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## What a Labour defence procurement policy should look like

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### Introduction

2024 marks a big year for British politics and an even bigger year for the Labour Party which has been leading national polls for 18 months - a lead now nearing 20 points.

Labour's policy offering has been centred around a mission-led approach, which will seek to "end short-term sticking-plaster politics" and replace it with a long-term plan for the country focusing on growth. What is less clear, however, is how national security, the first role of any government, fits in this plan – though Labour may argue that this is such an obvious point that it does not need spelling out.

Labour, through the efforts of Keir Starmer, the Leader, John Healey, the Shadow Defence Secretary and their respective teams of advisers, has done a fantastic job in resetting its image on defence and security issues, creating increased confidence amongst the public and industry in Labour's defence and security offer.

Nonetheless, as a former adviser to a previous Shadow Defence Secretary that desperately sought to instill sanity in a policy area that contributed to Labour's worst election result since 1935, I believe that stating the obvious can only reinforce the message that Labour has changed.

### Defence Procurement

While defence procurement can help deliver economic growth, its primary role is to deliver the capabilities our armed forces need to keep Britain safe and secure British national interests abroad.

This creates a natural tension between the Treasury and the Ministry of Defence, and countless arguments on the affordability of the Defence Equipment Plan, which the MOD itself recognises is currently unaffordable ([with forecast costs exceeding budgets by £16.9 billion](#)).

From a national security perspective, however, the question is not whether the Equipment Plan is affordable – but rather, does it match the UK's strategic aims, centred around keeping its people safe and securing our national interests? If the answer is yes, then a future government, of whatever flavour, should fund it properly.

If the answer is no, then a strategic review should precede rationalisation. Once you have a strategy, based on a coherent assessment of the country's ability to defend itself, and an equipment plan to service that strategy, then you must fund it accordingly. After all, we cannot put a price on national security.

A strategy is essential to defining the focus of a procurement budget and Labour have rightly committed to a strategic review if elected to govern. The challenges that the Government's Integrated Review (IR) has found is that it did not have built-in flexibility. The 2021 IR largely ignored Europe, preferring to invest greater attention to the Indo-Pacific. This strategy had to be refreshed in 2023 to respond to Russia's aggression in Ukraine. While many did not foresee this escalation in Eastern Europe, this is partly because we had not been paying ample attention to the history of international relations.

The unipolar world order, dominated by the United States, is over. We are in an era of emerging multipolarity now. Changes in the global balance of power create uncertainty, uncertainty contributes to power vacuums and the redrawing of lines of acceptability, and these provide conditions for conflict and war. We have seen this logic most clearly in Ukraine, in the Middle East, in the Sahel and in Nagorno Karabakh. We are seeing these conditions develop in the Balkans, in South America and in East and Southeast Asia.

## **A Labour strategy for procurement**

A Labour strategy must be centred within the UK's own continent – Europe. Reinforcing relationships with European allies through NATO and through a defence and security partnership with the EU, which Labour has committed to, is essential. But this strategy must be flexible and credible enough to make sense of the new international order - one that is increasingly fragile as well as interconnected.

Though Labour must invest in Europe, the dichotomy between doing so or investing in the Indo-Pacific is a false one. Indo-Pacific nations are already in Europe – financially, politically, and even militarily. Moreover, the idea that a government can pursue significant defence-related economic opportunities without having military credibility in the Indo-Pacific region is not realistic.

Why should Japan partner with the UK on the Global Combat Air Programme if the UK has no intention to collaborate with Japan in the region? Why should Australia invest in AUKUS if the UK has no intention to support its Five Eyes strategic partner in the Indo-Pacific, while also supporting its own national interests?

An overarching foreign and defence policy strategy, which we have already seen Labour develop the skeleton of, will then define its industrial strategy and procurement policy. While this will depend on the former, core pillars of this should include:

- **Revisiting the implementation of the Government's social value model, which is rooted in the idea of expanding the conception of 'value for money' to ensure the**

MOD (and other Departments) are not simply buying off the shelf at the expense of their own industry and sovereign capability. Industry has found its implementation to be inconsistent and incoherent. A review will align with the Shadow Chancellor's plan to "make, sell and buy more in Britain".

Labour should therefore explore developing a specific framework, setting out the capability areas that it will seek to procure in the UK, where it will seek to collaborate with its partners and allies, and where it may make more sense to buy off the shelf in order to respond to urgent needs. Effective implementation of such a framework will require training and incentivisation of government procurement teams in order to bridge the gap between strategy and reality.

- **Developing a specific exports strategy for defence and security.** The question of exports is a complicated and nuanced one. The UK's defence industry cannot sustain itself without exports, and the licensing regime is painfully slow, contributing to lost opportunities, and making it harder for the MOD to justify its budgets vis-à-vis the Treasury (exports are good for growth, after all). However, at the same time, Labour needs to meet international legal obligations and an exports regime needs to reflect Labour values.

A strategy is therefore essential, as the issues are seldom black and white. Take, for instance, support for Ukraine. This is contributing to defending Ukraine today. However, had Western nations provided this support and loosened stringent exports requirements after 2014, perhaps Russia would have been deterred from the full war scenario we see today.

- **Supporting innovation.** An interesting recent Twitter [thread](#) from John Burn-Murdoch, Chief Data Reporter at the FT, highlights how Western society is "shifting away from a culture of progress and towards one of caution, worry and risk-aversion". This is something that can be reflected through the popular conception of artificial intelligence as something to fear, as opposed to something that can augment our lives and provide solutions to several policy challenges.

Labour have already committed to regulating AI. While this is essential to ensuring AI safety, we must not, however, seek to over-regulate to the detriment of innovation and our industry. Over-regulation can contribute to a situation where, by undermining our own industry, we end up being reliant on others for technologies that we have not developed, thereby directly impacting our sovereign capability and national security. Supporting innovation is inherently progressive.

- **Promoting supply chains.** Prime contractors are essential, strategic partners in the delivery of our national security. But we must not forget that they rely on a wider supply chain consisting of mid-tier contractors and SMEs that may often not be as visible. SME issues, for instance, should not be subject to a small working group in the Defence Suppliers Forum – they should be considered on all issues and

industrial fora. Labour should promote supply chains and seek to develop an industrial and procurement policy that supports them. Supply chains are the heart of our industry.

Ultimately, a potential Labour government will need time to formulate its strategy, working cross-departmentally, and then to review its own Equipment Plan after fourteen years outside of Government. The civil service and armed forces need time to adapt to Labour's approach and thinking too. For a progressive procurement policy to be effective, a Labour MOD will need to work closely with a Labour Treasury to maximise UK national security perspectives and the potential of the defence and security industry, which will in turn contribute to economic growth.

### **The Author:**

**Reg Pula** is an Associate Director and Head of Defence and Security at Rud Pedersen UK. He is also the Co-Chair of the British Chambers of Commerce EU Defence and Security Committee.

Prior to joining Rud Pedersen, Reg worked for ADS, the UK aerospace, defence and security trade body, as the Defence Policy Lead, where he engaged with UK Government representatives on behalf of ADS member companies which include some of the biggest defence and aerospace companies in the UK and the world. He was previously a defence and foreign policy adviser to the UK Labour Party's front bench, in particular advising the then Shadow Defence Secretary Dame Nia Griffith MP. Earlier in his career, he worked as a Consultant at the European Defence Agency in Brussels. Reg holds a BSc in Social Policy with Government and an MSc in EU Politics with a specialisation in International Relations both from the LSE, as well as an MSc in Global Governance and Emerging Powers at Birkbeck, University of London.

### **Reviewer:**

This paper was reviewed by **Adrian Holt MBE**, who is Director of Market Development (Defence) at Capita

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