

DECLASSIFIED

7/4/3/2 PT2  
RESTRICTED - MANAGEMENT



PERMANENT SECRETARY

D/PUS/5/8 (041)

3 February 2006

**Minister (DP)**

Copy to:  
Secretary of State  
Minister (AF)  
US of S  
CDS  
VCDS  
CNS  
CGS  
CAS

2<sup>nd</sup> PUS  
CSA  
CDP  
CDL  
DCDS(EC)  
Finance Director  
Special Advisers

Ministry

PUS personally has gripped this, and the paper clearly reflects the Dept is carrying out the work you asked for + will be able to report back next month with a substantive answer. Good news.

We are also putting in the diary the meeting you asked for on the FRET for next week, for (3/2)

4/2 file

[ All sent via email ]

**ARMoured VEHICLE CAPABILITY**

We had a word on Monday about the exchanges you had been having with CGS, CDP and others about the implications for armoured vehicle capability of the most recent estimates of timescales for the introduction of FRES.

2. As I said then, I agree that there is a case for looking at this urgently, outside the normal equipment planning rounds. We should do this kind of thing sparingly. If we don't, the planning disciplines will weaken and there will be a standing incentive to revisit unwelcome decisions in earlier rounds. But in this case the combination of:


- the FRES timeframes as we now understand them (although like you I don't think we should accept without question the conclusion that a delay of up to three years against our previous planning assumptions is inevitable (see below);
- the increased demands of current operations, which have exposed weaknesses in what was already a fleet facing obsolescence; and
- the potential implications for the rationalisation of ABRO, and in particular the closure of Donnington

together constitutes a strong case for moving quickly.

RESTRICTED - MANAGEMENT  
DECLASSIFIED

RESTRICTED - MANAGEMENT

3. I attach a note which, at my request, DCDS(EC) has prepared, describing the issues and the work which is now going on. In terms of process, there are two streams of work:
- an analysis of what can be done, on what timescale, at what cost and with what impact on other projects to address the deficiencies in the existing armoured vehicle fleet. We will take this in the DMB on 9 March, in the context of our first look at the Department's budget for 2006-07, and will take a view on what can sensibly be decided on now; what ought to be deferred until the full EP/STP07 planning round; and any short term implications for the rationalisation of ABRO. It may be that there will be opportunities to deploy funds previously earmarked for FRES, but we don't yet know;
  - further urgent examination of the scope for accelerating FRES to meet longer term needs. We should do this consistently with the Defence Industrial Strategy and and Smart acquisition principles, managing the risks as effectively as we can. That may well mean settling for a later introduction than the Army would wish. Our current intention is for the programme to be discussed in the Investment Approvals Board on 9 February, leading to a more detailed review note by May.
4. I will give you a progress report, with proposals, after the DMB on 9 March. The outcome of the IAB's considerations will be reported to you in the usual way. My aim is to put the Secretary of State and you in a position to make a clear early public statement on FRES, and plans for armoured vehicle capability in the intervening period before FRES comes into service, to give confidence that we are addressing the issue responsibly.



BILL JEFFREY

RESTRICTED - MANAGEMENT