

Scottish Affairs Committee

[Oral evidence: Securing Scotland's Future: Defence Skills and Jobs, HC 161](#)

Wednesday 24 June 2026

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Watch the meeting

Members present: Patricia Ferguson (Chair); Maureen Burke; Dave Doogan; Lillian Jones; Douglas McAllister; Mr Angus MacDonald; Susan Murray; Kirsteen Sullivan.

Questions 161 - 208

Witnesses

I: Luke Pollard MP, Minister of State, Minister for Defence Readiness and Industry, Ministry of Defence; Brigadier Andy Muddiman ADC RM, Naval Regional Commander Scotland & Northern Ireland, Ministry of Defence; and Calum Taylor, Deputy Director, Industry Skills and Place, Ministry of Defence.

Examination of witnesses

Witnesses: Luke Pollard MP, Brigadier Andy Muddiman ADC RM and Calum Taylor.

Q161 **Chair:** Good morning, and welcome to this morning's meeting, which is in support of our inquiry into securing Scotland's future, defence skills and jobs. Welcome to the Minister Luke Pollard, Brigadier Muddiman and Mr Taylor. We will get straight on to the questions, if that is okay with all of you.

We took evidence from Lord Robertson a couple of weeks ago and he was very clear when he spoke to us that a threat to the UK is no longer a theoretical threat. In light of that and the commentary that we have heard in recent weeks, what reassurance can you give that the level of spending set out in the defence investment plan will be sufficient?

Luke Pollard: Thank you, Chair. It is good to see you all today and the interest that you are taking in defence in Scotland. The threat that we are facing is real and it is growing. The strategic defence review that Lord Robertson helped co-author with the other SDR leads sets that out very clearly. We responded to that by adopting all 62 recommendations. His strategic assessment and the one that the Department has are aligned in that respect.

The defence investment plan is what we will spend over the next 10 years on the capabilities to implement the strategic defence review. Broadly, if you have read the strategic defence review, the defence investment plan will be familiar with the trends that we are following: retiring old equipment, bringing on new equipment, a focus on autonomy and learning the lessons from Ukraine, so more drones, more industrial capability to deliver drones as an example, and more investment in innovation and high-end operations. For the first time the DIP looks at not just equipment but also people and estates and enablers. It is broadly the whole defence budget rather than just a subsection of it.

The two debates that are taking place at the moment are, first, on the DIP document itself—what capabilities—and I think more time spent on that side of the debate is good. Whatever the level of defence spending we have, the DIP is designed to be a scalable strategy, informed by the military logic, the military strategies, our commitments to NATO but also the projected increase in defence spending.

The second part of that debate is how much should we spend on defence. As a Minister for Defence who stayed to help complete the DIP when two of my colleagues resigned, I am very clear. Would I like more defence spending? Yes, I would. Are we increasing defence spending over the next decade moving up to 3.5% of GDP on core defence by 2035? Yes, we are. Can we bring that forward? How much could we have? That is a debate that I welcome but I think it is important that it is not just an abstract amount of money or an abstract percentage that we focus the



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debate on, although that is helpful and a key part of delivering our commitments to NATO—the 3% that we have committed to in the next Parliament, 3.5% by 2035, and increasing to 2.5% on defence in April next year, a figure not met in any of the last 40 years. I want to make sure that the debate is equally about what we are spending that money on, what capabilities, what investment.

If we are looking at the legacy that we inherited of underinvestment and hollowing out of our forces—and that is especially true if you look at some areas in Scotland that have not had some of the infrastructure upgrades that have been required, Faslane being a really good example—we will have to spend large amounts of capital upgrading, using the Faslane example again, the submarine infrastructure on the Clyde, to make sure that we can meet the threats that we are facing. We are dealing with a backlog of underinvestment, especially in some of the capital projects, and that will be laid out in the DIP.

If we get more money, can we scale the plan? Yes, that is what is designed to be delivered and we will scale the capability broadly in there. If we had more money we would be able to transform faster, invest more in our people and recover the workforce faster. We are on a workforce recovery, having dealt with the majority of the retention and recruitment crises that we inherited from the previous Administration, but there are no additional major capabilities that we would be seeking to buy if we had additional money. We would scale the plan to deliver it faster. When the DIP is published, hopefully very shortly, the whole Committee and the House will be able to see that.

Q162 Chair: Thank you for that, Minister. I will come on to the financial side of it in a second, but something you said sparked a thought. This Committee had an inquiry into space last year. One of the points that was made very forcibly to us, and I think one that most of the Committee agreed with, was that having sovereignty in our space sector so that we are not beholden to any other country for the launch of satellites for example, will be important. One of our recommendations was that we would have a Minister for space, which has been rejected, and I understand that. Do you think that area has been given enough consideration in your plans going forward?

Luke Pollard: I am a proper space nerd, so I could fill your entire two-hour session just talking about this. I agree broadly that we need to update our space strategies. The space strategy that the last Government published was a good strategy for the time, but then the sector accelerated past it quite quickly. DSIT, which is the lead for civilian space, and the MOD, the lead for military space, are working very closely together on a refresh of the broad strategic approach. That has been helped by bringing in the Chief Secretary to the Prime Minister as effectively the lead space Minister to co-ordinate. DSIT and we agree on nearly everything in the broad approach.



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On the subtleties of sovereign launch as an example, there are a number of options in Scotland, Shetland in particular, for sovereign launch capabilities. The MOD does not require a UK-based sovereign launch capability, partly due to the orbits in which we would want our satellites in place and the orbits available from the UK. For the MOD, the importance is on assured launch: can we guarantee that our satellites and our space capabilities could be launched from a safe, secure allied nation? That is our key priority. However, we are very much aligned to the fact that DSIT wants to see more UK sovereign launch capabilities, further building out that sector. There are some NATO allies that might be interested in some of the satellite spots that could be secured by a UK launch facility and we are in discussions with a number of them at the moment to join that together.

I cannot see any military operation that we will undertake from now forwards that does not have space as a key component part of it. One of the trends that you saw in the strategic defence review is not only we can have ending of expeditionary warfare leading to warfighting readiness against an adversary but it is also the reinforcement of all domain warfare, whether it is a naval operation or a land-based operation. Unless you have space, cyber, digital, the entire integrated approach through the digital targeting web and all the different factors and centres coming together, you will not have the full picture or be able to communicate.

The more focus on how we secure our military space policies and the slots, the protection of our assets in orbit—that is a debate that I welcome. Some of that is held at a higher classification for obvious reasons, but broadly we have a really effective space sector across the United Kingdom, including in Scotland where we have, in particular, a very good sector building component parts for the small satellites that the UK is good at making. I think there is a growth area on that but whether he is the official Minister for space, Darren Jones is our lead co-ordination between DSIT and MOD at the moment.

Chair: I recommend the Committee's report to the Minister. Mr McAllister, do you have a supplementary?

Q163 Douglas McAllister: Thank you, Chair. Minister, you mentioned Faslane in your first answer; can I bring you back to that? Faslane is on the edge of my constituency and, directly and indirectly, employs about 10,000 people, many of them from my constituency. You mentioned years of underinvestment. What can we expect from the defence investment plan for spend when we are setting out spend for the next decade or decades to come?

Luke Pollard: We are undertaking a number of multi-decade projects as a Department, GCAP being a good example, AUKUS being another. They are platform based but when it comes to the infrastructure, if you look at the Defence nuclear enterprise more broadly and the activities within the nuclear ringfence, which would include some of the submarine activity that the Royal Navy undertakes, we have not seen the investment for



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quite some time. In fact, deliberate decisions were made by the previous Administration to move some of that investment to the right to manage some of the austerity policies they had at the time. That has left a real backlog at Faslane.

Having visited Faslane a number of times, I think it is fair to say—and I think you would probably agree with me—that some of the facilities there, not just for the submarines but for the people, need massive investment. We will be setting out the high-level spending lines for some of the nuclear transformation. That is on the Clyde where we will be announcing the high-level investments there. It is part of nuclear enterprise and we will not be going into the line item details, but as a local MP you will be familiar with broadly what we need to do. We need good facilities to dock the submarines, good facilities to maintain the submarines and good facilities for our people who work there. At the moment it is fair to say that what we inherited does not deliver all three of those. The plan will get after that, just as it gets after the necessity to have more deep refit facilities in Devonport in the constituency I represent, for instance. That was again pushed to the right.

One of the bits of inheritance that we are trying to get after in the DIP and more broadly in defence programmes is saying, “Yes, the threat is rising and we need greater availability of our platforms.” One of the reasons we don’t have the availability that I think we would all like is not because of the platform itself, and not because of the people but because of the infrastructure that has not been invested in. I can see why previous Governments made the decision to delay what on paper look like very expensive, unsexy projects. The problem is that they are absolutely vital for the ability for us to deploy those assets and that is why you should expect to see investment in Faslane in particular in the DIP.

Q164 Lillian Jones: On the infrastructure investment in Faslane and Scottish bases for procurement, what reassurance can you give us that Scottish companies and British companies will be able to bid for those contracts to support jobs across our communities?

Luke Pollard: It has been a key policy that we have adopted since coming to office that we want more of an increasing defence budget spent with British-based companies. Quite uniquely as one part of the United Kingdom, Scotland has nearly every single major prime—I think it has every major prime—compared to other regions that might have a Babcock or a BAE. We are seeing a very strong spend with primes, correspondingly less direct spend from the MOD with SMEs but stronger spend with SMEs coming from the primes, which roughly accounts for three quarters of our UK-wide spending with SMEs.

I want to see more spending with British-based firms, and we have made that very clear to primes but also in how we are seeking to procure ourselves via the National Armaments Director group. To do that, we need to invest in the skills in the supply chain and in the connectivity, and shorten the procurement timetables. I have seen when I have been



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in Scotland, for example when we launched the defence growth deal earlier this year, small businesses saying, “We have got some really good kit. We think we could provide good advantage to the military but by the time we go through a procurement exercise, we might not be here by the time it comes out because it takes too long.”

That is the reason why in the defence industrial strategy we set out very clear timetables for shortening that contracting period and more measures to literally get after the shortened delivery. If you take the example of the single source contract regulations, the SSCRs, which is when you buy from only one company, we have adjusted the threshold of that up to £25 million, which pretty much takes out all SMEs from that regime, which is good news for small businesses, but we need to get after more of that. When we say defence is the engine for growth, we mean it. We know there are huge opportunities to do more but from my point of view, if I am looking in Scotland at Babcock or BAE Systems as British headquartered businesses or, say, Leonardo or Thales as businesses headquartered elsewhere, if they have operations in the UK, they employ people in the UK, pay their tax in the UK—they are companies that we want to support.

Chair: Thank you. We will move on to skills and SMEs a little later, but I have a supplementary from Dave Doogan.

Q165 **Dave Doogan:** Minister, big investment in the nuclear enterprise. I don’t think we have seen the 10-year rolling figure for the nuclear enterprise for a number of years. The investments you are making will clearly have an impact on that. When will the Department publish the 10-year rolling costs for the nuclear enterprise?

Luke Pollard: Within the defence investment plan, although it is quite high level, for obvious reasons, and does not go into line item spend, there will be a total figure for how much DNE is being allocated as part of the defence investment plan. Some of those items can be broken out from that. A number of those, for obvious reasons of classification, can’t be. What I want to do and something that the former Secretary of State was exploring—and I think the new one will be as well after DIP is published—is how can we provide the House and the wider public with the correct level of detail on what will be an increasing area of defence spending. We know it matters and is really significant. As we seek to recapitalise the submarines, the warhead and the infrastructure, as well as investing in the people, as an element of how we tell that story through proper publication of information, correctly at the appropriate classification, that could support the understanding of why nuclear is so important and why it creates good, decent jobs in Scotland, in Raynesway in Derby and in Devonport.

Q166 **Dave Doogan:** I don’t think you need to worry too much about the detail. A lot of people would just like to know the top-level number.

Luke Pollard: I am expecting that to be in the defence investment plan.



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Q167 Chair: You have previously said, Minister, that the delays to DIP have not prevented the Department from investing in industry, but Aeralis, for example, cited that lack of information as a reason for its collapse. Do you believe that the delay has harmed industry?

Luke Pollard: I will answer that question in two parts. The first one is that we have continued to sign contracts with industry as we developed the DIP. There have been 1,400 major defence contracts since the general election and 90%-plus of that spend has gone to UK-based firms. That is a record that we are proud of. I recognise that industry wants the DIP published. I can tell them that I want the DIP published as well. I hope that they will not have to wait very much longer now to see that.

On the Aeralis example you used, the MOD has been financially supporting Aeralis for some time and, given its financial difficulties, we brought forward some of the spend that we were planning to make with Aeralis to support it as it was overcoming its financial difficulties. It was seeking to bid into the jet training system procurement, which is for a new jet trainer that trains our pilots and that is the same platform that the Red Arrows use. That is a competitive tender. We are buying a plane not a power point and I would say to all companies that are bidding into it that the plane is one part of it, the training system is absolutely vital. That is more than just the plane and anyone bidding into it needs to have a plane that is successful and a jet training system as a whole that would make that package work.

It is a shame that Aeralis was not able to sustain its business during this period but the timetable and the work that we are doing on the procurement for the jet training system is widely understood by colleagues. We are working up that procurement, which is a major procurement for the MOD, and that has been pretty much shared with many of the firms that want to bid into that for quite some time.

Q168 Chair: Throughout this inquiry that the Committee has been doing, we have heard calls for a clear and constant demand signal from the MOD. What action, apart from publishing the DIP, do we now need to address that ongoing lack of certainty in the supply chain itself?

Luke Pollard: I agree that a clear demand signal is a necessary part of where industry gains advantage and can make investment decisions against. It is one of the reasons why we set out the approach of having the strategic defence review that looks at the threat and the changes that demands, the defence industrial strategy that says we will invest in people, skills and British firms, and in "always-on", which is an important part of dealing with the feast and famine that we have had in defence for quite some time. Why do frigates and submarines cost quite a lot of money? One of the reasons for that is because you had to mobilise an entire workforce that had been stood down previously because of a lack of orders. We want to, against a number of key areas, have "always-on" now. That helps create a clear demand signal for munitions and military capabilities but the broad sentiment of how we are doing that is bringing



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industry more into engagement to say, "These are the capabilities we are broadly investing in and this is how we are going down there".

We tried to be very clear with the SDR and subsequently that our purchasing will involve retiring old equipment, leaning into autonomy in particular. We are planning to spend £4 billion on autonomy. That is a huge demand signal. Most companies operate in the autonomy drone space—relatively small firms compared to some of the big primes, although some of the big primes operate in it as well. You can see in that space that we will be buying quite a lot and for some of those works the firms could see it as what we are buying for Ukraine as well. In some cases we are buying similar technologies for Ukraine as we would buy for the United Kingdom.

I want to see a clear demand signal. We have heard that loud and clear. At a high level, that is what the DIP will present and then we will be able to take that and start the procurements that we are looking to announce subsequent from the DIP that have been phased to be delivered in the course of this year.

Q169 Mr Angus MacDonald: Minister, yesterday we went to the square in front and that fantastic display of all the military things, which I couldn't have enjoyed more. There were some people talking about drones who were very knowledgeable and they said that they have a very major issue that the CAA and the military equivalent are making conditions too difficult to do the process of developing drones. Do you have a comment on that and how will that be relieved?

Luke Pollard: Yes, I do. Our airspace management system in the UK was broadly designed for disaggregating and protecting the multiple uses of our airspace at any one time. We have a number of drone companies that wish to test in the United Kingdom, for whom it is not just cleared airspace that is necessary to do so but also looking at the electronic warfare environment. Are they allowed to jam in an area? Clearly jamming for large parts of the United Kingdom is very hard, but QinetiQ runs the MOD's ranges in the Hebrides and employs 200 people in support of testing and evaluation. That is a really important part of military spend. It does not often get the headlines, but as we develop new capabilities, we would expect to see even more of those.

To deliver that, we need to adjust the regulatory environment. That is why in the regulating for growth Bill that was announced in the King's Speech, we have included regulatory sandbox powers. This broadly means that if this Bill passes, the Government will be able to draw an area around and adjust the regulation within those areas to deliver stuff. That is a good opportunity for drone testing and some of the testing that we have seen off Project Brakestop, our new low-cost cruise missile in the Hebrides, but also for marine autonomy where it is not necessarily CAA problems but MCA regulation.



For hundreds of years our regulation has been built around having people on board ships and moving to having no people on board ships means a quite substantial change. We are working with DFT and DBT as some of the lead areas in this to look at how we can get there. The regulators are quite flexible within the powers they have today. I have been quite impressed by the level of co-operation but I want to see more. If we can get that right, which I hope will happen fairly soon, when that Bill passes, that will give us the ability to do more around the Hebrides, for instance, and some of the testing areas that we have in Scotland, more around some of the cleared air space that we have in the south-west of England, for instance, which is cleared air space and maritime space, but then also looking at where our test and evaluation ranges could be elsewhere around the world. You might have seen Sky News talking about BATUS, the British Army Training Unit Suffield, which is a large part of Alberta in Canada where the UK operates. It used to be for heavy armour but now would be for drones, missile technology, directed-energy weapons, jamming for instance.

Our test and evaluation will be able to operate UK-based sites. Scotland has a large number of ranges that would benefit from this. I make the distinction between drones that fly, UGVs, land-based drones, which generally speaking don't have that same type of regulatory obstacle, and marine autonomy, which we see as a hugely important area. We have set out already our move to a hybrid Navy, which means that we will have crewed ships with uncrewed ships alongside, crewed units in the air and uncrewed submarines underneath. That is the movement that the First Sea Lord is pioneering, but to get that right we need more test and evaluation ranges and we have to adjust the regulation to get there. It is a little bit like the submarine stuff. For me to get my subs to sea, I need better infrastructure. For me to get autonomy, I need the regulatory environment to work as well.

These enabling pieces are not necessarily going to be in the DIP because that is a separate piece of work around the regulatory framework, but we are also working with the National Shipbuilding Office that the MOD hosts to look cross-government at how we do this. The new shipbuilding and autonomy plan that it is developing—the maritime technology action plan is the title—will be coming out in due course. That will set out some of the regulatory change that we have to get, but I think the more parliamentarians pushing that case the better.

Chair: The Committee did visit QinetiQ, two weeks ago I think it was. It was very interesting.

Q170 **Dave Doogan:** Minister, given your commitment to defence, which is well understood, and that the DIP will presumably come out before recess and then we will be gone for six weeks, then we will be back, the parliamentary timetable will mean that in big timescales, two and a half-ish years after you took up your role in the Ministry of Defence is how long it will take for Parliament to get a chance to discuss your



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Government's plans for defence going into the future. Did you imagine it would take that long back when your Government was formed?

Luke Pollard: From the amount of time I spent at the Dispatch Box talking about our plans for defence procurement, I think there are plenty of opportunities where people have been able to look at that. The announcements have not all been waiting for the DIP and we have announced a large amount of capability changes during this period. If you look at the last few months alone, there was the announcement of a £1 billion helicopter contract with Leonardo, radar upgrades for Typhoons, which is based out of Edinburgh, and a £1 billion investment for the RCH 155 mobile artillery.

Q171 **Dave Doogan:** The DIP is not that important?

Luke Pollard: No, the DIP is important to set it out, but we have not waited for the DIP to make announcements. We have been able to discuss some of those in Parliament and I have been in quite a lot of discussions with interested parliamentarians about individual military capabilities. We wanted a sequence of strategies when we came into office. That is why the SDR, the industrial strategy and the DIP are sequenced like this. The defence finance and investment strategy, although perhaps not a headline grabber frequently, will be published later this year. That looks at having private finance to get there. We are deliberately doing it as a sequence.

Of course I would like the DIP, as someone who appears regularly at the Dispatch Box saying, "I want it out soon". The Chancellor set out yesterday at Treasury questions that she is confident that the DIP will be published before the Prime Minister and the Defence Secretary get on a plane to Ankara for the NATO summit.

Q172 **Dave Doogan:** What is your assessment of the impact that the delay in the DIP has had on investment decisions by businesses such as BAE in Glasgow and Babcock at Rosyth for investing for future orders, which currently they don't know what they will be?

Luke Pollard: We are still seeing investment by those large firms in defence. I want to set out a clear demand signal in the DIP for a variety of platforms, which will give people more confidence to invest, but we are still seeing defence companies invest in these areas and we are still seeing a new contract signed that creates more job opportunities. We know that the broad employment within this area has grown, but it is not just what we buy. It is also what we export. The Norway deal has sustained shipbuilding on the Clyde for 15 years further with the purchase of, I think they have described it as, at least five Type 26 frigates. That is an important part of this work. The Türkiye Typhoon deal produces work for radars in Scotland, radar work out of Leonardo and Thales, and then construction in Lancashire, but a supply chain that includes many Scottish businesses as well. We continue to support that work.



Q173 Dave Doogan: Previously we talked about a 30-year pipeline of shipbuilding and that was the plan. Is it still the plan and how should that land with the workforce in Babcock at Rosyth, for example, who are gusting well past halfway through the current order for Type 31s? Will the DIP cover off the procurement of Type 32 and, even more broadly, Type 83? Will the DIP look at that or are we going to find the DIP published and it will have more questions in it than answers?

Luke Pollard: I can't go into individual line-item platforms. We inherited a number of workstreams from the previous Government that were underdeveloped, so we have had to look at how that works. I want to see more investment in UK shipbuilding. It is important. I have been very clear about how I support the export campaigns. It is a shame we did not win the Sweden export campaign but we are working with Babcock on a number of export campaigns for Type 31 at the moment. I am hopeful against some of those but until we see contracts being signed or announced I will keep pushing.

I want to see sustained shipbuilding in the UK, both on the Clyde and at Rosyth. One of the reasons that we announced funding for the Arrol Gibb Innovation Campus at Rosyth in the defence growth deal is because we see the importance of having sustained shipbuilding there, and investment and innovation that comes from it. When it is published it will answer many of your questions but I do want to see a sustained period of British shipbuilding for both the UK and our allies.

Q174 Dave Doogan: It is a defence investment plan so clearly a big part of that strategic direction will be rules and priorities around procurement. What assurance can you give countless shipyards around these islands who could easily have built the equipment that was required to support the nuclear deterrent, which Serco put to Damen in the Netherlands and the Government was powerless to do anything about that because of the way that contract was written? What will you do to stop that sort of nonsense happening in the future?

Luke Pollard: I, along with the former Defence Secretary, and the Chancellor have been pretty clear that we want to see more shipbuilding in UK yards. When it comes to the Serco tugs contract, it began under the previous Government, was well progressed by the time we got there. It included the decision-making on who to procure tugs from—not by the MOD but by Serco—and because those tugs were so essential for the job that they are asked to do around our dockyards and nuclear deterrence in particular, stopping it at that point was not possible. I do, however, want to see future contracts built in British shipyards. That is an argument that I make thoroughly.

There is a balance to be struck when we talk about Mr McAllister's question on infrastructure. Because of the lack of investment we have had there is now an urgency against some of those platforms. I am very conscious that a number of our shipyards need more capital investment to be able to compete internationally. I want to see us put more work



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through those shipyards that allows for the capital investment to be spread across a number of orders, rather than just loaded on one. That is one of the reasons why sometimes UK shipbuilding can seem uncompetitive with the pricing of foreign yards that have a greater throughput. But we will not get the efficiency of our yards unless we put work through them. I do want to see more of that.

I would also make the case that if we are looking at what a hybrid Navy delivers, it is not just the large, crewed platforms that traditionally we talk about in shipbuilding terms that might be Rosyth and Clyde focused, but it will also be a wider range of—if I say smaller, some of them are only just smaller—

Brigadier Andy Muddiman: Large uncrewed surface vessel.

Luke Pollard: Yes, a variety of those types of autonomous, uncrewed vessels. There are more locations around the UK, including in Scotland, that could be building smaller craft for a hybrid Navy. One of the things about a hybrid Navy in a period of greater threat is about how attritable some of those platforms are. You can presume that we would have a greater flow of construction of some of the hybrid platforms than we would on the crewed platforms that we want to be survivable and ensure the protection of, but the mission sets that the hybrid Navy would be doing would allow more of that. That means more production in a greater range of shipyards.

Q175 **Dave Doogan:** On that hybrid Navy that the MOD and the Navy are getting after, what assurance can you give us that the Royal Navy in the UK will be at the forefront of that, and what impact will that have on the exportability of particularly hybrid Navy capabilities and products?

Luke Pollard: If I take the example that was on show in Parliament yesterday, the Kraken K3 Scout. It is made by Kraken, admittedly in Fareham on the south coast. We have bought a number of those platforms as part of Project Beehive of 47 Commando Royal Marines, and we are also looking at that type of platform and its utility of an interchangeable payload bay, for the Strait of Hormuz operation, for instance.

We are leading in this effort and we are putting our money where our mouth is on deploying hybrid Navy. We have autonomous minesweeping capabilities already that we developed with Thales over a number of years. Some of that capability was already pre-deployed in the Gulf ahead of the conflict between the United States, Israel, and Iran. Our RFA Lyme Bay is now that part of the world with more capabilities on board that we want to be able to use when peace has been secured there and we can deal with the mines. More prominence in the international space of that hybrid Navy activity will only support the exports of these platforms. We are seeing our allies very interested in not just the platform but the software technology that sits behind it as well.



Dave Doogan: And the doctrine.

Luke Pollard: Indeed, and how we fight them. There is a training opportunity that flows from this as well. If you look at how military training is now changing—Sandhurst and Dartmouth as examples—how do you lead to fight in an environment where drone warfare and hybrid warfare in the maritime sense are significant now. That provides export training opportunities, and the UK is genuinely leading in this work. What we are also trying to be is collaborative with our friends and allies. A key part of pitches for new frigates is the interoperability with the hybrid Navy and the ability for us to work together with allies to have more interchangeable uncrewed assets.

A key part of the Norway frigate deal is our frigates are interchangeable. They have different signs in Norwegian on the Norwegian ships, but they are pretty much the same frigate apart from that. That interchangeability rather than interoperability sounds like a subtly, but what it does mean is that we have the same ammunition, training, and ability to fight. That improves our lethality and our readiness and I want to see more of that in the naval space; but not only the naval space, the P-8s that operate out of Lossiemouth for instance. We know that many of our allies operate P-8 maritime patrol aircraft as well, but not all the sonobuoys and not all the torpedoes fit in each other's P-8s. That does not make much sense to me and that is why we are trying to move to true interchangeability on a number of those. There are some Scottish pieces—

Q176 **Dave Doogan:** Will we see a Kraken in the mission bay of a Type 26 sometime soon?

Luke Pollard: Whether it goes on a Type 26 or not depends on the mission sets but broadly I would expect when the Type 26s sail—not too many years away from now—they would sail with autonomy alongside them. It might not necessarily be in close formation as you see in the fleet photographs that we might be used to, but they would operate in that environment with autonomy alongside on the surface, underneath the waves, and in the air as well.

Q177 **Susan Murray:** Minister, we heard you talk about procurement earlier in relation to SMEs, and you talk about the single source contract regulation change up to a value of £25 million. In our discussions with SMEs we heard that slow payments from the MOD can leave them waiting years to be paid after winning contracts. What causes that delay?

Luke Pollard: I do not want to see the MOD delay any payments. We are consistent across Government that we should be paying uncontested invoices within 30 days. We aim to pay uncontested invoices within five days and that is the movement in the system we are trying to get at. There is a distinction here between where we agree and where we disagree on the invoice, but on the ones we agree I want to see it brought faster.



A key part of that is looking at what do we as the MOD have direct spend on. Due to the procurement model that most of our large platforms are based on, we procure via a prime and then the prime procures the services underneath. I want to see us adjust how we have direct spend, increasing our direct spend with SMEs from roughly £5 billion. That went down in the last Government but we have a target now to spend an additional 50% direct spend with SMEs taking to £7.5 billion by 2028, which is an important part of that.

On late payments, I want to see industry pay their SMEs according to terms and conditions that are decent, because we know that cash flows are an important part of being able to operate a small business. Where we have seen a financial services microclimate created within this area it is because a number of SMEs have not been able to access the banking facilities that we would like them to, and there has been a financial services product created by some of the primes that supported the SMEs and their supply chain.

In the abstract that sounds great. What I would like to see is more banking support for SMEs that operate in defence. I mentioned earlier the defence finance investment strategy; yes, that is mainly about crowding and private capital. A key part of that for me though is about stopping debanking of defence firms. We have had examples in Scotland and across the UK where good defence businesses supporting our national security have been debanked by good household names because they work in defence. That is not acceptable in a time of increasing risk. What I am expecting to see as we move towards the publication of the DFIS later this year is more financial institutions not just recognising that concern but then publicly saying, "We are backing defence with investment and we have changed our policies to make sure SMEs in particular"—because generally speaking it is SMEs that are most affected—"are supported by their bank."

Q178 Susan Murray: ADS Scotland told us that block orders can improve efficiency, reduce overall cost, and better support the supply chain, which would feed in to this financial precariousness that they feel. Should the MOD place larger orders, despite higher upfront costs, to realise these benefits for the SMEs?

Luke Pollard: The answer is kind of yes and no on that one. Yes, there might be an efficiency in placing larger orders but one of the things that we deliberately try to do is sometimes separate large orders into smaller parcels so you can enable more SMEs to compete for them. I guess the answer is: on a case-by-case basis. The argument that ADS is making there is about how do you get more spend into the SME environment, and I am up for that conversation. It is the reason we stood up the Defence Office for Small Business Growth, in fact that was established when I was up in Scotland earlier this year.

We have deliberately gone after the issues that stopped SMEs being able to compete for contracts, and that is defence SMEs but also SMEs that



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might not be a defence company yet, “Where do I go in to sell my product? Which front door do I go to in defence?” There is now a single front door for SMEs with the Defence Office for Small Business Growth that can navigate the system behind it. We are providing clarification on some of the cybersecurity procedures around security clearances, which is an obstacle for some small businesses to be able to access some defence contracts. We have removed some of the technical barriers that have prevented some SMEs being able to access some of the contracts, both with primes and with defence ourselves.

Getting an additional £2.5 billion worth of direct spend from the MOD to SMEs is a substantial change. That will not happen with me sitting in Main Building saying, “I want to spend more with SMEs.” It will change when we adjust the processes, and we have seen good examples of that already. By the end of this year the Defence Office for Small Business Growth will be fully established and there will be a number of other areas that we can go against that hopefully will be dealing with some of those problems.

The final thing I will raise is we want the feedback from SMEs to say what the problems are. It is the reason that on the Defence Industry Joint Council, the DIJC, which is our main industry-facing engagement piece the MOD has, we have academia, trade unions, trade associations, large defence companies and small defence companies as well. Some of the sprint activities they have been undertaking to deal with the problems—or to highlight to the MOD the problems that we are facing in a collaborative way so we can effectively go against their recommendations to change stuff—I have been impressed by.

Where there are problems and where there are stupid rules in particular—my real bugbear with MOD—it is often not legislation, but risk aversion. It is a process that delays things, moves things to the right. That may have been suitable for peacetime—although I would argue probably not—it is definitely not suitable for where we are today. If SMEs are encountering those types of problems I want to hear what those are so we can go after them.

Q179 Mr Angus MacDonald: The basis of my question—which you have answered to some extent—was that we have heard calls for the UK Government to develop a greater appetite for risk and a willingness to be an anchor customer for start-ups and SMEs. In this inquiry we have heard mention of the policy decision of America, the Federal Acquisition Regulation, where any large defence company that wins a federal contract over a specified threshold of \$750,000 or \$1.5 million is legally required to submit and execute a small business subcontracting proposal.

My knowledge of big defence companies is that they are very difficult to deal with for a small company. Would this sort of thing not make a real difference to building an SME defence industry in Britain? Maybe the Brigadier could answer that. He is looking like he is dying to answer that.



Luke Pollard: Broadly, nearly all defence contracts that go to a prime include SMEs. It is very rare that even things that are very associated with a single, large prime are only built within the prime. The supply chain that supports those are quite considerable. For instance, the radar upgrades for the Typhoons, that goes to a big prime in Edinburgh. A quarter of that supply chain is Scottish SMEs, the rest of it is broadly across the UK and some international firms that buy into them, so you would expect the supply chain to have SMEs in there. I am always open to the idea that there is a solution to doing this.

I am cautious about additional regulation for the sake of it unless there is a real requirement for it. In the way that the UK defence industry is structured versus the American way, all our large primes by default operate with SMEs as standard. I want to see more of those, and if the Brigadier wants to expand on that in a moment he can. The innovation that we see from SMEs is being deliberately supported now by UK defence innovation of £400 million a year ringfenced fund to support innovation. Large chunks of that, for obvious reasons, will be spent with SMEs. Being able to invest early in terms of innovation and to bring it into the MOD environment faster is one of the reasons why we have stood up UK defence innovation to be able to go after some of those innovative products.

We know SMEs are a huge source of innovation in terms of defence kit, and in particular—I mentioned it briefly earlier—there are lots of companies that do not yet think of themselves as a defence firm. If I am looking at data companies, people that operate in digital cyber autonomy, tech firms, lots of those have capabilities that are dual use. I want to make it easier for them to be able to sell into defence and for us to be able to interact with them. I do not think our contracting systems we inherited in July 2024 do that. That is why we have made changes to support faster contracting and more innovative ways of going after those.

Brigadier Andy Muddiman: I will back up the point the Minister was making as he handed over to me. Those small companies that have components of their business in perhaps dual use that we would like to see put to military use; that is an important focus for us. How we enable them to scale up an aspect of their commercial offering into what would one day become a hardened, fit for purpose, military use case for that same technology. That is one of the key areas within the context of the hybrid Navy that you have been hearing about earlier that we need to get after.

The truth of it is that while we aspire to operate in a Navy context large uncrewed surface vessels with major warships, the integration between those two things is done by a whole series of cybersecurity functions, communications functions, and other important integration functions that are all in the realm of SME offerings in the main. How we crowd in the right finance to do that movement from the relatively low TRL but



commercially available, operating perhaps out there somewhere in the supply chain, up to a military standard is absolutely crucial.

As the Minister has said, our whole procurement modalities are not geared to do that at the moment. This is what we call prototype warfare. It is not the old CADMID model that we had through concept development, setting out a military requirement, and slowly grinding through that, through to operate and disposal in the context of a classic DNS capability insertion and withdrawal from service. This is prototype warfare at the speed of relevance on the battlefield, and the finance that is needed to get in behind that valley of death gap is absolutely critical. We all have a responsibility to do that. We have talked about classic banks and certain companies being debanked, but there is a whole separate set of conversations out there with venture capital and other novel forms of finance as to how we will get after that.

In a Scottish context I would go further and say that there is a question for the Scottish Government over the use of the Scottish National Investment Bank and other Government funding sources where these things are right there on the nexus of defence and security, some of them even straddling the devolved and the reserved remits. It is an interesting an important area and great that it is being covered in a Scottish context.

Q180 Kirsteen Sullivan: Minister, you have made a very strong case for the importance of SMEs in the sector this morning, and we know that in turn prime contractors have a key role in nurturing SMEs. However, we have also heard that risk is often pushed down the supply chain. Indeed, John Howie from Babcock gave evidence to this Committee that when Government transfers the risk to larger contractors, that then trickles down through the supply chain and often you find that those SMEs are at least able to bear the burden of risk, and often are the ones carrying the load.

Given what you have already said this morning about the need to have processes that work, whether that is in the regulatory framework, procurement, or investment, what more do you think that the MOD could do to ensure that primes actively support SMEs? I wonder if you could cover off the risk point as well.

Luke Pollard: I make the broad distinction between how the MOD used to operate and how it is being moved to operate. The SDR fundamentally changed the core mission of the Ministry of Defence from an era of expeditionary warfare—Iraq and Afghanistan for instance—to one where our purpose is to get ready for warfighting against a peer adversary, and for us to be tested potentially by 2030, which is what the intelligence assessments—and the announcements the Prime Minister has made subsequently—reenforce.

That clarity of purpose means that the systems we inherited need to flex to deliver that outcome. Risk transfer is one thing that has had a traditional way of operating; a key part of MOD procurement over many



years, especially when Governments were taking the peace dividend, was to press it from the MOD down to primes. The consequence of that on primes is they pressed it onto their supply chain—largely SMEs—and that created how risk was managed. More contracts were put into very long-term packages, and we still had a situation where most of the platforms we were operating we had had for quite some time—and still planned to have for quite some time. We were still operating Challenger 2s, for instance. We expect to operate Challenger 2s for quite some time. We also had Type 23 frigates, which we still expect to operate for quite some time. What we are seeing now, as we move toward warfighting readiness, is the need to adapt faster, procure faster, and to spiral develop faster.

That is challenge to the contracting basis we had previously. It is a challenge to the risk transfer models that were in existence previously. It is a challenge to how we procure but it is also a challenge to say, “Okay, MOD, if you want stuff faster how will you enable that to come out faster?” That is one of the reasons why for the very first time the MOD has decided to invest in skills. The defence industrial strategy sets out a huge array of changes that we wish to make, not just in support of SMEs, British based firms, but also skills for the first time. If we want to get ready for warfighting I need not only to have new capabilities for our forces, but I also need to have an industrial base that sits behind it that is more agile and more forward leaning.

Although it is perhaps not kind to say so, I can see across industry firms that are leaning into that change, understanding it, and firms that are perhaps a little bit slower to get there. Some of that is because they are locked into long-term structural contracts where that innovation is not encouraged or is price engineered out. We are taking a different approach to how contracts will be procured in the future, and with more involvement from SMEs and the agility to bring on more tech. I want to see quite a big transformation.

That is the reason why we hired Rupert Pearce as the new National Armaments Director—quite a substantial, significant hire; former FTSE100 Chief Executive, not the usual civil service leading procurement as it was in the past. The work that he has been doing with Ministers to change the process is already delivering quite substantial improvements and he has only been in place a relatively short amount of time. I am expecting to see considerable improvements as we reengineer some of those contracting bases, but also how we reengineer defence financing. That will include elements of risk.

Q181 Kirsteen Sullivan: To go back to the key point of the question; what more do you think the MOD could do to ensure the primes play their part in supporting SMEs?

Brigadier Andy Muddiman: Yes, it is a very good point. Primes have an important role in this and some of them have mechanisms that can make it feel very difficult for those SMEs to work with them. Software interfaces, stringent supply chain roles, and indeed a very high bar for



the type of SME that they are prepared to on board. But it is all coming back to risk, which is what has been explained there.

One of the things that we are doing through the defence growth deals is developing onboarding mechanisms to help get more companies into this space, and to effectively train and mentor them—mentoring being delivered through companies that are successfully playing within prime supply chains—to explain to them and also give them confidence. A lot of this is a confidence issue, an, “Is it worth the hassle?” question. “Yes, it is, and here is why.” That mentorship from companies that are already playing here can teach them a whole range of things such as how to meet the ISO standards, which are very severe and stringent, and they relate to things like their own subcontractor supply chains and whether they meet the defence standard. Some of that can be expensive for them to get up to that level.

Through the defence growth deals we are developing measures in different parts of the UK where we can help those companies—some of it by direct public subsidy, some of it by training, and some of it by co-operation—to get up to that standard. As the Minister said, by having more of those companies playing on the pitch it is more likely that we can meet the rapid turnaround requirements that the operational environment is imposing on us.

But we cannot ignore the fact that the primes have that high bar for a very good reason. One of the important reasons why there is a high bar and not just any company can play on that pitch is security. There is no way that we will be advocating watering down the security arrangements for playing in a defence marketplace where the espionage and subversion threat is only rising. There are no easy answers on this so it is a careful dance of understanding what the small companies want, understanding what the primes need, not exceeding our own risk threshold, and yet finding innovative solutions to ease the problem. You have to be able to do those three things at once rather than one silver bullet.

Q182 Maureen Burke: The launch of the Office for Small Businesses and Growth has been welcomed our witnesses, but similar initiatives have attempted to tackle these issues for SMEs. What do you think will make this one a success?

Luke Pollard: I will bring Calum in, in a moment, because his team is one of the broad teams that have been working on the Defence Office for Small Business Growth. The reason we stood it up in the first place—to get at why we are doing this—is because we want to spend more money with SMEs and we know from the engagement that I did when I was in opposition that a lot of SMEs say, “We do not know where to go. It is too complicated, it is labyrinthine in terms of finding the right person to buy my stuff.” That was a fair challenge.

DE&S—the then procurement arm of the MOD, now part of the National Armaments Director Group—had a method of largely procuring from



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primes and having the SMEs as part of that supply chain. We wanted to change that but to change that we need the Defence Office for Small Business Growth to be a one stop shop to enable the onboarding, but also to reflect back the concerns of SMEs to improve the processes within defence. It is both a single front door but it is also a challenge to our procurement within.

If you look more broadly across the National Armaments Director Group it is not only the Defence Office of Small Business Growth; I would also encourage you to look at Commercial X, which is our fast innovative procurement part of the NAD group. Small changes in Commercial X, for instance developing a small, short, 8 page contract instead of giving an SME a 300 page contract, which might have been very normal. To the question of risk transfer, if you are a small business and you have achieved a big order with the MOD and then you have to hire in lawyers to be able to understand the full implications of your 300 page contract, that will put you off from bidding further. We are trying to go after the reasons that SMEs say it is hard to interact with Defence; to knock those down.

The Defence Office for Small Business Growth is one; perhaps the most prominent one but not the only measure we are taking. Calum, is there anything else you want to mention?

Calum Taylor: We are already seeing the impact that the Office for Small Business Growth is having and it is helping over several hundred SMEs every single month, so we are already seeing that impact. As the Minister was saying earlier, we will have full rollout by the end of the year so that impact should get greater. This should all be seen within the wider context of how we are trying to up SME spend by £2.5 billion. All the reforms we are doing around procurement, the work we are doing around the SME commercial pathway, that will make it easier for SMEs to do business with the Ministry of Defence.

I was speaking at the Defence Procurement Conference in Scotland a month ago. One of the key things that SMEs find helpful is events like that, that can bring them together with primes to understand what collaboration and dual use opportunities they could provide to defence. We are looking to do more of those things as well. One of the things we did announce at that conference is an intention to launch a regional defence and security cluster in Scotland for which negotiations will start later this year. Fundamentally those clusters are all about how we can make it easier—not just for defence SMEs but for SMEs outside the defence ecosystem currently, but can bring something into defence—for them to collaborate with primes.

I think we are seeing impact already. Some of the other things that the Minister mentioned now will make a greater impact over time.

Luke Pollard: If you are looking for recommendations as a Committee, the North West Regional Defence and Security Cluster is a good example



of a cluster that is doing great work, empowering SMEs and pushing them forwards, and where you can see the behaviour of primes having changed because it is easier for them to interact with SMEs as well. That might be a model that could be encouraged for us to rollout in Scotland, because it is not just about defence standing something up there; that is about an industrial response to a policy. That might be one worth also encouraging.

Q183 Mr Angus MacDonald: Minister, there was quite a lot of discussion with Lord Robertson about financing our ambitions for our defence sector. One of the things we talked about the UK joining the Defence, Security and Resilience Bank. What is our current position with that, and is it likely that when you go to Anchorage you might sign on the dotted line?

Luke Pollard: I want to see more private capital in defence. Although there will be reference to that at a high level in the defence investment plan, the Defence Finance and Investment Strategy will broadly set out that wider approach as to how we crowd in private capital from the different capital markets that are available, and increasing the different Defence and Resilience Funds that we see industry standing up. That is to look at core defence projects—how do you have defence as a service, to translate it out of financial gobbledegook—which I think there is real opportunity to do so.

Space as a service is my first direction of travel within defence as a service to make it easier. Instead of us owning a satellite we buy bandwidth on other people's satellites, thus creating greater resilience and reducing the overhead costs of achieving that objective. But I do want to see us look at the innovative international measures.

There are two measures that we are exploring at the moment. These are Treasury leads rather than MOD leads, but because they are defence focused we clearly have involvement with them. One is the DSRB, that I know some people are very keen on, which looks at how do you create investment in the supply chain. Another one is the multilateral defence mechanism, which is both financing and procurement mechanisms. Treasury are looking at both. At the moment we are seeing more favour on the MDM type model, but we are looking at both of those options at the moment and more will be set out in due course.

A debate that says, "What is the right mechanism to get more capital into defence?" is a good debate. We need to make sure that there is a balance between the speed of that capital, what it is procuring, and in what year are you spending the initial setup costs. A few of those things—which are quite significant—will be increasingly laid out in elements perhaps in the DIP but I think that is more a defence finance and investment strategy piece that will be later this year.

Q184 Mr Angus MacDonald: Do you think defence bonds, £20 billion of them, are a runner?



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Luke Pollard: I am aware that many of my colleagues in the Commons are very keen on defence bonds. If I am honest I have not seen the detail from the party yet provided to enable me to look at that fully. I entirely understand the logic that says, "We need more defence spending." I agree. I want to see more defence spending. How you do it is important because effectively the critique that I have heard—normally from Conservative colleagues rather than from Ministry of Defence on the Lib Dems post about war bonds—is it is borrowing but it is borrowing at a more expensive rate than if Government were to borrow.

I get that argument because whatever mechanism we use to crowd in outside finance to defence, it has got to present value for the taxpayer. I am up for looking at all different options on this one here. I think that is a substantial one to overcome. I would also ask at what time is that type of mechanism best used. They are sometimes referred to as war bonds, and in the midst of conflict it can be a stronger argument to say, "Everyone needs to chip in and you can invest in doing this."

In the period of contest that we are in, but not yet conflict, I would perhaps look at other measures at this time here, but I am open to seeing more of the working out from Lib Dem colleagues on this one. I have not yet seen that presented but I am open to that kind of broad discussion. I expect a debate around this is a good one and I think the question of is it off balance sheet, is it on balance sheet; these are reasonable questions in a valid debate at the moment. But as the Defence Minister responsible for buying stuff for our military, a debate that says, "How much do we spend on defence? How quickly shall we spend it? Are there outside sources of income? Are there ways of procuring faster, delivering better value for money?" I think is a good debate and one that I do not shy away from. But I want us to have an honest, upfront debate about how we deploy more private capital in defence.

Chair: Can we look at reskilling, upskilling and the importance of apprenticeships and training? We have heard a lot about the need to address the existing skills gap that we have in Scotland, as well as the significant cost of delivering that increase in skills in Scotland. Given the importance of that to defence, would the Government consider providing additional support or direct funding to expand the defence related apprenticeship programmes that we already have in Scotland?

Luke Pollard: That is what the defence industrial strategy sets out. The MOD traditionally did not invest in skills; the assumption was that the supply chain either invested in skills—be they primes or smaller businesses—or it was provided by different education settlements across the UK, but broadly that. What was apparent is to get the level of change that we were looking for we have to start investing more in skills.

There is a number of initiatives that we have announced, one of those being the defence technical excellence colleges. We have announced five



in England, one in Wales, and we hope two in Scotland—that will require match funding. Where we are engaged in skills activities in the devolved administrations then we have to make sure we are delivering it in partnership because skills is devolved and defence is a reserved department. That is why we have been undertaking conversations with the Scottish Government as to how best to invest in skills.

I want to see this being both UK Government MOD funded activity and a Scottish Government activity who has the lion's share of the involvement in there, but also not forgetting the role of industry in here. As someone who bangs on about skills quite a lot, I want to see us go after more skills. If I was to give an example from Babcock, their PSO scheme where they are taking people who would not have the qualifications to be an apprentice normally, and giving them workplace experience, I have to say is an exceptional scheme. It is very good. I have argued with Babcock about expanding that out—not just in Rosyth where they have pioneered it—to their other sites across the UK.

I think there are real opportunities for big firms to do more in that space but we have to find a new framework for skills, a new balance between the MOD as a reserved department funding skills across the United Kingdom, and where skills funding is devolved, to devolve competence. I am hoping that the DTECs that we have announced for the devolved administrations will be up and running by September next year. The English ones will be up and running by September this year. That is a conversation we need to have and will continue to have with colleagues in those devolved administrations.

DTECs are one part of the skills piece. We have also announced the defence universities alliance, which is looking at higher education skills. An announcement on the first tranche of membership of the DUA will be made shortly. It will include Scottish universities within that part. That helps set up the framing that we need; not only investment in FE but we also need investment in HE to deliver the engineering and defence adjacent courses—and Scotland has quite a lot of courses already.

We have seen a good environment but we need more to bring those forward. That is why the balance about how we deploy increased skills here is important, especially in an environment where we have seen in Scotland some of the FE investment in skills has reduced in recent years. The DTECs will not replace all of those but we are hoping if we can deliver a DTEC on the east coast and on the west coast—locations are TBC and I know lots of Scottish colleagues have strong views on where they think it should be—I am hoping we can have two that will start building an enhanced pipeline for defence skills that also, importantly, enable industry to contribute more as part of that.

Q185 **Chair:** I am sure there is at least eight bids being written as we speak around the table. You mentioned Babcock and you are right, the work they are doing is very good and an exemplar perhaps for others to follow.



For SMEs the cost can be prohibitive. What can be done to assist them in this particular area? How are those discussions with the Scottish Government about the Centre for Excellence are going?

Luke Pollard: There is a risk that if we do not have skills investment across the entire supply chain what you will see is primes being able to support their skills base, a hollowing out of adjacent industries and a hollowing out of supply chain. Ultimately that is not good for economic growth, it is not good for our economy, and it does not deliver the defence capabilities that we need. It has to have something that stretches across the entire piece.

One of those that we are looking at, that was set out in the defence industrial strategy, is effectively the expansion of clearing the UCAS system for apprenticeship skills, for instance. That is a GB-wide initiative that we are working up at the moment with colleagues across Government. That is deliberately being worked up because we know that if you are a very large prime you will have a huge number of applications for your apprenticeship schemes, and many of the people that you are not able to take on board are good and could prosper in the defence industry.

For SMEs it is hard to run an apprenticeship scheme at that same scale and so the ability to effectively have a clearing system, a UCAS style system, to enable people to transfer in supply chain—we are seeing that ad hoc in industries at the moment. BAE Systems have a kind of micro version of that for some suppliers, but I want to see that more established and structured. That would make a big difference to enable SMEs to reduce the cost of onboarding an apprentice in that respect, as an example, for instance.

Q186 **Chair:** The conversations with the Scottish Government are progressing, I presume?

Luke Pollard: Yes, and we need to continue that. We have had correspondence with the new economic lead, Stephen Flynn, now. He is in Scotland, rather than Westminster, for these affairs but I am keen that we do because I think there is a shared opportunity here of increased growth and employment in defence, especially addressing early careers and young people getting a career in defence. To do that I want the Scottish Government and the UK Government to work in partnership on this area.

Take the example of the transition announcement from oil and gas that was announced today, with a £3 million contribution from both the UK and Scottish Governments. Although that is not defence sector per se, the ability for us to work together on skills is one of those areas where— notwithstanding difference in political perspectives—there is a shared advantage for Scotland and the UK and defence by partnering together.

Chair: I cannot speak for Mr Flynn but he is a former member of this



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Committee so hopefully he will be very co-operative with you. A supplementary from Dave Doogan.

Q187 Dave Doogan: Thanks, Chair. The £50 million from the defence growth deal that went to your constituency, Minister, I think it went to your constituency in full and did not require any match funding from anywhere else. The £50 million that will go to Scotland requires match funding. Do any of the other four growth deals require match funding?

Luke Pollard: I think there are two different areas that you might be confused there. The five growth deals that we have across the UK are £50 million each. They do not require match funding; they have £50 million in there. There is an opportunity to crowd fund and match fund more to make a bigger output for it. Where we have had a deliberate match funding request is around DTEC funding in Scotland where we think there is an ability to have two DTECs. We would like to see two DTECs but we have funding available from an MOD point to fund one, and we have been in discussions with the Scottish Government about delivering a—

Q188 Dave Doogan: I understand that. I do not think I am confused. Let us say that the Scottish Government—who of course have no responsibility for defence—decide that they can make better use of that money investing it in skills and training somewhere else. They might do that; I do not know if they will. What happens to the £50 million of MOD money that would go to Scotland?

Luke Pollard: The £50 million of MOD funding for the Scottish defence growth deal is still being spent in Scotland.

Dave Doogan: Irrespective?

Luke Pollard: Yes, and so that is part of our £250 million UK-wide commitment to those five growth deals. They were allocated by my predecessor before I took this particular role on in the last reshuffle. We will continue to spend that, and we have seen the first tranche announcements of that, for example, the £5 million that has gone to the Arrol Gibb Campus, the £5 million that has gone to the Clyde engineering campus on the other side of Scotland, and more investment that has been set out in the answers today.

I want to see that £50 million laid out with a full spending profile. We are working that up with colleagues in Scotland at the moment. When it comes to DTECs where we have an explicit match funding request, that is a conversation that we want to progress with the Scottish Government around this, but I think there is an opportunity. If the Scottish Government chooses to match fund or to support some of this investment that we are making—we recognise that the Scottish Government does not have responsibility for defence, that is a reserved matter for the UK Government—there are real opportunities to create growth, to create



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good skills, and to create dual use opportunities. That is where I hope that conversation can go.

Q189 **Dave Doogan:** Is the £50 million for Portsmouth fully set out as and where it will get spent?

Luke Pollard: So £50 million for Plymouth rather than for Portsmouth.

Dave Doogan: Sorry, I beg your pardon. That is a big mistake to you, I am sorry.

Luke Pollard: I know. I thought we were friends. For all our five growth deals we are in the process at the moment of working with the Government structure that have been set up there to set out what that will be delivered against. I am hoping that all growth deals—South Yorkshire, Plymouth, Wales, Scotland, and Northern Ireland—will be able to set out in due course how they wish to spend the £50 million and, where possible, although it is not a requirement, how that £50 million can help crowd in partner match with other funding streams to deliver increased effect. That is the best use of that funding, but £50 million in those five areas will make a substantial difference.

What we are already seeing in the conversations we are having in Scotland is funding for universities, other courses going, “Well, if that is happening, we can do this alongside it.” We already seeing it being a catalyst for some of the aggregation of investment in defence, and in defence skills.

Q190 **Douglas McAllister:** Minister, the £10 million that has been allocated for the defence technical excellence colleges in Scotland, that is contingent on Scottish Government match funding, as I understand it, to allow us to have two. The idea is to have one east coast based and one in the west region. Those talks are ongoing but we are already one year down the line in relation to the rollout being delayed in Scotland. You mentioned earlier in your evidence that the colleges across England will be in September of this year and we are looking at September next year, therefore, for the potential DTECs in Scotland.

If the Scottish Government do not wish to go into partnership with the MOD here are we looking at only one DTEC for Scotland? Are the two contingent on Scottish Government match funding? We need two. There must be two hubs, one in the east and one in the west. I think the location for the east is fairly obvious, but in the west we have West College Scotland in the Clyde. It has three campuses: Inverclyde, Paisley, and Clydebank. Our colleges are absolutely desperate for this investment in our Scottish colleges and our young people. If the Scottish Government do not go into partnership with you does that mean only one, or will the UK Government step forward and allow us to have two college hubs in Scotland?

Luke Pollard: We broadly agree with you that we want to see two in Scotland: one in the east, one in the west. Where we have announced



them in England, so if you take Blackpool and The Fylde College as an example, which is one of the DTECs that we have announced in England, although the hub is in Blackpool they are working with colleges across the northwest to support that. To a certain extent it is up to the conversations we are having with Scottish colleges, and with providers in Scotland to look at whether that model is the right one, I would expect a “hub and spoke” to be able to maximise the benefit. That is the model that we are seeing in England, which means more colleges can come in.

The match funding that we hope will deliver two DTECs, if we cannot get the match funding from the conversations with the Scottish Government then the MOD has funding for one Defence Technical Excellence College in Scotland, and we would need to understand with our Scottish colleagues there how a decision would be made about location in that situation. Our strong preference, which is the plan A that I am still going down the path of, is to work with the Scottish Government to see two. Then the question about locations, I am sure I will be heavily lobbied by colleagues—I am already—as to how that goes. But we are continuing to have that conversation.

Ahead of the announcement we made in March about the two DTECs the MOD team were in conversation with Scottish Government officials. In fact, the letter that I wrote to the First Minister on 12 March set out that we had had discussions with Scottish Government officials on 19 January, 2 February, and 23 February. So they knew this announcement was coming in relation to match funding. We hope that it can be concluded positively because there is absolutely an economic opportunity here. We know that there are brilliant young Scots who could be getting a career in defence if we get this right. That is what I hope we can achieve.

Q191 Douglas McAllister: Have you had a reply to that letter?

Luke Pollard: Yes, we have had a reply from Stephen Flynn and we have responded to the points in there. That letter has gone off to him and I hope that we can find a way of concluding this shortly. I recognise that to do so we need the Scottish Government and the UK Government working together. I think that is something that can happen here because, yes, this is about delivering for defence and it absolutely is, there is a warfighting consequence of having more skills coming into a pipeline, but the economic boost that can come from investing in young people and giving them decent, well-paid careers in defence—which is what these jobs are—is one that should benefit both the Scottish Government and the UK Government.

Chair: I am very conscious of time. I will take a very brief supplementary from Susan Murray.

Q192 Susan Murray: We have now passed the Scottish elections, and this is something that the Scottish Government has known about. Is there any way that we can ensure this happens more quickly? Can this be pushed forward any faster?



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Luke Pollard: I am hoping that now the elections are out of the way in Scotland we can have those conversations in person soon. I know that the officials already correspond regular around both the Scottish growth deal and the other aspects of the Industrial Strategy that apply to Scotland. We have good, official level conversations; I am keen for more political level conversations on this. I hope that the correspondence we are having will deliver that but encouragement from your Committee to say, "This matters, we think there is a path forwards and we encourage everyone to engage constructively" would be positive.

Susan Murray: Especially as we are talking about young people.

Luke Pollard: Absolutely, yes.

Chair: The point of disagreement may be where it should be located. I will pass to Lillian Jones now.

Q193 **Lillian Jones:** Thanks very much, Chair. Sticking with reskilling and upskilling, Minister, to address the challenge of many skilled workers nearing retirement and very few apprenticeship spaces, reskilling has been identified as a key opportunity. What can the UK Government do to help the defence industry take advantage of this? Could and should a defence skills passport be considered?

Luke Pollard: I will bring Calum in to answer the details on the skills passport in particular. I want to see more focus on mid-career reskilling. The prioritisation of our skills work is of course on early careers—FE skills, HE skills, recent graduates, and FE apprenticeships—and that will produce the biggest early impact. But we know that the skills required to deliver defence capabilities are also a necessity to reskill people. In some cases that is topping up training from traditional heavy mechanical skills, for instance, to add an understanding about greater digitisation in there, skills that can be additional modules that can be topped up; but there are reskilling opportunities that we need to have.

There are some initiatives in the defence industrial strategy that go after that but it is not an area that has attracted sufficient political attention anywhere in the United Kingdom yet. I hope it will as we go down the skills journey because we do need to be able to retrain as the economy fundamentally changes, and as defence technology needs change. If you look at the amount of technology that will be present in our air, land, and maritime platforms, we will need a different type of skill from the folks in uniform, but also the civilians that support it. That is where retraining and reskilling is important. Calum, do you want to add anything?

Calum Taylor: On the defence skills passport, for the Committee's understanding, this will be a digital record of an individual's experience and skills. What that essentially means is if you are somebody who is looking to either switch careers within defence, or come from the outside but have the skills to work in defence, it makes that flow easier. When we



are thinking about retraining mid-career professionals that passport is a key part of it.

The UK Government is looking at skills passports not just in the defence context but also wider industrial sectors as well. We are working with DWP and other departments to see how we can align the defence one with some of those other schemes coming down the line. We are looking to make progress on that during this financial year.

Luke Pollard: We already do this but we do not say we do, and we do it about veterans—people that transition from the military into industry. We do not brand it as a reskilling, and what we are making a deliberate attempt on is to make sure that all military qualifications—the skills qualifications needed to operate in uniform—have a civilian equivalent so people can transition. We are expecting the workforce of the future to be one that is much more defined by zigzag careers, and that means making it easier for people to transition from regular service, to reserves, to industry, to reserves, or whatever the pathway is.

At the moment too much of our transition is very binary; you are either in military service or you are definitely not. The transition between those has not kept pace with the way that the workforce has changed. Where we already have reskilling we value that in terms of companies employing veterans; be that people who have a short military service or a longer one. Understanding that this is not a new area—we already do this, so we can invest further from it—is important, instead of it conceptually being, “This is a new area for skills.” It is not. In defence we do it well, we want to do it even better, so let us build out from there.

Brigadier Andy Muddiman: Scotland is fully on board with that and Skills Development Scotland were one of the early partners in doing that mapping with armed forces skills that has been alluded to. They were ahead of the game on that in terms of other parts of the UK. That speaks specifically to military mid-career upskilling or reskilling. To your earlier point, when BAE Systems developed their Applied Shipbuilding Academy that was one of the very first instances of large-scale re-skilling of workforce, because the very first thing BAE did, before it even took in its first apprenticeship intake, was to start a re-skilling programme within its industrial workforce to good effect. It would be wrong to give the impression that this is not happening in Scotland, albeit that it is an important thing that we do more of, and the initiatives that have been alluded to are going to help us accelerate it even further.

Q194 **Kirsteen Sullivan:** Staying with the defence skills passport, you mentioned how you are working with DWP and other Departments. How far along the journey are we and when can we expect to see this come forward? Also, how are you going to avoid duplications? For example, we have the energy skills passport. We are seeing across sectors, the same key skills are lacking and where there is a shortfall. Of course, the Government have committed to large-scale investment into infrastructure



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projects that will require a lot of the same skills, so there could be a bit of a tension there, competing industries all after the same skill set. How are the Government managing that possibly competing demand and making sure that all these sectors have the skills base that are required to deliver?

Luke Pollard: I will let Calum come in on the details of how the passports interact.

As defence has been identified as a key industrial sector in the modern industrial strategy, we are developing the defence jobs plan effectively in there. It needs to mesh with all the other key industrial strategies and jobs plans to make sure that we collectively have the skills requirement and the pipeline that delivers for construction, AI, defence, and energy for instance, as for some of those sectors. That is a piece of work we are undertaking at the moment to align with the expected skills pipelines that we need. On passports, Calum?

Calum Taylor: We are continuing to engage with other Government Departments that are critical to the industrial strategy about how we align the defence skills passport with others. I cannot put a timeline on when that is happening, but we want to roll it out very soon. This bit about making sure we are not duplicating effort and those passports work seamlessly is critical to why we need to take the time to do it.

Another key point to make is around involving industry in this as well, making sure that this passport works for them. The Minister mentioned the Defence Industry Joint Council earlier. We have a skills and training working group, which is looking at how we deliver some of those initiatives in the defence industry skills programme that was launched alongside the strategy last year. One of those subgroups is looking at how we launch the defence skills passport that works for industry.

Coming back to your third point about how we ensure that we are not competing for other talent base, engineers and engineering is a key point. The key policy problem we are trying to solve is how we expand that skills base. I come back to what the Minister was saying that those defence technical excellence colleges are going to be critical. We are building that UK skills base in Scotland, particularly in engineering skills, which we know are competitive not just in defence but in clean energy and some of our other critical sectors as well.

Q195 **Kirsteen Sullivan:** So these DTECs are critical to addressing some of the current key skill shortages. Skills being a devolved function, I would imagine that it is really important that we have the UK and Scottish Governments working in partnership here, hence the request for match funding.

Luke Pollard: That is right. I make the distinction between areas where I think a cut and thrust and political differences can hold things up, and areas where those people that are lucky enough to be in political office,



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knowing the threats arising, have the opportunity to work together. I am very keen to work with the Scottish Government to deliver two DTECs. As I mentioned earlier, I hope that it is not just two DTECs, but the network that will flow from those two hubs will include more people able to access those skills, and the opportunities. Because our projections that will be accompanying some of the defence investment plan show that with increasing defence spending, there will be more jobs in defence.

We need to make sure that there is a skills pipeline to service that increased demand. I am thinking especially of perhaps the most visible example across the United Kingdom, which is when it comes to welders. We know, for instance, that in Rosyth, where Babcock have hired 240-ish foreign welders, they are delivering key defence capability. We need those welders. Ideally, I would like to see people from the local area trained with the skills to replace those. While we can work with Home Office colleagues around exemptions and support in the short term, I don't want companies, big or small, to get used to bringing in labour from outside when they should have a responsibility to grow more of those skills at home and provide opportunities for young people.

These are good, well-paid jobs, and I think there is no shortage of people who want to do them, but there is a skills constraint in terms of the number of places available to train people. That is one of the reasons why the MOD stepped in, for instance, when the Scottish Government decided not to fund the Welding Academy in Glasgow. We stepped in to fund that work because we know how important that is for the delivery of military capability that is being produced in Scotland. That type of approach says, "If you are a trained welder and defence frequently needs people trained to the various highest standards due to the stress of the end product and what it is used for". There will be jobs in clean energy and jobs in defence for their lifetime, if we get this right.

I think that training more people locally will help to offset the risk of using contingent labour from abroad. I want to see more homegrown skills developed.

Q196 Douglas McAllister: Minister, what confidence can we seriously have—can we really have—that the Scottish Government are in any way going to work with the UK Government?

You have given the obvious example of the welding centre on the Clyde. That was a bespoke specialist welding centre, Rolls-Royce in partnership with the Malin Group, an £11 million centre. All the Scottish Government were asked to do was to come up with the £2.5 million to get that over the line, and they failed. It took the UK Government to come in and rescue it right at the end.

As a Government, what confidence can we have that that relationship is going to improve in relation to the Scottish Government being serious about investing in the defence sector, the defence industry and our skills in Scotland?



Luke Pollard: I hope that the approach that we are setting out is one offering partnership and co-operation and collaboration. Defence is a reserved matter, but the opportunities that come from defence are absolutely in the remit of the Scottish Government as well. I think there is an industrial and economic advantage. On the very micro level, these are not just numbers of apprenticeships. These are life-changing moments for young people, being able to get a career that will give them an entire lifetime's worth of skills and opportunities. I hope that we will be able to overcome any politics to deliver for those young people. That is certainly my intent as a Minister in the MOD. I have knocked on enough doors in Scotland to know that there are different political opinions going on. At this point, I want to see the politicians that the people have elected working together when it comes to the skills that are required, and that enhanced skill space will support defence, dual use and civilian sectors in the economy as well.

Q197 **Chair:** Minister, if we don't get that matched funding and we don't get two colleges or two facilities, does that mean our capability will be reduced long term?

Luke Pollard: I hope not, but we propose two colleges because we believe that is the requirement for the skills pipeline that we need. What I want to see is British-based firms and international-based defence firms continuing to invest in Scotland, because we know the ecosystem that has been built. Take shipbuilding as an example—the skills that we have there are exceptional. With the skills that we have around some of our aerospace, space, avionics businesses in Scotland, especially around the central belt, there are huge opportunities here.

We are trying to realise those opportunities as quickly as we can because the threat environment in which defence is operating within demands that we move at a pace that we have not done in the past. Now, that means we have to overcome and remove the obstacles that previously got in the way and certainly are necessary and actually prevent us from achieving that objective. I want to see us work together in doing that. It is a collaborative joint endeavour. If we get this right between the Scottish Government, the UK Government and industry, working with colleges and providers across Scotland, we can deliver more of the skills that we need. If we do that, the entirety of the Scottish economy benefits.

Q198 **Susan Murray:** You have just been speaking about what I would like to ask about, which is scale. We are currently encouraging more people to go into engineering. We are looking at the MOD working with Skills Development Scotland, and progress has been made in that sense. Given the strategic defence review's identification of a growing workforce crisis—which I think you have been alluding to—and skills shortages across defence, how far away are we from building that workforce that is warfighting ready?



Luke Pollard: One of the key lessons that I take from the war in Ukraine is, notwithstanding the incredible bravery and courage of the Ukrainian military on the front line, that Ukraine is only able to sustain itself in the fight because of the industry that stands behind them, both industry in Ukraine, but also across Europe, and in particular in the UK. That is a logic, which I think is a truth that we all recognise, but to get to warfighting readiness, I not only need to change the training of our people, the equipment that our people have, the platforms in which they operate and the way they operate with allies, I need industry to be on an as quick and urgent a journey to deliver warfighting capability.

There are a lot of different parts to delivering that capability, skills being one—agility and investment, being others. However, if we are not seeing the investment in skills, if we are not seeing the pipeline of people coming through to work in our shipyards, in the factories and in R&D and innovation, to support some of the growth sectors in Scotland—as we are seeing, especially around autonomy and drones, for instance—we will not see the investment in those firms that is required to deliver those capabilities. Investment will flow to those locations where we can see an ecosystem that is working.

One of the deliberate policies that we have as a Government—and I say this as a Devon MP—is I want to see more investment outside London and the south-east. That means looking at areas where we can increase spend. If I take within England, the north-east of England being a good example, the spend on defence per head in the south-west is over £1,000 per head. Defence in the north-east is £60. There is clear opportunity to deliver more there. I think Scotland is roughly around £390 per head. I think it is the fourth highest region in the United Kingdom for defence spend, but I want to see more defence spend there. We can only achieve that increased defence spending if there are people to work on it.

That is notwithstanding some of amazing improvements in robotics. I saw some of that myself at the National Manufacturing Institute of Scotland when we launched the defence growth deal, and how it is working to include more robotics, more automation in production in Scotland, but we still need more people as well. Therefore, it is very much an “and”, not an “or”. To deliver that warfighting capability, we need to invest in skills, and we need to be unafraid of talking about how skills produce the deterrent effect that keeps our nation safe.

Q199 **Susan Murray:** We are still seeing skills gaps so would a review of that process be helpful to make sure that the growth in skills training is targeted?

Luke Pollard: We have the defence sector jobs plan that I mentioned earlier. That looks at where the gaps are and how we go after them. I am always up for external challenge, but I do not want to have any duplication of efforts in here. We broadly know at the moment where we have skills gaps in Scotland and across the United Kingdom. In particular, there are some key aspects of how you deliver some of the capabilities



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that we are building in Scotland. I used the example of welders earlier, but that is not the only one. A focus that delivers on those key, crunch skills gaps, I think is a good one.

However, this is not an area that we are doing it once and forgetting about it. This needs to be constantly tracked. That is why the partnership that we are trying to have with industry around skills to look at what the pipeline is that is coming through from FE and HE, and what the reskilling pipeline is, is a necessary one to make sure that we are managing the skills flow into this area.

My expectation is that the defence investment strategy, and the defence investment plan will set out a demand signal that will show increasing opportunities around defence, delivered against an increasing spend profile for defence. Now, that should make people go, "That is a great area to invest. That is a great area to work in". That is what I am hoping, and we need to provide the opportunities to onboard the investors, the men and women who want to serve in uniform and those who want to serve in civilian roles. We need all of those to get us to war fighting readiness.

Q200 Lillian Jones: Minister, £20 million of the £180 million industrial strategy skills package has been allocated for skills initiatives in Scotland, Wales and Northern Ireland. Is that £20 million for each of the devolved nations or to be shared between them?

Luke Pollard: As a reserve Department, we do not have a Barnettisation formula for defence spending because it is a reserve spend. As part of the £182 million skills package, we have allocated £20 million for the devolved administrations. Scotland gets the lion's share of that, but it does cover Scotland, Wales and Northern Ireland.

Q201 Lillian Jones: Do you think the distribution of funding appropriately reflects Scotland's significance within the sector?

Luke Pollard: That funding is not the only funding that we are providing for Scotland. The growth deal funding, for instance, has a skills element to it. There are other initiatives that are both UK wide and also Scotland specific. We have spoken about the clearing system, the UCAS-style affair. We have spoken about the defence university alliance and the skills passport. So there is quite a lot more than just the breakdown of the £20 million between the devolved administrations.

Calum Taylor: Of that £20 million, we were talking earlier about the money that we have already said we would hope to put towards defence technical excellence colleges in Scotland, so £7 million of that £20 million essentially will go towards the creation of those colleges.

Q202 Chair: While we are training all these young people that we want to have working in the industry going forward, we are still going to rely for some time on international workers. The industry has suggested that raising the English language requirement for the skilled worker visa risks some



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of those critical roles not being filled. How will the Government ensure that that issue and those changes will not adversely affect the skills shortage that we have in the defence sector?

Luke Pollard: It is worth saying that within the defence industry, because of the nature of it, quite a lot of those roles are for UK citizens only. Where we have brought in the enhanced English language requirements in immigration, that is to encourage greater interoperability with society. Also, importantly, it is to reflect the fact that we want to signal to industry that we want people investing in homegrown talent, not importing it. The Rosyth example that we spoke about earlier is a good example of that.

The work that I, Mike Tapp and the Home Office are doing to look at the support that we can provide to Babcock around the welders in particular, yes, I need to deliver those capabilities. There will be decisions that we take in the short term, which are about capability delivery that I want to see replaced in the medium to long term with homegrown talents. Therefore, yes, the increase in the English language requirement does have an impact. Babcock already has a visa exemption from some of that work at the moment, and we are discussing with the Home Office as to whether a further visa exemption is the right opportunity here.

However, I want to be very clear with people—just as the Home Secretary and the Prime Minister have—that I expect companies to be investing in homegrown British talent and, in particular, there is a huge pool of talent around Rosyth that could be trained to replace that capability in due course. That is what I want to see Babcock invest more in and that is why I want to see an environment and an ecosystem that gets after those skills so that we do not need to either import that type of skilled labour, nor that we need to have an exemption from any of the rules that apply to other parts of the UK economy to deliver the military capabilities that we need.

Q203 Lillian Jones: We have heard how negative public perceptions of the defence sector are impacting operations and recruitment for many companies in Scotland. Beyond the Destination Defence campaign, what are the UK Government doing to combat this?

Luke Pollard: Let me start with a really simple one: that a career in defence is a good career. I think there has been a culture within the MOD for too long where we have not told our story. I don't want defence companies giving away the secret squirrel aspects of what they work on. I want them talking about how a career in defence is a good career for people. That is everything from a good career in uniform to a good career in industry, a good career in R&D and innovation. That storytelling is an important part of what we need to do.

That is not the only thing we need to do, but starting to challenge a negative perception that has built up sometimes in the absence of the positive being made, I think has led people to argue for this. I want this



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to be part of a broader national conversation, so one of the SDR recommendations that Lord Robertson made was to start a national conversation. We are working up the more formal parts of the national conversation at the moment, but you will have already seen steps towards that national conversation that defence has taken, partly by being more transparent and vocal about the threats we are facing.

The decision that the previous Defence Secretary took to disclose the activities of the Russian spy ship Yantar, for instance, is a part of a national conversation that starts saying, "Here are the increasing threats that we are facing as a nation". That reflects the increasing importance that we are providing to defence, but also the increasing opportunities that come from increasing defence spending. I am expecting the MOD to publish more details of the national conversation. That is not just an MOD responsibility. It is really important that we talk about the threats we face in a whole of government approach. Every Government Department needs to be making the case for increased resilience and the threats that we are facing, so that it is not just the men and women in uniform that respond to those.

As part of that, we also need to make a case about the more specific aspects. We have Destination Defence as the key UK-wide marketing campaign to talk about how we increase awareness of defence opportunities, the ease of accessing them—both for businesses and procurement—so that we grow our defence industrial base, but also grow the skills we have spoken about as part of this. However, there is something here that is a shared endeavour. I want defence companies to be louder in their own local communities about the contribution they make, the benefit that they make, they bring to their local communities. That storytelling is part of this.

I have recently seen how some of the trade unions that work in the defence sector have been supporting that storytelling. These are good, well-paid, unionised jobs in much of those large shipbuilding yards on east and west Scotland. These are good stories that we should tell. I think the caution that traditionally spoke about this is a peace dividend had been taken. We did not want to talk too much about defence. We wanted to share the risks, spread it out, and not invest. That is not where this Government are. We are moving at pace to warfighting readiness. The volume about the threat that we face is there because the threat is increasing and real, and the opportunities for communities, industries, and individuals to benefit from that increase in defence spending is an important requirement in the MOD getting an increase spend from the taxpayer, because we need to be able to demonstrate that this is money well spent, provides good value and delivers a good effect.

Calum Taylor: Another initiative that will look at this is the defence universities alliance. As the Minister was saying earlier, we are due to announce who the founding members of that alliance will be over the next couple of weeks. One of the key parts of that charter is about how



do universities promote a career in defence on that university campus. Once we have the alliance set up there will be a conversation with universities about how they can do that. That is really critical, both in terms of promoting defence industry careers, but also just having that broader conversation about defence.

Q204 Lillian Jones: Part of the national conversation for me, certainly, I think probably about 85% of my constituents don't understand the threats that we face, because that message isn't landing. It is not on their television screens. Ukraine has been wiped off the news almost, so they don't understand that threat is still there. It is important that any national conversation that we have with the country we make sure it lands squarely in our communities so that they understand. Also, I would hope that that raises the perception that defence is a really, really good career. It is national defence. It is security. Thanks very much.

Luke Pollard: I entirely agree. In Armed Forces Week, as we are now, there are activities right across Scotland in support of our service personnel. I think because the threat is growing and it is real, and we are talking more about it, it is not just something that happens further afield. It is not just something that is happening in Ukraine. The United Kingdom is under daily constant cyber-attack from our adversaries. They are not just targeting military infrastructure; they are targeting civilian infrastructure as well.

The way that conflict is changing means that in the period of contest that we are in with Russia, in particular, we might not be getting missiles or artillery shells coming over our border in the way that Ukraine is, but we are certainly seeing the undermining of our institutions, grey zone attacks and cyberattacks against the United Kingdom. Now, if Russia takes down a water company, are we at war? If they take down a supermarket, are we at war? Cyberattack. We are responding to that with increased investment in our cyber defences. That also means we have to tell a different story about what conflict looks like today.

We only need to look at our friends in Ukraine to see what Russian tactics are, what the impact is on all their lives of Putin's illegal war. Now I want to deter aggression against the United Kingdom, being clear that the threats are real. That there are activities taking place to deter that is a key part of that. Some of that is stuff we cannot talk about, but where we can, we should.

If I look at the contribution that Scotland makes to that, the quick reaction aircraft that we have at RAF Lossiemouth, for instance, the incredible capabilities, the skills, the professionalism of the Typhoon teams there, the P-8 maritime patrol aircraft that keep our oceans safe, and the missions that leave from Faslane for our submarines.

One of the things that makes me incredibly proud is the way that the defence sector and the Prime Minister have welcomed back our nuclear bombers after their times at sea. I want to reduce those times at sea by



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investing in infrastructure and the submarines, but the contribution that Scotland makes to keeping our nation safe is real, it is visible and it is every day, all day. I think the story that we can tell is about saying, “Yes, the threats are real. We are responding to them. We are enhancing our capabilities”. Of course, we would like more defence spending—and there is an argument to be had about that—but the plan that we are presenting is a scalable plan.

With more defence spending over the next decade, we will scale up what we have. Scotland is a key part in delivering our national security. There are good jobs and opportunities that will be created if we get this right. To do that, we need to invest not just in the pointy end of the spear. We need to invest in the entire spear, and that includes all the civilian support for our military.

Lillian Jones: You do pack a punch.

Q205 **Kirsteen Sullivan:** Clearly, Minister, defence is a reserved issue, but what I am hearing quite strongly is that defence and security across all four nations is a shared endeavour. That being the case, can I ask how well the UK and Scottish Governments are working together on defence policy?

Luke Pollard: Defence policy is a reserved matter, so the core defence policy is run out of the Ministry of Defence in London. Where it comes to the enabling policies—industry, skills, everything including planning, for instance—we do maintain a good official level conversation. I would like to see more political level conversations that look at the areas where we can work together to deliver increased effect and increased benefit to Scotland.

There is a lot of work that takes place every single day—which does not trouble the headlines—that I can see is evidence of good close co-operation between the Scottish Government, the Ministry of Defence, but also the armed forces that are directly based in Scotland. Some of the work that we see managing the threat, for instance, which for obvious reasons we don’t talk about frequently, for me demonstrates incredibly close co-operation between Scottish Government officials, and the defence apparatus. We do not talk about those things for obvious reasons, but it shows me that we can and do co-operate, and find more ways of doing so because Putin really does not care about our political differences. He does care if we have a strong United Kingdom, strong armed forces and strong deterrence. That is the deterrent ability that by working together we can help deliver.

Yes, I am always up for a debate about strongly held views towards defence policy. We live in a democracy. We should be unafraid to engage constructively with decency and with respect for other views that we don’t share around that. I think there is an opportunity here to do more together, and I hope that we can take it.



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Q206 Kirsteen Sullivan: This Committee has heard evidence from the defence sector that some of the Scottish Government policies have had quite a negative impact on the perception of defence companies, with one company spending £1 million on its physical security due to attacks. What is your assessment of how past and present Scottish Government policies are affecting Scotland's defence sector?

Luke Pollard: I recognise that the Scottish Government have taken a different approach than the United Kingdom Government have, in terms of their language and their policy positions around a number of different issues. I think at a high level there is common agreement, especially when we see what has happened in Gaza. I want to see peace. I want to see a two-state solution. I want to see an end to the conflict. I want to see aid get in to support everyone in Gaza, and I want to see an end to the violence in the west bank as well.

Where we have disagreed is on the best way to deliver that, and I think the policies that the Scottish Government have put in place—both their munitions policy and their wording around genocide at the moment—I understand why they have done that. I understand the public response to it. I share a similar view to them as to wanting peace in the Middle East. I also recognise that Scotland is essential to the defence of our nation, and there are brilliant companies in Scotland delivering exceptional capabilities for the United Kingdom and our allies.

Where there is a risk that any production in the United Kingdom could be used in breach of international humanitarian law, then of course we should take that seriously. That is why we have a robust export licensing regime for the UK that is run out of the Department for Business and Trade. That is the right place for it to be. I hope that there is a place that we can have strong, robust political views about the decency and the values that we have as a nation and as a family of nations across the UK, as well as supporting defence industries. There is a balance here, I think we can find that.

Q207 Kirsteen Sullivan: My final question goes back to skills. You did mention how you would like to see more political level conversations being able to take place. Do you currently have a formal forum, either politically or between officials, to discuss skills issues that are really quite critical and pressing at the moment?

Luke Pollard: There is regular skills engagement with officials. Calum and his team have a lot of engagement with Scottish Government officials, indeed, as we do with the Welsh Government and the Northern Ireland Executive. There is not a formal political moment at the political level at the moment. I hope we can achieve that because there is a benefit to be delivered by us speaking and working together and pooling resources. DTECs being the easiest, the closest crocodile to the canoe, to borrow an MOD phrase. It is absolutely an opportunity that we can achieve together. If we can achieve two DTECs in Scotland, we can build



from there to deliver increased skills and increase opportunities for Scottish businesses to sell into defence procurement.

Calum Taylor: As we now take forward the Scotland defence growth deal, of which those DTECs are a part, we are setting up governance structures to take forward to the various work streams that include skills. Of course, as the Minister was saying earlier, we want the Scottish Government to be part of that conversation. I think that obviously depends on some of the negotiations we have ongoing around funding, essentially, which will take place in the next couple of weeks.

Q208 **Kirsteen Sullivan:** Do you seek a regular forum rather than ad hoc communications?

Calum Taylor: Absolutely. That is ultimately the way we are going to take forward the defence growth deal and those DTECs as well.

Luke Pollard: It is worth saying that Scotland is not the only devolved Administration that we work in, and I want to see a similar approach tailored to Wales, Scotland and Northern Ireland, but broadly we need to have regular contact between the men and women in uniform and the devolved administrations for MOD officials and across government work that we have across the UK Government, and as much as possible political conversations to crack on and deliver stuff. That is what I am keen on.

Chair: Minister, Brigadier, Mr Taylor, that brings us to the end of our evidence session today. Thank you all for your comprehensive evidence to the Committee today. We are very grateful for that. We will conclude our deliberations very soon and we will produce a report that you will receive in due course. Thank you again very much for your evidence today.