

Welsh Affairs Committee

The Armed Forces and Defence Industry in Wales (HC 128)

Published 4 November 2019

Contents

Summary	3
Basing and locations of personnel	3
Recruitment and Capita contract	3
Wales and the Defence Industry	4
Chapter 1: Introduction	5
The Armed Forces presence in Wales	5
Military personnel and recruitment	6
Wales and the Defence Industry	9
Our inquiry	10
Chapter 2: Basing and locations of personnel	11
Impact of proposed base closures on Wales	11
Future location of regiments	13
Location of Welsh combat units	14
Proportion of the defence footprint in Wales	16
MOD St Athan	18
Chapter 3: Recruitment and Capita contract	21
Decline of recruitment to armed forces	21
Failings of Capita contract to recruit personnel	23
Closure of recruitment centres across Wales	24
Approaches to recruitment	27
The use of the Welsh language in recruitment	28
Chapter 4: Wales and the Defence Industry	30
Procurement programmes in Wales	30
The Equipment Plan	34
Chapter 5: Conclusion	36
Formal Minutes	37

Summary

We have considered the contribution Wales makes to the UK's defence. We have looked closely at where units are based now and in the future, how people in Wales are recruited, and the strength of the defence industry in Wales.

Basing and locations of personnel

The UK Government should ensure that Wales has a fair share of military presence, broadly in proportion to its population. It should provide certainty about any proposed changes to the location of units and minimise the impact on the Welsh economy and local communities.

Our main findings and recommendations to the UK Government are:

- The UK Government should work with the Welsh Government to ensure that base closures do not result in a reduction of the defence footprint in Wales.
- Decisions about the relocation of regiments currently based in Wales must be confirmed very soon, and the possibility of relocating at least one of the Welsh combat units from England to Wales should be explored.
- The UK and Welsh Governments must urgently provide clarity about future plans for MOD St Athan, and reverse the decision to relocate the RAF Training School.

Recruitment and Capita contract

Steps should be taken to monitor the recruitment and retention of people from Wales to the Armed Forces. Following the closure of recruitment centres across Wales, the merits of different approaches to recruitment should also be explored, as should any Welsh-language support.

Our main findings and recommendations to the UK Government are:

- The UK Government should set specific recruitment targets for Wales and track performance against these targets.
- Lessons should be learned from the problems faced with the Capita contract, and any improvements must be implemented across Wales.
- Steps should be taken to reduce the distance that applicants to the Army have to travel, including the use of hubs and temporary centres in all areas of Wales.

Wales and the Defence Industry

The defence industry in Wales is successful, thanks in part to the strong partnerships with the UK and Welsh Governments. Steps should nevertheless be taken to ensure the sustainability of the sector in Wales, especially as savings are required in implementing the Equipment Plan.

Our main findings and recommendations to the UK Government are:

- The UK Government should make the bidding processes for contracts less complex and provide more support, especially for SMEs.
- The UK Government must ensure that any decisions about the wider defence footprint in Wales do not impact negatively on any projects that have been awarded to businesses and supply chains in Wales.

Chapter 1: Introduction

The Armed Forces presence in Wales

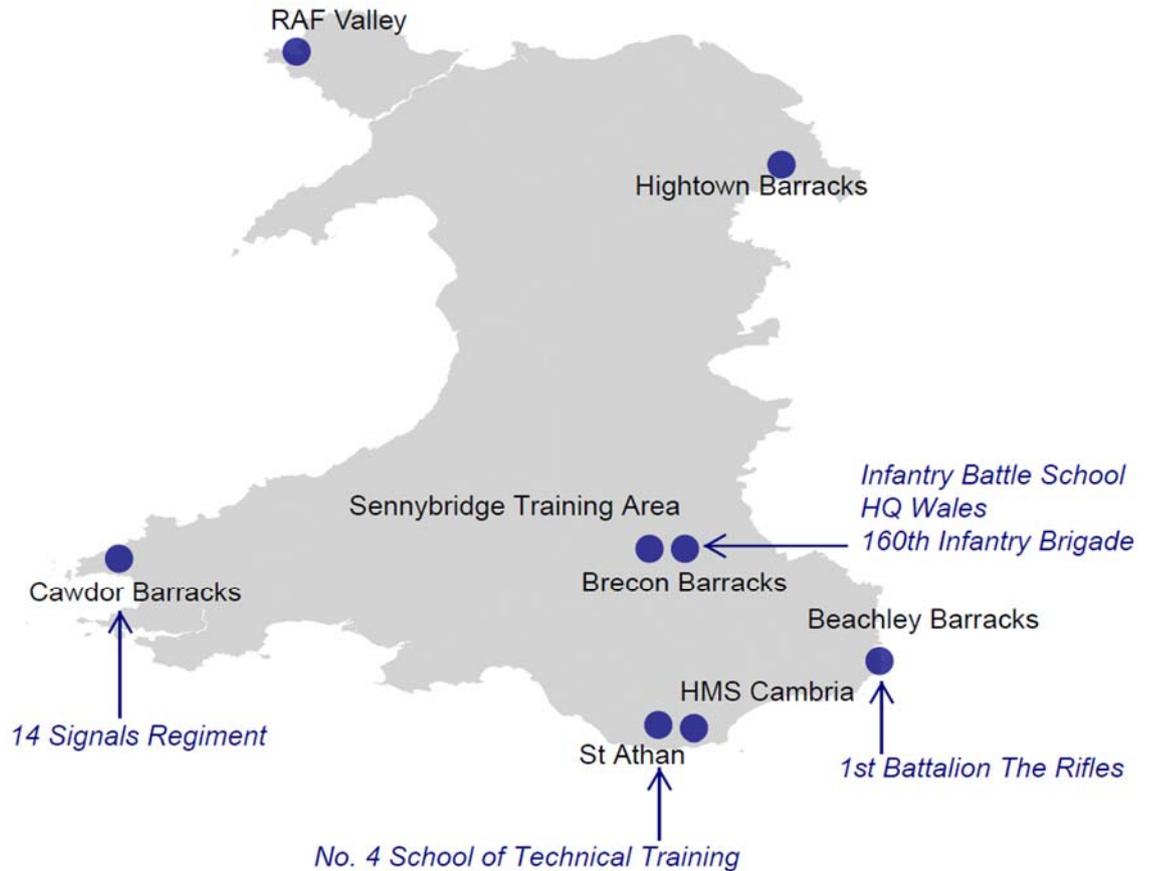
1. The Armed Forces, particularly the Army, have a longstanding and significant presence in Wales. There are in total 63 military establishments and bases in Wales, including reserve centres and parts of the Ministry of Defence (MOD) training estate.¹ HQ Wales is based at Brecon along with the Infantry Battle School and 160th Brigade. The 14 Signals Regiment is currently located at Cawdor Barracks in Brawdy, Pembrokeshire. The Army Reserves have a significant presence in Wales, with bases in Cardiff, Monmouth, Wrexham, Newport and Swansea. The RAF predominantly uses Wales for operational low flying training. RAF Valley in Anglesey currently trains fast-jet pilots and is expected to expand ahead of the closure of RAF Linton-on-Ouse (Yorkshire) fast-jet training station in 2020.² The RAF also uses St Athan, a large site in the Vale of Glamorgan, South Wales, where non-aircraft, ground engineering technicians are trained at the No. 4 School of Technical Training³. The only Royal Navy unit in Wales is a Royal Navy Reserve Unit, HMS Cambria at Sully near Barry. The map below shows the locations of the main military bases in Wales discussed in our report (as well as Beachley Barracks across the border in Chepstow).⁴

¹HC Deb, 15 January 2018, [col 121594](#) [Commons written answer]

² HC Deb, 24 July 2018, [col HCWS922](#) [Commons written ministerial statement]

³ Royal Air Force, [MOD St Athan](#), accessed 23 October 2019

⁴ For an exhaustive list of military bases, training centres and other military establishments in Wales: HC Deb, 15 January 2018, [col 121594](#) [Commons written answer]



2. The MOD intends to reduce the size of the Armed Forces footprint in the UK by 2040. The 2015 National Security Strategy and Strategic Defence and Security Review (SDSR) announced plans to reduce the built estate across the UK by 30%.⁵ In 2016, the UK Government announced a series of base closures under the Better Defence Estate Strategy, building on closures announced under the 2010-2015 UK Coalition Government.⁶ In Wales, the Government intends to dispose of Brecon Barracks and Cawdor Barracks and relocate the 14 Signals Regiment, 160th Brigade and No. 4 School of Technical Training.⁷ The possible implications of these closures and the future location of units are discussed in Chapter 2.

Military personnel and recruitment

3. There are 3,250 MOD personnel (military and civilian) in Wales, down 900 from April 2012.⁸ Of these, 2,200 are regular forces.⁹ The Army is the largest of the three services in terms of regular forces, with 1,490 service personnel,

⁵ HM Government, [National Security Strategy and Strategic Defence and Security Review 2015](#), Cm 9161, November 2015, p 34

⁶ Ministry of Defence, [A Better Defence Estate](#), November 2016

⁷ Ministry of Defence, [A Better Defence Estate](#), November 2016

⁸ Ministry of Defence, [Annual location statistics: 1 April 2018](#) (17 May 2018) table 2.1

⁹ As above

followed by the RAF with 590 personnel and the Royal Navy/Royal Marines at 120 personnel.¹⁰ Table 1 shows figures on personnel located in Wales. Table 2 shows the strength of UK Regular Forces in Wales:

Table 1

MOD personnel in Wales

Strength of MOD personnel in Wales as at 1 April

	2012	2013	2014	2015	2016	2017	2018	2012-18 change
Military	2,780	2,650	2,600	2,400	2,300	2,200	2,200	-21%
Officers	480	420	410	400	380	330	350	-27%
Other ranks	2,300	2,230	2,190	2,000	1,920	1,870	1,850	-20%
Civilian	1,370	1,260	1,210	1,160	1,150	1,100	1,050	-23%
Non industrial	720	650	630	830	840	810	580	-19%
Industrial	260	260	240	330	310	280	160	-38%
Trading funds	380	350	340	0	0	0	320	-16%
Total	4,150	3,910	3,810	3,550	3,450	3,300	3,250	-22%

Source: Ministry of Defence, Location of UK regular service and civilian personnel annual statistics: 2018, table 2.1ab

¹⁰ As above

Table 2

UK Regular Forces in Wales

Strength of the UK Regular Forces in Wales as at 1 April

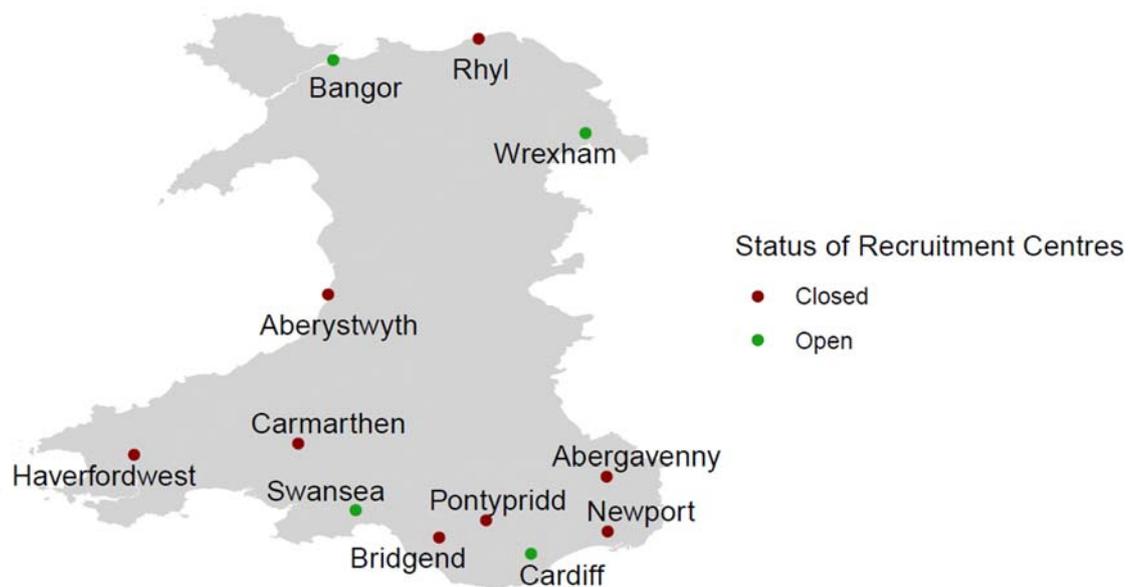
	2012	2013	2014	2015	2016	2017	2018	2012-18 change
RN/RM	140	140	130	120	130	130	120	-14%
Officers	20	20	10	20	20	20	20	0%
Other ranks	120	120	120	110	110	110	100	-17%
Army	1,800	1,800	1,780	1,610	1,550	1,510	1,490	-17%
Officers	240	220	220	210	200	190	200	-17%
Other ranks	1,560	1,580	1,570	1,410	1,350	1,320	1,290	-17%
RAF	840	720	680	660	620	560	590	-30%
Officers	220	190	180	180	150	120	130	-41%
Other ranks	620	540	500	480	470	440	460	-26%
Total	2,780	2,650	2,600	2,400	2,300	2,200	2,200	-21%

Source: Ministry of Defence, Location of UK regular service and civilian personnel annual statistics: 2018, table 2.1ab

4. Between 2013-14 and 2017-18 there have been 4,200 recruits from Wales into the Regular and Reserve forces. Over this period, the average annual number of recruits was 840, and the average annual proportion of recruits coming from Wales was 5%.¹¹
5. The Army has reduced the number of local recruitment offices across the UK from 131 to 68 and established a National Recruiting Centre for the whole UK. Army Career Information Centres in Abergavenny, Aberystwyth, Haverfordwest, Newport, Pontypridd, Bridgend, Carmarthen and Rhyl have been closed.¹² There are four remaining Army Careers Centres in Wales, located in Bangor, Cardiff, Swansea and Wrexham, as shown in the map below:

¹¹ [PQ163032](#), 31 July 2018

¹² HC Deb, 28 January 2013, [col564W](#) [Commons written answer] The answer lists the Army Careers Offices and Career Clinics that have closed since May 2010 or will close by 26 March 2013. The Army Careers Centre at Newport was listed under ones that would remain open, but has since closed.



6. In 2012 the Army launched a ten-year, £1.36 billion programme, known as the Recruitment Partnership Project, to modernise its approach to recruitment. It awarded Capita a £495 million contract to bring in external expertise in recruitment and marketing. The Army was motivated to set up the project for several reasons: recruitment shortfalls in previous years; wanting to bring in external recruitment expertise to help recruit in a small recruiting pool; and the need to replace the recruitment IT systems.¹³ Chapter 3 looks in more detail at recruitment in Wales and the Capita contract.

Wales and the Defence Industry

7. The MOD states that £960 million (compared to £946 million in 2016/17) was spent with Welsh industry and commerce in 2017/18 in support of around 6,300 jobs.¹⁴ There have been a number of recent procurement programmes awarded to Wales. Examples provided by the MOD include:
- A £390 million contract building strike brigades based on the new AJAX vehicle family supporting 550 jobs with General Dynamics in Merthyr Tydfil;
 - A contract worth £82 million maintaining surveillance and targeting equipment with Qioptiq employing over 500 people at two sites in North Wales;

¹³ National Audit Office, [Investigation into the British Army Recruiting Partnership Project](#), HC (2017-19) 1781, p 12

¹⁴ Ministry of Defence ([WAF0005](#)) p 2

- 200 jobs secured at Raytheon's intelligence and surveillance hub in Broughton, North Wales, to provide support services to the RAF's fleet of surveillance aircraft in a contract worth £250 million;
- The F-35 avionics and aircraft component repair hub in North Wales awarded a second assignment of work worth £500 million, with additional jobs at the MOD's Defence & Electronics Components Agency (DECA).¹⁵

The defence industry and procurement programmes in Wales are discussed further in Chapter 4.

Our inquiry

8. We decided to examine the relationship between Wales and the Armed Forces in light of UK Government proposals to reduce the defence estate in Wales and relocate personnel currently based in Wales. We also sought to look at recruitment from Wales to the Armed Forces, including concerns about the contract awarded to Capita, as well as the defence industry in Wales. To inform our work we have taken evidence from representatives of the Royal United Services Institute and Capita's British Army Recruiting Group, the Former Commander of the 160th (Wales) Brigade, representatives from the defence industry in Wales as well as a UK Government minister and senior Defence Staff. We visited Brecon Barracks, Infantry School and Army HQ Wales to gain an understanding of the Army's contribution to the local area as well as the Army Careers Centre at Bangor to learn about approaches to recruitment in Wales. We were also joined for some of our sessions by Mrs Madeleine Moon MP, a member of the Defence Committee: we found her deep knowledge of defence matters very helpful. We would also like to thank the House of Commons Library and the National Audit Office for their assistance.

¹⁵ Ministry of Defence ([WAF0005](#)) p 9

Chapter 2: Basing and locations of personnel

Impact of proposed base closures on Wales

9. The MOD intends to close Cawdor Barracks and Brecon Barracks, two of the main Army bases in Wales, in 2024 and 2027 respectively, and to dispose of the Sennybridge Storage Compound in 2025.¹⁶ The MOD has also confirmed the closure of Beachley Barracks in Chepstow, home of 1st Battalion The Rifles, in 2027, which although in England, is administered by HQ 160th Brigade (Wales) due to its proximity to Wales across the River Wye.¹⁷
10. We have heard concerns that reductions in the Welsh defence estate and military personnel in Wales could negatively impact on the Welsh economy and local communities. Professor John Louth, Director for Defence, Industries and Society at the Royal United Services Institute, described the economic effects of military bases:

We know that about one third—up to 36% or 37%—of the defence pound returns immediately to the Exchequer within the first year just through normal dynamics of taxation, national insurance and so on. We also know that a similar figure finds its way within that year into to the local community. Wherever that defence pound lands, one-third of that pound immediately finds its way into the pockets of folks supporting that local community.¹⁸

He added that a "multiplier effect" generates further economic benefit as military families spend locally "in a way that is quite powerful".¹⁹ This view was reinforced by our visit to Brecon Barracks when we saw for ourselves the strong links between the Barracks and the local community.

11. The Public Accounts Committee raised concerns about the impact of closures on local communities and cultural heritage when it examined the Estate Strategy.²⁰ Jane Dodds, (now MP for Brecon and Radnorshire) and Kirsty Williams AM, in a submission on behalf of the Welsh Liberal Democrats, described the effect of the proposed closure of Brecon Barracks on the local economy and community and urged the MOD to reverse its decision to dispose of the site:

¹⁶ Ministry of Defence, [A Better Defence Estate](#), November 2016

¹⁷ Ministry of Defence ([WAF0005](#)), p 3

¹⁸ Q6

¹⁹ Q6

²⁰ Public Accounts Committee, Forty-seventh Report of Session 2016-17, [Delivering the defence estate](#), HC 888, p 6

Brecon has a long and proud military tradition and the armed forces is a key part of the town's identity. Brecon's society, culture and economy is shaped and enriched by its military links. Service personnel, Ministry of Defence staff and military families all make an important contribution to the community.²¹

On 10 December 2018, the then Cabinet Secretary for Local Government and Public Services for the Welsh Government issued a written statement that highlighted the need to ensure that Wales continues to provide a "firm base for the future location of serving personnel" and its intention to continue to "press the MoD to maintain the Headquarters base in Brecon".²²

12. Russ Wardle OBE DL, former commander of the 160th (Wales) Brigade, also referred to the proposed closure of Beachley Barracks in Chepstow which, although across the border in England, had, he said, brought economic benefits to Wales,²³ a point the UK Government appears to have recognised.²⁴
13. The MOD acknowledged that its decisions "have broader economic benefits and consequences for communities, Devolved Nations and Local Authorities" and said that:

Although the UK Government does not routinely undertake economic impact assessments of base closures, MOD works closely with Local Authorities and Devolved Administrations to determine the impact of any of these decisions and seek regeneration opportunities.²⁵

Stuart Andrew MP, the then Minister for Defence Procurement in the MOD, stated that "operational decisions" take priority over "economic consequences", but echoed the intention to work with local authorities in preparation for base closures:

[...] we have people obviously who are working closely with each of the local authorities. They will ensure that we will work with those local authorities to see if our future plans meet or provide opportunities for the local authorities' future plans so that we can maximise potential economic advantage. This is also one of the reasons why we have done it as a very long-term plan so that there

²¹ Brecon and Radnorshire Liberal Democrats ([WAF0003](#))

²² "[Written Statement: Defence Estate and military presence in Wales](#)", Welsh Government, 10 December 2018

²³ Q1

²⁴ Ministry of Defence ([WAF0005](#)) p 3

²⁵ Ministry of Defence ([WAF0005](#)) p 4

is plenty of time for those local authorities to prepare for the changes that may come about.²⁶

- 14. We are disappointed that the UK Government has proposed the closure of Cawdor and Brecon Barracks, two of the main army bases in Wales, in 2024 and 2027, particularly given the potential impact on the Welsh economy and links to local communities. We call on the UK Government, in cooperation with the Welsh Government, to revisit the defence estate strategy to ensure the base closures do not result in a reduced military presence in Wales. We ask for an update on this work in the response to our Report.**

Future location of regiments

15. The future locations of Headquarters 160th Infantry Brigade and HQ Wales currently based at Brecon Barracks and 14 Signals Regiment at Cawdor Barracks remain unclear.²⁷ The Army has confirmed, however, that the Infantry Battle School Brecon (which is housed separately to Brecon Barracks) will remain in Brecon. A reserve unit, 101 Royal Electrical and Mechanical Engineers, has been moved from Hightown Barracks in Wrexham to Bristol.²⁸
16. Russ Wardle was concerned that relocating “quite a large regiment” such as the 14 Signals from Cawdor and the battalion from Wrexham would remove much of the armed forces footprint in west and north Wales.²⁹
17. Professor Louth believed that the UK Government should take a broader approach to locating military units:

The broader issue [...] is perhaps that a whole of Government approach needs to be taken to where we locate our militaries. We do not have a written constitution, or our constitution continually evolves through a whole range of different instruments, but it is pretty clear that the nations will be important. The way we culturally think of the nations within this whole of Government approach

²⁶ Q140

²⁷ Ministry of Defence, [A Better Defence Estate](#), November 2016)

²⁸ Hansard, “[Royal Electrical and Mechanical Engineers and High Town Barracks, Wrexham](#)”, 16 October 2017, c13P. Presented by local MPs Ian Lucas and Susan Elan Jones for Wrexham and Clwyd South respectively.

²⁹ Q1

becomes incredibly significant, and the military and the broader defence enterprise must have a role to play in that.³⁰

18. The MOD has stated that the UK Government is committed to Wales being home to 160th Infantry Brigade and Headquarters (HQ Wales) and a regular Infantry unit being based at St Athan – as well as the Infantry Battle School and related training facilities and RAF Valley.³¹ Stuart Andrew confirmed that the 160th Brigade and HQ Wales would be in Wales, but said that a decision had not been made about the 14 Signals Regiment.³²
- 19. We are pleased that HQ Wales and the 160th Brigade currently based at Brecon Barracks will remain in Wales, but we are concerned that the future location of the 14 Signals Regiment currently based at Cawdor remains unconfirmed. We urge the UK Government to confirm its future location as a matter of urgency and by the end of 2019 at the latest.**

Location of Welsh combat units

20. In 2013, the Army basing programme, based on the new structure announced by the Army, 'Army 2020', reorganised army units in the UK to accommodate those returning from Germany and to consolidate their presence around seven major centres in the UK. None of these major centres was to be in Wales. The 'Welsh combat units', regiments in the British Army that recruit predominantly from Wales, remain outside of Wales: The Royal Welsh Regiment are based around the Salisbury Plain Training Area with a current size of 731; 1st Queen's Dragoon Guards in the East of England with a current size of 403; and The Welsh Guards in Aldershot with a current size of 579.³³
21. Major Howard Smith (Rtd), in written evidence, was concerned about the ability of Welsh Units to retain a sense of Welsh identity:

I believe strongly, that QDG [Queen's Dragoon Guards] should move to St Athan where the soldiers and their families can maintain their Welsh roots and settle where they would wish and where they can afford. They would be a Welsh community within Wales and would add significantly to the local community and economy.³⁴

³⁰ Q2

³¹ Ministry of Defence ([WAF0005](#))

³² Q121

³³ HC Deb, 29 November 2018, [col 194616](#) [Commons written answer]

³⁴ Major Howard Smith ([WAF0002](#)) p 3

Russ Wardle was concerned about the Army becoming “more and more centralised in the south of England in a very small number of places”.³⁵ He stated that it would be “logical” to locate “at least one” of the Welsh combat units in Wales due to housing issues and the fact that the armed forces “reflect the communities it recruits from”.³⁶ Professor Louth was also sceptical about the consolidation of seven major garrisons, which he described as “inherently foolish strategically”. He stated that there were “enormous risks” with clustering, and that discussions should consider the significance of “local presence and local understanding of defence”.³⁷ He also stressed the importance of visibility to defence:

For defence to enjoy society’s permission, society needs to see defence in action. That does not seem too unreasonable. To have defence located in particular regional ghettos, albeit very nice south-east England ghettos, seems flawed as well. If we want to make a broader case that defence has to enjoy the confidence of its peoples, which seems democratically appropriate, they have to have access to defence and they have to see defence in action, which means seeing live soldiers and sailors, women and men, and seeing them fairly regularly.³⁸

22. Written evidence from the MOD noted that Welsh heritage and culture are “essential” to the identity of all the Welsh combat units, and are a “strong element of the recruiting offer”. The MOD added that the regiments maintain their connections to Wales as follows:

This includes having Wales-based locations for: the Welsh Guards and Royal Welsh Regimental Support Teams (RST); the Royal Welsh Regimental Headquarters in Cardiff, with an office in Wrexham; and the Queen’s Dragoon Guards Home HQ.

Wales benefits from having three Regimental museums: the Firing Line (shared Queen’s Dragoons Guards and Royal Welsh) in Cardiff Castle, Royal Welsh Fusiliers’ Museum in Caernarfon Castle and The Regimental Museum of The Royal Welsh in Brecon. These help to preserve Welsh martial heritage and links with traditional recruiting areas and communities.³⁹

23. Major General Ralph Wooddisse, Assistant Chief of the General Staff, confirmed that the Queen’s Dragoon Guards would move from Norfolk in the

³⁵ Q3

³⁶ Q11

³⁷ Q4, Q10

³⁸ Q9

³⁹ Ministry of Defence ([WAF0005](#)) p 6-7

next ten years, but could not specify their new location. He added that basing decisions are made on the basis of the training area, the congregation of different types of units and the infrastructure in place to ensure a good lived experience.⁴⁰ On the decision to consolidate major garrisons in the south of England, he replied:

I do not think Wales was discriminated against in that sense. There were seven bases, as you have rightly identified, all of which were in England and all were designed to focus capabilities on particular parts of the country, which makes sense. We have been through that. In addition to that, there were three light infantry hubs, one in Wales, one in Northern Ireland and one in Scotland. They were chosen because they were the most effective places for light infantry to be able to train and live. I think that on that basis it was an equitable decision, although equity was not one of the drivers behind it. It was based on the requirement to be as consistent as one could be in terms of the capabilities that we have to cover.⁴¹

- 24. We regret that the new structure of the basing programme proposes units to be consolidated around seven major centres in the south of England. The location of all Welsh combat units outside of Wales also poses challenges to retaining Welsh connections and identity. Clustering leads to less visibility and military presence in local areas. We recommend that the UK Government assess the feasibility of relocating at least one of the units to Wales.**

Proportion of the defence footprint in Wales

25. According to a House of Commons Library briefing paper:

As at 1 April 2018 of those personnel stationed in the United Kingdom the large majority were in England (90%), 7% were stationed in Scotland, 2% were in Wales and 1% were in Northern Ireland.⁴²

The MOD confirmed that there has been an overall reduction in Regular force levels in Wales since 2010 (2,930 to 2,200) consistent with UK-wide planned reductions

⁴⁰ Q142

⁴¹ Q144

⁴² UK Defence Personnel Statistics, [CBP7930](#), House of Commons Library, 26 September 2019, p11

and an increase in Reserve Forces. Reserve Forces in Wales have increased since 2013 (1,550 to 1,970).⁴³

26. We heard concerns that Wales has a smaller proportion of the Armed Forces relative to the size of the population than Scotland and Northern Ireland. Russ Wardle stated that Wales represents around 5% of the UK's population, but only has around 2% of the Armed Forces, which he said would be reduced to below 1% if base closures go ahead.⁴⁴ He added that the balance is more proportional in Scotland and Northern Ireland, and expressed concern about its effect on the defence footprint in Wales:

Without putting too strong an emphasis on it, I think there is here an issue about Wales's place in a strong and stable union and how they are looked at from the defence point of view. It is very low, going down towards 1% of the armed forces, and of course there are dangers of further changes impacting upon that as well. Though I could not comment on the degree of truth in it, it has always been felt, certainly within the armed forces, that Scotland does get more than its fair share, quite possibly because a number of Scottish MPs seem to make a lot of noise about it and they do seem to do quite well out of it.⁴⁵

27. The MOD stated that there is no agreed "minimum or maximum spend" on personnel and bases in the devolved administrations as decisions on defence are taken on the basis of "what is best for defence and security of the whole of the UK". However, they acknowledged the "differing impacts" in the nations of the UK.⁴⁶ Stuart Andrew echoed this view, stating that resources are allocated based on defence capabilities rather than on a "nation by nation basis".⁴⁷ Air Marshal Knighton, Deputy Chief of the Defence Staff (Military Capability), agreed, saying that the MOD "do not make a decision around numbers in a particular country based on purely a numbers basis. It is always around need".⁴⁸
28. Nevertheless, Air Marshal Knighton confirmed that a commitment had been made to Scotland in terms of numbers of forces based there, which had been recommitted to by the previous Government and is kept under review.⁴⁹ Stuart

⁴³ Ministry of Defence ([WAF0005](#)) p 10

⁴⁴ Q1

⁴⁵ Q3

⁴⁶ Ministry of Defence ([WAF0006](#)), p 3-4

⁴⁷ Q110

⁴⁸ Q111

⁴⁹ Q113

Andrew said that “public statements” had been made about the numbers of personnel in Scotland, unlike Wales:

The honest answer is that it was something that was given during the independence referendum campaign, I am sure. Since then of course there has been the planned drop in numbers, so that figure would not correlate with the commitment given back then.⁵⁰

- 29. We are concerned that only around 2% of the armed forces is currently based in Wales, despite Wales representing 5% of the UK's population. We note the commitment to maintain a set number of personnel in Scotland, and recommend that the UK Government makes, and adheres to, an explicit commitment about the number of personnel to be based in Wales.**

MOD St Athan

30. The future military use of MOD St Athan as an RAF training site has been an issue for some time, with a previous Welsh Affairs Committee examining the matter as early as 2006.⁵¹ Russ Wardle described the problems associated with the site:

The original plan—again, as I am sure you are aware—is that 160 Wales Brigade then, now the regional point of contact, would move to St Athan. I am assured that there is now a very strong chance that that will not happen, largely because of the issues surrounding the availability of St Athan and the problems with Welsh Government ownership of certainly the airfield site and large parts of East Camp.⁵²

31. The MOD added that there is “regular Ministerial and official level dialogue” between the MOD and Welsh Government on a “range of issues” as well as regular engagement with senior military officers based in Wales. On the role of the Wales Office specifically, the MOD stated that it plays a “supporting role” in discussions about defence sites in Wales with the Welsh Government, local authorities and other stakeholders:

An example of this is the negotiations with the Welsh Government on the MOD’s future requirement for St Athan, where Wales Office officials have provided advice to the MOD on the possible impacts and benefits of options under consideration to help achieve the best

⁵⁰ Q114

⁵¹ Welsh Affairs Committee, Fourth Report of Session 2005-06, [Future of RAF St Athan](#), HC1129

⁵² Q1

possible result for both Departments and Wales. This has been further supported by joint Wales Office and MOD Ministerial engagement on key topics.⁵³

32. In written evidence, the MOD stated that a light infantry unit is to be based at MOD St Athan and that it will become the main Army base in Wales.⁵⁴ In supplementary evidence, the MOD stated:

We are unable to give a firm timeframe for the future use of St Athan at this stage, as this is subject to ongoing discussions between the MOD and the Welsh Government. The MOD is liaising with the Welsh Government on our respective aspirations for St Athan as both the home of the Army in South Wales and an aviation business park.⁵⁵

Stuart Andrew said that plans for St Athan are currently subject to "a tremendous amount of discussion" between the UK and Welsh Governments.⁵⁶

33. Stuart Andrew also stressed that the MOD wished to maintain the commitment to St Athan, but that there were "competing ambitions" with the Welsh Government on plans for the east camp, confirming that the UK and Welsh Governments are working closely to find a solution.⁵⁷ Air Marshal Knighton added that a "firm commitment" was made to place an infantry battalion in St Athan and highlighted the importance of the site:

From a Defence and Army perspective, it is our intention to have St Athan as our key centre of gravity in Wales. What we also recognise though is that the Welsh Government want to support economic development. Officials from both the Welsh Government and from the Ministry of Defence are working through to try to find a mutually beneficial solution. We certainly have no indication at the moment we are going to row back at all from our commitment to put an infantry battalion there. What we now need to work through is the detail and the modalities of how we are going to make that happen.⁵⁸

However, the Minister and Air Marshal Knighton could not provide timescales for negotiations with the Welsh Government.⁵⁹

34. No. 4 School of Technical Training is also to be moved from St Athan, but its future location has not yet been decided. Air Marshal Knighton referred to RAF

⁵³ Ministry of Defence ([WAF0006](#)) p 2

⁵⁴ Ministry of Defence ([WAF0005](#)), p 1

⁵⁵ Ministry of Defence ([WAF0006](#)), p 2

⁵⁶ Q122

⁵⁷ Q122

⁵⁸ Q123

⁵⁹ Q124, Q125

Cosford in Shropshire, England, as a potential site for relocation, and outlined the reasons behind the decision:

It is a combination of things. It is partly because we would like to provide first-rate accommodation and facilities for the young trainees going through the school. We also clearly will consider the efficiency of the outputs of where the co-location makes sense. As I said before, the fact that the Welsh Government are keen to exploit the site and develop it, that the school is not modern and is not suited for modern training, all of those factors come together to lead us to the conclusion that we should move the school.⁶⁰

- 35. We are concerned about the ongoing uncertainty about future plans for St Athan, despite a previous Welsh Affairs Committee making recommendations about developing the site as early as 2006. We recommend that the UK Government work with the Welsh Government to find a solution for the site by December 2019 at the latest and to ensure that the right balance is struck between regeneration opportunities and military needs. We also regret the proposed relocation of No. 4 School of Technical Training from St Athan, with no confirmation of its future location. We urge the UK Government to ensure that the RAF Training School remains on site in St Athan.**

⁶⁰ Q132

Chapter 3: Recruitment and Capita contract

Decline of recruitment to armed forces

36. Written evidence from the MOD indicated that all regular recruitment in Wales is undertaken online and processed through Armed Forces Careers Offices (AFCOs) in Swansea, Cardiff, Wrexham and Bangor. Each service has a "UK-wide annual target" with no specified recruitment targets for Wales or any other nations and regions in the UK. Those recruited from Wales are recorded according to the postcode provided by applicants.⁶¹ The MOD stated that the RAF and Navy are reaching recruitment targets across the UK, and that the recruitment policies are "equally effective" in Wales as they are in the rest of the UK.⁶² However, they also state that there has been an "overall reduction" in Regular force levels in Wales since 2010, which correlates with "planned reductions" across the UK, whilst the Reserve Forces has seen an increase.⁶³ The MOD notes:

The number of Regular recruits who applied to join the Army with a Wales postcode has been on average around 5.7% of the total Army intake (3,820 out of 66,535 since 1 April 2010). 2017/18 figures show that 5.9% of the total Army intake were from a Welsh postcode (390 out of 6,680), compared to 5.6% in 2010/11 (480 out of 8,520).

Army Reserve recruits with a Wales postcode for 2017/18 were c.4.8% (115 out of 2,385). Overall Reserves figures have grown significantly over the period.⁶⁴

37. Russ Wardle OBE DL, former commander of the 160th (Wales) Brigade, was concerned that there were challenges in informing and engaging communities about the role of military, leading to problems with recruitment:

When I joined the Army in a non-Welsh unit, the Prince of Wales's Division, every English regiment had a significant number of Welsh soldiers in it. We could recruit from Wales very easily [...] We are now in a position where we are struggling to maintain one battalion. Something has gone wrong here. The degree to which it is the lack of units in Wales or the lack of that education and understanding of the

⁶¹ Ministry of Defence ([WAF0005](#)), p 4

⁶² Ministry of Defence ([WAF0005](#)) p 5

⁶³ Ministry of Defence ([WAF0005](#)) p 4

⁶⁴ Ministry of Defence ([WAF0005](#)) p 4-5

wider roles of defence and the degree to which it is just changes in society I do not know, but I am concerned about it.⁶⁵

Cath Possamai, Chief Executive of British Army Recruiting Group, Capita, stated that the "first-hand experience" of knowing someone in the army was declining as the Army and the "national service generation" was reducing in size. She added that the Army recognised that recruitment posed a "wider societal engagement and awareness challenge".⁶⁶

38. Written evidence from the MOD acknowledged that:

Recruitment into the Army generally has room for improvement. This is the Chief of the General Staff's top priority. Several initiatives are in place to achieve this, which are already showing positive signs. The Army remains confident that these changes will deliver success, which will be seen across the breadth of the Army. However, due to the issues with implementing the Defence Recruiting IT system in Q3 2017/18, which had a significant negative impact on applications, and the length of the recruitment and training pipelines, it will take more time for these improvements to translate into 'Trade Trained Strength'.⁶⁷

The MOD added that Wales will also benefit from "planned improvement" to regular recruitment to the Army.⁶⁸

39. There was some concern that recruitment to the Armed Forces has declined in Wales and across the UK more widely. Wales has traditionally provided a significant percentage of recruits to the Army, and it is important that the UK Government addresses the factors causing this decline. Setting targets for the constituent nations of the UK will give the MOD more detailed management information to help address the decline. *We call on the UK Government to set specific recruitment targets for Wales for each of the forces and provide us with details of performance against these targets by April 2020. We call on the UK Government to ensure the highest possible welfare standards for veterans, not least to address concerns about harm to physical and mental health having a negative effect on recruitment.*

⁶⁵ Q13

⁶⁶ Q58

⁶⁷ Ministry of Defence ([WAF0005](#)), p 6

⁶⁸ Ministry of Defence ([WAF0005](#)), p 1

Failings of Capita contract to recruit personnel

40. The NAO examination of the partnership between the Army and Capita in December 2018 found that the project had failed to recruit the number of regulars and reserves the Army requires in any year since the contract began.⁶⁹ The NAO reported that spending with Capita had since risen by 37% to £677 million but that the Army believed overall programme spend would remain within the approved £1.36 billion up to 2022.⁷⁰ The Defence and Public Accounts Committees have scrutinised the contract regularly over the last seven years. The Defence Committee concluded that the "repeated failures of Capita have affected recruitment across all three Services, and have done particularly serious damage to Army recruitment".⁷¹ The Public Accounts Committee stated that the Recruiting Partnering Project contract was "overly complex and poorly implemented", and that both the Army and Capita were responsible for Capita's "terrible performance" in recruitment since the contract began.⁷²
41. Written evidence from the MOD stated that the Army and Capita have both acknowledged that performance has not reached the "required level", with fault found on "both sides".⁷³ Cath Possamai said that "we have both recognised that it was not really a partnership for probably the first five years or so",⁷⁴ and suggested improvements from the Army's perspective:

I think where the Army could have probably done better—and they would hold their hands up to this as well, because we have talked about it at length—is their willingness to listen to some suggestions around improvements, policy change, trying to be more flexible in some of the things we wanted to do to improve matters, which probably did not get above one-star level for quite a while, but now that is very different.⁷⁵

The MOD stated that the Army had now established a plan to improve recruitment, and were "confident" that improvements would take effect with applications at a "5-year high". The MOD hoped that the increase in

⁶⁹ National Audit Office, [Investigation into the British Army Recruiting Partnership Project](#), HC (2017-19) 1781, p 4

⁷⁰ As above, p 10

⁷¹ Defence Committee, Seventh Report of Session 2017-19, [Beyond 2 per cent: A preliminary report on the Modernising Defence Programme](#), HC 818, p 31

⁷² Public Accounts Committee, Eightieth Report of Session 2017-19. [Capita's contracts with the Ministry of Defence](#), HC 1736, p 5

⁷³ Ministry of Defence ([WAF0005](#)), p 5

⁷⁴ Q20

⁷⁵ Q43

applications would promote local initiatives, and confirmed that the 'Welsh units' assist with recruiting across Wales, including participation in events.⁷⁶

42. Stuart Andrew MP, the then Minister for Defence Procurement, agreed that both Capita and the MOD share responsibility for the failings, but also attributed the decline in recruitment to factors such as the recruiting environment and high levels of employment.⁷⁷ Lieutenant General Richard Nugee, Chief of Defence People at the MOD, agreed that the Army was facing an "extremely difficult recruiting environment", and that both the Army and Capita were equally at fault for the underperformance in recruitment:

Just very quickly, why 50:50? Because we let a contract with an enormous amount of mandatory clauses that effectively closed down Capita's opportunity to innovate and therefore we constrained it too much to be able to do recruiting in the way that it would have wished to do it. That is our 50%. Its 50% was despite the fact that we did not allow it to innovate, it did not make the most of the opportunities that were there and had some ideas that have not turned out to be successful. That contract was completely rewritten last year and that is why we are beginning to see an improving position.⁷⁸

Both Stuart Andrew and Lieutenant General Nugee were confident that the situation was now improving and that targets would be met.⁷⁹

- 43. We share the concerns raised by the Public Accounts Committee, the Defence Committee and others about the repeated failings of the Army recruitment contract with Capita, leading to it missing every annual recruitment target since it began. It is important that lessons are learned for future contracts, including better collaboration between the Army and whichever company manages recruitment in future. We call on the UK Government to write to us with regular updates on recruitment in Wales, and we expect to see evidence of both data and steps being taken to increase recruitment in Wales.**

Closure of recruitment centres across Wales

44. From April 2013, the Army and Capita introduced a centralised approach to recruitment, supporting candidates remotely from the National Recruiting Centre and closing around half the local recruitment offices across the UK, and from 12 to four in Wales. We visited the Army Careers Centre at Bangor and saw examples of different approaches to recruitment and strategies used to

⁷⁶ Ministry of Defence ([WAF0005](#)) p 5

⁷⁷ Q152

⁷⁸ Q157

⁷⁹ Q157

reach out to different parts of Wales. We saw for ourselves the video used to inform potential applicants about Army life and the support given to candidates in a small group.

45. Russ Wardle felt that a “consistent approach” was needed to ensure successful recruitment:

Again, it does seem illogical that the recruiting offices we have kept all seem to be in areas that are relatively affluent and well-off and have never had the same sort of problems in recruiting anyway [...] and none in the areas that we have always done well from, but need a bit more effort.⁸⁰

46. The NAO found that the Army had not analysed the impact of closing local recruitment offices on enlistment numbers. The Army’s consultants indicated that closing the offices had not made any significant difference to the number of applications but the NAO concluded that the closures had increased car journey times to local recruitment centres and also found there was a reduction in enlistments in Scotland and the north of England between 2010/11 and 2016/17 that correlated with these closures. A number of areas in Wales face significant travel times to a recruitment centre, notably Pembrokeshire, Carmarthenshire and some of the South Wales Valleys.⁸¹ Following criticisms of the centralised approach to recruitment by the NAO in 2014, the Army and Capita told the NAO that they were making greater use of mobile career centres to increase their representation at local recruitment offices and facilitate applicants having face-to-face contact with recruiters.⁸²
47. Cath Possamai stated that mobile centres are not used in Wales. Instead, Capita uses pop-up centres in partnership with Careers Wales and jobcentres to share locations when candidates have difficulty travelling to a fixed site.⁸³ She defended the decision to close recruitment centres, saying that only five to eight potential applicants walked in to the fixed recruiting centres each week:

There are very few people who stroll past a careers centre and think, “Oh, I will pop in. Maybe I will do that as a job.” That generation are much more used to searching online, applying online, looking on the internet for role opportunities. It is about making sure those centres are available for them to come in and meet serving soldiers and meet role models and talk to our recruiters, but they are not there and they

⁸⁰ Q15

⁸¹ National Audit Office, [Investigation into the British Army Recruiting Partnership Project](#), HC (2017-19) 1781, p 22-23

⁸² As above, p 22

⁸³ Q54

do not really serve an attraction purpose in this day and age. There are very low walk-in numbers.⁸⁴

She added, in supplementary written evidence, that pop-up centres are used to hold "Army Briefs and Career Discussions" with applicants closer to their home address by appointment rather than as an "attraction method". Therefore, she stated that candidates walking in to these centres are "very limited – generally only one per week maximum".⁸⁵

48. Lieutenant General Nugee agreed that recruitment centres had not been well-used, and that applicants increasingly use online services:

We get very few people through walk-in centres and we closed walk-in centres because they were proving not cost-productive at all [...] I would acknowledge though that if the Armed Forces is not seen as a presence at all, then it is more difficult for us to recruit because we are just not seen and therefore we are not at the front of people's minds. Hence the recruiting campaigns [online] that the Army has done recently.⁸⁶

Written evidence from the MOD indicates that the Army also supports mobile recruiting campaigns where a Wales Outreach Team allocates "Community Engagement Task Forces leads" to organise activities in each unitary authority.⁸⁷

49. **We were impressed by the clear commitment of staff, and the techniques used, at the careers centre at Bangor, but we are concerned that eight out of twelve careers centres in Wales have been closed. Many potential applicants still face long travelling distances, a factor that can affect application numbers. We call on the UK Government to write to us with ideas of how to reduce travelling times for applicants, including the potential to increase the use of hubs and pop-up centres across Wales. We call on the UK Government to make an assessment into what impact the closure of centres has had on deprived areas, and how it plans to mitigate that impact.**

⁸⁴ Q60

⁸⁵ Capita ([WAF0007](#))

⁸⁶ Q148

⁸⁷ Ministry of Defence ([WAF0005](#)) p 5-6

Approaches to recruitment

50. We have heard several criticisms of the centralised model used by Capita for recruitment to the Army during the early stages of its contract. Russ Wardle felt that mobile recruiting centres did not make up for face-to-face contact:

It is not just the loss of the recruiting offices and the introduction of mobile offices; it is the loss of the recruiting sergeants [...] The sergeant properly mentored the young man or young woman who came in through the door and said they wanted to join the British Army. Where appropriate, they visited the families and they properly tried to look after them [...] They kept a proper arm around all the people who were trying to get into the Army, kept them connected and kept them a part of it. To a large degree we have lost that now.⁸⁸

Professor John Louth, Director for Defence, Industries and Society at the Royal United Services Institute, agreed, stating that role models are "critical" to recruitment in future, otherwise potential applicants may learn about opportunities in the military services through other formats that may be "tainted or flawed" or become disengaged with a "poor or challenged recruitment process".⁸⁹

51. Cath Possamai acknowledged that Capita and the Army's approach to recruiting remotely via telephone "proved to be wrong". She confirmed that more experienced role models are now used across the careers centres who "relate much better to the candidates" alongside civilian recruiters.⁹⁰ We met both serving and former personnel in Bangor who were clearly dedicated to supporting young people through the recruitment process.
52. Stuart Andrew did not believe that there is a correlation between the location of bases, walk-in centres and recruitment and considered that community engagement and digital approaches to recruitment were more influential.⁹¹
53. **We have heard that face-to-face communication is more successful when recruiting applicants, and were encouraged that Capita have revised their recruitment approaches accordingly. We are pleased that candidates now have a more personal experience and role models who have previously worked for the army. However, we are concerned that this element was not restored earlier.**

⁸⁸ Q15

⁸⁹ Q8

⁹⁰ Q20

⁹¹ Q141

The use of the Welsh language in recruitment

54. The MOD have a Welsh language scheme with the principle that, in the conduct of its business with the public in Wales, it will treat the English and Welsh languages on a basis of equality.⁹² Specifically, in reference to recruitment, the document states:

For recruitment interviews in Wales, where both the recruiter and applicant are able and content to conduct all or some of the interview in Welsh, they may do so.⁹³

The scheme covers media campaigns, forms of public display, television advertising, publicity and recruitment literature, various forms of notices as well as events such as exhibitions, school visits, careers fair and recruitment shows.⁹⁴

55. Cath Possamai said that Capita was increasing the use of Welsh language literature in recruitment:

We do have some of our recruiting brochures in Welsh. Partly prompted by this Committee, because it made us realise that we have probably not done enough around the Welsh language, we are currently translating another five or six of our key brochures into Welsh. They will all be available digitally within the next three weeks and then in printed format by the end of June.⁹⁵

In supplementary written evidence, Cath Possamai stated that Capita is "looking into" more Welsh-language support, and described their current provision for Welsh speakers:

We have six people who speak Welsh, including a member of our 'outreach' team, which goes around Wales to encourage recruitment. The others are in the finance, marketing estates and contact teams, and the National Recruiting Centre. We also have our translation and interpreting business, which offers additional capacity.⁹⁶

- 56. It is important that provision is made for potential recruits from Wales who speak Welsh. We were pleased that Capita were beginning to translate published material into Welsh, and that the Army Careers Centre offered Welsh-language support. However, more could be done to encourage and assist applicants who speak Welsh and to address the rights of Welsh speakers and learners to use the Welsh language. We**

⁹² Ministry of Defence, [The Revised MOD Welsh Language Scheme](#), 11 October 2010, p 1

⁹³ As above, para 4.18.

⁹⁴ As above

⁹⁵ Q36

⁹⁶ Capita ([WAF0007](#))

recommend that the MOD's Welsh Language Scheme be regularly monitored. We also believe that Capita should increase numbers of Welsh-speaking staff working across all their engagement channels and ask them to write to us with a plan to do so.

Chapter 4: Wales and the Defence Industry

Procurement programmes in Wales

57. According to the MOD, supporting Welsh business, jobs and skills contributes to “making Wales one of the most competitive places in the world to innovate, build business and deliver security”.⁹⁷ The spend is equal to £310 per person in Wales, which is above the average of £290 for the UK, and compares to £300 for Scotland and £60 for Northern Ireland.⁹⁸ The tables below show the level of MOD spend within industry in the UK:

MOD expenditure with UK industry

MOD expenditure with UK industry: £ million in 2017/18 prices

	2013/14	2014/15	2015/16	2016/17	2017/18
East Midlands	1,013	802	961	861	886
East of England	1,119	1,005	895	824	1,159
London	1,741	1,712	1,824	1,453	1,392
North East	279	247	180	101	105
North West	1,969	1,998	2,154	2,031	2,081
Northern Ireland	116	121	101	105	108
Scotland	1,399	1,477	1,587	1,615	1,649
South East	5,584	5,700	5,363	4,993	4,360
South West	4,834	4,974	4,675	5,160	5,202
Wales	817	973	910	964	960
West Midlands	773	736	599	554	622
Yorkshire & The Humber	388	334	240	237	328
UK Total	20,033	20,079	19,490	18,899	18,853

Source: Ministry of Defence, MOD regional expenditure with UK industry and supported employment: 2017/18

⁹⁷ Ministry of Defence ([WAF0005](#)) p 1

⁹⁸ Ministry of Defence, [MOD regional expenditure with UK industry and supported employment: 2017/18](#), 31 January 2019, tables 2 and 5; Ministry of Defence ([WAF0005](#)) p 3. Written evidence from the MOD notes that the industry spend statistics do not include indirect expenditure or supported jobs in the supply chain.

MOD expenditure with UK industry

MOD expenditure with UK industry: per person expenditure in 2017/18 prices

	2013/14	2014/15	2015/16	2016/17	2017/18
East Midlands	£220	£170	£210	£180	£190
East of England	£190	£170	£150	£130	£190
London	£210	£200	£210	£170	£160
North East	£110	£90	£70	£40	£40
North West	£280	£280	£300	£280	£290
Northern Ireland	£60	£70	£50	£60	£60
Scotland	£260	£280	£300	£300	£300
South East	£640	£640	£600	£550	£480
South West	£900	£920	£850	£940	£940
Wales	£270	£310	£290	£310	£310
West Midlands	£140	£130	£100	£100	£110
Yorkshire & The Humber	£70	£60	£40	£40	£60
UK Total	£310	£310	£300	£290	£290

Source: Ministry of Defence, MOD regional expenditure with UK industry and supported employment: 2017/18

58. Roland Howell, Managing Director of Airborne ISR for Raytheon UK, which has a Centre of Excellence in technology research and development in airborne solutions at Broughton in North Wales, said that the company contributes around £14 million to the economy as well as supporting more than 90 suppliers in Wales, an apprenticeship scheme and various activities for young people.⁹⁹ Peter White, Managing Director and Vice President of Land Equipment for Qioptiq Ltd, a defence equipment supplier with a warehouse in St Asaph, said that his company contributes to the local area through sponsoring Team Army,¹⁰⁰ supporting interns and apprentices as well as local hospices and charities.¹⁰¹
59. When asked about the relationship between the UK and Welsh Governments in supporting businesses that have been awarded contracts by the MOD, Mr Howell, Mr White and John Whalley, Chief Executive of Aerospace Wales, a trade association for all companies operating in the Aerospace and Defence sector in Wales, were very positive about the level of support provided. Mr Howell believed that the collaboration had a "positive structure", whilst Mr

⁹⁹ Q102

¹⁰⁰ A registered charity that aims to provide more opportunities for sport, challenge and adventure.

¹⁰¹ Q102

Whalley said that the current Secretary of State and Minister for Economy in Wales have a "very good working relationship".¹⁰²

60. However, we heard concerns that a reduced defence footprint in Wales could impact on investment in the procurement of equipment from Wales. Professor John Louth, Director for Defence, Industries and Society at the Royal United Services Institute, was concerned about the possible impact of required savings on the defence footprint in Wales:

The defence review in 2010 by the coalition Government derived a set of understandings that we are still feeling the effects of today. The principal one was that the future defence budget, anchored around a 10-year equipment plan, was woefully short of finance, to the tune of £51 billion spread unevenly over 10 years [...] What needed to be done between then and now was a whole series of rationalisations, to use a polite word, or taking out vast chunks of capability, to use a less polite term. We are just today getting a grip on the effects of the review in 2010, SDSR 2015, and the reviews in 2013 and 2014 around the defence footprint and basings. It has effectively hollowed out the defence footprint in Wales.¹⁰³

Mr Whalley commented that there are "some significant potential black holes" where military decline in Wales could affect industry if sites were closed.¹⁰⁴ He added that "a sudden shift in defence spending with savage cuts" would "inevitably impact" some companies such as Raytheon if programmes were cut.¹⁰⁵

61. We have also heard concerns that procurement processes are currently too complex, especially for small and medium-sized enterprises (SMEs). Mr Whalley was concerned that small companies are sidelined as the Defence Growth Partnership¹⁰⁶ is "to a large extent invisible" in comparison to the Aerospace Growth Partnership.¹⁰⁷

We do not get the visibility, we do not get involved, and it is almost by chance that smaller companies get to access some of the potential defence contracts. Getting feedback is an area where there is real scope for improvement. In terms of defence industrial strategy, again visibility is not good at the moment. We have had a couple of reviews.

¹⁰² Q72

¹⁰³ Q1

¹⁰⁴ Q67

¹⁰⁵ Q77

¹⁰⁶ A partnership between government and the Defence industry to secure a successful UK Defence sector.

¹⁰⁷ A strategic partnership between government and industry which has been established to secure the future of the UK aerospace industry for the next 20 years and beyond.

I think that the creation of a national defence strategy must also be a key priority.¹⁰⁸

62. Mr White from Qioptiq Ltd also stated that more emphasis should be placed on smaller companies:

Sometimes the policy sits very high and does not benefit the OEMs [Original Equipment Manufacturers] and the small companies, and I think that they are just as important to the economy of Wales as the big companies like Thales, GD and BAE.¹⁰⁹

The Rt Hon Philip Dunne MP, a former Minister for Defence Procurement and author of a report commissioned by the MOD, 'Growing the Contribution of Defence to UK Prosperity' published in July 2018, also recommended further engagement with SMEs as well as making contractual processes "less daunting".¹¹⁰

63. Stuart Andrew MP, then UK Government Minister for Defence Procurement, acknowledged that bidding for contracts can be "too onerous" for SMEs, and committed to simplifying procurement processes, stating that engagement with SMEs had been increasing through holding a series of roundtables. Air Marshal Knighton added that the establishment of a Defence Innovation Initiative was intended to support SMEs further:

We recognise that it is difficult. We recognise we are not doing as well as we need to, but I think there are signs that things are improving. Through the Defence Suppliers Forum and the initiatives that the Minister has described, we are improving that dialogue with SMEs and are eager to continue this rate of improvement.¹¹¹

- 64. We are pleased that the MOD spend on the defence industry in Wales was higher than in many other areas in the UK. We were impressed by the contribution of the industry to the Welsh economy and society and by the strong support provided by the Welsh Government to develop the industry. The defence industry in Wales and the strong partnerships supporting this clearly represent a success story, but it is important that momentum is not lost. *To ensure the sustainability of the industry in Wales, the UK Government must ensure that choices made about the future structure of the Armed Forces and basing programme do not impact negatively on the equipment and support sector in Wales.***

¹⁰⁸ Q69

¹⁰⁹ Q68

¹¹⁰ Philip Dunne MP, [Growing the Contribution of Defence to UK Prosperity](#), (July 2018), p 44

¹¹¹ Q165

65. We welcome recent procurement programmes that will support the economy and provide jobs in the defence industry in Wales. However, we heard that procurement processes for small and medium-sized Enterprises (SMEs) in particular were often too complex. *We call on the UK Government to simplify procurement processes and provide more guidance and engagement, especially for SMEs. We recommend that it consult with the defence industry, especially smaller companies, on the shape and contents of this guidance.*

The Equipment Plan

66. The latest Defence Equipment Plan was published on 18 March 2019, and outlines the UK Government's intention to spend £186 billion on equipment and support in the decade between 1 April 2018 and 31 March 2028.¹¹² In November 2018, the NAO stated that the Plan "remains unaffordable", and that there will be "significant pressures in the budget over the next four years".¹¹³ The MOD expects that the Modernising Defence Programme (MDP) will address the affordability challenge, including "by taking actions to delay, defer or de-scope some projects".¹¹⁴ Given that 40% of the Department's spending is set to increase to 49% in 2021-22, and the financial challenges elsewhere within the department, the NAO recommend that the Department makes "immediate savings decisions rather than relying on longer-term cuts or efficiencies".¹¹⁵ The Public Accounts Committee described the savings targets as "unrealistic" and "over-optimistic" and questioned whether the Department "will be able to continue to fulfil its roles whilst meeting targets".¹¹⁶
67. Air Marshal Knighton, Deputy Chief of the Defence Staff (Military Capability), acknowledged that the MOD is aiming to ensure affordability of the current equipment plan through the "reprofiling of programmes and costs", but was confident that programmes in Wales would not be affected:

Until we understand where we are going to be with the spending review, we will not know what the long-term implications are for our programme, but there is absolutely no reason to imagine that any kind of changes would affect—or certainly adversely affect—the position we find ourselves in in terms of the commitment to industry and projects that are delivered from Wales. Indeed, if I look at the likes of the Ajax in Merthyr Tydfil, that programme is set to run for

¹¹² Ministry of Defence, [The Defence Equipment Plan 2018 version 3](#), 18 March 2019, p 1

¹¹³ National Audit Office, [Report on The Equipment Plan 2018 to 2028](#), HC (2017-19) 1621, p 6

¹¹⁴ As above

¹¹⁵ As above, p 6, 8

¹¹⁶ Public Accounts Committee, Second Special Report of Session 2017-19, [Third annual report of the Chair of the Committee of Public Accounts](#), HC (2017-19) 1399, p 10

another decade or so and is increasing in its throughputs. I do not see any likelihood at this stage that that is going to change at all.¹¹⁷

Stuart Andrew echoed this view, whilst acknowledging the equipment plan's "challenging budget", and was confident that the required savings would be made.¹¹⁸

68. The Equipment Plan has been deemed “unaffordable” and a need for savings identified. *We call on the UK Government to make efficiency savings that are realistic and achievable, ensuring that they will not negatively affect the defence industry in Wales.*

¹¹⁷ Q174

¹¹⁸ Q174

Chapter 5: Conclusion

69. Wales continues to make a vital contribution to defence in the UK, as a base and training ground for our Armed Forces, a fertile recruiting territory and a centre for the cutting edge of our defence and aerospace industries. During the inquiry we heard many concerns about base closures in Wales and their potential adverse effects on the Welsh economy and society. The lack of confirmation about the location of regiments and the ongoing issue of St Athan is also a concern. The UK Government must provide clarity about the future defence footprint in Wales; any uncertainty may affect recruitment from Wales, especially following problems with the Capita contract. The base closures also follow a series of recruitment centres closing in Wales, and therefore approaches to recruitment need to be constantly reviewed to ensure that they take into account the specific needs of Wales and its communities. Any uncertainty about the defence estate in Wales could also affect the defence industry and procurement programmes in Wales, and steps should be taken to ensure that any investment in Welsh businesses is protected.

70. The UK Government should ensure that Wales's contribution to defence remains vibrant in future. Any reduction or change to the defence footprint Wales should be carefully considered to minimise the negative effects on recruitment and the defence industry.

Formal Minutes

Tuesday 29 October 2019

Members present:

David T. C. Davies, in the Chair

Tonia Antoniazzi
Jonathan Edwards

Susan Elan Jones
Ben Lake

Draft Report (*The Armed Forces and Defence Industry in Wales*), proposed by the Chair, brought up and read.

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

Paragraphs 1 to 42 read and agreed to.

Paragraph 43 read.

Amendment proposed, at the end of the paragraph, to add “We call on the UK Government to stop the recruitment of students from schools and colleges in Wales.”—
(*Jonathan Edwards*)

Question proposed, That the Amendment be made.

The Committee divided:

Ayes, 2
Jonathan Edwards
Ben Lake

Noes, 2
Tonia Antoniazzi
Susan Elan Jones

Whereupon the Chair declared himself with the noes.

Question accordingly negatived.

Paragraphs 44 to 63 read and agreed to.

Paragraph 64 read.

Amendment proposed, at the end of the paragraph, to add “We call on the UK Government to conduct a cross-government analysis of how the MOD spend on the defence industry in Wales could be used to support other industries.” — (*Jonathan Edwards*)

Question proposed, That the Amendment be made.

The Committee divided:

Ayes, 2
Jonathan Edwards
Ben Lake

Noes, 2
Tonia Antoniazzi
Susan Elan Jones

Whereupon the Chair declared himself with the noes.

Question accordingly negatived.

Paragraphs 65 to 70 read and agreed to.

Summary agreed to.

Resolved, That the Report be the First Report 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 (Standing Order No. 134).

[The Committee adjourned