

SUPPORTING DOCUMENT 1

BRIEFING 1

BRIEFING NOTE FOR KATE FORBES, CABINET SECRETARY FOR FINANCE AND ECONOMY

BAE TYPE 26 STEEL CUTTING CEREMONY – 29 JUNE 2021

What	BAE Systems Type 26 Steel Cutting Ceremony
Where	BAE Systems' Govan facility in Glasgow, Linthouse Gate, Holmfauld Road, G51 4XP
When	29 June 2021, 09:50 – 12:50
Key Message(s)	<ol style="list-style-type: none">1. Scotland has significant naval shipbuilding capabilities that provide substantial contributions towards the Scottish and UK economies and employment.2. My officials have engaged with the UK Government on the National Shipbuilding Strategy and have highlighted the strengths of the Clyde, and the positive relationship between Clyde Mission, and SG in general, and BAE Systems as discussed at the most recent meeting 22 June 2021.3. When the Clyde thrives so does Glasgow, the city-region and Scotland. This is why Clyde Mission is important to us.4. We welcome BAE Systems' proposed investments to boost the Scottish Economy and would be keen to know how we can support both expansion and training development at BAE.
Who	Prince William, Duke of Cambridge Sir Simon Lister, Head of Naval Ships, BAE Systems; and Stuart Gallacher, Business Development at BAE Systems Community and Military representatives
Why	To participate in a steel-cutting ceremony to formally mark the start of work on HMS Belfast, the third ship in the Royal Navy's next generation of Type 26 anti-submarine frigates.
Expected outcome	
Speech details	<i>N/A</i>
Supporting official	
Briefing contents	What is in the briefing pack: Annex A: Meeting Purpose, [REDACTED] Annex B: [REDACTED] Annex C: Key Messages Annex D: Background – BAE Work on the Clyde

	Annex E: [REDACTED] Annex F: Naval Shipbuilding in Scotland Annex G: [REDACTED] Annex H: [REDACTED]
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[REDACTED]

ANNEX A

MEETING PURPOSE, [REDACTED]

Meeting Purpose

The event today is a steel-cutting ceremony to formally mark the start of work on HMS Belfast, the third ship of the Type 26 frigates. The first two Type 26 vessels, to be named Glasgow and Cardiff, are currently in build.

The event also represents another significant milestone for the Type 26 programme, the Royal Navy, UK Defence and shipbuilding in Scotland. All eight Type 26 frigates will be built on the Clyde, with the work sustaining some 1,700 jobs in Scotland and 4,000 jobs across the wider UK maritime supply chain for decades to come.

[REDACTED]

[REDACTED]

[REDACTED]

ANNEX B

[REDACTED]

ANNEX C

KEY MESSAGES

Naval Shipbuilding in Scotland

- With the steel cut today in Scotland and further work spread out across the UK supply chain, the Type 26 programme is making a strong economic contribution to the country.

- We welcome your commitment to the Clyde, and your ongoing engagement with our enterprise and skills agencies.

[REDACTED]

[REDACTED]

ANNEX D

BACKGROUND - BAE work on the Clyde

[REDACTED]

Type 26

- The Type 26 frigate or City-class frigate is a class of frigate being built for the United Kingdom's Royal Navy. The programme was launched by the UK Ministry of Defence to partially replace the navy's thirteen Type 23 frigates, and for export. Australia and Canada both selected a variant of the Type 26 design for their anti-submarine frigate programmes, supporting greater operational, training and intelligence ties between the three nations.
- BAE secured a contract for delivery of eight Type 26 warships. UKG committed to building eight Type 26s at BAE, less than the 13 vessels originally planned.
- It was expected that work on all thirteen Types 26 would be undertaken by BAE Systems on the Clyde, delivering what the UK Government called a "Frigate Factory". However, the UK Government later announced the remaining 5 frigates would be made up by a new class of vessel, later known as Type 31.
- In 2017, BAE Systems signed a £3.7bn contract for the first batch of three Type 26 frigates.
- The first two Type 26 vessels, to be named Glasgow and Cardiff, are currently in build, and the event today is the steel-cutting ceremony for the third vessel - HMS Belfast.
- When the hulls are complete, they will be loaded onto a bespoke semi-submersible launch barge, before moving downriver and submerging at a specially selected site on the Clyde to float off and launch. The contract to provide this service was awarded to Glasgow-based Henry Abram & Sons Ltd, part of the Malin Group, in July 2020.
- Overall, the work on the Type 26 frigates creates a shipbuilding pipeline which will provide work to BAE on the Clyde through to the mid-2030s.

[REDACTED]

ANNEX E

[REDACTED]

ANNEX F

NAVAL SHIPBUILDING IN SCOTLAND

Facts and Analysis

- An economic analysis of the Scottish defence sector by the Fraser of Allander Institute revealed that;
- 5,943 jobs and £162.7 million in wages are supported by BAE's yards on the Upper Clyde; and
- 3,870 jobs and £105.9 million in wages are supported by the Rosyth dockyard in Fife.¹

[REDACTED]

[REDACTED]

ANNEX G

[REDACTED]

ANNEX H

[REDACTED]

BRIEFING CONTRIBUTION - JULY 2022

BAE Systems

BAE Systems is an important part of the Scottish manufacturing landscape and currently under contract for the delivery of 8 Type 26 warships (Ms Forbes attended steel cutting of the third vessel in class last year).

[REDACTED]

BAE Systems are also members of ADS Scotland and the Aerospace and Defence Industry Group (ADIG), the industry led successor body of the Ministerial led Aerospace Response Group; both ADS and ADIG are co-chaired by Stuart Gallacher of BAE Systems.

[REDACTED]

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<http://www.gmbscotland.org.uk/assets/media/documents/campaigns/defence/Fraser%20of%20Allander%20Shipbuilding%20Report%20%20FINALGMB%20Cover.pdf> (JULY 2016)

Lines to take:

- The Scottish Government is proud of our strong shipbuilding heritage in Scotland and we are fully committed to the shipbuilding and maritime sector going forward.
- BAE's continued commitment to the Clyde is welcomed, as is the ongoing partnership with other businesses and our enterprise and skills agencies in support of the growth of the sector in Scotland.

Points to raise:

- How is the work around the delivery of the Type 26 ships is going and interested to learn more about BAE's plans to expand and modernise Govan site by building a covered build hall? **[REDACTED]**
- **[REDACTED]**

BACKGROUND

BAE work on the Clyde: Type 26 and OPVs

- BAE has secured the contract for delivery of eight Type 26 warships, the next generation of Royal Navy anti-submarine frigates. UKG committed to building eight Type 26s at BAE, less than the 13 vessels originally planned. The UKG subsequently announced tender for the construction of five lighter, more flexible, and potentially more exportable Type 31e frigates.
- **[REDACTED]**
- **[REDACTED]**
- **July 2022** – BAE System confirmed that subject to further discussions with Glasgow Council and other stakeholders they are due to submit a planning application this summer to build a covered build hall at their Govan site which will allow for later Type 26 frigates to be built indoors, protecting them from the elements and would form part of an effort to modernise the yard to make it more attractive to future orders
- **[REDACTED]**
- Overall, this shipbuilding pipeline will provide work to BAE on the Clyde through to the mid-2030s and will deliver a Royal Navy warship service until 2060

[REDACTED]

BRIEFING – JUNE 2023

BAE VISIT – THURSDAY, 29TH JUNE 11:30 – 13:00

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] given the current level of activity across a number of fronts including (see Annex A for full details):

- BAE's commitment to invest £1.2bn in the UK supply chain - £248m in Scotland, as part of the T26 contract, including Facilities Modernisation Programme focused on expansion of the Govan site to allow for vessels to be constructed indoors (planning permission was secured in Feb'23).
- [REDACTED]
- [REDACTED]

Engagement

BAE Systems are members of ADS Scotland, the Aerospace and Defence Industry Leadership Group (ADILG), both are co-chaired by Stuart Gallacher of BAE, whilst in May'22 Sir Simon Lister became a member of the NSET Delivery Board.

[REDACTED]

SE has had a strong sectoral engagement with BAE since early 2000s and a strong account managed relationship has been forged since 2013 predicated primarily to position Glasgow as the location of choice for Type 26 (T26) - the next generation of Royal Navy frigates, for which BAE was awarded the contract in 2017.

[REDACTED]

[REDACTED]

ANNEX A

BACKGROUND AND CURRENT STATUS OF BAE'S ACTIVITIES

BAE and T26 programme

- BAE Systems is an important part of the Scottish manufacturing landscape and are currently delivering on the contracts for 8 Type 26 frigates in total. As shipbuilding contracts of this type are awarded in batches, the contract (£3.7bn) for the first 3 vessels was awarded to BAE in 2017, and the contract (£4.3bn) for the remaining 5 frigates was officially awarded and announced in Nov 2022 by UKG - the latter contract will support 1,700 jobs in Govan and Scotstoun.
- As part of the contract, BAE Systems has committed to investing £1.2bn in the UK supply chain (£248m in Scotland), supporting a further 2,300 jobs, with more than 120 suppliers all over the UK. [REDACTED]
- T26 contract is augmented by an international order book for "T26 equivalents" in Canada and Australia. These ships will be built in-country, but much front end design and the IP will reside in Glasgow.
- [REDACTED]
- **Dec'22** - HMS Glasgow, the first of class, successfully entered the water for first time (vessel currently fitting out at the Scotstoun facility).
- **Apr'23** - The steel cut for the fourth vessel took place.

BAE and Feguson Marine (FMPG) work on T26

- Late last year, FMPG negotiated an agreement with BAE Systems to second workers to BAE Govan to work on the T26 programme. The first secondees, all of whom surplus to requirements on vessel 801, started working at BAE in Jan'23, with the work still ongoing
- **April 2023** - FMPG have begun larger scale follow-on work ("Phase 2") for BAE back at Port Glasgow, which will see the building of 3 units for one of the T26 frigates
- SG welcomes this contract which secures new work for the yard, however commercial details of the contract are a matter for the parties themselves.

[REDACTED]

- **July 2022** – BAE System submitted a planning application to build a covered build hall at their Govan site to allow for later T26 frigates to be built indoors, protecting them from the elements and to form part of an effort to modernise the yard to make it more attractive to future orders. The project is expected to revolutionise the way that complex combat ships are constructed and safeguard the future of the Glasgow yards for decades to come.
- **Feb 2023** – Planning permission was granted

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

ANNEX B

NAVAL SHIPBUILDING IN SCOTLAND

Top Lines

- Scotland has significant naval shipbuilding capabilities that provide substantial contributions towards the Scottish and UK economies.
- Our shipyards at Govan, Scotstoun and Rosyth have proven time and again that they are able to deliver contracts of quality to generate prosperity for the whole of the UK.
- Shipbuilding falls within the wider manufacturing economy and aligns with Scottish Government's ambition for Scotland to become the home of manufacturing innovation, and to be seen as an inventor and producer - not just a consumer of goods - innovative, thriving and international looking.
- The capabilities in technology, engineering and manufacturing of companies currently focused on the Naval Shipbuilding market in Scotland are world-leading and there is a clear focus, by some of these companies, on low carbon opportunities in the longer term.

