

"[DE&S] should ...aim to be the most respected project management organisation in the UK in any field" - Bernard Gray, Desider magazine, April 2014

Back in 2008, Bernard Gray was commissioned by then Defence Secretary John Hutton, a minister renowned for his accounting acumen, to produce a report on the prickly subject of defence procurement. Gray's task was to investigate the current state of affairs, and come up with solutions for how the massive cost overruns, delays, and expensive failed projects synonymous with UK defence acquisition might be avoided.

Gray's report was leaked to the Sunday Telegraph in August 2009, after supposedly being sat on until after the next General Election. Its unsparing tone caused something of a sensation in Whitehall and in the media. Summarised the most damaging findings against the Ministry of Defence, the Sunday Times noted wearily that "the problems, and the sums of money involved, have almost lost their power to shock, so endemic is the issue...It seems as though military equipment acquisition is vying in a technological race with the delivery of civilian software systems for the title of 'world's most delayed technical solution'. Even British trains cannot compete."

"We may not have been forward enough in talking about our achievements in DE&S in the past, a natural reticence that has allowed others to ignore or talk down our many visible successes."
Bernard Gray, ibid.

So who better, you might think, to assume responsibility for defence acquisition as Chief of Defence Materiel and head of Defence Equipment & Support (DE&S), the 16 500-strong organisation which buys all armed forces kit, than...Bernard Gray ? And in December 2010, long after Hutton had thrown in the towel at the MoD and taken his seat in the Lords, Gray was duly appointed by the Coalition Government.

But now it seems the new broom has swept in more of the same... flawed vision, disastrous miscalculation and woefully mismanaged reform. And the bluster remains the same.

It's a masterpiece of irony that Gray, who identified as a fundamental problem the intra-service

competition which lead to costs being initially under-estimated to increase the attractiveness of projects, should emerge as the architect of a plan to parcel out procurement among the three services and a joint command. Word is that Secretary Hammond encouraged Gray to involve the private sector, while continuing to manage it with government official; the infamous government-owned, contractor-operated hybrid, or GoCo. Private contractors were to have been paid £15bn a year, saving £2bn on the old bureaucratic arrangement.

Objections arose from Left and Right. Unions hated it. The Pentagon expressed alarm. Parliament questioned the private sector's commitment to national strategic interests. Exactly how DE&S's former soldiers and career civil servants were to oversee the operations of their strategic partners across a myriad of projects and contracts is very unlikely ever to be put to the test. It remains, however, a theoretical device for keeping the fretful awake long into the dark night of the Merchants of Death.

Initial bidders' interest waned because of the upfront investment versus the length of contract being offered (three years has been rumoured), and the complexity of accounting required, with every pound of profit to be demonstrated to have come from savings over the previous system. Some contractors wanted a large chunk of the action, but were presented with a jigsaw of smaller contracts, with companies permitted a maximum of two. After two of the three bidding consortia dropped out, Secretary Hammond suspended the scheme in December 2013. None of this came cheap. Six consultants shared £28.9m to prepare and assess this white elephant. Former defence minister Lord Lee of Trafford declared it 'dead in the water'.

" In 2009 we were front page news, and the coverage was overwhelmingly negative. This year saw much more limited comment than in the past, and that which appeared was largely positive. If our reputation for competence continues to grow, I think we will earn the respect we deserve and will see that reflected in comment on our achievements." Bernard Gray, ibid.

DE&S is reborn from April 2014 as DE&S-Plus, "a bespoke central government trading entity" (9MoD press release), enjoying unique and highly contentious powers to override civil service pay structures and processes, and recruit experts from the private sector to negotiate contracts with industry.

"We are bringing in targeted outside help through Managed Service providers to, for example, rebuild the HR function and improve project delivery to maximise the value." Bernard Gray, ibid.

And the first chief executive at DE&S-Plus, remaining on his three year fixed term contract and apparently oblivious to the notion that the honourable thing to do in the wake of this sorry saga would be to resign ?

Bernard Gray.

"Today's launch puts in our hands the opportunity to create a future DE&S as a professional, trusted, self-confident and world-leading organisation. One in which our abilities, ambitions and successes will be better recognised and rewarded and in which we have the freedoms we need to show much better we can be at what we do." Bernard Gray, ibid.

Elayne Jude is Senior Research Associate□