



Grant Shapps MP
Secretary of State for Defence
By email only

From
Rt Hon. Sir Robert Buckland KBE KC MP

24 May 2024

Dear Grant,

In February 2024 my committee launched an inquiry into *Defence Spending in Northern Ireland*. As you will be aware, Ministry of Defence spending with industry in Northern Ireland is significantly lower than with the rest of the UK: just £190 per head in 2022/23 compared to £5,930 per head in the South West of England. A key question for our inquiry has been to examine the reasons behind this stark disparity in spending and to identify ways in which the Ministry of Defence could make better use of Northern Ireland's defence industrial base.

Historically there has only been one prime, Thales, based in Northern Ireland (the strategic importance of which has been brought to the fore by the recent war in Ukraine). That situation previously limited opportunities for defence expenditure, but the recent emergence of Harland & Wolff and Spirit AeroSystems into the defence market and its increasingly vibrant SME landscape means Northern Ireland now presents considerable potential to be leveraged.

As part of our work we received written evidence from stakeholders and held oral evidence sessions with industry representatives and just this week we spoke to Minister of State James Cartlidge MP. In addition, we held a roundtable event with defence and security SMEs during a visit to Belfast. Although my committee is no longer able to publish a report due to the upcoming Dissolution of Parliament, there were some key themes which emerged during the course of our inquiry which we felt were still important to draw to your attention.

- Witnesses - both SMEs and larger firms - described "a degree of regional industrial blindness" in relation to Northern Ireland with only modest political attention given to the region by decision-makers in Westminster.¹
- We were told that unless there was "a focused plan for the MoD to engage with companies in Northern Ireland" there was no indication that planned increases in MoD expenditure over the coming years would benefit companies here.²

¹ Q37; DSN0003, Spirit AeroSystems

² DSN0005, ADS



- Stakeholders were clear that the establishment of a staffed regional 'hub' by the MoD would enable the Department to improve its knowledge of Northern Ireland's defence industrial base and better tap into the range of innovation and opportunities on offer.
- SMEs, which make up 95% of the defence companies based in Northern Ireland, told us that geography posed an additional barrier to participation in MoD events and trade shows, which often take place in the south of England. We heard that a regional hub would enable closer links to be developed between industry and the MoD and provide SMEs with a greater awareness of potential procurement opportunities.
- We recognise that the majority of spend with SMEs flows indirectly through primes rather than directly from the MoD and heard that there is a need for the MoD to pay greater attention to the way in which primes engage with SMEs in Northern Ireland which is often overlooked.
- Skills and workforce issues were also raised in evidence. Stakeholders were in agreement on the need for reform to the way in which the apprenticeship levy is used in Northern Ireland (something which we have raised previously as a committee), as well as promoting STEM career opportunities in the sector for young people.

During our inquiry we also took evidence from Harland & Wolff who will be delivering part of the Fleet Solid Support Ships programme for the Royal Navy. Giving evidence to us in April, Professor Trevor Taylor of RUSI stated that "the potential to re-establish shipbuilding in Northern Ireland rests on this contract".³ Recruitment of staff at the site to deliver the programme, including apprentices, is well underway, and we witnessed the preparations firsthand as part of a visit to the shipyard in Belfast. However, recent press reports surrounding the Government's decision on a potential £200 million loan facility from UK Export Finance has created uncertainty and clarity on this is urgently needed from HM Treasury.

Given the premature end to our inquiry, we are keen to do right by those who took the time to contribute to our inquiry, by ensuring that the evidence we collected is still put to good use and the recommendations made by stakeholders properly considered by policy makers in Whitehall.

Yours ever,

Sir Robert Buckland KBE KC MP
Chair, Northern Ireland Affairs Committee

³ Q24