1 March 2021

UK Space Policy – an Opportunity and Greater Government Priority?

Summary of Changes at the start of 2021

1. **BEIS policy control** – responsibility for policy and strategy development for the UK space sector is moving from the UK Space Agency (**UKSA**) to within the Department for Business, Energy and Industrial Strategy (**BEIS**).

2. **CAA lined up for licensing role** – the proposed secondary legislation for the implementation of the Space Industry Act 2018 (**SIA**) envisages responsibility for licensing being passed from the UKSA across to the Civil Aviation Authority (**CAA**), which we understand will be around June 2021.

3. **Role of UKSA** – the UKSA's ongoing role has not yet, to our knowledge, been publicly confirmed but speculation is that its role will be considerably reduced to an advisory role in support of BEIS for policy development and to act as the agency responsible for implementing policy through supporting the private sector, university, R&D and inter-departmental government programmes and initiatives.

4. **Leadership change** – the news that BEIS is taking the policy lead comes two weeks after UKSA CEO Graham Turnock announced he was stepping down from the post. The timing also closely coincides with the appointment of Kwasi Kwarteng MP as Secretary of State at BEIS following predecessor Alok Sharma MP's move to focus on climate change and COP26.

5. **Oneweb** – The UK Government's $500 million investment in Oneweb in 2020 was driven by BEIS and might be regarded as a precursor for BEIS's heightened recognition of the space sector's importance for the country's industrial strategy.

6. **National Space Council** – the first meeting of the newly formed Cabinet level National Space Council is due to be held in March 2021 and further demonstrates Government recognition of the need for integrating the UK's space policy and national satellite infrastructure capability into the wider policy landscape.

7. **National Space Strategy** – the national space strategy foretold in the 2019 Queen's Speech has yet to be announced but (as affirmed by the Minister for Science, Research and Innovation, Amanda Solloway MP, in the Parliamentary debate on the UK space sector on 4th February 2021), is expected within the next 6 months, and is eagerly anticipated by industry.

8. **Brexit, COVID-19 and Climate Change** – each of these issues are key national policy issues and the space sector is recognised by Government as being integral to addressing each of them.

Outcomes

1. **Prominence** – responsibility for policy is moving up the scale of Government recognition and interest. The above summary of recent factors points to a heightening of senior Government attention at Cabinet level which should assist in promoting the sector's position in industrial strategy, investment and as an integral part of the national sovereign interest and in order to retain its competitive position with other countries with space sector ambitions of their own.

2. **Policy development** – one would hope that the recognition of the sector's importance and potential for UK Plc will result in accelerated policy development, closer integration with BEIS strategy and better cross-departmental alignment with other Government departments (including Defence, Foreign Affairs, Trade, Transport (for CAA), Culture & Media (for Ofcom), the Cabinet Office and Treasury). We hope that this means that policy will gain from more priority attention and a joined-up Government approach, which is required.

3. **Transition of skills and expertise** – the 200 employee UKSA has a well-developed skills base in technical understanding of satellite systems, risk assessment, monitoring and licensing. The CAA has no experience in relation to the space sector. One important question is whether the CAA be able to invest in the personnel and resources for training to cover its new responsibilities (especially as the CAA is not directly funded by central Government but is funded by levies on those entities subject to its regulation).

4. **SIA Consultation** – how will the above changes be reflected when BEIS publishes the results of the consultation on the SIA secondary legislation which closed in October 2020? There is concern as to the lack of consultation on the transfer of licensing from UKSA to CAA, skills and expertise gaps and their impact on licensing approach and turnaround times. Specifically, there is industry concern over the rationale and results of not distinguishing licensing of in-orbit satellite operations from launch activities withing the CAA's remit, each evolving in different legal regimes.

Key examples

1. **Brexit** - the space sector is recognised as having an important economic, communications and strategic capability role to play following Brexit. Bringing policy control into the direct remit of BEIS would affirm recognition of this both in terms of support needed for the sector as former EU projects (such as Galileo) are closed off from UK participation and access and the value and capabilities the sector brings to the UK.

2. **Oneweb** – The Oneweb investment is well reported as being a means for the UK to build its own positioning, navigation and timing constellation and the role of BEIS in this transaction demonstrates the importance the Government places on the sector and would indicate that it is more of a strategic policy priority than in the past.

3. **COVID-19** – the pandemic has heightened the importance of satellite services in terms of connectivity and data services both in the UK and globally. Awareness of the sector's national importance of a core infrastructure need has been enhanced. It also offers potential for skilled technology sector employment and economic growth as part of the country's pandemic recovery.

4. **Climate Change** – the sector offers leadership opportunities in climate change monitoring, data reporting and analysis capabilities, education and inspiration at school and higher education.

5. **Levelling-up** – the sector is important to meet the Government's levelling-up agenda, as it brings connectivity and sustainable business opportunities across the UK.

Conclusions

1. It is early to speculate on the outcome of the above changes on the sector. However, most of the changes are welcome if they are evidence of the seriousness with which the Government views the space sector and its importance in many facets of the UK's policy landscape.

2. Finalisation of the enabling regulatory framework under the SIA remains an imperative for the UK's space sector to move forward and to compete internationally. But not the finalisation at any cost; the regulations must be reasonable, proportionate and transparent – each of which are heavily nuanced phrases. Implementation of policy in the form of world class regulation which fosters clarity, minimises delays and administrative burden while properly balancing risk mitigation for the state against commercial companies' operational and investment needs must be carried out as soon as possible to capitalise on the UK's potential in the sector in the context of an increasingly competitive international environment.

3. Making the transition of, and then the ongoing responsibility for, licensing from the UKSA to the CAA as seamless and efficient as possible will be an essential component of making the new SIA regulations successful and supportive of the industry. Maintaining the confidence of private sector operators in the robustness and efficiency of the UK's regulatory system is critical in determining how the private sector sees Government policy on the ground and strongly influences operational investment decisions against competing countries.

4. There is a need for genuine industry expertise in the Government, and an independent advisory body which the Government can call on.

5. The UK's space industry needs to continue to make its voice heard in Government, especially with heightened attention from new departments and officials who will be relatively unfamiliar to the sector's potential and needs. Companies will need to invest and adapt to deal with different Government entities and communications channels to promote their interests.

6. The industry has been criticised in the past for being too inward looking and the move of policy responsibility to a more centralised position in Government and the greater connectivity with other Government departments offers an opportunity for the sector to capitalise on links with other important economic sectors such as energy, climate and the wider communications and technology sector.

7. Each of the five examples described above are central policy objectives of BEIS which should benefit the space sector.