



Department for
Business, Energy
& Industrial Strategy

Lord Grimstone
Minister for Investment

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20th April 2021

Dear Lord Grantchester,

National Security and Investment Bill – Investment Security Unit and Ministry of Defence

Thank you for contributions during the Lords Report Stage of the National Security and Investment (NSI) Bill. You raised a number of questions during the debate on which I committed to write to you.

Firstly, you asked how the Investment Security Unit (ISU) will work with the Ministry of Defence. The ISU will be housed in the Department for Business, Energy and Industrial Strategy (BEIS), and as the unit will be responsible for the operations related to the NSI Bill, decisions in relation to NSI will be the responsibility of the Business Secretary. The ISU will coordinate cross-Government activity to identify, assess and respond to national security risks arising through investment activity. This will take place through a ‘hub and spoke’ model with core expertise remaining within the relevant departments – including the Ministry of Defence (MoD) – allowing for access to departmental information and networks.

MoD officials will therefore have ample opportunity throughout the screening process to ensure their expertise and advice, including the views of the Defence Secretary, are appropriately reflected in the final advice to the Business Secretary.

You asked whether guidance will be provided to those businesses within the defence supply chain. I wrote to all Peers on Tuesday 13 April setting out our intention to publish guidance for businesses and others affected by the regime – this will include guidance on the Defence sector as a sector in scope of the mandatory notification regime. We are already working with other Government departments, including the MoD, as well as our Expert Panel, to ensure the guidance is clear and helpful for all parties.

You also wished to hear about engagement regarding the consultation between the Scotland Office and the Scottish Administration regarding the Bill. The preceding Secretary of State for Business wrote to colleagues across the Devolved Administrations on introduction of the Bill offering briefings at either Ministerial or official level at convenience. Officials from the Department for Business, Energy and Industrial Strategy, as well as the Secretary of State for Scotland Office, have since worked with officials from the Scottish Government, and continue to do so as the Investment Security Unit is set up and the new regime established.

I hope you have found this information useful, and I look forward to your continued engagement in the remaining stages of this Bill's passage through the House.

I am placing a copy of this letter in the Libraries of the House.

A handwritten signature in blue ink, appearing to read "Martin Callanan". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

LORD CALLANAN

Minister for Climate Change and Corporate Responsibility