WRITTEN SUBMISSION TO THE DEFENCE SLECT COMMITTEE INQUIRY INTO THE NAVY: PURPOSE AND PROCUREMENT BY MICHAEL VIDAL LLB (hons)

This submission only deals with question 6 of Part Two of the Inquiry. This question asks '*Is the UK's domestic shipbuilding industry able to fulfil its role in delivering the country's naval capabilities? What has been the effect of the National Shipbuilding Strategy? Does the government's decision in the Defence Industrial Strategy to determine whether to invite foreign competition on a case-by-case basis (rather than just for warships) increase or decrease the opportunities for UK shipbuilding? What will industry need to see in the government's forthcoming update to the National Shipbuilding Strategy and 30-year plan for Naval and other government-owned vessels?*

I should declare an interest in the answer as I am a shareholder in Infrastrata PLC the parent company of Harland & Wolff Limited which is the holding company of Harland & Wolff (Belfast) and Harland & Wolff (Appledore) who are shipbuilders. Having said this my shareholding is nowhere close to being a declarable interest for the purpose of any declaration of interests in the public sector.

In respect to the first limb of the question the Committee asks about the domestic shipbuilding industry ability to fulfil its role delivering the country's naval capabilities. I would be inclined to the view that the current capacity of the shipbuilding industry to deliver on the country's naval capabilities is restricted by two factors. Firstly, there are simply not enough shipyards capable to do the work. Related to this is the second restriction due to the concentration of orders at Royal Naval Base Clyde and BAe Systems at Rosyth there is no encouragement to other shipbuilders to invest in the facilities to do the necessary shipbuilding work. I am aware that the Secretary of State for Defence and the Prime Minister have made noises about the facilities at Harland & Wolff this rhetoric has not been matched with a comparable level of action.

In a recent tweet the UK Defence Journal said, 'Ben Wallace recently said that "In Rosyth, work is ongoing to build the facility needed to build the Type 31s and the subsequent Type 32s", is this the first confirmation we've had that those vessels are to be built in Scotland?' The full twitter feed can be found here https://twitter.com/UKDefJournal/status/1387349545441497089. Due to other work on the Type 26 the ability of Rosyth to complete the work on the Type 31s and Type 32s in the timespan envisaged in question 4 must be open to debate.

It is worth noting that the current companies that are in receipt of defence contracts to build warships have a record of finishing work late or over budget. From observations I have made from the Belfast Harbour website Harland & Wolff (Belfast) has been able to complete work on time. Indeed, I have noticed that on a couple of occasions vessels have left earlier than initially scheduled. This would seem to imply if greater competition were introduced other shipbuilders may be able to shorten the delivery times for naval vessels.

As far as the effect of the National Shipbuilding Strategy is concerned it is not clear that it has had any real affect the concentration of shipbuilding work does not appear to have changed. This has resulted in the Harland & Wolff yards in Belfast and Appledore having to be rescued from liquidation and administration, respectively. This is despite the Belfast yard having some of the largest drydock facilities in Europe. Indeed, the Belfast drydock is one of only two drydocks large enough to take a Queen Elizabeth Class Carrier.

In relation to the decision in the industrial strategy to '*determine whether to invite foreign competition on a case-by-case basis* is concerned this will benefit the shipbuilding industry if it means a more even sharing out of the work in a transparent way. It is no good to exclude foreign companies to compete for contracts if you only just hand the contract to a favoured yard. This would be counterproductive as it would not encourage investment in shipyards to create the capacity to carry out the work.

In the update to the National Shipbuilding Strategy and 30-year plan for Naval and other government-owned vessels a commitment would need to be made to a fair and transparent allocation of the work needed to meet both the strategy and the plan. This will allow the shipbuilding industry to meet the aims of the levelling up agenda. Also, there would be the confidence to make the investment needed in the shipbuilding industry. To date the only part of the UK that is seeing any meaningful investment because of the extra Ministry of Defence funding for the Navy is Scotland.

Michael Vidal

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