

Welsh Affairs Committee

Oral evidence: Defence industry in Wales, HC 102

Wednesday 15 May 2024

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[Watch the meeting](#)

Members present: Stephen Crabb (Chair); Tonia Antoniazzi; Virginia Crosbie; Ben Lake; Robin Millar.

Defence Committee Member present: Sarah Atherton.

Questions 214 - 254

Witnesses

I: James Cartlidge MP, Minister for Defence Procurement, Ministry of Defence; Major General Elizabeth Faithfull-Davies CBE, Director of Land Equipment, Defence Equipment and Support; and Barnaby Kistruck OBE, Director, Industrial Strategy and Exports, Ministry of Defence.

Written evidence from witnesses:

- [Ministry of Defence](#)

Examination of witnesses

Witnesses: James Cartlidge, Major General Elizabeth Faithfull-Davies and Barnaby Kistruck.

Q214 **Chair:** Good morning and welcome to this session of the Welsh Affairs Committee, where we are continuing our inquiry into the defence industry in Wales. I am delighted this morning to be joined by James Cartlidge MP, who is Minister of State for Defence Procurement, by Major General Elizabeth Faithfull-Davis CBE and by Barnaby Kistruck OBE from the MOD, where he is Director for Industrial Strategy and Exports. Welcome to you all.

Perhaps I can start the conversation, Minister, by referring to comments from the Defence Secretary recently about the UK moving from a post-war to a pre-war world. Could you give us your thoughts on what he meant by that, on the implications for defence supply chains in the UK and, obviously, from our point of view, on how you think it could affect the defence industry in Wales?

James Cartlidge: First, Chair, thank you for inviting me. It is a pleasure to be here in front of the Committee; it is very timely. In terms of what the Secretary of State said, he was referring obviously primarily to the global situation that we face, self-evidently, of a heightened nature in terms of military tension. You have the first land invasion in Europe by an alpha military power since the second world war, which is obviously Russia's invasion of Ukraine. We have the situation in the middle east, where we have had our own naval vessels under attack, protecting freedom of navigation.

I think what he was saying was that, in that context, we have previously had not full peace but a period where the primary military challenge was in respect of what we call counter-insurgency, particularly in the middle east. That is challenging for the service personnel involved—it is far from straightforward—but it is very different to the threat of state-on-state potential conflict, particularly with major military powers. It is about changing the mindset to be more war-ready as a nation.

What that means for industry and for the MOD, from my point of view—my key nexus of influence in the Department is industry—is ensuring that we improve procurement and ramp up our production of the core defence matériel, not least of all munitions, so that we are better able not just to prepare for war but to do so in the best possible way, which is to deter it from happening in the first place by sending that powerful signal to our adversaries.

Finally, in terms of what that means for Wales, the most important point is perhaps the most fundamental and straightforward one, which is that this is about the security of the whole of the United Kingdom. Wales obviously benefits from that as one of its constituent nations. I think you have seen a powerful speech this week from the Prime Minister talking



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about this darkness we face in the world, unfortunately, and the threat from adversaries, and why it is so important to him, and therefore the Government, that we increase defence spending to 2.5%. All other things being equal, while we obviously cannot say exactly what that would mean for Wales in absolute terms, by definition it will see an increase for the UK as a whole, which should benefit Welsh defence industry and related civil industries.

Q215 Chair: That political signal that is being sent out by senior Ministers, and the Prime Minister in his speech on Monday underlined it—that signal around the seriousness of the times and the multiple threats that are facing UK and western interests. Would you say from your contacts with the supply chains across the UK that they are hearing that signal and anticipating significant uplift in the expenditure that is being felt throughout the UK?

James Cartlidge: There are two parts. First, it is not anticipatory. Ever since we started gifting munitions to Ukraine, we started placing contracts for the replenishment of that gifting, particularly with, for example, things like LMM—the light missiles we have gifted to Ukraine—which are very important for our armed forces. We have placed contracts, as you know, for 155 ammunition, which includes production in Wales and Glascoed. That is already under way, but in terms of anticipation of further orders, absolutely, that is not enough to get us to the point where we want to have the most important thing, which is what we call “always on” production of munitions. When Ukraine was invaded, we provided them with key ammunition like, as I said, the LMM, and famously the NLAW, and we discovered that the supply chains for that ordnance was so weak because of course we had had this period of peace where orders were much smaller than we see today.

A key priority has been to get enough funding in place to stand up a munitions strategy, which we will now be delivering. The first point of the Prime Minister’s speech on his visit to Germany and Poland, when he committed to 2.5%, was about firing up the UK defence industrial base. That is additional orders, but very significant: it is an additional £10 billion over 10 years for munitions, which in total is £25 billion over 10 years for munitions for the UK armed forces.

Q216 Chair: You referred to the NLAW, which has had some repute during the conflict in Ukraine. That is manufactured in Northern Ireland and has helped to shine a spotlight on capabilities in Northern Ireland. When it comes to the ongoing conflict in Ukraine, are there any specific capabilities that the Welsh defence supply chains are contributing to?

James Cartlidge: There is a very important one. I was in Belfast very recently at Thales; their plant is a fantastic plant. It is jointly manufactured with Sweden, but the assembly is in Belfast, supporting many jobs and lots of demand around the world, which we are determined to capitalise on.



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In terms of Wales, an important point to clarify is that Wales will be playing a very important role in the development and manufacture of drones specifically for Ukraine, and also ultimately, therefore, for our own armed forces. That is a really important role because, first and foremost, we have all seen the effect of uncrewed systems of one form or another, particularly UAVs—that, is flying drones, for want of a better phrase. Also, in maritime we have seen one of the most extraordinary naval turnarounds, arguably, in the Black Sea, which has involved new technologies.

I cannot go into the precise detail. What I can say is that Wales has this great asset, which is the ability for the test and evaluation of uncrewed systems. Working around that, we are going further with development and then manufacture. I cannot talk about the specific capabilities or the companies, but what I can say is that Wales is manufacturing and developing drones that will be used in Ukraine. That is a very significant role.

Chair: Ben and maybe other colleagues want to ask more specifically about drones a bit later in the session.

Q217 **Tonia Antoniazzi:** You have mentioned, Minister, the 2.5% increase in spending and said that, by definition, it should end up in Wales, but what steps are you taking to ensure that that increase in spending actually happens in Wales? There has obviously been a lack of spending in recent years, but how can you make sure it is going to be spent in Wales?

James Cartlidge: I have a couple of points. I am sure this was a slip of the tongue, but it is not a 2.5% increase: it is an increase to 2.5% of GDP, which in cash terms, between where we sit today and when we reach 2.5%, is £75 billion. It is a very significant increase.

To clarify, you talk about lower spending, but it is notable that when we talk about spending on defence in Wales—that is, Welsh defence businesses—our calculation is that it increased by £155 million from 2021-22 to 2022-23. That is an increase of 25% to £780 million. That is a very significant increase.

As to the point about spending 2.5% and how we can guarantee an amount for Wales, that is not how the system works, and I do not think it should. That is not to say for one moment that I do not want to see as much benefit as possible to Wales. It has brilliant defence businesses, SMEs and primes and, of course, therefore wider knock-on for industries that are related to defence, and other civil industries, not least of all, for example, space and aviation, both military and civil.

The point is that this is the definition of a reserved Department, and there is no aspect of defence that is devolved to local government or devolved Administrations. I do not see how you could have a policy that said we are going to spend this much in Wales, this much in the south-west, this much in Scotland, and so on. It would be very difficult to



administer. What matters most of all is to increase our spending so that we send that powerful signal to our adversaries, and then to ensure that as much of that as is possible and practicable supports British industry, while balancing that against the need to ensure that our armed forces have the best possible capability. If we do that, I am sure we will maximise that twofold benefit, which is not only industry—I have to emphasise this—but the wider point about security, and ultimately procuring for the armed forces. Yes, we want to see benefit to the UK, including Wales, but it is about getting the best possible capability into the hands of our men and women on the frontline.

Q218 Tonia Antoniazzi: It would be interesting to know from Major Lizzie and Barnaby how you would balance the need to deliver the programmes and equipment that the armed forces require against the expectation that the MOD should actively invest right across the UK and in Wales.

Barnaby Kistruck: I think there clearly is a balance to strike there. As the Minister said, the way that the MOD approaches this is by ensuring that we are procuring the equipment that the armed forces need, and the procurement process itself is somewhat place agnostic.

Where the MOD needs to work with industry is to make sure that there is the capacity across the United Kingdom to produce this type of equipment. If you look at some of the work that the industry is doing, which the armed forces are supporting, in terms of STEM skills across the United Kingdom, that is about making sure that there is the skill base, the workforce and the support of the entrepreneurial spirit across the United Kingdom that these businesses can be successful in, in what are somewhat place-blind competitions.

Tonia Antoniazzi: Major Lizzie, do you have anything to add?

Major General Faithfull-Davies: Yes. I think the fundamental point from a military perspective is ensuring that we are procuring the appropriate military capabilities that we need. There are a number of considerations that we take into account in that factor. We have to work closely with industry to understand the technologies they have available, but also the speed at which they can develop them.

It depends on whether there is a time imperative or, indeed, it is specific capabilities that we need to nurture in development before we bring them into service. It is all those factors that will play into the considerations, as well as our industrial strategy, which will place some considerations based on the nature of where the industry is based and other considerations as well.

Q219 Tonia Antoniazzi: Barnaby, you mentioned that STEM skills pipeline. Do you work closely with Wales and the Welsh Government on that STEM skills pipeline, and more broadly, in order to ensure that the skills needed are in the Welsh defence industry and aligned with policy?



Barnaby Kistruck: There is a three-way collaboration that happened there. There is the MOD and the support that the UK Government as a whole are providing, there is the support that the Welsh Government are providing, and there is the support that industry itself is providing.

Through the Defence Suppliers Forum, we work exceptionally closely with companies to ensure that the industrial base across the United Kingdom has the skills that it needs to provide the equipment that our armed forces need to win wars in the future. I think the armed forces are active in how they deliver that in Wales. There is an RAF STEM programme that has supported STEM education in schools, which is available in both the English language medium and the Welsh language medium, so it is available right across the country. I think the RAF assessments have reached 100,000 students. I know that when you spoke to Airbus and Thales they gave you some good examples of the work that they are doing as well.

There is this co-ordination of activity across the different responsible bodies, and officials from right across the Ministry of Defence work very closely with the Welsh Government. My team were there a few weeks ago.

James Cartlidge: If I could just add something, because Barnaby has a very good point. My experience of visits, and particularly when I went to Wrexham with Sarah, was that the Army in particular is crucial to the sense of Wales's place in the Union. I think engaging with the young generation is important. The Army visited something like 68 schools or made 68 school visits last year, and you may be aware—we were very proud of this—that the Army was voted the best apprentice employer in the country three years on the trot.

There is the presence of our forces, particularly in those towns where they are based, but also, given the opportunities offered, the armed forces are a brilliant way of communicating and getting that enthusiasm for STEM and the skills that you need, particularly given the way that, frankly, recruitment will change in the armed forces. The skills that people will need are changing and evolving in the face of technological change.

Q220 **Tonia Antoniazzi:** Like many colleagues, I have been on the Armed Forces Parliamentary Scheme, and I used to be a teacher, so I know—

James Cartlidge: There you go. You have seen both sides.

Tonia Antoniazzi: To be honest with you, I am very enthusiastic and keen that our young people know what opportunities are out there, whether it is through cyber or other options. The future opportunities are there, and it is very exciting to see, but our inquiry has shown that we need to raise awareness. The range of careers is great, but it is not cutting through. Even though those visits are there, what role do you see the UK Government having, Minister, in order to push this further,



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particularly in Wales?

James Cartlidge: Let me make a clear point, which applies UK-wide: people is the biggest challenge, I think, across the country. I speak to businesses in my constituency and they say that, and it is true in many sectors. Virginia has been very active on nuclear—we have a certain announcement on that later today—and the skills challenge in nuclear, civil and defence across the whole country is massive. We are very alive to that in defence.

I think we have one big benefit, which is the mission statement, because of what we have seen in recent months with the activity in the Red Sea and with what is happening in Ukraine and so on, and in particular the announcement on spending has shown that the UK Government are backing our armed forces. We have seen a real increase in activity in our recruitment fora and people wanting to join our armed forces, because they see that it has the backing of the UK Government. I think that is a powerful message in every part of the United Kingdom.

Tonia Antoniazzi: Major Lizzie, do you have any experience in this field? I know you have.

Major General Faithfull-Davies: As a mechanical engineer myself, with my background, I have obviously gone through that educational process and worked with young men and women across the nation through a previous role with the Army presentation team. I was one of those teams that travelled around the schools talking about not only defence, but the defence enterprise writ large and the opportunities in terms of education development and the role that they have within society.

I have apprentices in my team now in MOD Abbey Wood. When you speak to them one to one, it is inspirational. There is a young woman working with us right now who chose not to go direct to university, but she chose to go on the apprenticeship scheme. She is now doing her part-time degree. The value she is getting from this experience is from not only working day-to-day and having the opportunity to develop her further education, but the opportunity to engage with industry across the board. She recently went on an industry visit with me, so she had the opportunity to speak to fellow apprentices in industry. She is seeing all of those perspectives of the defence enterprise while being on an apprenticeship scheme hosted by the Ministry of Defence.

It is a challenging environment across the nation, and the more we can do and openly advertise the roles and opportunities of STEM careers is fantastic. A number of the professional institutes also contribute to that. I have spoken with the Institute of Mechanical Engineers in the past about the opportunities for STEM and, as a senior engineering leader in defence, I feel I have an important role to continue to express that message.

Q221 **Tonia Antoniazzi:** Have any recent MOD contracts with your strategic



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suppliers in Wales included a requirement or expectation for the companies to offer apprenticeships or other skilled programmes as part of those contracts? Is that something that happens?

Major General Faithfull-Davies: It is really for industry to determine how it best recruits the people it would like to have in its organisation. I was recently visiting General Dynamics in Merthyr Tydfil, so had the opportunity there to walk the factory floor space and discuss the active recruitment they have been doing in the local area to bring young people in and upskill them in engineering skills. They are integrated on the shop floor from day one with the military civil service as well as other members from the local community who are already working there. I think it is a sense of pride that they are able to recruit those people from a local area and upskill them.

Certainly what I saw in that particular example was a recognition that you need to build up those skills gradually to give the individual the opportunity to develop specific areas, have the practical experience, then apply those skills, and then you start the upskilling again. It is an iterative process for those individuals to grow their skills in their time with that organisation.

Q222 **Chair:** When I was at DSEI in September, I met somebody who works for one of the key UK defence suppliers. He has grown up in the south Wales valleys, started on the shop floor in a factory for the same company, and is in now a senior position in European sales. He was telling me that the week before he had been in a country in eastern Europe leading a discussion and negotiation with senior members of the Government there. He had been to Scandinavia as well. An extraordinary career had opened up.

One of the things I always feel about Wales is that we do not quite do enough to celebrate those stories of people who grew up in some quite challenging circumstances but have had their horizons broadened and their aspirations and ambitions raised. In Wales, there is also a bit of a shyness that I have picked up. We have heard some evidence during the course of this inquiry about being seen to promote the defence industry or the arms industry, as some people, depending on their political viewpoints, describe it. In your work, do you pick up any of this perhaps reluctance within Wales to be seen to be pushing defence careers and the defence industry? I am looking at Major Lizzie here.

Major General Faithfull-Davies: I do not currently work in the recruiting field, so I am not actively speaking to—

Chair: Not so much recruitment to the armed forces, but around the defence supply chains and the industry.

Major General Faithfull-Davies: Again, the individuals I have met who are now working in that industry are very proud to be learning a STEM skill. They are passionate about engineering and hands-on experience. In the conversations I have had, none of them have expressed a concern



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about the fact it is the defence industry. It is what industry is accessible to them where they live. Therefore, by default, if it happens to be a defence industry, it is welcomed.

As I say, I have not worked with a young community to understand whether they feel that that defence label is a barrier or not, I am afraid.

James Cartlidge: On a wider point, Mr Chairman, I think it is a very good question. We have this conversation about ESG, as we call it, which are the values, particularly in the financial sector, that have been applied by some institutions who recommend whether to invest in sectors—bundles of investments and so on—and who have marked down those investments, which include defence, because defence is therefore seen as inherently somehow morally questionable. Whereas what the invasion of Ukraine has shown is that, on the contrary, it is fundamental to the peace and security that we perhaps sometimes take for granted.

Your point is a very good one. There are still those who talk about the arms industry as if it is nefarious. Obviously, it is subject to all the relevant legislation and export controls and so on, but we feel within defence that we need to make more of the point that the defence industry is vital to the security of the country. That is why in talking, as the Prime Minister did on Monday, about the big global challenge of security, sorting out the supply chains in this country and firing up our defence industrial base in every part, including Wales, is absolutely vital.

Q223 **Chair:** That is a helpful answer. In the past, the Welsh Government almost made a virtue of not directly supporting the DSEI exhibition, for example. They do, in a roundabout way, through the Aerospace Wales Forum. That is their way of getting a presence there, but different to how they would go about other sectors and other major conventions. In the discussions that you and your team have with the Welsh Government, is there any way that you can encourage a more front-footed posture when it comes to supporting the defence industry in Wales?

James Cartlidge: Obviously we have to be respectful of the mandates of devolved Governments and so on. I would simply and respectfully say, as I have said right from the beginning, that this is two-sided. Yes, it is about supporting industry. I can imagine there will be, in most cases, wide consensus about the benefit of investment in apprenticeships and so on.

We also need to have robust recognition of the importance to our security and that of our allies of supporting defence. I do hope that whether it is anyone in a devolved Administration or people in wider society who still have, dare I say, almost a presumption against, they reconsider that. Because if we had not provided the arms that we have done to Ukraine, it is likely that they would be under the thumb of a brutal dictator. Hopefully that has shown that the No. 1 value of the UN's sustainable development charter, as I understand it, is that peace is only possible if you support defence and ultimately your defence industry.



Q224 Virginia Crosbie: My question relates to the strengths and specialisms that we have in the Welsh defence industry. You visited RAF Valley a few weeks ago. In RAF Valley we have had significant investment whereby we train the pilots for the next generation. In terms of those strengths and specialisms, how is the MOD developing those sectors, particularly in Wales?

James Cartlidge: Thank you very much. I very much enjoyed the visit. RAF Valley is absolutely fundamental to the RAF and to wider defence, with obviously such a key role in training. Yes, there is, dare I say it, the glamorous side, which is the fighters. I had the pleasure of going on a Jupiter, which is the rotary training aircraft. We went over the Welsh hills, which was a slightly bumpy experience.

I think the key thing is that there are a range of ways we can provide support. But if you look, Wales does have a number of specialisms and we should be supporting those. Of course, aviation is very important. For example, we know about Airbus and the importance of Airbus and their aviation investment, with the RAF Voyager, our refuelling aircraft. This is an important asset for defence, but it is also something that a number of our international partners are interested in. I have been at either international defence fairs or in bilaterals with allies and partners, where I have promoted that capability. There is a lot of interest, I am pleased to say. We do not talk about individual campaigns. If we can strengthen those campaigns, that will massively support investment into Wales and those important jobs in the aviation sector.

There is a particular specialism in cyber. We know we have the cyber cluster. I think that speaks in many ways to the points General Lizzie was making about STEM, because we can also support the skills agenda and ensure that Wales has that throughput of pupils, students and graduates coming forward to have those skills, which is important. Of course, that is not necessarily directly in defence's hands in the way that procurement or export campaigns are. As was said earlier, it is about working in partnership with devolved Administrations and industry, of course.

Q225 Virginia Crosbie: In terms of supporting the defence companies—so BAE Systems, Babcock, Airbus—how are you working with those companies to expand their markets and develop their products?

James Cartlidge: As important as those companies—our primes—are, for me, fundamentally it is also about the SMEs and the supply chain, so it is twofold. In terms of the primes, I have extensive engagement all the time with our main defence suppliers; you listed some of them, of course. In Wales there is also Kinetic, Raytheon UK and so on. But we are particularly keen to engage with SMEs to ensure that we have a vibrant SME sector, because a lot of the great innovation comes from SMEs.

I held a forum with Welsh SMEs last November at the Space Forge site in Wales. It was interesting for me to reflect that what I heard from SMEs in Wales was very similar to what we hear from SMEs in other parts of the



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UK—some of the pluses and minuses of what they felt about procurement and so on. I think a key way to provide that support, Ms Crosbie, is around the way we support early-stage start-ups and innovation.

I am happy to say more. There is DASA and some of the other routes we have to support early-stage ideas and help them to get through. Wales has many valleys, but the valley we are concerned about is what is called the valley of death, where start-ups or early ideas fail to break through and become a deployed used capability in the armed forces or with international partners. We want to focus more on that.

My final point is that that is why it is so important that the Prime Minister, in making his speech on 2.5%, stressed not just the quantum but the fact that more of that will be in research and development and technology, thus supporting innovation and SMEs.

Q226 Virginia Crosbie: My last question relates to levelling up. We have seen that the salaries in the sector are significantly higher than the average salaries in Wales, and the wage premium of 20% to 25% in the defence sector. You have spoken about apprenticeships; you have spoken about going into schools to talk about the armed forces and careers in the armed forces. My question relates to the 10% minimum social value weighting applied to MOD procurement. Could you elucidate on that, please?

James Cartlidge: Just to be clear, in a written answer to Ms Atherton, I announced a few weeks ago that I am considering a rapid review of the way that MOD procurement interacts with social value rules.

To expand a bit more on that, obviously I am not going to prejudge what that review comes out with, but I think social value rules can be highly effective. It is worth stressing that they are cross-Government. One thing I am considering is whether, particularly in the light of the context that the Chairman spoke about right at the beginning, we should increase the degree of, shall we say, bespoke MOD rules. We always like to think that defence is special, and in the current context it is particularly so.

Perhaps there is also an important point about the wider debate we had earlier about “off the shelf”, “made in the UK” and so on, which is that in a heightened situation of tension there is a greater premium on sovereign resilience. I do think we need to consider this more. There is a good example of where, following steps I have taken, we want our procurements to put greater emphasis on that industrial resilience. The new medium helicopter competition, of which we announced the next stage in February, has a very specific weighting for UK industrial participation, and within that a significant weighting—20% of the industrial weighting—is for export.

I must admit that when I took this job I was shocked at how little emphasis we put as a Department on export, but if you think about it, you can have all the desire to support jobs in the UK that you want, but



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unless your demand is sustained, that could be very short lived, or you simply will not invest. Part of that sustainability comes from export. I think procurement underlines that we are committed to valuing the UK supply chain, social value that supports jobs in our communities and levelling up.

Virginia Crosbie: Is there anything that either of the other witnesses would like to add? No.

Q227 **Chair:** Minister, who do you or your officials speak to in Welsh Government to get an understanding of the challenges facing the defence industry in Wales? What is the point of contact?

James Cartlidge: For me personally, because procurement is the really key interface, it is with the frontline commands who are procuring, but it is particularly with industry. Most of my engagement will be through industry.

In terms of engagement with the devolved Administration, in specific ministerial terms our Lords Minister has responsibility for that engagement. Baroness Goldie engaged with the Welsh Administration, and I think visited relatively recently before she stood down, and we now have a new Lords Minister who I am sure will be engaging likewise. We also obviously have engagement at official level and at frontline command level.

Barnaby Kistruck: Yes, absolutely. I think engagement is happening at all levels through the system. On the industrial aspects specifically, it is the Welsh Government economic team—it is that bit of the Welsh Government.

What I would say is that I think one of the jobs of those of us who are concerned with ensuring that the MOD is effective in how it interacts with all the nations of the UK is that we want to mainstream this into the Ministry of Defence. Whatever you are working on in the MOD, you are thinking about how it affects each part of the United Kingdom.

Chair: That is helpful. Thank you.

Q228 **Robin Millar:** Welcome. Forgive me for being late: I had to be in another meeting for a few minutes. I am very interested in this question of the relationship with Wales and the defence industry, being an MP for parts of north Wales. You have described those deep relationships as many levels of connections. Who has oversight of it, just to be clear? Who has ownership of it? Does that sit with MOD? Does it sit with trade?

James Cartlidge: Ultimately it is the Secretary of State for Defence. As I said earlier, defence is almost like the definition of a reserve Department in the sense that, as far as I am aware, no aspect of defence has any local government authority or devolved authority, for obvious reasons. I gave the example, possibly before you arrived, Mr Millar, of how the British Army engages in schools in Wales extensively. I think that part of



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it—engagement directly with the armed forces—is crucial and inspiring to the younger generation. Industry is particularly important, but we also engage with the Welsh Assembly, the Welsh Government and of course with the Welsh Office—we shouldn't forget our own Secretary of State.

Q229 Robin Millar: Indeed. In November 2019 our predecessor Committee published a report from its inquiry, called "The Armed Forces and Defence Industry in Wales". There is a short quote at the conclusion of the report that I would like to read out: "We were impressed by the contribution of the industry to the Welsh economy and society and by the strong support provided by the Welsh Government to develop the industry. The defence industry in Wales and the strong partnerships supporting this clearly represent a success story, but it is important that momentum is not lost."

That was in 2019. We are now four years later. The world is considerably different. Government investment has gone up. Procurement has changed. Would it be a concern to you that a couple of weeks ago, when the Welsh Government's Economy and Energy Minister was here, he was unaware of the Secretary of State for Defence's reference to us being in a pre-war not a post-war world?

James Cartlidge: Presumably he is very busy with his portfolio. I think the Government's expostulations around defence spending and the reasons for that and the threat that we face have been pretty visible.

You made an excellent point, Mr Millar, about the changes to defence procurement, because there is much to it, but there are five key facets. One of them, which I cannot emphasise the importance of enough, is a closer relationship with industry. We are doing that in practice very visibly within the Department. A key example of that is that we are holding more and more sessions with industry in secret. In other words—obviously all appropriate security measures are taken—we are sharing with defence crucial data from the Ministry of Defence that helps to inform where technology needs to be heading. It is a very early-stage relationship, so it helps to shape our requirements but at the same time let us know from industry what the art of the possible is.

When I did my statement on 28 February announcing the integrated procurement model, I said that the crucial target has to be what I call the feedback loop between industry and MOD and, in particular, our science base about how we get innovation much faster into the hands of our armed forces.

Q230 Robin Millar: I suspect we will come to more questions specifically on procurement later, but I mention it because it is important to me. It seems that the Economy Minister should, given that we have several large defence contractors based in Wales, be aware of that ramping up of production, capacity and performance, and the contribution to that effort across the UK. I want to drill into this. Your responsibility is procurement. How important is it to you to see that defence contractors based in Wales have the support and engagement of the Welsh Government?



James Cartlidge: It is incredibly important because, as we said earlier, there are significant areas of policy that are not explicitly confined to defence, not least of all skills, education, economic development. These are areas of responsibility that sit with the Welsh Government and with other Government Departments in other parts of the UK—with the Department of Education and so on.

We do want to work in partnership with other Departments and with devolved Administrations but, crucially, they need to understand why the defence industry itself is intrinsic to our overall security and therefore to deterrence, which is about the strength of our military, because that sends a signal. When people see that this country is increasing spending and doing so effectively by reforming procurement, and by bringing forward new technologies like our laser, which we want to have on our ships by 2027—an incredibly ambitious timeline—that says to our adversaries that we are serious, and that adds to our collective deterrence and therefore the peace of every part of the United Kingdom.

Q231 **Robin Millar:** That said, do you think there is room for improvement in the MOD's working relationship with the Welsh Government?

James Cartlidge: As far as I am aware, we have a strong relationship at an official level. I would be more than happy to meet with Ministers from the Welsh Government if they want to discuss in particular what more we can do to ensure that the defence industry is thriving, and that there is a good ecosystem around skills and economic development. I am always happy to.

Q232 **Chair:** Does any work go on within the MOD to map the extent of defence supply chains in the UK?

James Cartlidge: We have a very nice pie chart of spending by each part of the United Kingdom, for example, in terms of mapping supply chains. It is a serious question whether we do it at a devolved level. We have some very serious work on supply chains in terms of resilience. This is a key issue, as you know.

It is interesting when you talk to companies themselves and say, "Have you mapped your supply chains and worked out your vulnerabilities?" I think from a core defence point of view—as in, national security—there is an urgent need across the UK to look at supply chains and where our dependencies are, or ensure that we have supply chains where we are not over-dependent on, shall we say, either vulnerable suppliers or those in parts of the world where perhaps we didn't have such dependencies.

Q233 **Chair:** It is an interesting question, because during the course of this inquiry, one of the questions we have considered is the extent to which the MOD, at the centre, would necessarily know all of the companies in Wales that are somehow feeding into different aspects of supply chains, given that so much is done through subcontracting.



James Cartlidge: Something you learn pretty quickly in this job is the sense in which procurement is dominated by contracts into the primes and subcontracting. It was interesting that, when we had the SME forum at the Space Forge site near Cardiff, I was struck by the fact that nearly all of them made the same point, which is this concern about what we call frameworks.

On frameworks, you can have a procurement through a prime where effectively that prime is themselves effectively choosing the subcontractor. But I think that is inevitable; there is no particularly easy answer to that. Where I think we can, dare I say, disrupt that is through things like DASA, providing that funding for innovation, or through DTEP, which is another way that we support early innovation. There are routes to funding and routes to support from the Government that can segue around the importance of the primes. The primes are a highly effective way of getting good-quality work to SMEs and subcontractors.

Q234 **Chair:** I recently visited a boatyard connected to the Port of Pembroke, and we were talking about offshore wind and the capabilities there. I noticed some things outside the warehouses that were stacked, and I asked what they were and was told, "Those are the masts for Type 26 frigates." The boatyard had a contract to fabricate and outfit these masts, which were very impressive-looking structures. I had no idea it was involved in such a significant part of the defence supply chain. Would that information be captured within any branch of your organisation?

James Cartlidge: This is definitely a question for DE&S, and I think relates to the reforms we are putting through the gateway in terms of the interface between industry to DE&S. I was recently at the shipyards in Scotland, looking at the Type 26, and you will see a key component that is made by a relatively small business in whatever part of the UK. That is the most important part: when you go to DSEI or you go to whatever trade show and you meet those defence SMEs, a core part of their business will be producing for a prime to make a frigate or whatever else. I know in Wales that will be vital. In terms of how we detail that and get the data, I will pass to General Lizzie.

Major General Faithfull-Davies: This is not my specific area, but we have increasingly invested time and energy into understanding that supply chain and the interdependencies across all those industrial sectors. It has become increasingly important—the reasons why—over recent years.

Defence Equipment and Support as an organisation are undergoing an operating model change to enable us to be as effective and efficient as we can be in the modern age, to cater for the pace at which the threat is changing and the urgency with which we need to procure new capabilities. As part of that system, we are establishing a gateway, which is our direct interface with the Ministry of Defence, the frontline commands and also with industry, so that we can have a consolidated hub that is able to gather that intelligence across the industrial sector to



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enhance how we do that work and make sure that we are directly sharing that with the Ministry of Defence, so that we are all working from the same logic and assumptions. The delivery teams who are doing the direct engagement with industry on specific projects will then feed that information in centrally.

It is absolutely something we are trying to do more of and do better. We already have a reasonable level of supply chain analysis in place.

Q235 Chair: That's encouraging. In this case it is Mainstay Marine, and they are a subcontractor into, I think, STS Defence, and then I am assuming STS would have themselves been contracting higher up the chain. I would like to think that that shipyard in far west Wales, even within the organisation, on the back of what they are delivering for the Type 26, is learning about that capability and seeing whether there is anything further they could be doing to give them an opportunity to expand.

James Cartlidge: I think I am right that we always hold engagement days for specific procurements with the prime or SMEs.

Barnaby Kistruck: Yes, and we require the primes to have SME champions to help to support that work.

On the specific question of supply chain illumination, there are dedicated programmes within the MOD to get after this. It is probably one of those things where a combination of covid, the conflict in Ukraine and challenges in the Red Sea have highlighted to everybody the essential need that we get better at understanding the full range of our supply chains and where there are specific vulnerabilities within them.

What I would say is this is also a challenge that all our partners are dealing with. There is a NATO strand of work through the Industrial Production Board to look at NATO supply chains to ensure common resilience. I was speaking to Indo-Pacific partners a couple of weeks ago and they are challenged by exactly the same thing. I think this is something that all of our allies and partners are getting after at the same time, and where we can learn lessons from what others are doing well we absolutely will do that as well.

Q236 Chair: Briefly, Minister, could you outline the integrated procurement model and, in essence, what the change is and why it creates new opportunities?

James Cartlidge: It is always important to stress that on the day I got the job there was a vote and I was walking through the Lobby and colleagues came up to me and said, "Congratulations," and nearly all of them said, "And you now have Ajax." I am very conscious that on Ajax, which obviously has a strong Welsh story and is, I think, a fantastic capability, I think we can all agree that it became associated with a negative perception of UK defence procurement in many ways. It is not the only such programme; when I made my statement on 28 February, I



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listed others under successive Governments. There was this perception that procurement was failing.

First, before I outline what is in it, I want to stress that there has been a great success story in procurement, which is what we have done to get munitions into Ukraine incredibly fast, particularly from DE&S, and we should be very proud of that.

Putting that aside, and putting individual programmes aside, there is a very simple reason why we need to reform defence procurement: so that we remain competitive with our adversaries who are, as you know, ploughing ahead with enormous investments into innovation and so on. Obviously much of that we do not necessarily know about and certainly can't necessarily talk about.

In terms of the reform, it has five key elements. Perhaps the most important one is called the integrated procurement model for a reason. Our doctrine of warfare is to have an integrated concept of operations, which is how the modern battle space takes effect. You want to have your ships, your aircraft and your ground forces linked up across domains, and there is the importance of cyber and space. Yet our procurement has been done through a delegated model that comes from the Lord Levene changes, whereby essentially frontline commands would lead on procurement from a bottom-down approach.

There is much to be said for that. The problem with it, and I have been very open about this, is when you get financial pressure. If you have financial pressure, you do need to have a greater level of co-ordination to work out how you can address that and prioritise. My criticism would be that the *bête noire* of procurement has been what we call over-programming, not prioritising and putting more stuff through the pipeline than there is money for. It has been a common issue. Unfortunately, that leads to—and this is inadvertent; no one is intending this—this single-service competition to get their programme on competition.

The best example of where we try to approach that in a different way is through the munitions strategy. In working out the priorities for our munitions as part of this £10 billion additional investment that the Prime Minister announced, we have had to do that on a pan-defence basis. I think that is the most important point: trying to be more pan-defence in how we integrate our procurement. That does not get rid of the importance of the frontline commands, but it will mean, for example, that we move to more portfolio-based procurement, where you can veer and haul against the changing threat. I think that is one of the key things. We just have to be more dynamic and flexible.

The second key point is that you have to have governance for that, and we have set up this integrated design authority in Strat Comm

The third point is the importance of exports. That is for two reasons because, as we have discovered, if you want to have vibrant supply



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chains, you need global demand to support that. Also, and this is particularly important, if you are insisting from the outset of procurement that you have to consider international markets, I think that is a good defence against the tendency for what we call over-exquisite procurement, because there is typically a trade-off between the domestic and the international requirement.

Fourthly is the importance of, as I said earlier, the close partnership with industry.

Finally, there is spiral development, which is this idea that, instead of these very elaborate programmes of IOC and FOC, with very complex requirements to achieve those dates, which is always justified when you look at the programme, we will have programmes like the laser, DragonFire, with a minimum deployable capability. The point at which you can use it in anger may not be 100%—it may be 60% or 80% of what you wanted—but getting it into line first and then spiralling it once it is in use, which is much more consistent with how software companies work, is how we can generate the pace, which is the most important facet of our procurement reform.

Chair: Okay, that is helpful. Thank you very much.

Q237 **Robin Millar:** I just want to go back to the previous question. General, you mentioned a hub that is being developed, and our perspective is very much one of: how do we remove barriers, how do we get rid of obstacles, how do we put contractors in Wales on as equal a footing as possible? Is there any reason why being in a devolved nation, in this case Wales, would put up an extra layer of bureaucracy or any kind of obstacle to a contractor in Wales participating in that procurement hub?

Major General Faithfull-Davies: No. I will just correct that, in my language—and my apologies if it was inappropriate—the gateway is a team that is spanning the interface for us with defence, of which there is an element that will be specifically looking at the industrial sectors, the technologies that are available, and the analysis that is there.

There should be no reason why there is any barrier in place. There are a number of other forums, such as the Defence Suppliers Forum, which is a useful opportunity where defence suppliers can raise any concerns or issues or, indeed, seek opportunities as well.

Q238 **Robin Millar:** Just to be clear, the picture I am getting from the comments of all three of you is a UK-wide approach, which is effectively agnostic to internal—

James Cartlidge: A hundred per cent, but, Mr Millar, I do have to stress that the real opportunity here—obviously if there were barriers we would want to remove those—is that, and I am trying to put it in layman's terms, so this may not entirely be true, there might have been a characterisation that UK procurement was very much about the military and their requirements, whereas I think what has happened is the



realisation—the penny has dropped—that when you see what has happened to our very depleted supply chains, for good reason, because of what we thought was the peace dividend, and the damage that causes given the cost that arises to try to fire them up again, the lesson is that we have to have that closer relationship with industry. Not just because of resilience, but also because of innovation.

I said it this my statement in February—I have spoken about it many times—and I think still my most positive experience as Minister for Defence Procurement was a visit last year to a UK SME that was developing a highly capable drone that we were sending into Ukraine. When I was there the thing that got me—it was only an SME—was that they were getting feedback from the frontline, spiralling that capability within hours and days to get it back so that the competitive advantage against the Russian threat was restored, to put it bluntly. I saw that and thought about going back to my office and seeing the usual sub saying, “Minister, this is the time span for this procurement,” which is usually many years. That will remain the case for nuclear submarines and so on, but this is all about edge.

It is about being cutting edge—having a competitive edge against your adversary in the battle space—and that is about technology, software and how you deal with issues like electronic warfare. We have always focused on the big shiny thing, whether it is the missile, the tank, and so on. What will matter and does matter now in the battle space is how you deal with things like electronic interference, the digital space, cyber and, of course, links to space and satellites and so on.

Q239 Robin Millar: I have a quick final question. These are much wider issues, but on your point about that feedback and the ability to use a rapid, fast-fail model of software deployment in parallel, do we have that capacity? Or is that an aspiration that we are moving towards?

James Cartlidge: It is a good question. I did my statement in February, the integrated procurement model went live on 8 April, and we announced that week our decision on DragonFire. DragonFire very explicitly had, instead of IOC or FOC, a minimum deployable capability. The whole approach is to say to the Department, “Let’s focus on doing this as fast as possible,” obviously subject to health and safety and so on, but nevertheless trying to remove barriers so that you get this into use as fast as possible. Because as you said, you used the phrase “fast fail”—spot on. Even if it were to fail and it had had a lot of positive tests to date, you would still learn from that.

You could spend a year competing. You could spend two years. In that time our adversaries are racing ahead. It will not apply in every single procurement and there will be limitations, but I think that embodies the sense in which we are seeking as a Department to embrace the idea of pace, spiral development and ensuring that we maximise our competitiveness.



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Robin Millar: This is really encouraging and fits with the responses I have had from contractors in Wales.

Q240 **Sarah Atherton:** I have a few questions specifically about some procurement projects, and then want to do a deep dive into Valley. Ajax—

James Cartlidge: Yes.

Sarah Atherton: You knew it was going to come up. On General Dynamics and the Merthyr site, what discussions have you had around the future of that site post-2029 when that contract ends, and more specifically about the skilled workforce there? There are about 800, I think, employed at Merthyr and in the supply chain. What discussions are you having around the future of that site and the future of that workforce?

James Cartlidge: The focus is fundamentally on the capability, obviously, from a defence procurement point of view. I did meet the GD management team at DSEI, but I will be making a formal visit next month to the site in Merthyr. I have also had the pleasure of testing the vehicle with the Army in Bovington. This is a highly capable vehicle. The narrative has been negative—for reasons that we are all familiar with—and in many ways will have been challenging for my predecessors, and we have undertaken, as you know, the Sheldon review, with detailed recommendations arising from Ajax.

I think the story is now much more positive. It has undertaken 30,000 km of what we call reliability growth trials. This is the test and evaluation of that equipment in potential war-fighting scenarios, testing it out through a whole range of different scenarios like it would face if it was deployed. I said “test and evaluation”; I probably should have said trials, as they are slightly different. The regular Army are now training on the Ajax, so all in it all is very positive.

In terms of the company as a whole, the most important thing is to keep it vibrant, and that is why, when we visited the Saudi Arabia defence fair recently, Ajax was on show in desert colours, with the Chief of the General Staff, myself, and other senior members of the Army. I think there was a huge turnout from UK Government, with other Ministers: there was myself and Lord Johnson, the Investment Minister, plus, of course, the Secretary of State, and all the senior representatives of the Army. It was a positive turnout to show this capability to the world, because obviously export will help to ensure the long-term sustainability of the plant.

Q241 **Sarah Atherton:** On General Dynamics again and Morpheus, it is a £330 million contract, and not without its problems. What discussions have you had with General Dynamics about Morpheus, the Oakdale site and the future of that for tactical communications?



James Cartlidge: It is a very important question. The last update I provided to Parliament was that around springtime we would hope to announce our plans for taking forward this procurement of Morpheus, given what happened with coming to an agreement on the existing contract with GD.

The position is that work has been going on through the spring. It has been considered in the LROC, which is the land requirements oversight committee, which is essentially the Army's procurement committee deciding if things should be taken forward, in layman's terms. In June it should be going into the JROC, which is the joint requirements oversight committee in MOD. Once that internal process has made a decision, we will then be able to talk publicly about the next stage of the Morpheus procurement.

You are right that it is incredibly important. I would say it is a positive out of a negative, in that although it is obviously disappointing that we had to come to the commercial agreement that we did with Morpheus to cancel or to exit that contract and come to terms, it does mean one thing, which is that we can learn the lessons from Ukraine and ensure that we are as up to date and relevant with the new procurement as it moves forward, because it has highlighted the incredible importance of communications in terms of the issues of the denied environment with jamming and so on, the importance of satellite communications, and so on, and how you deal with that. We are still doing that work, and we will be saying more soon, but we are still committed to that.

In terms of Oakdale, the Bowman system will, of course, continue for the time being, and we are looking at what more we do with Bowman, which is likely to provide continued work at Oakdale.

Q242 **Sarah Atherton:** There are certainly multimillions going into Wales. The Raytheon Broughton contract, at £250 million for the RAF surveillance reconnaissance shadow aircraft fleet, is due to end around 2030. To add to that, the maintenance work on the Sentinel fleet has now ceased. What future opportunities are there for Broughton and, more widely, MOD Sealand?

James Cartlidge: I would not mind if I was able to turn to the General, who visited Merthyr only last week, to add some more points, because I think there is an awful lot happening there.

In terms of future opportunities, obviously I cannot speculate on particular contracts because they will be subject to the usual procurement process, but I think the crucial message is, as I said right at the beginning to the Chair, 2.5%. The journey to that is a significant increase in spending on defence. All other things being equal, this should provide more opportunities and, in many ways, inspired by our discussions about social value, Ms Atherton, this point about whether we should be putting a greater weight on sovereign capability, given the situation that the world is in, is an interesting question.



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In many ways, all other things being equal, there should be much more opportunity coming forward in defence, and that should benefit companies in all parts of the UK, including in Wales. I want to turn to General Lizzie about her experience with Ajax.

Major General Faithfull-Davies: Thank you, Minister. In terms of the future employment angle that you were pressing on, one element that is really important to recall is that as we bring equipment into service, it is then going to require upkeep and an upgrade as it goes through its life in service, and that is always designed into the systems as we bring them into service. Very often the original equipment manufacturer will be a critical player in that ongoing support and, therefore, those skills will not be lost because that original equipment manufacturer has the insights on that equipment.

We are looking specifically at integrated operating services, which is how we do future support solutions, and making sure that they are done in as efficient a way as possible, but there will be the opportunities for existing employers to contribute into that work. That is not dissimilar to the point that was just raised about Bowman and that enduring requirement to ensure that it remains secure and capable going forward, so while we keep that system in service until the new Morpheus contract delivers, we can explore what is required, and that will keep personnel in employment.

With regards to MOD Sealand, the one area that is a really valued employment is the DE&S Deca site that is based there. It used to be the Defence Electronics and Components Agency, but now has moved fairly recently—actually just last year—into DE&S as one of its primary operating centres in its own right. There are some real specialist skills and roles that they perform there in sustaining electronics and components, predominantly in the air sector. As I say, we continue to value the support of the personnel that are working in that establishment.

It is always going to be a situation of when a piece of equipment is taken out of service, where is the replacement? Or, indeed, is there going to be a replacement and where that is going to be located? Where there is a hub of highly specialised STEM skills, clearly industry is going to be very keen to retain those skills and seek additional contracts if they have the capacity to do so.

Barnaby Kistruck: I would add that the Broughton question and the regional question comes back to the earlier conversation we were having, where what you need is areas that have the workforce and the capability to deliver this. With the relative co-location of the Airbus facilities there, the Raytheon facilities there, and Sealand, you very clearly have an area of the country with some very high-quality and high-skilled people. While we obviously cannot prejudge future procurements, they are exactly the



types of capabilities that we need in the UK and where you can expect areas to do well in the future.

Q243 Sarah Atherton: Moving on to Valley, there has been significant investment there, with a brand spanking new runway that will expand its life expectancy for the next 25 years. However, the Hawk T2 has ongoing problems with serviceability rates and with its cracking compressor. We are sending pilots to the US and Italy to train because of reduced capacity. That may be a cheaper option—I do not know—but there are well-highlighted problems with the training pipeline. One pilot I met spent 11 years getting to the frontline. I believe that has now been reduced to seven years.

There seems to be a disparity between MOD intention and MOD outcome, and the reason for that is something that is going on at RAF Valley. That has generated uncertainty about the future of that site, so what reassurances can you give about the future of RAF Valley, particularly post-2025?

James Cartlidge: The first thing to say is that I very much enjoyed the visit. It remains incredibly important to defence. We are obviously aware of the issues with the Hawk, which I covered extensively in my first ever Select Committee on air procurement. Obviously, we want to go further, but we have seen an improvement in availability, and it remains a highly capable aircraft for its training purposes.

As I learned when I visited Valley, the key point is that for the first time in a number of years we now have more students who are receiving training than are in what we call holds, because holds have been the issue. As you may be aware, there is a whole load of reasons why there was a bulge in the number of holds, partly because of people staying on in the pandemic.

There is always a fluctuation, because of course it is affected by procurement programmes as well, but we are committed to ensuring that we run the pipeline as effectively as possible. There is a specific governance arrangement for that through the RAF. When I speak to Chief of the Air Staff, this is a top priority for him, because we do not want people spending far longer than they would expect waiting to get their place in a training position. Lizzie, I don't know if you want to add anything?

Major General Faithfull-Davies: I don't have anything specific to add, but you talked about the utilisation of spare capacity, as we did with providing training to support pilots from Germany and Ireland. It seems prudent, when we have reduced the numbers that we need to train in-house ourselves, that we are using that capacity wisely. We will continue to exploit those opportunities where appropriate, while making sure we are able to deliver our own sovereign capabilities.

Q244 Sarah Atherton: I suppose my next and last question is more to do with



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the relationship with the Welsh Government. I did not set out to structure it that way. What I hear from the ground is that for every three pilots making it to the frontline, five are leaving. Ascent struggle to recruit in Anglesey. There are four Texan simulator instructors when they need 10. The reason that I am hearing is primarily the devolved responsibility of the Welsh Government, which is lack of accommodation and the fact that it is very, very difficult to get to Anglesey because of the road infrastructure.

When you are faced with obstacles like that, which you will know about more than me, how do you broach that? This is impacting on the UK's operational effectiveness, but it is out of your hands, because the effect is due to Welsh Government policy.

James Cartlidge: We all have a responsibility in this. The frontline command responsible for the site have a responsibility to engage as much as possible. One is very conscious on a visit that you see a certain side of things, but when we talked to apprentices there it seemed very positive. I accept the point about the inherent challenges of a remote location, but it has been an incredibly successful site.

I am not sure about those figures that you mentioned, but I am more than happy, Chair, to write your Committee with the latest training pipeline figures. It is incredibly important that we have the correct figures, and I am more than happy to share those with you.

Sarah Atherton: I am also conscious that what I hear on the ground is sometimes not the true facts, so thank you.

James Cartlidge: There is a balance to be struck.

Chair: Thank you very much, and thank you to Sarah. I should have put on the record right at the start of the session that Sarah Atherton is guesting under the standing orders of the House from the Defence Select Committee, and has contributed in very valuable ways during the course of this inquiry, so thank you very much, Sarah.

Q245 **Virginia Crosbie:** Regarding the Hawk T2 maintenance contract, what reassurance can you give the engineers at RAF Valley post-2040 for employment there?

James Cartlidge: To be clear, that is a procurement we will have to go through in terms of any success to Hawk and so on, and I would not want to set any horses running on that or any expectations. It is an incredibly important part of the RAF's throughput of personnel that we have the best possible capabilities available for them to train on.

Most fast-jet and rotary pilots who are serving on the frontline with the RAF will have been through RAF Valley. We totally understand the importance of it and, of course, from my experience visiting I understand the importance of the site to your local economy. It is an incredibly important employer, so we do recognise the importance of that. I am



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sure that in coming to any procurement in relation to any successor, we will be factoring in prosperity and social value in the usual way.

Q246 Ben Lake: Thank you, Minister, for attending this morning. There has been much comment on the need to enhance the UK's UAV capability due to experience of the war in Ukraine. You mentioned one facility in Aberporth in my constituency at the top of the session. What role do you see that facility playing as part of a scaling up of the UK's capability?

James Cartlidge: Excellent question. In February, just before I did my procurement statement, I announced our uncrewed strategy, and a really key part of that is to test and evaluate. Last June at Larkhill, I held a roundtable of UK drone SMEs, and it was interesting. I said to them, "What is the one thing you would want the Government to help with?", and they all mentioned the Civil Aviation Authority, the Military Aviation Authority and the rules and regulations around testing, because these are new capabilities. If you want to be able to get them into use, you have to be able to evaluate them. Aberporth is incredibly important from a test and evaluation point of view.

We will also have manufacturing and development in Wales. I said earlier, Mr Lake, before you arrived, that I am pleased to say that Wales will be playing a key role in both developing and manufacturing drones that are being sent to Ukraine under the current procurement through this financial year, and, in other words, having a direct impact in that conflict as we support our ally by providing munitions. Drones will be absolutely central to that.

In answer to your question, in the broadest sense they are fundamental. The role it will play from a UK point of view is that in providing drones into Ukraine, we want to learn as much as possible on how they are utilised. I also remarked earlier about this SME in spiral development. The way war is fought is changing day to day. You have to constantly be at the cutting edge. From a UK defence point of view, this process is obviously there ultimately to support Ukraine, to give it the ability to defend itself following the illegal invasion by Russia, but we want to learn from that, both to their benefit and to ours. Test and evaluation will be crucial to that, as will building up what we would call an ecosystem across the UK to develop the best possible uncrewed systems.

Q247 Ben Lake: You said "cutting edge"; of course, another aspect of security is cyber-security, and we know of the potential benefits and opportunities in south Wales. Are you aware of any discussions or plans within Government regarding the opportunities to make use of the emerging cyber-security capability in the south Wales valleys?

James Cartlidge: There is a huge amount of cyber capability in Wales. Obviously there is the Airbus operation in Newport. Off the top of my head, the national UK science and technology spend on researching cyber-security will be increasing from £7 million in 2022-23 to £10 million this year, and to £15 million in 2025-26, so that is more than double.



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Wales is really well placed to capitalise on that investment in S&T in cyber. That is cyber both civil and military, but particularly in the military sphere because of the companies that are there, because of the cluster and the links with the universities. I am more than happy to build on those things, because you are absolutely right that this is a vital area where we need to, as you said, have the cutting edge.

Q248 Ben Lake: Of course, you mentioned the facility in Newport, and we are aware as a Committee of Airbus' intention and hope to export its CryptKey capability to NATO and Five Eyes partners. I am not sure whether I could tempt the Minister to express a view as to whether the MOD would be supportive of such a move.

James Cartlidge: This is a sensitive procurement, so I cannot talk specifically about the plans around it other than to say that we always want to support export where we can. That is a generic answer, I should clarify, but there is an important point here.

I do think there is a tendency, inevitably, because of the power of seeing a ship, a submarine or a tank, to always think of military procurement in terms of hard platforms. There is no question but that the wealth value in the future, in the cutting edge and the areas of innovation, will increasingly be in the digital, invisible space, in cyber, and in the sorts of technologies that you use to defray electronic warfare impact, both offensively and defensively. If we can lead in those areas, it will increase the capability of our existing tanks, ships, and so on.

It is just inevitable in defence that we are always thinking about the next platform. We are as guilty of it as anybody else, but if there is going to be conflict—and we obviously have had the challenge in the Red Sea—we need to ensure that what we have today is battle ready. That is about enhancing things like software, cyber-warfare capability and electronic warfare capability. That resource in Wales is going to be vital to the future.

Q249 Chair: To come back to Aberporth for one moment, Ben and I visited the Aberporth site during the course of this inquiry. Speaking for myself, I was struck by the importance of the work being done there and learning more about the Watchkeeper programme. Do you think you will have the opportunity, Minister, to visit West Wales and see that for yourself?

James Cartlidge: It is funny you should say that. I have been looking to do this. I have a very deep interest in the uncrewed space. The big picture is that for all the concern about what is happening—obviously, it is terrible to see some of the pictures we get out of Ukraine and such—I nevertheless see the technological space we are in at the moment as an opportunity to transform the military, to have mass in a way that we have not had before.

There is no realistic position where in the coming years any Government are going to be able to say, "Well, we are now going to have hundreds



more ships,” or tens of thousands more soldiers. What you can have is a greater mass of uncrewed platforms, both to have capability in their own right, but also particularly through ISR, through strike, through less glamorous things like heavy lift, to support your existing forces and give them survivability and lethality.

There are classic examples of things like bomb disposal and such. The technology is amazing, but you have to be able to test, and for that you need those big spaces that, as a relatively congested country, we do not have easily to hand. Wales has an important role to play there. When you look at what it has in terms of its links at university level, its clusters and the companies it has, there is real potential to grow that, so that is very positive.

Q250 Robin Millar: To return to the issue of procurement again, we are obviously very excited in North Wales about the prospect of a new medium helicopter contract award, which will have an impact on jobs right across North Wales, I expect. Can you update us on where we have got to and on what will be the key factors in deciding which bidder secures that contract?

James Cartlidge: We obviously recognise the huge merits of all the bidders. It is a competition. We are limited in what we can say while it is under consideration. We are going through the process now of considering the various bids.

As I said earlier, the crucial point—this is something I am very proud of—is that we insisted on a strong weighting for UK industrial content, particularly design. I want to emphasise this point because you might say, “Well, hold on, whichever option is likely to be relatively off-the-shelf rather than completely bespoke.” That has the benefit that it can come into service quicker and is more cost-effective, but of course, in the era of spiral development, we know the journey starts when you procure, it does not end. We want to have a sovereign rotary capability that can help us to deal with upgrades and can adapt our platforms against the threat as it is evolving against the needs of the user, which is the Army, so we put a strong emphasis on design.

We have also put this strong emphasis on export. We are really saying to those companies, “We want to see you committing to the UK and we want that commitment to be good-quality work”—that is, design and other areas that are good quality. It is not just sticking a sticker on a final assembly, but also that being sustainable through ongoing orders over the life of the project, which is through export.

Q251 Robin Millar: With regard to another contract in Wales where there is a lot of interest, the Government have said that restocking and ensuring resilience in munitions production is a priority. I know you have alluded to that several times. What impact will this ambition have on activity at BAE Systems in Glascoed?



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James Cartlidge: Very positive. To clarify, construction works at the melt-cast facility at Glascoed are on schedule. The structure is nearing completion, with fitting out and commissioning to follow through the remainder of 2024, to be commissioned by the end of this year. This facility, together with Washington, in terms of 155 ramp up, will give us an eightfold increase against current levels of 155 production.

You are talking about one of the most basic and important munitions there is. We can talk about uncrewed till the cows come home, but actually what Ukraine has shown is that artillery remains incredibly important, which is why it was important that we recently confirmed the procurement of our RCH155 enduring artillery solution. There are key opportunities there. We have also spoken about drones.

We said at the beginning, before you arrived, Mr Millar, that it is not possible in the defence system to say we have a specific amount spent in Wales. It is not how we operate. As long as you have the capabilities there, with the commitment on spend, and particularly the commitment on R&D and innovation, we can see Wales benefiting from that, especially if there is leadership from industry, leadership from all levels of government, and support for UK defence plc.

Q252 **Chair:** On the issue of the new medium helicopter, we took evidence from Airbus during the course of this inquiry, and obviously Airbus spoke about that and was keen to emphasise that it is very much a four-nations approach in terms of the bid. From a Wales perspective, and not just on the part of north Wales MPs, I think MPs all across Wales are enormously proud of the facility at Broughton and the commercial wing manufacturing that happens there. We are all quite excited about the possibility of a helicopter line being added to that capability, so we will leave you with that thought.

James Cartlidge: All of this will be considered.

Q253 **Chair:** Project DARC is a project that is being taken forward by the US Space Force, which envisages a site in north-west Pembrokeshire being used for deep space advanced radar capability. Are you able to give us an update on where that project has reached?

James Cartlidge: Thank you for explaining the acronym to everybody; we do like our acronyms in the MOD.

This is an incredibly important project. I think when we talk about the domain, space is increasingly the most important one. Its role in future military activity will be pretty important, to put it mildly. What this project shows, first of all, is that it speaks to the AUKUS era, because of course it is the US, the UK and Australia. What it will give us is the ability to track objects in space up to, I think, 22,000 miles away in GEO. That is an extraordinary capability. We will be able to take in vast amounts of data, both for military and civil purposes. That is the sort of cutting-edge capability we are talking about. Because it is the three countries—the UK,



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Australia and the US—it is 24/7 because of our coincidental but very helpful positioning at three different points on the globe, ensuring that we have 24/7 all weather.

In terms of the position, at the moment we are conducting environmental impact assessments as part of the planning process. I believe that, assuming that is okay, there would then be statutory consultation in the second half of this year, and then hopefully we go into planning towards the end of the year. That is my understanding of the planning process.

Q254 Chair: In terms of looking to reassure people in west Wales that it is a good thing to host such a sensitive and important facility, are you able to say anything about potential jobs that might be created?

James Cartlidge: Yes. The jobs involved will be on the site itself. I did have a figure—let me double-check. It is about 100 people onsite. I appreciate that it is like any planning application. There has never been a planning application in the history of the universe where there are not different views, which would be my sense as a Member of Parliament.

What it talks to is Wales's role in defence. Space is the key domain and this facility will play its part in ensuring that the UK has cutting-edge space capability. That is really important and Wales should be proud of that. Obviously, it is subject to planning, which is why at the moment we are working with the local stakeholders—Pembrokeshire County Council and so on—to ensure that if there are concerns, we address those. So we work in a collaborative way with the community to ensure that the project has as little adverse impact as possible.

In terms of its positive impact, I am absolutely clear that this is part of our AUKUS programme, and this is part of the UK showing its commitment to having cutting-edge capability in space, which is the key domain.

Chair: Excellent, thank you. I leave you with the thought of the importance of good communication with local stakeholders and directly with the local MPs.

James Cartlidge: As a constituency MP, noted.

Chair: Thank you very much. That brings us to just before 11.30, so we bring our session to completion on time, on scope and on budget. Thank you very much, Minister. General Lizzie and Barnaby Kistruck, thank you very much for giving us your time and your insight this morning. It has been a really fascinating and helpful session. Thank you.