

# Permanent Secretary addresses DSEi

I am delighted to be here to speak to you today. Many of you will have heard the Defence Procurement Minister speak yesterday about her confidence in the strength of the UK industrial base. And the Defence Secretary explained earlier this afternoon that strengthening the relationship between government and industry was one of his top priorities. The Chief of Defence Staff has just set out the very demanding global security environment in which UK Defence is operating, while highlighting the opportunities presented by the 4th industrial revolution.

I'd like to talk to you now about how government and industry need to jointly respond to the context the CDS described and to our Ministers' vision for the relationship. I recognise there are many success stories about how the UK Defence and Security sector brings world-leading capabilities, jobs and revenue to the UK. But we cannot rest on our laurels. We need to renew and adapt our current approach if we are to keep pace with global trends. This is very much a global event, and while my views are largely based on my focus as the Permanent Secretary of the UK MOD, I think they are pertinent to colleagues in Ministries and industry around the world.

I started my career working up the road in the City as a corporate financier doing deals in the media sector. Not all of them proved far-sighted. I floated three European Yellow Pages businesses for example; in the UK, the Yellow Pages was printed for the last time earlier this year. Doing that job I saw the great changes in the media sector of the 1990s: as technology radically changed the landscape, mainly with the advent of satellite technology and the internet; as relationships with governments changed, principally through deregulation; and as very substantial new sources of capital became available to the market.

Entering government in the early 2000s, I worked at the public/private interface, of public goods being supplied by the public sector, and sometimes the other way round, again in a rapidly evolving technological environment. The Royal Mail, British Energy, the Ordnance Survey, the banking sector – all bear testimony to the fact that the relationship between the state and industry is not fixed, but is a dynamic interplay that must respond to the changing international political economy of the time and technological advances. Inflection points come along every now and again, which require a shift in mindset and approach.

Looking at the trends I see in Defence, and from discussion with colleagues in industry, I think we are at one of those inflection points. Space, hitherto quintessentially state business, is just one example of where the private sector is now upending the traditional order. Sometimes we need to step back and recognise the moment for what it is. Paradoxically, perhaps because of the inevitable focus on the delivery of major conventional equipment programmes, often over a period of many years, Defence hasn't always taken the long view.

Now, no country's Defence Acquisition Strategy escapes criticism, and the UK is certainly no exception. Our select committees are particularly trenchant observers of our procurement programmes, and of our industry relations and partners. And they are in a position to take a strategic perspective. Right now, for example the House of Commons Defence Committee also recognises that the sector is at an important moment of development – asking some very pertinent questions in its new inquiry into Defence industrial policy.

I am optimistic that there is a shared understanding between government and industry at least of the risks and opportunities we are facing. I think we both know we can collectively do better, through a new approach to the Defence and Security sectors.

So what are the trends in Defence and in industry which we need to respond to?

Well, I commend to you the Global Strategic Trends document, now in its sixth edition, which was published by MOD last year. It is a comprehensive foundation document which provides the strategic context for future planning, policy-making and capability development. It has been adopted by the wider UK National Security community and international partners.

Global Strategic Trends describes many of the features and possible consequences of the 4th Industrial Revolution, and the far-reaching impact that automation, artificial intelligence, climate change and changing demographics in particular are likely to have on Defence. This poses huge challenges for government and the industrial base, as well as offering some real opportunities. The pace of transition in the 4th industrial revolution is likely to be significantly faster than previous transitions. And technological advances are likely to make it harder for the UK and its allies to maintain a competitive advantage over our adversaries, whether they be state or non-state actors.

In the face of this, Global Strategic Trends suggests that states able to form successful partnerships with private industry – particularly technology firms, and not exclusively in the information area – will be at an advantage. Collaboration with industry, allies and other partners and the integration of Defence science and technology community with the industrial base will be essential to achieve technological transformation and maintain interoperability.

For me, this analysis chimes with the trends we have already been seeing and the key challenges we have already been addressing since the last Strategic Defence and Security Review in 2015. To briefly cover three:

First, we are at a moment when many of the key existing platforms we need – indeed, across NATO as a whole – are in the process of recapitalisation, most obviously maritime and air and for the UK, nuclear. At the same time we need to continue to invest more heavily in the non-traditional domains of cyber and space.

Secondly, in a number of cases, the military capability we need is highly

specialised, meaning it can only be provided at reasonable cost and in a reasonable timescale by a single supplier. We are implementing a Strategic Supplier Management programme, as well as mechanisms such as the Single Source Regulations, to help govern these long-term partnering arrangements.

Thirdly, as CDS touched upon, the requirement to work internationally continues to grow. Long-standing acquisition relations with partners around the world will remain the bedrock of this, but we need to become more adept at forming more dynamic, 'variable geometry' relationships with a range of partners, varying by capability requirement.

Turning to the industry challenge, the main issue here is that a number of factors are combining to create a re-alignment in the Defence sector. I would highlight five.

- One, the fusion of machine age technology and information age technology.
- Two, the fact that many of the most interesting technologies with a potential military application are now developed by the private sector – drones, lasers and synthetic biology are just three examples. Technologies like GPSS which were developed by defence and then found a wider civil application will be very much the exception. It also raises increasingly sharp questions about foreign direct investment in some of our companies.
- Third, constant competition with rivals in the so-called 'Grey Zone' is increasing the focus on military capabilities which are not designed to have a 'kinetic' or lethal impact in the way conventional capabilities tend to be.
- Fourth, the availability of a great deal of capital to fund research, and very long development cycles much of it from the US currently.
- And finally, rising defence budgets around the world are creating opportunity, but also churn. According to SIPRI, global defence spending in 2018 stood at over £1.8 trillion, an increase of 2.6% on 2017 and the highest real level since 1988. The peace dividend looks like it is being cut.

We need collectively to be alive to these trends and – crucially – to be as thoughtful as possible in our policy and commercial responses. If we get the responses right, we will allow our vibrant UK defence and security sector to continue to thrive. There is very strong mutual interest here. A thriving industry will be able to access markets and capital, both financial and intellectual, that ensure that it can compete globally. And a healthy industrial base will continue to be able to provide the UK Armed Forces with

what they need by way of cutting-edge military capability.

If we are to capitalise on the new epoch we are entering, we need a deeper, more strategic and more sophisticated relationship between government and the defence and security industry.

In my time in MOD we have worked hard to produce more collaborative relationships with industry, and I appreciate the efforts of many partners here today in doing likewise with us. But we need to now take this to the next level. Between government, industry and academia:

- We need to realise that simple market forces won't always work for us – and be prepared to say it.
- We need to be clearer with each other on where sovereign capability is required, and where we are content to procure through open competition in the international market.
- Similarly, we need to recognise where, given the widening capability spectrum and ever-increasing complexity, it is not feasible for there to be more than one supplier.
- We ought to be more comfortable about investing in skills in the public sector, and seeing them move to the private sector, as long as flows are reciprocated. This is best demonstrated in the nuclear realm, where we need to think and act in terms of a national requirement rather than separate Defence and civil ones.
- We need joint efforts not only to identify areas where the UK must retain its future freedom of action and operational advantage, but also areas where we as a nation want to be in the lead in the future from a wider Defence and Security perspective. There are a number of areas where Britain can build on its strengths and generate economic opportunities in the future.

The need to move to this deeper, more sophisticated and strategic relationship is brought into sharp relief by a number of current key UK capability programmes, most notably the Future Combat Air System, or Tempest. It provides a prime opportunity to demonstrate how we can make this new relationship work.

To make this new relationship work in combat air and more broadly, there must be commitments on both sides.

As the MOD we need to continue to press ahead with our acquisition transformation programme. At the centre of our transformation agenda is the aim of making the acquisition system cheaper, better and faster. We also

recognise the need for the MOD to be easier to do business with – especially for our Small and Medium Enterprise suppliers, and we are working hard in this area to make contracting and access to opportunities proportionate to market capacity and risk.

The transformation programme is also predicated on the kind of strong strategic relationships, based on trust and openness, that I have already described. We have established the Strategic Supplier Programme to enable this, though it will take time and hard work on both sides to reap the benefits in full.

At a higher level, though, we need to pursue a more strategic approach to the Defence and Security industry, one that recognises both the opportunities the changing environment brings, but also the challenges, with ever larger competitors emerging in marketplaces with government customers, pursuing different industrial strategies to our own. The new approach should:

- Strike the right balance between value for money and affordability considerations, capability requirements and wider, sometimes longer-term ambitions emerging from our industrial capabilities, international influence and economic prosperity.
- Strengthen our cross-government approach, especially with our sister economic departments, and ensure that our current range of defence industrial policy initiatives have an impact greater than the sum of their parts.
- Establish a clear set of priorities for international cooperation and export opportunities. We will be doing this as we leave the EU, but co-operation with our many and long-standing European partners will remain as important as ever.
- Fully exploit our science and technology activity in order to develop the future skills and industrial capabilities the country needs and generate spill-over benefits.
- Respond to the demands of Information Age technologies in the same way as we have already considered traditional military capabilities, for example through the Combat Air and Shipbuilding strategies.

Providing greater long-term certainty of funding for major programmes – something I know industry has a keen interest in – is also one of our ambitions for any future Strategic Defence and Security Review.

In return, we ask that industry works collaboratively and closely with us on this agenda, with a relationship based on transparency and candour. We are not just a big customer, and the capabilities we require are those that keep

our nation and our allies safe. And we also expect industry to work better together to tackle shared challenges such as investment in research and development and skills, and supply chain resilience and competitiveness.

In addition, it is essential that industry is clear with the government about potential overseas opportunities, so that we can develop a joined-up approach to exports. Finally, industry – like the MOD and UK Armed Forces – must strive to innovate, and do more to understand and exploit new technologies being developed outside of the Defence and Security sectors.

The defence industry is an industry like no other, it is structured like no other, and has accesses and responsibilities like no other. Equally, as government, we are aware of our own role in maintaining vital capabilities in the UK and developing those new ones that will help us win the battles of the future, the shape of which we can discern today and the presence of which we can already feel. Both will be the foundation of our prosperity and our security. I am confident that industry and government share that vision, and can work to make it a reality.

Thank you.

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## [Reporting charity fraud and working together to prevent it](#)

Earlier this year we surveyed the sector to get a better understanding of how fraud is affecting charities and what we can do to develop an effective counter-fraud culture in future.

We will be sharing the results of our fraud survey during Charity Fraud Awareness Week next month (21 to 25 October 2019).

Recent analysis of reported frauds reveals that charities are continuing to fall victim to the most prevalent threats, such as Mandate, CEO fraud and phishing – all types of ‘social engineering’, involving manipulation or impersonation, usually by email.

These scams can put your charity’s valuable funds, infrastructure and reputation at risk, but they can be highly sophisticated and hard to detect, fooling even the most experienced and senior people across all sectors.

To help you report fraud quickly and effectively we recently introduced a new online form to report serious incidents in your charity. This can be used whenever you need to [report a serious incident to the Charity Commission](#).

The new online form has made it much easier to report incidents so that you can quickly take further action to minimise harm.

If you think your charity has been targeted it is important to speak out and report this, so we can better identify the risks and help others across the sector.

You can take vital steps to protect your charity from harm by getting involved in this year's fraud campaign International Charity Fraud Awareness Week. We are encouraging everyone in the sector to get involved to help fight fraud. You can:

If you have a positive story to tell about fighting fraud or cybercrime in your charity you can enter the [Charities Against Fraud Awards](#) for recognition of best practice. There are award categories for large and small charities.

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## [UK Space Conference 2019](#)

Thank you for that warm welcome.

I would like to start by paying tribute to Andy Green. Hearing his words and his call for the future has stressed to me both how much has been done and how much there is left to do. I want to thank him for everything he has done for the sector. I also want to welcome Will into the role and look forward to working with you in the months and years ahead.

I'd heard a great deal about the National Space Conference, and I'm delighted finally to be here.

Of course, a few weeks ago I thought that I'd be watching jealously from the sidelines, having been moved as a minister to the Department of Health.

But as Graham Peters knows, even then I couldn't be kept away from space policy, and ended up making one of my first speeches as Health Minister on the importance of space tech for delivering better patient outcomes.

For me, the vital importance of space technology isn't simply about what happens up there. It is here on earth that space has the opportunity to make the greatest impact, whether that is in better health screening and diagnosis, improving our telecommunications, delivering smart cities and autonomous vehicle networks, or helping to safeguard our environment as Andy has so eloquently spoken about.

A few months ago, while I was interim Energy Minister, I signed into law the commitment for net zero carbon emissions by 2050 into law, ensuring that the UK became the first G7 country to do so.

Yet to understand the nature of the challenge, and how we will meet it, we need satellite technology and improved earth observation to deliver the measurements needed, just as it has been satellite technology that has

exposed the true scale of global warming.

That's why I'm delighted the Prime Minister has today announced £20 million for new space weather forecasting and technology. The effects of adverse space weather, such as solar winds, can disrupt key satellites, damage spacecraft electronics and cause problems across GPS and mobile phone networks. It's a problem that many of you in this room will know only too well, but there are still worrying gaps in our knowledge of how to properly forecast these events.

It is vital that we can build up our national capability to predict these phenomena and assess their seriousness. This new £20 million fund will allow us to develop a truly strategic UK approach to space weather, from research right the way through to operations.

And when it comes to the UK's strengths in satellites, only last week, I was visiting the National Physical Laboratory, discussing the potential of the TRUTHS mission. This new mission will allow us to recalibrate earth observation data from satellites all around the world, painting a picture of our changing climate that is more accurate than ever before.

TRUTHS is just one of the many missions that the UK will be looking for partners with when we attend the European Space Agency (ESA) ministerial meeting in Seville this coming November.

I want to put on record that I believe ESA is a remarkable organisation, which allows the UK access to a wider £6 billion space market for shared research in space.

And if ESA did not exist, someone would have to invent it. I have always said, and will say again and again, that while we are leaving the EU, we will not be leaving ESA.

Our involvement with ESA in the past year alone has delivered the launch of the Bepi Columbo mission to Mercury, the formal naming of the Rosalind Franklin rover for the Mars mission which I was delighted to attend at Stevenage Airbus, and we've made a commitment that British ESA staff working in Europe, and also European ESA staff working in the UK, will enjoy the same rights as one another.

And when I attend the ESA Ministerial in November, I myself will be making strong representations that as a nation, we will need to increase our ESA contribution, to strengthen our collaborations and to lead the way in lunar communications.

And we will also seek to extend our international partnerships with other space agencies. I'm delighted to see in the programme that I'll be meeting representatives from over 10 space agencies, and I'd like to thank them all for making the trip to Newport. In the past few months, as Space Minister, I have announced partnerships with the Portuguese Space Agency, and on the 50th anniversary of the moon landing, a new agreement with UK Space Agency (UKSA) and NASA to commit to work together on future projects.

And this morning the UK is celebrating another agreement, with Australia, to develop a 'space bridge' between our two nations. It's a sign that as the United Kingdom we are taking a truly global approach to space.

As your Space Minister, I also want to ensure that we are in pole position to deliver on the commitments and ambitions that I have already set out in my previous speeches, to increase our global market share in space to 10%, while at the same time invest in exciting new projects that will place the UK at the forefront of space innovation.

A key part of this is to build on the unique position that the UK can play in the future of space launch. Back in June, I was delighted to announce that Spaceport Cornwall and Virgin Orbit will push forward with work to develop facilities to enable small satellite launch, thanks to a £20 million funding package from UKSA, but also Cornwall Council. This is in addition to the £31 million we have invested in vertical launch at Sutherland.

And today, we have announced an additional £1.3 million to be invested into planning for three potential spaceports around the UK. Firstly, we'll be investing almost £500,000 in Snowdonia Aerospace, to develop a plan for a new centre for space R&D, training and satellite launch in North Wales, working in partnership with exciting companies like B2Space and Deimos. This will build on Snowdonia's distinguished heritage in experimental flight testing.

I hope you will all agree that this Snowdonia Spaceport Development Plan marks an exciting leap forward for Wales' role in space. It is something that we should be very proud of.

Secondly, we'll be investing £488,000 for the spaceport cluster plan in Argyle, centred on an aerodrome with the longest runway in Scotland. It's great to see that Reaction Engines, who I visited up in Culham, who are developing the innovative SABRE rocket engine, are also involved in that project.

And thirdly, we're providing just over £300,000 to Cornwall Council for an Accelerated Business Development and Research Project at Spaceport Cornwall. This will support Cornwall's ambition to be a centre for future flight technologies and follows the positive vote by the Council's cabinet last week in support of their £12 million funding for the project. We all know the potential that investing in space technology for the future can bring the UK.

I don't need to sell to you here in this room the returns that every pound spent on space can deliver.

But I also recognise that my unique responsibility, as your ministerial representative, is not just to fight for the maximum investment, welcome though that is.

My mission is to ensure that space and space technology remains at the forefront of our future. That means ensuring that the rest of government, equally, takes space as seriously as I do.

I'm delighted that 2 other ministers Graham from DIT and Anne-Marie from MOD

can be with us today – and they will be speaking shortly. Space is a cross-government, critical national infrastructure.

It deserves and requires cross-government attention too.

This is why I've called for a National Space Council, to be led at cabinet level, informing the delivery of a new National Space Framework for government.

And I was delighted that this call has now been agreed to. Work is now beginning on both the Council and Framework, and I look forward to playing a key role in this.

I will also welcome the active involvement of the space industry in advising the Council.

But I want to also turn my attention to what I believe passionately, must be also a priority for the future of space.

And that's you: the people who make innovation in space technology happen; the people who do the research, who make the breakthroughs, who vitally underpin a sector which has thrived in recent years. I want, as your minister, to help create not just new jobs, but also to create sustainable long-term careers in the space sector.

I want to ensure that we don't just invest in technologies, but in the people who make them happen.

That means not only investing more in early career research, in my joint role as Universities minister I'm determined to do that, but improving the conditions and working lives of those starting their journey in space research and innovation.

It also means ensuring that we make the UK a more friendly place, a more accessible place to come and live and work for all brilliant and talented scientists and researchers, no matter where you have come from.

For we can invest all we want in space: it will mean nothing if we cannot attract the talent we need to make it happen.

So you have my word, that I will do all I can, to create a milder climate for science and research, to create the freedom of talent that the UK desperately needs.

For we cannot afford to let talent go: if we do so, we lose and others win.

Every time I am in my constituency, I drive past a small cottage in Oldland Common, on the outskirts of Bristol. On it is a small blue plaque, stating that it was the childhood home of Sir Bernard Lovell, one of the world's great astro-physicists.

As I drive past, as a historian I'm constantly reminded of the world-leading role that the UK has played in space in the past.

From Essen's discovery of the Atomic Clock at the National Physical Laboratory.

To the scientific sensors on Huygens, designed at the Open University, allowing us to analyse Titan's atmosphere and ground for the first time.

To only this year, when it was British instruments developed at Imperial College and Oxford University, that detected the first sounds on Mars.

Yes, this is our past, it is a heritage to be proud of.

But I also believe that, when it comes to space, there is no better time to be alive.

We now, today, have the chance to create, to fashion our own heritage.

A heritage that can be one of the UK playing a leading role in space and space technology for the twenty first century. A heritage built not merely on investment, but on supporting its people.

So let's fight together for that investment, fight for that support, and fight for a heritage that can be ours.

Thank you.

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## **UN Human Rights Council 42 – High Commissioner's oral update on Ukraine**

The United Kingdom thanks the United Nations High Commissioner for Human Rights for her update and welcomes the 27th report of the Human Rights Monitoring Mission in Ukraine.

Fighting continues in and around civilian areas of eastern Ukraine. In this reporting period, we have seen an increase in casualties and injuries. Of the sixty citizens who were injured, nine were children; 3,339 civilians have died since the conflict started. We call on both sides to do more to protect civilians.

We are concerned by the crackdown on the right to freedom of expression in illegally annexed Crimea, particularly in cases where Russian anti-extremism legislation has been applied to content posted on social media before the annexation. We condemn Russia for failing to comply with UN General Assembly resolution 73/263, and urgently call on Russia to allow international monitoring organisations unhindered access to the peninsula.

The recent release of the 24 Ukrainian servicemen and political prisoners, such as Oleg Sentsov, was long overdue. However, there are still over 70

Ukrainian political prisoners detained in Crimea and Russia. This includes 23 Crimean Tatar activists detained during house raids in March 2019. We call on Russia to release all Ukrainian political prisoners.

We welcome this year's successful Pride Equality Marches, including the steps taken by the Ukrainian authorities to ensure that participants were able to enjoy their rights freely and safely.

Madam High Commissioner,

What more can the international community do to highlight and tackle the continued persecution of Crimean Tatars in illegally annexed Crimea?

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## **Suspension of Veterinary Medicines containing the excipient Diethanolamine (DEA): Update 22 October**

Published 24 September 2019

Last updated 22 October 2019 [+ show all updates](#)

1. 22 October 2019 Added: 'Stocks of flunixin solution for injection that were made available last year accompanied by a "Caution in Use" letter may no longer be supplied from wholesalers.'
2. 24 September 2019 First published.