



# DES Industrial Policy

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## **DEFENCE SUPPLIERS FORUM MID-TIER GROUP – 5 NOVEMBER 2015, MOD MAIN BUILDING**

<b><u>Attendees</u></b> <b>MOD</b> Alan Peter Will Jessett Siân Walters Lt Col Nick Sharples Gp Capt Michelle Osborne Capt Paul Marshall Thomas Bonney Nikki Pink Niroshan Chandrakumar	DE&S Commercial Operations Dir Dir Strategic Planning ASA Government Standards Dep Hd Army LSE FP Transformation People-TESRR-Trg Cap AHd Navy Eng Spt-DACOS DES Commercial Industrial Policy Dep Hd Commercial Supplier Relations Team-Sec SME DES Commercial Industrial Policy 3	Chair & Item 3 Item 2 Item 4 Item 4 Item 5 Item 5  Sec
<b>Wider Government</b> Jonathan Boyce	High Growth & High Potential Business advisor, UKTI DSO	
<b>Industry</b> Chris Jones David Bright Steve Smart Lee Griffiths Simon Walther Jon White Nicholas Gordon Chris Owen Andrew Martin Dr Andrew Tyler Bill Jamieson	Client Dir, Atkins Global Sector Dir – Defence, BMT SVP, Space Defence & National Security, CGI Group Inc. Hd, UK Government, NATO and EU Relations, Cobham Finance Dir, Cohort PLC Development Program Manager, GE Aviation VP London Operations , L-3 Communications Holding PLC Group Business Manager, Marshall ADG Dir of Business Development & Marketing, Martin Baker CE, UK and Europe, Northrop Grumman Corporation Managing Dir, Defence Business, Raytheon	
<b><u>Apologies</u></b> Susanna Mason Paul Hamilton Michael Flowers Stephen Young Andrew Leach Rakesh Sharma	DE&S DG Commercial DE&S Industrial Policy Head Chemring PLC, Group Chief Executive CEO, Meggitt MD, Sodexo CE Ultra Electronics	

Item	Discussion and Decisions	Action/Lead
1. Introductions	1. DE&S Commercial Ops Director welcomed new members of the DSF Mid-Tier Group, extended apologies from Susanna Mason, and emphasised the importance of the mid-tier suppliers for Defence and of this forum as a key channel of communication.	Chair
2. Strategic Defence and Security	2. Director Strategic Planning (DSP) noted that the Comprehensive Spending Review will be published on 25 November 2015 and the SDSR is expected to conclude near that date ( <i>post-meeting note – announcement expected on 23 Nov</i> ).	DSP Dir

Review (SDSR)	<p>The outcomes from both the SDSR and National Security Strategy (NSS) will be combined in a single white paper.</p> <p>3. Whilst there are still capability choices to make, the five-year budget settlement agreed earlier this year has made SDSR 2015 more straightforward to manage than in 2010. DSP said that the white paper was unlikely to cover capability decisions in much detail, given the commercial and security disadvantages in doing so. The three key national security objectives are protecting our people, at home, in the overseas territories and abroad; projecting our global influence; and promoting prosperity.</p> <p>4. There would be a stronger emphasis on our international engagement, including measures to put NATO more clearly at the heart of UK Defence, and deeper relationships with key Allies and partners. Innovation is another important theme running through the SDSR – including our approach to the work force and the recruitment process, getting the right people at the appropriate point in their careers into the most suitable roles. Close attention has been given to the US Third Offset strategy for lessons that the UK might draw. Northrop Grumman is sponsoring a presentation at RUSI on the Third Offset strategy on 8 December.</p> <p><b>Action 1:</b> The next DSF Mid-Tier meeting should include discussion of the US Third Offset strategy and its implications for the UK as an agenda item.</p> <p>5. Projecting British influence overseas will involve more concerted international defence engagement. The Government's strong focus on supporting Defence exports will remain and require even closer co-ordination with the Defence Industry.</p>	CE Europe, Northrop Grumman
3. Managed Service Providers (MSPs)	<p>6. DE&amp;S Commercial Ops Director noted that there are three MSPs supporting DE&amp;S Transformation. CH2M Hill and Bechtel are addressing the methodology and process reforms and PWC are covering the HR changes. The aim of the MSPs is to standardise the way DE&amp;S carries out its business, and to draw in the required skilled personnel and efficiently use them across the organisation. Tony Douglas, the new CE DE&amp;S-designate, has considerable expertise in major projects and is expected to take a close interest in the work of the MSPs.</p> <p>7. DE&amp;S Commercial Ops Director clarified that MSPs will identify the key themes amongst sometimes varied procurement routes, and will advise on a reduced number of appropriate tools and applications to attempt to standardise these routes. The Commercial Function is running a new Commercial professionalism programme to ensure that there are sufficient commercial skills throughout DE&amp;S and the wider MOD.</p> <p>8. There are three-way non-disclosure agreements between MOD, four tier 1 contractors and MSPs. Other Tier 1 partners have the opportunity to request a copy of the NDA confidentiality contracts from DE&amp;S Commercial Ops Director to understand the commercial implications. Suppliers below Tier 1 should ask the relevant Tier 1 suppliers for access to this information if they see a need for it.</p> <p><b>Action 2:</b> An update on implementation of the MSP model should be provided at the next DSF Mid-Tier meeting.</p>	Chair
4. Acquisition System Reform	<p>9. Following on from the Lord Levene report on Defence Reform, the Acquisition System Operating Model (ASOM)<sup>[1]</sup> was developed by the Customer</p>	ASA-GovStds-

<sup>[1]</sup> ASOM can be found in the Acquisition Systems Guidance located at: <https://www.gov.uk/guidance/acquisition-operating-framework>

	<p>Design Change Programme in line with the delegated Defence Operating Model. The ASOM was formally released on 1 April 2015 and sets out the roles and responsibilities for the Head Office, the Customers (the Front Line Commands) and the delivery agents (DE&amp;S and ISS) in the system, as well as the holding to account arrangements. Attendees discussed the role of industry as shown in the ASOM. From an Army Command perspective, the Army is working well in the delegated model and making the relevant business decisions, supported by DE&amp;S. Greater visibility across the interface and a more transparent flow of information have allowed Army Headquarters to make informed decisions against changes in the programme of work. Army Headquarters achieved an initial operating capability as an intelligent customer on 1 April 2015; it is building its internal capability to embed the acquisition system behaviours and reach an enduring maturity by 1 April 2017.</p> <p>10. The ASA has set up the Acquisition Support Partner (ASP) contract which the Commands can draw upon to help build their 'intelligent customer' capability. ASA-GovStds-DepHd confirmed that this contract does not allow a temporary transfer of resources into MOD to substitute for shortfalls in skillsets.</p> <p>11. Industry was broadly content with the proposed principles to guide the MOD, DE&amp;S and industry relationships in the acquisition system and the outline of the ways in which MOD and its suppliers will constantly develop the most effective customer/supplier relationship that were developed at the Shrivenham 8 workshop in 2014. Although much depended on how these would be implemented.</p>	AsstHd and Army LSE-FP-Transfm-SO1
5. Whole Force Enterprise Approach	<p>12. People-TESRR-Trg Cap AHd noted that there is a need for Industry and MOD collaboration on determining how to retain and effectively use the skills within the Defence workforce. Enterprise Approach (EA) is the pan-DLOD delivery of Whole Force Approach and it aims to ease this problem. The EA will provide better opportunity for individuals to work in skilled functions common to both MOD and Industry in a more flexible way</p> <p>13. Navy Eng Spt-DACOS explained the challenges of delivering Waterfront Capability which made it a suitable area for a pilot in the maritime domain. The EA is needed to encompass industry, Reserve and Regular RN personnel. There is, however, a risk that in times of high demand, industry and the RN will try to draw on the same individuals. MOD is increasing recruitment and training of its civilian white collar workforce. While it is easy for individuals to move from MOD to industry, the reverse is not true and needed further exploration.</p> <p>14. A MOD and Tier 1 supplier round table discussion will take place on 11 December 2015. This will focus on Operational Maintenance and Repair generated from the Waterfront as a specific capability to be examined under TESRR's EA concept phase.</p>	People-TESRR-Trg Cap AHd and NAVY Eng Spt-DACOS
6. AOB	<p>15. The next meeting will occur shortly after the next DSF Main in March/April 2016 and the date will be confirmed as soon as the DSF Main date has been agreed.</p>	Secretary

Post meeting note: The minutes from the most recent DSF Main meeting that took place on 15 October 2015 can be found in the Defence Suppliers Forum webpage at the following link:

<https://www.gov.uk/government/groups/defence-suppliers-forum>