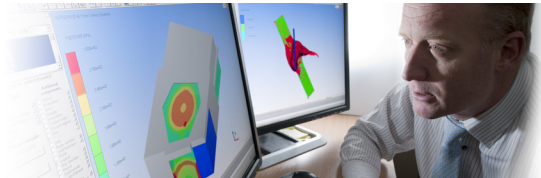


# Our Strategy



# Our **Strategy**

The Government's 2010 Strategic Defence and Security Review (SDSR) confirmed the UK's on-going commitment to Trident and the nuclear deterrence programme to underpin national security and deter credible threats to the UK.

'Our Strategy' describes how AWE can best continue its contribution to UK defence and security.

In support of the nation's Continuous At Sea Deterrence (CASD) policy, the Trident warhead programme will remain central to AWE's activities. Our continuing programme will align with the 2010 SDSR, emerging Government policy and international strategic partnerships. It must also be responsive to the future needs of our customer – the Ministry of Defence (MOD) – and Partners Across Government.

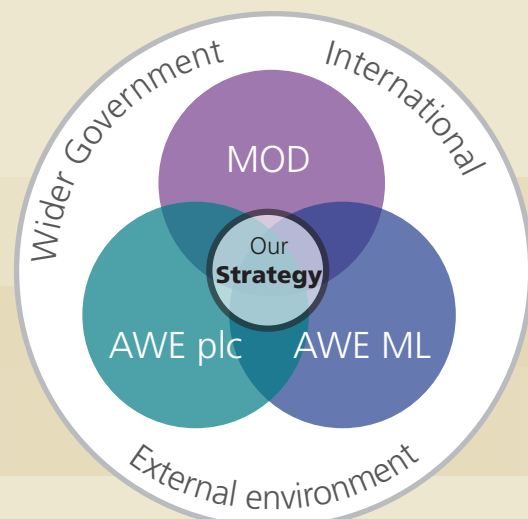
AWE will create a future that balances the protection of core skills against the provision of cost effective approaches that will help minimise the whole-life cost of the deterrent. To achieve this, we will exercise and maintain our unique set of capabilities so that we are always ready to play our part and assist UK Government in wider defence and national nuclear security requirements.

Our Strategy therefore takes a long-term view of the future and is underpinned by short, medium and long term business strategies and plans. It will be reviewed as changes to government policy and strategic direction dictate, to ensure that it reflects changes to the external environment and evolves as we proactively plan for the future.

# Our **Partnership**

AWE is a unique national asset. Funded by the Ministry of Defence, AWE is operated through a partnership between the MOD, AWE Management Limited and AWE plc.

This document sets out the integrated strategy for delivery of the UK's warhead programme and AWE's contribution to the wider national nuclear security agenda. Building on our strong performance and working in partnership with our MOD customer and our shareholders, the intention is to create a common long-term vision that supports AWE's future direction.



# Our **Environment** – defining the need for change

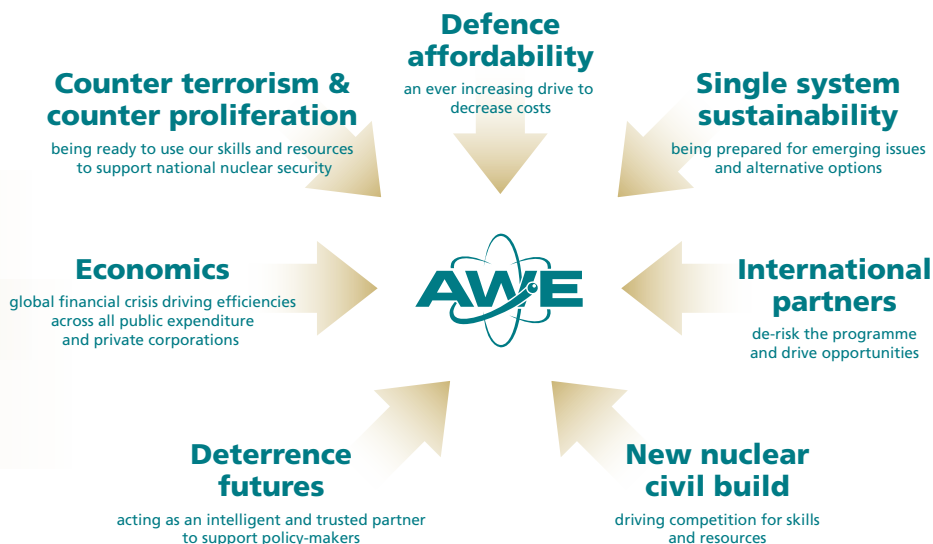
Decisions taken following the SDSR in 2010 set a direction which significantly increases the scope of AWE's work on maintaining and certifying the stockpile beyond its originally envisaged lifespan, at the same time supporting the reduced requirement for operational nuclear warheads. Indeed, SDSR 2010 provided clarity and certainty on which AWE's plans are based over the coming decade. However, AWE's external environment is continually changing and we must respond positively and proactively to ensure that we are always ready to provide national nuclear capability in an efficient and effective manner.

Financial pressures within the MOD are unlikely to ease as we move into the next decade. Whilst the nuclear programme emerged as a high priority out of the 2010 SDSR, the demand for cost efficiencies within our programme continues. AWE has implemented a sustainable approach to balancing cost and risk and we will continue to reduce risk and drive efficiencies. MOD transformation continues at pace and AWE's GOCO experience will continue to provide value during this period of change whilst, at the same time, presenting future opportunities.

Competition for experienced people in the nuclear sector is rising as the UK pushes ahead with new nuclear civil build. Hence, skills investment and supply chain partnering are important tools in managing risk in this sector.

On a global level, the importance of our international relationships is vital to the success of the programme. The relationship that we have enjoyed with our US partners, through the Polaris Sales Agreement and the Mutual Defence Agreement, has ensured a cost-effective system; in turn, the UK continues to provide value to the US to ensure that this endures as a mutually beneficial relationship for many decades to come. However, the global financial crisis is driving efficiencies across all of public expenditure, including defence. With political and economic changes occurring in Europe and beyond, AWE must be ready to engage and respond as required by the Government while continuing to focus on delivering its core programme. AWE will position itself to support evolving national policies and provide impartial technical advice during the decision-making process to ensure risks and opportunities are fully understood.

To deliver against the changing environment, AWE will play its role in providing impartial technical advice on nuclear weapons policy, the programme and operational support to enable Government decisions to be taken in an informed manner.



## Our **Purpose**

‘Working together to keep our world safe and secure, we deliver warheads for the UK’s deterrent, and use our nuclear expertise to support national security.’

As a Government Owned, Contractor Operated (GOCO) organisation, AWE is a unique national asset and our primary purpose is to support UK nuclear security needs. For more than 60 years, AWE has been proud to play a pivotal role in the UK defence programme. By providing stewardship of nuclear warheads and support to the Government’s policy of Continuous At Sea Deterrence (CASD), the nuclear

warhead programme will remain firmly at the heart of AWE’s activities for as long as the UK Government requires the deterrent. At the same time, working together with Government, domestic and international partners we will continue to exercise our unique skills and capabilities to support nuclear non-proliferation and the security and defence of our country.

## Our **Commitment**

‘Building on our proud heritage, our excellent people and technologies, we will create a unique and internationally recognised, trusted partner to UK Government, delivering innovative and integrated national nuclear security solutions.’

AWE’s future programme is vital in maintaining the nuclear deterrent. It is of national strategic importance. ‘Our Commitment’ is a firm statement about the direction that AWE is taking. It both recognises AWE’s distinguished and impressive

history, as well as provides the building blocks of what our future will hold. Our Commitment sets out the shared undertaking that everyone at AWE owns and believes in; it provides us with direction and a common purpose.



# AWE's Direction

AWE is an intelligent, trusted partner to MOD and the wider UK Government. We will be a high performing defence and security organisation by driving efficiency and operational excellence to deliver a safe, effective and efficient nuclear warhead programme. We will continue to provide sustainable support to CASD by making sure we have the best people, aligning skills to business needs.

AWE must create a future that balances the protection of core skills against the provision of cost effective approaches that will help minimise the whole-life cost of the deterrent and optimises value for UK Government and the taxpayer. A key aspect of the future strategy is to ensure that impartial and timely advice in the areas of policy, risk management and operational support is provided to UK Government by the integrated MOD-AWE (AWE plc, AWE ML and our supply chain) team.


In the short term, the main challenges are to ensure the right capability (infrastructure and people) is in place to deliver against the requirements stated in the SDSR. By leveraging science and technology, people, infrastructure and partnerships, we will safeguard the nuclear deterrent, focussing on relevant phases of the warhead lifecycle. AWE will also exercise and maintain its unique set of capabilities so that it is always ready to play its part and assist UK Government in wider defence and national nuclear security requirements.

In the medium term, emphasis will be placed on effectively deploying capability, appropriately managing the stockpile and ensuring a replacement warhead programme is viable and aligned to Government investment decisions within the deterrent programme and evolving international relationships.

AWE will adopt a high performance strategy that embraces different ways of working and develops and implements lean processes. We will also deliver cost-efficiencies throughout our programme balancing work appropriately and undertaking

activities that are required by Government to support the national security agenda and evolving defence and security policies. We will seek to operate at the lowest cost, without compromising the programme or our commitment to working in a safe, secure and ethical manner.

Longer term, the focus will be on implementing the Government's decision on a replacement warhead. In conjunction, the challenge for AWE is to ensure maximum return to Government, our shareholders and the taxpayer from the AWE national asset.



To achieve this, Our Strategy will focus on the following goals. These goals will be underpinned by robust business strategies and plans that will drive the organisation and set the agenda for both business and individual performance delivery.



## A. Protect the deterrent by ensuring that warheads are always available

Provide sustainable support to CASD by continuing to deliver a safe, secure, and effective stockpile, now and into the future. We will rebuild and recertify the stockpile and deliver a sustainable infrastructure programme to support warhead availability. We will plan for a replacement warhead programme should one be required.

- **Transition from capability sustainment to Warhead Through Life Management.** This will be achieved through a stockpile management programme that will proactively challenge and balance stockpile priorities and support national nuclear security.
- **Manage and recertify the stockpile.** AWE's product and design will continue to meet Government requirements ensuring a safe, secure and effective stockpile.
- **Deliver a sustainable infrastructure programme at lowest through life cost.** This will be demonstrated through the completion of the facility replacement/refurbishment projects to service the stockpile, ensuring at all times that AWE maintains the licence to operate through working proactively with the regulator.

## B. Deliver a safe, effective and efficient nuclear warhead programme

Continue to create a high performing, sustainable business, driving efficiency and operational excellence through transformation to reduce programme cost and risk. We will build a culture of continuous improvement, aligning skills and strengths to our business goals and customer needs. AWE will be recognised as a good neighbour in the communities in which we operate and as an employer of choice.

- **Transform into a high performing organisation working in a safe, secure and ethical manner – being a trusted partner.** AWE will be a high performing defence and security company; improving services at reduced cost through the implementation of Operational Excellence. AWE will strive to recruit and retain the best employees, through being regarded as the best employer.
- **Create a sustainable business through partnering.** This will be achieved through excellence in science, engineering and technology (SET), ensuring excellence in the AWE supply chain management; and thus leverage suppliers, industry and academia to ensure long term capability.
- **Provide experience from the GOCO model.** AWE will drive efficiencies and operational excellence to support the transformation programme.

## C. Enhance value from our international relationships

Work with international partners to drive better value and efficiencies through collaborative relationships, ensuring long-term sustainable futures. AWE will be recognised, both nationally and internationally, as a leader in the fields of science, engineering, manufacturing and technology and as the US' partner of choice.

- **Ensure the UK remains the partner of choice for the US through focussed shared delivery programmes.** This will be achieved by strengthening the relationship through the Polaris Sales Agreement (1963, amended 1982) and the Mutual Defence Agreement (1958). The agreements facilitate the delivery of UK National Strategy; the partnership will support the delivery of this strategy by providing impartial advice to UK Government.
- **Ensure programme delivery and financial performance by aligning timelines, requirements and procurement plans.** By working collaboratively with our international partners we will maintain and safeguard future procurements options. A key enabler will be achieved through the success of the Anglo French Nuclear Treaty and this will be measured through the delivery of the Teutates project.
- **Leverage international relationships to enhance UK National Security.** This will be demonstrated by providing advice, capability and product in the areas of the Nuclear Non-Proliferation Treaty, counter-terrorism and counter-proliferation.

## D. Enhance value for our nation

AWE is a responsive, agile national asset that provides key support to national nuclear security. As an intelligent and trusted partner, AWE will proactively work with the UK Government to inform and enable strategic options for the UK in the area of Science, Engineering and Technology and its application to National Security, defence and beyond to optimise the value of AWE for the United Kingdom.

- **Support national strategies in SET to exploit threat reduction and national nuclear security capabilities.** AWE will use its unique skills and capabilities to support national nuclear security, threat reduction and counter-terrorism. AWE will continue to support intellectual property rights (IPR) development and exploitation in the supply chain to secure the commercial value for the MOD of intellectual property generated at AWE.
- **Build on AWE's SET capabilities and their application for broader defence, security and beyond.** This will be achieved by providing access to warhead capabilities. AWE will maintain a full range of options for Government demonstrating the ability to exploit AWE's capabilities for adjacent applications, should they be beneficial to Government.
- **Optimise the value of AWE as a Government owned national asset.** Working in partnership, this will be delivered by leveraging the experience and knowledge of the GOCO operating model enhancing value for the Government, the shareholders, the taxpayer and AWE.



# Summary

AWE is putting the investment in our capabilities to work on an effective stockpile strategy at a time when Government budgets are under extreme pressure and the strength of international relationships is vital to creating cost-efficiencies in the warhead programme.

We have developed this strategy to take AWE and its programme into the next decade and to posture our facilities and capabilities for decades to come. AWE must provide sustainable support to CASD, balancing cost and risk whilst providing impartial technical advice for future decision making. AWE is at the heart of the UK's nuclear defence.

We will leverage the value of the GOCO operating model, working as a trusted advisor to UK Government, continuing to use shareholder reach-back and transformation to create programme and cost efficiencies. We will be innovative in our approaches, ensuring the safe, effective and efficient delivery of the UK's nuclear warhead stockpile now and into the future. We will manage risks and optimise value by exploiting wider opportunities as they present themselves. We will sustain the UK's nuclear deterrent capability.

AWE will maintain a highly capable workforce, with exceptional science, engineering and technology skills. The operation of our facilities will be regarded as world-class. Working as an intelligent, trusted partner to UK Government, and through the delivery of our goals, we will be internationally renowned for offering unrivalled scientific and technical expertise within the national nuclear security arena.

By optimising our capabilities as a national asset, adding value to the nation, we will:

- **Protect the deterrent by ensuring that warheads are always available** – we will provide sustainable support to CASD, balancing cost and risk, and plan for a replacement should it be required.
- **Deliver a safe, effective and efficient nuclear warhead programme** – we will manage the programme, continuing our transformation to reduce risk and enhance value for money to UK.
- **Enhance value from International relationships** – working with partners to ensure a long-term sustainable future, we will enhance the value we add and create and seize opportunities as they arise.
- **Enhance value for our nation** – building on the success of the GOCO, optimise the value of AWE as a national asset.



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