



SHIPBUILDING ENTERPRISE FOR GROWTH (SEG) #10 - MINUTES

11:30 – 16:00 10th February 2025

MOD Main Building, Whitehall, LONDON, SW1A 2HB

Opening and ministerial remarks

1. The Shipbuilding Enterprise for Growth (SEG) Co-Chairs, Rod Paterson and Sarah Kenny, welcomed members to the 10th meeting of the SEG, hosted by the National Shipbuilding Office (NSO) at the Ministry of Defence Main Building.
2. The Minister of State for Defence Procurement & Industry, the Rt Hon Maria Eagle MP, thanked attendees and organisers and stressed that whilst she has specific responsibility for delivery of the Naval shipbuilding pipeline, she is interested in breadth of the wider shipbuilding sector and the importance of this joint Industry/Government board. The Minister reflected on her previous and upcoming visits to UK shipyards, highlighting that whilst Strategic Defence Review (SDR) outcomes are eagerly awaited, shipbuilding will remain important to the Royal Navy.
3. The Minister welcomed a more expansive discussion with industry around the Spending Review (SR) and how to drive successful outcomes for the UK shipbuilding sector. The Minister recognised that certainty in the MoD's demand signal to industry is important at a time when there is a pressing need to revitalise Britain's maritime industry to drive innovation, boost economic growth and enhance national security. She reflected that long-term commitment is needed to unlock investment in not just equipment and infrastructure, but most importantly in skills, for people to grow a career in shipbuilding.

Roundtable Discussion 1 - Spending Review

4. The SEG was updated on preparations for the Spending Review (SR), outlining opportunities for intervention in such sectors as: offshore wind; skills & workforce; procurement & pipeline support; and defence & conflict readiness. Sir Simon Lister then reflected on the Minister's comments, expressing gratitude for ministerial commitment, and stressed that investment in equipment and facilities is secondary - investment in people and skills is more valuable.
5. Helen Stephen, representing the Society of Maritime Industries (SMI), stressed that the shipbuilding industry is not just heavy engineering but dynamic and highly innovative, bringing together a wide range of partners across industry, supply chain, and academia. Charlotte Wood asked how the Government planned to support the sector in terms of government investment in skills, highlighting the need to maintain a diverse skill set, challenges stemming from Brexit, and wage competition from civil nuclear.
6. Richard Powell reflected on the sheer breadth and complexity of the shipbuilding industry and why industry engagement and commitment through the SEG and NSO is so important to unleash the sector's potential. He asked the Minister for her views on how the shipbuilding enterprise can be better brought together by Government.
7. Andrew Southwood highlighted that finance within the marine sphere is primarily provided by non-commercial banks who are less risk adverse. He would welcome government and industry engagement to provide some joined-up thinking to reset the Shipbuilding Credit Guarantee Scheme (SCGS) and encourage more UK build within the upcoming government vessel procurement pipeline.

8. Anita Panchmatia, NSO non-executive member, emphasised the large impact of the NSO and how it increases efficiency in the shipbuilding enterprise, including its unique government position providing strategic oversight and accountability, and its role in synchronising investment.
9. The Minister recognised the strength of NSO's place in supporting shipbuilding enterprise and procurement, difficulties in coordinating across wider Government, and that progress is contingent on SR outcomes. The Minister acknowledged the size and importance of the sector and stressed its centrality to the upcoming Defence Industrial Strategy, noting Defence has been identified as one of eight growth-driving sectors in the wider cross-Government Industrial Strategy, and encouraged industry representatives to respond to the consultation exercise. The Minister thanked attendees and expressed her hope to attend for a longer period at future SEG gatherings.

Roundtable discussion 2 - Shaping the future focus of the SEG

10. The second roundtable item focussed on the SEG's future priorities. Samara Buchanan, of the Shadow Board, asked how Government could better hold industry accountable to deliver on UK content, social value, skills, and maximising opportunity.
11. Balaji Srimoolanathan asked what the value proposition is for the shipbuilding sector and called on the sector to better advertise industry-matched investment commitment and the large numbers of jobs, apprenticeships, and suppliers supported by the shipbuilding industry. Mike Hill, Deputy Director for Rail & Maritime at DBT, stated that maritime has inclusion in the wider cross-Government Industrial Strategy under the defence, clean energy, and advanced manufacturing categories, and the SEG should focus on how to best deliver cross-cutting policy objectives.
12. Paul Sheerin brought the conversation back to skills investment, stating this is the key that unlocks growth. He highlighted the role of the Shipbuilding Skills Delivery Group (SSDG) in ensuring a continuous pipeline of skilled workers into the sector, with a concurrent need for demand – which is present in naval shipbuilding but lacking in the commercial sector.
13. Rob Stewart highlighted the growth opportunity in the offshore renewables (OR) market, with the OR Catapult reporting a £5bn global market for crew transfer vessels (CTVs) by 2040 and yet receives relatively little government support, with around half of UK requirements currently being built abroad. He agreed with Paul Sheerin's comments around the longevity of skills training, with it taking 3 years to gain back value after training an aluminium welder.
14. Dan Bishop agreed with Paul Sheerin on the need for a joined-up approach between military and civilian stakeholders on skills engagement. Dan also suggested future strategy work consider focussing on broader maritime technology, expanding the scope of what is considered shipbuilding. This is in recognition that the UK commercial sector struggles to compete globally on build but can on systems integration and stressed that civil sector resilience is critical to the UK.
15. Sarah Kenny reflected on discussions so far, adding she is glad of ministerial support and SEG attendance and current progress in landing on-message with the new government. She outlined the unique opportunity presented by the confluence of the new government, SDR, and SR – highlighting the importance of crafting a narrative the whole sector can get behind and supporting efforts to strengthen the NSO as the risk of funding cuts remain.

OECD research presentation

16. Laurent Daniel, Senior Economist at the OECD presented the initial findings from four projects: data collection; skills; domestic sub-sector comparisons; and policy & economic market failures. These findings were followed by an outline of four case studies looking at shipbuilding in Norway, the Netherlands, Italy, and Spain.
17. The research outputs will include a detailed analytical report and a presentation from each of the four projects. The SEG and NSO can then determine how best to use this data to develop SR outcomes, and for industry to use this research to better identify target markets and UK USPs.

Centres of Excellence progress update

18. The SEG was reminded of the findings from the Centres of Excellence (CoE) Final Recommendations Report presented in Oct 2024 including the five recommendations of the CoE Task & Finish Group: (1) 'Better CoE Organisation' - building a stronger community of practise between industry & CoEs; (2) 'UK Transition to Net Zero' – provide support to industry in driving green technology; (3) 'Research & Innovation Institute' – support UK long-term R&D opportunities; (4) 'Future Platform Power & Propulsion' – understand what capabilities exist already and define the future; (5) Shipbuilding Skills.
19. Each recommendation now has a SEG Champion lead and Shadow Board/NSO supporter all of whom provided an update on their initial steps to implement the CoE recommendations. The SEG were also shown the now-published CoE Playbook, recognising this as the second of two deliverables from the CoE Task & Finish Group and told of the plans for a Centres of Excellence Digital Directory.

SSDG progress update

20. Paul Sheerin provided an update on the Shipbuilding Skills Delivery Group (SSDG) and its recommendations for the SR. He outlined the evolution of the SSDG from the UK Shipbuilding Skills Taskforce as it looks to build a positive reputation of the industry, navigate different skills landscapes and frameworks across the UK, and plan for the future in terms of volume, quality, and content.
21. Paul summarised proposals for the SEG to take forward include an industry-funded communications campaign, a regional skills network, and STEM interventions for schools. He highlighted the communications campaign as a priority under a Babcock lead; the role of the regional skills network to turn increased influence into direct recruitment/retention wins; and the approach of STEM teaching programmes. Paul finished by summarising a total investment required of £6 million over 3-4 years, which would represent a contribution of £3 million from each of Government and industry.

Integration and test & evaluation forum

22. Richard Powell presented on his initiative to create an Integration and Test & Evaluation forum, in the spirit of the fora originally envisaged being created when the SEG first stood up. Making best use of his extensive industry contacts he brought together twelve individuals to explore common themes and provide him with feedback to the SEG.
23. Systems integration and testing is a key section of UK industry and represents approximately 80% of the core value of a ship, with only 20% being the basic hull build. Whilst testing & evaluation can be considered a UK USP, it often remains an afterthought, and is reliant on collaboration between the tester and customer, but successful implementation can improve reliability in both combat and commercial applications.

Closing remarks and review of actions

24. Rod Paterson thanked all SEG and shadow board members for their time and committed for the NSO to send round actions and minutes after the gathering.

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