

# Just Part of a Flawed Culture

By *Paul Beaver*

*Paul Beaver is a defence analyst and commentator and has been a member of RUSI since 1978. Since 2003, he has been a specialist advisor to the House of Commons Defence Committee during its defence equipment inquiries. Here he considers why armoured vehicle procurement has been such a tale of prevarication, and points to imbalance in the procurement programme, a flawed process and the lack of trust between MoD and industry.*

There are few in industry, commerce, the British Army or even the Civil Service who don't think that the United Kingdom's Armoured Fighting Vehicle (AFV) Strategy is flawed, unworkable and not fit for purpose. It mirrors the general acquisition situation, which even though press release after press release would have us believe that all is rosy in the garden of defence, we know it is not.

A new Government, a new Parliament and a new Strategic Defence Review bodes well, but is there hope for rational thinking tempered with common sense? Historical experience would seem to be against that happening.

---

## ***Courageous decisions are needed. Some programmes are too expensive and irrelevant***

---

When it comes to buying armoured vehicles for the British Army, it seems that the last time AFVs were procured to a commonly agreed and workable programme was during the Cold War. Necessity drove those actions, many of which our armed forces live with today. But there did seem to be continuity of purpose, a responsive industrial base and politicians who could make decisions. These attributes might appear to be no longer present in all stakeholders.

### **Parliament's Concern**

In its recent Report on Defence Equipment, the House of Commons Defence Committee (HCDC) concluded that the MoD had not provided any evidence to show that there had been any systematic *attempt* (author's emphasis) to "understand the reasons for past mistakes or to consider how they could be avoided in the future".<sup>1</sup>

In the same report, the tri-party committee also calls for a lessons learned/identified programme for procurement to stop the same mistakes being made again. In his well-argued thesis, Peter Flach, who witnessed much of the

flawed process, gives frequent examples of lessons not being identified and certainly not being learned. The Committee was of a similar mind.

The HCDC did not have an opportunity to look at the coherence of UORs<sup>2</sup> and therefore could not report on the apparent anomalies found in the process and outcomes. The British Army has been accused of procurement-by-stealth in its use of UORs and that may be true, but it seems to have been the only way for urgently needed 21<sup>st</sup> Century systems to be acquired at a time when the Equipment Plan is submerged in 20<sup>th</sup> Century weapon systems.

UORs should be theatre-specific and, once that theatre is closed down, the tough decision taken to dispose of the vehicle or other equipment must be taken. Trying to adapt from Iraq to Afghanistan takes time and money. Sometimes it is not worth it.

The length of process and many layers – the famous 70 signatures for any procurement decision<sup>3</sup> – has increased recently with a special sub-committee of the Defence Board. Some would have us believe that another layer of scrutiny is the only way to ensure decision-making – others, including the author, believe that radical change is the only way forward and that means managing risk in procurement, not just advertizing it. But that goes against the Whitehall culture: "That's very courageous Minister" as Sir Humphrey Appleby might have said to Jim Hacker.

### **The Imbalance of Procurement**

But courageous decisions are needed. Some programmes are too expensive and irrelevant and I don't just mean the Joint Strike Fighter and 'the first day of the war' mumbo-jumbo.

The Whitehall jungle telegraph says that the Defence Board saw graphic evidence of the bow wave in procurement – called a 'tsunami' by many – in which the procurement budget finds itself when aircraft carriers, fast jets and submarines all arrive at the same time. Some will be needed, but in those numbers?

"The land forces procurement of even FRES<sup>4</sup> was truly a 'thin red line' at the bottom of the graph", said a senior officer familiar with the research which led to the graphs. "Even with the £1Bn or so spent on UORs, the land forces equipment line never touches that of the other two services – and that at a time when current operations are fundamentally land-orientated. It is the land environment funding lines which are always robbed to bring the procurement budget back under control. Both the maritime and air environments have such long-term programmes –



*Ranger at the Defence Vehicle Demonstration: Universal has designed the highly innovative Ranger with its huge improvements in blast protection*  
 [Paul Beaver]

most derived during the Cold War and now legacy in the current operating environment – that their funding is committed and can't be touched.”<sup>5</sup> This significantly reduces the flexibility available *if* it is accepted as unalterable.

In the past, the MoD has been loath to cancel contracts or to make radical or innovative decisions. Tough decisions are needed – the Single Staffs need to push hard for what they need, rather than just want, and everyone on the Fifth Floor<sup>6</sup> and down at Abbey Wood<sup>7</sup> needs to understand the realities of financial deficit. Britain can't afford all the equipment it needs to do everything – but it is clear that it needs to replace or upgrade its ageing armoured vehicles like Scimitar, Warrior and Bulldog, which have all been in service for decades longer than planned and are being used every day in Afghanistan, the avowed departmental *main effort*.

#### The Process

One of the key problems that became evident in the public sessions of the HCDC Defence Equipment Inquiry – not

just in 2010 but also that published in 2009 – is that MoD distrusts industry. It is clear from listening to Bernard Gray<sup>8</sup> that this is not because the Ministry knows it is being ripped off by industry, but because it is scared that it does not know it is being ripped off. In fact, it seems from Mr Gray's evidence that nobody actually knows the true cost of any piece of equipment in service or on order.

Because of the lack of a spirit of co-operation, the MoD and industry do not operate in true partnership despite the best efforts of the then Minister for Defence Procurement, Lord Drayson, to make it happen through the Defence Industrial Strategy<sup>9</sup>. It is clear that civil servants and even politicians do not understand the consequences of slippage or a change in procurement strategy.

Is it a lack of a national champion in the AFV sector? A year ago, if you had asked anyone with an interest in land systems procurement whether the UK had a national champion, along the lines that our European partners

have – Nexter in France, KMW in Germany or perhaps Santa Barbara in Spain – the answer would have been BAE Systems. After all, taxpayers have given the company millions for research and development with the aspiration that it will be returned in domestic innovation and export success. For a while this was true, but not today. This is at the cost of jobs – at least 1000 in BAE Systems Land & Armament.<sup>10</sup> Are we losing that national champion in Newcastle and Telford at the cost of growing another in South Wales, even if it does merge skills from the Government’s own DSG, the old ABRO, into the bargain?

Should we weep at this or should we take the opportunity to help the industry grow into something different? The UOR process has shown that there are many capable small companies in Britain – for example Supacat has created Jackal, and Universal has designed the highly innovative Ranger with its huge improvements in blast protection. One is in service but the other is, for the time being, just British enterprise without an obvious Whitehall champion. Private enterprise in the small and medium companies also includes trans-Atlantic co-operation bringing Force Protection and Ricardo together.

With such expertise and innovation, few institutionalised shareholders to satisfy and free-thinking in design and development allowed, do we need a national champion? Procurement discussions this year appear to indicate that national champions no longer hold any lure for the procurement pound. Perhaps it was the protracted FRES programme that finally broke the back of national champions and big AFV procurement programmes?

**FRES – What’s in a Name?**

When the Minister for Defence Equipment & Support came before the HCDC on 15 December 2009, he was asked to clarify exactly what FRES was. It started a decade ago as the Future Rapid Effect System and still not one vehicle has been delivered. Many believe that it was over ambitious to have a family of vehicles – or even that it was a plan by the Royal Armoured Corps to postpone that horse & tank moment which regularly pops up in the British Army, depending on what faction is in the ascendency. Minister Davies believed it was a “future set of armoured fighting vehicles which will be rapidly deployable...but the concept has changed”.<sup>11</sup> There then followed an interesting exchange between Members and the MoD team giving evidence about whether FRES was dead, moribund or perhaps irrelevant.

The British Army needs replacement vehicles sooner than the other two Services need more fast jets or big ships. There isn’t room for everything in the budget and the land equipment side mustn’t be squeezed out again. A radical approach will not be to evenly spread the ‘pain’ but really prioritise. The Strategic Defence Review is coming but the skirmishes for budget share have already started.



SEP is a Swedish design for an APC which pioneered in-wheel electric drive [FMV]

The final chapter on FRES procurement has yet to be written, but MoD should note that any programme with ‘future’ in the title seems to run into delays or gain the unwarranted attention of HM Treasury.

After 12 years, the British Army still has no real picture of what a medium-weight future holds, and those vehicles procured under UORs cannot, and should not, last the 40 years that Scimitar has been in service. It could be classed as a national disgrace. ■

**NOTES**

- <sup>1</sup> HC99 Sixth Report of the House of Commons Defence Committee for the Session 2009-10 (paragraph 21)
- <sup>2</sup> Urgent Operational Requirements
- <sup>3</sup> Quoted by MinDES in his keynote address to the A|D|S Maritime Industry Day on 25 March 2010
- <sup>4</sup> Future Rapid Effect System – named, it seems, because it was in the future, needed to be medium weight for rapid effect (self-explanatory) and system because everything in 1998 needed to be a system!
- <sup>5</sup> Private interview with the author
- <sup>6</sup> The MoD’s centre of power
- <sup>7</sup> Abbey Wood is the headquarters of Defence Equipment & Support – “the other end of the M4”
- <sup>8</sup> Bernard Gray, a former Special Advisor to Rt Hon Geoff Hoon, published his report into MoD acquisition process and reality on 15 October 2009. It is not an official document
- <sup>9</sup> Published in 2005 but not updated as planned after Gordon Brown moved into No.10
- <sup>10</sup> BAE press releases and HC99 Q360
- <sup>11</sup> HC99 Q516