Rory Stewart MP
Chair, Defence Committee
House of Commons
London
SW1A 0AA

8 December 2014

Dear Mr Stewart,

We have reviewed the Ministry of Defence’s cost benefit analysis of Army Junior Entry (JE) training (Doc Ref:ITG/JESG/Trg/11/09) which was produced in response to the Defence Committee’s requests following its inquiries into the Education of Service Personnel and Army 2020. We have found that the MoD’s document contains a number of elementary errors in its methodology which, together with its reliance on unsubstantiated hypothetical figures, makes its conclusions highly inaccurate.

We will be writing to the MoD in the new year with a detailed critique of their analysis, which we will also be sharing publicly. In the interim, we do not believe that this document fulfils the Defence Committee’s request to conduct a thorough cost-benefit analysis of recruitment of minors, but instead presents a highly misleading picture of the actual (both total and comparative) costs of Army training. The previous study of the comparative cost of training minors and adults conducted jointly by Child Soldiers International and ForcesWatch, a copy of which is attached again here for ease of reference, therefore remains the most accurate analysis currently available. We set out below a summary of the main errors in the MoD’s analysis which, individually and collectively, grossly distort its findings:

1. Rather than comparing the actual cost of JE and SE training at their current sites, the MoD’s document compares the actual cost of JE training with an unsubstantiated estimate of the hypothetical cost of training SE at the current JE training site (Army Foundation College Harrogate, ‘AFCH’). The author has attempted to answer a different question to the one which was asked. In this sense, regardless of the inaccuracies in its calculations, the paper fails to address the question posed by the Defence Committee.

2. The differential drop-out rate of JE and SE recruits from training is one of the most significant factors in assessing the comparative cost-effectiveness of training the two groups. The MoD acknowledges this point explicitly in para.4, notes also that JE drop-out (or “wastage”) rates are significantly higher than SE drop-out rates, and provides a detailed comparison of drop-out rates in Annex A. Despite this, the MoD’s calculations in Table 1 do not factor in drop-out rates.

3. The paper (Table 1, col. e) confuses full career length (including the very long training for JE soldiers, over one year) with time spent as part of the trained strength. The latter is the appropriate basis for the calculation and shows substantially smaller differences between JE and SE soldiers. Including the time spent in training as part of an assessment of the MoD’s return on expenditure of the two training models is clearly nonsensical.

4. The paper is based on unsubstantiated, estimated and hypothetical per-recruit costs of conducting SE training at AFCH which are greatly inflated compared to known current costs (Table 1, col. d). The author estimates the costs of SE training at AFCH as being significantly higher than the known current costs of SE training but does not explain how this estimate was reached. The author’s estimate is almost twice as high as the true costs of Phase 1 training at ITC Catterick.

5. The author’s estimated SE training costs at AFCH are also higher, per recruit per week, than the known current costs of JE training at AFCH. Again, no explanation is given for these estimates. (SE short course training is 14 weeks, compared to 26 weeks for JE short course training. As a weekly cost, the author’s estimate for SE
training at AFCH is equivalent to £2,043 per week, which is at least 40% higher than the known current cost of training JE recruits at AFCH, at between £1,288 and £1,462 per week).

6. The paper also estimates the number of SE recruits that would need to be trained at AFCH to replace JE training, without explaining how this estimate was reached (Table 1, col. b). The SE intake is estimated as significantly higher than the JE intake, despite the fact that SE training has a significantly lower drop-out rate (which is not accounted for in the calculations at any point). If the estimate of the number of SE recruits required to replace JE recruits has been increased in order to account for their shorter average career length (as implied in para.5) this factor has been double-counted in the MoD’s calculations. The effect of average career length is accounted for in Table 1, col. f (and ensuing calculations) so it is not necessary to reflect this with an increased intake cohort size in column (b), as the author appears to have done.

7. The paper confuses the costs of training the JE and SE cohorts with the per-capita cost of each (Table 1, col. h). The total figures quoted in col. (g) and (h) give a misleading impression of the annual cost of Army training in relation to both JE and SE, as they are based on an arbitrary measurement (the cost each year of generating one year’s service from the intake cohort) rather than on the Army’s full annual training costs or the full training cost of an individual’s career.

The paper goes on to argue that JE is required in order to meet the Trained Strength Requirement but fails to account for the lower TSR required by Army 2020, instead basing its calculations on past recruiting patterns and TSR data. Even on this estimated inflow, however, past data proves that the future manpower target could comfortably be met without JE. Increasing the 2018/19 projected SE inflow (as per Table 1, Annex C) by 15 per cent (the paper’s estimated manning shortfall if JE were abolished) would result in a target of 6,419 SE recruits – an SE recruitment target which was surpassed in three out of the eight years listed (2007/08, 2009/10, 2011/12). These figures prove that it is possible for the Army to recruit 15 per cent more SE recruits than they do now or intend to do in 2018/19.

The significant financial savings which would accrue from abolishing the highly expensive JE training scheme (approximately £50m per annum, according to the analysis conducted by Child Soldiers International and ForcesWatch) could be used to pay for any additional recruitment expenditure required to increase SE figures, if this were to prove necessary. It should be recalled, however, that it is highly unlikely that significant numbers of recruits who currently enlist at 16 would not choose to enlist at age 18 in future if JE was abolished, so this pool of recruits is not “lost” to the Army. (It is significantly more likely that any recruits who currently enlist as JE but in future would not choose to enlist at 18 are those who would have been at high risk of dropping out of JE training). It can also reasonably be anticipated that current bottlenecks in deployable manpower capability would benefit from replacing JE recruits with SE recruits, due to the latter’s significantly shorter lead-in period from recruitment to deployable strength capability.

It is evident from the MoD’s paper that the PFI contract at AFCH is not providing good value for money, but no reason is given as to why it could not be adapted for SE training. The current excess costs incurred by the PFI contract do not necessitate or justify the additional financial wastage incurred by maintaining the highly costly JE training scheme, which itself offers poor value for money compared to SE training.

In summary, the MoD’s document compares the cost of actual JE training expenditure with hypothetical, unsubstantiated, and grossly inflated estimates of SE training. It does not answer the question posed by the Defence Committee, and draws inaccurate conclusions based on misleading calculations.

We will circulate a copy of our correspondence with the MoD in the new year but would be happy to discuss any of our analysis above with the Committee in the interim. In the meantime, we strongly urge the Committee to continue to press the MoD to conduct a thorough and independently audited review of the comparative cost effectiveness of its policy of recruiting and training minors.

Yours sincerely

[Signature]
Rachel Taylor
Research and Advocacy Manager