



## BRIEFING PAPER

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# The National Shipbuilding Strategy: January 2018 update

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### Summary

The Government published a National Shipbuilding Strategy in September 2017, fulfilling a commitment made in the 2015 Strategic Defence and Security Review. The Strategy completely overhauls how the Royal Navy will procure and build its new fleet of general purpose frigates. The Government has already committed to a fleet of eight Type 26 frigates, the first of which will enter service in the mid-2020s. The Shipbuilding Strategy focuses more on the five cheaper frigates, the Type 31e.

The Government remains committed to building Navy warships in the UK but the design and build will be open to competition rather than via a non-competitive single source contract with BAE Systems. Exportability will be built into the design of the new Type 31e frigate fleet, to counter the Navy's poor record in exporting new ships. Lastly, the strategy sets out an aggressive timetable with the main contract to be placed in early 2019 and an in-service date of 2023 for the first in class for the Type 31e.

The Royal Navy is in the midst of a major programme to replace and renew its surface warships. Six new destroyers (Type 45) entered service in the first half of this decade and the first of two new aircraft carriers, HMS Queen Elizabeth, was formally commissioned into the fleet in December 2017.

The focus now is on the Navy's frigate fleet and that is the subject of the National Shipbuilding Strategy.

The Navy's current fleet consists of thirteen Type 23 Duke-class frigates. These frigates have already exceeded their original design life of 18 years. The fleet is currently going through a major life extension refit (LIFEX). This refit includes a new air defence system (Sea Ceptor) and a new radar. The MOD has ruled out further life extensions.<sup>1</sup>

<sup>1</sup> [PQ39922](#), 27 June 2016. The First Sea Lord has also said there is no planned funding to extend their lives: Defence Committee, Oral evidence: Naval procurement: type 26 and type 45, 20 July 2016, HC 221 2016-17, q153

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The Type 23's will begin to leave service on an annual basis from 2023 to until 2035.<sup>2</sup> This timeline matters because the Government has made a commitment to maintaining the current fleet number of 19 frigates/destroyers.<sup>3</sup> There is no option to increase the numbers of destroyers, which means the first of the new frigates must enter service in 2023 and on an annual basis thereafter to match the outgoing dates.

The last of the current fleet of frigates was built in 2001 and, as naval analyst Nick Childs notes, since then it has seemed "almost as if the Navy has become paralyzed in a search to create 'the perfect frigate'".<sup>4</sup>

Plans for a new class of frigate date back to the late 1990s in what was originally called the Future Surface Combatant (FSC). By 2010 this had developed into the Type 26 Global Combat Ship with a contract awarded to BAE Systems to develop a single class of 13 ships delivered in two variants based on a common, acoustically quiet hull. The two variants were for eight anti-submarine warfare vessels and five general purpose vessels, with a then planned in service date of 2020.<sup>5</sup>

The Coalition Government committed, in the 2010 Strategic Defence and Security Review, to replacing the Type 23 with Type 26 frigates "as soon as possible" after 2020. The expectation was for a fleet of thirteen Type 26 frigates, to replace the Type 23's on a one-to-one basis.<sup>6</sup>

However this completely changed in the 2015 Strategic Defence and Security Review (SDSR). No longer would the Government buy thirteen Type 26's. Instead, it would proceed with just eight, geared towards anti-submarine warfare. To maintain the 13 ships required, a new class of at least five lighter frigates would be designed and built. This class was not named in the SDSR but has since become known as the Type 31e. The SDSR said:

We will maintain one of the most capable anti-submarine fleets in the world with the introduction of eight advanced Type 26 Global Combat Ships, which will start to replace our current Type 23 frigates in their anti-submarine role. We will maintain our fleet of 19 frigates and destroyers. We will also launch a concept study and then design and build a new class of lighter, flexible general purpose frigates so that by the 2030s we can further increase the total number of frigates and destroyers. These general purpose frigates are also likely to offer increased export potential.<sup>7</sup>

The 2015 SDSR made another significant announcement: to publish a National Shipbuilding Strategy in 2016:

We will publish a new national shipbuilding strategy in 2016, which will lay the foundations for a modern and efficient sector capable of meeting the country's future defence and security needs. The acquisition of the Type 26 Global Combat Ship will be crucial to the future of the UK's warship-building industry and form a central part of the strategy.<sup>8</sup>

### Out of Service dates for Type 23 frigates

2023: Argyll  
2024: Lancaster  
2025: Iron Duke  
2026: Monmouth  
2027: Montrose  
2028: Westminster  
2029:  
Northumberland  
2030: Richmond  
2031: Somerset  
2032: Sutherland  
2033: Kent  
2034: Portland  
2035: St Albans

<sup>2</sup> [PQ28004](#), 1 March 2016: the side-bar on the right has removed 'HMS' from the names for reasons of space. The ships should be properly referred to as HMS Argyll, HMS Lancaster and so forth.

<sup>3</sup> Cm 9161, National Security Strategy and Strategic Defence and Security Review, November 2015

<sup>4</sup> Nick Childs, *Britain's future navy*, 2014, p117

<sup>5</sup> National Audit Office, *Ministry of Defence Major Projects Report 2012 Appendices and Project Summary sheets*, January 2013, HC 684-II 2012-13

<sup>6</sup> [Cm 7948](#), para 2.A.4

<sup>7</sup> [National Security Strategy and Strategic Defence and Security Review 2015](#), Cm 9161, November 2015, para 6.55

<sup>8</sup> [National Security Strategy and Strategic Defence and Security Review 2015](#), Cm 9161, November 2015, para 4.47

### Box 1: What are frigates?

A frigate is a warship with a mixed armament. It is generally lighter than a destroyer and often described as the backbone of the fleet. Across the world size of frigates varies from between 2,000 to 7,000 tons but generally it sits between the lower-capability patrol/corvettes and the high end destroyers (whose primary function is to provide an air-defence capability to protect the fleet, for example as part of a Carrier group that supports an aircraft carrier).

The Royal Navy has long had specialised anti-submarine warfare (ASW) frigates, with acoustically quiet hulls and sophisticated sonar equipment to protect the strategic nuclear deterrent (Trident) and Carrier strike groups. The eight Type 26 frigates will replace the eight ASW Type 23 frigates. The Navy says the new Type 31e frigates will be general purpose frigates, focused on maritime security duties.

## What drove the need for a shipbuilding strategy?

A number of overlapping factors. These are briefly mentioned below but are explored more fully in the previous Commons Library Briefing Paper on this subject [The Royal Navy's new frigates and the National Shipbuilding Strategy: February 2017 update](#) (CBP07737).

**The state of the UK's naval building industry.** Naval shipbuilding in the UK has contracted and consolidated over the last few decades. Closures and mergers has resulted in BAE Systems becoming the prime contractor for the construction of warships and submarines and Babcock International as the major provider of naval support, maintenance and refitting.<sup>9</sup> The Government has a Terms of Business Agreement with both companies.

The Ministry of Defence can use a single-source, non-competitive process to buy equipment – it can exempt contracts for warships and other warlike materiel from EU procurement rules for reasons of national security.<sup>10</sup> BAE Systems has become the prime industrial partner for complex warships (and submarines) to the Ministry of Defence and in 2013 consolidated its shipbuilding to its two yards on the Clyde (Govan and Scotstoun). The Secretary of State for Defence at the time said given the size of the navy and procurement budget, the UK could only sustain one shipbuilding location. Philip Hammond said that suggesting anything else was “fantasy economics.”<sup>11</sup>

That is not to say BAE Systems is the sole naval shipbuilder in the UK. Naval shipbuilding involves a long supply chain. The construction of the two aircraft carriers has involved a number of commercial yards building blocks of each ship - Babcock's Appledore yard in Devon, A&P's Hebburn yard in Tyneside and Cammell Laird's Birkenhead yard in Merseyside - before being assembled at Babcock's Rosyth shipyard in Fife (Rosyth's primary role is refitting and maintaining the fleet).

A number of other commercial shipyards are involved in providing maintenance, refitting and other marine engineering support to Royal Navy and Royal Fleet Auxiliary vessels. A&P Group is a ship repair, conversion and marine specialist and provides marine engineering services to the Navy. Cammell Laird has a 25-year 'through life support agreement' for the maintenance of a number of RFA vessels.<sup>12</sup> Babcock has built Offshore Patrol Vessels for the Irish Navy at its Appledore yard.<sup>13</sup> Many other companies provide specialist systems and equipment for naval

<sup>9</sup> BAE and Babcock are separately responsible for managing the Navy's three bases.

<sup>10</sup> Article 346 of the Treaty on the Functioning of the European Union allows any EU member state to take measures to protect its essential security interests. What constitutes “essential security interests” remains the sole responsibility of Member States. Article 346 does not contain specifications of defence materiel.

<sup>11</sup> [HC Deb 6 November 2013 c265](#)

<sup>12</sup> [Cammell Laird website](#), accessed 7 October 2016' agreement signed in 2008

<sup>13</sup> “280 jobs safe at Appledore after Irish Navy £48 million Babcock deal”, Plymouth Herald, 16 June 2016

vessels and submarines including Rolls Royce and Selex ES (part of the Italian defence firm Leonardo).

**Built only in the UK.** Since WW2 successive governments have held to the principle of only building complex warships in the United Kingdom. The consolidation of naval shipbuilding on the Clyde in Glasgow by BAE Systems in 2013 prompted a considerable debate in the lead-up to the 2014 referendum in Scotland of the potential consequences of a Yes vote on this commitment.

**Maintaining skills.** Maintaining a steady drum-beat of orders is often mentioned by those following the Navy's acquisition programme.<sup>14</sup> This is a reference to the fact the construction of surface warships and submarines requires highly skilled workers and delays to build programmes, or gaps, risks losing those workers.

**Cost.** The contract for the first batch of three Type 26's is £3.7bn.<sup>15</sup> So far there are no international orders for the vessel.

**Timing.** As already mentioned, the Navy needs the new frigates to begin to be delivered in 2023 if it is to fulfil the Government's commitment to 19 frigates/destroyers. However while manufacturing of the Type 26 had at one point been expected to begin in 2014, steel was only cut on the first in class, HMS Glasgow, in July 2017.<sup>16</sup> The Defence Committee raised its concerns about a potential capability gap in its report on naval procurement, published in November 2016.<sup>17</sup>

**Quantity over quality.** A perennial debate and one that has arisen again in recent debates over the Navy's plans.<sup>18</sup> Where should the balance be found between a 'gold-plated', expensive high-end ship in smaller numbers versus a lower cost, less capable but cheaper vessel? Julian Lewis, the chair of the Defence select committee, and former First Sea Lord Admiral West have frequently raised their concerns about the declining frigate/destroyer fleet numbers in the Commons and Lords and the impact they believe it has had or may have on the Navy's abilities to fulfil all of its missions.

### Sir John Parker's report

The Government committed to publishing the National Shipbuilding Strategy (NSS) by the Autumn statement 2016.<sup>19</sup> The Government appointed Sir John Parker<sup>20</sup> as the independent chair of the Strategy and was expected to report to the Government by the Autumn Statement in November 2016.

However upon publication of the report it transpired his was an 'independent report to inform the National Shipbuilding Strategy' rather than the Strategy itself. Sir John Parker's report, published on 29 November 2016, made a total of 34 recommendations which, he said, amounted to a 'sea change' in how the MOD acquires surface ships. This included a new approach to procurement, building exportability into the design process and harnessing the 'renaissance in shipbuilding' in UK regional shipyards to build the Type 31 class.<sup>21</sup> He also

<sup>14</sup> See for example Lord West of Spithead, [HL Deb 20 December 2017](#), c2117

<sup>15</sup> "[Multibillion pound defence deal secures thousands of UK jobs](#)", Ministry of Defence, 2 July 2017

<sup>16</sup> "[Defence Secretary reveals name of first Type 26 as manufacture begins](#)", Ministry of Defence, 20 July 2017

<sup>17</sup> Defence Committee, [Restoring the fleet: Naval procurement and the National Shipbuilding Strategy](#), 21 November 2016, HC 221 2016-17, para 18

<sup>18</sup> Nick Childs, *Britain's future navy*, 2014, chapter nine provides a short precis of frigate procurement since WW2.

<sup>19</sup> [Budget 2016](#), HC 901, para 2.284, 16 March 2016

<sup>20</sup> Sir John Parker is chairman of the mining firm Anglo American. He was previously the chairman of Babcock International and BVT Surface Fleet and a naval architect by training.

<sup>21</sup> Further details of the Parker report, including reaction to it, can be found in Commons Library briefing paper [The Royal Navy's new frigates and the National Shipbuilding Strategy: February 2017 update](#) CBP07737, 2 February 2017

named the Type 31 as the Type 31e, with the 'e' reflecting the significance placed on exportability.

The Government said it would respond to Sir John Parker's recommendations and publish the National Shipbuilding Strategy in spring 2017.<sup>22</sup> However the strategy was not published until 6 September 2017, coinciding with DSEI, the major defence exhibition at Excel in London (the delay was partly because of the general election in June 2017). Michael Fallon, the Secretary of State for Defence, announced the Strategy in an oral statement in the House of Commons:

The strategy will transform the procurement of naval ships, enable the fleet to grow by the 2030s, energise the United Kingdom's maritime industry, and increase skills, exports and prosperity across our country.<sup>23</sup>

### What does the Strategy say about...

The National Shipbuilding Strategy (NSS) is available on the gov.uk website: [National Shipbuilding Strategy](#). Ministers and senior officials provided detailed information on the Strategy and the requirements for the T31e at DSEI (for example the [speech](#) by the First Sea Lord on 7 September) and at subsequent industry events. The following section highlights some of the key points but is not intended to be a comprehensive summary of the entire strategy.

#### ...the Type 26

We will replace the 8 Type 23 Anti-Submarine Warfare frigates on a one-for-one basis with the 8 Type 26 Global Combat Ships.<sup>24</sup>

All eight Type 26's will be built by BAE Systems and the Government signed a £3.7bn contract for the first three hulls on 2 July 2017.<sup>25</sup> Manufacturing began in July 2017 and the first in class, HMS Glasgow, has an in-service date of 2026. The rest will follow at intervals of 15-18 months. BAE Systems are building the ships at its yards in Glasgow.

The contract with BAE Systems is a single source Target Cost Incentive Fee contract<sup>26</sup> and the contract for the second batch of five ships is expected to be negotiated in the early 2020s. The entire build programme is expected to last until 2035.<sup>27</sup>

The Type 26 is a "high-end anti-submarine warfare frigate" according to the First Sea Lord. Its primary role will be to protect the carrier strike group and the strategic nuclear deterrent by focusing on anti-submarine warfare.<sup>28</sup> It will be equipped with the new Sea Ceptor air defence system.<sup>29</sup>

There has been some interest in the source of steel used in new naval ships. The NSS says it expects "around 50% of the total value of steel needed for Type 26 will be British made. This amounts to around 35% of tonnage, or approximately 1,400 tonnes per ship." It points out BAE Systems, as the contractor, is responsible for sourcing steel.

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<sup>22</sup> [HCWS288, 29 November 2016](#)

<sup>23</sup> [HC Deb 6 September 2017 c177](#)

<sup>24</sup> National Shipbuilding Strategy, 6 September 2017, para 54

<sup>25</sup> "[Multibillion pound defence deal secures thousands of UK jobs](#)", Ministry of Defence, 2 July 2017

<sup>26</sup> National Shipbuilding Strategy, 6 September 2017, para 54

<sup>27</sup> "[Multibillion pound defence deal secures thousands of UK jobs](#)", Ministry of Defence, 2 July 2017

<sup>28</sup> [Restoring the fleet: Naval procurement and the National Shipbuilding Strategy](#), 21 November 2016, HC 221 2016-17, oral evidence 20 July 2016 q149

<sup>29</sup> Sea Ceptor is being fitted to the Type 23 frigate to replace Sea Wolf.

### ...the Type 31<sup>30</sup>

This will be a general purpose frigate and will focus on maritime security and defence engagement: so fixed tasks such as patrolling the South Atlantic, Caribbean and the Gulf; acting as the fleet ready escort ship in home waters; fulfilling the UK's NATO commitments in the Mediterranean.

- £250 million per vessel price cap
- Main investment decision in late 2018
- Build to commence in early 2019
- In service from 2023 onwards on an annual basis
- Five vessels to be procured initially but no upper limit set
- MOD may revise these plans if industry “proves unable to meet the challenge”

**Key dates for the Type 31e**  
Late 2018: main gate investment decision  
Early 2019: build commences  
2023: first vessel in service  
2024 onwards: rest of class to enter service at 12 month intervals

The MOD has set out its core requirements but has set a challenge to industry to “propose a design and build strategy that meets the funding envelope”. The key words used by the MOD are credible, affordable, flexible and exportable. The vessel is to be designed to be conducive to “open architecture, future modifications and the choice to add weapons and/or sensors”

Specific requirements include a crew of 80 to 100 and operate globally, to marginal ice zones (Polar regions) and the Gulf/Red Sea. It must have a range of 6500 nm, be self-sustaining for 28 days and be able to replenish at sea. A flight deck for both a small helicopter (Wildcat) and an unmanned air vehicle plus a hanger. A hull-mounted sonar and medium to small calibre guns and electronic support and defensive aids, Additional accommodation needs to be included for mission specialists plus stowage for sea boats, disaster relief stores and other specialist equipment.

Possible elements it could be adapted to include are: active sonar; ship-launched torpedo; towed-array sonar; anti-submarine rocket/mortar system; medium range gun; hangar for Merlin sized helicopter.

The exact systems and requirements will be defined at the programme's main investment decision.<sup>31</sup>

### ...changing procurement processes

In his report Sir John Parker was deeply critical of the current naval procurement process, memorably describing it as resulting in a “vicious cycle” of fewer and more expensive ships than originally planned which required current ships to be retained, at high cost, beyond their retirement date.

In particular he identified a lack of pace with timescale and cost, a lack of a governance system that grips the project; lack of clarity over ownership of the project and naval ships not being designed to be export friendly. The Government accepted all of Sir John's recommendations.

<sup>30</sup> Information in this section is collated from a number of sources including the NSS, the MOD issued a [Request for Information](#) to support Type 31e market testing on 15 September which provides additional information; the Type 31e information pack distributed at DSEI, “[Ministry of Defence announces procurement programme for Royal Navy's T31e frigates](#)”, Royal Navy, 9 September 2017; “[Royal Navy issues outline specification for the Type 31 Frigate to industry](#)”, Save the Royal Navy blog, 7 September 2017

<sup>31</sup> [HL3540](#), 29 November 2017

### ...the 30 year masterplan

The NSS outlines a complete overhaul of naval procurement, with an entirely new Governance structure underpinned by a **30 year masterplan** providing a timeline of when key decisions need to be made for future ship purchases. In addition, the NSS commits to trying to end the costly life extension programmes of the fleet by determining the optimum economic service life for each future ship and fixing this date at Main Gate (the main investment point).

### ...a new Governance structure

The new Governance structure for naval shipbuilding will be led by a **Cross Government Sponsor Group**, chaired by the Deputy Chief of the Defence Staff (military capability). This group will own and refresh the NSS and endorse the Masterplan. The latter will be updated at each Strategic Defence and Security Review.

Underneath this will sit the **Client Board**, chaired by the First Sea Lord. This will oversee the Project Teams and ensure they deliver the ships required within the agreed capital envelop. The **Project Teams** will include a 'Client Friend' with commercial shipbuilding expertise and will report directly to the Client Board on progress.

In addition the **Programme Strategy Team** will support the Client Board by acting as portfolio managers and also by taking a holistic view of the shipbuilding industry (industrial capacity, shipyards and the supply chain).

The NSS also seeks to avoid repeating past mistakes by explicitly calling for the Client Board to freeze requirements at the right time frame to avoid costly modifications, add-ons and other changes that have hamstrung past major projects. It also suggests compromises will have to be sought, for example with commercial standards more commonplace and naval standards used only when required.

### ...competition versus single source contract

One of the key features of the NSS is the switch from single source contract placement for frigates (as was the case for the Type 26) to a UK-wide competition. Warship build will be via competition between UK shipyards. However it adds that international partners "will be encouraged to work with UK shipyards and other providers to produce the best possible commercial solutions". All other naval ships (Royal Fleet Auxiliary, mine countermeasures for example) will be subject to open competition with integration of sensitive UK-specific systems in the UK.<sup>32</sup>

The Defence Secretary said he was keeping an "open mind" when asked about the tendering process, suggesting it could be one yard or a consortium of yards working with international shipyards.<sup>33</sup>

### ...building the Type 31 in the UK

The NSS restates the commitment to build warships in the UK. This reflects the policy of successive governments to keep warship building within the UK for reasons of national security.

### ...exportability

Our vision is that the Royal Navy has more ships, which are modern and capable of being incrementally modernised and improved, are exportable and can work with allies.<sup>34</sup>

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<sup>32</sup> This reflects the current contract for the RFA's new Tide-class tanker fleet, which are built in South Korea but customised in the UK at A&P's yard in Falmouth.

<sup>33</sup> HC Deb 6 September 2017 c184

<sup>34</sup> NSS, para 25

An entire chapter is devoted to exports and was similarly a major feature of Sir John Parker's report. The most significant change is building exportability into the design of a ship from the start. The key words used are modularity, interoperability and innovation. Sir John suggested, and the MOD has adopted, adding an 'e' to the Type 31 to emphasise the importance of exportability. For the Type 31e this means using open architecture to enable potential customers to customise the vessels, for example by adding a larger gun, torpedoes or towed array sonar.

The Defence Secretary acknowledged the Navy's poor track record when it comes to export new ships when he announced the strategy: "it is a sad fact that we have not exported a new warship from this country under any Government since the 1970s."<sup>35</sup>

The NSS says there is a potential light frigate export market of around 40 ships over the next 10 years. It acknowledges competition is stiff in the light frigate market particularly as there is a trend for the construction of hulls 'in country' overseas.

#### **...working with industry**

Woven throughout the Strategy is the MOD's push to working with industry. The NSS describes government support to the UK defence industry as an "enduring task".

#### **...automation**

The NSS says automation is expected to improve readiness, lower support costs and reduce operating costs. It explicitly suggests unmanned systems could be used to avoid a wholesale replacement of platforms (the Navy is already exploring potential unmanned systems for mine clearance).

#### **...support**

Lifetime support costs receive far less attention than initial build costs. The NSS makes no specific changes to naval ship support.

#### **...Fleet Solid Support Ships**

Fleet solid support ships (FSS) are an essential part of the Royal Fleet Auxiliary, replenishing other vessels with ammunition, food or other 'solid' materials. The RFA currently has three Fort class support ships: RFA Fort Austin, RFA Fort Roselie and RFA Fort Victoria.<sup>36</sup>

The contract for three new FSS will be subject to international competition with a decision in early 2020 and in-service from the mid-2020s. Austin and Roselie were launched in the mid-1970s and in 2011 had their service life extended to 2023 and 2024 respectively.<sup>37</sup> Fort Victoria was launched in 1990.<sup>38</sup>

That the contract is subject to international competition is not entirely unexpected. In 2012 the Ministry of Defence awarded the contract for four tankers, under the Military Afloat Reach and Sustainability (MARS) programme, to a South Korean company, Daewoo Shipbuilding and Marine Engineering (DSME). The first of the Tide-class of tankers, Tidespring, entered service with the RFA in November 2017 with the second expected to join the service in 2018. These are dual-hulled tankers, replacing the existing single hulled fleet tankers. No UK company submitted a final bid for the build contract. The Government said at the time there was no need to build them in the UK because "the design, build and integration requirements are not

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<sup>35</sup> HC Deb 6 September 2017 c180. Ships no longer needed have been sold to other navies.

<sup>36</sup> RFA Fort Victoria is an auxiliary oiler and replenisher and unlike Austin and Roselie can replenish fuel

<sup>37</sup> [HC Deb 11 June 2013 c241W](#)

<sup>38</sup> PQ HL2636, 22 October 2015

as military specific as complex warship procurements.”<sup>39</sup> However they have/are undergoing customisation work in the UK.<sup>40</sup>

### ...growing the fleet

While the strategy commits the Government to “growing the Royal Navy Fleet” this is a long-term commitment “to grow the destroyer and frigate force by the 2030s”. It does not herald an immediate change to the force of 19 frigates/destroyers outlined in the 2010 and 2015 Strategic Defence and Security Reviews. It will be up to future governments whether to honour this commitment or not. This should also be seen in the context of major reductions to the frigate fleet by successive governments from 50 in 1980 down to the current 13. Those concerned about hull numbers are also mindful of the reduction in size of the Type 45 Destroyer fleet, which was originally intended to be a fleet of 12 rather than the current 6.<sup>41</sup>

### What are the main contenders for the T31?

The MOD has outlined the broad parameters of what it is looking for in the T31 but then challenged industry to produce a suitable vessel within the £250m per unit cap. The MOD said at the end of November it had received interest from 22 companies.<sup>42</sup>

Babcock is leading a consortium known as ‘Team 31’. It includes Thales, BMT Defence Services, Harland & Wolff and Ferguson Marine. The consortium members have a presence around the UK - Ferguson Marine on the Clyde, Harland & Wolff in Belfast and Babcock in Fife and Devon.<sup>43</sup> Babcock had previously been touting their Arrowhead design whilst naval designer BMT had been pushing their Venator-110 design.<sup>44</sup>

Cammell Laird is leading a consortium that includes A&P Tyne and BAE Systems. Cammell Laird is finishing work on the polar research vessel RSS Sir David Attenborough.<sup>45</sup> Their offer is based on a BAE design and will reportedly be called ‘Leander’. BAE Systems will provide warship design, engineering capability and combat systems expertise to the bid.<sup>46</sup>

Steller Systems, a naval design house, has put forward its own design, known as Spartan.

The Secretary of State for Defence has been visiting UK shipyards since launching the NSS. Michael Fallon, when in post, visited [Cammell Laird](#) on 27 September, [Ferguson Shipyard](#) on 20 October and [A&P Tyne](#) on 30 October 2017. Gavin Williamson, the new Defence Secretary, visited Babcock’s [Appledore](#) yard on 8 January 2018.<sup>47</sup>

### Reaction to the NSS

The Defence Secretary’s oral statement on 6 September was followed by a lengthy debate. Shadow Defence Secretary Nia Griffiths voiced concern about the lengthy gestation of the strategy; the tight timetable for the T31 build; how the UK supply chain would be maximised

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<sup>39</sup> [HC Deb](#) 22 February 2012 c78WS

<sup>40</sup> [PQ71204](#), 25 April 2017

<sup>41</sup> A useful table illustrating the changing size of the surface fleet can be found in appendix A of Defence committee report [Restoring the fleet: Naval procurement and the National Shipbuilding Strategy](#), 21 November 2016, HC 221 2016-17

<sup>42</sup> [PQ902564](#), 27 November 2017

<sup>43</sup> [“Babcock announces industry team for Type 31 frigate bid”](#), [navaltoday.com](#), 8 January 2018

<sup>44</sup> [“Babcock, Thales, BMT, Harland & Wolff and Ferguson Marine join forces for Type 31 Frigate bid”](#), UK defence journal, 8 January 2018

<sup>45</sup> [“BAE Systems takes below-deck role on UK’s Type 31 frigate”](#), [Financial Times](#), 18 October 2017

<sup>46</sup> [“Cammell Laird strikes ‘teaming agreement’ with BAE Systems in bid to build Type 31e frigates”](#), Cammell Laird press release, 18 October 2017

<sup>47</sup> [“Defence groups team up to bid for Type 31e frigate contract”](#), [Financial Times](#), 8 January 2018; [“Defence Secretary visits Appledore yard as warship competition ramps up”](#), Ministry of Defence, 8 January 2018

and in particular the use of UK steel; and recruitment to the Navy. Julian Lewis, the chair of the Defence select committee, warmly welcomed the strategy but repeated the committee's view that the current fleet of 19 is 'woefully inadequate'. Stewart McDonald, the SNP MP for Glasgow South, raised workers concerns about shipbuilding on the Clyde and whether the T26 will sustain work there into the 2030s, as suggested by the NSS (several other SNP MPs echoed his comments). John Woodcock, whose Barrow constituency is home to BAE's submarine building yard, pushed on the importance of avoiding costly design changes mid-build.

MPs whose constituency's home regional shipyards seized on the potential opportunities hinted at in the report. Frank Field, whose Birkenhead constituency is home to Cammell Laird, welcomed the clear indication that "the monopoly control that certain yards have exercised over the whole of his [the Defence Secretary's order book is now broken." Gavin Robinson (DUP) noted Sir Michael Fallon's mention of Harland and Wolff (a Belfast based shipyard). Stephen Hepburn (Labour) spoke of A&P Tyne in his constituency but also asked, as did several other MPs, about the use of British labour steel and British labour.

Kevan Jones, a former Defence minister and chair of the all-party group on shipbuilding, welcomed the strategy but asked about the capabilities of the T31 and also about the wisdom of underpinning the strategy entirely on exports in a highly competitive general-purpose frigate market. Luke Pollard (Labour/Co-op), whose constituency is home to naval base Devonport, similarly questioned the T31's capabilities: "I am concerned, though, that the £250 million price cap for a Type 31e is an accountant's answer to a general purpose frigate, not an answer to the military question."

Regional papers, as they did after the publication of Sir John Parker's report, focused on the positives or negatives for shipyards and naval design houses in their area.

The GMB union accused the Government of betraying the Clyde shipyards for previously promising them 13 frigates.<sup>48</sup>

The capability of the proposed T31 is also the focus of much attention. A former First Sea Lord, Admiral Sir George Zambellas, speaking before the design specification was released, said it has to be a credible platform – it has to fight and survive not just today but in future years – otherwise it was not worth building. He also questioned whether it is possible to build a "properly and capable and credible platform for £250m".<sup>49</sup> Nick Childs, naval specialist for the IISS thinktank, raises similar concerns about the level of capability achievable within the price cap: "the naval staff seems to think it can get a vessel of about 3,500 tonnes, with an adequate military capability, for the £250m target price. That will be a challenge."<sup>50</sup>

Dr Peter Roberts examined the potential market place for the T31 in an article for RUSI. He notes "the market competition is tight and the British design is going to have fight against an established group of exporters that have proven designs at a critically-attractive price point." Having examined alternatives, he concludes "the T31e enters a well-established warship export market that the UK has failed to penetrate in the past 40 years."<sup>51</sup>

The current First Sea Lord directly addressed suggestions that the T31e would be a lesser vessel. Admiral Sir Philip Jones argued the T31 in fact reflected a move back to a more balanced fleet, arguing that Leander, Rothesay, Tribal and Type 21 classes were general

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<sup>48</sup> ["Shipbuilders union accuse Government of 'betrayal' over Type 31 frigates"](#), UK defence journal website, 6 September 2017

<sup>49</sup> [Defence and Security report interview](#) available on youtube, 12 September 2017

<sup>50</sup> [New UK shipbuilding strategy: do the numbers add up?](#), Nick Childs, IISS, 7 September 2017

<sup>51</sup> [What rivals will Britain's new T31e corvette be facing?](#), Pete Roberts, RUSI, 8 September 2017

purpose frigates and that it was only when the Cold War ended that the Navy moved to an “all high end force”:

The advent of a mixed force of Type 31 and Type 26 frigates is not a new departure for the Royal Navy, nor is it a ‘race to the bottom’; rather it marks a return to the concept of a balanced fleet. And the Type 31e is not going to be a glorified patrol vessel or a cut price corvette. It’s going to be, as it needs to be, a credible frigate that reflects the time honoured standards and traditions of the Royal Navy.<sup>52</sup>

## What happens next?

The Shipbuilding Strategy laid out an aggressive timetable for the Type 31e with competitive design contracts awarded in March/April ahead of Main Gate in late 2018 (Q4), design and build contract award in early 2019 (Q1) and in service by 2023. Any delays could impact the need for the first in class to be in service in time to replace HMS Argyll in 2023 (it is not clear yet exactly when in the year HMS Argyll will be retiring from service).

Sir John Parker will report to the Defence Secretary “in around a year’s time” on progress made. So towards the end of 2018.

The Masterplan will be refreshed at each Strategic Defence and Security Review. The last two reviews were held in 2010 and 2015 so if the five year cycle is maintained then the next will be in 2020.

**Q4 2018:** main investment decision (main gate)

**Q1 2019:** build contract award

**2023:** first in class to enter service

## Further reading

- [Shipbuilding strategy for the Type 31 frigate announced – a great day for the Royal Navy?](#), Save the Royal Navy website, 6 September 2017
- [First Sea Lord outlines the Royal Navy’s requirements for the Type 31e frigate](#), 7 September 2017
- [New UK shipbuilding strategy: do the numbers add up?](#), Nick Childs, IISS, 7 September 2017
- [What rivals will Britain’s new T31e corvette be facing?](#), Pete Roberts, RUSI, 8 September 2017
- [Shipbuilding strategy and the Type 31: it does not actually look like a renaissance](#), UK armed forces commentary blog, 9 September 2017
- [The Defence capability review: equipment](#), Commons Library briefing paper, 17 October 2017

<sup>52</sup> [“First Sea Lord outlines the Royal Navy’s requirements for the Type 31e frigate”](#), Ministry of Defence, 7 September 2017

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