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Committee of Public Accounts

Skill shortages in the Armed Forces

Fifty-Ninth Report of Session 2017–19

*Report, together with formal minutes relating
to the report*

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The Committee of Public Accounts

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Summary

In January 2018, the Armed Forces had the largest shortfall of regulars for many years. It has skill shortages in over 100 critical trades. This is a longstanding problem and the Department does not expect to close the shortfall of 8,200 regulars until 2022 at the earliest. So far, the Department states that it has managed to deliver defence operations by prioritising its commitments and placing additional demands on regulars. But this approach is not sustainable in the long-term, particularly as the nature of warfare is evolving rapidly, and the Department increasingly needs more specialist technical and digital skills to respond to threats to national security. It currently has skill shortages in critical trades, including a 23% shortfall in pilot trades; a 26% shortfall in intelligence analyst trades; and a 17% shortfall in engineers. The Department has not developed a coherent plan for closing the existing skill gaps and securing the new skills that it will need. It has relied too much on long-established and conservative approaches, and has been slow to respond to the changing external environment. Its initiatives to improve recruitment have been small-scale and piecemeal, and the changes to regulars' terms and conditions have not yet helped retention. The Department needs to: develop and implement a strategy to close existing skill gaps and secure the new skills that it needs; make better use of the extensive data it collects to understand the causes of shortfalls in critical trades; and exploit more innovative approaches to recruiting and retaining people with specialist skills.

Introduction

The Armed Forces need sufficient skilled personnel to meet the Government's defence objectives and respond to the rapidly changing threats to the UK. The Ministry of Defence (the Department) is considering the capabilities and skills needed within the Armed Forces to meet these threats. However, in January 2018 it had 137,300 trained regulars, 8,200 (or 5.7%) fewer than it needed, and it will increasingly need more regulars with technical and digital skills. It faces external competition to recruit and retain the specialist skills that it needs at a time when it is already managing significant financial pressures. In 2016–17, the Department spent £9.6 billion on military personnel, which is 27% of the overall defence budget. Economic, social, cultural and demographic changes within the United Kingdom also mean that the Department must think differently about how it recruits and retains personnel. It therefore faces significant challenges in developing the skilled personnel it needs to meet the future ambitions for the Armed Forces and exploit its investment in new equipment.

Conclusions and recommendations

1. **The Department does not have a clear view on how it will secure and retain the skills it needs in the future.** As part of the Modernising Defence Programme review now under way, the Department is assessing the changing demands of modern warfare and the need to enhance its skills in technical and digital areas, including cyber specialists. The new demands are likely to add to the pressure to increase the strength of trades that currently have shortfalls. For example, in April 2017, the Department already had a 26% shortfall of regulars in its Intelligence Analyst trades. While the Department states that it has so far managed to deliver its defence tasks, the existing skill shortages and new requirements create potential operational risks if the Department needs to ‘scale-up’ the Armed Forces at pace. The Department has not developed a coherent plan to close the shortfalls and respond to new requirements, or undertaken a strategic analysis of its ability to attract and keep the skilled personnel it needs. A challenging external environment, including national skill shortages in areas such as engineering, means that the Department faces strong competition from other government bodies and the private sector to recruit specialist skills. There could also be an impact on the Armed Forces should Brexit further increase demand for scarce skills in the UK.

Recommendation: *Following publication of the Modernising Defence Programme in Summer 2018, the Department should develop and implement a workforce strategy to close existing skill gaps and secure the new skills that it needs. This should include an assessment of its ability to compete in recruitment markets for more specialist skills, particularly in the light of the UK’s exit from the European Union.*

2. **The Department has an inadequate understanding of how Commands use their workforce budgets and whether they make informed investment decisions.** The Royal Navy, Army and Royal Air Force (the Commands) have flexibility over the use of their workforce budgets—funding for pay, recruitment and training—to deliver agreed defence tasks. The Commands have each had a shortfall of regulars for many years, and so they have been able to re-allocate some of their workforce budgets for other purposes, such as equipment maintenance. The Department’s Head Office estimates that Commands did not use £261 million of their allocated workforce budgets in 2017–18, but does not know how else this funding was used. This lack of visibility limits Head Office’s ability to understand the impact of Command underspends on longer-term skill development, or to consider whether the Commands are making informed investment decisions; for example, around the level of their expenditure on marketing and training, or use of recruitment or retention payments. As the Department has to fund pay increases or financial incentives from within the Defence budget, a better understanding would enable a fuller assessment of the trade-offs.

Recommendation: *The Department’s Head Office should look closely at Commands’ use of workforce-related funding, including expenditure on marketing, recruitment and training. It should establish a bi-annual process to*

review—with Commands—how workforce funding is being used, learn from best practice and ensure Commands are making informed investment decisions to develop the skills they need in the future.

3. **The Department has not done enough to understand fully the causes or impacts of skills gaps in critical trades.** In April 2017, the Department had 102 trades with insufficient numbers of skilled personnel available to fulfil defence tasks without placing additional demands on regulars already in post. In these 102 trades, the aggregate number of regulars was 18% below the requirement. This included a 23% shortfall in pilot trades; a 26% shortfall in intelligence analyst trades; and a 17% shortfall in engineers. As a result, the Commands have to cancel leave or training to maintain operations, potentially reducing morale and making regulars less willing to remain in the Armed Forces. The level of ‘voluntary outflow’ in these trades was often higher than the overall rate for the Armed Forces; for example, five trades had a voluntary outflow in excess of 15% in the 12 months to December 2017. More generally, morale has also worsened, with 67% of regulars describing it as ‘low’ in 2018 compared to 33% in 2010. The Department understands the main reasons why people leave the Armed Forces, but has not yet systematically assessed its data to understand fully whether there are specific issues in those trades with more significant shortfalls. There is no mandatory requirement to complete exit interviews, and the data is too generalised to provide senior management with a timely and detailed view on specific trades. The Department has begun to explore the potential to make greater use of data analytics, but needs to do more.

Recommendations:

The Department should write to the Committee by December 2018 to explain how it is systematically exploiting its data to analyse the causes of shortfalls in pinch-point trades and better understand the strain its demands are placing on regulars.

It should develop a more structured approach to exit interviews, which should be mandatory, including proper analysis of the data collected. It should also maintain a database of regulars with key skills who have left in order to make it easier to reconnect.

4. **The Department’s Head Office lacks the powers it needs to drive a strategic approach to workforce planning and tackle cross-Command shortfalls.** Under the Department’s delegated model, the Chief of Defence People (CDP) role does not have the authority to direct Commands or tackle workforce capability issues that require a cross-Command or longer-term response. The Department has not assessed whether its existing workforce policies will enable it to meet the future demand for new skills, or fully evaluated the impact on the retention of regulars of the workforce change programmes, which have been underway since 2010. This has limited its ability to tackle enduring and cross-cutting skill shortages, and develop the skills it will need to meet its future operational demands. As part of the Modernising Defence Programme, the Department is looking to enhance the CDP’s role to provide more authority over workforce policy, greater standardisation across Commands, and improve Head Office’s oversight.

Recommendation: *The Department should write to the Committee by December 2018 to explain what it has done to increase the authority and powers of the Chief of Defence People, and develop a more strategic approach to workforce planning between the Department's Head Office and the Commands.*

5. **The Department has not thought radically enough about how to adapt its existing approach to find innovative ways of recruiting people with specialist skills.** The Department has relied primarily on its traditional 'base-fed' workforce model whereby the Commands recruit regulars at the lowest ranks and provide training to develop their skills and experience over time. Although there will always be a need for the 'base-fed' approach, it can take many years to develop the skills that are needed. Commands have significant shortages in critical trades and thousands of vacant posts, and do not expect to close the shortfall of regulars until at least 2022. The Commands have introduced a range of initiatives to help address the shortfalls, and the Department is looking, for example, to develop a new career structure for cyber specialists. But these initiatives have been small-scale or are still under development; for example, the Department has recruited only 50 people through its 'lateral entry' (direct recruitment into more senior roles) schemes. The Department's Head Office has not properly evaluated the success of Commands' initiatives or explored the potential to roll them out more widely and at pace. The Department accepts the need to explore more innovative ways of attracting recruits and to expand initiatives, such as lateral entry, across more trades. It also recognises the need to change the culture within the Armed Forces to encourage the adoption of more radical solutions.

Recommendation: *The Department should urgently assess the potential to expand Commands' innovative approaches to recruitment and retention, including the use of financial incentives, flexing entry requirements and the re-designation of roles. It should also examine how to overcome procedural barriers to increase the speed at which it can roll-out initiatives when they prove successful. The Department should write to the Committee by December 2018 with an update on its approach.*

6. **In a rapidly changing world, the Department has not sufficiently adapted its recruitment processes to engage effectively with different groups in society.** The Commands have missed their recruitment targets for the last three years. In aggregate, in 2016–17, they recruited 4,200 regulars fewer than their annual targets. It routinely takes six to nine months to complete the recruitment process, which results in people dropping out and delays in getting new recruits into the Armed Forces. The Secretary of State has recently set a target to reduce the time to three months. The Department is also missing its targets for recruiting women, and people from Black, Asian and Minority Ethnic (BAME) communities. In the 12 months to September 2017, 12.2% of the intake was female, compared to a target of 15%, and 9.2% of recruits were from BAME communities, compared to a 10% target. These targets are also only for new recruits, rather than for actual representation across the Armed Forces. The Department has undertaken many initiatives to generate interest in a career in the Armed Forces. For example, it takes part in the STEM engagement scheme with other government departments and works with schools and cadets.

However, it could not identify the level of investment in these recruitment activities, and had not assessed the potential benefits of its approaches to targeting different sections of society or people with the skills it needs.

Recommendation: *The Department should ensure that its skills strategy sets out a credible approach to increasing interest in a career in the Armed Forces from among a broader base of society. This should also include a communications plan—based on research—to generate interest from more diverse groups in society and from among those who have previously served in the Armed Forces.*

1 Understanding the causes and consequences of shortfalls

1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the Ministry of Defence (the Department) on its understanding of the causes and consequences of the skill shortages in the Armed Forces, and its approach to attracting and retaining the skills that it needs.¹

2. The Department is responsible for delivering the government's defence objectives, set out most recently in the 2015 Strategic Defence and Security Review. The Review set targets to maintain the number of regulars in the Army and to make small increases in the size of the Royal Navy and Royal Air Force. However, as at January 2018, the Armed Forces had 137,300 trained regulars, 5.7% (or 8,200) below its requirement. Shortfalls have persisted for some years and the Department does not expect to close them until 2022 at the earliest. The aggregate headcount figure masks much more significant shortfalls in the number of regulars with certain critical skills, including a 23% shortfall in pilot trades; a 26% shortfall in intelligence analyst trades; and a 17% shortfall in engineers.²

3. In 2016–17 the Department spent £9.6 billion of its defence budget on military personnel (27%). It forecasts this will rise to £10.3 billion by 2020–21. At the same time, the Department faces significant financial pressures; for example, it needs to find savings of at least £8.1 billion on its Equipment Plan by 2027 and has a minimum shortfall of £8.5 billion over the next 30 years on the defence estate. It therefore faces a significant challenge in developing the skilled personnel it needs to meet the future ambitions for the Armed Forces and exploit its investment in new equipment.³

Identifying the changing skill requirements

4. In January 2018, the shortfall in the number of regulars in the Armed Forces was the largest in percentage terms since 2010. There are 22 trades in which shortfalls could have a detrimental impact on operations if the Commands were not regularly placing additional demands on regulars to maintain operations.⁴ The Department assured us that the skill gaps have not affected its operational capability.⁵ It has prioritised defence operations and moved personnel between roles as necessary; for example, some pilots have returned from staff jobs to squadrons engaged in active operations.⁶ The Department acknowledged, however, that it has to make choices, and that the skill shortages can at times affect its ability to undertake activities such as training.⁷

5. As part of the Modernising Defence Programme review currently underway, the Department is assessing the changing demands of modern warfare and the need to enhance its capabilities.⁸ We asked the Department how it was assessing its ability to attract the new skills it requires, particularly in specialist areas. It acknowledged the difficulties of

1 C&AG's Report, *Ensuring sufficient skilled military personnel*, Session 2017–19, HC 947, 18 April 2018

2 C&AG's Report, paras 1, 2, 2.5

3 C&AG's Report, para 3

4 C&AG's Report, paras 12, 1.8

5 Qq 42, 44

6 Q 112

7 Q 44

8 Q 58; C&AG's Report, para 2.8

attracting more people with, for example, cyber skills.⁹ It is retraining personnel already in the Armed Forces, as well as considering the best way to recruit new people with these skills.¹⁰ The Department told us that it had the flexibility it needed to pay an appropriate rate, and there were other reasons, such as the nature of its work, which influenced the willingness of some people to join the Armed Forces.¹¹

6. The National Audit Office found that the demand for new skills is likely to add to pressures in trades which already have shortfalls. For example, in April 2017, the Department had 11 ‘pinch points’ (trades where there are not enough trained regulars to perform operational tasks without taking mitigating action) across the intelligence analyst trades, with a shortfall of 26% of the required number of regulars.¹² We asked the Department how it was responding to the increasing competition for specialist skills. It recognised the changing demands and the need to move quickly to keep pace with changes in technology. The Permanent Secretary said he had not met any senior military officers who did not understand the challenges, but changing the culture of their organisations would not happen without concerted leadership. The Chief of Defence People said it would also take time to develop appropriate policies and secure funds.¹³ However, the Department has not undertaken a longer-term strategic analysis of the trades with shortfalls or its ability to meet the changing demands for new skills. And it has not systematically assessed whether its existing policies and structures will enable it to attract and develop the skills it needs in the future, or developed a strategy to address the shortages.¹⁴

7. Around 30% of the Armed Forces are engineers and technicians, and the Department competes with industry for engineering skills, which are in short supply. Because of this, the Government more generally has recognised the need to encourage young people to study science, technology, engineering and mathematics (STEM) subjects.¹⁵ We recently reported on the efforts of the Department for Education and the Department for Business Energy & Industrial Strategy to improve the supply of STEM skills in the workforce.¹⁶ Although the Department is involved in youth engagement, and in forming closer links with universities, we were surprised that the Department told us in oral evidence that it had not assessed the impact of leaving the European Union on its ability to recruit and retain the skills it needs. The Department subsequently wrote and informed us that a working level assessment had been undertaken of the potential impact of Brexit on Armed Forces recruitment and retention. The assessment concluded that whilst Brexit was unlikely to have a direct impact on military recruitment because of nationality requirements, it could indirectly affect Armed Forces’ recruitment and retention if it increased demand for scarce skills in the UK.¹⁷

9 Qq 58–60

10 Q 61

11 Qq 35, 59

12 C&AG’s Report, para 11

13 Qq 151–153

14 C&AG’s Report, para 14

15 C&AG’s Report, Figure 19

16 Committee of Public Accounts, [Delivering STEM skills for the economy](#), Session 2017–19, HC 691, 22 June 2018

17 Qq 37–41; 130; Letter from Stephen Lovegrove, 15 June 2018

Making informed investment decisions

8. We asked the Department whether it had sufficient funding to close the shortfall of regulars. It told us that it faces a tight financial position and must make trade-offs within the £36 billion a year defence budget to deliver the operational capability that it requires.¹⁸ For example, in considering the case for a pay increase for personnel, the Department will assess the adjustments needed elsewhere in its budget against factors such as the morale of the Forces and the potential impact on the recruitment and retention of personnel.¹⁹ However, the Department's 2017 survey of regulars showed that satisfaction with pay and pension benefits was at an all-time low.²⁰

9. Under the Department's delegated model, the Commands can make choices over the use of their workforce budgets—including funding for pay, recruitment and training—to deliver agreed defence tasks.²¹ The Defence Board monitors Commands' expenditure and performance each month, and considers the risks across defence operations. Commands are required to operate within their budgets, balancing areas of over-spend and under-spend. However, in 2017–18, the Commands did not spend £261 million of funding that was originally allocated for personnel. We asked specifically what else these funds had been spent on but the Department was unable to tell us how it had been re-allocated.²² We were concerned that, without a clear view on the use of this funding, the Department is not able to assess the value-for-money of investment decisions made to address skills gaps; for example, the rationale for spending more on recruitment or training regulars. The Department accepted the need to improve its financial management, and is seeking to strengthen the role of its Head Office in this area.²³

Understanding the causes of skill gaps

10. In April 2017, the Department identified 102 trade groups in which it had insufficient trained regulars to perform operational tasks without taking mitigating actions. These are known as 'pinch points'. Between them, these trades had a shortfall of 7,700 regulars, 18% below the required number. As a result, the Commands have regularly cancelled leave or training to maintain operations.²⁴ Half of the pinch points are in senior ranks and it takes the Armed Forces many years to develop the experienced military personnel they need.²⁵

11. The shortfalls result from a combination of lower than expected recruitment, and the rate at which regulars leave the Armed Forces.²⁶ The Commands have missed their recruitment targets for the last three years. In September 2017, the Army was 31% below its target, the Navy 16% below and the RAF 8% below.²⁷ The proportion of people leaving the Armed Forces voluntarily has increased from 3.8% in March 2010 to 5.6% in December 2017. The level of 'voluntary outflow' in some of the pinch-point trades was much higher, with the figure above 15% in five of the trades.²⁸ The numbers of personnel leaving can be

18 Q 74

19 Q 2

20 C&AG's Report, para 3.9

21 C&AG's Report, para 3.10

22 Qq 76–79, 81

23 Qq 81; 83–85

24 C&AG's Report, paras 2.2–2.4, 2.15

25 Q 104

26 Q 15; C&AG's Report, para 2.10

27 C&AG's Report, para 16, 2.10

28 Q 103; C&AG's Report, Paras 1.10, 3.14

affected by the availability of external job opportunities, and the Department told us it felt that it was doing well to restrict outflow to this level, given the strength of the economy.²⁹ The retention of regulars is, though, also affected by their satisfaction with their terms and conditions. The Department's survey of Armed Forces personnel in 2017 showed that satisfaction with pay, service life and accommodation had all declined since 2010 and were at their lowest recorded levels.³⁰ In addition, 67% of regulars rated morale as 'low' in 2018, compared with 33% in 2010.³¹

12. The Department told us that the low unemployment rate for 16–24 year olds and the increasing number of people staying in full-time education has reduced the size of the pool from which the Armed Forces traditionally recruit. The changing expectations among younger people about their careers can also make them less willing to commit to a life in the Armed Forces. There are also national skill shortages in some trades from which the Department is seeking to recruit, such as engineering.³²

13. The Department understands the types of skills where it has shortages.³³ It also collects data to understand the causes of shortfalls, and why people want to join or leave the Armed Forces, including through exit interviews and its annual Armed Forces Continuous Attitude Survey. It draws on this data to make policy decisions and design change programmes to drive improvements in the recruitment and retention of regulars. However, the Department accepted that much of this data is of a general nature and it needs to improve its data analysis, including that related to the particular challenges around specialist skills.³⁴ It also told us that it needed to consolidate data from the Commands and make greater use of data analytics to assess future skill shortages.³⁵ It aims to ensure its Head Office has the ability to identify and respond quickly to address cross-Command capability and recruitment problems.³⁶

29 Q103

30 C&AG's Report, Figure 16

31 C&AG's Report, para 2.18 and UK Armed Forces Continuous Attitude Survey Results, published 24 May 2018

32 Qq 15, 108

33 Q 25

34 Qq 51–52

35 Q 25, 52

36 Q 53

2 Tackling the skills gaps

Developing a strategic centre

14. Under the Department's delegated model, the Commands are responsible for developing the capabilities they need, including recruiting, training and managing their workforce. The Department's Head Office develops the defence strategy and establishes the framework of personnel policies that Commands operate within.³⁷ The Department's approach to strategic planning, which involves input from the Commands, assesses the capabilities and skills needed to deliver defence tasks and operate its equipment. It assured us it does as much planning as possible, although the changing nature of threats means it does not always get this right. The Department is currently re-assessing the military threats through the Modernising Defence Programme work and, increasingly, is focusing on the particular skills that it needs as much as the overall size of the Armed Forces.³⁸

15. The Department's Head Office has responded to the workforce shortfalls and skill shortages by introducing a series of changes to its workforce policies.³⁹ Its change programme, which has been running since 2010, is designed to improve recruitment and retention, and introduce more up to date support for service personnel.⁴⁰ In July 2017, the Department concluded it was too early to identify the programme's impact. The National Audit Office noted, however, that the changes have not yet improved recruitment or retention, and regulars' satisfaction with pay, service life and accommodation were at the lowest levels recorded.⁴¹

16. We asked the Department about strengthening central coordination of personnel matters.⁴² The Chief of Defence People (CDP) is the defence authority for personnel, but currently the role does not have authority over the Commands. As a result, CDP has not been able to tackle recruitment or capability issues that require cross-Command, longer-term or structural responses.⁴³ As part of the Modernising Defence Programme, the Department is seeking to strengthen the role of the CDP to provide greater authority over workforce policy, strategy and procedures. It intends to develop more standardisation and conformity over approaches to recruitment and training, and improve Head Office oversight of workforce capability issues.⁴⁴

Adopting more radical approaches to addressing skill shortages

17. The Department's shortfall of regulars is the largest for many years, and it does not expect to achieve its target of 144,200 trained regulars by 2020.⁴⁵ The shortfall of regulars has left thousands of gaps in the ranks that Commands have been unable to fill.⁴⁶ The

37 C&AG's Report, paras 3.2–3.4

38 Qq 65–67

39 Q 17

40 C&AG's Report, para 4.3

41 C&AG's Report, paras 4.7–4.9

42 Q 86

43 C&AG's Report, para 3.5

44 Q 86

45 Qq 18, 19 and C&AG's Report, para 1.9

46 C&AG's Report, para 3.15

Department expects to close the skill shortages in just six of the 102 ‘pinch-point’ trades over the next five years, with the impact of the skill shortages actually worsening in 23 trades.⁴⁷

18. The Armed Forces have relied primarily upon on a base-fed model to recruit regulars. This involves recruiting people into the lowest ranks and developing their skills and experience over time. We were concerned that this model no longer enabled the Department to close the shortfalls and respond quickly enough to meet new demands for specialist skills. The Department maintained that the base-fed model was fundamental to the way it develops the skills that are needed in the Armed Forces. It can, however, take years to develop the experience and professionalism needed to undertake military operations and operate complex equipment; for example, around 12 years to train a Chief Petty Officer.⁴⁸

19. The Department recognised the need to enhance its traditional approach to improve its ability to develop the skills it needs.⁴⁹ It has introduced several new recruitment initiatives, although many remain at an early stage and are being rolled out on a small-scale.⁵⁰ It has, for example, made changes to the medical requirements for joining the Armed Forces, which it hopes will increase the number of recruits reaching phase one training.⁵¹ It has also introduced rejoiner initiatives, such as LinkedIn campaigns, which are benefitting trades in the Army and RAF, including pilots.⁵² The Department is looking to increase ‘lateral (or mid-career) entry’ as much as possible, although it told us that this is not appropriate for resolving all skill shortages.⁵³ The Department is establishing arrangements with industry, such as the civil nuclear sector, to enable people to move more freely between the Armed Forces and private sector firms.⁵⁴ It has also introduced a new pay model to provide more flexibility to pay supplements in trades with shortfalls.⁵⁵

20. We questioned whether the Department’s approach to recruitment was radical enough to fill the skill shortages in a rapidly changing external environment; for example, for cyber skills professionals. The Department is developing a new long-term career structure specifically in this field, reviewing the entry requirements and considering whether these posts need to be military roles.⁵⁶ It is also seeking to ensure that its IT business is properly organised and is working with the Cabinet Office on its digital, data and technology (DDaT) initiative, which provides some flexibilities on levels of pay it can offer.⁵⁷

21. We asked the Department how it evaluated its recruitment initiatives to establish which schemes to expand. It referred to a number of activities, such as its review of the “leave well, rejoin well” campaign, but did not provide us with evidence of a systematic approach to evaluation or the scale of its initiatives.⁵⁸ The National Audit Office reported

47 C&AG’s Report, para 2.16

48 Qq 109, 110

49 Q 109

50 C&AG’s Report, para 17

51 Qq 124–137

52 Qq 127, 134

53 Q 110. ‘Lateral entry’ means direct recruitment into specialist or more senior regular roles.

54 Q 26

55 Q 30

56 Q 115

57 Q 27

58 Qq 125–132, 134–137

that the Department could identify only 50 new recruits through lateral entry programmes.⁵⁹ The Department recognised that some of its initiatives to improve recruitment and retention have not worked as well as it hoped, and agreed it must find more effective ways of recruiting technical people and expanding lateral entry.⁶⁰ The Department recently established a £3 million fund for an innovation competition, and has received 91 bids from 80 companies, proposing innovative ways of recruiting and retaining the skills it needs.⁶¹

Recruiting from different groups in society

22. Over the last three years the Commands have missed their recruitment targets. In 2016–17, they recruited an aggregate of 4,200 regulars fewer than their targets. The Department recognised that it takes too long to recruit new personnel and it loses too many people during the recruitment process. It is reviewing its approach to reduce the amount of time it takes.⁶² The Secretary of State has set a target to reduce the time to recruit from six to nine months to three months.⁶³ The Commands are seeking to develop closer relationships with recruits who want to join, using a range of means (‘nudge tactics’) to encourage them to stay in the recruitment process.⁶⁴

23. The Department recognises the importance of the Armed Forces reflecting the make-up of the society that they serve.⁶⁵ The Commands are reviewing how they communicate with different groups in society and have tried to build relationships with Black, Asian and Minority Ethnic (BAME) communities to increase interest in joining the Forces. But the Department told us that it takes time to engage with all communities.⁶⁶ In the 12 months to September 2017, 9.2% of recruits were from BAME communities, compared to a 10% target. However, the Royal Navy and Royal Air Force are well below their targets for recruiting people from BAME communities.⁶⁷ The Department considers the Army has had more success in recruiting people from BAME communities because it has a longer tradition of recruiting outside the usual communities; for example, there are 3,500 Gurkhas, who serve as role models for communities which do not have a tradition of joining the Forces.⁶⁸ The Department accepted, though, that it needs to do more analysis of the recruitment and training processes to ensure that it does not lose so many people from these backgrounds.⁶⁹

24. The Department also has a target that, by 2020, at least 15% of its intake will be women but achieved 12.2% in the 12 months to September 2017. The Royal Navy and Army have not yet achieved this recruitment target.⁷⁰ The target also does not cover the overall level of representation in the Armed Forces, but the Department told us that it plans to publish its level of ambition for gender representation—as a proportion of the size of the force—up to 2030. The Army also plans to open up all roles to women as, to date,

59 C&AG’s Report, para 3.20

60 Qq 110, 148–149, 151, 153

61 Q 115

62 Q 68; C&AG’s Report, para 3.16

63 Q 69, 126

64 Q 68

65 Q 68

66 Q 87

67 Q 87; C&AG’s Report, para 1.11

68 Q 88

69 Q 68

70 C&AG’s Report, para 1.11

they have not been able to take infantry roles.⁷¹ It also told us that it regularly consults with the forces of other countries, UK government departments and the Police to identify best practice in building a more balanced gender and ethnic representation.⁷²

25. The Department undertakes a range of activities to increase interest in a career in the Armed Forces. It launched the STEM youth engagement scheme to attract school pupils, particularly 12–13 year olds and young girls, into STEM-based subjects. The Department is also working with the Department of Education and the Department for Business, Energy and Industrial Strategy to increase the pool of people with STEM-based skills.⁷³

26. The Department was able to provide data on recruitment expenditure.⁷⁴ It could not, however, explain to the Committee whether increased investment would provide value for money. In addition, it was not able to provide a clear view on whether increased investment in other areas such as bursaries or cadets would be cost effective in improving recruitment. The Department has spent an average of £92 million over the last seven years on reserve forces and cadet associations.⁷⁵ It told the Committee that cadets who enter the Forces tend to stay longer and do better than other recruits, but it does not collect data on the proportion of cadets entering the Armed Forces. It estimated that this was around 5%.⁷⁶

71 Q 89–92

72 Q 93

73 Q 94

74 Letter from Stephen Lovegrove to Meg Hillier 15 June 2018

75 The Ministry of Defences' Annual Report and Accounts 2010–11 to 2016–17

76 Q 96; Letter from Stephen Lovegrove to Meg Hillier 15 June 2018

Formal minutes

Wednesday 18 July 2018

Members present:

Meg Hillier, in the Chair

Bim Afolami

Gillian Keegan

Sir Geoffrey Clifton-Brown

Bridget Phillipson

Caroline Flint

Draft Report (*Skill shortages in the Armed Forces*), proposed by the Chair, brought up and read.

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

Paragraphs 1 to 26 read and agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

Summary agreed to.

Resolved, That the Report be the Fifty-Ninth of the Committee to the House.

Ordered, That the Chair make the Report to the House.

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

[Adjourned till Wednesday 5 September at 2:00pm]

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Monday 4 June 2018

Question number

Stephen Lovegrove, Permanent Secretary, Ministry of Defence; Lieutenant General Richard Nugee, Chief of Defence People, Ministry of Defence; and Air Vice-Marshal Richard Knighton, Assistant Chief of Defence Staff (Capability and Force Design), Ministry of Defence

[Q1-155](#)

List of Reports from the Committee during the current session

All publications from the Committee are available on the [publications page](#) of the Committee's website. The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2017–19

First Report	Tackling online VAT fraud and error	HC 312 (Cm 9549)
Second Report	Brexit and the future of Customs	HC 401 (Cm 9565)
Third Report	Hinkley Point C	HC 393 (Cm 9565)
Fourth Report	Clinical correspondence handling at NHS Shared Business Services	HC 396 (Cm 9575)
Fifth Report	Managing the costs of clinical negligence in hospital trusts	HC 397 (Cm 9575)
Sixth Report	The growing threat of online fraud	HC 399 (Cm 9575)
Seventh Report	Brexit and the UK border	HC 558 (Cm 9575)
Eighth Report	Mental health in prisons	HC 400 (Cm 9575) (Cm 9596)
Ninth Report	Sheffield to Rotherham tram-trains	HC 453 (Cm 9575)
Tenth Report	High Speed 2 Annual Report and Accounts	HC 454 (Cm 9575)
Eleventh Report	Homeless households	HC 462 (Cm 9575) (Cm 9618)
Twelfth Report	HMRC's Performance in 2016–17	HC 456 (Cm 9596)
Thirteenth Report	NHS continuing healthcare funding	HC 455 (Cm 9596)
Fourteenth Report	Delivering Carrier Strike	HC 394 (Cm 9596)
Fifteenth Report	Offender-monitoring tags	HC 458 (Cm 9596)
Sixteenth Report	Government borrowing and the Whole of Government Accounts	HC 463 (Cm 9596)
Seventeenth Report	Retaining and developing the teaching workforce	HC 460 (Cm 9596)

Eighteenth Report	Exiting the European Union	HC 467 (Cm 9596)
Nineteenth Report	Excess Votes 2016–17	HC 806 (Cm 9596)
Twentieth Report	Update on the Thameslink Programme	HC 466 (Cm 9618)
Twenty-First Report	The Nuclear Decommissioning Authority's Magnox	HC 461 (Cm 9618)
Twenty-Second Report	The monitoring, inspection and funding of Learndirect Ltd.	HC 875 (Cm 9618)
Twenty-Third Report	Alternative Higher Education Providers	HC 736 (Cm 9618)
Twenty-Fourth Report	Care Quality Commission: regulating health and social care	HC 468 (Cm 9618)
Twenty-Fifth Report	The sale of the Green Investment Bank	HC 468 (Cm 9618)
Twenty-Sixth Report	Governance and departmental oversight of the Greater Cambridge Greater Peterborough Local Enterprise Partnership	HC 896 (Cm 9618)
Twenty-Seventh Report	Government contracts for Community Rehabilitation Companies	HC 897 (Cm 9618)
Twenty-Eighth Report	Ministry of Defence: Acquisition and support of defence equipment	HC 724 (Cm 9618)
Twenty-Ninth Report	Sustainability and transformation in the NHS	HC 793 (Cm 9618)
Thirtieth Report	Academy schools' finances	HC 760 (Cm 9618)
Thirty-First Report	The future of the National Lottery	HC 898 (Cm 9643)
Thirty-Second Report	Cyber-attack on the NHS	HC 787 (Cm 9643)
Thirty-Third Report	Research and Development funding across government	HC 668 (Cm 9643)
Thirty-Fourth Report	Exiting the European Union: The Department for Business, Energy and Industrial Strategy	HC 687 (Cm 9643)
Thirty-Fifth Report	Rail franchising in the UK	HC 689 (Cm 9643)
Thirty-Sixth Report	Reducing modern slavery	HC 886 (Cm 9643)
Thirty-Seventh Report	Exiting the European Union: The Department for Environment, Food & Rural Affairs and the Department for International Trade	HC 699 (Cm 9643)
Thirty-Eighth Report	The adult social care workforce in England	HC 690 (Cm 9667)
Thirty-Ninth Report	The Defence Equipment Plan 2017–2027	HC 880 (Cm 9667)

Fortieth Report	Renewable Heat Incentive in Great Britain	HC 696 (Cm 9667)
Forty-First Report	Government risk assessments relating to Carillion	HC 1045 (Cm 9667)
Forty-Second Report	Modernising the Disclosure and Barring Service	HC 695 (Cm 9667)
Forty-Third Report	Clinical correspondence handling in the NHS	HC 929
Forty-Fourth Report	Reducing emergency admissions	HC 795
Forty-Fifth Report	The higher education market	HC 693
Forty-Sixth Report	Private Finance Initiatives	HC 894
Forty-Seventh Report	Delivering STEM skills for the economy	HC 691
Forty-Eighth Report	Exiting the EU: The financial settlement	HC 973
Forty-Ninth Report	Progress in tackling online VAT fraud	HC 1304
Fiftieth Report	Financial sustainability of local authorities	HC 970
Fifty-First Report	BBC commercial activities	HC 670
Fifty-Second Report	Converting schools to academies	HC 697
Fifty-Third Report	Ministry of Defence's contract with Annington Property Limited	HC 974
Fifty-Fourth Report	Visit to Washington DC	HC 1404
Fifty-Fifth Report	Employment and Support Allowance	HC 975
Fifty-Sixth Report	Transforming courts and tribunals	HC 976
Fifty-Seventh Report	Supporting Primary Care Services: NHS England's contract with Capita	HC 698
Fifty-Eighth Report	Strategic Suppliers	HC 1031
Sixtieth Report	Ofsted's inspection of schools	HC 1029
First Special Report	Chair of the Public Accounts Committee's Second Annual Report	HC 347
Second Special Report	Third Annual Report of the Chair of the Committee of Public Accounts	HC 1399