Dear Gavin,

The 2017 National Shipbuilding Strategy, published by your predecessor, stated that the new Fleet Solid Support Ships (FSS) would be subject to an international competition, which was to be completed by early 2020 with the ships being delivered from the mid-2020s. However, concerns have been raised recently with the Committee about whether this is the appropriate procurement process for these ships. We would therefore be grateful for your Department’s responses to the following points:

1. Please set out a detailed timeline for the FSS procurement process, with information on the likely costs and specifications.

2. Will an alternative procurement process to international competition for the FSS be considered under the Modernising Defence Programme to ensure sovereign capability and a sovereign skills base?

3. What assessment have you made of the effect on the timetable for the delivery of the FSS of adopting an alternative procurement process?

4. Given that FSS will carry armaments and deploy to hostile areas in support of Royal Navy and allied ships, on what grounds has your Department determined that they are not warships and that the exemption under Article 346 of the Treaty on the Functioning of the European Union, allowing any member nation to reserve a procurement for reasons of national security, does not apply to the design, construction and commissioning of FSS?

5. What have you done to address concerns that independent, shareholder-owned UK shipbuilders are at a disadvantage in the FSS competition because potential overseas competitors, which are wholly or partly state-owned, are able to take on a higher level of financial risk since they can rely on their principal state shareholder to underwrite such risks?
6. Will you consider excluding from the international competition for the FSS companies that are state-owned, state-aided or have been rescued from bankruptcy by their national governments?

7. What comparative assessment has your Department made of the likely economic and social effects of domestic versus offshore production of the FSS?

8. Will the MoD and the Treasury consult on, and produce, a model for an agreed methodology to score bids between UK suppliers and foreign competitors for defence contracts which takes into account the revenue that the Treasury would receive in the form of taxation, corporation tax and lower welfare payments?

It would be helpful to receive your response by Friday 25 May.

Yours ever,

Julian

Rt Hon. Dr Julian Lewis
Chairman of the Committee