KBR - Written evidence (IUD0011)

1. About KBR

1.1 KBR provides science, technology, and engineering solutions to governments and businesses around the world. The company is a leader in the development of sustainable and cutting-edge defence technologies, employing 33,000 people in 33 countries. In the UK, KBR has extensive operations and possesses a proven track record as a Strategic Supplier to the UK Government and the Ministry of Defence (MoD). Our workforce of nearly 3,500 employees across the country demonstrates our commitment to local expertise and economic growth.

1.2 In 2021, KBR acquired three leading UK engineering and technology solution consultancies - Frazer-Nash, Harmonic, and VIMA - culminating in the launch of the new Frazer-Nash in August 2023. Frazer-Nash’s engineering roots trace back to the design and production of specialist cars in 1920, and of the production of machine gun turrets for Wellington and Lancaster bombers during the Second World War. These investments underscore KBR’s dedication to technology and innovation in the UK, reinforcing our commitment to evolving with our customers' ever-changing needs in the era of rapid technological advancement.

1.3 Within defence, together KBR and Frazer-Nash (KBR/FNC) have long-standing responsibilities for delivering defence critical needs. Through Aspire Defence, KBR is responsible for providing accommodation for approximately 30% of the British Army under the Project Allenby/Connaught Private Finance Initiative contract. With BAE Systems, we serve through KBS Maritime as the Royal Navy's infrastructure services delivery partner at HMNB Portsmouth. Frazer-Nash has a comprehensive submarine design and assurance solution portfolios which includes the UK's Swiftsure, Trafalgar, Vanguard, Astute, Dreadnought and future nuclear platforms. Frazer-Nash’s Defence AI Expertise includes our involvement as a participant of the first AUKUS AI and autonomy trial held by Dstl in 2023, and direct support to the Defence AI Centre (DAIC) to enhance MoD's readiness.

1.4 KBR supports the strong European leadership role being played by the UK Government in NATO, including its campaign to support Ukraine. For us, the development of long term, strategic engagement between government and industry is needed to respond to ‘the new normal’. Reflecting this outlook, our twin focus in Ukraine is on supporting immediate defence needs and on helping to lay the foundations for the country’s reconstruction. On the former, KBR was a proud, core participant of the first UK defence trade missions to Kyiv in December 2023 and April 2024, strengthening trade, defence, and industry links. In the near term, our aim is to ensure that the maintenance, repair, and overhaul (MRO) of both U.S. and UK equipment is conducted effectively and rapidly. On the latter, KBR will bring its experience major programme and project management to its participation around the next iteration of the official Ukraine Construction Conference (scheduled to take place in Berlin in July 2024).

1.5 In this context, we welcome the opportunity to contribute to the House of Lords’ International Relations and Defence Committee inquiry on the

Implications of the war in Ukraine for UK Defence. For conciseness, the focus of our submission is to offer a snapshot of key lessons that can be drawn from the war in Ukraine to date.

2. Note on Context and UK/U.S. Support

2.1 The global security landscape is undergoing significant strain. The combination of a major war in Ukraine, significant escalation of conflict in the Middle East, and rising tensions in the Indo-Pacific call for governments to respond. Deeper, long term industry engagement is needed to advance UK and allied defence objectives in the geopolitical context, including in respect of the delivering the UK's priorities for ending the war in Ukraine.

2.2 KBR welcomes the importance being placed by the MoD and wider UK Government on supporting Ukraine. In parallel to wider UK defence spending commitments, the Prime Minister's announcement on 23 April of an additional £500m in-year funding package of military aid for Ukraine - to include more than 400 vehicles, 1,600 strike and air defence missiles, and nearly 4 million rounds of ammunition - is extremely welcome. Its commitment to work closely with UK industry from the outset of the war has been an important policy priority.

2.3 This new investment builds on a strong pedigree of UK support and alongside agreement within the U.S. Congress to allocate a new $61bn funding package in military aid for Ukraine. In the history of the war, through strong U.S. and UK leadership, we hope that April 2024 will be remembered as a pivotal moment in turning the tide against Russian belligerence and aggression towards an independent and sovereign Ukraine.

3. Lessons from the war in Ukraine for UK Defence

3.1 KBR offers that, to date, the following seven (7) lessons can be taken from the war in Ukraine for UK Defence:

> 3.1.1 The war has shown that there is an urgent need to replenish weapons and ammunition stocks, as well as strengthen the UK defence industrial base. It is welcome that both main UK political parties have recently committed their intent to increase defence spending, and that on 23 April the Government announced specific additional defence funding to 'fire up' the defence industrial base. In the current turbulent geopolitical context, the war has shown the need to build up Cold War-like levels of stock and key ammunition (e.g. 155mm or 105mm shells), as well as invest in emerging technology. Any re-boot of the Defence and Security Industrial Strategy (DSIS) must take full account of the requirements that have been clarified by the war.
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> 3.1.2 The use of advanced and emerging technology including drones, cyber, and electronic warfare (for example) in the war in Ukraine means that these capabilities should now be seen as core, baseline capabilities for the UK's Armed Forces. In this context, UK Defence should continue to learn how Ukrainians have innovated on the battlefield and ensure that its 'best practice' on harnessing both digital and emerging technology is fully integrated into the next edition of DSIS. There are encouraging signs that

the MoD is now grasping from the experience in Ukraine the scale of the task it has with the advancement of its own digital transformation. Ukraine shows that harnessing emerging defence technology must become a core part of the DNA of UK Defence.

3.1.3 Another lesson is that UK Defence needs to facilitate a 'broad church' of industry engagement, beyond the defence sector and into 'new' sectors of the economy including emerging tech and digital infrastructure. Ukraine shows that there is a new requirement for the Government to develop new mechanisms for harnessing, particularly, the community of technology SMEs/Start-ups (as the Ukrainians have done through Brave 1 and other mechanisms, for example). In UK Defence, the R&D landscape has important existing structures for engaging this community - a lesson is that such organisations must be ready to engage with/mobilise a broader industrial community at a time of War.

3.1.4 The war has proven the desirability of developing in UK Defence more agile and iterative procurement mechanisms. The Ukrainians' ability to source drones/advance technology is to be admired, yet our experience of supporting UK MoD has highlighted an ongoing propensity towards risk aversion in the procurement of urgent capabilities. Indeed, the war has highlighted the shortcomings of national defence procurement systems across Europe. Taking lessons from Ukraine, the UK now has an opportunity to play a leadership role in the development of more nimble acquisition models European defence and Euro-Atlantic area. The announcement of the MoD's new Integrated Procurement Model is a move in the right direction towards seizing this opportunity.

3.1.5 Furthermore, the war has highlighted the need for improved operational technology to be delivered at pace, enabling the rapid development of new technologies that compete successfully in contested environments. It is now imperative to enable the SME supply chain of technology providers to deliver into operational demand through rapid processes of test and evaluation, and a clear approach to the deployment of either stand-alone capability and/or the smooth interoperability of such capability with other war fighting assets. Making this possible need both technical skills and training for users.

3.1.6 The importance of developing a whole of government approach to industry engagement, across both defence and reconstruction priorities, is an additional lesson from the War so far. The Government of Ukraine has been an exemplar in recognising the need to coordinate requirements across the whole system, where possible. To avoid confusion and delays to meeting requirements, UK Defence should seek to clarify its own 'demand signal' and promote operational requirements to industry in the most coordinated way possible. In respect of HMG's engagement with industry to supporting Ukraine, it is encouraging that, at the time of writing (April 2024), a joined-up approach to UK trade missions in Kyiv is in place. This incorporates a full range of players including UK MoD, Department for Business and Trade (DBT), UK Export Finance (UKEF), and the Armed Forces (Taskforce Kindred and Taskforce Hirst).

3.1.7 Finally, the war has shown that cohesive capability integration across supply chains and borders is a necessary part of war fighting capability. The wide range of equipment of capabilities that is being delivered to Ukraine from multiple supporting countries means that maintaining an 'operational service first' mentality is required to deliver effect cohesively, and in a way that does not harm the operation.

4. Concluding Remarks

4.1 KBR/FNC are committed to supporting the UK Government's objectives for helping Ukraine in its fight for victory in the war against Russia, for however long it takes. In 2023/24, DBT, MoD and UKEF have established solid foundations for harnessing UK industrial support to Ukraine, both on near-term defence needs and in respect of reconstruction. This should be developed into a long term, strategic partnership.

4.2 The war shows no immediate signs of ending but already offers numerous lessons. Amongst them, KBR/FNC offers that the experience to date shows that UK Defence should: work with industry to urgently replenish its weapons and ammunition stocks; fully integrate advanced digital and emerging technology into UK defence industrial strategy; develop a broad church of industry engagement including, but not limited to, the traditional defence sector; develop more agile and iterative procurement mechanisms; ensure the delivery of improved operational technology at pace; advance a whole of government approach to industry engagement; and drive cohesive capability integration across supply chains and borders.

24 April 2024