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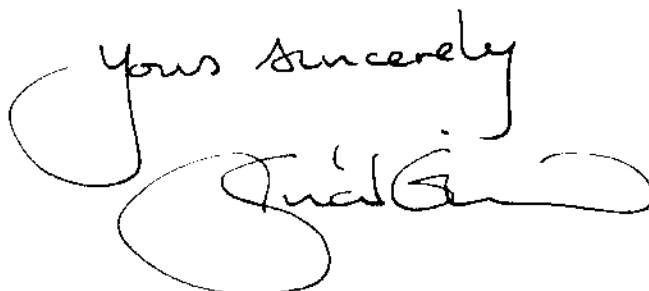
**STUART ANDREW MP**  
PARLIAMENTARY UNDER-SECRETARY OF STATE AND MINISTER  
FOR DEFENCE PROCUREMENT

MSU/4/2/4/6/ap

12 February 2019

Dear Mr Young

I would like to lay a copy of the Accounting Officer Assessment for the TEUTATES programme in the Library of the House.

Yours sincerely  


**STUART ANDREW MP**

Penny Young  
Librarian and Director General Information Service  
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STEPHEN LOVEGROVE



Ministry  
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4 February 2019

**Meg Hillier MP**  
**Chair of the PAC**  
*Sent electronically*

Dear Chair

## **ACCOUNTING OFFICER ASSESSMENT FOR UK / FRANCE TEUTATES PROGRAMME**

It is normal practice for accounting officers to scrutinise significant policy proposals or plans to start or vary major projects, and then assess whether they measure up to the standards set out in Managing Public Money. From April 2017, the government has committed to make a summary of the key points from these assessments available to Parliament when an accounting officer has agreed an assessment of projects within the Government's Major Projects Portfolio.

This Accounting Officer Assessment has considered the cost increase to the UK in the TEUTATES programme's cost approval as submitted to the MOD Investment Approval Committee (IAC) in Dec 2017. The IAC is the senior body in MOD responsible for considering major investments proposals but taken by the Defence Board to which the IAC is subordinate. The cost increase presented to the IAC resulted from relatively immature estimates (cost and design) at the Main Gate Business Case approval for a unique nuclear capability.

### **Background and Context**

On 2 November 2010, during a summit between UK Prime Minister David Cameron and France's President Nicolas Sarkozy, the two leaders issued a declaration on defence and security co-operation. The declaration stated that the two leaders had decided "to collaborate in the technology associated with nuclear stockpile stewardship in support of our respective independent nuclear deterrent capabilities, in full compliance with our international obligations".

The Treaty covered three areas: safety and security of nuclear weapons; stockpiles; and stockpile certification and counter nuclear or radiological terrorism. As part of this we agreed

to build and operate a joint hydrodynamics capability known as TEUTATES. This programme assists both countries in maintaining the safety and reliability of their respective nuclear weapon stockpiles.

TEUTATES covers the joint construction, funding, and operation of a new hydrodynamics facility in France, at Epure, near Dijon, and a technology development centre and interim firing point in the UK at the Atomic Weapons Establishment, at Aldermaston. The facilities will enable each country to undertake hydrodynamic experiments in a secure environment. The hydrodynamic facilities use radiography to measure the performance of materials at extremes of temperature and pressure. This enables us to model the performance and safety of the nuclear weapons in our stockpile without undertaking nuclear explosive tests.

The Main Gate submission was approved in December 2013, where it was accepted the costs and timescales were not at the state of maturity that would normally be expected given the unique nature of the programme. The Main Gate approval constitutes the main IAC investment decision where the MOD commits to the full cost of the Programme. The IAC approved revised costs in line with the maturity of the programme in March 2018, noting that within the context of the Nuclear Weapon Capability Sustainment Programme it remains affordable. This was also approved by Chief Secretary of the Treasury on 22 March 2018.

This assessment is made by the Permanent Secretary, Ministry of Defence.

### **Regularity**

The TEUTATES programme continues to comply with Parliamentary requirements for the control of expenditure, with programme funds being applied only to the extent and for the purposes authorised by Parliament. HMT Regularity continues to be satisfied. The Treaty has been presented to Parliament and is governed through the National Security Advisor, Cabinet Office, and Foreign Office. Governance has been independently reviewed by the Cabinet Office Infrastructure Projects Authority (IPA). The Cabinet Office IPA reviews all major government investment projects. As a bilateral Treaty we do not envisage it being impacted by Brexit but we keep this position under review.

### **Propriety**

Parliament's intention of the programme's authorised expenditure continues to be met properly, and is reviewed by the Cabinet Office IPA, through quarterly reporting. Cost growth has been managed within overall Nuclear Weapon Capability Sustainment Programme and the IAC approved revised costs in March 2018 in line with the maturity of the programme noting that within the context of the Nuclear Weapon Capability Sustainment Programme it remains affordable.

We are also managing cost share with the French in line with the principles set out in the Treaty. The Programme's funds are being managed with impartiality, honesty, and with the avoidance of personal gain and extravagance, this is reviewed by the IPA quarterly and IAC scrutiny.

### **Value for Money**

The Programme has passed Main Gate (the Main Gate approval constitutes the main IAC investment decision where the MOD commits to the full cost of the Programme). The significant amount of funding sunk into building the facility overseas would be written off if the programme were halted. In addition to the sunk costs, the UK has a Treaty obligation and IAC Main Gate approval in 2014 constituted "final national investment approval", committing the UK to provide 10-years notice of any intent to withdraw from the Treaty. Therefore, as well as current sunk costs, the Treaty obligations commit us to costs for a further 10-years from notice of our intent to withdraw, this is beyond the current end of the programme build.

If we were to build a similar capability in the UK, a similar amount or more would have to be spent on building the new capability and would not be deliverable in the required timescale.

### **Deliverability**

The programme remains deliverable although challenging. The programme's next phase is technically demanding and includes the final design and integration of all three of the x-ray axis onto the firing point where the experiments are conducted.

### **Conclusion**

A key enabler to support the UK nuclear warhead programme will be achieved through the success of this programme and the MOD remains committed.

As MOD Accounting Officer, I have considered this assessment of TEUTATES and approve it. It is concluded that TEUTATES remains a satisfactory use of public resources and that the programme should proceed.

I have prepared this summary to set out the key points which informed my decision. If any of these factors change materially during the lifetime of this project, I undertake to prepare a revised summary, setting out my assessment of them.

Yours sincerely,



**STEPHEN LOVEGROVE**