



COLLABORATIVE DEEP-DIVE COST REVIEWS

Bringing clarity to the cost of submarine procurement

By providing **in-depth cost analysis and management services** to the Submarine Delivery Authority (SDA), we **enabled senior leaders to make informed decisions** on some of the Ministry of Defence's (MOD's) highest value and most important investments.

The situation

Nuclear submarines are some of the most complex and expensive pieces of equipment in the world. As part of the Ministry of Defence, SDA is responsible for managing the **UK's multi-billion pound portfolio of submarines**, covering procurement, in-service support and disposal.

The brief

Bass Rock was tasked by the MOD to support SDA in **completing a series of structured reviews to evaluate the costs, risks, timescales and commercial aspects** of major areas of UK submarine production.

Specifically, we were asked to lead the **cost re-assessment of the Barrow-in-Furness submarine production** facility redevelopment programme - a £1bn programme to modernise the manufacture and system integration facilities for the production of all UK submarines.

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Our approach

Collaborative working, strong leadership and regular communication with stakeholders, enabled us to complete this **large-scale review and re-costing of a £1bn programme in just five weeks**. We proposed and developed a new method of forecasting future costs based on past experiences and historic trends, enabling independent comparison with contractor cost models. This approach gained high level support within both MOD and its industry partners. **It enabled MOD to answer key 'what if' questions to underpin the formal Annual Budgeting Cycle (ABC) submission.**

We performed a 'deep dive' review of the three largest projects within the facility redevelopment programme, which contributed to 80% of the total costs. Our review highlighted the scale and importance of major areas of cost uncertainty and risk.

As a result, senior decision makers had the information they needed to intervene and manage these risks and uncertainties. High level SDA leaders and wider MOD financial stakeholders reported increased trust in the programme costs, due to our clarity in presenting key information.

Throughout the task, Bass Rock transferred skills, knowledge and ways of working to support MOD staff and upskill them in cost management and control of major projects and programmes.

The outcome

The **clear, robust and detailed cost information** we presented, enabled SDA and industry leaders to gain a firm understanding of the financial forecast for this circa £1bn facility redevelopment programme.

Decision makers felt they had more confidence in the numbers, could see where the risks were (both threats and opportunities) and had the **confidence to recommend the necessary investment decisions to their seniors.**

We were delighted to **receive high acclaim from SDA and industry leaders** for both the clarity and accuracy of our presentation material and the style and frequency of communication.

The success of this task led to Bass Rock leading another significant cost review to develop a bottom-up cost estimate for a major area of submarine procurement - submarine Sea Trials.