

**DEFENCE PROSPERITY PROGRAMME CONFERENCE
THE SCIENCE GALLERY; 5 MARCH 2020
SPEAKING NOTE - MIN (DP)**

Introduction

I am delighted to be with you today at the Science Gallery.

This is an appropriate place to talk about the contribution of Defence to a dynamic and fast-changing economy.

Here in this award-winning exhibition space - just a stone's throw away from the iconic outline of the Shard - there are no permanent exhibits ... no familiar display cases.

Instead, what this place represents is an inspiring commitment to using science to benefit the whole of society, achieved through new partnerships between industry and academia.

The Gallery is part of Guy's Hospital Campus, and much of what's done there addresses the healthcare challenges of the 21st century ... challenges which are never far from our thoughts at the present time, of course.

But substitute one or two words in what I've just said about it, and you have the Government's long-term plans for Defence in a nutshell.

I am determined that we and our world-class Defence industry will work in full partnership with academia to harness the latest in technological innovation.

Not only to provide our Armed Forces with the very best equipment in a threatening world ...

... but to contribute to levelling-up across the UK, bringing prosperity and high-quality jobs to every corner of the nation.

Today's conference - an important deliverable What we are doing here today as part of the Defence Prosperity Programme – stimulating greater academic interest in the economic contribution of this sector - is will be a key part of that.

A Great British Defence Sector

As we set out on that great endeavour, we start from a sound base.

The UK's Defence & Security industries lead the world in many areas.

With a broad footprint across the country, they make an enormous contribution to the economy through jobs, skills, research and development, and exports.

They underpin our national security and play a crucial role in maintaining the UK's global influence and in our strategic partnerships with key allies.

Back in 2015, the Strategic Defence and Security Review recognised the vital connection between our national and economic security by creating our third National Security Objective – *Promoting Our Prosperity*.

Many of the UK's Defence and Security companies are going from strength to strength

But there are challenges on the horizon.

So since SDSR we have published the National Shipbuilding Strategy, launched the Future Combat Air Strategy, and refreshed our Defence Industrial Policy to help strengthen our sector in key capability areas.

Defence Prosperity Programme

Last March we set out an ambitious Defence Prosperity Programme, including a range of new initiatives to strengthen our relationship with the Defence industry ...

... to drive innovation and competitiveness, and to support responsible exports.

The Programme was put together in close partnership with the rest of Government, industry and academia.

Its aims are to embed prosperity into MOD's policies, processes and culture ...

... to quantify Defence's economic contribution and to grow academic interest in this important area of public policy

...and to sustain an internationally competitive and productive UK Defence sector, with growing exports and inward investment.

We have achieved much so far – Government, and industry and academia working together on the Defence Prosperity Programme...

... from our work to develop the proposal for a Joint Economic Data Hub, so we have better data on the economic value of the defence sector...

... to our joint working with the Welsh Government and Invest Northern Ireland to develop local defence supply-chains on specific areas of mutual interest...

... and investigating where there are more opportunities to grow our contribution to UK prosperity – such as our recent appointment of RAND Europe to look at how the defence could benefit from investments that

the Government has made in supply chain development initiatives and infrastructure across other sectors.

...and you'll be hearing much more about these different elements through the day

Today we go further.

I am delighted to announce that we are undertaking a full review of our defence and security industrial strategy

This review will identify how we can take a more strategic approach to supporting competitive, innovative and world-class Defence and Security industries.

It will look hard at how our industry is being impacted by the pace of technological change, at the challenge of increased competition from abroad, and at the difficulty of sustaining the Defence skills we need now and in the future.

It will also make recommendations on how Defence can further drive investment and prosperity – levelling up all parts of the UK.

To make that happen, MOD is leading a cross-Government team, engaging closely with industry, academia and other stakeholders.

The results will feed into the broader Integrated Security, Defence and Foreign Policy Review we're committed to undertaking.

That will be the deepest Review of these vital policy areas since the Cold War, reflecting how far the world has moved on since 2015.

As well as threats and challenges, it will also look at the big new opportunities available for the UK ...

... a forward-looking and outward-reaching nation, willing and able to shoulder responsibility and take the lead across the globe.

We're making real progress already, and I think we can be confident that three areas will feature prominently in the months ahead:

1. Building World Class Capability

First, the vital importance of our Defence and Security industry's contribution to our national security.

Our companies design, develop and support battle-winning capabilities for our Armed Forces.

And they are at the forefront of preventing and defending against terrorism and serious organised crime.

Just consider some of what has recently been achieved.

On land, MOD has only recently signed-off the £2.8 billion contract for 500 state-of-the-art Boxer vehicles for the Army.

At sea, we're giving our Navy the ships it needs to fly the flag across the globe.

Carrier Strike is getting ever closer, as the mighty *HMS Queen Elizabeth* approaches her first operational deployment in 2021 ...

... while her sister *HMS Prince of Wales* sailed into her home port of Portsmouth for the first time late last year.

That was followed up with the Babcock contract for five Type 31 Frigates on 15 November.

We've also seen big progress on the *Dreadnought* and *Astute* build programmes, with our industry manufacturing two classes of submarine simultaneously for the first time since the 1990s.

In the air, as well as the F-35s which will fly from the carriers' decks, the RAF's first Poseidon Maritime Patrol Aircraft were delivered at the end of October.

While the Centurion team has just integrated new weapons and software into Typhoon - a project that came in £62 million below budget and two years ahead of schedule.

That's quite a roll-call – even before we consider that we are the world's second largest Defence exporter over a 10-year rolling period. And for the broader security sector, we are the world's fourth largest exporter – and growing fast; up 96 per cent between 2012 and 2018, and even more for some specific areas like cyber security, which has shown about 40 per cent growth per annum recently

2. Driving Innovation

Second, the Review will be sure to major on our commitment to supporting innovation.

New thinking has always been central to Defence - from bouncing bombs to vertical take-off jets, it's fair to say it's in our DNA.

But there's no room for complacency.

Increased automation, miniaturisation, and A.I. will transform the Defence landscape sooner than we think – and indeed broader society. And these areas may have much lower barriers to our adversaries than conventional capabilities.

Only innovative solutions will keep us secure and ahead of the game.

That's why we're putting around £800 million into Defence innovation over the next decade.

And why we're doing so much to supporting the key work of our SMEs – for so long the cradles of new British Defence thinking.

As British industry's largest single customer, we dealt with over 16,000 suppliers last year.

There are 2000 different firms in the Combat Air supply chain alone.

Now we're going further, attracting new and innovative suppliers into Defence to take "high-risk/high-potential" solutions and develop them into powerful new capabilities for our Armed Forces

We've given ourselves an ambitious target - 25% of our procurement spend to SMEs by 2022 – and we're reducing barriers to make it easier to win Defence business.

At the same time, we're supporting our vital skills base to inspire the next generation to get into Defence.

We're already the biggest provider of Apprenticeships across the UK, and now we've doubled the numbers of our STEM ambassadors, encouraging young people to choose the all-important Science, Technology, Engineering and Maths skills that will help set them and our nation on the flight path to future success.

3. Levelling Up

Third, the Review will have levelling-up at its heart.

Again, we have a solid base to work on.

From building warships in Scotland and armoured vehicles in Wales, to manufacturing aircraft in England and satellites in Northern Ireland ...

... our Defence industrial base has a broad footprint across the UK, not just improving its capability output but strengthening the Union.

MOD invested £19.2 billion into industry, commerce and employment last year ...

... part of our committed spend of over £186 billion on equipment and equipment support between 2018 and 2028.

That investment directly supports 119,000 jobs across the country, and indirectly supports many thousands more high-value, high-skilled jobs.

But we can do better – and I want the Review to tell us how.

Conclusion

So - make no mistake - the next few months and years will be both challenging and exciting.

With this new Government comes a new mandate.

Just as we're delivering Brexit, we're going to deliver for Defence.

Right now, some of our biggest projects - some of the biggest projects in MOD's history - are reaching vital stages.

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Our great Defence industry is rising to the challenge of equipping our Armed Forces of tomorrow.

Just as this Science Gallery is dedicated to breaking down old-fashioned inter-disciplinary barriers, Defence is bringing together talent, imagination and commitment from our established industry players, new-entrant SMEs and academia.

That is the future, and in Defence we're looking forward to it with confidence and ambition.

Now, as we rise to the challenges of new technology ...

... as we drive innovation with our industry partners ...

... and as Defence plays its full part in levelling up across the nation ...

... we're inspiring a new Defence generation - ready for whatever the future may bring.