

By Dr Jeffrey Bradford, Director of Research, U K Defence Forum

Pity UK defence. In the grand scheme of political priorities - across the spectrum - the defence enterprise sits squarely in fourth place (at best) behind social security, health care and education. All politicians wish to be seen looking strong and striding the world stage in exotic locales surrounded by a professional military and a willing press entourage. They will the ends, but do they will the means?

If only the pressure placed on the health service procurement budget were given the same level of scrutiny by the Treasury, NAO and media. The incoming Labour Government of 1997 conducted a highly praised foreign policy led Strategic Defence Review. One of the principal outputs was reform of the defence procurement system known as 'smart procurement' - echoing the Olympic ideals of smaller, faster, better (and obviously cheaper).

Fast forward a decade to the late 2000s and Bernard Gray's report on acquisition. Plus ça change ? One of the biggest shifts for the Ministry was not a monolithic entity but rather the introduction of a new accounting regime - RAB - not a Glaswegian comic figure but rather Resource Accounting and Budgeting. A generation of military officers placed in management roles were familiar with cash accounting. RAB promised much but fundamentally curtailed the ability of the MOD to live beyond its means (senior figures often suggested differing numbers - but on the whole somewhere between 10-20% a year stretch could be achieved through judicious cash management).

The fundamental conundrum in Britain's valiant defence management and procurement efforts could be described somewhat as follows;

* The UK armed forces are shrinking, requiring less of successively more capable generations of equipment equally a more expensive unit cost per aircraft, ship or tank (take for example the escalating cost of the Astute SSN program). The only way out is to procure more capability than you need and have it sat around depreciating on the balance sheet (for example the acquisition of 232 Eurofighter aircraft).

* Single-service aspirations for their own equipment programs leads often to over-specification and huge wish-lists. Given the fact that with major platform acquisitions (aircraft, ships, tanks) there are service level career implications (less aircraft = less squadrons = less squadron commanders for example) versus individual implications (i.e. failure to get the programme through MOD) the ultimate bun-fight occurs at senior levels of MOD amongst the service Chiefs and their staffs to determine who gets what and crucially when - often ignoring the 'at what price ?' question.

* Given the 'bow wave' of costs (imagine a powerpoint slide showing program cost escalating through time yielding a wave like curve) the MOD and political options ultimately become :

Option 1 to reduce investment and stretch the timeframe of the program - which leads to delays in equipment coming into service.

Option 2 is to cut the numbers procured leading to a higher per-unit cost.

The final option would be to cancel a programme - though TRIGAT is one of the few cases in the past two decades (and that programme had been in existence for nearly 30 years before landing on the executioners block).

For an incoming government what are the real options? No politician wishes to cut commitments - Britain has a long successful history of applying pragmatism to respond to emergencies. However in an increasingly connected, globalised world, quantity is becoming arguably as important, even more important than quality. Take piracy for example. In Victorian times the Royal Navy possessed so many ships per nautical miles to ensure adequate patrolling of far-flung possessions. Whilst a Type 45 is clearly more capable, with nine major "choke points" for starters, the world's oceans are bigger than eight ships can manage (assuming all can be put to sea).

The civil service headcount offers a fresh government of any hue an obvious target - however reductions are notoriously difficult to apply. Plus, the scale of bureaucracy involved in defence procurement serves a political imperative - when funds are tight - of adding a level of bureaucratic complexity, over-sight or simply new hoops for industry bid teams to jump through. And some civil servants do jobs previously filled by serving personnel, civilianised in previous rounds of cuts.

As the UK defence industrial base consolidates - BAE Systems and Babcock International Group (assuming the acquisition of VT Group is concluded successfully) basically have the monopoly on equipping all three services and supporting the Royal Navy and Royal Air Force - is there really a need for such a vast procurement entity with double digit thousands of people at Abbey Wood alone?

The British Army clearly has the whip hand politically at present with commitments in Iraq and Afghanistan - however will the future be like today? The US seeks British special operations input and specialist support - the Royal Marines - under RN command provide the bulk of SOF personnel.

Looking objectively at the armed forces it could be suggested;

- * The British Army is lacking in manpower at the specialist end. However in the general it has too many personnel.
- * The Royal Air Force headcount could be cut by a further 10% without any drop off in capability.
- * The Royal Navy has too few hulls in the water protecting UK national interests to justify the size of the Admiralty.
- * The 'pyramid' rank structure needs trimming at the higher ends. RN Captains are spending less time at sea because of career pressure to get a command. At the Defence Procurement establishments one often meets Generals, Admirals and Air-Vice Marshals doing jobs genuinely beneath their talents.

Pragmatic defence reviews sound like a wonderful concept. At worst however they seem like an ego trip for all involved to discuss past glories versus grappling with the fundamentals - not enough funding plus an unwillingness to sacrifice commitments or capabilities.

The UK Armed Forces are one of the best enterprises and assets the Nation has. It is difficult however to see a future where capabilities are below critical mass for the far-flung commitments the UK maintains.

This editorial first appeared in Defense Industrial Base