

Bringing together economic and security needs

By Rt Hon Jim Murphy MP, Shadow Secretary of State for Defence

Defence policy can be a major contributor to the UK's economic recovery. Building military and industrial defence capabilities here in the UK should be a key element to a comprehensive industrial growth strategy. To contribute to this debate, I and my Shadow Minister for Defence Equipment and Support, Michael Dugher, are today launching a review into procurement reform which will aim to establish how we can best support our national security needs through a stronger, sustainable UK industrial base.

Labour's record on defence is strong and we are proud that we increased the Defence budget by 10% during our time in office. But despite all the investment and improvements, including the breakthrough Defence Industrial Strategy in 2005, some of the problems which plagued all Governments continued. We have to be big enough to acknowledge mistakes were made. That is why we commissioned the Gray Report, which found significant shortcomings. We needed to greatly improve equipment programme planning, management and delivery – by the end of our time in Government on average UK programmes still arrived 15 per cent over budget. It is to our credit we exposed these faults, but it is a stark lesson to everyone – MoD and industry – that these still existed. We are determined to learn lessons from mistakes and make changes for the future.

Our priority in this review will be to find ways to speed up and reduce costs of delivery. We will look at how to tackle delay and overspend by better planning and management of risk in the equipment programme. We look at how we can increase adaptability in procurement programmes, learning from the successful UOR process, and how this can be balanced with greater longer-term certainty of investment through effective use of the Research and Technology budget. If we are to sustain world class capabilities in the UK and provide value for the taxpayer we need to provide the conditions which persuade companies to invest in this country, especially at a time of budget cuts. The Review will explore how transparency can be increased in the planning process and how remaining skills gaps, in particular in specialist areas, can be dealt with. Finally, we will examine how international partnerships and co-operation can strengthen sovereign industrial and military capabilities

Our review will be open and consultative, reflective of how we believe the relationships between the MoD, industry and the Service Commands should be conducted. Our review process will consult academia, industry, ex and current military figures and the general public through visits to each region of the UK. The Review will be in stark contrast to the Government's insular, short term SDSR which has left a £4.3bn black hole, a £15bn overspend and a dent in the morale of our Forces. The SDSR failed dismally to set out a long-term vision for Britain's place in the world but failed also set out a credible spending package. Next week the Government set out their Industrial Strategy Review, but it is deeply concerning that this is disconnected from the National Security Strategy, the SDSR and wider economic policy-making.

We are determined to bring together military, defence and business expertise to ensure our

recommendations serve both security and industrial priorities. I am delighted that Bill Thomas, former Senior Vice President and General Manager (EMEA) for Hewlett-Packard Company, Tony Roulstone, former Managing Director of Rolls-Royce Nuclear and Lord Alan West, former Chief of the Naval Staff and First Sea Lord have agreed to be part of our Review Team.

I am determined that we learn the lessons of the past and make urgent improvements. The work of the Shadow Defence team will be driven by the needs of the Armed Forces and informed by all available expertise. Defence is too often seen as remote from Government priorities and based on incomprehensible sums and unimaginable machinery. In fact it should strengthen our economy and better serve those who give such amazing service for the safety and security of our country and who are prepared to make the ultimate sacrifice for our country. The Government has done nothing to correct this, but that is our aim. I hope you will get involved at www.jimmurphymp.org and tell me your thoughts.