

A report for Labour's Shadow Defence Team, Ideas for Future UK Defence Procurement, will be launched today. The review was set up by the Shadow Secretary of State for Defence, Rt Hon Jim Murphy MP, and Shadow Defence Minister, Michael Dugher MP, last year.

In a joint foreword Jim Murphy and Michael Dugher they wrote:

"We want our Armed Forces to have the equipment they need when they need it. We know that efficient procurement must underpin a credible defence policy which provides for the frontline whilst protecting the bottom line. We therefore established an independent Review Team of experts to study ideas for the future of acquisition reform.

"The review process has been open and as consultative as possible, not just reflective of how we believe defence policy-making and politics more widely must be conducted, but also reflective of our knowledge that after 13 years in government Labour lost some of its momentum on reform.

"Labour's record on defence is strong, but despite all the investment and improvements some of the problems in acquisition, which have plagued all governments, regrettably continued.

"These are important recommendations which we will consider as we design policy to set UK for defence procurement on a path to being more efficient, effective, affordable and streamlined."

An independent Review Team was established and this final study will be submitted to the Labour Party to inform the work of the Shadow Defence Team as they produce a comprehensive review of defence policy.

The Review Team consulted over 20 companies, as well as figures from academia, former and current senior military personnel from our allies overseas, international business figures, politicians and the general public. The consultation was 10 months long and as open as possible.

The report's recommendations are ideas for the future intended for further examination and debate. The report comes in advance of the Government's own industrial strategy White Paper, which has been repeatedly delayed.

The report is intended to

- * Balance the defence equipment budget by extending the planning horizon
- * Prevent waste and slippage in cost and time estimates by setting clearer targets for delivery, for both industry and the MoD
- * Developing a defence industrial strategy, in particular supporting UK industry to ensure it retains key capabilities

- * Prioritise delivery of the best equipment on time to the frontline
- * Professionalise procurement by providing better training and career paths, giving real power to the experts

Key recommendations by the Review Team for consideration include:

- * The MoD should move to a 10-year financial planning horizon for equipment spending. This make clear what can be accommodated beyond the spending review horizon, enable MoD planners to consider the affordability of new projects and give the defence industry more information against which it can plan its investment and developments. [NB: this was recommended in the Gray Report in 2009 and accepted by the previous Labour Government, just never implemented]
- * Develop a coherent industrial 'Make-Buy' strategy to sit alongside every defence spending review, matching strategic ambition, defence and military capabilities. This would outline what should be made in the UK (Make) and what should be purchased 'off the shelf' (Buy) and be updated in SDSRs.
- * There should be very few occasions where the UK does not develop and maintain the capacity to upgrade and modify its key military equipment and systems. To ensure UK-based engineering, upgrade capability and UORs can be provided for systems purchased 'off-the-shelf', a new criterion for purchase, a 'UK control', should be established.
- * A new 'UOR+' process is required. This process would still procure equipment that was urgently required, but would also take into account its support and logistics planning, the required support and training and its integration into the wider Armed Forces equipment programme.
- * The capability that is defined should be able to enable the ambition, not exceed it. Equipment programmes should meet 100% of need and be delivered on time and within existing budgets. The idea that the 'exquisite can be the enemy of the excellent' should become ingrained within the MoD's procurement structures.
- * Major decisions, such as those at Main Gate, or which involve numerous people to sign off, should be targeted to take less than one month.
- * Create a new Weapons Engineering Service to manage the training, development, career and pay of defence procurement staff, recognising equipment procurement as a professional career. This would be a mixed civilian and military organisation and provide the opportunity for officers to enter as a permanent career move.
- * Re-structure DE&S into an executive NDPB in order to enhance accountability and authority, with an element of in-sourced management and an external Board.

