

DEFENCE SUPPLIERS FORUM

SME FORUM

Record of Meeting – 21 October 2015

Government

Philip Dunne MP	Minister for Defence Procurement [Chair]
Jonathan Lyle	CEO, Dstl
Steven Morgan	Director Defence Commercial
Will Jessett	Director Strategic Planning
Dr Cass Chideock	Head Small Business Policy Team, Crown Commercial Services
Louise Owen	Deputy Head Engagement, Defence Science and Technology
Dr Geoff Howes	Deputy Head, Finance and Military Capability
David Morgan	Assistant Head Supplier Relations Team
Andy Sams	Assistant Head MOD Industrial Policy
David Lines	Assistant Director Business Support, UKTI DSO
Lee Newman	Assistant Head, Aerospace Marine and Defence, BIS
Craig Deal	MOD Industrial Policy
Alyson Rees	MOD Industrial Policy [Secretary]

Industry Trade Association

Jeegar Kakkad	ADS (Representing Paul Everitt)
Andy Collier	NDI
Clive Davenport	Federation of Small Businesses (FSB)
James Murphy	techUK
Christopher McHugh	SMI/BNEA

Trade Association Invited SMEs

Jonathan Cunnison	Managing Director, RJD Technology
Richard Skan	Group Managing Director, Oldbury Ltd
Andrew Kerr	Director, Englands Specialist Safety Equipment Ltd
Graham Booth	CEO, 2ic Ltd (techUK)
Ed Bates	Chairman, Aish Technologies Ltd

Guests

Chris Aylett	CEO, Motorsport Industry Association
Nick Wills	Defence Development Director, Motorsport Industry Association
Ian Wilson	Director, Formaplex

1. Defence Update

The Strategic Defence and Security Review (SDSR) is nearing conclusion. The July 2% of GDP budget settlement means a growing defence budget, and the freedom to recycle efficiency gains into frontline capability. Innovation remains critical to maintaining cutting-edge Armed Forces capability, and achieving this will require better utilisation of the talents and expertise of SMEs. The Defence Secretary's announcement of a £70m Innovation Package during the recent visit of US Defence Secretary, Ash Carter is a welcome boost to this initiative. There has been significant engagement with the SME community throughout the SDSR, including at DSEI, through the DGP Innovation Challenge and through an ADS led workshop. At last week's DSF Main the Defence Secretary announced a 25% target for defence procurement to be spent with SMEs.

2. Strategic Defence and Security Review (SDSR)

The NSS and SDSR are expected to conclude in around 6 weeks. Industry and international inputs have been welcome, and have highlighted how defence contributes to prosperity. Work continues to finalise investment choices.

3. Defence SME Policy Refresh, Cross Government Target, SBRI, Red Tape Challenge

The defence SME policy refresh is expected to be published in November. The refresh seeks to influence behaviours across the department and with our major suppliers, encourage greater competition and remove barriers to encourage more SMEs into the supply chain. The introduction

of Supply Chain Advocates into the Front Line Commands will aid greater interaction with the supply chain and the Red Tape Challenge will also provide examples where we can remove unnecessary bureaucracy. The policy refresh will promote the Small Business Research Initiative as one tool to increase direct contracting with SMEs. Meeting the 25% target will continue to be challenging for MOD. Our direct spend with SMEs is unlikely to increase and so we will need to identify more indirect spend within the supply chain.

DSTL are building on their successes with CDE and R-Cloud, and continue to work with the SME community to improve accessibility and promote prosperity.

Action 1: Following a question during the forum the MOD review of Intellectual Property Rights will be included at the SME Forum in February.

4.1 Innovation – Delivering Motorsport Innovation into Defence

Motorsport is a well developed source of innovation in the UK and the Motorsport to Defence (M2D) initiative has facilitated business activity between the two sectors: enabling motorsport's expertise to deliver innovative engineering solutions to defence whilst granting the motorsport industry an alternative market. Formaplex is a good example of a motorsport company who have successfully crossed into defence through significant work on the Foxhound programme.

4.2 Defence Open Innovation

The MOD is pursuing an open innovation model and as part of the SDSR looking at barriers to innovation and how we overcome them through investing in our people, building partnerships and delivering at pace. An Innovation Fund to help generate ideas and accelerate them across the 'valley of death' to application will form part of the proposition.

Action 2: SDSR Innovation Package to be included for the appropriate SME Forum in 2016.

5. Any Other Business

The MOD wants to ensure the continued effectiveness of the SME Forum. Minister would welcome members' views on its strengths and areas where it could be improved, and in developing metrics we can use to judge the forum.

Action 3: Forum Members to provide their thoughts to the Forum secretary by the end of the year.

Date of Next meeting: Tuesday 23 February 2016 at the UK Defence Solutions Centre in Farnborough.

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