want to look at in much more detail before I stick my neck right out on the block and say we are on track.

**Q21 Bob Stewart:** So you won't identify areas where there are problems in this forum.

**Mr Hammond:** I do not think it is about areas where there are problems. It is a hugely ambitious transformation programme and we are moving from the stage of identifying at very high level to creating a detailed blueprint—the blueprint for the shape of the Department at the end of the process—and then a transformation plan, which in great detail will have to set out how we go about moving from where we are now to where we need to be, and conducting that process with a minimum of outside support. The Department has chosen, for perfectly sensible and understandable reasons, to avoid the temptation to have armies of consultants advising on this, and to do it primarily with internal resource. That is, as others have pointed out, a very big undertaking and a very big challenge against a backdrop of having to

maintain the business-as-usual posture at the same time. I want to go through that programme in a significant amount of detail and understand it, and make sure that what we set out—the plan that we set out, the milestones that we set ourselves, which we will publish in due course—is deliverable and within the capability and resource of the Department to deliver.

**Q22 Bob Stewart:** In your first major speech, Secretary of State, on 25 October, you said, “The Armed Forces that will emerge from the implementation of the Strategic Defence and Security Review will be formidable, flexible and adaptable, structured to defend the country and project power abroad, equipped with some of the best and most advanced technology in the world.” It is quite a challenge to achieve that. Personally, I think it is very optimistic to think that we would have that sort of power in 2020. Can I ask you for your comments? Were you being a trifle optimistic, or do you really believe that we will be able to project power abroad as we have done in the past, because I find that quite difficult?

**Mr Hammond:** I clearly believe we will be able to project power abroad. We are organising our Armed Forces specifically to be able to project power abroad, to be able to deal with contingencies up to brigade-level deployment on a sustained basis. When you look around the world at countries with that kind of military capability, not just the nominal force numbers, but the capability effectively to deploy them with equipment that will work on a sustainable basis, and to supply them on a sustained basis, I suspect—you may be better placed to comment on this than me—that there are very, very few countries other than the United States that can realistically aspire to do that.

We have in our equipment programme some of the most formidable weapons systems in the world. You will not be surprised to know that part of my early commitments have been in support of defence exports, particularly Typhoon in the Far East and the Middle East. This is clearly a formidable aircraft. Everybody I have spoken to in foreign countries at a technical level, at an Air Force level, is convinced that it is the superior option. The type 45 destroyer clearly is a best-in-class ship. It delivers a capability that we have not had before and that no one else has at the moment. I have no hesitation in saying that we will have the configuration of forces and the equipment platforms to deliver formidable power. That does not, of course, mean power that would match that of the United States, but it means a formidable capability to intervene in regional conflicts, conduct stabilisation operations and deal with threats from non-state actors, and that is before we take into account the quality of our people. I like to think, and have always believed, that over and above our equipment capabilities and our organisational and cultural benefits, the quality of our people gives us an edge that we will continue to sustain into the future.

**Q23 Bob Stewart:** I will finish with this question. In practical terms, beyond 2020 are we talking about the

7 December 2011 Rt Hon Philip Hammond MP

ability to project a brigade-level-type operation overseas, and support and sustain it? That is what we are aiming for and that is the maximum we could do.

**Mr Hammond:** I could find that in my notes, but I will try and do it from memory. It is to be able to project a brigade-level operation and sustain it, and at the same time to be able to conduct two significantly smaller level operations, or to be able to conduct a short-term intervention at a level of about 30,000 personnel for a short, non-sustained operation.

**Q24 Bob Stewart:** 30,000?

**Mr Hammond:** 30,000.

**Bob Stewart:** That is quite a big small operation.

**Mr Hammond:** For a short period of time. That is a surge capability—30,000.

**Bob Stewart:** That is quite a lot.

**Q25 Mr Havard:** The Strategic Defence and Security Review annual update was published earlier today, under the Prime Minister's name, I suspect, rather than your own. It says that the Government are held accountable by parliamentary Select Committees, including the Joint Committee on the National Security Strategy, and the House of Commons Defence Committee, which recently reported for the second time on the SDSR. We did. However, we have had no parliamentary debate about any of these things, and we have not been able to secure any quality time to have a debate about defence for about the past 16 months. The only real debate we have had was about Armed Forces personnel just before Armistice Day, but that was a particular discussion, and rightly so. We have had no discussion on the broader agenda, including the whole strategic redefinition.

May I ask you, through your good offices, to ensure that we get a debate and a better examination of the public document and, more importantly, the other issues within it than we have been able to secure in the past under the revised parliamentary processes, as opposed to competing against the newspapers' latest campaign?

**Mr Hammond:** That is a fair point, and I will undertake to discuss it with the business managers. The problem, of course, is that in a Department that does not have significant amounts of legislation, and an environment in which the Backbench Business Committee is controlling a significant amount of the available non-Government Bill business time, it is challenging to find opportunities for debate. I will raise your point with the Leader of the House. I had not appreciated that there have been no defence debates other than that on Armed Forces personnel, and I will look into it.<sup>2</sup>

**Mr Havard:** Thank you very much.

**Q26 Ms Stuart:** Before I come on to my question, you may have noticed that not much legislation is going through the House of Commons right now, so perhaps it would not be too difficult—

**Mr Hammond:** That is true this week—

**Thomas Docherty:** Or last week or next week.

**Q27 Ms Stuart:** Or next week. Let me take you back to when you talked about a strategic aspiration. Having come to the job, would you say that the review was strategic? If it was, do you think that we have struck the right balance between the choices we make and the things that are non-negotiable, such as that we are an island, which requires a navy? We will come to equipment later, but I am asking about overall strategic priority. So far, your answers have been beautifully technocratic and bureaucratic, but I have not yet got a sense of what the Secretary of State for Defence thinks our strategic needs really are. Do you think that we have struck the right balance?

**Mr Hammond:** Yes, I do. We have gone a very long period without a strategic defence review. During that period, the world has changed very significantly. It would be a brave person who ever said that it had changed permanently, but it looks as though the change in focus is likely to be long-term. We face a situation where the threats are likely to come from unstable regions of the world and from non-state actors, yet we still have tens of thousands of men and armour deployed on the North German Plain, which is not the obvious place to focus our defence efforts. The SDSR was about identifying where threats are likely to come from in the medium term, which is as far as we could sensibly project, and making sure that we have the appropriate force configuration to respond to those threats. It is about facing up to the reality, or rather embracing the reality, that we are most likely—with a degree almost of certainty—to operate in alliance with partners and allies in responding to those threats. Indeed, I can think of only one of our commitments—the South Atlantic—where we might not be operating with the support of allies and partners.

Of course, as I said earlier, because I think that the budgetary position is a strategic threat we also have to configure our defences to deliver the outputs that we require within the fiscal constraints that the country can afford. That is the reality of the situation and it would be pointless to conduct a strategic defence review without any consideration of the resource envelope that is likely to be available to support defence in the future.

**Q28 Mrs Moon:** I want to take you back a little bit to the two answers that you gave to the differently spelled "Stuarts" in the room. You did a very good job of selling Typhoon as a platform, and you discussed its wonderful capability. You said that the future will almost certainly be in partnership and alliances, apart from in the south Atlantic. As regards our future defence and the capability that we will focus on, how much will we be looking more and more at our NATO allies and their capabilities, and the niche areas in which we will look to complement them? Will we ever be able to consider again where we can stand alone in the future, do you think?

**Mr Hammond:** It is a fair question. It makes sense, if we are operating in an alliance, to look at the capabilities of our allies. For example, we have done so in the decision about the Nimrod maritime aircraft. We have allies who have maritime patrol aircraft available for NATO tasks.

<sup>2</sup> Ev 17

7 December 2011 Rt Hon Philip Hammond MP

I have two thoughts on this subject. First, it would be wrong for us to give up without a great deal of very careful thought any core competencies that we might need in the future if the defence threats that we will face are different and the fiscal position that we are in is different. We should try to retain core competencies, for example in relation to flying aircraft off carriers—not vertical take-off aircraft, but normal fast jets. That is a capability that we lost 30 years ago and we now have to relearn it, with the support of the US Navy, in anticipation of having our own carrier capability again by the end of this decade. When you surrender a body of knowledge, skill and experience within your Armed Forces, it can take you a very long time to recover it, and we should be very careful about that issue when we think about how we work with our allies and how we interface with them.

The other reality is that, in our alliance structures, we need to think about which of our capabilities delivers the most value to the alliance. In particular, in our most important alliance with the United States, I think we need constantly to have in our mind those areas of our capability that add significantly to the value of the alliance to the United States, so that we do not inadvertently discard the chips that we play into that game and that buy us very considerable access to US support and capability.

**Q29 Mrs Moon:** Could I just mention minesweeper capability? That seems to be something where there is a gap that you have created.

**Mr Hammond:** That is a good, clear example. The US recognises our mine countermeasures capability as superior to their own capability, and the mine countermeasures operation that we have deployed in the Gulf is depended upon by the United States. We are an important part of their force protection arrangements in the Gulf, and they will expect us to maintain those arrangements as part of our commitment to the alliance.

**Q30 Mrs Moon:** You do not see it as an area that you have reduced and cut back in?

**Mr Hammond:** Mine countermeasures? No. The message that I get from the US is that it is very happy with the commitment to mine countermeasures provision in the Gulf.

**Q31 Thomas Docherty:** On the issue of mine countermeasures, my understanding is that the squadron based in Bahrain in the Gulf is funded out of contingency in Afghanistan. Have you secured agreement for how that will be funded post-2014, when that money comes to an end?

**Mr Hammond:** My understanding is that it is nothing to do with Afghanistan. It is an operation that is not part of the core tasking of the MoD. It is therefore funded from the Treasury reserve as an operation over and above the core tasks. The Treasury makes separate provision for Operation Kipion.

**Q32 Thomas Docherty:** So, crucially, that will not be coming to an end in 2014?

**Mr Hammond:** It is an annual task set by the National Security Council and funded by the Treasury. I cannot

give you a commitment that it will not be coming to an end at any particular point, because that will be a decision for the National Security Council.

**Q33 Thomas Docherty:** But it is not tied to the end of operations?

**Mr Hammond:** It is not tied to Afghanistan.

**Q34 Mrs Moon:** It is not looking terribly positive in Afghanistan. The Haqqani network seems to be very active. You have the assassination of General Daud, the attempted assassination of General Wardak and the killing of US special forces. You have attacks by rogue soldiers, the police and the Taliban increasing, and Sherard Cowper-Coles described yesterday's attack as an "augury...of a dark future." Is it still our policy to be no longer involved in a combat role after 2014? Is that realistic?

**Mr Hammond:** Our policy is that we will have withdrawn from a combat role, and that we will have withdrawn the vast majority of our forces by the end of 2014.

**Q35 Mrs Moon:** So what roles and capabilities do you see us retaining there post-2014?

**Mr Hammond:** That is a subject that the National Security Council will be considering in due course, and it is a subject that we will approach with our ISAF allies. Clearly, it will be unrealistic to look at this any other way. This is a debate that has to start from decisions that will be taken in the United States about the level of commitment, both financial and in terms of force levels, that the United States will be making over the next few months. I think we and the rest of the alliance will wait for the outcome of that process in the United States before deciding our own posture. Both for strategic reasons and for future force protection reasons, it will be necessary to know what the US is doing.

**Q36 Mrs Moon:** Does that not make it difficult for us to plan the financial consequences for us of those decisions being made in America? It is all very well for America to make those decisions, but the financial consequences will be felt here. Will that not impact on our budget capability in the Ministry of Defence?

**Mr Hammond:** We have made it clear that we will be coming out of the combat role by the end of 2014, and that the great majority of our forces will have been withdrawn by that time. Any forces that remain in a training or mentoring role will be strictly limited. It is also clear that there will be a need for the international community to continue supporting the Government of Afghanistan beyond 2014. The strategy is to transition from ISAF-led security to Afghan National Security Forces-led security. The Afghan National Security Forces, as you know, will be surged to 352,000. The discussion that now needs to be concluded is about the sustained level of ANSF post-2014 and who is going to pay for it, because the Afghan Government clearly do not have the capability to sustain security forces at the level that will be required to take over from ISAF and deliver effective security, so the international community will have to deliver support. The United States has made it clear



---

7 December 2011 Rt Hon Philip Hammond MP

---

that it expects its international partners to deliver an important portion of that support, and we are clear that we will have to play our part in delivering that.

**Q37 Mrs Moon:** Have you made any assessment of the level of force—the numbers—that we will actually be leaving behind?

**Mr Hammond:** Of UK forces?

**Mrs Moon:** Yes.

**Mr Hammond:** That is a discussion that we have not yet had. It is clear that it will be a small number. We have made only one clear commitment so far, and that is to providing the majority of the staffing capability for the Afghan National Army Officer Training Academy outside Kabul, to which we will be contributing just over 100 UK personnel on an ongoing basis. If there are to be further commitments beyond that, they will be decided in due course by the National Security Council.

**Q38 Mrs Moon:** You talked about a minimum of around 100. Do you have a top level? Are we talking about 500 or 3,000? What do you see the range being within that limited capability?

**Mr Hammond:** The NSC has not had this discussion yet, but if you are asking me for my assessment of what colleagues on the NSC are thinking about, I think we are talking in hundreds, not in thousands.

**Q39 Mrs Moon:** Is there a danger, do you feel, that those few hundred could be drawn back into a combat role?

**Mr Hammond:** No, they will not be there in a combat role. We have made that very clear. This will be training, mentoring and perhaps support at ministerial level in Kabul in strategic security planning. It will be that kind of operation.

**Q40 Mrs Moon:** So you do not see the recent events in Afghanistan over the last two weeks as hampering progress towards peace and security, bearing in mind the conflict on the border—the attack on the Pakistan border? You do not see any of that as indicating a change towards a dark future?

**Mr Hammond:** That is probably rather premature. Clearly, the last two weeks have seen some significant setbacks. Yesterday's attack in particular is a very unwelcome development that effectively, on the face of it, opens a new front, but I think it would be hugely premature to suggest that that will deflect the process of transition to Afghan-led security. On my recent visit to Afghanistan, one of the things that slightly surprised me and very much impressed me was the growing confidence in the Afghan National Security Forces by British and American troops, and I do not just mean commanders in Kabul; I mean people in the canteens. They feel comfortable with the Afghans. They feel that they are competent and committed to the fight. They are still dependent on ISAF forces for enablers to a very significant extent, but they are regarded as worthy colleagues in arms, and they are doing the heavy lift in many areas. Certainly in Lashkar Gah, where we have transitioned to the Afghans, it is very clear when you talk to British commanders that they are surprised by the little call

that has been made on them to provide support to the Afghan-led security operation. It has been a pleasant surprise to them.

**Q41 Ms Stuart:** Can I challenge you a little further? I am sure that the National Security Council will make the decision, but can you tell us what you will say at the NSC? On 23 November, Air Chief Marshal Dalton told "The World at One" that the RAF could be asked to provide support to the Afghan Government beyond the NATO withdrawal date. He said: "I am not sure exactly how long we will be required to stay and help. It would certainly be a possibility and an opportunity which our government will have to make a decision on." What is your thinking on that?

**Mr Hammond:** He is right that the RAF could be required to provide support—

**Ms Stuart:** Yes, but he would not say that on "The World at One" if it was just wild speculation.

**Q42 Chair:** Did you say that the RAF could be required, or that it could be asked?

**Ms Stuart:** Could be asked to provide support.

**Chair:** But you said could be required, Secretary of State?

**Mr Hammond:** Clearly the Afghans are going to require enablers beyond 2014, and the US has indicated that it will continue to provide some enabling forces. It is not my view that the National Security Council is likely to agree to the UK providing front-line enablers, such as any kind of air lift that would go into combat zones.

**Q43 Chair:** So that would not include Apaches?

**Mr Hammond:** I would not expect so, but the National Security Council has not yet had this discussion. The Prime Minister has made it very clear, however, that he expects us to have exited any combat role by the end of 2014. I would think that that means the Prime Minister is not envisaging Apaches being deployed in Afghanistan after December 2014.

**Q44 Thomas Docherty:** Just to tick off what may or may not be going through some people's minds, are you ruling out, therefore, Tornados and UAVs? Depending on your viewpoint, they may or may not be front line, but they are certainly combat vehicles.

**Mr Hammond:** I think we have to listen to the Prime Minister's words. He has said that we will not be in a combat role beyond December 2014. As I have repeatedly said, the National Security Council has not yet had this discussion, but I would think, in the plain use of language, that if Tornados were deployed, that would be likely to be a combat operation.

**Q45 Thomas Docherty:** And UAVs?

**Mr Hammond:** It depends what they are doing. UAVs gathering intelligence might not be seen as a combat role.

**Q46 Thomas Docherty:** It could be air traffic control, or it could be air bridge. I am sure that you have discussed his remarks with the Air Chief Marshal, so what did he have in mind?

7 December 2011 Rt Hon Philip Hammond MP

**Mr Hammond:** I have not discussed his remarks with the Air Chief Marshal. I suspect he was simply pointing out that the RAF stands ready to do whatever it is tasked to do, but the Prime Minister has made it clear that we will be out of a combat role, and we have focused on the commitment that we have made to continue training the officer cadre of the Afghan National Security Forces. We may make specific commitments beyond that, but we have not yet decided on any. We will certainly want to take into account what commitments the United States makes to supporting the Afghans beyond 2014.

**Chair:** I think that is helpful. Sandra Osborne.

**Q47 Sandra Osborne:** Was it not premature to set a specific date for the end of combat roles in the first place? Has that not encouraged the Taliban? Is it not providing an impetus for the sectarian violence that we are now seeing? What if that violence increases? You are categorically ruling out a combat role. How will you react if the situation deteriorates really badly in Afghanistan, and people are let down by the international community moving out before they have a peaceful settlement?

**Mr Hammond:** First, I am sure you did not mean to suggest that there is any link between the decision to end the combat role at the end of 2014 and the sectarian violence that now, very unfortunately, has broken out. I do not think there is any link at all between those things. It is important to be clear that we are not talking about the cessation of combat against the insurgency at the end of 2014; we are talking about the transition to Afghan-led operations containing that insurgency. The Afghans are showing increased competence and greater numbers, in terms of being able to do that. As far as the insurgents are concerned, they are even now increasingly facing Afghan troops, Afghan uniformed police and Afghan special police operations. Over the next three years, there will be further progress, so that it becomes the norm for these operations to be Afghan-led across greater and greater proportions of the country.

**Q48 Chair:** Okay, but as you said, the National Security Council has yet to consider these. What is the time scale that these things will be considered?

**Mr Hammond:** That is a very good question. Obviously the Bonn Conference has now taken place and has fired the starting gun on a process. My personal view is that it is quite important that the international community has a clear position by the Chicago Conference in May—the NATO Chicago Conference—to which the Afghans will be invited. I would certainly hope that, around that time scale, the US will be clear about its intentions for post-2014 and its willingness to fund the Afghan National Security Forces post-2014, so that the rest of the world can in turn decide on the levels of commitment that the various nations are prepared to make alongside the US.

**Chair:** Okay. Thank you very much. We will now move on to the issue of Reserves.

**Q49 Mr Havard:** A report on Reserve Forces was produced in July this year, and we are still wondering

about its outcome, or decision making based on it. That made a radical set of suggestions. The figures were: 3,100 in Reserves, Royal Marines and Navy; 30,000 in the Territorial Army; and 1,800 in the Auxiliary Air Force. It talked about 30,000 in the Army, with an 8,000 training reserve. This is a big strategic shift through a period up to 2015, and on to Future Force 2020, which you are familiar with. For the record, that is what we are asking about. Could you please give us any information you have about when a detailed response to all that will come, and whether it comes with a timetable of implementation that may be different from the one that was recommended in the report?

**Mr Hammond:** Yes. The resources that were referred to in that announcement—the £1.5 billion package—will start to become available from April 2012. There is already a major recruiting campaign: there is a £3 million Territorial Army campaign, and a £2.4 million tri-service multi-channel marketing campaign, whatever one of those is, will commence in the new year. This is already a process that is under way. Each of the individual services has developed plans to reinvigorate their Reserves, but the overall programme of reinvigoration of the Reserves is coupled with the longer-term work of Army 2020. The great bulk of this is an Army programme, and it is embedded in the wider review of the structure of the Army.

**Q50 Mr Havard:** That is interesting, because I have had some discussions with some of the people who are involved with the particulars of what you describe. Could you perhaps give us an idea about who is driving this programme—or is it based in individual services? For example, Army recruitment and tri-service recruitment: how is that being driven, and by whom?

**Mr Hammond:** It is being driven by the Vice Chief of the Defence Staff, who is taking this forward—General Sir Nick Houghton.

**Q51 Mr Havard:** I do not know whether you have had time yet to get any flavour of how the Regular Forces view this. You will probably have heard, like everyone else has, that when you go around the bazaars, there is suspicion that some of the Regular components might not be so happy about the speed of transition and so on, and may be accommodating it in their own varied ways. Perhaps you could give us an insight into this timetable of transition.

**Mr Hammond:** One of the things I have already learned is that there is a good-natured suspicion between all sections of the Armed Forces of each other.

**Q52 Chair:** Why do you say “good natured”?

**Mr Hammond:** Because I think it generally is good natured, Chairman. In terms of the Reserves exercise, I understand, and I think people who are involved in the Reserves understand, that to make this a credible proposal, it has to come with a clear plan for making Reserve training effective and for making a commitment that does not leave the Reserves always as the flex element whenever there is any budget pressure.

---

7 December 2011 Rt Hon Philip Hammond MP

---

The commitment to Reserve training and to Reserve service must be clear. We must convey the message that we are serious about making the Reserves a serious part of our 2020 force structure. We are absolutely clear that this has to happen. I recognise that there will be some areas of residual scepticism. It is for us and for the Reserve Forces themselves to overcome that, by demonstrating commitment, capability and competence.

**Q53 Mr Havard:** Can I go back to my original question? When are we—the Committee and the public in general—going to have a detailed implementation response to all of this? At the moment, what seems to be happening is that some of the things you have said are known to those directly involved, but there does not seem to have been any clear, coherent response. They are individual measures that are gradually taking place. Is there going to be a detailed response that sets out the programme—timelines, responsibilities and so on?

**Mr Hammond:** Yes. A number of steps have already been taken. A Future Reserves 2020 programme manager has already been appointed. There is an implementation team and a Reserves executive committee in place. My predecessor committed me—I repeat my commitment—to set out my response to the Commission's report shortly, in the new year. That will set out the plan, the trajectory for delivering the plan and, hopefully, will give you the reassurance you are seeking.

**Q54 Mr Havard:** I do not want to be cheeky, but a year is 12 months. In the new year, in the next year. We were getting it this year. Is that before April, or any particular April?

**Mr Hammond:** In the new year to me means before we put the clocks forward, probably.

**Mr Havard:** Before we put the clocks forward. That's a new one. I haven't heard that one before. Very good, thank you very much.

**Q55 Mr Brazier:** Secretary of State, the bag of gold that came with the announcement of FR20 actually came across quickly from the Treasury; there was a welcome announcement that it was coming. The word on the street is that the money that is being committed to the Reserves in the early years is a lot less—the percentage of the package—on the basis that they will supposedly get a larger proportion of it after 2015.

There is a feeling in the Reserves community that they have heard all this before. Clearly, much of what has been announced is welcome, including your comment on the marketing today. The proposal was that—to take the Army as the main example—there should be 30,000 trained by 2015. Territorials are convinced they can do that; recruits are pouring in. However, it comes with a price tag and the worry is that the money is not there.

**Mr Hammond:** There will obviously be a build-up to the trained force level of 30,000, as you are aware. Because there will be a build-up, the money will need to be profiled to reflect that. I can assure the Committee that the discussions I have had with the Vice Chief of the Defence Staff, and all the

programming that I have seen, indicates a build-up to a trained force level of 30,000 by 2015. That is building up the numbers exactly in accordance with what has been announced, and the cash will be profiled to meet that delivery requirement.

**Q56 Mr Brazier:** That is 30,000 trained by 2015?

**Mr Hammond:** That is the figure I have seen in the discussions that I have had.

**Q57 Mr Brazier:** I am very pleased to hear that. Can I give two quick examples of the kind of thing that I suggest they will need to do fairly early to make it? The first is the delivery of phase 1 training regionally again; that is something we have not done for several years. The present situation of trying to squeeze Reservists into regular training establishments for Phase 1 training simply will not do it in time.

The second is that officer recruiting and phase 2 training are a very long way below par. We are very short of officers and our phase 2 training is a long way behind other English-speaking countries. There does not seem to be any word out there on tackling those at all, although there is anecdotal evidence that we are getting more officer recruits coming in.

**Mr Hammond:** Not every i is dotted and every t crossed. You can take it as read that in responding to the commission's report, I will set out how the Department intends to rise to those challenges. I am aware of the specific challenges, mainly because you have already raised them with me.

**Q58 Mr Havard:** On the same thing—he is right to raise it with you—there is SaBRE, for example, and the offer to employers and the explanation to these people's families, as well as there being some sort of certainty about the employment model that will come with it. I am being told that those detailed questions are inhibitors at the minute, in terms of being able to have the quality of conversation that they need with all the audiences to bring the programme forward. That is why we raise the concern. There does not seem to have been a comprehensive description of all the elements together and how they are sequenced so that people have a coherent picture that they can have an intelligent discussion about, other than just bits and pieces coming forward piecemeal. That is the reason for the question.

**Mr Hammond:** Okay. That is a perfectly legitimate point, but I can assure you that, internally, discussion is going on. I have had those discussions specifically around what the offer to employers is, the employment model, what the deployment model will look like, and what assurances can be given to make service in the Reserves an attractive proposition to recruits and make the employment of Reservists an attractive proposition to employers. Both ends of that are critically important, and the work is going on.

**Q59 Mr Havard:** That is before the great leap forward. We will know then—when the clocks jump forward.

**Mr Hammond:** We will set out a plan for delivering the future Reserve structure and it will, of course, have to address all those areas. They are a critical part

7 December 2011 Rt Hon Philip Hammond MP

of it. I have said this already, but to repeat it, I know there is a degree of scepticism among some in the regular Army. It is for us to dispel that scepticism by setting out a programme for recruitment, training, terms of service and terms of deployment that is clearly credible and that will allow the Army to plan around the Reserve levels that we have set out, and incorporate that into their basic planning assumptions.

**Q60 Mr Havard:** We will also be looking very carefully at where the Royal Air Force fits in the programme. This is not just an argument involving the Army.

**Mr Hammond:** Of course, I recognise that. The Army is in a slightly different place, because we have the question of deployment of formed Reserve units as well as individual deployments. Although I may not be fully indoctrinated in this area, I suspect that in the Naval Reserve and Air Reserve we are talking more about individual deployments to reinforce units. That is a slightly different proposition.

**Q61 Mr Brazier:** Just a couple of final points; to echo what Dai said, part of the package is around how much one goes down the route of encouragement, and how much down the route of compulsion. Clearly, when there is a deployment there has to be a degree of compulsion. Could I urge you to look at best practice abroad? Most other English-speaking countries manage to get very high levels of turnout without compulsion, except in build-ups to deployments.

**Chair:** Would you like to answer that question?

**Mr Hammond:** Yes, you are urging me to do something that I have already set in train. Clearly, from the point of view of someone considering becoming a Reservist, the balance between voluntary service and, potentially, compulsory service is critically important to their decision.

**Q62 Mr Brazier:** It is particularly good to hear that you are already engaging with employers. The last point is that I have a huge respect for the Vice Chief, and serving under him was as equally great a privilege as serving under this Chairman on the HCDC.

**Chair:** Steady.

**Mr Brazier:** I do hope you will be able to meet the senior Reserve officers, and that you will also find time in your very crowded schedule to visit some Reserve units.

**Mr Hammond:** I have already made a commitment to you that I will seek a meeting, before I make this announcement, with the Duke of Westminster. I think he is the key person you wanted me to meet and I am very happy to do that. I am also very happy to meet a Reserve unit. I know that there is an excellent one—the London Scottish—just around the corner in Horseferry Road. That is something I definitely can get in the diary without too much difficulty.

**Q63 Mr Brazier:** May I recommend you do that before the current CO, who is a Reservist, hands over to his Regular counterpart? *[Interruption.]*

**Mr Hammond:** I suspect the Chairman would like us to take this offline.

**Q64 Bob Stewart:** I just want to pick up one point. You said there is scepticism and a certain amount of alarm in the Regular Army. The worry is of course that the 30,000 figure will not be reached, but you have assured us it will be reached by the appropriate time. There is also alarm in the Regular Army because the SDSR suggested the Regular Army would go down to 92,000, but it is actually taking another substantive cut, down to 82,000. That is a huge amount out of the Army. The SDSR thought that we could manage on 92,000, not 82,000. I am delighted about the Reserves, but I am worried about the fact that we are going to take another great slice out of the instantly deployable Regular Army. That worries me, I have to say.

**Mr Hammond:** It is not of course the case, whether we have 82,000 or 92,000, that the whole of the Regular Army is instantly deployable—very far from it. Part of the Future Force 2020 programme is to define what we need in terms of rapidly deployable elements. No general is ever going to tell you that he would rather have fewer troops than more, but the message I am getting from the generals is that the military tasks and contingent capability that we have as our required outputs are deliverable within the configuration of 82,000 or thereabouts Regular troops and 30,000 trained Reservists. It is deliverable on that basis, but it does make the assumption that the trained Reservists are functional, effective—

**Q65 Bob Stewart:** They are particularly worried about that.

**Mr Hammond:** I think that is where the concern in the Regular Army is. I have not detected concern about whether the numbers will be delivered. The concern I have detected is about whether they really will be properly trained, deployable Reservists. We clearly have to deliver that if this is to be a credible solution to delivering the outputs that are required.

**Q66 Bob Stewart:** Generals might always say that. It would be nice, Secretary of State, if you were to ask people further down the chain, too, as to whether they believe that 82,000 is manageable. The people I speak to think it is wrong and that it will not work, but you can only go on what the generals say.

**Chair:** No, that is not true. You can go on what your own judgment is.

**Mr Hammond:** I can go on my own judgment and of course I have the opportunity to talk to middle-ranking officers as well. Yesterday, the Prime Minister held a reception for members of the Armed Forces who have taken part in Operation Ellamy, and I was very pleased to meet some Reservist officers there who had taken part in the operation and were not slow in giving me their views about the role that the Reserve could play in the future.

**Q67 Chair:** May I ask one final question on Reserves? On page 22 of your reply to this Committee's report on the SDSR, there is reference to a report from the Council of Reserve Forces' and Cadets' Associations sub-group. It will be presented to you, and you will then do a report to Parliament. Can you please take away the fact that we would like

---

7 December 2011 Rt Hon Philip Hammond MP

---

to see a copy of the report that is presented to you—in its complete version if possible?

**Mr Hammond:** Okay, I will take that away and have a look at that request.<sup>3</sup>

**Chair:** Thank you very much. Now we come to the issue of aircraft carriers. Thomas Docherty.

**Q68 Thomas Docherty:** Before I get on to the issue of aircraft carriers, Secretary of State, you will be aware, I assume, of your Parliamentary Under-Secretary's comments yesterday on the Arctic convoys. Actually, I will check that first. Have you seen your Parliamentary Under-Secretary's comments yesterday on Arctic—

**Mr Hammond:** I have seen them reported; I haven't actually read the text yet.

**Q69 Thomas Docherty:** I won't bother reading out the full transcript, but he has caused grave offence to some of the veterans and their families. Would you like to take this opportunity to apologise to the veterans for your junior Minister's comments?

**Mr Hammond:** Let me say that I do not think he intended to cause offence, but I understand that the words he used did cause offence. It was an unfortunate juxtaposition of references. These are people who performed an incredible service to our country. The role of the Arctic convoys in the successful conclusion of the Second World War is well known and undoubted. If any offence has been caused, I deeply regret that, and I am sure that the Parliamentary Under-Secretary deeply regrets it as well.

**Q70 Thomas Docherty:** On the issue of aircraft carriers, by what date do you expect to have fully operational aircraft carriers with fast jet aircraft on them?

**Mr Hammond:** 2020—around 2020.

**Q71 Thomas Docherty:** That was two different answers, with due respect.

**Mr Hammond:** Well, around 2020. At this stage in the maturity of the programme, to say whether it would be late 2019 or early 2021 is too fine-grained, but 2020 is the central date we are shooting for and I would expect to achieve that or something very close to it.

**Q72 Thomas Docherty:** I am sure you have now had the opportunity to read the Select Committee's report.

**Mr Hammond:** I did read it, yes. Well, I looked at the summary.

**Q73 Thomas Docherty:** Okay—again, not quite the same thing.

**Mr Hammond:** No, not quite the same thing.

**Q74 Thomas Docherty:** Paragraph 126 talks about the challenges on the regeneration of aircraft carrier capability, which I am sure you will be briefed on. Spinning back up the carrier is a formidable capability challenge both on the aircrew side and on the deck side. Can you therefore update the Committee on the

progress that the Ministry of Defence is making on the regeneration of that capability?

**Mr Hammond:** Yes. I am not into the minute detail of it, but my understanding is that we have a clear agreement with the United States Navy in terms of training personnel. This will be by way of personnel being embedded for long periods, over the period between now and the coming into operation of the carriers, to acquire deep skills in deck operations and in flying operations. I think I am right in saying that the first UK personnel are already deployed—somebody might tell me if that is right.

**Q75 Thomas Docherty:** We have three pilots currently.

**Mr Hammond:** Okay—there you are. I had the opportunity to talk to the US Secretary of the Navy when he was in London a couple of weeks ago, and he assured me that the US is fully committed to co-operating with us on this programme, is delighted that we are reacquiring carrier capability and will do everything that is necessary to support us in regenerating this capability.

By the way, I should perhaps say that I had the opportunity to talk to the Chinese naval attaché last night at the Defence Council reception. He faces a rather different challenge. He has an aircraft carrier the skills for which he has to learn from scratch, without the support of the United States or any other partner, and he told me that that is really a major challenge. We are very lucky that we have an ally who is prepared to support us in this way.

**Q76 Thomas Docherty:** Just as an aside—I had not planned to raise this—can you confirm that we have no intention of selling to the Chinese Ark Royal or Illustrious? There has been some media speculation.

**Mr Hammond:** I certainly have no intention of selling to the Chinese Ark Royal or Illustrious, and nobody has suggested it to me.

**Q77 Thomas Docherty:** Okay, fine. One of the things that the Committee asked for was regular updates on the regeneration of capability. Are you in a position to guarantee that you will give regular written updates to this Committee as progress is made?

**Mr Hammond:** Unless there are any security reasons why I cannot, I am happy to do so, and I cannot imagine that there would be.<sup>4</sup>

**Q78 Thomas Docherty:** Finally, on the issue of the fast jet that will be flying off the Prince of Wales or the Queen Elizabeth—hopefully both—are you convinced that the F-35C offers the best value for money over, for example, the F-35B or indeed a version of the F-18?

**Mr Hammond:** I believe so, but you will appreciate that I am probably not yet in a position to give an unqualified answer to that question. It is going to take me a little longer to fully understand all the issues around the capabilities of the different aircraft and the through-life costs of the different aircraft types.

---

<sup>3</sup> Ev 18

---

<sup>4</sup> Ev 18

7 December 2011 Rt Hon Philip Hammond MP

**Q79 Thomas Docherty:** That strikes me as meaning that you are currently studying this question. Am I right in assuming that?

**Mr Hammond:** “Currently studying” would be a little ambitious, but I have it on my very long list of things that I need to look at and understand fully. There are a large number of very important and very complex sub-projects in the defence agenda. The way that I am trying to deal with this, on a systematic and manageable basis, is to get the people who are the experts to come in and brief me on a fairly detailed basis, so that I can acquire in an hour or two what would have been 17 or 18 months-worth of build-up of understanding had I been in this job from the beginning of the Government. It is not a process that I have started in any detail yet, but it is something that is high on my list of things to do.

**Q80 Penny Mordaunt:** You are still very new to the job but I would be interested to get your views on how you see the capability, once regenerated, working in practice. Much has been made of that 10-year gap in the capability but, once we have it, we will still potentially have mini-gaps because we only have one operational carrier. What is your understanding of how we will ensure that we have this very important capability when we need it?

**Mr Hammond:** First, I should say that no decision has been made about what will be done with the second carrier yet, so that will be a decision that has to be made in a future period against a future SDSR backdrop. The carrier force that we will be generating will give us a capability to operate on our own—a formidable capability to operate on our own—but because of the interoperability that we will gain, it will also enable us to operate as a fully integrated, functional part of a US carrier task group or, in different circumstances, to operate alongside the French. There will be options around how we deploy the carrier, and I would expect that we will adopt different postures at different times. We will want to ensure that we have fully exercised the option of a fully integrated level of operation with the US carrier fleet. We will also want to ensure that we build up and maintain the ability to deploy on a solo operation should we find the need to do so.

**Chair:** Moving on to helicopters, Bob Russell.

**Q81 Bob Russell:** Thank you. Secretary of State, the issue of whether sufficient helicopters have been provided to front-line troops has been a contentious one for some time, and no doubt that was mentioned to you when you visited Helmand province and possibly even on Monday when you visited 16 Air Assault Brigade. Is that correct?

**Mr Hammond:** I was very happy to visit 16 Air Assault Brigade at Colchester on Monday and to see some of the helicopter capabilities that the Joint Helicopter Command has available. And yes, in Afghanistan it was an issue that I raised because in the past it has clearly been of great political salience. I looked at the figures in advance of this session. Between November 2006 and June 2011 the number of rotary-wing flying hours available in theatre increased by more than 145%. Over the past year, on

average, the available flying hours have been underused by 16% per month, so we do have the rotary-wing capability that we need in theatre. Commanders are not exhausting the available flying hours—at least, they have not over the past year, on a monthly basis—and I think that reflects a number of things. It reflects greater capability in theatre, a significant decrease in insurgent activity over the past year and, frankly, the fact that we are now operating in a much more concentrated area of operations, which clearly reduces the demands on helicopter lift. We are travelling shorter distances to get between the operating bases that we are currently involved in.

**Q82 Bob Russell:** So if there was an issue, it is historic.

**Mr Hammond:** I think so. It is not something that we can be complacent about. We need to keep a close eye on it. The problems that Members of Parliament were highlighting on a regular basis four, five or six years ago have largely been addressed.

**Q83 Bob Russell:** My apologies for not being with you on Monday, but four Cabinet Ministers were in my constituency at the same time.

**Mr Hammond:** Yes, it was a deliberate tactic.

**Bob Russell:** It worked. I was only able to be with two.

**Mr Hammond:** I think it is called a multi-barrelled assault.

**Q84 Bob Russell:** I am not sure whether you have read *Jane's Defence Weekly* for November—I must admit I have not—but I have an extract: “MoD chiefs are to receive the Defence Rotary-Wing Strategy document later in November, which contains further plans for cuts in spending on the helicopter capabilities of the Royal Navy, British Army and Royal Air Force.” We are now in the first week of December, so are you able to enlighten the Committee on what that strategy document says? Or has it not yet arrived with you?

**Mr Hammond:** It has not yet arrived on my desk. What I can tell you is that I was able to see at Colchester on Monday the upgraded version of the Lynx, which will, of course, in due course be replaced by the Wildcat when that is delivered into service. As you know, we have committed to the delivery of 14 additional Chinooks, which will take our fleet to 60 aircraft. We are already under way with the upgrading of the Puma fleet, and the first upgraded aircraft have been delivered. So there are a number of steps in place to maintain the helicopter fleet at the level required for current operations and to support the contingency element.

**Q85 Bob Russell:** I will come back to that in a minute. May I press you on the strategy document or the capability study—call it what you like? When you say that it has not reached your desk, is that a diplomatic way of saying that it has not yet arrived at the Ministry of Defence, or is it just that it has not reached you?

**Mr Hammond:** “A further Defence Rotary-Wing capability study is being conducted to ensure that we

7 December 2011 Rt Hon Philip Hammond MP

are operating and maintaining our helicopter fleet as effectively as possible.” It has not yet reached my desk, but it is at least under way. *Jane’s* is telling us that it is being delivered at the end of November, but I have not seen it yet.

**Bob Russell:** We will all read the next issue of *Jane’s* to see what has happened.

**Mr Hammond:** My briefing note says that the study is about ensuring that we are operating and maintaining our fleet as effectively as possible. That comes back to something I said at the very beginning: there does seem to be a slight tendency in Defence to assume that spending less means getting less output. In every other area of human endeavour we have learned that we have to be able to get smarter, so we have to be able to do the same for less money. Things such as helicopter maintenance and support are the kind of areas where I would expect us to find ways of saving money while still delivering the same output.

**Q86 Bob Russell:** You may have answered this next question in part, but I will press it. In 2004–05, the then Permanent Under-Secretary agreed that there will still be a shortfall in battlefield helicopter support by 2018. Is that still the case? If not, what has happened to change it?

**Mr Hammond:** I think I have probably answered that. The increase in flying hours—145% between 2006 and the middle of 2011—the decrease in the level of insurgent activity and the decrease in the area of operations that UK forces are trying to cover have all combined to eliminate that deficit in rotary wing capability.

**Q87 Bob Russell:** Will there be a shortfall against Future Force 2020?

**Mr Hammond:** I do not believe so. My understanding is that the programmes that we have in place, including the Lynx replacement, the Puma upgrade and the new Chinooks, will deliver us the requirements to deliver the—

**Q88 Bob Russell:** We may need to focus on that when you come before us in a future session. Finally, Secretary of State, are you in a position, either today or subsequently, to outline the plans and timetable for bringing rotary wing capability into balance?

**Mr Hammond:** I am not sure what you mean by bringing it into balance.

**Q89 Bob Russell:** Well, you are telling the Committee, as I understand it, that there are sufficient helicopters in theatre and ordered. You are absolutely convinced that when we get to Future Force 2020, everything will be okay.

**Mr Hammond:** My understanding is that the Joint Helicopter Command believes that we have the existing equipment, the planned upgrades and the newly ordered equipment that will deliver the capability that we need for Future Force 2020. If, when I check that, Chairman, I find that I need to correct it, I will write to you.

**Q90 Mr Brazier:** As a very quick supplementary, just on your point on cost-effectiveness in helicopters,

can I urge you, Secretary of State, to look at what the Royal Navy is doing with Reservists in the helicopter area? There may be lessons both from them and from abroad for the other two services.

**Mr Hammond:** Thank you.

**Chair:** Moving on to Nimrod, to which you have already referred to briefly, Secretary of State, we have Bob Stewart.

**Q91 Bob Stewart:** Forgive me, but I want to press the matter of Nimrod. Can I ask you to repeat, but with slightly more detail, what measures you are taking to mitigate the risk of the loss of the capability presented by Nimrod MRA4 not being brought into service?

**Mr Hammond:** This was a tough decision. Clearly, this was not a decision that anybody would have chosen to take. It is important to recognise that it was a decision that was taken partly as a result of the severe pressure on the public finances, but partly because the aircraft was still suffering from technical problems, with no clear path to resolution of those problems. Not only was this a hugely expensive programme with ongoing, very high operating costs, but it was something of an open-ended commitment, because the thing, frankly, was not working.

The decision was taken to cancel the programme because we had to prioritise between different capabilities and the conclusion was that this was a manageable risk that we could take, because of our investment in other capabilities and because of the capabilities that our allies have available around maritime reconnaissance. Again, it was not the most comfortable of decisions, but we are not in the ideal world. We are dealing with a massive black hole in the defence budget. A large dose of reality has had to be delivered to it to stand any chance of us being able to get this thing back on track and create a sustainable base for our Armed Forces in the future.

**Q92 Bob Stewart:** Forgive me, Secretary of State, but may I declare a kind of interest? My brother, Andrew Stewart, was the squadron commander of 201 Nimrod Squadron. I declare that, Chairman, so that I am totally above board. My particular concern—I know that we are talking about allies doing the job, at least in part, of the Nimrod to make up the gap—is that some of the operational tasks carried out by Nimrod are very confidential. I just cannot see an ally doing some of those tasks. That is the seat of my concern. It is hugely risky not having this capability controlled by our own national assets. I suspect that you know that.

**Mr Hammond:** I say again: none of these were comfortable decisions to take, but, when you have a massively over-committed budget and you need to move to a position of budget sustainability, something has to go. That does not mean that there are programmes that are cost-free or risk-free that can be removed. It means that you have to look at the costs and the risks around the different programmes and come to a view about the priorities. That will involve a number of different things. One of them will be the availability of similar equipment from allies. Another will be, if we did find ourselves facing a changed

7 December 2011 Rt Hon Philip Hammond MP

threat position, whether it would be possible to re-acquire capability at relatively short notice. The contingency plan here envisages that there are US aircraft types that could be acquired—if not quite off-the-shelf, quite quickly—should we find that, for some strategic reason that we cannot envisage now, this became an essential capability that we had to replace. We would be able to do so sort of semi-off the shelf.

**Q93 Bob Stewart:** My final point is just a point that you might want to consider. Clearly, the most important factor in this decision was the huge cost and the waste of money that has gone into this programme, which took paramountcy over the operational requirement. In this case, it was more important.

**Mr Hammond:** Well, the problem as I understand it was that this was not an aircraft that could deliver the task that was required. We still had an open-ended, technical problem with the aircraft, so this was not something that we scrapped rather than fly it operationally. The choice was scrap it now or invest potentially unlimited further amounts of money in order to see it sitting on the ground for perhaps an indefinite further period of time.

A capability gap already existed, because the previous Government had scrapped capability, so we know that we have managed to live with this capability gap, uncomfortably perhaps, but we have managed to live with it. The decision was taken that this was a risk that we could manage. Across the defence programme, we have had to take active and conscious decisions to accept risk and manage it as we transition from a completely unsustainable equipment programme to something that will be sustainable in terms of the budget envelope and structured in a way to be able to cope with any short-term fluctuations or shocks that we need to accommodate in the way that the programme we inherited simply was not. It did not have that flexibility in it.

**Bob Stewart:** I do not want to take any more of the Secretary of State's time.

**Q94 Mrs Moon:** I have listened to your arguments in relation to the scrapping of the Nimrod. Can I draw your attention to the submission to the Defence Committee for the review into the SDSR by Dr Sue Robertson? It is on our website? Dr Sue Robertson was the subject matter expert on electronic support measures systems for the Nimrod MRA4. She worked on behalf of the Ministry of Defence in the evaluation of the system and advised on changes to the system. I think you will find that all of the arguments that you have put forward for the scrapping of the MRA4 she would dispute are actually accurate.

Moving on, I want to go to our report where we asked the Government what was going to replace the MRA4. We were told in our reply that “we would continue to maximise the use of other assets such as Type 23 Frigates, Merlin Helicopters, Sentry and C-130 to contribute to Anti-Submarine Warfare, Search and Rescue and Maritime Counter Terrorism.” Dr Robertson says in her response to us that she “did not even consider... that the MoD would try to use Merlin

Helicopters, Type 23 Frigates and C130... none of which acting alone or together can provide an adequate substitute for the Nimrod.” If we take aside the platform itself, it is the loss of maritime patrol capability that I think the Committee is particularly concerned about. I am sure, in your answer, you have also indicated that concern.

You talked about the same for less money. When we went to Northwood, we were told that the loss of the MRA4 in terms of counter-piracy was equivalent to the loss of 12 ships. Has that loss been factored into the decision to remove maritime patrol capability and the MRA4?

**Mr Hammond:** Let us be clear: we are not removing maritime patrol capability; we did not have maritime patrol capability. What we—

**Q95 Mrs Moon:** We had a platform that was coming in.

**Mr Hammond:** We had a platform that was sitting on the ground with unresolved technical problems and an open-ended budget. We were not removing a capability; we were recognising the reality that in a very constrained budget environment, if we continued to pour money on an open-ended basis into this project, other projects and other priorities would have to be sacrificed. The decision was made, in trying to address the black hole in the defence budget that we inherited, that this was one of the least worst options. It was not a good option, but it was one of the least worst options. It presented us with a risk that the MoD had been managing and that we could continue to manage into the future. I do not pretend it is a comfortable position to be in, but we had to set priorities and that was the decision that was taken. It is too late to reverse it now, but it is not a decision that needs to be reversed.

**Chair:** On defence reform, John Glen.

**Q96 John Glen:** Thank you. Secretary of State, Lord Levene's report in June 2011 had 53 recommendations, which the MoD fully accepted. I would like to turn to your view on the implementation of those pretty radical organisational transformation proposals and changes. Obviously, simultaneous with implementing that, there are considerable challenges in terms of reducing manpower, financial accountability changes and the rebasing programme. What do you see in your mind as the main metrics and milestones for measuring the successful implementation of the Levene report? There are a number of things in there—for example, reducing the number of senior military appointments, which we would be looking for as a measure of success. How do you see the implementation of the report and the challenges in doing so?

**Mr Hammond:** There will be a number of outputs like the reduction in the number of senior military posts that will clearly be measures of the progress being made, but I think the really important issues here are around structure and accountability. The Department's problems in the past clearly arise from the structures that have been operated and the lack of clear accountabilities for delivering on budget. The creation of the Defence Infrastructure Organisation, Defence



---

7 December 2011 Rt Hon Philip Hammond MP

---

Business Services, the work that is going on around defence equipment and supplies, and the new structure that in due course we will have there—we are looking at the options now, and I think the options that are under consideration are in the public domain, although they have not been formally published. In due course there will be change there.

Getting those changes right, and getting the senior people to have the right accountabilities and the right incentives, is the key to delivering. You cannot micro-manage an organisation the size of the MoD from the top; you have to ensure that the structures are in place that mean that the budget-holders at all levels are incentivised to deliver the outputs and the outcomes we require and are not distracted by perverse incentives, of which there have been quite a lot, as I see it, in the way the MoD has operated in the past. People have been doing things that are perfectly rational from their narrow viewpoint, but which do not contribute to the overall success of the Department. Our job is to make sure that individual rational decision making by budget-holders throughout the organisation always points in the same direction and pulls in the same direction.

**Q97 John Glen:** I am persuaded by your logic, but given that the annexe of Lord Levene's report shows that 70% of these major organisational change pieces fail, what do you see as the key issues that you need to overcome in order to put in place those accountable structures that you—in my view, rightly—assess need to be in place to bring better decision making?

**Mr Hammond:** I do not think anybody is underestimating the scale of the challenge in making these reforms work. This is a very big change to a large and somewhat unwieldy organisation, while requiring it to downsize and deliver business as usual at the same time. As I said earlier, this is something that the Department has proposed to do without significant external support for all the reasons that we will all understand. One of the things that I need to do is to convince myself that this is deliverable without external support. If I come to the conclusion that some additional external support is required, I shall not hesitate to say so. It is right that the Department has sought to do it without external support, but some limited external support may be necessary to ensure successful delivery.

**Q98 John Glen:** Going back to my original question, in terms of what we can see as a deliverable, if you like, from this process of change, what should we look for in the short term? A structure is very difficult to—

**Mr Hammond:** We will publish the blueprint, again in the new year.

**Q99 John Glen:** Before the clocks go forward?

**Mr Hammond:** We will publish the blueprint of the sort of steady state of the Department once it has been restructured and then a transformation plan to get from where we are now to that steady-state blueprint. That will have a series of milestones in it, for which we will clearly be held to account. Those are the sort of short-term tactical points at which we can be held to account for the delivery programme.

Perhaps the most important thing, which is slightly intangible though, is a change in the culture, and I have to say that I have been pleasantly surprised since arriving in the MoD. I was braced for finding a culture of conservatism with a small “c” that was resistant to change and perhaps not fully embracing the idea that there was even a problem that needed to be solved. I have not found that at all. I have found the organisation accepting that there is an issue that has to be addressed and recognising that it is going to be difficult and painful to address, but I have not heard anybody among the senior management dissenting from the view that these changes are essential and that they have to be delivered if we are going to have a sustainable platform for UK defence in the future.

**Q100 Chair:** I warn you that every Secretary of State in the past has found exactly that—that the individuals you deal with are of outstanding quality, but there is a somehow an immune system within the Ministry of Defence itself, which makes it impossible to achieve change. So we do seriously hope that you are successful in what every other Secretary of State has failed to achieve.

**Mr Hammond:** Thank you. I recognise the warning, and I hope that I am successful in delivering an adrenaline shock to the system that will overcome that resistance.

**Chair:** Vice-Chairman Dai Havard.

**Q101 Mr Havard:** Secretary of State, you will be glad to hear that this is the last topic. On the withdrawal from Germany—a small local difficulty—there is clearly a political dimension to it, and, as we understand it, there should be a formal notification to the German authorities. They are clearly dealing with similar moves from America, and it is creating some uncertainty for them. The reverse of that is that if you are bringing people back, there are issues for our local authorities, basing and so on.

Clearly, there are declared potential savings out of this over a period of time, but there are also initial costs. Could you give us some better insight, please, into how that is all working: what the up-front costs would be; what the eventual dividend, as it were, will be; and what is happening in terms of the planning process? It is a very ambitious declaration to have half of them out by 2015 and the whole lot out by 2020.

**Mr Hammond:** I think the strategy for re-basing was clearly set out. Since then, of course, the July statement—*[Interruption.]*

**Chair:** It looks as though we had better suspend the Committee, because, although this is the final topic, we will not be able to get through it in a couple of minutes. On the assumption that there is one vote in the House—

**Mr Brazier:** Does anyone want to vote?

**Mr Hammond:** I think we are on a three-line Whip.

**John Glen:** One line.

**Mr Brazier:** You are not allowed to vote, Secretary of State.

**Chair:** It is true that we are now on a one-line Whip, so unless anybody feels it essential to go and vote, I propose that we carry on. Nobody feels it essential to go and vote.

7 December 2011 Rt Hon Philip Hammond MP

**Mr Havard:** We are balanced up any way.

**Chair:** So let us carry on—

**Ms Stuart:** What would happen if we go and vote?

**Bob Stewart:** Stay there. You can never trust someone who spells their name with a 'u'.

**Mr Havard:** It is highly appropriate at this stage that we are discussing Germany.

**Q102 Chair:** I think we have moved back to the question of Germany. Secretary of State, you were telling us about that.

**Mr Hammond:** The re-basing strategy is now, to some extent, interwoven with the restructuring exercise that the Army is doing. That is a work in progress. The challenge, to which you referred, of finding appropriate accommodation for returning forces is somewhat reduced by the fact that we are now looking at a smaller overall regular force size. None the less, there will be a significant up-front cost in the re-basing exercise, which will deliver, as you said, substantial savings on an ongoing basis in the future. Discussions with local authorities in Germany are, I understand, under way, and have been for some time. Discussions with local authorities in the UK will take place when we have enough information to make them appropriate. I think that in some cases, preliminary discussions have already been held. The key point for us in the UK is that where bases are changing use, we need to try to ensure the minimum possible period of non-occupation, in order to maintain support to local economies, particularly local health and education services. Clearly, it would be very inefficient from a public service point of view if we were to close a base, leave it closed for two years and then seek to repopulate it. That kind of co-ordination with local service providers and local authorities is critical. The Army recognises that and will have proper regard to that in its re-basing exercise that is going on as part of the restructuring review.

**Q103 Mr Havard:** I think we wanted a little more insight into costs and savings. There is a declared eventual dividend—if I can describe it that way—of some £250 million a year; it certainly could save this sum. There may be direct savings to the MoD and there are savings of a different nature, or possibly expenditures, as you say, in the generality of Government expenditure. Can you tell us what the whole broader economic benefit or disbenefit is going to be?

**Mr Hammond:** The figure—I cannot find it in my notes, but I am going from memory—was that we expect there to be an up-front cost in the region of £2 billion, with a continuing saving of around £250 million a year. On a discounted cash flow basis, that is an investment that makes sense.

**Q104 Mr Havard:** May I press you about one area? Clearly, there is a lot of work involved, and we will find out about that as it goes along. The question about training, however, raises itself in terms particularly of the type that is done in Germany. I know that there has been some recent discussion of arrangements with Turkey and possibly other locations, at which certainly heavy armour training and other things might

be involved. Could you tell us some more about the training element in Germany and whether it will then be partly in the UK or elsewhere? How will that be maintained?

**Mr Hammond:** We will have the capability to conduct the necessary training in the UK. You are absolutely right—the week before last, I signed a defence collaboration treaty with the Turkish Republic, which will allow us access to training areas in Turkey. But the expectation is that we can provide all the training requirements in the UK. We already have areas of armoured training capability, and of course we are reducing our armoured capability.

The Germans and the Poles are very keen to host us if we require overseas training facilities, so we are not in any sense being squeezed out of the training grounds in Germany, and we are being invited to use training facilities in Poland. There is a range of options open to us, and the Army will want to maintain flexibility as it looks at which basing options it wishes to select, and then decide on the most cost-effective training solution.

**Q105 Mr Havard:** So we have training UK, training Canada, training Hungary, Poland, Germany and Turkey—a mixture.

**Mr Hammond:** Precisely. Clearly, there are trade-offs. If we are using training facilities overseas, there are transportation costs to take into account. On the other hand, in the case of Germany and Poland, the training facilities already exist, and do not require any capital investment, so we will have to look—

**Q106 Mr Havard:** So it is the garrisoning element that is being taken back to the UK, rather than other elements. Is that it?

**Mr Hammond:** Well, we have no commitment to maintaining the training facilities in Germany, but according to the indications we are getting from the German authorities they would be very happy to continue to host us for training in Germany if that was our—

**Q107 Mr Havard:** So these costs and benefits are to do with those elements, and not the training. There is a separate assessment.

**Mr Hammond:** The costs and benefits are based on the permanent garrison, and withdrawal from Germany of the permanent garrison.

**Q108 Mr Brazier:** Just a quick point on the interplay with the new personnel model to express concern that some of the documents that are floating about seem to be hinting that bringing everyone back to Britain will make life a hell of a lot easier in terms of the Army—everything from people going off to own homes to making spouses' careers easier, and so on. What sort of factors will you take into account in deciding where to put the troops who come home, because not all our existing bases are particularly suitable for either home ownership or spouses' jobs? Catterick comes to mind immediately.

**Mr Hammond:** Those are factors that will weigh in the decision. Spousal employment particularly is an important factor. It is clear to me from an economic

---

**7 December 2011 Rt Hon Philip Hammond MP**

---

and social perspective that if we can cut down the instinct to continually move people around, that would be a big gain. If we can create an environment in which people can expect greater stability, except when they are on operations, than they have had in the past, that would be a benefit to the Army, service personnel and service family life.

**Q109 Mr Brazier:** If I may, I want to ask a quick supplementary on that. Yes, I agree with that for a large part of the forces, but I urge you to recognise that for certain key people—the fast stream among your officers, and some key technical people—maintaining a career structure that is in the interest of the service is likely to continue to involve a lot moving about. An obvious example—

**Chair:** I wonder whether this is a point that you could make to the Secretary of State, as he put it, offline. Bob Stewart.

**Bob Stewart:** I think my point has been covered.

**Q110 Chair:** Unless there are further questions for the Secretary of State, I want first to thank the

Committee for having been concise and disciplined in covering a wide range of questions, and secondly to thank you, Secretary of State. The concerns that I expressed at the beginning about your being new to the job and having spent the last seven weeks travelling around—concerns that you partially echoed—have not been borne out in this evidence session. You have been clear, and clearly in command of your brief after a very short time. We are grateful to you for your evidence.

**Mr Hammond:** Thank you.

**Q111 Chair:** From my point of view—I have not discussed this with the Committee—I think you have done an extremely good job today. Thank you.

**Mr Hammond:** Thank you very much. You are very kind.

---

### Supplementary written evidence from the Ministry of Defence

#### QUESTION 4: PROTECTION OF INTELLECTUAL PROPERTY

We recognise the importance of considering intellectual property rights issues across the portfolio of initiatives we are working on with the French, to ensure we maximise benefit for the UK.

Where we exchange valuable information and technology, this is done mainly through the vehicle of government-to-government Memoranda of Understanding (MOU) between our two countries. These govern cooperation on programmes of mutual interest such as Medium Altitude Long Endurance (MALE) Unmanned Aerial Systems (UAS). The protection and exploitation of our intellectual property (IP) and that of our industry is given consideration from the outset, and evolves as the scope and nature of cooperation becomes more mature. We protect our IP in information and technology primarily under the confidentiality provisions of these MOU.

The Anglo-French Treaty does not deal with the protection of IP as such; it is left to subordinate arrangements such as MOU between the two nations on a case-by-case basis. The UK and France nevertheless recognise that IP, and its protection, is an important and potentially complex area for collaboration, and is often linked to other issues that we and the French consider to be of importance. These include preserving operational advantage and our freedom of action, maintaining a defence industrial base in key technological areas in one or both countries, and maintaining our ability to continue working with allies other than the French.

To support these efforts, we are working on a strategy that will, amongst other things, deal with protecting and exploiting IP around the sectors where collaboration could take place. This will draw upon the strategy that has already been worked up for MALE UAS collaboration, as appropriate. Some work has already been undertaken with France (and other European allies) on the general approach to IP protection and exploitation to be used when contracting with industry. This will aid closer collaboration in the future.

#### QUESTION 25: UNDERTAKING TO LOOK INTO ABSENCE OF DEFENCE DEBATES

Mr Havard asked whether Secretary of State would consider securing a debate on the SDSR as there had not been one for some time. On 26 January 2012, the Chairman of the House of Commons Defence Committee (Rt Hon James Arbuthnot MP) secured a Backbench Business Committee general debate on Defence on progress on the Strategic Defence and Security Review and Defence Reform. Previously, the Chairman had secured a Backbench Business Committee debate on the 16 September 2010 on the SDSR. There were also two debates in Government time on the SDSR on 21 June 2010 and 4 November 2010.

There have also been a number of Adjournment debates in the Chamber and in Westminster Hall secured by hon. Members to draw attention to particular aspects of the defence review. Since the beginning of this parliamentary session, the five days which were previously provided in Government time for Defence debates were given to the Backbench Business Committee as part of their responsibility to allocate.

**QUESTION 67: COMMITTEE WOULD LIKE TO SEE COMPLETE REPORT FROM COUNCIL OF RESERVE FORCES' AND CADETS' ASSOCIATIONS SUBGROUP WHEN SOS RECEIVES IT**

In response to the Future Reserves 2020 Commission's report of July 2011, the Department is now finalising its assessment of the Commission's recommendations, its plans for implementing them and for maintaining delivery of them. Once decisions have been made, we will of course update the House.

**QUESTION 77: REQUEST FOR REGULAR WRITTEN UPDATES ON REGENERATION OF CARRIER CAPABILITY**

We will of course keep the Committee and the House updated on the Carrier programme as it progresses.

March 2012

---



ISBN 978-0-215-04392-4

