Dear Mr Young,

Ministry of Defence Accounting Officer Assessments

I would be grateful if the enclosed five documents could be placed in the Library of the House.

Yours sincerely,

Anne-Marie Trevelyan MP

Penny Young
Director General
Information Services
House of Commons Library
House of Commons
London
SW1A 0AA

Enclosure(s)
Dear Chair,

FLEET SOLID SUPPORT PROGRAMME ACCOUNTING OFFICER ASSESSMENT

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 AOA upon joining the GMPP.

Background

The FSS programme will deliver the ships to provide the solid sustainment (food, stores and ammunition) that is required for Maritime Task Groups and Joint Forces to operate at the reach, tempo and duration to poise and deliver effect. FSS is a key logistic enabler for Carrier Enabled Power Projection, providing highly mobile sovereign Access and Basing choices for Defence reducing the demand on the support chain and assures the highly regulated and constrained movement of munitions. Strategic Defence and Security Review (SDSR) 15 confirmed the need for the capability.

Having achieved Initial Gate approval in Apr 16, the programme entered a 4 year Assessment Phase. It is now in the second part of that phase undertaking an International Competition for the Design and Manufacture Contract.

This assessment has been undertaken in accordance with the requirement to conduct an Accounting Officer Assessment (AOA) on joining the Government Major Programmes and Projects (GMPP) portfolio.
This assessment is made by the Permanent Secretary (and Accounting Officer) of the Ministry of Defence.

Assessment against AO Standards

Regularity

The FSS 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 International Competition is being conducted in accordance with the commercial and legal obligations under the Defence and Public Security Contracts Regulations 2011.

Propriety

Parliament’s intention of the programme’s authorised expenditure continues to be met properly, and is reviewed by the Department and Cabinet Office IPA, through quarterly reporting. The programme’s funds are being managed with impartiality, honesty, and with the avoidance of personal gain, waste, and extravagance.

Value for Money

The programme plans to achieve a Value for Money outcome through the use of competition which is entirely consistent with the HM Treasury Green Book guidance.

Feasibility

The programme continues to forecast to deliver the capability in accordance with current Departmental planning assumptions. Market Engagement prior to the start of the formal competition supported ship build timescale estimates, with the agreed delivery schedule to be confirmed at Contract Award.

Conclusion

The FSS Programme has not breached any of its tolerances as set at Initial Gate. The International Competition is proceeding with the expectation that a Main Gate submission and subsequent Contract Award for the Design and Manufacture Prime Contract will be achieved in 2020 as planned.

As the MOD Accounting Officer I considered this assessment of the Fleet Solid Support programme and approved it on 21 June 2019.

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.

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,

[Signature]

STEPHEN LOVEGROVE
CLYDE INFRASTRUCTURE PROGRAMME ACCOUNTING OFFICER ASSESSMENT

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 (GMPP).

This Accounting Officer Assessment considers the Clyde Infrastructure Programme on being selected to be part of the GMPP.

Background

The Clyde Infrastructure Programme (CIP) was established in 2015 to coordinate the delivery of multiple infrastructure projects to build new or upgrade/update existing facilities within the geographically constrained sites in HMNB Clyde (Faslane and Coulport), whilst ensuring the Naval Base could concurrently support Continuous at Sea Deterrence (CASD). A formal Programme mandate was published in Feb 2016 which articulated the end state of the programme as “An integrated submarine operating base at Clyde, supporting a Submarine Force that is safe, secure, sustainable and resilient”.

There are currently 14 active Projects within the Programme. Each is covered by its own dedicated approval. The total programme value is estimated at £1.6Bn over 15 years and includes: new/upgraded accommodation; enhanced security measures; new/upgraded training facilities, and invasive maintenance measures on several existing nuclear support facilities to enable the continued safe and secure operation of submarines and support the arrival of the DREADNOUGHT Class of SSBNs. The programme has accrued £227.727m to date.
The programme is led by Navy Command with the Defence Infrastructure Organisation as the primary Delivery Agent supported by a number of commercial Professional Support Partners.

**Assessment against AO Standards**

**Regularity**

The CIP 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. Industry is being contracted for the delivery of work across the site or support to the programme through commercially appropriate vehicles, endorsed by CASDD, the Cabinet Office and compliant with EU Law.

**Propriety**

The delivery of all Clyde Infrastructure Projects continues within the allocated Programme funding line and the scope of the approvals given for each project. It is governed effectively in accordance with GMPP requirements. It is assessed therefore that Parliament’s intention for the CIP authorised expenditure continues to be met properly. The Programme’s funds are being managed with impartiality, honesty, and with the avoidance of personal gain, waste, and extravagance.

**Value for Money**

Value for money assessments are carried out at each Project level to satisfy approval requirements in line with MOD governance arrangements with a significant volume of activity being contracted through competition.

**Feasibility**

Although challenging, the programme is assessed as deliverable with the incremental delivery of benefits occurring as new or upgraded facilities are completed. The programme is currently transitioning from the delivery of new build infrastructure facilities, to a greater emphasis on the more challenging refurbishment and midlife refit of existing operational facilities.

**Conclusion**

Successful delivery of the programme will update/upgrade or build new infrastructure to support Continuous at Sea Deterrence as it transitions from the current VANGUARD Class SSBNs to the DREADNOUGHT SSBNs and further creates a single integrated operating base that supports activity across the Naval Base in support of Defence’s highest priority. Benefits will be delivered incrementally throughout the programme.

As MOD Accounting Officer I considered this assessment of the Clyde Infrastructure Programme following its selection to be part of the GMPP and approved it on 15 July.
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.

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,

Stephen Lovegrove

STEPHEN LOVEGROVE
Dear Chair,

FUTURE MARITIME SUPPORT PROGRAMME ACCOUNTING OFFICER
ASSESSMENT ON JOINING GMPP

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 considers the Future Maritime Support Programme (FMSP) on joining the GMPP.

Background

The Future Maritime Support Programme (FMSP) will design and deliver the contracts for the in-service support of Complex Warships, Submarines and Naval Base Services, succeeding the current Maritime Support Delivery Framework (MSDF) arrangements with Babcock Marine and BAE Systems. FMSP has ambitious effectiveness and efficiency objectives that go further than MSDF to deliver transformational change, reduce costs and provide a better level of service for the RN. FMSP achieved Initial Gate (IG) approval in Apr 18 to develop the commercial and procurement strategies, revalidate the requirements and agree the transformational activity to achieve the desired benefits. The timeframe is challenging, and further programme sequencing may be necessary. This assessment is made by Permanent Secretary (and Accounting Officer), Ministry of Defence.
Assessment against AO Standards

Regularity

FMSP 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 standards continue to be satisfied.

Propriety

Parliament's intention for FMSP authorised expenditure continues to be met properly. The programme's funds are being managed with impartiality, honesty, and with the avoidance of personal gain, waste, and extravagance.

Value for Money

The FMSP Commercial and Procurement Strategies should ultimately deliver significant improvements in Value for Money through improvements in productive utilisation and performance by suppliers, and reductions in the fixed cost base.

Feasibility

FMSP is deliverable albeit the volume of commercial and transformational activity may require a rebaselining of the programme.

Conclusion

It is concluded that FMSP remains a satisfactory use of public resources and that the programme should proceed.

As the MOD Accounting Officer, I considered this assessment of FMSP and approved it on 15 July 2019.

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.

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,

[Signature]

STEPHEN LOVEGROVE
Meg Hillier MP  
Chair of the Public Accounts Committee  

Sent electronically

Dear Chair,

ASTUTE CLASS SUBMARINES BOAT 4 ACCOUNTING OFFICER ASSESSMENT

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 Governments Major Projects Portfolio.

This Accounting Officer Assessment considers the forecast delay in meeting the approved Operational Handover date for Boat 4 of the ASTUTE class submarine programme.

Background

The ASTUTE programme, valued at over £11Bn, will deliver seven nuclear attack submarines, replacing the previous TRAFALGAR class. Currently, three boats (ASTUTE, AMBUSH & ARTFUL) are in service. The remaining four boats (AUDACIOUS, ANSON, AGAMEMNON and AGINCOURT) are at varying stages of completion, with final delivery expected by November 2026. The Astute programme is being procured through single source contracts and are being built at the lead suppliers’ shipyard in Barrow-in-Furness.

An Astute Whole Programme Approval was secured in March 2018, which allowed for an Operational Handover date for AUDACIOUS of August 2019. This Accounting Officer Assessment is necessary because this date has been breached, following emergent technical issues within the build programme. The emergent issues have required unplanned repair and rework to facilitate the submarine proceeding forward with the normal commissioning process. The Operational handover for AUDACIOUS is now planned for January 2021.
The delays to the build have not currently caused the programme to overrun in cost terms given that the financial approval is at the programme level (rather than by individual boat) and includes contingency. However, there has been a knock-on schedule delay to ANSON and further schedule challenges with the remaining build. Consequently, the level of schedule risk provision is being reviewed and, longer term, it may be necessary to seek to increase this.

**Regularity**

The ASTUTE 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 standards continue to be satisfied.

**Propriety**

Although the programme is forecasting a delay to AUDACIOUS, it remains a high priority to enable the Royal Navy to meet Defence strategic objectives. It is governed effectively in accordance with GMPP requirements. It is assessed therefore that Parliament’s intention for the ASTUTE programme authorised expenditure continues to be met properly, despite this delay. The programme’s funds are being managed with impartiality, honesty, and with the avoidance of personal gain, waste or extravagance.

The costs of the ASTUTE programme remain inside its extant financial approval, and longer term financial commitments are sustainable.

**Value for Money**

AUDACIOUS is due to commence sea trials shortly, and as such it’s build programme is largely complete, with 96.2% of the total cost already sunk. Therefore, the assessment is that completing the build of AUDACIOUS provides the best approach to achieve value for money. The costs incurred on the programme are subject to review and challenge by the MoD Cost Assurance and Analysis Service (CAAS) to ensure they are appropriate and represent value for money.

**Feasibility**

Collaboration with and investment in our lead supplier has been key in improving the operational management of the AUDACIOUS build. The key repair has successfully completed and AUDACIOUS has re-entered the normal commissioning process for a new build nuclear submarine. As with any programme of this complexity, there remains a susceptibility to low probability, high impact events and MOD staff continue to work with the BAES Systems to ensure these are effectively mitigated.

**Conclusion**

It is concluded that the ASTUTE programme in general, including AUDACIOUS remains a satisfactory use of public resources and that the programme should proceed. The
ASTUTE programme is essential to the maintenance of Continuous at Sea Deterrence and the nation's strategic nuclear capability. The continued build of AUDACIOUS is considered essential as the ageing TRAFALGAR class submarines are decommissioned.

As the MOD Accounting Officer, I considered this assessment of AUDACIOUS and approved it on 16 October 2019.

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.

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,

STEPHEN LOVEGROVE
Dear Chair,

JOINT CRYPTO KEY PROGRAMME - MOD ACCOUNTING OFFICER ASSESSMENT

The basis of this AO assessment for the Joint Crypt Key Programme (JCKP) is to formalise the inclusion of the programme into the GMPP from April 2017 in accordance with AO policy.

Background

Cryptographic capabilities, often referred to as 'Crypt-Key', help the UK to keep its secrets secret and enable us to have high confidence in the control and management of critical operational systems and services. Thus making sure we can protect our most sensitive information, capabilities and the lives of our service men and women from our adversaries. The Joint Crypt-Key Programme between MOD and GCHQ is a part of a set of measures to support Cyber Security; the UK is confident that our crypt-key solutions keep our secrets secret, allow us to share information effectively and ensure that is available when and where required and in a trusted form. It also enables Allies to respect and trust the UK, allowing us to choose how to use platforms, systems and information in the face of all adversaries and threats.

Joint Crypt-Key is a Cat A Programme within the UK Crypt-Key Enterprise, which is defined as “The ecosystem of capabilities (people, process, technology), policy, standards, culture and ways of working that provide High Assurance Crypt-Key in the context of cyber security architecture to support HMG’s aims both in the UK and with our partners and allies”.

The intent of the Programme is to:

a. Design and develop next generation of Crypt-Key capabilities.

b. Stay ahead of the threat posed by the most capable adversaries.
c. Ensure the future Crypt-Key capabilities meet MOD’s mission requirements.

Assessment against AO Standards

Regularity

The programme complies with the 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.

Propriety

The programme is governed effectively in accordance with GMPP requirements. The programme remains affordable within MOD IAC & GCHQ agreed performance, time and cost constraints. The Programme’s funds continue to be managed with impartiality, honesty and with the avoidance of personal gain, waste and extravagance. As such, Parliament’s intention for the JCKP authorised expenditure continues to be met properly.

Value for Money

A definitive statement regarding Value for Money cannot be made at this stage given that several of the programme tranches are in the assessment phase, preventing detailed analysis of potential market offerings in response to the requirements. However, to date the programme has been delivered through either direct competition or pre-Competed framework contracts to assure Value for Money. The remaining elements of the programme will also follow this route. Overall, analysis strongly indicates that the next generation of the UK CK will generate significant benefits and Value for Money.

Feasibility

An Infrastructure Projects Authority Programme Assessment Review was requested by the SRO’s to ensure the programme was set up for success and this concluded on 24 May 2019. The Infrastructure Projects Authority acknowledge the challenging environment in which the Programme was operating. The review also recognised the progress the Programme is making despite challenges, noting its various strengths. The Programme will address the concerns highlighted in the Review with the Infrastructure Projects Authority actions being completed by Dec 2019.

Conclusion

Despite the challenges, Joint Crypt Key Programme is on track to deliver the expected outcomes and benefits within its approved budget. The Accounting Officer Assessment submission formalises the inclusion of Joint Crypt Key Programme into the GMPP and reflects the most recent programme position (Q1 19/20) against the key Accounting Officer’s Assessment criteria being tested.

As the MOD Accounting Officer, I considered this assessment of the Joint Crypt Key
Programme and approved it on 15 October 2019.

I have prepared this summary to set out the key points which informed the 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.

AO Summary Publication

The full AOA assessment has been seen and approved, but in the case of this programme the MOD has identified the need for confidentiality. Sensitive information in the AOA has therefore been redacted from the AOA Summary. Given the nature of the programme, full details of the Joint Crypt Key Programme are exempt under Section 26 of Freedom of Information Act 2000 (Defence) and the equivalent in GCHQ.

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,

STEPHEN LOVEGROVE