

(Editor's note : This post also contains the full Parliamentary exchange when the announcement was made)

By Nick Watts, Great North News Services

The decision, announced today, to press ahead with the purchase of the F35B is instructive. Coming as it does shortly after the MOD's White paper on Technology, Equipment and Support for UK defence and security it tells us much about the UK's ability to provide sovereign capability. The obvious headlines about U turns miss the wider point.

The original decision to choose a Short Take Off and Vertical Landing (STOVL) variant made sense in the context of its time. The UK had a well developed understanding of STOVL operations. Industrially it made sense too, since other partners in the JSF project would be using this variant, which would offer interoperability into the future after the Harriers were retired. The subsequent history of this programme was one where the take off weight of the STOVL variant was increasing, reducing its operational capability. Suddenly the conventional version began to make more sense.

The decision to reverse the decision to buy the STOVL version opened other doors; interoperability with both the US and French navies. But at this point the evolving technology of the new catapult launch system began to cause anxiety. Modern ships are driven by electric motors so the old steam powered catapults would not be suitable. At this point the equation becomes very complex. A re-design of the CVFs would be needed; the first ship would come into service without the catapult launch system. The aircraft itself is still evolving. Suddenly the programme is teetering on the edge of confusion.

At this point inter service rivalry steps into the picture. One option would be to press ahead with the conventionally launched F35-C. In the absence of which the UK could acquire F18s to provide carrier borne capability. This defies the logic of choosing to participate in the F35 programme in the first place. MOD's ambition is to reduce the different types of aircraft it operates for efficiency reasons. The F35 was chosen for both the RAF and the RN. Like the Typhoon, the F35 is new technology. Its current problems arise from the fact that it is effectively a technology demonstrator. Opting for the F18 option, however attractive in the short term, would not prove any cheaper. It would also encourage the Treasury to delete the UK's purchase of F35 as we had the desired capability. The F18 is due out of service in the 2030 time frame. By this time (it is to be hoped) F35 would be maturing in service.

It should also be remembered that the UK is a Tier 1 participant in the JSF / F35 programme. Britain is already operating 3 F35B variants for trials and testing. British industry will benefit from the work share arrangements for the world wide sales of the aircraft. This keeps the UK in the manned aircraft business, at least into the foreseeable future. It illustrates again the perils of multi-national programmes. The primary development of this aircraft is being done in the US. As with A400M and Typhoon the UK is reliant on the successful outcome of multi-national programmes for critical capability.

The up-side is that both of Britain's fast jets, Typhoon and F35, will be fifth generation and able to outmatch any opposition. The decision by MOD to reverse the previous reversal may be embarrassing but Phillip Hammond will not have any qualms about taking this one on the chin. It will annoy our French allies who were hoping to be able to benefit from the synergies of operating fixed wing capability with the UK. Above all, it avoids a potentially bigger muddle of cost and delay further down the line.

The F35B is less capable than the F35C due to the need to fit a lift fan to provide the vertical lift. This affects all of the critical parameters of the aircraft's performance: weight, range and weapon load. This will need to be managed. It is more important that the UK gets a carrier strike capability sooner, rather than later. This decision looks like the right one to achieve this.

The

Government announcement earlier today said :<br /><br />In the face of unacceptable cost growth and project delays, the Government has today announced its decision to deliver Carrier Strike capability using a different type of Joint Strike Fighter (JSF) jet.<br /><br />The MoD will move away from the Carrier Variant (CV) JSF and our Armed Forces will instead operate the short take-off and vertical landing (STOVL) variant JSF.<br /><br />Defence Secretary Philip Hammond explained to the House of Commons that this decision had to be made now because: sticking with the Carrier Variant would delay Carrier Strike by t least three years to 2023 at the earliest; The cost of fitting catapults and arrestor gear ("cats and traps") to the Queen Elizabeth Class Carrier to operate<br />CV aircraft has doubled from around £1BN to £22BN; and the STOVL aircraft offers the UK the ability to have an aircraft carrier available continuously. Although no decision on budgeting for crew and support costs will be taken until the next Strategic Defence and Security Review (SDSR) in 2015, the second carrier would be able to provide capability while the first vessel is in maintenance.<br /><br />The STOVL aircraft has made significant progress since the SDSR as published over 18 months ago. The US Marine Corps has conducted successful STOVL flights from their ships; the UK will receive our first STOVL aircraft this summer; the Queen Elizabeth iis due to arrive for sea trials in early 2017 and we now plan to start our STOVL flight trials off the HMS Queen Elizabeth carrier from 2018.<br /><br />The UK will also benefit from full interoperability with the US Marine Corps and the Italian Navy £ both of which operate the STOVL aircraft.<br /><br />Defence Secretary Philip Hammond said: "The 2010 SDSR decision on carriers was right at the time, but the facts have changed and therefore so too must our approach.<br />This Government will not blindly pursue projects and ignore cost growth and delays. Carrier Strike with "cats and traps"; using the Carrier Variant jet no longer represents the best way of delivering carrier strike and I am not prepared to tolerate a three year further delay to reintroducing our Carrier Strike capability. This announcement means we remain on course to deliver Carrier Strike in 2020 as a key part of our Future Force 2020.<br /><br />Chief of the Defence Staff, General Sir David Richards, said: "Our Armed Forces have a successful history of operating short take-off and vertical landing aircraft and our pilots are lready flying trials in this variant of the Joint Strike Fighter alongside our US allies. These stealth aircraft will be the most advanced fast jets our Armed Forces have ever operated and I know they will do so with the greatest skill and professionalism."<br /><br />In Parliament, the Secretary of State for Defence (Mr Philip Hammond) said:<br /><br />With permission, Mr Speaker, I would like to make a statement on the carrier strike programme. The strategicdefence and security review considered the carrier strike<br />£programme, put in place by the previous Government, as part of a wide-ranging review of options for delivering effective future defence while dealing with the black hole in Labour£s defence budget and the unaffordable £fantasy£ equipment plan bequeathed to us by the Labour party. While the review confirmed that carrier strike would be a key capability in delivering Future Force 2020, it also recognised the unsustainability as a whole of the defence equipment plan we inherited.<br /><br />The strategic decision on carrier strike that emerged from the SDSR process was to convert one carrier with catapults and arrestor gear to operate the carrier variant of the joint strike fighter, facilitating greater interoperability with allies, with a decision on the future use or disposal of the second carrier to be taken at the 2015 SDSR. The decision was also taken routinely to embark 12 fast jets while retaining the ability to surge up to the previously planned level of 36 aircraft. As the House would expect for such a complex and high-value project, the strategic decision taken at SDSR was followed by the commissioning of a detailed programme of work to look at the costs, risks and technical feasibility of all aspects of the proposed solution.

That study was expected to take 18 months, completing by the end of 2012. Since I took on the role of Defence Secretary in October last year, my overriding concern, after current operations and the welfare of our armed forces, has been to ensure the deliverability of the MOD's equipment plan and the achievement of a balanced and sustainable budget. That will give our armed forces the assurance they need to carry out the massive transformation that will deliver Future Force 2020—the concept for our armed forces set out in the SDSR. The carrier project is a large element of the equipment programme, and I have worked closely with the new Chief of Defence Materiel, Bernard Gray, to assess the technical and financial risks involved in it. It quickly became clear to me that a number of the underlying facts on which the SDSR decision on carriers was based were changing. First, as the programme to convert a carrier to operate with a catapult system has matured, and more detailed analysis has been carried out by suppliers, it has become clear that operational carrier strike capability, using the *cats and traps* system, could not be delivered until late 2023 at the earliest—considerably later than the date envisaged at the time of the SDSR of around 2020. Britain's carriers will have all-electric propulsion, and therefore will not generate steam like nuclear-powered vessels, so the catapult system would need to be the innovative electromagnetic version, EMALS—the Electromagnetic Aircraft Launch System—being developed for the United States navy. Fitting that new system to a UK carrier has presented greater design challenges than were anticipated. Secondly, and partly as a result of the delayed timetable, the estimated cost of fitting this equipment to HMS Prince of Wales has more than doubled in the past 17 months, rising from an estimated £950 million to about £2 billion, with no guarantee that it will not rise further. Given the technical complexity involved and given that the cost of retrofitting *cats and traps* to HMS Queen Elizabeth—the first carrier out of build—would be even higher, it is unlikely that she would ever, in practice, be converted in the future. Thirdly, at the time of the SDSR there was judged to be a very significant technical risk around the STOVL—short take-off, vertical landing—version of the joint strike fighter, and some commentators were speculating that it could even be cancelled. Indeed, the STOVL programme was subsequently placed on probation by the Pentagon. However, over the past year, the STOVL programme has made excellent progress and in the past few months has been removed from probation. The aircraft has now completed more than 900 hours of flying, including flights from the USS Wasp, and the US marine corps has a high degree of confidence in the in-service date for the aircraft. The balance of risk has changed, and there is now judged to be no greater risk in STOVL than in other variants of JSF. Fourthly, further work with our allies on the best approach to collaborative operation has satisfied us that joint maritime task groups involving our carriers, with co-ordinated scheduling of maintenance and refit periods, and an emphasis on carrier availability, rather than cross-deck operations, is the more appropriate route to optimising alliance capabilities. When the facts change, the responsible thing to do is to examine the decisions you have made and to be willing to change your mind, however inconvenient that may be. It is about doing what is right for Britain, not burying your head in the sand and ploughing on regardless, as the previous Government all too often did. A persistent failure to observe that simple principle is at the root of many of the MOD budget problems that we inherited from the Labour party, and I do not intend to repeat its mistakes. The decision taken in the SDSR to proceed with a carrier strike capability, despite the massive challenges we faced with the MOD's budget, was the right decision. The decision to seek to contain costs by going for *cats and traps* on a single carrier, with greater interoperability with allies, and the cheaper carrier variant version of

the JSF aircraft was also the right decision, based on the information available at the time. However, the facts have changed, and I am not prepared to accept a delay in regenerating Britain's carrier strike capability beyond the timetable set out in the SDSR. And I am not prepared to put the equipment plan, which will support Future Force 2020, at risk of a billion-pound-plus increase in the carrier programme and unquantifiable risk of further cost rises.

So, I can announce to the House today that the National Security Council has decided not to proceed with the cats and traps conversion, but to complete both carriers in the STOVL configuration. That will give us the ability to use both carriers to provide continuous carrier availability, at a net additional operating cost averaging about £60 million per year. As we set out in the SDSR, a final decision on the use of the second carrier will be taken as part of SDSR 2015. We will switch the order for JSF aircraft from CV to STOVL, which we can do without delaying delivery and, by making this announcement today, we can plan on the basis of the first operational aircraft being delivered with a UK-weapons-fit package.

We expect HMS Queen Elizabeth to be handed over to the Navy in early 2017 for sea trials. We expect to take delivery of our first test aircraft in July of this year, and we expect the first production aircraft to be delivered to us in 2016, with flying from the Queen Elizabeth to begin in 2018, after her sea trials are complete.

We have discussed this decision with the French Government and with the United States. The French confirm that they are satisfied with our commitment to jointly planned carrier operations to enhance European-NATO capability. The United States, on whose support we would rely in regenerating either type of carrier capability, has been highly supportive throughout the review and I would like to record my personal thanks to the Secretary of Defence, the Pentagon, the navy and the marine corps for their high level of engagement with us. I spoke to Secretary Panetta last night and he confirmed the US's willingness to support our decision and its view that UK carrier strike availability and our commitment to the JSF programme are the key factors. The Chief of the Defence Staff and his fellow chiefs of staff all endorse this decision as the quickest and most assured way now to deliver carrier strike as part of an overall affordable equipment programme that will support Future Force 2020.

This was not an easy decision to take, but our responsibility is to make the right decision on the basis of the facts available to us. Neither I nor any of my colleagues came into government expecting decisions to be easy or pain-free. I have a responsibility to clear up the financial mess we inherited in the MOD, just as we are clearing up the mess we inherited across Government as a whole, and to set a balanced budget and an affordable, deliverable equipment programme with manageable and bounded risk. This decision addresses one of the last impediments to my announcing the achievement of those objectives to the House, and I hope to be able to do so very soon.

This is not just about balancing budgets, critical as that is. It is about the UK's defence, secured by an appropriate and sustainable military capability. This announcement delivers an affordable solution to securing that capability and, with two useable carriers, gives us the option of continuous carrier availability. It confirms the expected delivery of the first test aircraft this summer, of the first production aircraft in 2016, of the first carrier into sea trials in 2017 and of the first flight of the JSF from the deck of the carrier in 2018, with an operational military capability in 2020. It confirms the support of our principal allies, the US and France, and that of the defence chiefs. It shows that we, at least, are not afraid to take difficult decisions when they are right for Britain and I commend the statement to the House.

Mr Jim Murphy (East Renfrewshire) (Lab) - Shadow Secretary of State for Defence: I thank the Secretary of State for his statement. Let me start by saying again that when the

Government do the right thing on defence they will have the support of Labour Members. In politics, however, one can often judge what a Government genuinely feel about their own policy not just by what they say but by when they say it. They have told the media that this is positive news and yet they announced it here in the Commons the very first day after the council election defeats. It must be the first ever example of a Government waiting until the polls close to announce good news. It is worth reminding the Secretary of State how he got here. The Government were elected promising a bigger Army but are delivering the smallest Army since the Boer war, they have curtailed anti-piracy duties owing to Royal Navy cuts and the RAF has lost long-term surveillance capabilities. On the defence budget, decisions this Government have taken have increased costs. Changes to the Astute class submarines added a further £200 million and the carrier U-turn has cost up to £250 million. On top of that, they are failing on reform with the defence procurement plan delayed for two years. Last year, the largest defence programmes were delayed by a combined 30 months adding £500 million to their costs and while hundreds of defence workers across the country are losing their jobs the Government have no defence industrial strategy to speak of whatsoever. The biggest blow to the Government's defence credibility is this chaotic carrier programme. Standing at the Dispatch Box, the Prime Minister announced his plans to U-turn on Labour's carrier strike policy, scrap the Harriers, sell Ark Royal, build two carriers but mothball one, sack trainee pilots and downgrade British sea power. But that U-turn has now come full circle. Nothing has been gained and two years have been wasted. In tough times, £250 million have been squandered while the forces are having their allowances cut. Harriers are being sold to the Americans for a fraction of their value, we are subject to international ridicule and there will be no jets on carriers for a decade. Mr Speaker, you do not have to be a military strategist to know what aircraft carriers are meant to carry the clue is in the name. The Government say their policy is cheaper, but it is more expensive. They said there would be interoperability with the French but their chosen jet cannot land on the French carrier. The Prime Minister personally derided a policy that he is now defending. The Government said that Britain did not need jump jets and Ministers scrapped the expertise needed to operate STOVL aircraft only now to decide to buy a new fleet of jump jets. We now need to retrain people and redevelop the skills that were so carelessly cast aside just two years ago. That is as incoherent as it is ludicrous. The Secretary of State's defence today is that the facts have changed, but that is not the full story. I know the advice that the Prime Minister received that the defence review policy was high risk and high cost but the Prime Minister overruled that. The Public Accounts Committee warned of rising costs, the National Audit Office said that the Government had an immature understanding of the costs, and the Select Committee on Defence warned against strategic shrinkage. The Prime Minister's decisions have cost British time, British money, British talent and British prestige. I know the Secretary of State always likes to blame someone else, and he has done that again today. He recently accused British families of causing the financial crash, but he cannot scapegoat the former Defence Secretary for this decision. He has to take some responsibility for the Prime Minister's mistakes. The Secretary of State has carefully nurtured a reputation as a spreadsheet king who is most at home over his paperwork, so he needs to share some of it with us today. Will he publish a full breakdown of the costs of the plans being abandoned? Will he confirm that the cost of

the U-turn is greater than the income from the sale of the Harrier jump jets? How many of the new aircraft does he plan to purchase? Will he confirm that Ministers were warned 18 months ago about the risks and costs inherent in this decision? If Britain will have two aircraft carriers, will the Royal Navy have to increase the number of its personnel? Finally, there is another question that the Secretary of State did not cover in his statement: what will now be the total cost of the carrier build programme? In conclusion, the Secretary of State has said the Government will do the right thing when the facts have changed, but the previous Labour Government got things right whereas this Government's policy has unravelled. In recent weeks we have seen incompetence piled upon political hubris. Only a Government who started a petrol crisis when trying to avoid one and whose idea of putting more police on the streets is having thousands demonstrating outside Parliament would have a policy of building two carriers, mothballing one immediately, selling the Harriers and having no planes to fly off aircraft carriers for a decade. Describing the Government's defence strategy as an omnishambles would be a compliment. It is time the Prime Minister started to take responsibility. He should be at the Dispatch Box apologising for his and his Government's incompetence.

Mr Hammond: Before the right hon. Gentleman climbs too far up his high horse, perhaps we should, to give a bit of context, remind ourselves of the role that his party played in the history of this project. It was Labour's fiscal incontinence that created the black hole that we are trying to climb out of and Labour's decisions that left us facing the challenges we faced at the time of the strategic defence and security review. It was Labour that ordered two 65,000 tonnes carriers, three times the size of a typical STOVL carrier, without cats and traps. It was Labour who let the contracts on a sweetheart deal, which meant that cancelling the second carrier would have cost more than going ahead and building it. It was Labour who ordered the ships without having the money to pay for them, and then drove costs of £1.6 billion into the carrier programme by delaying the build to accommodate a £250 million cash-flow problem a performance described by the Public Accounts Committee as setting a new benchmark in poor corporate decision making. Let me turn to the couple of specific questions buried at the end of the shadow Defence Secretary's rant. He asked me about the timing of the statement. I have come to the House at the earliest possible date after the National Security Council took the decision to make the change. He said that £250 million has been squandered. I tell the House frankly that expenditure has been incurred in appraising the option of building a CV carrier and fitting it with cats and traps, but it has been nowhere near the £250 million that the right hon. Gentleman referred to. He asked me if I would publish details of the costs involved.

Mr Murphy: You don't know.

Mr Hammond: The right hon. Gentleman says that I do not know. If he had ever been a Defence Minister, or inside the Ministry of Defence, he would understand why I do not know. These are complex contracts. I can give him an approximate idea. We think the cost of the design work that has been carried out and the appraisal work will be between £40 million and £50 million. There may also be some exit costs payable to the US contractors responsible for the EMAL system. We will be negotiating around those issues, and I give the right hon. Gentleman this commitment: once we have a definitive figure, I will make it available to the House.

The right hon. Gentleman said that we will have no jets on our carriers for a decade. I do not think he was listening to the statement. We will take delivery of the

first test aircraft this year. We will receive the first STOVL variant aircraft in 2016 for operation off land. The carrier will go into sea trials in 2017 and, as soon as she has completed them in 2018, flights will begin from the deck of HMS Queen Elizabeth. It will take us two years to work up full military operational capability, but it is important that the hon. Member for North Durham (Mr Jones), who is shaking his head, understands what that means. It is the gap between getting from the point when we fly the jets off the carrier to the point when the military are satisfied that we have full operational capability. The right hon. Gentleman asked about the number of aircraft that we will be purchasing. The plans for deployment of aircraft have not changed as a result of this announcement. We will routinely embark 12 aircraft and we will be able to surge that number to 36. On the purchasing of aircraft in the joint strike fighter programme, I can tell him that there is no requirement for us to go firm with numbers at this early stage of the programme. Where we can retain optionality, we will do so, as part of prudent budget management. The right hon. Gentleman asked about risks and costs in this project and in the carrier variant project. We are talking about a project with a total cost of around £10 billion. It is hugely complex, probably the second largest industrial project under way in this country today. There will always be risks, and there will always be risks of cost escalation in such a project. The challenge is not to eliminate risks, but to manage them. That is what proper management of the Ministry of Defence is all about. The right hon. Gentleman asked about the operation of two carriers. If at the next strategic defence and security review, the Government and the National Security Council take the decision to operate two carriers in order to give us continuous carrier availability, there will be an additional cost of about £60 million a year on average for additional crewing and maintenance to keep the two carriers in high readiness. Dr Liam Fox (North Somerset) (Con): Will the Secretary of State accept that there were two optimal mixes for JSF and carrier? We could either have a 65,000 tonne carrier and use the carrier variant, with a longer range and bigger payload, or, as the American marine corps are doing, choose the jump jet variant and have smaller carriers. Is the position we are in today sub-optimal, and not the result of industrial policy leading military policy? Does he accept that the real difference, and the reason why he has come to this decision, is that the extra time required for the EMAL system to be put in actually breaches the risk that we were willing to take at the SDSR? Mr Hammond: My right hon. Friend is absolutely right that at the SDSR, a view was taken about the amount of risk that was tolerable, about the horizon to which we could accept an absence of carrier capability and, as I have said, I am certainly not prepared to see us go beyond 2020 without the carrier strike capability. My right hon. Friend is absolutely right. This is the question for Opposition Members to answer: why did they order two 65,000 tonne carriers without cats and traps, which anyone involved in naval aviation operations knows is itself an absurdity? [Interruption.] Mr Speaker: Order. I appeal to the House to calm down. The hon. Member for North Durham (Mr Jones), assisted by his colleagues, is chuntering repetitively from a sedentary position, in breach of the conventions of the House. I ask the hon. Gentleman to exercise what modicum of self-restraint he is able, in the circumstances, to muster. Mr Hammond: We inherited this programme, and frankly I am not interested in trading insults with the Opposition about what happened in the past. What I need to do now is take the carriers that are in build and that are being built under a contract that makes it more expensive to

cancel them than to complete them, and put them to the best possible military use for the defence of this country.

Mr Bob Ainsworth (Coventry North East) (Lab): The Secretary of State has taken, and is announcing, the right decision today, and I understand how difficult it is to perform that kind of U-turn and how uncomfortable it must be. But I cannot go along with him on the excuse the reason that both he and the Prime Minister decided to give for that decision. That is that the facts have changed and therefore we are changing the decision. I reviewed this decision, taken by my predecessors. The fundamental facts were there at the time and have not changed. We have been up an extremely expensive cul-de-sac for the last 18 months as a result of a shambles of an SDSR, and I can only congratulate the Secretary of State on bringing some sanity to it; but he ought to understand the problem that he will give himself in sorting out procurement work which, yes, is problematic and was in our time if he cannot find a way of being straight about why the decision is being taken and the fact that the previous decision was taken in the face of clear advice to the contrary.

Mr Hammond: I refute that last comment absolutely. The right hon. Gentleman is in a better position than many in the House to understand the complexities and the challenges of defence procurement, but to say that the facts have not changed is simply wrong. The risk profile of the STOVL aircraft is dramatically different now from what it was in 2010, when there was a very real risk that the variant would be cancelled. The cost estimates for fitting the EMAL system, and the understanding of the complexity of that task, have matured through the work that we have done since the SDSR. Although I am grateful for the right hon. Gentleman's endorsement of the substantive decision, he is simply wrong when he says the facts have not changed.

Mr James Arbuthnot (North East Hampshire) (Con): To make an announcement like this takes real courage and I commend the Secretary of State, and the Prime Minister, for making what I agree with the former Secretary of State is the right decision. Is my right hon. Friend able to say how much it would have cost to have converted the second carrier to cats and traps, because was there not a real risk that we would end up with a carrier that we could neither use nor sell?

Mr Hammond: My right hon. Friend is correct to focus on that point, and I thank him for his comments. As I think I said in my statement, fitting cats and traps retrospectively to the Queen Elizabeth, after her completion, would undoubtedly be significantly more expensive than even the current £2 billion estimate for fitting them to the Prince of Wales in build. It is therefore not unreasonable to think of a likely cost of between £2.5 billion and £3 billion for retrospective fit to the Queen Elizabeth, making that project, as I suggested in my statement, in practice unlikely ever to occur.

Stewart Hosie (Dundee East) (SNP): Can the Secretary of State confirm that the terms of business agreement signed in 2009 provide that on completion of the carrier build, the UK will be spending perhaps only £230 million a year 0.7% of the MOD budget to maintain essential shipbuilding skills? More important, will he tell us whether, as a result of the additional costs announced in today's statement, he envisages that very small figure being reduced further in the future?

Mr Hammond: The hon. Gentleman is absolutely right: the terms of business agreement with the shipbuilding consortium commits the MOD to underwriting overhead costs of about £230 million a year to maintain skills. The challenge for the MOD is so to manage the shipbuilding programme as to recover as much of that as possible. After the carrier programme is finished in the shipyards covered by the TOBA,

we will move on to the Type 26 programme and recover costs in that way. As far as I am aware, there is no mechanism for reducing that £230 million it is a contractual figure.

Sir Menzies Campbell (North East Fife) (LD): Is it not abundantly clear that any discomfort or embarrassment the Government may feel is more than outweighed by the fact that the decision the Secretary of State has announced today is right both tactically and strategically? When the sound and fury have died down, that is what will concern those members of the Royal Navy who have the responsibility of looking after these ships and the aircraft that fly from them. Is it not important that today's announcement will help to close earlier the yawning gap in capability left by the decommissioning of the Harrier aircraft and the carriers from which they were deployed? That shows commendable flexibility on the part of the right hon. Gentleman. I hope he will show the same flexibility in respect of other matters, not least, for example, the role of the Royal Air Force at Leuchars in my constituency.

Mr Hammond: I knew my right hon. and learned Friend would get that in somewhere, but I thank him for his question. In the interest of tri-service harmony, I should make it clear that responsibility for the aircraft will be a combined responsibility of the Royal Navy and the RAF.

My right hon. and learned Friend refers to the Harrier question. Perhaps I need to remind him that it was the previous Government who sealed the fate of the Harrier in 2006, when they scrapped the Navy's FA2 Sea Harriers, leaving only the ground attack version; and then in 2009 cut the size of that fleet, so that by the time of the SDSR in 2010 the fleet was simply too small to sustain operations in Afghanistan, never mind in Libya as well. We therefore had to take the difficult decision to end the Harrier's service with the Royal Navy in order to sustain the Tornado, which continues to serve in Afghanistan and which acquitted itself so well in Libya.

Derek Twigg (Halton) (Lab): I agree that the Secretary of State has made the right decision, particularly given the current financial climate, but I want him to clarify a comment he made. He said that the option of cancelling the carrier programme was not open to him. If it had been open to him, would he have cancelled it?

Mr Hammond: The SDSR in 2010 considered the possibility of cancelling the second carrier, to deal with the huge budget challenges we inherited, but the terms of business agreement was such that cancelling the carrier at that point would have cost more than delivering it.

Penny Mordaunt (Portsmouth North) (Con): I have long argued that if we are going to spend money on carrier strike force, we need to ensure that we have that capability all year round. Can the Secretary of State confirm that, in terms of capability, one advantage of the programme he has announced today is that it puts two operational carriers back on the table?

Mr Hammond: My hon. Friend is right. I made the precise point, in response to my right hon. Friend the Member for North East Hampshire (Mr Arbuthnot), that the cost of converting the second carrier to EMALS cats and traps was likely to be prohibitive; that has emerged from the work that has been going on. Completing the two carriers in STOVL configuration gives us optionality. It means that they can both operate the STOVL aircraft; that the 2015 SDSR can decide whether to bring the second carrier out of extended readiness and deploy it during periods of refit or extended maintenance of the first carrier; and that subsequent SDSRs can decide whether finding the extra crew and meeting the maintenance cost is an appropriate use of naval resources, depending on our assessment of the threat risk.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): I am still trying to understand precisely

what the new facts are that the Secretary of State so recently discovered. He mentions risk profiles and cost estimates, but surely they were known. Would it not be wise of him either to be more specific or, even better, to publish the advice that would show us what those new facts are?

Mr Hammond: The hon. Lady will remember that I spent three and a half years in a shadow Treasury brief, during which time I developed a healthily jaundiced view of the Ministry of Defence's procurement process. Now that I am inside the Department and see the process from the other side, I understand that it is a little bit more complicated than nipping down to the local supermarket to buy a carton of eggs or a bottle of milk. These are immensely complex projects. The way they typically work is that they start with a high-level estimate, informed by the best information available. One then commits funds this costs money to do a more detailed appraisal that identifies the technical and financial challenges and risks around the project. That is precisely what we have done. In terms of the appropriate management of a large, complex project, the MOD has followed exactly the right process. It has delivered us the facts to which I referred, and we have drawn the appropriate conclusions from them.

Mr Tobias Ellwood (Bournemouth East) (Con): The Opposition should show a little more humility and gloat less on the subject of their responsibility towards the Royal Navy. It was Labour that quibbled over the design for 10 years, and Labour that told the workers to down tools, which cost £1.6 billion. It was Labour that sacked the Sea Harrier and indeed the Ark Royal and Labour that cut the number of Type 45s from 12 to six. That is the maritime legacy that this Government have inherited.

Mr Hammond: I agree.

Mr Speaker: We can leave it at that. I am grateful to the hon. Member for Bournemouth East (Mr Ellwood), but in future, a question mark would be appreciated.

Nick Smith (Blaenau Gwent) (Lab): Will the Secretary of State confirm if he has investigated whether Mr Adam Werritty met any companies or lobbyists involved in the original very bad decision?

Mr Hammond: I have answered a number of parliamentary questions on the information that the Department holds on meetings held by, and contacts made with, Mr Werritty. As far as I am aware, I have disclosed in parliamentary questions the full extent of the Department's knowledge.

Oliver Colville (Plymouth, Sutton and Devonport) (Con): Amphibious capability is a key part of our defence strategy. I thank my right hon. Friend for making sure that we clarify the timetable, but will he explain what impact the decision will have on amphibious capability, so that we can ensure that our Royal Marines are protected when they go on to land?

Mr Hammond: The STOVL configuration of the carrier in the carrier-enabled power projection model means that the carrier will embark both fast jets and helicopters Chinook, Lynx and Merlin. It will also be able to embark Marines. It is a very large ship, as we have mentioned this morning. It will have the capability to carry troops and embark helicopters and fast jets in a way that will facilitate amphibious warfare.

Thomas Docherty (Dunfermline and West Fife) (Lab): Even a first-week midshipman could tell the Prime Minister that adopting two 180° U-turns takes us back to where we started two years ago. Will the Secretary of State give a commitment that the Government will continue to stand beside the use of Rosyth dockyard for the long-term maintenance of the carriers when they enter service? Will he tell the House what we will achieve, except squandering he knows not how many millions of pounds, by flogging our Harrier fleet for spare parts for a peppercorn, scrapping a

generation of fast-jet Harrier pilots, and leaving the nation with

Speaker: We have got the gist. I am most grateful to the hon. Gentleman.

Mr Hammond: A first-week midshipman could probably tell the hon. Gentleman that it is not normal to order a 65,000 tonne STOVL carrier without any cats and traps. With regard to the hon. Gentleman's question on Rosyth, no decision has been taken on where the carriers will be maintained in future.

John Glen (Salisbury) (Con): It is widely alleged by some that the through-life costs of the F-35B could compare unfavourably with those of the F-35C. What rigorous assessment has my right hon. Friend undertaken to ensure that we achieve value for money, having made this decision, and what wider lessons on the defence budget can be drawn for similarly important and large decisions in future?

Mr Hammond: To answer the last question first, I am drawing some very interesting conclusions about how to manage the defence budget on an ongoing basis and hope to share them with the House shortly. It is precisely because the F-35C variant, on the face of it, has a lower purchase cost and a lower through-life maintenance cost that this option was pursued at the time of the SDSR 2010, but operating the carrier variant will of course require the installation upfront of the catapults and arrester gears, which we now know will cost in the order of £2 billion and rising. On the basis of a properly discounted cash-flow analysis over 30 years, I am clear that the STOVL variant, given the current estimate of the cost of cats and traps, will now be cheaper.

Jason McCartney (Colne Valley) (Con): At the Royal Air Force officer training college at Cranwell we were taught that flexibility is the key to air power. I congratulate my right hon. Friend on showing the flexibility to make the right decision for our nation and our future military capability. Will he confirm that his decision has the support of the Chiefs, unlike the previous Government's decision to scrap the Sea Harriers, which reportedly led to two of the Chiefs standing down?

Mr Hammond: I am very clear that my job is about supporting the military and our armed forces in defending our country. When I make decisions, I will work with the Chiefs to reach an outcome that works for the military. I can confirm that the Chief of the Defence Staff and all three single service Chiefs support the decision and have confirmed their support in writing to the Prime Minister.

Mark Lancaster (Milton Keynes North) (Con): Those on the Labour Front Bench have short memories. The pages of Hansard will show the debate that the hon. Member for North Durham (Mr Jones) and I had in 2009 on the previous Government's decision to withdraw the Harrier from Afghanistan prematurely so that it could be subjected to the programme review the following year and potentially cut. Of course, that is now ancient history and they seem to have forgotten it. I commend my right hon. Friend for his brave decision, which is undoubtedly the right one, to minimise the capability gap for carrier strike. Will he confirm that the STOVL version is easily a superior aircraft to the Harrier it replaces and equally comparable to anything it might meet in the air?

Mr Hammond: I am grateful to my hon. Friend for raising a point that perhaps I should have made before. The STOVL variant indeed, any variant of the JSF is a fifth-generation aircraft and represents a step change in capability. It is a stealth aircraft with an autonomous intelligence-gathering capability, and the STOVL variant has significantly greater range than the Harrier had. It is an aircraft with greater capability, greater range than the Harrier and a range of capabilities that previous generations of aircraft simply did not have.

Andrea Leadsom (South Northamptonshire) (Con): I have received

a good deal of correspondence from constituents, both those serving in and those retired from the armed forces, who for a long time have expressed huge concern about the strategy and direction of our procurement. They will be relieved and delighted to hear today that my right hon. Friend has been able to continue to assess the strategy and come up with the right decision and brave enough to announce it to the House. Will he reassure the House that he will never let the woolly thinking and loose purse strings shown by the previous Government undermine our armed forces again?

Mr Hammond: My hon. Friend makes an important point. Fiscal incontinence undermines the support that we can offer our armed forces. Doing this in a disciplined way is not, as the right hon. Member for East Renfrewshire (Mr Murphy) would try to present in a rather sneering fashion, some sort of obsession with spreadsheets; it is about doing our job as politicians, which is to ensure that the support for our armed forces is there, is sustainable and can actually be delivered to them.

Alun Cairns (Vale of Glamorgan) (Con): The Ministry of Defence has a long and tawdry history of overspend in procurement, timelines that are well in excess of those originally planned and of ploughing on regardless. Will the Secretary of State confirm that his decision today demonstrates a change of culture that really shows that we are getting to grips with the budget and the timelines to provide guarantees to the armed forces and our nation?

Mr Hammond: I thank my hon. Friend for his question and assure him that we will take the decisions that need to be taken in the interests of the nation's defence, however awkward or inconvenient. I will come to the House however many times I need to and make however many announcements I need to make to get the Department back on track. I want the MOD to stand tall among the Departments of State, with a normal relationship with the Treasury and with the centre of government and proper contingency arrangements in its budget so that the armed forces can be confident that the promises that are made to them will be delivered, unlike those of the previous Government.

Andrew Bridgen (North West Leicestershire) (Con): What steps is my right hon. Friend taking on defence procurement to ensure that the Government do not risk repeating the mistakes of the previous Government, who even in their last financial year in office, 2009-10, oversaw a huge increase of £3.3 billion in the cost of the 15 largest defence projects?

Mr Hammond: I think that the announcement I have made today demonstrates for my hon. Friend and the House that we will put prudent management of defence projects ahead of playing politics. It would have been easy to avoid making this decision today, and politically much less uncomfortable, but this is about making the right decisions for the future of our armed forces and I can assure him that that is what we will continue to do.