

By Nick Watts, Great North News Services
This White Paper has Liam Fox's fingerprints all over it. Although presented by Peter Luff, who came into MOD to fix the procurement problem the government inherited, the paper bears a strong imprint of the philosophy of the previous Secretary of State.

This is not to be wondered at, since this exercise began over a year ago, just after the coalition had come into office. The mantra 'off the shelf' quickly became a by word for a government which did not care for the health of the UK's defence sector. Despite this it has survived to become a central tenet of the government's policy towards the defence sector.

In practice this recognizes two key beliefs held by this government: that most defence contractors are global players; and that the MOD must be thriftier when it chooses equipment. There were too many horror stories over the preceding 12 years, not all of which could be laid at the feet of the previous government. No longer will the MOD be held hostage by the UK's defence sector, as was the belief among what was then the opposition defence team.

Another theme underpinning this paper is the Conservative philosophy that markets deliver the best results. By continuing to press for open competition, the tax payer will receive the best value for money. This also extends to the SMEs who are seen as being able to offer a more agile and flexible response to changing needs, once equipment has been procured.

Much has been heard about the term 'operational sovereignty' which the paper defines as the ability to retain freedom of action. The inferred message to suppliers is that the UK expects to be able to use its equipment as it sees fit, without interference, This is something of a back-handed swipe at the US which has made hard work of the various ITAR related agreements with the UK, which have often been viewed by British industry as a means of limiting their ability to up-grade in service equipment. One reason the UK could not sell its surplus Harriers to India was because they were full of equipment covered by various ITAR related restrictions.

A related policy is the requirement for open systems architecture. In theory a means to be able to up-grade equipment throughout the life of any platform; in practice it is a means to ensure that the MOD is not irrevocably tied to one contractor.

This paper is not all bad news. It reflects the lessons of the Gray report into procurement reform. The MOD's Equipment Programme (EP) will henceforth be costed by the NAO and a 10 year plan published. The EP will be geared to delivering the equipment necessary to achieve the Force 2020 structure outlined in the SDSR. The value for industry will lie in understanding what equipment and capability the MOD will need.

This requirement also informs the areas that the MOD will invest its S&T funding in. The government also pledges to push harder on the defence export front. The recent Indian combat fighter decision will not be an encouraging precedent in this respect. Other defence exporters will be doing the same.

The UK's defence and security sector will probably heave a collective sigh of relief. This paper is not as bad as it could have been. Clearly the MOD has had to rein in its ambitions because of the fiscal constraints it operates under. But it is a deeply held view by this government that a reduction in budgets does not necessarily equate to a reduction in capability. It means that the MOD must become an intelligent customer, and that industry must work harder to ensure that it is supplying what the UK needs.

The corollary of this is the need for the MOD not to over specify its requirements to the extent that equipment is too complex and expensive to be exported.

The undoubted winners in this paper are those involved in the cyber sphere, the CBRN, electronic warfare and secure communication areas. In the 'rear area' simulation and deployed contractors should also be winners. The worry is that the level of S&T funding will be spread too thinly, but MOD hopes to make the most of partnerships and better use of civilian

technology. This is one area where the results will have to be closely watched.</p>