

The proposed MoD plan to privatise the multibillion-pound arm of the government that provides military equipment and support suffers as many weaknesses as it provides solutions and there are many key questions that need answering according to defence experts from the RUSI Acquisition Focus Group. Read more below

The plan for letting the private sector run Defence Equipment and Support (DE&S) as a government-owned, contractor-operated (GOCO) organisation has been a prominent element of defence reform by the current MoD Chief of Defence Materiel, Bernard Gray.

Mr Gray's proposal for DE&S is based on replicating the GOCO model of the Atomic Weapons Establishment, which safeguards the UK's nuclear warheads at Aldermaston. However a RUSI Acquisition Focus Group Briefing Paper warns that due to the size and scope of DE&S such a plan cannot be easily reproduced.

'The DE&S acquisition and management function in defence is much more diverse and complex than the development, production and support of nuclear weapons. Thus the GOCO model of the Atomic Weapons Establishment, where industry works under close supervision on a limited range of tasks, cannot be taken as a model. Those considering the challenges that outsourcing can generate might do well to look at the MoD experience with the allocation of Joint Personnel Administration to a partnership over the past fifteen years.'

'The GOCO proposal suffers from an inherent weakness, since it appears to rest on an argument that, because the government is not very good at negotiating and managing contracts with the private sector, it is going to negotiate an even bigger contract with a private sector entity to undertake the entire task on its behalf. Persuasive arguments against this logic need to be marshalled,' claims the RUSI Acquisition Focus Group.

'History is littered with 'outsourcing' deals that either or both parties eventually find constraining and/or, in practice, more expensive. After the G4S and Olympics episode, the privatisation of the railways is the most obvious example of this, but there are many others. It seems to us that MOD may be embarking on one of the most complex cases ever attempted and it should do so with its eyes fully open. An important factor of military acquisition, frequently ignored, is that DE&S is but one aspect of the mix. Any real improvement must consider the entire process and the array of those with a part to play throughout MOD and the remainder of Government, all of which have the power to negate decisions made in Abbey Wood. The bottom line is that, as practitioners and observers of defence acquisition in the UK and elsewhere, at present we cannot easily see how the DE&S as a GOCO would even work in practice, let alone why it would be a less expensive and better alternative to what is in place today.'

'We also wonder if ministers are being asked to take a decision whose major implications are

poorly understood. Ignorance is no substitute for objectivity: the Government and the country cannot afford a wrong decision in this area.'

Comprising of individuals of significant defence experience acting in a personal capacity to analyse pressing acquisition issues, the RUSI Acquisition Focus Group urges the MoD for a full examination of the GOCO proposal for DE&S to avoid 'the unintended, and potentially huge, negative consequences that always emerge from complex and challenging undertakings, especially where the pros and cons have not been thoroughly examined.'

The full RUSI Acquisition Focus Group Briefing paper The Defence Materiel Strategy and the GOCO Proposal for Abbey Wood, can be seen [here](#)

The RUSI Acquisition Focus Group comprises individuals with significant defence experience acting in a personal capacity to analyse pressing acquisition issues. Its papers can be found in RUSI Defence Systems since 2006. Its current membership is:

- * John Weston (Chairman, formerly Group Chief Executive at BAE Systems)
- * Tim Banfield (Director at NAO)
- * Bob Barton (formerly Managing Director at Niteworks)
- * Sir Jeremy Blackham (formerly Deputy Chief of the Defence Staff at the MoD)
- * Sir Brian Burridge (VP Strategic Marketing, Finmeccanica UK, formerly, CinC Strike Command)
- * Hugh Colver (formerly Group Communications Director at BAE Systems and formerly Chief of PR at MoD)
- * Professor Malcolm Chalmers (Head of Research at RUSI)
- * John Dowdy (Director at McKinsey & Co.)
- * Professor Christopher Elliott (formerly Director Doctrine and Strategic Analysis at General Dynamics)
- * Graham Jordan (formerly Science & Technology Director at MoD)
- * Sir Kevin O'Donoghue (formerly Chief of Defence Materiel at MOD)
- * Bill Robins (formerly Director General of Information and Communications Services at MoD)
- * Professor Trevor Taylor (Head of RUSI's Defence, Industries and Society Programme)