

PERMANENT SECRETARY

D/PUS/11/7/1 (13)

04 January 2022

Dame Meg Hillier MP
Chair of the PAC
Sent electronically

Dear Chair,

MINE HUNTING CAPABILITY PROGRAMME ACCOUNTING OFFICER ASSESSMENT ON JOINING MAJOR PROJECTS PORTFOLIO

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 assessment has been undertaken in accordance with the requirement to conduct an Accounting Officers Assessment upon joining the Government Major Projects Portfolio.

Background

The Mine Hunting Capability requirement comes from the need to maintain the critical capability currently provided by Sandown and Hunt Class Mine Counter-Measures Vessels and supporting units such as diving and forward support, along with a restoration of mine sweeping capability. The pace and nature of change is dictated by out-of-service dates for the current low signature Mine Counter-Measures Vessels that have already been significantly life-extended and are recognised as having capability shortfalls measured against evolving threats. Disposal of the Mine Counter-Measures Vessels fleet has commenced. There is a need to urgently develop new technology both for defence against new high-tech mine like threats and to reduce the forecast in service support costs of the existing capability.

The aim of Mine Hunting Capability is to deliver a managed transition from current Mine Counter Measures Vessels to future Maritime Autonomous Systems capabilities whilst sustaining and, where possible, improving capability delivery to provide military effect in accordance with extant Policy assumptions.

The Mine Hunting Capability procurement model is based on incremental procurement, which will deliver early batches of operational capability to exploit mature technology, in parallel with continuing assessment, trials and development work to develop less mature aspects. This approach delivers early wins whilst reducing risk exposure and initial financial outlay. Increments will form self-contained units of capability.

This assessment has been undertaken in accordance with the requirement to conduct an Accounting Officer Assessment on joining the Government Major Projects Portfolio.

Assessment against AO Standards

Regularity

The Mine Hunting Capability Programme complies 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 standards continue to be satisfied.

The programme is in regular contact with the Cabinet Office to confirm assurance practices are aligned with governmental requirements including adding a Cabinet Office representative to the Programme Board.

The programme is working closely with the Naval Authority Group through the WILTON¹ pathfinder systems to identify whether changes to current legislation will be required to operate Mine Hunting Capability systems safely. This will be understood ahead of the Block 2 Full Business Case approval, planned for 2024.

Propriety

The mandated scope of expenditure continues to be maintained and managed in accordance with the Block 1 Mandate from the Navy Command Executive Committee to the Senior Responsible Owner. Infrastructure and Projects Authority reporting is being incorporated into regular programme assurance in addition to Government Major Projects Portfolio reports. The programme's funds are being managed with impartiality, honesty, and with the avoidance of personal gain, waste, and extravagance.

Given the export opportunities for Mine Hunting Capability systems for UK industry the Programme has and will continue to engage with enquiries in accordance with national security and trade policies through engagement with appropriate UK Government agencies.

¹ WILTON is a standalone project and part of the overall MHC Programme and has already transitioned through IOC (Initial Operating Capability). It is based on the Clyde and, amongst other objectives, will act as a pathfinder for MHC providing the opportunity to Learn from Experience (LfE) and shape the longer-term MHC deliverables.

Value for Money

The programme plans achieve a Value for Money outcome through competition where appropriate, which is entirely consistent with the HM Treasury Green Book guidance. Two of the major Mine Hunting Capability sub-programmes (the Maritime Mine Counter-Measures and SWEEP demonstrator programmes) were competed at the start of their respective development programmes and successful elements were taken forward into Block 1. Following this open competition Maritime Mine Counter-Measures is now being delivered through a FR/UK single source contract managed through OCCAR (Organisation Conjointe de Coopération en matière d'Armement / Organisation for Joint Armament Co-operation), allowing the programme to realise the benefits of the cooperation sought through the Lancaster House Treaty. The competition has ensured the best possible outcome for Defence by driving out unnecessary cost whilst retaining as much capability as practicable through competitive tension for a price that is fixed.

Deliverability

The Mine Hunting Capability Block 1 schedule has been independently verified in accordance with the Outline Business Case approved in November 2020. The dates for key milestones are for the first Primary System to be delivered to the Gulf in December 2022 and ready for tasking (for the purposes of operational evaluation) from Q3 2023. Mission System 1 (Faslane) will be delivered November 2023 - September 2024 and Mission System 3² (Portsmouth) by March 2024. These milestones are set into the Block 1 Programme Mandate therefore any slip will be reported as a baseline change.

Block 1 will support an informed decision to be made when the Full Business Case for Block 2 is drafted and issued for approval, currently planned at the end of 2023. This will act as the formal incorporation of Mine Hunting Capability and Maritime Autonomous Systems in the Royal Navy Portfolio.

Conclusion

The Mine Hunting Capability Programme remains within the approvals for the Operational Evaluation Phase, consistent with the Navy Executive Committee's approval. The pathfinder systems are being force generated to provide early insight and risk mitigation for the Block 1 Systems to follow.

As the MOD Accounting Officer, I considered this assessment of the Mine Hunting Capability Programme and approved it on 04 January 2022.

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 programme, I undertake to prepare a revised summary, setting out my assessment of those factors.

² A different technical baseline to Mission Systems 1 and 2 based on the WILTON mine hunting system.

This summary will be published on the government's website (www.gov.uk). Copies will be deposited in the library of the House of Commons and sent to the Comptroller and Auditor General and Treasury Officer of Accounts.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'D Williams', with a long horizontal flourish extending to the right.

DAVID WILLIAMS