

DEFENCE SUPPLIERS FORUM
FIRST MEETING 2014

RECORD OF MEETING

1500hrs-1700hrs, Wednesday 30 April 2014
5th Floor, Pepys Suite, MOD Main Building

Government

Rt Hon Philip Hammond	Secretary of State (Chair)	
Rt Hon Michael Fallon MP	Minister for Business and Enterprise	[from 1615hrs]
Philip Dunne MP	Minister (DEST)	
Bernard Gray	Chief of Defence Materiel	
Susanna Mason	DG Exports and Commercial Strategy	
Nick Payne	DECS Dir Commercial Scrutiny and Industrial Policy	
Paul Hamilton	DECS Head Industrial Policy	
Richard Paniguan	Head of UKTI Defence & Security Organisation (DSO)	
Huw Walters	Head of Aerospace, Marine, Defence, BIS	
Brig Mark van der Lande	Head FR20, Personnel and Training	[for Item 2]
Sara Perring	DECS Industrial Policy (Secretary)	

Industry

Ian King	CE, BAE Systems PLC	
Peter Rogers	CE, Babcock International Group PLC	
Alberto de Benedictis	CE, Finmeccanica UK	
Robin Southwell	CE, Airbus Group UK	
Stephen Ball	CE, Lockheed Martin UK	
Victor Chavez	CE, Thales UK	
Duncan Mackison	Managing Director for Defence, SERCO UK & Europe	
Ron Finlayson	Strategic Business Director, Defence, QinetiQ	
Simon Fovargue	Vice President and General Manager, Hewlett-Packard	
Ian Menzies	General Dynamics UK	
David Pitchforth	Vice President, Boeing Defence UK	
Steve Wadey	MBDA and DGP Co-Chair	
Paul Crawley	MBDA and DGP Project Manager	[for Item 4]

Representatives from the SME Forum

Mike Maiden	Chairman of NDI Ltd
Nancy Pallares	Skan Group Holdings (Oldbury & Boughton)

1. DEFENCE UPDATE

Defence Reform Bill – The House of Commons had considered the Lords amendments on 29 April. The Bill would proceed for Royal Assent. The Defence Reform Bill would bring changes to the Reserves agenda and single source pricing regulations (SSPR). On SSPR, work continued on the detailed plan for the implementation of the regulations and the Single Source Regulations Office, and when timescales were confirmed they would be shared with industry.

Defence Equipment and Support – On 1 April 2014 DE&S became a bespoke trading entity, securing freedoms and flexibilities from HM Treasury and the Cabinet Office that would enable it to operate on a more commercial basis.

2. RESERVES ACTION PLAN

Head FR20 gave an update on Reserves, and the reasons why changes were being made to the Reserve service to ensure: better access to skills in the civil sector; better use of the Defence

budget; improved connection with society; and the regeneration of a larger Armed Forces if required. The changes include: better remuneration, training and equipment; improved civilian accreditation for reservists' training; and increased compensation for SMEs who have personnel deployed as reservists.

Action 1.1: Hd FR20 to hold a meeting with industry HR representatives (through ADS), in May 2014 to drive these issues forward.

Action 1.2: Industry requested to support 'Uniform to Work' Day on 25 June 2014.

Action 1.3: Industry leaders to ensure that their strong support for Reserve service goes throughout their organisations, particularly to middle management line managers; to note that the good behaviours exhibited by the defence industry set an example to other industries; and act as advocates for employing Reservists.

3. DEFENCE EXPORT POLICY – FOREIGN MILITARY SALES (FMS) STUDY

The MOD/Industry FMS study had examined the question of what characteristics from the US system the UK might consider adopting. The group also discussed the merits of the Canadian system. It was agreed that US FMS did not have the level of flexibility required to be useful in considering its replication in the UK.

Action 1.4: UKTI DSO/industry to re-examine the potential for HMG to support overseas customers more, drawing on the Canadian model in particular. This was likely to involve re-packaging, re-branding and more clearly communicating the already extensive HMG support but could go further. Richard Paniguan and Robin Southwell to present their findings at the next DSF.

Action 1.5: UKTI DSO to compile a HMG export support handbook to help industry (notably SMEs) to understand the range of HMG mechanisms available to support exports and how these are accessed.

4. DEFENCE GROWTH PARTNERSHIP

Minister Fallon introduced the item, which saw DGP in its most difficult phase, turning ideas into a robust business case and implementation plan. The key elements for inclusion in the business case for establishing an enduring capability were: the Defence Capability and Technology Centre; strengthened DSO; value chain accelerators; and market-led projects in the areas of skills, technology and enterprise, intelligent systems, and air capabilities. The Defence Secretary was clear that the business case would need to be fully costed and funded (and there was no new MOD funding available for the proposed projects) as part of the next steps. The timeframe was tight if specific measures were to be agreed for announcement at Farnborough; realistically, the deadline was the end of May.

5. THE PURPOSE OF THE DSF

It was agreed that the forum was of benefit to HMG and industry and should continue to meet.

6. DATE OF NEXT MEETING

The next main DSF would take place on 16 October 2014. *Secretary's note:* This will include the Exports Through Life Support Action Plan which is to be carried forward.
