

DEFENCE SUPPLIERS FORUM

SME FORUM

Record of Meeting – 5 November 2013

Government

Philip Dunne MP – Minister for Equipment, Support and Technology – Chair
Paul Hamilton – MOD Head of Industrial Policy, DECS
Robin Little – MOD Supplier Relations Team, DE&S
Richard Brooks – Dstl
Gemma Peck – Enterprise Team, BIS
Andy Nicholson – CDE
Christopher Hiller - Industrial Policy, DECS [Secretary]

Industry

Paul Everitt – ADS
Clive Davenport - Federation of Small Businesses (FSB)
David Townsley– NDI (representing Mike Maiden)
Gordon Morrison – Intellect
Ed Bates – Society of Maritime Industries (SMI)
David Hansell - MSI Defence Systems
Tim Sherwood – Satellite Applications Catapult
Graham Booth – 2iC
Dr Paul Martin – Plextek
Ryan Hood – Cosworth
Hal Reisiger – Cosworth
Shahid Mian – ITSUS
Peter Hughes – 2D3
Tim Wheeler - Boeing
Dave Perrett - Saab
Barry Smith - L-3 Communications
Dean Jordan - Rockwell-Collins
Ian Anthony - Rockwell-Collins

Apologies

Ben Fletcher - Home Office

Welcome and Introductions

1. Min(DEST) welcomed attendees to the third DSF SME Forum in 2013. This was being hosted at the Centre for Defence Enterprise (CDE) in Oxford, due to their excellent work with SMEs. Min(DEST) said that he was looking forward later in the meeting to hearing from SMEs who had been through the CDE process, and he also welcomed the attendance of representatives from the four companies who were signatories to the MOD's Defence and Security Industrial Engagement Policy (DSIEP). He summarised key developments since the last SME Forum on 13 May 2013, including the launch of the Defence Growth Partnership Vision Statement, DSEI in September 2013, and the progress being made on the Defence Reform Bill.

MOD SME Action Plan

2. Robin Little presented the key points from the MOD's updated SME Action Plan which reflects the 2012/13 statistics on SME engagement. (www link: [MOD SME Action Plan](#)). MOD had achieved its target of 15% spend with an estimated 5.4% of direct spend and 9.8% indirect spend with SMEs. Min(DEST) reaffirmed the importance that the Government places on increasing the involvement of SMEs in Government procurement.

ACTION: Industry members to submit to the SME Forum Secretariat by 13 December 2013, their suggestions for how the plan might be improved to encourage the participation of SMEs in the defence supply chain.

Defence Growth Partnership

3. Min(DEST) introduced this item saying that, whilst DGP was a BIS/Industry-led initiative, MOD was the principal customer and committed to supporting the DGP in its vision for a strong, competitive and vibrant defence sector. Paul Everitt then provided an update on progress. Now that the Phase 0 stage was complete with the 'Securing Prosperity' Strategic Vision document published on 9 September 2013, work was underway to prepare a full implementation plan and have this ready for the Farnborough International Air Show in July 2014.

4. Paul Everitt outlined what opportunities there were for SMEs to engage with DGP and help shape the process. He explained that a 'Drop Box' had been created on the ADS website to enable SMEs to voice their views, a detailed questionnaire was being developed and regional road shows were planned for the New Year. Min(DEST) emphasised the importance of SMEs being able to contribute to each workstrand, and also for DGP to collaborate with international companies who were keen to develop their UK supply chains, for instance as part of DSIEP.

Small Business Strategy

5. Gemma Peck outlined the Government's new Small Business Strategy that was expected to be launched in December 2013. This would focus on developing and expanding existing small businesses, rather than encouraging new businesses to be created. She highlighted that the strategy was part of the BUSINESS IS GREAT campaign (<http://www.greatbusiness.gov.uk/>). Gemma Peck outlined each area of the strategy which would include:

- **Accessing Finance:** The strategy will look at changing how banks operate, provide funding from the British Business Bank and tackling late payments.
- **Hiring People:** The strategy will look at removing legislative barriers to hire people, make it easier for businesses to attract talent from overseas and help businesses find people with the right skills.
- **Developing New Ideas:** The strategy will look at helping businesses find a route to market, protect their ideas and connect businesses with expertise and equipment.
- **Breaking into New Markets:** The strategy will look at providing advice and support to help businesses export, help businesses to boost their online presence and remove barriers in particular markets.

- **Finding the Right Support at the Right Time:** The strategy will better understand the specific needs of growing businesses, continually improve the GOV.UK website and work with local public and private sectors.

6. Overall Forum members welcomed the focus of this forthcoming strategy. In discussion, it was good to see the emphasis on access to finance, particularly in the light of concerns for SMEs involved in defence about banks pursuing ethical lending policies. On the strand concerning attracting talent from overseas, BIS were working with the Home Office on visa issues; there were also examples of Gulf customer nations having difficulty obtaining visas to come to the UK to inspect equipment intended for export. On skills, there was a more fundamental need to encourage Maths and Science skills, which is why the Bloodhound and 'Engineers Week' initiatives were so important.

7. The importance of the Small Business Research Initiative (SBRI) was highlighted. In terms of helping businesses to export, many SMEs do not necessarily think of the Government when trying to find assistance. Min(DEST) emphasised that the UK Trade & Investment's Defence & Security Organisation (UKTI DSO) is there to promote the work of all UK companies. SMEs raised the difficulty of the delay of obtaining export licences, and this was especially puzzling when a whole new licence was needed for replacement parts or repair of equipment that had already been previously covered by an export licence.

ACTION: Trade Associations to alert their members to the new Small Business Strategy.

ACTION: Industry members to seek examples SME difficulties in obtaining export licences, especially for replacement parts/repairs to be discussed at the SME Forum on 5 March 2014.

CDE SME Presentations

8. The Forum then heard the experiences of SMEs who had recently been through the CDE process. One of the main observations raised was about the lack of opportunity to subsequently pull through and develop ideas that had reached Technology Readiness Level (TRL) 4; typically Primes were looking to invest in technology that is TRL 7. A concern was also raised about the delay in SMEs getting security clearances for its employees and obtaining List-X clearances.

ACTION: Dstl to provide advice to Min(DEST) on their ideas for how the pull through of these new technologies into defence capability could be improved.

ACTION: SRT to provide advice to Min(DEST) on how the process for SMEs obtaining security clearances could be improved by 20 November 2013.

Date of next meeting

9. An officials-led meeting of the SME Forum will be held on 4 December 2013, 1100-1300hrs, with the next SME Forum to be chaired by Min(DEST) scheduled for 5 March 2014, 1000-1130hrs.

Christopher Hiller

DSF SME Forum Secretariat