

RESPONSE TO QUESTIONS FROM THE HOUSE OF COMMONS DEFENCE COMMITTEE ON THE MOD HEBRIDES RANGE

1. Is the MoD committed to investing in a technological upgrade of the Hebrides Range site? What would this involve?

When the rejection of the proposals to control trials at the Hebrides Range from Aberporth and rationalise accommodation at West Camp was announced it was made clear that modernisation options for the Hebrides Range would be examined. However, it is little more than two months since the Hebrides decision and this activity is necessarily at a very early stage. No options have been identified.

- **Has any assessment been made of the need for improved radar tracking systems, particularly on St. Kilda, which currently only possesses I-band radar systems?**

Examination of modernisation options will encompass the best mix and location of tracking and surveillance assets to meet evolving customer requirements.

2. How great a weighting were the socio-economic factors, such as employment in the Western Isles, given in the decision to reject QinetiQ's plans?

Socio-economic factors were a very important factor in the MoD decision, but not the only ones, and financial and technical risk were also taken into account. The reasons are set out by the Minister of State for Defence Equipment and Support (Min(DE&S)) in the letter he sent to the Secretary of State for Defence on 9 September 2009 and which has recently been made public in response to a Freedom of Information Request from Mr Key.

3. What options for modernising the site are being considered? Have the proposals for a single integrated Command and Control Centre in Aberporth now been entirely discounted?

As stated in the response to Question 1, no options have yet been identified, but we will be examining several technical areas where modernisation would be desirable provided it can be shown to be affordable. The Government has made it clear that the detailed proposals for Integrated Air Range Operations, which were made public and were subject to public consultation in relation to the Hebrides Ranges, are dead. For example, during Oral Question Time on 14 October 2009, the Secretary of State for Scotland stated that "we are very clear that the initial proposals were abandoned..."

4. There have been recent suggestions in local media that QinetiQ are planning on going ahead with “minimising the presence on St Kilda”, centralising air traffic control for the Hebrides Range in Aberporth, and “increasing harmonisation of detailed Range operations” (See the West highland Free Press 13 October 09). Is this an attempt to downsize the Hebrides site via the back door?

We will not accept any attempt to revive the earlier, rejected proposals via the back door. Recent media speculation was based on a leaked QinetiQ Microsoft calendar entry for a meeting at Farnborough on 9 October 2009. QinetiQ is a private company and the government are not responsible for any documents generated by them. Government policy is quite clear, as stated above and will remain so.

5. What level of spare capacity do you estimate the range to possess?

The range is far from busy. The attached utilisation chart for 2008 shows that although the required contractual availability is 220 working days¹ per year, the range is actually used for well under 100 days per year. The Deep Range was used for training on about 25 days and by external Test & Evaluation (T&E) customers for just 13 days. The Inner Range was used on two occasions for Missile Practice Camps (MPC) for Rapier firings²; this is the contractual requirement, which has been reduced to reflect the actual demand, in line with reductions in MoD Rapier strength. Potential capacity is harder to judge, but the Long Term Partnering Agreement (LTPA) contract itself quotes a maximum capacity of 2 per month (a capacity that has not been used for many years).

West Camp has accommodation for over 500 soldiers, but is seriously under-utilised. In 2006-2007, for example, the largest deployment involved 250 cadets from 51 Highland Brigade (2nd Battalion Army Cadet Force); a more typical deployment would involve 80-90 cadets. The Royal Artillery (RA) has a maximum requirement for 160 military personnel when a Territorial Army (TA) regiment deploys for training. The regular RA no longer trains at regimental strength in the Hebrides and the typical battery deployment requires accommodation for fewer than 100 soldiers.

The following table gives a clear indication of the under-utilisation of accommodation at West Camp.

	Utilised Bed Nights April 08 – March 09	Bed Spaces Available per night	Actual Capacity
Congreve House	1,257	53	18,550
St Barbara's House	1,721	120	42,000
Other Ranks	12,247	390	136,500
St Kilda	5820	20	7,280
Total	21,045	583	204,330

¹ Mechanical and engineering services are available for 250 working days per year.

² A typical Rapier MPC extends over three weeks with about one week actually devoted to firing.

MoD and QinetiQ have strenuously sought to find additional 'customers' for the range, but this level of utilisation matches the MoD's current requirements. Increased utilisation is, however, most unlikely to affect the number of personnel required to operate the range.

6. In the letter to Bob Ainsworth MP outlining the reasoning behind his decision, Quentin Davies MP comments that: "It might be thought that contractual incentives and penalties would be enough to protect our interests, but I have discovered [...] that these are quite insufficient to induce QinetiQ to maximise overseas use of the range and therefore contributions to overheads". To what extent does this illustrates serious failings in the contractual arrangements between the MoD and QinetiQ and what can be done to remedy this situation?

The LTPA has always provided an opportunity for QinetiQ to seek other work and customers, but it has to be remembered that the Range's primary role is to host MoD trials and training events. The primary goal of the LTPA must, in consequence, be the delivery to MoD of the service for which it has paid. We are not complacent about the need to review commercial arrangements such as the LTPA, in order to identify scope for improvement. MoD officials, together with QinetiQ, have therefore been working for some time on measures that would further incentivise QinetiQ to seek a broader range of third-party work. These measures include, for example, an easier and standardised requests and approvals regime thus allowing QinetiQ to turn around prices and bids for Third Party Work in a more commercial timeframe and a change to the gain share regime that would allow the company to keep more of any increased revenue rather than return it to the MoD. However, the main constraint in taking forward these changes is not the LTPA itself, as has often been alleged, but rather the need to ensure compliance with EU State Aid Regulations. Officials are, therefore, currently in discussion with colleagues from the Department of Business, Innovation and Skills in order to identify a way forward that would enable us to incentivise QinetiQ further, collectively attract third party customers to the Range and still meet our obligations under the regulations.

7. What can be done to ensure QinetiQ promote the range for wider use, both by the MoD and other nations?

The Range is already used by overseas countries. Since the beginning of the LTPA in 2003, the following countries have used, or plan to use, the Range:

NATO	– annually
USA	– 2003/04
Switzerland	– 2005 (also scheduled to use the Range in 2010)
Germany	– 2004/05 (also scheduled to use the Range in 2010)
Denmark	– 2005 and 2007
Italy (support role)	– 2003
Dutch Marines	– 2008
Sweden	– 2007 and 2009

The Range is also used for training purposes by various Armed Forces units in addition to the Royal Artillery (RA). In 2007/8, for example, it was used by:

Angus & Dundee Army Cadet Force
Western Isles Army Cadet Force (four weekends)
16 Regiment RA (32 Battery)
Glen Almond College Cadet Force
108 Regiment (Volunteers) RA
51 Highland Brigade (2nd Battalion Army Cadet Force) – two camps
31 Signals Regiment (Volunteers)
16 Regiment RA (14 Battery)

QinetiQ's own Business Development Managers are focused on seeking additional customers and, on occasion, MoD officials engage in briefings to potential overseas customers in support of this effort. It is clearly in the interests of all those involved to ensure that the potential of the Hebrides Range is maximised. We will continue to work with QinetiQ to market the Range and its facilities. The MoD is part of the Defence Test & Evaluation Base (DTEB) initiative within the European Defence Agency, whose purpose is to review T&E capabilities across the EU and to encourage mutual use. The Hebrides Range is one of the premier ranges in this review.

But this is a competitive and finite market. While no-one who is familiar with the Range can fail to be impressed by the workforce's professionalism and the extent of the air and sea space available for trials, there are other ranges, such as Biscarrose in France and Vidsel in Sweden, that are equally attractive to potential users, either in terms of their up-to-date instrumentation or, in the case of Vidsel, the ability for operations to take place over land, a particularly important consideration in the case of unmanned aerial vehicles, for example. We therefore need to be realistic about just how much overseas work the range will be able to attract, especially at a time when all Defence budgets are under pressure.

Equally, realism is necessary when it comes to additional Army training. The Hebrides Range is remote and, while it is popular with Scottish (particularly Highland) Cadet Forces, travel for other UK Regular and Cadet Forces is time-consuming, expensive and difficult, especially if support equipment must be transported.

8. In relation to the Hebrides Range, has any assessment been made of the impact of the Long Term Partnering Agreement on securing contracts for third party use of the range?

- **Is there a danger that the LTPA could cause managerial complacency in terms of seeking wider use of the range? Does it lead to a culture of risk aversion within QinetiQ?**

This is covered by the response to Question 6 above. QinetiQ is neither complacent nor reluctant to help attract third-party work to the range. On the contrary, they see that the

improved incentivisation arrangements would benefit both MoD and the company, and have been working closely with MoD officials to help bring this improvement to fruition.

9. Do you recognise a danger that some of the financial obligations of the LTPA, for example the £50,000 per hour risk liability for third party users, is prohibitive for potential customers?

During Mr Key's visit to the Hebrides Range one of the QinetiQ managers told him that a charge of £50K per hour was levied on third party customers to cover risk liability and that this damaged the Range's ability to compete. We do not recognise charges of this scale or nature having been made but we do require customers to be able to cover their risks. Liability has to be sensibly addressed in any contract and these are not hypothetical risks. If the range was put out of commission by an incident during a third-party trial, MoD might have to conduct a trial overseas at additional expense. If private property was damaged, or a member of the public was injured or killed by such an incident, the potential liabilities would have to be met. It would be completely inappropriate for QinetiQ or the taxpayer (through the MoD) to assume liability for such incidents resulting from third party use of range facilities for which neither had any responsibility, as would be case if the incident arose from a defect in the third-party equipment being tested.

10. What assessment has been made of the impact of the LTPA on the work of QinetiQ and its ability to respond to military need?

We are aware of statements at the Hebrides Range to the effect that management is more concerned about what is good for QinetiQ than what is good for the Army. We do not believe such statements stand up to scrutiny.

The LTPA brings many benefits to UK Armed Forces. The contract is based round 18 core MoD T&E sites. QinetiQ maintains the associated equipment, land and buildings while at the same time delivering an agreed investment programme. This investment programme is vital to the contract and ensures that capabilities are maintained and developed to meet the current, future and evolving needs of the Armed Forces. Under the pre-LTPA arrangements, particularly when they were funded directly by MoD, the sites saw very little new investment and, since customers were free to go where they chose, were haemorrhaging work. Without the LTPA many key sites would undoubtedly have closed and national capability potentially would have been lost.

There is plenty of evidence that QinetiQ responds flexibly and quickly to the needs of the Armed Forces. It is currently providing facilities for 27 Urgent Operational Requirements at Boscombe Down alone and consistently attracts high satisfaction ratings from its military customers. These unprompted accolades from demanding MoD customers could be made available, subject to appropriate security safeguards.

The LTPA also brings indirect benefit. In the first 5 year period (2003-2008) it delivered audited ongoing savings of more than £20M per annum through a rationalisation of air and land ranges which had long been seen as necessary, but for which MoD had never been able to find the necessary upfront investment.

11. In the letter to the Secretary of State, Quentin Davies MP identifies several key failings on the part of QinetiQ in drawing up their proposals, including the failure to; undertake thorough internal consultation; to produce a safety plan for the proposed regime; to give consideration to the risk of not obtaining planning consent or the proposed dismantling of existing and building of new structures on St. Kilda; and the failure to consider the role of local goodwill in the viability of the range. Have QinetiQ broken any contractual obligations to the MoD by failing to consider these key concerns in their proposals?

No contractual obligations have been broken, but both parties are determined to learn from the issues raised by these rejected proposals and to ensure that the lessons are put into practice.

Ministry of Defence

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Hebrides Range Utilisation 2008

