

# Defence Committee

## Oral evidence: AUKUS, HC 841

Tuesday 21 October 2025

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[Watch the meeting](#)

Members present: Mr Tanmanjeet Singh Dhesi (Chair); Mr Calvin Bailey; Alex Baker; Lincoln Jopp; Jesse Norman; Ian Roome; Michelle Scrogham; Fred Thomas; and Derek Twigg.

Questions 42 to 114

### Witnesses

[I](#): Steve Carlier, President, Rolls-Royce Submarines; Harry Holt, Chief Executive Nuclear, Babcock International Group; and Steve Timms, Managing Director, BAE Systems Submarine.

[II](#): Samira Braund, Defence Director, ADS Group; Matthew Evans, Chief Operating Officer and Director of Markets, techUK; and Andrew Kinniburgh, Director General, Make UK Defence.

## Examination of witnesses

Witnesses: Steve Carlier, Harry Holt and Steve Timms.

**Chair:** Order. Welcome to today's House of Commons Defence Committee evidence session on our AUKUS inquiry. We have two panels today, and I am very pleased to welcome the panellists for our first session, which will run for an hour. We are very pleased to welcome Steve Timms, the managing director of BAE Systems Submarines, Steve Carlier, the president of Rolls-Royce Submarines, and Harry Holt, the chief executive of nuclear for Babcock International Group.

Thank you very much, gents, for making the time to give evidence, and we are very much looking forward to your contributions. Without further ado, I invite my colleague Ian Roome to kickstart the proceedings.

**Q42 Ian Roome:** Back in March 2024, when the joint statement came out, it referenced the AUKUS trilateral collaboration between Australia, the US and the United Kingdom. I would like to ask this to each of you: what has been your experience of working with US and Australian industry partners on AUKUS? What advantages have there been, and what challenges has that presented to you? Could you elaborate on your experience under pillar 1? Steve, do you want to go first?

**Steve Timms:** Good morning, everybody, and thank you, Chair—and ladies and gentlemen. I would summarise the progress and experience to date as a positive one to date, recognising the level of activity at each of the national levels—bilateral and trilateral, above Government and industry.

From a US point of view, it has been a real catalyst for enhancing the level of collaboration that we have enjoyed over the last 60 years through the nuclear submarine aspects. With respect to Australia, it is a similar experience, but it is early days. You may be aware that BAE Systems has had a sovereign capability in Australia for the last 70 years, so we have been building on the strength of that partnership and demonstrating good stewardship regarding the nuclear submarine components, given the importance of AUKUS. So it has been very professional and collaborative, and it has demonstrated the strength of the AUKUS security partnership.

In terms of advantages, it is creating conditions that the enterprise has not had before; they have not been present in the past. That is such an important aspect, given the substantive engineering and scale of what the AUKUS partnership will ask of us—particularly with respect to its longevity. That is a good thing: it provides a route for building the capability and capacity that we will need.

The balance to strike is finding the optimum solution that reflects the level of risk appetite and resilience going forward. It is not without its challenges, as you can imagine. It is a collaborative opportunity—one that has been framed by an optimal pathway, which I think is sensible.

Inevitably, there are lots of risks and opportunities in something like that, and a range of outcomes.

I emphasise that there is clearly a challenge in securing alignment—the need to make decisions on a timely basis and to secure consensus at pace.

**Q43 Ian Roome:** On that point in particular, what have been the difficulties with the alignment process?

**Steve Timms:** Each of the nations has been ensuring that the national programmes are served well, because that is a key foundation of the trilateral partnership. That is an important priority for us all. As those elements are brought together, making sure that no undue risk is brought to those national programmes is an area that needs to be mitigated, as well as the opportunities that I have summarised.

It is mainly around the speed of decision making. Clearly, to finish programmes on time, we need to start on time. It is about getting the level of coherence and consensus in the early part of the programme, making the decisions that need to underpin that, and providing enough of a runway for the work ahead.

**Harry Holt:** I agree with Steve; our experience has been pretty positive. It is important to state that long-term strategic partnerships between Government and industry, which place industry as an integral enterprise-level partner in this whole endeavour, are going to be critical for success.

May I say a couple of words about our experience on the Australian side, and then also on the US side? With the US, we in Babcock have a strategic relationship with a US company called HII, which spans a pretty broad portfolio of activity. Specifically, we have created a joint venture with HII in Australia called H&B Defence. This is an Australian sovereign entity based in Australia, which is able to reach back and draw on some of the capability of its two principal shareholders, but is basically there to aid engagement with the Australian ecosystem and to grow, over time, the necessary home-grown Australian capacity and capability to deliver the sustainment activity that is going to be critical for AUKUS. So that has been positive.

Our engagement in Australia is now principally through this joint venture, but Babcock, like BAE Systems, does have its own business in Australia already, which provides support to ASC for the sustainment of the Collins-class submarines. Our experience a couple of years ago was a bit challenging in terms of the multitude of different Australian federal and state agencies there were to engage with. That has improved. There is a move called Team Australia for those federal and state level agencies to come together and be more aligned and focused on delivering the optimal pathway for pillar 1. We have seen some commensurate improvement with that. Overall, it is positive.

Steve Timms has touched on some of the challenges and opportunities. I agree that there is a challenge in terms of scale and pace in decision making. There are clearly opportunities in interoperability—particularly as

we look forward to the new SSN-AUKUS class of submarine—to build a whole ecosystem and ensure maximum interoperability between workforces in the UK and Australia.

- Q44 **Ian Roome:** I could come back on some questions, but I know my colleagues have their own questions about what you have said. Thank you. Steve, do you have anything to add?

**Steve Carlier:** Much like Harry and Steve, we have had a positive experience. We have had a particularly deep relationship with the US that goes all the way back to the 1958 mutual defence agreement. That is particularly deep in matters of nuclear propulsion. It is a very well established and understood relationship.

Obviously, on other engagements outside of submarines with Australia, the company—this is similar to what Steve and Harry said—have a presence over there and a long tradition of helping its defence industry. It has been a pleasure to welcome them into the nuclear fold and it has been great working with them.

I echo the point that Steve Timms made about scale. It is really difficult as a manufacturer to deal with very low volumes. A trilateral ambition to grow that volume and resilience is very welcome. Finally, I echo the point on the pace of decision making. This is going to be a very long programme and a very ambitious undertaking, so it is very important that we start on time, and that we keep going.

- Q45 **Ian Roome:** Could I ask whoever wants to answer the question: what would you recommend? How can we overcome the problem? With your years of experience in industry, what needs to be done to alleviate that challenge for the benefit of the programme?

**Steve Carlier:** First and foremost, start on time. That sounds incredibly simple, but it is what I would say. Also, stay on and never let the effort cycle down or up. Keep the pace.

**Harry Holt:** I would add to that two other important things. First, remember that this is an ecosystem—not simply new submarine platforms, but a whole ecosystem including infrastructure regulation, supply chain and workforce. Secondly, we should make sure that we are moving on all parts of the ecosystem and not letting any of any one of those elements fall behind.

**Steve Timms:** From my point of view, there are several choices still to be taken. The assessment of those choices—in a way that finds the sweet spot between the competing demands of the enterprise—is where we need to work through what is acceptable.

Infrastructure and supply chain are good examples. There are a number of choices: where do you want redundancy, security of supply and capacity and what capabilities does it need to offer for the longer term? Those are important ingredients in those choices. Given the importance of the security partnership, the risk appetite versus resilience judgment is

important. At some point, you get to money; squaring the circle of what is acceptable to the parties is where those decisions need to be made quickly.

- Q46 **Ian Roome:** Has it helped between the three different companies you represent? Has it brought you closer together in your working relationship?

**Steve Timms:** It is really interesting. Given nuclear's relatively niche family, the working relationship between Government authorities and industry has been very good for an awfully long time. It does not always get characterised as such. Think about the work that we do with our US colleagues—I think all of us enjoy a very deep relationship with the US.

Think about SSN-AUKUS and the technologies to give our submariners the advantage they need going forward: that is deeply ingrained in the collaborative work with our US colleagues, and with Australia. We are now in partnership with ASC, the Australian shipbuilding company, which will bring its experience on the Collins class forward while we supplement it with the deep nuclear capability that we have.

**Harry Holt:** I would put that the other way round. Rather than AUKUS presenting an opportunity for us to work even more closely together, the fact that we already work together very closely in the UK Defence Nuclear Enterprise is an opportunity for AUKUS.

- Q47 **Chair:** Let us move on to export controls. The Government lauded the August 2024 announcement as a historic breakthrough in defence trade, stating that lots of restrictions and exemptions would be lifted, and that lifting export controls would enable lots of businesses to go about their business a lot more smoothly.

Starting with you, Mr Carlier, how far has the relaxation of the export controls streamlined your particular business efforts with regards to AUKUS? How beneficial has it been, in your view? Can you give us specific examples of the difference it has made in your day-to-day operations?

**Steve Carlier:** The work that has been done on export control relaxation is probably more of a pillar 2 matter. My understanding is that within pillar 1 we operate under treaty, which effectively transcends the export control regulations. There is a trilateral treaty that allows Government-to-Government sharing of submarine and nuclear technology. As things stand, that is what we are operating under.

There would be benefit, in time, to growing the coverage of that treaty such that we can have industry-to-industry exchange. That is what we enjoy under the '58 MDA with the US. Those are the ground rules there. Getting the same on a trilateral level would be beneficial for the future, but the change in export controls and the relaxation are more pillar 2 things, from my perspective.

- Q48 **Chair:** It is good to get that Rolls-Royce perspective. Mr Timms, how has it benefited you, and can you give us certain examples?

**Steve Timms:** I agree with Steve's summary. We already have the benefit of existing agreements that have been there for some time. They are starting to be expanded to include the scope of AUKUS. The nuclear propulsion aspect is a fundamental foundation of that. As collaboration increases in other areas of the submarine, opening up the scope of those agreements would be, from our point of view, the most effective way to achieve the outcomes of AUKUS. I agree with Steve that wrapping the scope of other aspects of the submarine into a similar agreement, or those types of agreements, is the most beneficial route forward.

Q49 **Chair:** Mr Holt?

**Harry Holt:** I agree. The new measures have helped to streamline the process for export control across the three nations. We have a number of legal entities in Babcock signed up to the authorised user community. All the legal entities that deal with AUKUS are part of that community, and it is working well. It allows us to do things a little faster than we otherwise would have done.

There are still a couple of challenges. One is around security classification equivalents. Each of the three nations has its own way of classifying documents and clearing individuals.

We need to work Government to Government to make sure that there is a degree of equivalence. Even though we can share things, we would then all know how to treat what we have shared with one another. Then, in the fullness of time, as we begin to see more people moving between the three nations, an AUKUS visa—some ability to speed up the secondment, deployment and enrolment of people—would be helpful, but I am aware that work is ongoing on both those fronts.

Q50 **Chair:** It is good to hear that you are in favour of the AUKUS visa. No doubt we will come to that in other Members' questions in a short while. You mentioned the authorised user community. I appreciate that that has not had an impact on a company the size of Babcock, but there have been concerns within industry that the process is too small, and that sometimes companies are waiting months, if not longer, to be part of it.

From some of the meetings I have been involved in, it seems that Australian companies are at a far more advanced stage than UK companies. Have you, Mr Holt, or any other panellist had any feedback from your supply chain with regard to experiences with the authorised user community?

**Harry Holt:** No, we have not had any direct feedback along the lines that you describe. We have been an early adopter of the authorised user community, and we have been working hard with the UK MoD and the embassy to help other industry partners and members of the supply chain to become adopters themselves. I am not aware of any difficulties, but we are certainly on the front foot to help people in the supply chain to navigate their way into that community.

Q51 **Chair:** I am assuming that none of the other panellists have had any



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negative feedback from any of their supply chain. No doubt we will come on to the experience of SMEs in that regard with the second panel.

We know that not all AUKUS technologies are covered by the US excluded technologies list exemptions. Mr Timms, does the operation of the US excluded technologies list present a barrier to delivering AUKUS?

**Steve Timms:** As you can imagine, there are different aspects to the submarine that are controlled by different regimes. Those that are associated with propulsion would be a good example—that works in a particular way. In other areas that are currently within export control mechanisms, we find that when appropriate focus and attention is provided, those things can be made to work.

Over the longer term, the issue for the AUKUS programme is one of scaling up and implementation. You can make the arrangements work today, but as we move to scale there could be a further barrier. We could optimise the existing arrangements as a way of easing that and scaling up from it, or we could have a simpler, perhaps more efficient, arrangement as an alternative method.

Q52 **Chair:** Mr Carlier, what are your views on the US excluded technologies list?

**Steve Carlier:** Our business is obviously centred on the reactor, and nuclear propulsion is one of the excluded technologies. As I said earlier, it is done on a Government-to-Government level via treaty, so in many ways it is a moot point. As far as the supply chain is concerned, we are obviously in a slightly different place from BAE and certainly from Harry, with Babcock, in the sense that we are providing the reactor plant for the Australian submarines. That is going to be on the Government-to-Government transfer. The supply chain already exists in the UK, and we will exercise that through a Government-to-Government transfer of hardware.

**Chair:** Mr Holt, do you have any comments on the US excluded technologies list? Do you concur with the other panellists?

**Harry Holt:** I do not think I have anything to add. It is not an issue for us.

**Chair:** Let us move on, then, to security clearances and information sharing.

Q53 **Mr Bailey:** You have just described barriers to trade. In the course of that discussion I observed, in Rolls-Royce, a company that is used to working with the US and within provisos that exclude it from the normal controls that companies experience. When you were discussing export controls, you said you were excluded from them, and that the grit and gristle are not really a problem for you. One of the key things with AUKUS is that we are expanding the enterprise to encompass companies that are not normally exposed to some of those things.

As we start to talk about other barriers—including barriers to delivery,



critically—our ability to collaborate and communicate is fundamental. Although we have a shared language, we have not addressed, as Harry pointed out, some of the things that put grit in the wheels of our collaboration.

I would be interested to hear your views on shared visas and on classification, particularly as you were discussing that, Harry. Rolls-Royce will be used to homogeneous working at a shared level of classification and control, but the other organisations will not be used to that. What are your views on visas and anything else that comes from there, Steve?

**Steve Carlier:** It is about anything that makes this easier over time. The exchange of people has already started to happen. When the volume on that increases, which it inevitably will and has to, anything that eases the pathway on freedom of movement to work will be hugely beneficial from an industrial perspective, and I would absolutely welcome that. At the scale at which we are doing it at the moment, I do not think the current system is a particular problem, but it will be when the volume starts to increase.

**Mr Bailey:** Is that because of the normal avenues that you work within?

**Steve Carlier:** Yes.

Q54 **Mr Bailey:** Okay. It is important to recognise that and not conflate that with the experience of some of the other organisations. Before we move on, is the same true of classification? You work at a classification level and the handling is the same on both sides—correct?

**Steve Carlier:** We have become accustomed to having two different classification regimes between the US and the UK. We have established, over many years, a way of handling that and a way of determining equivalence. I would expect to do exactly the same with the Australians.

Q55 **Mr Bailey:** You would not expect to work two ways, would you? It would be done trilaterally, and the issue is that there are three different ways of working.

**Steve Carlier:** I probably would expect three different ways of working, but with statements of equivalence and an agreed handling regime between us. That is how we work with the US.

Q56 **Mr Bailey:** Having worked inside a Five Eyes organisation, I would expect them all to work, handle and control similarly and use the same language. As someone who has worked inside, say, SOCOM, I would not expect anyone to refer to secret information any differently across the three. My challenge for you is that that should not be an expectation. If we are going to try to make this work, we should set our expectations and work into them.

**Harry Holt:** I agree. At the moment it is probably an irritant, but it will become more of a challenge over time. As I said earlier, it is around equivalency of how you handle security-classified documents and, equally, equivalence around security clearance. We have our regime here, the US



has theirs and the Australians have theirs; understanding the equivalence across the three countries is going to be super important.

Anything that helps to aid the movement of people across the three workforces is going to be super helpful. We are never going to get to the stage where we have a completely fungible workforce across all three partners, but if we get it right in terms of interoperability, we should be able, in certain areas, to manage peaks and troughs better across the three national programmes.

**Q57 Mr Bailey:** You mentioned an AUKUS visa earlier; could you say more on that?

**Harry Holt:** I am not the expert on an AUKUS visa, but anything that is going to help to move people who are on secondment, or even more permanent postings, into the US and Australia is clearly going to help.

**Steve Timms:** I agree with the points that have been summarised and the point you are pushing. We can scale up and resource it differently, and that could remove some of the friction and grit, or we could change the process and simplify. That would be welcome.

The only thing I would add is that it is also a moving target. We have to be agile enough to manage a change in threat environments without fettering the collaboration pace and success. I think we have to keep an eye on it changing—the requirements do not remain static—and we need some level of agility in our judgment.

**Q58 Mr Bailey:** Would you support a visa, such as a shared visa?

**Steve Timms:** Subject to understanding the details of it. If it took friction away and allowed collaboration to move at pace, absolutely I would.

**Q59 Michelle Scrogg:** To go back to the security arrangements, you started with slippage, Steve, or the need to make sure that we start on time and do not slip. We know we have a skills shortage, and we cannot get security clearance for staff.

When we are trying to recruit, how much is it going to impact our workforce if we cannot speed up the security clearances? Constituents in my patch have lost jobs on the back of not getting their security clearance through in time. What are your thoughts on being able to speed that up?

**Steve Carlier:** As the provider of the reactor, we are quite left-shifted in the programme. Our work on this started a number of years ago, pre-announcement. We are going to need to do a lot of the recruitment—in fact, the vast majority—to fulfil SSN-AUKUS, and I emphasise SSN-AUKUS being a British and Australian proposition in its totality. The vast majority of that recruitment has already taken place<sup>1</sup>.

We experienced difficulties at various stages with the clearance process, but we worked with the DVA and found a way of making that work. I will

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<sup>1</sup> The witness would like to clarify that this recruitment relates to UK-based activity only.

never say I am comfortable, because history proves it would be wrong to say that, but we are in the right place. We have the right number of people we need for this part of the programme, and they are already in the door.

**Michelle Scrogham:** Mr Timms?

**Steve Timms:** In recent times we have made really good progress, because we have scaled to accommodate the increased demand. As long as that capacity is not taken away, we should be able to continue at a similar rate. I guess we will have to keep an eye on that. As other demands for security clearances play out for other programmes outside of AUKUS, that could dilute that capacity and make the recruitment journey harder than it needs to be.

**Chair:** Thank you very much. Let's move on to pillar 1 investment.

Q60 **Jesse Norman:** Thank you very much for coming, gentlemen. Mr Carlier, you talked about the importance of starting on time, which betrayed a certain anxiety about whether something was going to start on time. Is the programme on schedule?

**Steve Carlier:** So far, yes. From our perspective we have six boats set with reactors in the supply chain now, four of which are already in live facilities at Raynesway at quite a mature state.

AUKUS is not really a thing of the future from any of our perspectives; it is actually a thing of the present. Like I say, we have up to six boats released at the moment. The next thing we need to do is effectively to capitalise, or recapitalise, our own domestic capacity and that of the supply chain. So far, we have got going with that, but we need to keep going with it. I realise that is a significant investment for the taxpayer, and it merits some deep scrutiny.

Q61 **Jesse Norman:** So what you really meant by "start on time" is that the MoD needs to give you the money to get on with it.

**Steve Carlier:** Yes, and the MoD has done—we have already started that recapitalisation programme. Clearly, it has not been released all in one chunk; it is going to be released in multiple tranches.

Q62 **Jesse Norman:** So what was the worry about starting on time? Where is the concern?

**Steve Carlier:** The concern lies in the various steps of that recapitalisation programme, and making sure that each one of those steps does indeed start on time, because there are many.

**Jesse Norman:** Missing one prejudices the whole thing.

**Steve Carlier:** Very much so. For a programme of this level of ambition, missing one of the steps would create a significant chink in our armour.

Q63 **Jesse Norman:** What is the next step that needs to be hit, as part of that recapitalisation process?

**Steve Carlier:** My next wave of releases is due just before Christmas.

Q64 **Jesse Norman:** Harry and Steve, are things on schedule?

**Harry Holt:** I come at this from a slightly different perspective. I said earlier that it is important to consider this as an ecosystem; it is also important to remember the different phases of the life cycle. As for any piece of capital equipment there is design, build, operate and maintain, and then decommission and dismantle. Those are four distinct phases of the life cycle.

There has inevitably been a lot of focus on the first two of those phases—the design and build of the new SSN-AUKUS submarines. History tells us that 75% of whole-life-cycle costs go in the operate and maintain phase. We are certainly encouraging everybody to rebalance, so it is not just about the design and build phases; it is also about the operate and maintain phases.

Importantly, when you think about the optimal pathway, the Australians are going to need to be ready to sustain visiting Astute and Virginia-class submarines at the back end of this decade, and they are going to need to be sovereign-ready to sustain their initial fleet of Virginia submarines in the early 2030s.

Q65 **Jesse Norman:** Someone suggested to me that there are not enough engineers in Australia currently to maintain a Virginia-class sub, let alone build one.

**Harry Holt:** Not right now, but work is afoot to make sure that they have the adequate engineering resource to do so by 2027 for the first visiting boats, and then by 2033 for the first of their own Virginia-class submarines.

Q66 **Jesse Norman:** Your point is that they are on track at the moment, but the balance between sustainment and build is wrong. Is that right?

**Harry Holt:** We are rebalancing to correct that.

Q67 **Jesse Norman:** Steve Timms, what is your view on the schedule? Are we on schedule at the moment?

**Steve Timms:** I think we are doing well on the schedule. We have prioritised getting the design right, and it is important that we take the time to do that. There are lots of lessons from previous programmes, where that has perhaps been rushed, and then rushed into production. Obviously, we need to make sure that the requirements for satisfying our submariners' needs for the longer term are properly understood.

From a design point of view, we are well after that. That also allows us to commit to our initial long-lead-time items around the supply chain enablement. The area we are very focused on now is the infrastructure uplift and the development of the supply chain to move the enterprise from, broadly, a delivery cadence of one every 36 months to what the SDR indicated, which is one every 18 months. In addition, going back to the



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options space that I referred to, we need to keep an eye on what additional requirements may need to be satisfied from the UK in order to satisfy the Australian elements of the programme.

- Q68 **Jesse Norman:** So you have a concern about a rebalancing away from design and build, within the spend envelope, towards operation, because that would prejudice the design and build phase, which you think is so important. Is that right?

**Steve Timms:** If we just create another imbalance, then yes, but I do not think that is what Harry is advocating. I think he is making sure we keep an eye on all the lines of development to keep the coherence in the programme. My point was that we need to complete the options, work around the infrastructure and lift the supply chain capability to satisfy it.

**Jesse Norman:** It sounds as though there is a need for a rebalancing, but no one quite wants to say that that means taking less money from one and putting it into the other.

**Steve Timms:** I think Harry suggested that some rebalancing is required, and that was to do with sustainment. I think that was his point. In rebalancing sustainment, I would not advocate diluting design and build.

- Q69 **Jesse Norman:** How good is the road map in terms of future funding from the MoD? Can you actually see it? Is it clear enough? Are you getting the demand signal you need? In this Committee, we have a big worry about intensity, urgency, readiness, firmness of purpose, follow-through and red tape. You have seen the Chancellor talking today about red tape. You probably identify with some of that. Is that right?

**Steve Timms:** Yes, I think we have got good line of sight on some aspects, and greater clarity is required on making progress against the future outlook for the longer term. However, that work is being done, and it is not that the work is not recognised or being prioritised; that work is currently being done to inform the investment plan and those choices.

- Q70 **Jesse Norman:** Thank you. You have talked about workforce and, rightly, about the need to double the speed of production—

**Steve Timms:** The output rate.

**Jesse Norman:** You have talked about the need to halve the period of time it takes. Quite a lot of measures were set out in the defence nuclear enterprise Command Paper about how to improve the workforce. Do you think they are adequate? What were the good things and the bad things? What is really working?

**Steve Timms:** I think the measures have been beneficial, particularly in respect of growing a workforce for the longer term through early careers. That was essential, and the nuclear skills taskforce lifted Government sites and industry sites to double the pipeline. That was a very significant and important measure for the longer term, and it removed the risk of diluting the career capacity and capability by moving roles more frequently. Team Barrow is an important ingredient, and there are the broader defence



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growth areas. There is clear recognition that we need suitably qualified and experienced personnel, and that takes time. The earlier we start to build that core capacity to give us time through experience to provide the capability we need, the better.

- Q71 **Jesse Norman:** Because you cannot grow a nuclear engineer in five years. They have to grow into experienced capability over a long period of time, so you start early in scale and then you develop them through the experience—

**Steve Timms:** Yes, and to an earlier point, that plays strongly into getting the resilience versus risk appetite balance correct.

- Q72 **Jesse Norman:** So if you do not invest in the workforce early, you are actually increasing your risk.

**Steve Timms:** Correct. I think demand and supply will be a constant issue. If you think about the UK's growth agenda, we will have to keep a close eye on it. We have built academies for skills and knowledge. We have built leadership academies to bring the leadership up. We have partnered with the University of Cumbria.

It is wonderful to see those tertiary education cold spots finally being addressed in a town called Barrow. They are the ingredients that we have built up, and we have another plan to enhance that on a more experiential basis. As we bring the inexperienced in, we need to offset the risk of that to get the value from it, by giving them a better experience earlier in their career at an accelerated rate.

- Q73 **Jesse Norman:** I should declare an interest in Hereford in engineering and development. Would either of the other two of you like to make a comment on any of that? Do you concur with what Steve said?

**Steve Carlier:** I will repeat some parts of what Steve said. We have our own nuclear skills academy. It has a highly configured curriculum, so we get the people we want and we get them with the knowledge we need them to have. We get them in very early.

- Q74 **Jesse Norman:** What about growing that capability in Australia? What are we doing to build that?

**Steve Carlier:** I think there are some questions to be answered on that over time. I do not think we know how that is going to work yet. The Australians have to reach their own decisions on how they want that to operate, but I would agree—

- Q75 **Jesse Norman:** Obviously, it is a pretty dramatic challenge here, but in a place where there is really very little nuclear defence capability in place at all, it is going to be a huge challenge.

**Steve Carlier:** I agree.

**Harry Holt:** I think we all have very similar experiences. We were all founding members of the nuclear skills taskforce. That has been very successful here in the UK. Various aspects of it, like a national recruiting



campaign and the regional hubs we have set up, have been very effective. Clearly, we are sharing that learning with the Australians so that they can build their own equivalent. Specifically to Babcock, we have made a formal offer to ASC<sup>2</sup> for them to send people over here to get training. They have a SQEP workforce in terms of maintaining conventionally powered submarines, so it is putting the nuclear bit on top, which is no small undertaking, but we have offered to help them do that.

**Jesse Norman:** That is very helpful. Thank you so much.

Q76 **Lincoln Jopp:** Mr Carlier, I want to come back to “start on time and stay the course”. In that last conversation, we got a very clear analysis of what “start on time” looks like, and also of the rebalancing—that was very helpful too. In terms of “stay the course”, money is a function of political will.

Do the three of you, on your strategic risk register, have an assessment of the political will of the three governmental partners involved in AUKUS? What canaries in the coalmine should we as a Committee be looking for when we go to Australia for a week on Friday night to assess the Australian end of that risk register?

**Steve Carlier:** Is that to anyone in particular?

**Lincoln Jopp:** Well, none of you is jumping forward particularly quickly, I notice.

**Steve Carlier:** To answer your first question, no, that is not a risk, characterised in the way that you described it, on our risk register. We try to stay apolitical. What I will say is that this is the kind of industry that does not respond very well to frequent changes in tempo. The gestation time to create nuclear engineers is very long, so a very steady forward-demand signal that is committed to and sustained will produce the best performance from the industrial people that you see in front of you right now. Any suggestion of changes in rate or pace versus the plan that has already been committed to would not be optimal from an industrial perspective.

**Harry Holt:** Nothing in life is certain, apart from death and taxes, so we cannot sit here and say with absolute certainty what the world will look like and what the AUKUS programme will look like in 25 years’ time. As you would expect, a company like Babcock keeps a weather eye on what is happening geostrategically. Everything that we have seen recently gives us confidence in the AUKUS endeavour.

The only other thing I will say is that moving together in partnership is really important. What will not work is trying to drive absolute competition between industrial players, because companies will not make the long-term capital investments in infrastructure, workforce and so on if they do not have line of sight to medium-term and long-term revenues.

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<sup>2</sup> The witness would like to clarify that this offer was made via the Submarine Delivery Agency and covers all relevant Australian entities, not just ASC Pty.



Partnership is really important, and it helps to de-risk the point that you were making as well.

**Steve Timms:** It is a really important point, because you do not have to look too far back to realise that changes in outlook or changes in priority on capability needs lead to difficult periods. We are just rebuilding from decisions made in the late 1990s to the 2000s. We are scaling back up to regional levels to meet the national requirements here in the UK, and that has been a long old road.

I guess that one of the benefits of a collaboration such as AUKUS under the banner of security is that it gives us some certainty, but it is not without potential risk. The reason that I talked about risk appetite versus resilience is that that has to be an enduring feature of our consideration, both at the Government level and at industrial level, for decades to come. Making the commitments under that partnership is not the sort of thing you can easily step back from; it needs to be enduring over the long term.

**Q77 Fred Thomas:** It is great to hear from industry about some of the challenges and some of the solutions regarding the building of these submarines, but we are not building them for fun. We are building them because we have enemies and threats, and those enemies and threats are building submarines as well. Unfortunately, they are building them a lot quicker than we are, in our treaty of the three countries. It is quite hard for the US to build as many as two submarines a year, but the Chinese launched, I think, four last year. Some assessments have them building 80 boats over the next decade, which is considerably more than we will be able to build.

What are some of the freedoms and differences in regulations that enable Chinese companies doing what you three do to operate at that speed? Let us avoid the topic of pure financing and pure money; I am interested in the regulations and the barriers. What is different there that means they are able to build so quickly? I am not saying that we would want those things in the UK; I would just like to know what they are.

**Steve Timms:** I think that the way they are going about it is not conditioned by the history that we have had recently. We have to address some of the structural issues that we have faced as a result of the decisions of the last few decades. I feel increasingly confident that they are being addressed, with some of the good work on people being a good example. If we can get to the right infrastructure, supply chain and levels of capability and capacity, we can stretch that into the communities that support that effort.

A lot of it is to do with belief and the importance that the nation puts on that important capability set. The defence nuclear enterprise Command Paper was vital, but it was the first time that we had expressed that national endeavour in that way. We need to capture the appetite and prioritisation of a nation and build the capability and capacity to enable us to do it at higher rates.





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It is less about technology and things, and more about appetite and willingness and the choices we make. It is about belief. We are now starting to see evidence of the improving delivery rate, cadence and growing momentum on the Dreadnought programme. That is clear evidence, and it is that that gives us a greater confidence and trajectory for higher rates going forward. We need the path to be enabled for the longer term to enable us to move away from short-term decision making, with the multi-decade, multi-generation outlook that this deserves.

**Harry Holt:** Steve is right. It is about scale, ambition and the ability, perhaps, to do more command and control in the Chinese autocracy than we have here. I do not think there are any fundamental regulatory or technological freedoms that they have that we do not, so I would put it down to scale and ambition.

Q78 **Fred Thomas:** What do you mean by the ability to have more command and control in the Chinese autocracy?

**Harry Holt:** In terms of being able to direct supply chain activity—

**Fred Thomas:** The Government's ability or the company's ability?

**Harry Holt:** To be able to direct activity to what supports the Chinese five-year plan.

**Steve Carlier:** I agree. As I said in a previous answer, this industry does not respond quickly to changes in tempo. Having a very long-term plan that you commit to is the best way of building nuclear submarines. That just lends itself to the way that the Chinese operate their economy. They have set a long-term plan and stick to it.

**Chair:** Let us move on to Team Barrow and, aptly, my colleague from Barrow and Furness.

Q79 **Michelle Scrogam:** My favourite subject—thank you. We have just touched on some of the issues around delivery, the communities that are building the submarines and the resilience in them. Most of us in this room will know what happened in Barrow when we delayed those decisions and very nearly lost the ability to produce our own nuclear submarines. Building it back up to where we need it to be is a stretch when the communities and the infrastructure have been hindered and damaged so much.

I have raised my own concerns about what we are doing in Team Barrow. Is it enough? Are we putting enough focus on some areas and enough funding into others to deliver what we need to do? I have voiced, quite vocally, that I do not think we are putting enough behind it to get where we need to be. We have managed to work really effectively with some of the workstreams within Government, and this is a completely new way of working. It is a bit like teething.

Some of the Departments get it. Certainly, the MoD gets it, and MHCLG has definitely got it. Barrow is unique; with its industrial history, whenever you put a spade in the ground, it costs an awful lot more than it does in a



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lot of other areas. But there are some workstreams there that are doing really well. Steve, what is your experience of participating in Team Barrow? Do the planned investments go far enough?

**Steve Timms:** I have a strong belief that to get the defence nuclear enterprise to where it needs to be for our national endeavour as well as the security partnership, we have to do as much in the yard as outside the yard. Allowing defence to be invested in should address certain issues, but we know that they are more structural than that. For me it represents quite a unique partnership that brings skills, funding and capabilities together, and should have a chance of unlocking some of the capability needs over the longer term.

We need to revitalise Barrow-in-Furness as a place where people choose to work and live. We cannot have a transient workforce for such a vital role for defence and security. We need to satisfy two outcomes. The first is enabling and sustaining the defence nuclear enterprise efficiently and securely. The second is diversifying and strengthening Barrow's economy and increasing its productivity.

It is very easy for me, through my recruitment, to damage what I rely on and care about. We cannot do that. We have to attract more people to live and work. The £220 million Government-backed 10-year investment plan is a significant foundation, but it is not enough. It is a catalyst to enable us to address the structural issues. That will require us to substantially grow the population, build thousands of homes across the region, primarily in Barrow, and continue to grow the Barrow shipyard. That catalyst should lead to other investment models coming to bear. We need to accelerate the implementation of that intent.

**Q80 Michelle Scrogam:** On bringing people to live in the area, we went through that model after we had lost 10,000 jobs. Those people did not hang around to wait for another job to pop up when the Government decided, "Oh, actually, we do need these submarines." We have seen people come into the area but commute back to their home towns. The local economy suffered on the back of that. We are now focusing on bringing people to live and settle in the area with their families, raise their children and be part of the community.

I talked about different areas that might not be on board and understand fully what we are and what we need. At the moment, I am concerned about health. We have put together a huge model for delivering health in our local communities. That is a brilliant piece of work that Team Barrow is doing.

I am concerned that the local health authority and the ICB do not understand what is happening, what will be needed and the numbers that will come into the area. We did some work recently where the ICB decided to close level 3 ICU. They keep assuring us that that is a safe way of doing things and that they can transfer the sickest people from Barrow-in-Furness along a single road to Lancaster if they need level 3 ICU. That alone worries me, because I do not think it is a safe way to do it. That transport link is regularly closed. I think that is a poor decision.



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However, what worries me more is that the senate, which has looked at that decision, has raised concerns that closing level 3 ICU will also impact levels 1 and 2. Losing those would mean that we lost our maternity services, our A&E, which is vital for our nuclear licence, and several other surgical possibilities for Barrow. That would effectively downgrade our hospital to a cottage hospital. None of the surgeons that work in our hospital will work there if we do not have a level 3 ICU. That is their safety net if they want to operate. We are already haemorrhaging staff while we are trying to build them up. The single decision to close level 3 ICU has had the opposite impact to trying to attract people to the area. What are your thoughts on the ability to attract people to work if we lose those services?

**Steve Timms:** As we have discussed, housing, town centres, local health education services and transport links are critical. We are trying to address the challenges of a declining working-age population. It plays against the national endeavour, and that needs to be addressed. As that resourcing grows, which it is doing—we are now back to 15,500 people in the shipyard from a workload of around 2,000 in the early 2000s—if we do not tend to those things, we will not sustain the level of resilience that we need.

Q81 **Michelle Scrogam:** I would go directly to that decision about the ICU level 3. If we lose levels 1 and 2, and do not have the services for those families that you want to live here to have their babies here—if we lose maternity and A&E—what does that do to the national endeavour?

**Steve Timms:** People will not stay, people will not come, and we will not have a thriving area where people are willing to live and work.

Q82 **Fred Thomas:** We have had Team Barrow as a concept for a couple of years. We have now had Team Plymouth announced. It is fantastic news—around £4.4 billion going to Plymouth. However, we just heard the concerns of my colleague, Michelle Scrogam, about the effect that Team Barrow has, or has not, had on the local community.

Harry, from a Babcock point of view, what are some of the things that specifically your company, rather than the Government, can deliver to make sure that it is not just your bottom line that does well but the residents Plymouth will supply to work in the dockyard?

**Harry Holt:** I am glad, Fred, that you ask me about Team Plymouth. We are really excited about it. We are pleased that Plymouth and the south-west have been given the recognition that we think they deserve, in terms of strategic investment in defence. There are some differences between Team Barrow and Team Plymouth.

Barrow has a population of 67,000 and Plymouth a population of 260,000, and Devonport accounts for 14% of the GDP of Plymouth. At Babcock, we feel that we play more of an anchoring role, rather than the more dominant role that BAE Systems inevitably plays in Barrow. As you know, we were involved in the precursor to Team Plymouth: Growth Alliance Plymouth, as it was called. It is very symbiotic. It is about making sure



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that the city and the region are able to support the defence growth ambitions, and about ensuring that that defence growth maximises the prosperity and the economic development of the city and the region. It is absolutely two-way.

As you know, we are partnered with SDA, Navy Command, the city council, City College and all the universities across six big workstreams, or themes, which are what you would expect: skills; education; housing; transport; social value; and business, innovation and marine autonomy. We are playing a leading role in each of those themes.

Earlier in the summer, you will have seen our announcement of our intent to create a global capability centre in the city centre itself. That would move a couple of thousand people in our workforce who are currently behind the wire in the dockyard and do not actually need to be there. Moving them into the city centre will actually bring lots of benefits for the workforce, but certainly also lots of benefits in bringing footfall to the city centre, with all the economic regeneration that comes with it. That is just one example; there are others, but in the interests of time I will conclude by saying that we are really excited about it.

We are keen to have a leading role in conjunction with SDA, Navy Command and the city council. We will continue to do our level best to make sure that the investment in defence actually benefits the local community in Plymouth and the surrounding area.

**Q83 Derek Twigg:** Mr Timms, in response to the first question that Michelle Scroggum asked you, you outlined some of the issues that need to be addressed. I was a little underwhelmed by your answer's lack of enthusiasm for doing that. Maybe I can give you a second chance: do you feel that the improvements and changes that need to take place to achieve the longer-term objectives so that you can deliver on your part will be achieved, or are there concerns about that being achieved?

**Steve Timms:** I am not underwhelmed by it, so apologies if I have given you that impression. I am very excited about what Team Barrow represents. It is an essential ingredient of our future success. To Harry's point, we have, as you are probably aware, bought four derelict retail sites with the objective of satisfying a different relationship with the community. I am happy to run through all the opportunities in the local area—

**Q84 Derek Twigg:** My question is whether you believe that these changes that you have talked about—and that we have discussed in this Committee—can be achieved in the timescales that you need to deliver them.

**Steve Timms:** Yes.

**Q85 Derek Twigg:** Can you tell us why you have that confidence?

**Steve Timms:** I think they can be achieved because we are now seeing evidence of progress. I think Michelle was underlining some aspects that are yet to be fully concluded, so it is right to be cautious and to remain focused on all those elements. There is work to be done, and structural

issues such as housing need to be addressed. There is a basis for a solution to support the national endeavour and the AUKUS partnership, but there is work to be done.

**Chair:** That brings us to the conclusion of our first panel. Gents, thank you very much for your invaluable time and contribution to the Committee's inquiry on AUKUS.

### Examination of witnesses

Witnesses: Samira Braund, Andrew Kinniburgh and Matthew Evans.

**Chair:** I am pleased to welcome our second panel. We have with us Samira Braund, who is the defence director at ADS Group. It is wonderful to see you again, Samira, and thank you for all your assistance to the Committee during recent visits, which you helped to co-ordinate. We also have with us again giving evidence Andrew Kinniburgh, who is the director general at Make UK Defence—thank you for making the time as well. For the very first time with the Defence Committee, we have Matthew Evans, who is the chief operating officer and director of markets at techUK. A very warm welcome to you.

**Q86 Lincoln Jopp:** Thank you for coming to bring your expertise today. As a Committee we were in Washington earlier in the year, and we were given quite a rosy picture by the embassy staff who had a specialist in getting on the ITAR train, but we equally have heard—within our own constituencies, I am sure, and when we were over in the States—that is not necessarily an easy route to get on. What is the industry telling you about the current state of play, and about how easy it is to get into the programme and to play its role?

**Samira Braund:** Thank you, Chair and the Committee, for hosting us today. AUKUS is really important to ADS. It is one of the key programmes—we were really pleased to see it reconfirmed in the strategic defence review and the defence industrial strategy—especially for the opportunities that it provides in the export control review and the reforms that are placed with the amount of SMEs that we have. This is a once-in-a-generation programme, and the ITAR reform is something that has not happened for many, many years. For us, we see it as a huge win—it is a massive win. A huge amount of work has gone in across the AUKUS Advanced Capabilities Industry Forum, the trade associations present today and the Society of Maritime Industries, which has also provided evidence.

So far, in the UK, we have had roughly 250 organisations in the authorised user community. To compare, our Australian colleagues have somewhere around 600, so we are not to the same level. They have looked at how they can transfer their treaty arrangements into the authorised user community, and we have some way to go. That is a role that we all have to play. The work that we did at DSCI on the AUKUS pavilion was a great way of educating SMEs and other companies to join the AUKUS family, with the benefits that it brings.



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The system, however, has had some challenges, so we have had significant processing delays. That is being addressed. We are on the journey together, and it does take time to take the learnings. We know that the ECJU has had some challenges on the expediting of licences, but that backlog has now been resolved, and licence applications are going through a lot quicker.

Q87 **Lincoln Jopp:** Can you put a figure on that? That it used to take x months, but it is now taking y weeks.

**Samira Braund:** Some applications could have taken up to four to six months, which is not acceptable. I think that it is down to roughly around a month, but I would need to go back to check with colleagues to give a fair representation.

Q88 **Lincoln Jopp:** Do you have a sense of how long it takes in Australia?

**Samira Braund:** I do not have that information.

Q89 **Lincoln Jopp:** That might be a question we can ask when we are out there, in order to get a comparison.

**Matthew Evans:** The cultural hesitancy to look at anything to do with ITAR is quite strong. It is fair that we are only a year in, but it is also fair to say that we did not get off to the best start. It was not necessarily a positive news story from the first tranche of companies that started to apply to the AUKUS user community. It is a responsibility of all of us—not only trade associations, but the Government—to think about how we now tell a much more positive story.

It is also worth reflecting on the fact that our view of Australian Government relations in this area is that they much more heavily join up their trade and export functions with defence. The whole-of-Government approach within the UK still has some work to do, so I am not sure how much the DBT has necessarily been out there campaigning to say, “We have this AUKUS user community, which gives a lot of benefits. Please use it,” to its SME portfolio network. There is more that we can do to join up how the whole of Government approaches AUKUS to make sure that we maximise the benefits that the ITAR reform brings.

**Andrew Kinniburgh:** One thing to add from my perspective, and we put this in our written evidence, is that the Australians and the US are very used to working together on the ITAR relaxation rules—they have been working together since a defence trade co-operation treaty in 2012. It is slightly a cultural issue as well: we are just not used to working these things as well as we might do. However, it is very much an improving picture now with the UK, and we are catching up fairly rapidly.

**Lincoln Jopp:** It is nice to see the Union represented so well in the accents on display from our witnesses today.

**Chair:** I would agree with you that, as I pointed out during the first panel; we have fallen behind and have a lot of work to do. No doubt the Committee will be making its views known to the MoD as well, to make



sure that we are actually moving at pace and that our businesses—in particular SMEs—are able to benefit from that.

**Q90 Fred Thomas:** I reiterate the Chair's thanks to the three trade associations for all the support you provide to Committee members in our work.

I have a question about skills, and I am going to ask for short answers from all three of you. Like everyone else, I am very concerned about our ability as a country to provide the skilled workforce that will be required to deliver AUKUS and a number of other programmes over the coming decades, not necessarily years, which is what concerns me.

For example, I am aware that the UK's national nuclear strategic plan for skills has forecast an additional nuclear skills requirement of 40,000 new roles by 2030. Taking Plymouth as a case study, where Team Plymouth is going to be part of AUKUS, there is a projected increase in need of 25,000 workers in the sector by 2035. That is in 10 years' time—25,000 in a city of currently around 270,000.

Where are these skilled workers going to come from? The Government are taking some steps, but I would like to hear from you specifically, representing the companies that are part of your associations. What are your concerns? Are you optimistic? Are you as worried as I am? If we could start with techUK and Matthew, please.

**Matthew Evans:** Thank you very much for that question. It is fair to say that techUK members are generally—and certainly our own direct involvement is—much more focused on the pillar 2 ecosystem.

To build on that, to some extent the pillar 2 possibility is actually wider, in our view, than pillar 1. It is about a shared industrial base and innovation ecosystem that is broader, deeper and more resilient across all three nations. That means we really need to think, in pillar 2, about where the free flow of skills between the three countries can happen.

In the first session, the potential for an AUKUS visa was voiced, and we very much support that, but it is actually quite hard for us at the moment to say to you what the skills shortage might be in pillar 2, because while you have in pillar 1 a timeline out to 2053, pillar 2's timeline barely extends beyond this quarter. We do not have the demand signals or the route map for what pillar 2 capabilities are, to be able to say, "This is where we are shortest."

**Q91 Fred Thomas:** I understand, so it is slightly less applicable to pillar 2.

**Matthew Evans:** It will be a challenge, I think.

**Andrew Kinniburgh:** Yes, it is a huge challenge. If I take my Make UK Defence hat off and put on my Make UK hat, looking across manufacturing, we have a huge challenge. We have seen almost a collapse in STEM education in the UK, particularly from a vocational perspective.

The number of colleges offering STEM training has now fallen to, I think, an all-time low, so that needs to be built back up.

We are really encouraged by things such as the defence technical excellence colleges, but we need to get pace into this and really get them moving quickly. We have also launched something called the defence welding employment programme, which is trying to get people in the criminal justice system, or those at risk of offending, into things like welding in the shipyards. Let us start running programmes in Glasgow, Plymouth, Barrow and all around, and start getting some of these young people who are at risk of offending into these big programmes and start backfilling.

There are still thousands of welders from the Philippines, Bulgaria, Romania, Poland; all around the UK, the shipyards are full of these people. I am not in any way anti those people being part of our defence infrastructure, but we have a huge problem. A lot of it stems from STEM and the lack of STEM education, particularly on the vocational side of things.

**Samira Braund:** You have highlighted the challenges in nuclear, and specifically in Plymouth. From ADS modelling, if GDP goes up, we have an additional 50,000 jobs just from the increase in defence spending. It is a national challenge across many sectors, and EngineeringUK have said that.

Some of the work we have done on behalf of and with our members has been the launch of Destination Defence—effectively a whole-of-society comms campaign, which MoD fully supported. Alongside that, there is the UCAS campaign, which again is a comms campaign to attract younger generations into the defence sector. If we plug that into the defence technical excellence colleges that Andrew mentioned and the regional growth deals—if you take Plymouth—these are the sorts of things where we are trying to provide that compound effect, having outreach and comms campaigns with the defence technical excellence colleges.

AUKUS has a great opportunity to look at AUKUS apprenticeships or AUKUS technology degrees, because it is much more exciting to work in AUKUS or a national programme than it is potentially in a single organisation. Therefore, providing secondments across the AUKUS partnership would be a great opportunity for the upcoming generations.

**Chair:** Thank you very much. We have a couple of quick supplementary questions on this issue from Calvin Bailey and Lincoln Jopp.

Q92 **Mr Bailey:** In my constituency of Leyton and Wanstead, we have some 2,800 NEETS below the age of 25, who are all replete with science and technology skills—all the skills that are required for STEM. Yesterday, we saw an announcement for V-levels, and I would be interested to hear how you are going to engage with that. But, also, we cannot just hope that people are going to appear in parts of the country that they are not in at the moment. How are you going to extend and expand opportunity into other parts of the country, like London?



**Andrew Kinniburgh:** There is an interesting bit of work going on at the moment. I am not sure if it is public domain yet, but one of the primes is putting a new design and engineering base into Bristol, specifically for that reason—to attract more talent into that area. I know that Bristol is a big hotspot for defence already, with many universities pumping out some really good graduates. That is an interesting one, where you are moving your base to where the talent is. I think we need to work harder on that. You have things like the London Tech Bridge, which is an MoD initiative sitting in Westminster, working with the Royal Navy and the US Navy specifically to draw in talent from the various universities in London.

We need to be less wedded to the big, old industrial sites. We do not have to have all the design and engineering on site there. Particularly, if we can get heavily protected cyber-communities around the country, we can potentially set them up anywhere. We need, as you quite rightly say, to follow the talent to some extent, and become more flexible in the way that we design and develop and bring virtual teams together as we are designing a submarine, a new aircraft or whatever it might be.

Q93 **Mr Bailey:** We need to be prepared to migrate people within our own Union, and perhaps around AUKUS. Matthew, do you have a view on V-levels?

**Matthew Evans:** We have been a really strong advocate for technical courses and apprenticeships, particularly the T-levels, which unfortunately have gone through quite a lot of change of late. We will need to see what the V-level looks like as it beds in. East London has long been a hotbed of technology start-ups. It is a very vibrant community there. Defence has had a bad reputation—Samira talked about this—in terms of being seen as something that does not move very quickly. It has not always been seen as having the best customer relationship.

A lot of that is changing, but there is more we can do to attract those people who have the digital and technical skills that we need to come into the defence supply chain, wherever that may be. It is not just about the hardware; it is about being a platform-agnostic and data-driven organisation.

Q94 **Lincoln Jopp:** Andrew slightly touched on part of the answer to this question. Forgive me, I do not know whether you were in the first session, when we had BAE, Rolls-Royce and Babcock. I do not want you to bite the hand that feeds you, but are our 18 primes doing enough, or investing enough, in the skills they need in order to deliver what the whole industry needs down at SME level?

**Samira Braund:** From an ADS perspective, I have had the opportunity to visit some of the skills academies of the earlier panellists. It is amazing; it truly is, "Wow." Actually, it is sector-leading, not just defence-leading. I believe that they are doing a lot, quite significantly. I do not think MoD and other colleagues realise the amount of investment that they put into those communities.



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The benefit of the strengthened skills package within the defence industrial strategy will certainly complement and boost. That is why initiatives like Destination Defence, the UCAS initiative and the defence technical excellence colleges are about a whole-of-society approach to delivery; it is not just the primes. The educational departments have a significant role to play as well, and we know that defence has not necessarily been treated the way that we would like within the university community. It is great that we have had senior political colleagues actually stamp those sorts of behaviours out.

**Matthew Evans:** You have to take a whole-of-industry approach to this. I think the primes do an incredible amount of work, but we sometimes set up, in my view, a slightly false dichotomy between primes and SMEs. A lot of techUK's members are in the mid-tier category somewhere in between, and they will do a lot in their local area and with their own supply chain. We have to look at this in a wholehearted way. Primes have a bigger responsibility because they are bigger, but we have to think about this in a more holistic way, and I sometimes get frustrated with the prime/SME dichotomy at times. That sometimes leads to false incentives on both of those.

Q95 **Lincoln Jopp:** I met an SME at DSEI that asked me, "Does the British Government know it is being legged over by the primes by simply adding margin and no value on to the invoices I send them?" So there are other perspectives.

**Matthew Evans:** There are, but I work with companies where the SME will sometimes be the prime contractor, and one of the traditional primes is the sub-contract on that. We have to think about how we get the best from the ecosystem as a whole. The Government needs to be an intelligent customer to do that, and to be able to stamp out bad practice where there is bad practice, but you have to encourage vibrancy between them.

**Andrew Kinniburgh:** I think there is also a challenge in the simple rules of supply and demand, and the laws of the jungle sometimes win out. We see some behaviours where primes take the best welder out of a little SME in the north-east of England, whipping them away somewhere else and paying them £10, £15 or £20 an hour more. It is a reducing problem in terms of our perspective from our members. We are hearing fewer stories of that, which is good, and I think it is partly down to the SMEs becoming a bit more nimble and offering a better package and a more flexible way of working—that is a good thing, and they need to do that.

We are really interested in the idea of the primes over-recruiting graduates and STEM apprentices at the very start of their careers. That over-recruitment and, almost, vetting is done by the primes, which then present those candidates to SMEs to use as a potential pool for them to recruit from—I think that is really encouraging. There is a lot of talk about it at the moment, but I have not seen many formal schemes, so we would love to see the primes really stepping up on that one.



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The second one is the over-training of apprentices, and I do not mean that in a negative way; I mean that in a positive way, where the primes are pushing out more apprentices than they actually need, and then that amazing talent pool grows again. The SMEs and the mid-tiers—which we always forget in the defence market but which are incredibly important and can be very large businesses—have the opportunity to then take on those people, who have had the amazing training that Samira talked about from the BAEs, the Babcocks and the Rolls-Royces. I think we need more action, but there are definitely positive signs.

**Chair:** Thank you. Let us move on to pillar 2, with Derek Twigg.

Q96 **Derek Twigg:** Let us remind ourselves what pillar 2 could include. As you know, there was a statement made in September 2021 about deeper co-operation and interoperability. It could include undersea capabilities, more in terms of artificial intelligence, cyber-capabilities and—I don't want to give a full list—hypersonic and counter-hypersonic capabilities.

I would argue that the potential in pillar 2 is much greater than in pillar 1. I am not a big fan of this phrase, but there is no route map; basically, there is no plan, to be quite frank. If we have no route map and no plan at the present time, does that not give an advantage to the Chinese in these areas?

**Matthew Evans:** I think that we have not fulfilled the ambition of pillar 2 yet—that is the simple answer.

Q97 **Derek Twigg:** But my question is, does that not give an advantage to the Chinese, who do have a route map and a plan?

**Matthew Evans:** Yes. The simple answer to that is yes.

**Andrew Kinniburgh:** I agree. What we have asked the MoD to do is to get the yellow highlighter out, go down the current programmes and highlight which are in scope on AUKUS. We are very keen to see that. We are also desperate to see the defence investment plan and what we are going to put money into, what our key priorities are and, probably most importantly, what our sovereign capabilities in the UK are—what we are going to invest in.

**Matthew Evans:** To build on that and your question, we are talking about eight or nine things that we are looking at in pillar 2. That is a variety of technology areas, such as AI and autonomy; capabilities, such as undersea warfare; and information sharing, which is more of an ambition. We do not have a focal point in pillar 2. You heard in the first session that SSN-AUKUS provides that absolute focal point for the entire programme.

We do not have that headline at the moment, and I think that has hindered progress. We have essentially delivered a number of testbeds, which are necessary and needed—Maritime Big Play and others—but we have only delivered two innovation challenges. That is not at the pace that we could be moving at. There is a point where pillar 2's timeline—the capability being delivered—is in the latter part of this decade and early in the next. There is no need for pillar 2 to move at the same pace; we could

move quicker and deliver more capability to our armed forces in the Indo-Pacific in that timeframe. But at the moment we are not moving quickly enough.

**Samira Braund:** We were really fortunate to sit with Sir Stephen Lovegrove while he was collating his evidence for the report that went to the Prime Minister. One of the things that we collectively agreed was that we needed to have a dedicated, ringfenced pool of funding for AUKUS pillar 2. That is because there has been lots of activity with current programmes that have become AUKUS programmes, but there has not been dedicated funding for pillar 2. That is what we are hoping to see in the defence investment plan, and it is a recommendation that all the trade associations have put into that plan.

You are 100% right that pillar 2 is meant to be the S&T, innovating and delivering at pace. SDR recommendation 24 says, “the UK should double down on both pillars of the AUKUS agreement, using pillar 2 to test and develop a template for future technology” road maps. That is not happening at the moment, but there is great opportunity to move that at pace. Obviously, the immediate focus has been around how we ensure we have the enabling environments and the foundations in place to ensure that this multigenerational programme is a success.

Q98 **Derek Twigg:** Would you agree with your two colleagues that it is again to the advantage of the Chinese if there is slow progress on this?

**Samira Braund:** It gives advantage to all our adversaries.

Q99 **Derek Twigg:** A final point: is the Government doing enough to attract private capital into pillar 2? That builds on the point you were just making.

**Samira Braund:** Currently on pillar 2, I would suggest not. If we had the priorities laid out in the defence investment plan, where it is funded for the five years, you can see how industry can also invest further into technologies and capabilities, because we have a demand signal. We also have the view from the investor community that will understand where that technology is growing. More importantly, once it is developed, how do we re-export it? That it is another element and a big part of their return on investment.

Q100 **Derek Twigg:** So the answer is no.

**Matthew Evans:** Going back to that point, the demand signal is too broad. You are looking at eight different areas. Where would you invest?

Q101 **Derek Twigg:** It should be more focused?

**Matthew Evans:** Yes.

**Chair:** Thank you. Let’s move on to governance and accountability with Ian Roome.

Q102 **Ian Roome:** We have heard about the Prime Minister appointing Sir Stephen Lovegrove, who directly reports to the Prime Minister or the Secretary of State in his absence. We have heard from techUK members,



who have said it is not clear to members who owns responsibility for the delivery of AUKUS pillar 2.

ADS has also called for accountability in governance mechanisms, for pillar 2 in particular, to be strengthened, stating, “the UK needs to bring policy, capability and technology requirements, and industry engagement together.” You have also possibly called for a central AUKUS pillar 2 co-ordination team.

Given all that information and the huge opportunities that pillar 2 will have, particularly for the defence industry, what should be done to strengthen UK governance and accountability mechanisms for AUKUS?

**Samira Braund:** We have been speaking with our members. At the moment, you have Sir Stephen Lovegrove within the Cabinet Office and then the governance across AUKUS pillar 2 in the MoD. We have heard many times today the language of ecosystems. There is also the whole-of-Government approach. Matthew mentioned that earlier with DBT on licensing. It is creating an AUKUS central team with all the Government Departments within that will stand political change and cycles. That includes FCDO, DBT, the UKSA, Cabinet Office and so on.

The challenge we have is that we need to see the activity that is going on in pillar 1 and pillar 2, because we are also discussing and looking at deliverables to some of the same challenges around skills and security clearances. We do not want to be duplicative; we want to elevate each other's work and help co-create and co-deliver.

Another area the Committee should potentially consider, as well as having that central co-ordinating function, is to have a contracting authority like OCCAR, which we have for NATO. We have three different systems, so how do we bring them into one? Obviously, that question was raised in the previous session.

**Matthew Evans:** I would just add that we are obviously in the midst of defence reform at the moment. We do see a possibility that UK defence innovation is able to get its arms round pillar 2 as a single owner. We would like to see dedicated funding. It has a ringfenced £400 million pot.

We would also like to see—this is talked to in the defence industrial strategy—a lot more collaboration with the Department for Science, Innovation and Technology. They hold the policy areas of AI, autonomy, cyber and quantum—all those sit in DSIT—but they also hold the purse strings for UK Research and Innovation, which has a far larger budget than £400 million, and funds a lot of deep research in this area. We do not see that much joined-up work between DSIT and MoD at the moment, and we have a big opportunity to do that and to really bring that larger budget pool to bear and maximise the potential that we see in this area.

From a governance point of view, that is something that should be improved on. I think the Government understand that they need to do that, but we now need to see that in action.

Q103 **Ian Roome:** I would like to make a point about that, because the



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relationship between MoD and DSIT, and how they work together in future, has come up at other Committees. Particularly for your industry and your members, it is an issue. Andrew, do you have anything to add?

**Andrew Kinniburgh:** I think security clearances are a significant issue; our members are certainly finding them extremely difficult now. I do not know whether the Committee is looking at this as a separate issue, but the MoD has now removed the ability for companies to clear third-party organisations, so you need the MoD to sponsor you to get your security clearances. That is a massive bottleneck, and a lot of the AUKUS conversations are at classified level. That is quite a hurdle for an SME that does not already have security-cleared people. That is a concern for us.

Internationally, yes, the three countries are co-ordinating well, but they are all moving at different speeds, so we could almost do with a tri-national governance structure to try to bring them all together so that they are moving at the same pace and sharing the same information with their industry partners, trade associations and others. It would be very useful if, when the 12 trade associations get together as the AUKUS Advanced Capabilities Industry Forum, we are in effect all on the same page, from a national perspective, in our discussions across the three nations.

Q104 **Ian Roome:** Are you picking up any differences between the three Governments in the timeframe it takes to get those clearances?

**Andrew Kinniburgh:** We are all slightly hesitant to comment on other Governments. It would be fair to say that they are definitely moving at different paces, and some know more than others. That would probably be a diplomatic way of putting it.

**Matthew Evans:** To add to that quickly, we would like to see a bit more work around equivalence of security clearance between the three countries. It goes back to the skills and personnel flow across the three. That is something that we are certainly working on in the enabling environment.

**Chair:** That is definitely a good point on equivalence. Fred Thomas has a quick supplementary.

Q105 **Fred Thomas:** Matthew, from a techUK point of view, you mentioned that DSIT and the MoD could be working a lot more closely. Quickly, can you give us three things that they could be doing together that they are not currently?

**Matthew Evans:** One is high-level engagement with industry as a two. I rarely see them on the same panel or stage together, so they could do a bit more to show us that they are working together. The second is actually being able to join up UKDI with UKRI and demonstrate the viable work in relation to that, maybe by joint funding some programmes—that would be really tangible. The third is to come to industry as one on some of these issues and challenges. We do not see that. There are a lot of references to

DSIT in the industry strategy, but we do not see that in practice at the moment.

**Samira Braund:** Can I come in quickly on DSIT? DSIT sat on all the defence investment plan and industry engagement sessions, and that was a bit of an eye-opener regarding a lot of the dual-use technology. The momentum is building. It might not necessarily be there now, but steps are being taken.

**Chair:** Thank you. Let's move on to industry engagement.

Q106 **Michelle Scrogam:** Confusingly, I am going to talk about the workforce, because what you said earlier about over-recruiting and over-training is something that I felt was unique to Barrow and Furness, with that massive uplift in numbers in the shipyard putting pressure on all the other businesses in the area.

For anybody with skillsets in STEM and engineering, losing staff to that industry is a big issue, but I feel a lot of the smaller businesses in my patch would welcome that we are over-training, and the opposite would be able to happen. I am very concerned that some have stopped taking on apprentices because it is not in their interests financially to do that, to train them for another industry, but if we are investing the MoD and defence pound in Barrow and Furness, that would support the local community. Is that something that is national rather than just local to us?

**Andrew Kinniburgh:** It is certainly happening in Scotland. It was probably the Scotland model with Babcock and BAE that kicked off the whole idea of this over-recruitment and kind of spreading the love beyond the walls of those two big primes. Yes, it is spreading out, but it should be a national endeavour to make sure that we underpin all those hotspots for defence that the primes are involved in. They are under the Single Source Regulations Office banner, where it is a monopoly supply position so that they are almost obliged to oversupply talent into those regions, if that is feasible—and I do not get into too much hot water for saying that.

**Samira Braund:** There was an initiative—I will take the heat off you. There was an initiative under the former Defence Suppliers Forum people and skills group around apprenticeship clearing houses—taking the excess of talented individuals and then being able to slow that down. So those mechanisms are in place, but I do not know how many have gone out into the communities.

Q107 **Michelle Scrogam:** Moving on to industry engagement, how effective is the Advanced Capabilities Industry Forum, and how do you think Government and industry engagement on AUKUS, both within the UK and across the trilateral, could be improved?

**Matthew Evans:** The first thing to say is that, certainly in my experience—I assume I am speaking for everyone on the panel; they will tell me if I am not—our engagement with the Ministry of Defence is exceptional. I cannot praise the team in the MoD enough in terms of their openness to us. I think it is fair to say that other trade associations in

other countries may look slightly jealously at our relationship with the MoD.

In terms of the ACIF, I think that, a bit like pillar 2, we have not yet reached our full ambition. We did a lot of work around the ITAR reform. That has been, as we have talked about, monumental, but we are still working our way through the exact experience of those sets of exemptions. Ultimately, we have not had the chance to communicate that much opportunity to industry because there has not been that much opportunity. On the way of working and the communication with the MoD and a quite powerful group in industry collectively, it has been beneficial for us all to be able to engage better with our US and Australian counterparts, but we all still feel that there is more that we as a forum could do, but ultimately that pillar 2 could be delivering as well.

**Andrew Kinniburgh:** I think it comes back to demand signals. There is one customer in this—we know that—in each of the countries. The problem for us, as we are all not-for-profit organisations—we take a small subscription from our members and that pays for our teams—is that going to Washington and Canberra and other places to meet the other trade associations is really expensive. That is why, to reiterate the point, getting the three Governments running at the same speed and providing the same depth of information to all the trade associations would really strengthen that work as we work together.

The other thing that we suggested in Make UK Defence is that we use the technology that we use for our meet the buyer programme, which is like speed dating for SMEs to meet the bigger businesses. We suggested using that, and my colleagues from the other trade associations have come together to use that cloud-based system to run and meet the partner programme across pillar 2, and that is tri-nationally: UK, US and Australia. We have described it as “Take your sales hat off and put your collaboration hat on.”

We need, then, the clear demand signals from the MoD and the other countries to say, “Look, this is a top priority.” Let’s say it is hypersonics: “Okay, well, we will run a virtual event for you. Come with your collaboration hats on, and let’s bring together companies across the three nations just to have an initial conversation, to see where the strengths and weaknesses are for each of the companies and then work out a plan as the demand becomes clearer.” I agree with Matt that the UK is perhaps at an advantage—without sounding too smug—but we need all the countries moving at the same pace, and we can help to deliver lots of stuff quickly.

**Q108 Michelle Scrogam:** Do you think the potential for SMEs to contribute to developing pillar 2 capabilities has been fully recognised?

**Andrew Kinniburgh:** Not yet, no. I think this would be a classic opportunity to do some SME-only procurement. Wouldn’t that be wonderful?

**Michelle Scrogam:** What do you think they could do better?

**Samira Braund:** I was just going to come back on your previous question. On the power of using trade associations—and actually using trade associations across all three nations—the surface has not really been scratched. We did that on the ITAR reform; we actually had a UK position from industry on ITAR reform, and we did that as the four trade associations. We will take that as a win—because we see it as a win.

One of the other areas has actually been Maritime Big Play. It is a demonstrational exercise programme, but, as soon as the trade associations were engaged as part of the ACIF, the numbers and the participation in those events substantially increased. That is similar to the innovation challenge.

For the first innovation challenge, they did not use the ACIF to even help shape or launch the announcement; it was launched on a day that could have been any other day. There was no buzz around it. That was our feedback. Therefore, the second launch was fully co-ordinated with the trade associations, to give that power out towards the members.

Q109 **Michelle Scrogam:** If they have not fully recognised and harnessed the SMEs in what we have developed in pillar 2, what should they be doing? What would you like to see more of?

**Andrew Kinniburgh:** We would like to meet Sir Stephen Lovegrove. That would be a good start, with our 750 members. We have not heard a peep out of him, and we have not met him. There is another great opportunity with the office for small business growth—previously the SME hub—which was launched at No. 10 about six months ago. You could plug AUKUS pillar 2 into that office, and that would provide some real substance to the conversations. But we would love to engage more with Sir Stephen—well, at all, in fact—and with other seniors in the MoD, to push the SME agenda further.

**Matthew Evans:** I think there is a point here: this is not necessarily about SMEs, mid-tiers or primes; there is, at the moment, just very little opportunity and procurement activity in pillar 2.

We do have a good news story from the second innovation challenge, which Samira talked about, because two of the winners of that—a UK SME and an Australian SME—have actually come together as a merged entity. That goes to that more resilient, broader, shared industrial and innovation ecosystem base.

However, we have just had so few opportunities to engage anyone—SME, mid-tier, or prime—and I think that is the fundamental problem with pillar 2. We do not have the demand signals to engage those, and we do not have much of a road map to tee people up for what those signals could be.

We would therefore very much like to see some marquee projects that have timelines with procurement at the end of them. You could do that through a series of innovation challenges, with a procurement at the end, or in a different way, but we just do not have that visibility at the

moment. That is the big problem. And yes, that would be a fantastic opportunity for British companies, large and small.

**Q110 Chair:** Thank you. I think we have all heard the message, loud and clear, about the lack of clarity and engagement on pillar 2, and the absence of marquee projects. Mr Kinniburgh, we noted in your written evidence that you feel, on behalf of Make UK Defence, that there should be “hard, deliverable targets for the MoD” with respect to spending with SMEs. I also agree with that. Something that did come through on our visit to the US was the spending of the DoD with SMEs. What percentage or target do you think that our Ministry of Defence should be setting?

**Andrew Kinniburgh:** It is a very good question. The MoD has set out in the defence industrial strategy, as you will know, an ambition to increase by 50%—that’s moving from about 4% to 6%, broadly speaking—the SME spend directly from the MoD.

**Q111 Chair:** Is that enough?

**Andrew Kinniburgh:** Probably not, but with the way the defence industry is structured in the UK at the moment, it is very difficult to go beyond that level and spend more than 50% of our defence budget with Single Source Regulations Office contractors. It’s tricky, but what we would like to see—actually, we have changed our position on this.

We originally called for individual primes to publish their SME spend as a percentage of their turnover. In discussion with colleagues and with the primes, we have moved back from that position now, and what we would much rather see is that we agree a hard target for SME spend by programme. Then whoever is bidding in is legally obliged to deliver that SME spend. So I think it should be by programme rather than by individual company. Again, AUKUS would be a perfect opportunity to test that and set an expectation.

**Q112 Chair:** So you do not agree with the US model on spending a certain percentage with SMEs. You think it needs to be more programme led and you feel that the current structures do not enable that.

**Andrew Kinniburgh:** I have studied the American model in some detail with a chap called Farooq Mitha, who was the outgoing DoD director of the SME office for business growth, as I think it’s called, and there are a lot of federal legal underpinnings to the US DoD SME spend programme. There are a lot of obligations on the big companies to spend with SMEs, and we simply do not have those underpinnings in the UK, so I think that without primary legislation, it is unlikely that we could be as ambitious as the DoD.

If you look at Farooq’s team, he had 750 civil servants who sat beside procurement officers and commercial officers across the DoD. For every procurement, there was a representative from the small business administration office sitting beside them and saying, “Could this go to an SME?” So unless the MoD and the Government are prepared to legislate and invest quite heavily, it is probably unlikely we could get to the 20% to 25% of total spend that the DoD reaches.



**Chair:** Very interesting. Obviously, it would be more work for legislators to make those changes if required. We will conclude with Team Barrow and Alex Baker.

Q113 **Alex Baker:** It is obviously great to see Barrow's legacy beyond itself being delivered by this Government. I am going to take it as a given that you are positive about this sort of place-based approach. We have five growth deals. We then have five defence technical excellence colleges. How entwined are those two things? Can you deliver a growth deal without a college that is excellent in defence?

**Samira Braund:** We welcomed the £250 million on defence growth deals and we are helping our members and the devolved Administrations in supporting how they can be delivered, through member engagement. I do think they go hand in hand. It is really important. I personally saw it when I went up to Oxley Group, in relation to our charity cycle, to see the whole community come together—this was with Michelle—and some of the charities there and the educational partnerships. If that is not in place, you have not got the golden thread coming through, and you need that golden thread, so from my perspective, they are absolutely underpinning—

**Alex Baker:** My thinking is: how you do then reach the places beyond these five places? Obviously, the Government have been really clear that defence is an engine for growth and has to reach every corner of the country. How do we get the right skills into our young people and veterans—the people looking for these jobs right across the country?

**Matthew Evans:** You can look outside defence a little bit. Take the work that GCHQ has done, not just around Cheltenham but in Manchester with the cyberglenn initiative. It has gone to an area with some very good adjacent skill sets and strong cyber-security underpinnings in the companies and skills there, but also with existing universities and colleges. Those have been brought together and delivered more than the sum of their parts.

We can sometimes focus on where an airbase, port or factory is, but we can do this in slightly different ways as well. When it comes to pillar 2, it is worth thinking about those different technology areas and where the UK is really strong. We are often very strong in those areas. We are a tech-enabled, knowledge-based economy—more so, arguably, than Australia and the US. We should be trying to maximise the economic benefit from pillar 2 as well as the capabilities that it can have. There are other examples that we can look at in some of the existing technology-focused areas for pillar 2.

**Andrew Kinniburgh:** May I add to that? I think we are missing a trick in defence. We have the regional defence and security clusters, which were identified in the defence industrial strategy and given some—admittedly modest—funding. In our DIS submission, we argued that maybe they should be even better funded and become almost defence industrial joint council regional councils.



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Going back to Team Barrow, that is a classic example of where local government, academia, STEM and training colleges are all coming together with industry and national and local politicians. The trouble with the regional defence security clusters is that they are all a bit different and a bit laissez-faire. If we could give them a core job of reaching out to local government and the national MPs, of looking at skills specifically and of reaching out to the local technical colleges—give them a proper job to do, if you like—that could really strengthen them.

Down in Portsmouth or in your patch, Ms Baker, in Farnborough or Aldershot, the clusters could really provide that cohesion and be all brought together. They would probably not be as richly endowed as Team Barrow; I know you would like to see more. But there could really be the nucleus of developing 12 or 13 of these clusters.

I go back to STEM-college issue: we have to address that nationally and to get more colleges doing STEM training. That would probably come with more money, unfortunately.

**Q114 Alex Baker:** The CGS has talked a lot about a “one defence” approach and how you create these ecosystems. I am really interested in what you think of the sort of place-based approach we are taking with the growth deals. How can our armed forces interact with that sort of place-based approach to get the right outcomes for them and deliver on the CGS’s vision?

**Andrew Kinniburgh:** As trade associations, we all strive to make sure that our members are meeting the military on a regular basis, through charitable endeavours or through dinners and visits to military bases—that kind of thing. That is hugely important, and perhaps we could open the doors a little with regard to that.

Make UK has an initiative called the National Manufacturing Day, where we encourage members to open their factory doors and bring people in—the local community, schoolchildren, local young people, parents and careers advisers. We need to bring it all together.

The challenge is that the MoD continually says to us, “We just need one voice from the defence industry.” The trouble is that when you have a very small SME with 10 people and BAE Systems, that is not one voice. That is a challenge. We have some very heated debates, but we work extremely well together as well. But I think the MoD’s obsession with having a single voice is sometimes not helpful. We need a range of voices, and I have said what I feel about that “one defence” approach. If we can bring in the military, the regional defence security clusters and the local colleges and really open things up to the local community, we can really move forward.

**Chair:** Thank you very much. That brings our hearing to a conclusion. Thank you so much, Ms Braund, Mr Kinniburgh and Mr Evans for your invaluable contributions.