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MPs charge Ministry of Defence with incompetence

Privatisation 'hit nuclear sub refit'

David Hencke
Westminster Correspondent

THE Ministry of Defence's handling of the transfer of the management of the royal dockyards at Devonport and Rosyth to private companies had jeopardised the refitting of Britain's nuclear submarines, MPs said yesterday.

In a scathing report on the ministry's competence the Public Accounts Committee point out that there has already been a board of inquiry into a submarine refit because of poor workmanship and standards affecting safety. This had also caused problems for other ships.

The MPs say: "We note the unsatisfactory situation with regard to verification of work outstanding, quality control, the poor standard of refit work, the non-availability of new systems, and materials and assets not accounted for.

It was clearly the ministry's responsibility to have improved these matters beforehand and the situation was an indictment of the management of both dockyards in earlier periods and of the ministry.

Mr Michael Heseltine, the former Defence Secretary, and Mr Peter Levene, chief of defence procurement, regard the transfer to commercial manage-

ment — achieved by the April 1987 deadline — as one of their greatest successes which Mr Heseltine believes could be copied elsewhere.

The yards service the nuclear Polaris submarine fleet, and many frigates and destroyers.

The report, however, claims that the ministry's control of events was so weak at the time of the transfer that the refitting of the submarine fleet was jeopardised.

It demands that the ministry monitor all ships refitted during this period and record the cost of defective work and goes on to catalogue problems the ministry has left private contractors to sort out.

"Unreliable records and staff shortages made it impracticable to assess accurately the work remaining to be done, thus increasing the difficulty of negotiating prices for high-value contracts."

Ministry-owned materials were left strewn all over the yards with no records of tools on loan to the dockyards being available. Records of materials handed over to the private companies were deficient.

The MPs also criticise the ministry's handling of the bids for the yard — which went eventually to Babcock Thorn at Rosyth and Devonport Management Ltd at Devonport. "We cannot accept that the ministry were well placed to choose the

most suitable managers." They go on to criticise the ministry severely for not being able to tell MPs whether commercial management is more efficient than state ownership.

"The ministry now consider that direct comparison between the performance of the dockyards under the ministry and commercial management is almost impossible, meaning that Parliament will be unable to judge the success or otherwise of commercial management."

Included in the report is a special memorandum from Mr John Bourn, the Comptroller and Auditor-General, investigating claims in the Independent newspaper that the committee had been misled over the big increase in redundancies to 3,300.

The MPs conclude that there is no evidence of inaccuracy in the ministry's evidence but are concerned that it has been seen to be economical with the truth by not providing the committee with all the information on how it looked ahead on job orders.

The information shows that immediately after the last general election the ministry became aware that more job redundancies would follow. The trade unions have accused it of a pre-election cover-up.

Committee of Public Accounts: transfer of royal dockyards to commercial management. HMSO £6.30.