



MINISTRY OF DEFENCE

Sale of DARA's Rotary Wing and Components Businesses

The Minister for Defence Equipment and Support, The Rt Hon Baroness Taylor PC: My right honourable friend the Minister of State for the Armed Forces (Rt Hon Bob Ainsworth) has made the following Written Ministerial Statement:

On the 25 July 2007, I announced that Vector Aerospace had been selected as the preferred bidder for the purchase of the DARA Rotary Wing and Components businesses at Fleetlands in Hampshire and Almondbank in Perthshire.

Following a period of extended consultation with a wide range of interested parties including local MPs and Trades Unions and successful negotiations with the preferred bidder, I am now able to announce sale of these businesses to Vector Aerospace for £17m. Vector Aerospace has also legally undertaken to retain the operational capability currently provided in the UK and has given a full commitment to meet all employment and pension protections. Throughout the sale process, it has remained our priority to secure the best decision for Defence. First and foremost is the support we provide to our Armed Forces who are so often involved in difficult and dangerous operations. Secondly, our responsibility also extends to securing the skills that exist currently in DARA for our longer term requirements while giving the loyal and dedicated DARA employees a secure future. These are objectives that my predecessor set out in November 2005 as part of our logistics transformation programme and which are wholly consistent with the Defence Industrial Strategy, which has seen our key industry partners working with us to deliver operational capability to the front line on time and to budget.

On current plans, these businesses have a finite life; privatisation could develop the business further, with the best chance of winning a share of new work in a sub-contractor role via the through life contracts we are increasingly placing with our key industry partners, as well as other work outside the MoD. It is therefore in the best interests of our colleagues on the Front Line and the DARA employees that we secure the best long-term solution, which allows the skills, expertise and on-shore capability to be retained for our future needs.

Sale to Vector Aerospace not only offers the opportunity for investment and growth but also provides us with operational certainty on a vitally important maintenance service that has every chance of improving under new ownership. Vector Aerospace has a demonstrable track record of military aviation support both in the UK and North America and more importantly, can sustain capability to surge and flex to meet defence operational requirements. Sale to Vector Aerospace is also supported by our key rotary wing industry partners, Boeing and AgustaWestland, who recognise the important role Vector Aerospace will have in their future contracting arrangements.

I must add that before reaching this decision, we have taken into account the views, concerns and contributions from Hon Members, Trades Unions officials at every level and many others who have contributed to the debate on sale. I can confirm that we will continue to maintain a dialogue with Trades Unions and employees through to the completion of the sale. This announcement gives the workforce clarity on this important and sensitive issue.

Finally, I want to pay tribute to the excellence and professionalism of the DARA employees and their contribution in supporting those in our Armed Forces who rely on their skill and dedication which is invaluable and recognised throughout the world.

Following completion of legal and regulatory processes, and in particular the need for Vector Aerospace to obtain a final Government Actuaries Department

certificate for its broadly comparable pension scheme, it is expected that the formal transfer of ownership to Vector Aerospace will conclude shortly.

Tuesday 5 February 2008