



**Ministry  
of Defence**

## Second DSF Mid-Tier Meeting Record of Decisions

### DES Industrial Policy

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See Distribution

24 July 15

### **DEFENCE SUPPLIERS FORUM MID-TIER GROUP – 16 JULY 2015, MOD MAIN BUILDING**

#### **ATTENDEES**

Attendees	<b>MOD</b> Philip Dunne Susanna Mason  Will Jessett George Hutchinson Neil Hamilton Nikki Pink Niroshan Chandrakumar  <b>Wider Government</b> Claire Harrison Mike Reilly Stephen Phipson Philippa Makepeace  <b>Industry</b> Alan Buckland David Bright Rik Armitage	Minister of State for Defence Procurement DG Commercial  Director of Strategic Planning DES Industrial Policy Asst Head Arms Control and Counter-Proliferation ELC Strat Def Commercial Supplier Relations Team Sec DES Industrial Policy 3  BIS ECO FCO AEPD UKTI DSO UKTI  Atkins, MD Defence BMT, Sector Director - Defence Chemring, Group Director Strategy and Technology Cobham, Head of UK Government, NATO & EU Relations Marshall ADG, Chief Executive Raytheon UK, Chief Executive Ultra Electronics, Group Marketing Director Marshall ADG, Strategy Support Analyst	Items 1 & 2 Chair & Items 1 & 6 Item 2 Item 6 Item 3  Sec  Item 3 Item 3 Item 5  Item 4
Rep			
Rep	Lee Griffiths		
Rep	Steve Fitz-Gerald Richard Daniel Mark Anderson Chris Owen		
Apologies	Paul Hamilton Michael Flowers Bob Murphy Andrew Martin  Andrew Leach Rakesh Sharma	DES Industrial Policy Head Chemring PLC, Group Chief Executive Cobham Chief Executive Officer Martin-Baker, Director of Business Development & Marketing Sodexo, Managing Director Ultra Electronics, Chief Executive	

Item (a)	Discussion and Decisions (b)	Action/Lead (c)
1. Introductions	1. DG Commercial explained that all departments would be working towards the Manifesto commitments. For MOD in particular, as part of the prosperity agenda, these included apprenticeships, innovation, research and development, support to Small and Medium Enterprises (SMEs), exports, and reducing red tape.	
2. SDSR	<p>2. DSP gave an overview of the SDSR timelines and governance structure. Emerging themes included protecting our people; shaping a stable world; promoting prosperity and crisis response. Innovation would be key to addressing these.</p> <p>3. Min(DP) reiterated the Manifesto commitments which had been translated into the 2% of GDP on Defence spending announced in the budget. This provided a backdrop to the SDSR of a strong baseline, greater clarity on Defence's future and a growing trajectory. There were still challenges however, so efficiencies and value for money would still be sought. The SDSR would run in parallel to the Spending Review and the Minister was pleased that the budget announcement allowed for efficiency savings to be recycled into capability uplifts.</p> <p>4. Industry raised the Whole Force Approach (WFA). DSP explained that SDSR 15 would have the time to make a deeper analysis of people issues from the perspective of the whole national security workforce. The new Chief of Defence People (CDP) was leading the WFA work and good progress had already been made in the nuclear sector.</p> <p><b>Action 1: CDP to present update on Whole Force Approach at September Mid-Tier Group meeting.</b></p> <p>5. Industry enquired about the potential emergence of a Defence Industrial Strategy from the SDSR. DG Commercial explained that the National Security through Technology (NS&amp;T) White Paper still aligned with Government thinking. Government was re-examining NS&amp;T in the context of SDSR but any update was expected to build on rather than take away from the current approach. Any update to NS&amp;T would most likely follow SDSR.</p> <p>6. Industry expressed a desire for greater insight as to which technologies MOD sees as important both for UK Armed Forces and exports. Min(DP) explained that the published Equipment Plan already provided a high level road map of MOD spending; added to which the Defence Growth Partnership (DGP) Customer Advisory Group (CAG) offered further insight; as did interaction with Front Line Commands (FLCs) under their delegations. On the latter point industry expressed concern with FLC engagement and the permissions available to them.</p> <p>7. Min(DP) outlined the new Government's intent to put a</p>	Sec

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	<p>renewed emphasis on exports, overseen by the Exports Task Force and Ministerial Working Group. He outlined plans to open up opportunities to SMEs across the economy and invited information on supply chains and ideas on how best to do so. He also invited ideas on how to lift the burden of doing business with Defence through the Red Tape Challenge.</p>	
3. Export Licensing	<p>8. With the support of MOD ACP and FCO, BIS gave an overview of the export licensing process. The BIS Secretary of State had the overall power of authorisation for UK export licensing. Export licences were required for military or dual use items and BIS received over 15,000 Standard Individual Export Licences (SIEL) each year. BIS were currently falling short of their target to process 70% (64% achieved) of SIEL licences within 20 working days. This was in part due to insufficient information in the initial licence application forms with 50% rejected due to this reason. BIS SofS had directed additional resources to clear the backlog and this was now a priority.</p> <p>9. The SIEL assessment was complex and marked particular consideration of whether the equipment to be exported could be reverse engineered, and the relationship that the importing country or organisation had with UK. Many license applications required clarification on the end user.</p> <p>10. Use of fewer but more comprehensive open licenses rather than multiple SIELs was encouraged. BIS could advise industry on which is the best licence type to use for a particular piece of equipment and further information was available on the .gov.uk website (see below).</p> <p>11. Industry raised several points including a desire to understand the extent to which equipment might need to be de-scoped for successful exports; the need for guidance ahead of key Ministerial-lead trade delegations and frustration with dual use limitations. In the context of the DGP work on disruptive technologies, there was a risk that in adapting previously civil only equipment for dual or military use, companies might suddenly find their export activities severely curtailed by export licensing. Industry also sought better points of contact with the export licensing community so that they could raise specific issues.</p> <p><b>Action 2: Industry to write to DG Commercial with any suggested amendments to the licensing process under the Red Tape Challenge with a clear explanation of the desired outcome.</b></p>	Industry
4. Mid-Tier Definition/Identified Companies – Update.	<p>12. Marshall Aerospace presented their findings on companies that could fit within the Mid-Tier category. DG Commercial agreed to increase the membership of the Mid-Tier group based on their strategic value to MOD as well as their quantitative</p>	

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	<p>business activities which would put them within the Mid-Tier bracket. It was agreed that Northrop Grumman Corporation, L-3 Communications Holdings PLC, CGI Group Inc. and GE Aviation and Cohort PLC would be invited to join the group by DG Commercial.</p> <p><b>Action 3: DG Commercial to write to proposed companies inviting them to join the group.</b></p>	<b>Sec</b>
5. Export Promotion	13. UKTI DSO gave an overview of the export market and of DSO's current efforts including better aligning Defence engagement with export promotion resources. The DSC has been set up to look at the longer term export opportunities while the UKTI DSO will concentrate on the shorter term, 0-5 year, campaigns. Mid-Tier companies often had good specialisations but were encouraged to form broader consortia to provide wider export offerings.	
6. AOB.	<p>14. It was agreed that the next meeting would take place following the DSF Main in October (date TBC) and would be extended to three hours duration. Proposed agenda items were:</p> <ul style="list-style-type: none"> <li>• SDSR update,</li> <li>• Presentation on WFA lead by CDP,</li> <li>• Managed Service Providers (MSPs) update,</li> <li>• DSEI review, and</li> <li>• Acquisition support with FLCs.</li> </ul>	

*Signed on DII*

Niroshan Chandrakumar

Distribution:

All attendees  
Martin Baker  
Sodexo

Item 3 Links

*Export Licensing*

- <https://www.gov.uk/government/organisations/export-control-organisation>
- <https://www.gov.uk/beginners-guide-to-export-controls>

*SPIRE*

- <https://www.gov.uk/spire-the-basics>

*Training Courses*

- <https://www.gov.uk/government/publications/export-control-training-bulletin>

*Export Control Symposium details*

- <https://www.gov.uk/government/publications/export-control-symposium-invitation-and-registration-form>