

By Great North News Services staff reporters

The UK Ministry of Defence made a long awaited announcement about the future equipment last week. It was variously described as taking an axe to the programme, slashing spending etc.

(The original statement is reproduced below along with reaction from SBAC on behalf of the British aerospace industry)

But how bad was it? Defence Viewpoints staff have been exercising their grey matter through the fog of pre-Christmas parties and aren't quite convinced it's all bad, or at least, isn't mainly sensible.

First a bit of told-you-so.

Take a look at our previous blogs of 12 August 2008 Aircraft carriers – an outdated concept and 17 July 2008 Cutting up the carrier cake. Both pointed out the cost of the aircraft – "the elephant on the flight deck" – as costing around £10 billion. This used to be the "official" figure at a time when there were 2 dollars to the pound – or 20 billion dollars. Today the pound has been devalued by 25%, so that's now £13.3 billion, almost as much of an increase as the whole of the carrier construction programme. The carriers will bear the stamp "made in Britain". For the carriers, as was pointed out, the money, converted into greenbacks, literally goes west. So maybe there's a case – as was argued in the restricted circulation paper from UK Defence Forum earlier this year, Bird's nest soup (GR172) for looking at the alternatives.

Like a marinised Typhoon. It has a power to weight ratio similar to Harriers, so should be able to take off across a ski ramp. A journalist recently returned from a test base somewhere in the north of England claims they are practicing taking off in 500 feet – which we all recognise as shortly than the proposed flight deck of the CVFs. They have a vestigial tail hook for arrestor landing.

But they don't have stealth – or at least not as much as F-35. That's the stealth needed to fight a technologically advanced adversary and/or for first day of the war alongside our gallant allies. But without it we still managed to fire the first shots of the Iraq war – Tomahawks out of the tubes of our nuclear subs. And the F-35 interior capability for a couple of little bombs. A fairly expensive ordnance delivery truck! Dog fights won't happen with a plane carrying BVRAAM Meteor which will take you out of the sky before you even know Typhoon is around. Typhoon with conformal fuel tanks could have more range, bigger capacity, more bring back weight, than F-35. (If you know better, feel free to post comments shooting us down!)

We're stuck with 232 Typhoons because nobody trusted the Germans to stick by their declared , Juste Retoured, commitments and so everybody was tied down with a Treaty-like, penalty

clause laden contract. That money has to be paid. So what's the marginal cost of marinising Typhoon? Even at a couple of billion quid, the future discretionary cash outlay of the MoD would be less than going ahead with F-35. Oh, and can anybody yet put a pound notes figure on the value to British industry of any share of US F-35 exports? Or say even in the most guarded terms how much new stealth technology and sovereignty we're going to get?

Next take a look at our 7 July 2008 blog "Labour shortages challenge carrier build". From the title alone you can see where we're coming from. And in the small print you'll see the shipbuilders were proposing to bring in short term foreign labour to help through the manpower peaks. So stretching out the build term saves on the foreign exchange of remittances, gives Brits longer job security, encourages apprentices to enter the industry. What's not to like?

Talking maritime, there's MARS. Some years ago the IPT leader told industry she already had the £2 billion for the programme. In your dreams! Then because of cost and the aforementioned forecast labour shortages, the hulls at least were to be built abroad. Nobody screamed much – but what would have happened when the Secretary of State had gone to make the announcement in the House of Commons? Ok, so a revised concept of operations will be needed, but the probable solution now, long term leasing of existing 35,000 tonne tankers, could well be better, faster, cheaper – a sort of FSTA of the oceans. Industry didn't lose much, the budget gained, the Navy gets something sooner rather than later to replace existing single hulled, expensive to run, ageing Fleet tankers. Sounds reasonable too.

The armed forces need choppers fast for current operations in hot and sandy places. Refits now, to follow on from Danish Merlins and reworked Chinooks, seems a sensible solution as Future Lynx is still in the frame. Mind you, the beating C-130s are atking as substitutes for Chinooks in Afghanistan is a piper yet to be paid, and we will return to this topic.

Then there's armoured vehicles. GD got shafted on FRES UV. Funny how that happens to American companies tempted into the Byzantine UK defence procurement processes. Some of us for instance have SR1238 and SR1238 engraved on our hearts..... BAE Systems can't be losing any sleep – indeed, they may even allow themselves a quiet smirk at their thrash later tonight. It's game on again as far as they're concerned. The French, who are reported to be more than miffed about the evaluation of their offering, which deploys to Afghanistan with the French Army next month, may be wondering if they're back in with a shout, especially if some of that lovely £700 million for armoured UORs were fed their way.

So all in all, one could construe there are actually more winners than losers. Either way, the sky didn't just fall in, as some of the pre-briefed national newspapers seemed to be claiming. Maybe the MoD spin-meisters should talk to the specialists in advance too. You never know, they might even get better reportage!

The MOD said that the outcome of its equipment examination reprioritised programmes to better support current operations.

"Support to operations is a key priority and we can today (11 December 2008) announce a significant increase in helicopter capacity in Afghanistan. Measures include a £70 million

investment to upgrade 12 Lynx Mark 9 helicopters with new engines, which will free up other aircraft for other tasks.

"There are also plans to redeploy Merlin helicopters from Iraq to Afghanistan next year, making significantly more aircraft and flying hours available to commanders.

"On top of that, the new Future Lynx helicopters will provide even greater operational capability when they come into service in 2014."

Secretary of State for Defence John Hutton also announced there would be a review to examine progress with implementing reforms through the MOD's Acquisition Change Programme and make any further recommendations to secure better value for money in the delivery of major acquisition programmes. The review will be led by the businessman and journalist Bernard Gray.

He said: "Putting our forces on the frontline at the heart of everything we do is my priority. Crucial to that, is making sure that we get the best kit to the people who need it, when they need it – both in the short and long term. That is why we recently announced £700M for nearly 700 more protected vehicles for Afghanistan. Investing £70M to get more helicopters out to Afghanistan is similarly about prioritising the right equipment for troops on operations.

"And that is why for the longer term we are investing in the new aircraft carriers, Future Lynx helicopters, and according the highest priority to delivering the Warrior Capability Sustainment Programme and the FRES Scout Vehicle – investment totalling some £6.5Bn.

"Nevertheless, tough decisions needed to be made and with future value for money in mind, I have asked Bernard Gray to conduct a review into our processes for procuring and delivering major equipment programmes to make sure we deliver projects on time and on budget.

"Getting the right mix of vehicles to our commanders has been at the top of our equipment agenda to date. The recent announcement of £700M for nearly 700 more protected patrol vehicles for Afghanistan is evidence of that commitment. Based on that considerable investment the equipment examination has concluded the highest priority for current operations is the Warrior Capability Sustainment Programme and the FRES Scout vehicle.

"In addition, the new Aircraft Carriers will be brought more closely into line with the introduction of the Joint Combat Aircraft, which will result in a change to the delivery schedule. Construction on the ships is already under way and will continue with minimal implications to jobs and industry. The programme will still provide stability for the core shipyard workforce, including 10,000 UK jobs.

"We remain committed to doing more for our people, here and on the front line – improving their support and welfare, pay, medical care, rehabilitation services and accommodation."

He added : " We have approved £4Bn to spend on Urgent Operational Requirement programmes for Iraq and Afghanistan, and the delivery of some 240 such programmes in the

last financial year. £5.7 billion worth of new equipment was delivered to the Armed Forces in 2007/8.

"The review to examine progress with implementing reforms through the MOD's Acquisition Change Programme and to make any further recommendations to secure better value for money in the delivery of major acquisition programmes will be undertaken by Bernard Gray, a former Special Adviser to George Robertson. He has also been Defence Correspondent at the Financial Times and has held a number of positions, including Strategy Director, Chief Executive and Executive Chairman, at a number of successful businesses."

£700M for 700 new vehicles was announced 29 October 2008

www.mod.uk/DefenceInternet/DefenceNews/EquipmentAndLogistics/NewArmouredVehiclesForAfghanistan.htm

The Comprehensive Spending Review settlement in July 2007 gave the MoD an average annual increase of 1.5% until 2010/11 (an additional £7.7 billion). The Defence Budget will be 10% higher in real terms than in 1997, marking the longest period of sustained growth since the 1980s.

The expenditure for operations in Iraq and Afghanistan is new money over and above the core Defence budget to ensure our Forces are properly trained, equipped and supported for operations. That includes significant levels of spending on new equipment and upgrades through the Urgent Operational Requirements (UOR) process. Since 2001 £9.5Bn has been provided to fund operations and this will have risen to approximately £13.2 billion by the end of the financial year.

The SBAC said the Government was right to avoid major cuts but wrong to delay programmes that could help economic recovery

On 11th December the Defence Industries Council (DIC) responded to the UK Government's Ministry of Defence (MoD) equipment examination announcement. The UK defence industry welcomed the lack of major cuts to programmes but regrets the lack of new investment from the Treasury that would create or protect thousands of jobs across the UK, prevent costly delays and will also fail to resolve the problems that remain in the defence budget.

Ian Godden, Secretary of the DIC, said:

"While companies will be disappointed with some of the programme-specific decisions there is a real willingness amongst them to work constructively with the MOD to help make the most of the available budget so that our Armed Forces can get the equipment they need."

As the Government seeks to provide an economic stimulus to the country the defence industry believes it is the ideal sector in which to achieve this and is disappointed not to have featured in the package of measures announced so far. The sector is unique in that the customer - the UK Government - can target the spending of taxpayers' money and be sure that it will filter down the supply chain in the UK to promote innovation and protect jobs across the country. This

would also provide a return on this investment via exports to international partners. A healthy, positive trade balance and substantial export returns would be provided by funding the manufacturing success story that is the UK defence sector. Furthermore, the rewarding, high-tech, highly skilled jobs that currently exist will attract the next generation of able young people into the industry that we will need to protect our nations' interests.

Mr Godden continued:

"Nevertheless as a sector it is particularly disappointing that the Government has failed to use defence as a means of stimulating the economy. The industry has a number of projects on hold which, if funded, could quickly create or safeguard thousands of jobs across the country. These are projects that are needed by the Armed Forces and would be good for the economy. This is an opportunity not to be missed but sadly it appears to be one that the Government wishes to let pass by."

The UK defence industry:

- * In 2007 employed 310,000 people in highly skilled, rewarding jobs and the sector trains thousands of apprentices every year.

- * Is a major investor in research, skills and training and its workforce contributes to the nation's intellectual base.

- * In 2007, its top 15 firms added £13 billion in value to the British economy.

- * Is carefully regulated and has a responsible defence export process - as well as world class products - in 2007 it won a 33% share of the global defence market with exports worth £10 billion.

1 comments:

Anonymous said... 'Christmas cheer' is all very well, but it looks as if the Staff Reporters were well under way before they started into this half-empty glass:

(1) 'marinised Typhoon' - an idea that has been bandied around for a decade... It isn't an issue of take-off, but rather a design that doesn't take account of the shock stresses of the return landing; and selections of materials that were not optimised for the maritime environment. Besides, when did this 4-nation outfit ever manage to do something for 'marginal' costs?

(2) the bigger issue, surely, is why MOD - Ministers and the RN - are sticking so determinedly to the carrier case. 'Highly Desirable' - undoubtedly. But 'Must Have'? The notion of sacrificing so much small-unit flexibility from our maritime force structure, for the sake of a single on-station capital ship, seems to fly in the face of all analysis of what we're likely to be up against...

(3) Take out 8 new Future Lynx, but allocate £70M to give new engines to 12 Lynx Mk 9 helicopters: this looks more like a sop to Westlands (and to the shrinking Army Air Corps) than a military enhancement. It creates a new fleet-within-a-fleet, with all the associated logistic overhead; at average serviceability, and allowing for a training element back in UK, it might

offer an increment of 3-4 aircraft in-theatre. Rather than this marginal boost of ageing aircraft with limited roles, why not a tangible increase to battlefield lift and flexibility via an extra 3 Chinook or even 4 Merlins...?

Bah, humbug!