Meg Hillier MP
Public Accounts Committee Chair
Sent electronically

Dear Chair,

CAPITA’S CONTRACTS WITH THE MINISTRY OF DEFENCE

Following the Public Accounts Committee Hearing on the 14 January 2019 which considered Capita’s contracts with the Ministry of Defence, I made a commitment to write to the Committee with full answers to several questions raised during the hearing. Please find the answers to these questions below.

Q 18. How many military personnel are still involved in the Army’s recruitment process? (Sir Geoffrey Clifton-Brown MP)

There are currently 417 military recruiting posts, this includes 374 Regular personnel and 43 Full Time Reserves (FTRS).

Q 57-58. Of those voluntarily dropping out of the recruitment pipeline, what are the reasons recorded and what is the methodology used to get this data? (Gareth Snell MP)

Capita are responding in more detail on this data. We would add that applicants choose to drop out of the recruitment process for a variety of reasons, driven by factors such as personal circumstances, alternative employment opportunities, and physical circumstances. Evidence suggests that the further along the process an applicant is, the less likely they are to voluntarily withdraw. A key priority for the Manning Campaign Plan is therefore to reduce the time taken between a candidate’s initial application and the offer to commence basic training.
The figure of 47% (reference: NAO report, p8) refers to an external audit commissioned by the Army to validate outflow data, with the breakdown of this figure referring to when applicants drop out of the pipeline.

Q 101. How much money has been saved in the staff budget by the recruitment gaps, and what has been the financial benefit of being under-resourced in human capital for the last few years, to all three services? (Anne-Marie Trevelyan MP)

For the Army, every 1,000 soldiers below the required number represents a financial saving of some £55M a year, based on average capitation rates. The Department’s financial planning process aims off for forecast under manning, so the saving to the Army may be less than this. The saving is not ring fenced and is not tracked separately; the same approach is true of the other services. Within the Army in recent years it has, in effect, been used to ease cost pressures in other areas of the budget as well as funding manpower-related measures, such as additional recruit marketing, retention incentives and other (non-Regular) types of manpower.

Q 112. Whilst the Recruiting Partnering Project contract with Capita was being developed, and it became apparent that a new software platform would be required, at any point was there a discussion in the Army or MOD about whether or not to secure Intellectual Property rights to that software going forward, out of contract? (Gareth Snell MP)

The provision of a fully integrated Information and Communications Technology (ICT) solution has formed part of the contract since the original signature, along with the associated Intellectual Property (IP). In relation to the IP, the MOD secured access to free user rights in perpetuity, allowing us to use, copy or modify the ICT solution. This can be either by the MOD, or a third-party supplier. Capita will only apply a maintenance fee to provide additional support where the MOD finds itself unable to provide the technical ability to resolve issues itself. This additional support could equally be provided by any other 3rd party agent. This IP provision has remained in place throughout the length of the contract and continues to apply to this solution. No other discussion to vary or alter this provision has been considered.

Q 162. Could the MOD confirm the specifics of the Defence Fire and Rescue Project (DFRP) contract that will apply to Cyprus, and whether there has been any deviation from what would apply to UK mainland sites? (Gareth Snell MP)

The Sovereign Base Areas (SBA) in Cyprus have always been in scope of the DFRP contract and the DFRP contractor will be responsible for delivery of the same range of services, vehicles and equipment as will be delivered on the UK mainland. The difference between the UK and Cyprus is in respect of personnel. In the UK there will be a transfer of civilian firefighters from the MOD to the contractor under the UK’s Transfer of Undertaking (Protection of Employment) (TUPE) Regulations. Neither of the two final bidder solutions
required an equivalent transfer in Cyprus and therefore the Locally Employed Civilians (LEC) will not be transferring to the selected bidder.

Q 167. Can the MOD provide an update about the Annington Homes relationship/negotiations in relation to the management of the estate, voids and dilapidations? (Anne-Marie Trevelyan MP)

As we stated at the hearing, we are making good progress with Terra Firma and Annington on an accelerated process for the site reviews and on resetting some of the terms of the original lease to drive a more efficient management of the estate. A full update will be provided when negotiations have been completed; the intent is this will be in the next few weeks.

Q 174. Can the MOD confirm whether there are still mould and asbestos registers, or have they now been removed? (Anne-Marie Trevelyan MP)

The Defence Infrastructure Organisation has active programmes for both damp and mould, and asbestos control management. The damp and mould management programme is managed in accordance with the Housing Act 2004 and delivered through Damp and Mould Surveys and Housing Health and Safety Rating System inspections performed during routine Combined Accommodation Assessment Surveys. The Department maintains an up to date asbestos register in accordance with sections 3 and 4 of the Health and Safety At Work Act, the Control of Asbestos Regulations 2012, and the Approved Code of Practice for Managing and Working with Asbestos.

Yours sincerely,

STEPHEN LOVEGROVE