



Ministry
of Defence

MINISTRY OF DEFENCE
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STUART ANDREW MP
PARLIAMENTARY UNDER-SECRETARY OF STATE AND MINISTER
FOR DEFENCE PROCUREMENT

MSU/4/5/2/39/ap

5th September 2018

Dear Mr. Hardy

Thank you for your letter dated 26 July 2018 on behalf of yourself and Gary Smith, GMB Scotland Secretary, about the procurement of Type 31e Frigates and Fleet Solid Support (FSS) Ships.

I appreciate that you will have been concerned to hear that the Department had stopped the Competitive Design Phase (CDP) procurement process for the Type 31e Frigates. That decision was taken because an insufficient number of compliant bids had been received from industry. It did not mean that we had cancelled the Type 31e programme, only that we had exercised our right to stop the CDP procurement at a very early stage.

A new process to procure Type 31e began on 13 August 2018 with the publication of a Prior Information Notice, enabling us to maintain the momentum we have built up. A short period of market engagement is now underway, the outcome of which will inform the next steps of the new procurement process.

I would like to reassure you that there has been no change in our plans to procure the first batch of five new Type 31e Frigates. We still want the first ship in-service by the end of 2023 and are confident that industry will rise to the challenge of delivering five ships for £1.25Bn. The Ministry of Defence is committed to a robust and healthy competition resulting in the award of a Type 31e contract.

As we set out in the National Shipbuilding Strategy (NSbS), warship procurement is subject to UK competition. It is up to industry to develop competitive and innovative bids for all our future ship procurements. We have encouraged participation from the wider UK shipbuilding enterprise, ensuring we receive bids from the widest possible constituency and will continue to encourage and support opportunities for UK industry, including Scottish companies, across the supply chain.

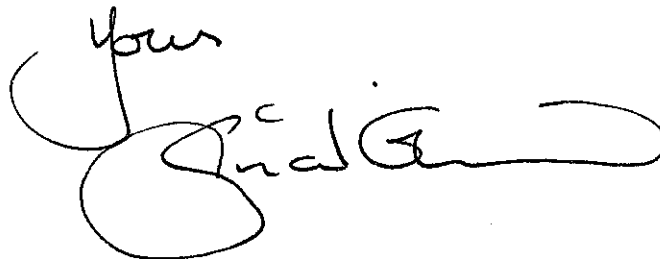
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Turning to the FSS competition, I am clear that the FSS ships are not warships and there is no national security interest which requires their design and construction to be limited to UK companies. These ships are Naval Auxiliary Support Ships whose primary role is the replenishment of naval vessels with bulk stores. They are non-combatants manned by civilian Royal Fleet Auxiliary crews and fitted only with self-defence weapon systems.

As such, Article 346 of the Treaty on the Functioning of the European Union does not apply and we are required by law to procure the ships through international competition, under our obligations set out in the Defence and Security Public Contracts Regulations (DSPCR) 2011. These regulations require international competition in public procurement where no lawful exemption can be applied.

We formally launched the FSS competition on 5 June 2018. You can be assured that we have actively encouraged UK shipyards to take part in the competition and they have been positive about the opportunities the programme presents. It is in the Government's and the taxpayer's interests to have a robust competition and we anticipate receiving strong bids from UK shipyards.

I hope this will allay your concerns and reassure you as to this Government's commitment to the future of UK shipbuilding.

Your


STUART ANDREW MP