

Defence and security acquisition is fundamental to our National Security, writes Bernard Jenkin MP. It contributes to advancing UK Interests by providing the equipment and services needed to deter and counter threats, and to create or to exploit opportunities. It underpins our defence and deterrence postures and, through this, much of our leading-edge industrial and commercial competitiveness. In a globalised world, the suppliers of the equipment and services can no longer all be UK-owned or even UK-based organisations.

Our priority target should not be capabilities per se but the capacity to generate capabilities we need when we need them: equipment which is effective and cost-effective. A more adaptable acquisition model is one that is able to provide for changing circumstances, not one that delivers projects for scenarios that may never come to fruition. Much of the development needed for these technologies is necessarily experimental and therefore risky. The government needs to be able to support innovation where companies cannot do so on their own.

A large proportion of this investment in technological innovation is sold abroad or used in other sectors and generates jobs and revenue for the UK. Maintaining our defence manufacturing capacity and financial arrangements that extend beyond the length of a single parliament would also better support our industries and our armed forces.

The loss of key technical and scientific knowledge in these sectors cannot be easily recovered. The lack of MoD capacity to deal directly with industry forces the MoD to contract this out to defence prime contractors that now dominate our industry but add to our current inflexibility. The smaller engineering firms that our politicians so often celebrate, should be supported directly through the MoD and would provide much greater value to the acquisition process and to the UK economy.

Acquisition is distinct from purchasing, which is no more than buying equipment and services, and from procurement, where the buyer works with the supplier to deliver equipment or services to meet a need. While acquisition includes purchasing and procurement, it also involves the whole life-cycle of the capabilities and associated capacity we need. Acquisition is a "strategic" activity, procurement is merely "operational".

Contrary to the public perception, MoD has continuously developed its acquisition organisation. This has severely challenged the staff involved. It is not surprising that many good people have left. DE&S is on target to reach 10,000 by 2015 from a staff of some 22,300 in 2010. Nevertheless, those who have remained have successfully delivered many equipment programmes and supported the many campaigns the UK has engaged in during this period, often through Urgent Operational Requirements (or UORs).

This is the lesson from recent military campaigns. Through the Northern Ireland campaign, the Falklands conflict, two gulf wars and into Iraq and Afghanistan, much of the battle-critical equipment was developed during those campaigns, and designed for those campaigns, drawing on both defence research and technology and investment made over previous decades, and people in the MoD and industry with their own decades of experience.

Just take Afghanistan: counter-IED capability, armoured vehicles, drone technology and comms infrastructure were constantly being adapted along with tactics, techniques and procedures to try to protect our armed forces servicemen and women, particularly as the shortage of air-mobile-capability was also critical.

Military capability is only at one end of the spectrum of capabilities that ranges from trade, diplomacy, aid and all the soft power capabilities that the UK should employ in all the mostly peaceful campaigns the UK must pursue to secure our national interests and to contribute to global security. We also know that pre-SDSR 2015 work has already identified gaps in maritime reconnaissance, cyber and defence intelligence and capability. On the current trajectory, like its 2010 predecessor, the next SDSR is likely to be another savings package rather than a genuine strategic review that

generates value for the UK.

The Chancellor has recently announced the MOD will need to find another £500 million in savings as part of the latest round of spending reductions. The news that the MOD is trying to find ways of including pensions, peacekeeping and part of the international development budget in our defence budget does nothing to disguise the real shrinkage in the UK's military capacity over the last five years and which senior military officials are constantly warning us about. Masking the changes in the defence budget through "smoke and mirrors" economics, as Robert Fox put it this week, is just deceptive.

Even if we were to commit fully to NATO's required 2% of GDP, the way that we organize and equip our armed forces needs radical change. Our method for supplying the military remains the same: as though we were going to fight a war of national survival, but without the necessary resource. Our acquisition model needs to change to meet the sad reality that we are no longer willing to spend the sums which that would require.

The problem with our present defence equipment programme is that it has now overtaken defence policy. It is therefore essential to identify which assets must remain under national ownership and control. National industrial and commercial power is a key part of our national security.

The United Kingdom is going through a period of deep soul searching. From the relationship between the four countries that make up the United Kingdom, through to our relationship with our European partners. Having an active involvement in foreign affairs is part of who we are as a country, and defence and therefore defence acquisition is a far more crucial component of who we are than most people realise.

If we are going to maintain a national arsenal, then we need to find a different model of arsenal, given the limitations of our defence budget, of our R&D and of our defence industry in today's service sector-dominated economy.

You can access the publication here <http://www.civitas.org.uk/economy/DefenceAcquisition>

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