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From Jon Day CBE



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**FRAMEWORK AGREEMENT TECHNICAL SERVICES (FATS)**

Thank you for your note of 6 February expressing your concerns regarding the loss of specialist capabilities that were highlighted by a RN Officer in a letter of resignation.

This area of the DE&S provides the nuclear propulsion systems for our submarine force the MoD has an excellent safety record. It is a very robustly governed function and is Regulated by the Defence Nuclear Safety Regulator (DNSR) with due cognisance to the Secretary of State's policy statement on Health, Safety and Environmental Protection. Indeed, it is an area that the Haddon-Cave report highlighted as good practice. The DE&S project team that holds this nuclear safety responsibility has relied on contracted support to its governance systems for many years when the relevant arm of the UK Atomic Energy Authority that provided this function previously was transferred to the private sector under the TUPE regulations. The team has set its 'Nuclear Baseline' for MoD resource for approval by DNSR and has conducted a review of their overall resource level to ensure they can continue to deliver their responsibilities 'safely and professionally'.

Over the last 18 months, the team has been dealing with a peak of activity to set up the additional governance arrangements associated with the detailed design of the new naval reactor plant to propel the next generation of strategic deterrent submarines. There is no doubt that this peak over and above the previous steady-state role of this team has required a level of additional support that has had to come from industry. The work was not placed through the FATS arrangement but used an existing contract designed to provide the specific technical support that this specialist team requires.

Your correspondence questioned the performance of two contracted personnel. The Submarines OC in DE&S has investigated and confirmed that the performance of the first person supplied by the contractor was sub-standard; action was taken in April 2011


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by the project team to address this which resulted in the change of person contracted and an improvement in the procurement process. Since then, the support provided by the contractor has been satisfactory. The root-cause of this initial under-performance was, at least in part, due to an inadequate statement of requirement being provided by the MoD initially and the Submarines OC accepts the need to improve how it specifies and manages the performance of contractors.

It is, of course, a great shame that the RN officer felt he was under-valued. I have no evidence that this is a common perception amongst our junior officers but, the MoD must remain ever vigilant of the reasons why our skilled personnel seek to leave the Service. In this particular case, a busy team needed support to deal with a peak workload. The intent was to augment rather than undermine the Officer concerned in order to maintain vital outputs to Defence.

I am grateful that you highlighted this issue to me but this was not a problem with FATS, nor was it a long term replacement of internal staff with external resources, but a peak-loading requirement. I do accept that we must continue to demand value for money from our contractors and take early action if contractor performance is inadequate, as it was in this case. We must also recognise where the safe and professional delivery of our outputs relies upon core MoD expertise.

Yours Sincerely  


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