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Future Deterrent Industry Day

Keynote Address by Mr David Gould

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Media: None

[Opening]

It is my great pleasure to open the Future Nuclear Deterrent Industry Day, and in doing so, I pass on the apologies of Lord Drayson for not been available today. You will understand that Minister is required to be elsewhere, though his message to you all is still very much part of what I and others will say to you today.

This afternoon we are going to outline our plan to maintain the UK's nuclear deterrent. The intention is to replace the entire Vanguard Class submarine system. [REDACTED]

[REDACTED] S35

Holding this event, this early on, sets a good precedent.

We aim to share information and be open about our requirements. We expect no less from industry. But this is only the first step, we want this entire programme – from today onwards – to be managed in a way that allows MoD and Industry to share and make best use of our resources and information.

[DIS]

You may be sitting here thinking your company is years away from needing to pay any real close attention to what's happening. That's completely the wrong attitude – and contradicts the Defence Industrial Strategy. The DIS is about making sure businesses like you understand MOD's priorities, needs and visions. So you know where we're going – and if you know where we're going - you can prepare. We will be making some major decisions in

the short term – decisions that will have long-term impacts for all of you here today.

A big part of the DIS was an emphasis on through life management of equipment. So it won't surprise you to hear us say that through life capability management across the whole submarine programme is non-negotiable. Clearly, we are dealing with a very large, very expensive, long-term piece of kit. We would argue that this project – more than any other – needs maximum emphasis on through-life management. That has implications.

Implication one - we need to talk to each other. We don't just mean between MOD and industry - but between industries. We all need as much information as possible - as quickly as possible. That requires early engagement from you.

Another implication of the DIS is cost. In short – DE&S expect their submarines to get cheaper. The lessons from our current submarine programmes need to be realised. MoD and Industry need to be prepared to make the necessary changes to meet our targets. Be under no illusion that value for money will be a key driving force behind all of this programme. We have little doubt that with so much tax payer's money going into this - the media and parliament will be scrutinizing investments very closely – and rightly so.

[DE&S]

The future SSBN needs to incorporate all of the Through Life Capability Management principles set out in the Defence Industrial Strategy. The very principles which underpin this new organisation here at Abbey Wood.

As you know, the Government has estimated that it will cost £15 to £20 billion to acquire this system. Around two thirds of that on the new submarines. We have also indicated our intention to build the boats in the UK. But UK industry needs to offer a value for money and affordable solution.

DE&S want to see three things:

- the widest possible competition and engagement of best of class companies at sub-system level
- the best possible value through life cost solution
- the greatest possible innovation consistent with providing a fit for purpose solution within the available budget and to the required timescales

If we are to achieve this, the Government needs to play its part in sustaining continuity of activity and orders within the industry. It is our firm intention to ensure that the

ASTUTE programme provides this. Therefore we are committed to a 24 month drumbeat for the ASTUTE.

[Challenges]

Clearly, there are some challenges we will need to overcome.

I've already mentioned the fact that we expect industry to get leaner on cost.

Another major challenge is the level of collaboration we expect to see between businesses. Sharing information. Sharing plans. Sharing work. Joint working amongst critical industries is already playing a significant role in the submarine programme. That must continue. we want that attitude of cooperation to remain the pattern of behaviour early so it carries on through the next 17 years. Why? Because that is the kind of maritime industry that will ensure the best results. We must work together on the

design hand-in-hand with the supply chain – one informs the other. So we must look into new ways to manage this dynamic – building on and exceeding the successes of the Astute programme.

[SMEs]

Finally, I want to say a few words particularly to those here who represent small and medium sized enterprises.

You are vital to the success of the future submarine. We recognise that you have important, niche skills and we need to foster your position in this difficult market place.

We want you to feel secure – yet we also want you to be hungry for business. I realise that in this market there is heavy inter-dependence between supplier and customer.

For our part, we will give as much clarity as possible about where we are going and how we plan to get there. I have already outlined how we expect industry to work together

at all levels to make this programme happen. I hope during the Q and A session you can share some ideas on what that means in practise.

[Closing]

My colleagues will go into a lot more detail on some of the issues I've just introduced. But I hope you are beginning to get a feel for what to expect from this venture. Together, we are going to replace the UK's nuclear deterrent system.

We have a clear destination and it's up to us – all of us – to ensure the result is world class capability, at an acceptable cost and with the principles of through life management at its heart.

We have a sound starting point and - by the end of today – we will have begun to map the terrain we must cross to

reach our destination. Together we can do this. We can beat our old norms and put world class capability in service within 17 years.

We look forward to working with you.

