

Refreshing Defence Industrial Policy 2016: Consultation Response Form

PART ONE: INTRODUCTION

MOD’s Industrial Policy is described in the 2012 white paper: [National Security through Technology](https://www.gov.uk/government/publications/national-security-through-technology-technology-equipment-and-support-for-uk-defence-and-security-cm-8278--2). This document explained that “the sole objective of defence and security procurement, financed through the defence and security budgets, is to provide our Armed Forces and national security agencies with the best capabilities we can afford, to enable them to protect the UK’s security and to advance the UK’s interests, both now and in the long term; and in doing so, to obtain the best possible value for money.”[[1]](#footnote-1)

The Government remains committed to the principles set out in this white paper; however it also recognises the significant developments in this area since 2012. That is why the [National Security Strategy and Strategic Defence and Security Review 2015](https://www.gov.uk/government/publications/national-security-strategy-and-strategic-defence-and-security-review-2015) stated that the MOD would “refresh its defence industrial policy and take further action to help the UK’s defence and security industries to grow and compete successfully. We will drive greater innovation into our defence procurement, and ensure that future investment decisions contribute to a more dynamic and productive economy.”[[2]](#footnote-2)

The MOD is now leading the Government’s work to refresh Defence Industrial Policy which is being closely aligned with the Department for Business Energy and Industrial Strategy’s work on a National Industrial Strategy. Within the bounds of National Security through Technology, this consultation seeks views on the specific areas covered in the questions to implement the intent of the Strategic Defence and Security Review.

**Instructions**

This online consultation seeks your views on the questions laid out in part 3 which have been developed to inform the refresh of Defence Industrial Policy. **Please answer the questions within the document using the character limits as specified for the answer boxes.** Please do not feel obliged to respond to every question; we are interested in those areas where you have the most substantive points to make.

The consultation will **conclude at 23:45 on Friday 6 January 2017, we regret that responses after this date cannot be considered.**

Responses are to be sent to: [DESCOMRCL-IP-GROUP@MOD.UK](mailto:DESCOMRCL-IP-GROUP@MOD.UK).

PART TWO: ABOUT YOU AND CONFIDENTIALITY

**Information about you**

It is important to give us your name to ensure your views are appropriately reflected. Your email address will be used to inform you of the outcomes of this work.

**Your contact details**

First name: Click here to enter text.

Surname: Click here to enter text.

Address: Click here to enter text.

Postcode: Click here to enter text.

Email: Click here to enter text.

**Are you responding on behalf of an organisation or group?**

Choose an item.

**If yes, please state the name of your organisation:**

Click here to enter text.

**Confidentiality and data protection**

Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data

Protection Act (DPA) 1998, and the Environmental Information Regulations 2004).

Please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals with, amongst other things, obligations of confidence.

In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, in itself, be regarded as binding on the Ministry of Defence for this consultation.

The Ministry of Defence will process your personal data in accordance with the DPA 1998, and in the majority of circumstances, this will mean that your personal data will not be disclosed to third parties.

**If you want information that you provide to be treated as confidential please tick the box below and write your reasons for this in the textbox.**

**I wish my response to be treated as confidential.**

*Please write your reasons below. (Maximum 400 characters)*

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PART THREE: QUESTIONS AND RESPONSES

1. In refreshing defence industrial policy, we will look at how MOD processes deliver the optimum combination of the best capabilities at best value for money while taking into account prosperity and international considerations. The policy will consider how MOD procurement shapes the industrial landscape. Thinking about how MOD behaves as a customer:

1. **How can we grow the economic value of defence to the UK in a competitive market whilst continuing to provide value for money in the delivery of military capability?**
2. **If three of the core elements of national prosperity are high value-adding UK employment, export success and revenue (corporate and taxation), what policy or process changes would best support these objectives?**
3. **How can we identify and capture the potential export and civil opportunities that might create economies of scale that reduce costs to MOD and lead to more competitive pricing in export markets?**
4. **How can Government and industry work together to create further improvements in UK industrial productivity and reverse the defence-specific trend of generational cost growth?**
5. **How can MOD and industry take a more partnered approach to investing in technology and innovation, sharing the risk and reward of product development and incentivising private investment?**
6. **What factors in MOD requirement setting would lead to more innovative industrial solutions and productivity improvements?**
7. **What factors in MOD requirement setting would lead to more exportable products?**

*Please respond in the box on the next page. (Maximum 4000 characters)*

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2. In refreshing defence industrial policy, we will look at how we can make defence a more attractive customer for non-traditional suppliers and Small and Medium Sized Enterprises, including through simpler processes in MOD, and how we create a more competitive UK supply-chain. Thinking about doing business with defence:

1. **What factors have deterred you from bidding for MOD work in the past and how can they be overcome? Are there examples where bidding for MOD business is more commercially challenging / expensive than for work from other customers?**
2. **What are the factors that affect the willingness of your company to act as a contractor/subcontractor on MOD programmes?**
3. **From your experience what has been particularly positive/negative about working on a defence contract?**
4. **What would be your key priorities in making it easier for your company to do business with the MOD?**
5. **What are the characteristics of effective or poor supply-chain development activity? What are the risks and benefits of encouraging a more open and competitive supply-chain in defence?**

*Please respond in the box on the next page. (Maximum 4000 characters)*

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3. In refreshing defence industrial policy, we will examine how the MOD assesses value for money when conducting investment appraisals to inform defence procurement decisions. This will ensure that we recognise prosperity benefits while remaining fully compliant with EU procurement regulations and the Treasury Green Book guidelines on appraising options for spending public money. Thinking about your experience or knowledge of MOD’s investment approvals process:

1. **Do you feel that you have a sufficient understanding of how the MOD currently considers value for money when making investment decisions, if not where would you look for this information?**
2. **What limitations / opportunities does the MOD’s approach to investment and / or disinvestment decisions present for your company / sector?**
3. **To what extent are you currently able to reliably quantify factors such as R&D spend, supply chain benefits and wider economic benefits (including skills and productivity improvements) linked specifically to the work you undertake for the MOD?**
4. **What data sources can we use to take greater account of the local impact of defence spending, particularly in areas of lower economic activity?**

*Please respond in the box on the next page. (Maximum 4000 characters)*

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4. In refreshing defence industrial policy, we will consider how we can ensure our future capability choices reflect the MOD’s approach to be ‘international by design’. This includes capability planning choices, support to defence exports and accessing international opportunities. Thinking about how defence operates in the international domain and in overseas markets:

1. **When national security considerations require a bilateral/multilateral international acquisition, what are the key industrial policy factors we should be considering? How can they be measured?**
2. **The MOD has already taken a number of steps in pursuit of supporting defence exports. This includes the commitment in the SDSR to make support for exports a core task for the MOD and publishing an exportability policy. Are there any further steps we should be considering?**
3. **Formal industrial offsets are illegal within the EU single market. How can government and industry work together to create greater value in the UK and opportunities for UK supply chain companies across the full range of potential procurement approaches, including off-the-shelf and overseas purchases?**
4. **Given the UK’s strengths in delivering innovative defence support arrangements, what more can we do to increase the UK’s success in the global market?**
5. **What are the key factors that contribute towards successful government to government equipment and support cooperation, both bilateral and multilateral? What do we jointly need to do differently to improve the track record for cooperative programmes?**

*Please respond in the box on the next page. (Maximum 4000 characters)*

****5. In refreshing defence industrial policy, we will consider the nature of the strategic interaction between MOD and industry, including the effectiveness of various engagement mechanisms and how they address issues of mutual concern such as skills shortages. Thinking about your strategic interaction with the MOD on non-contract specific or cross cutting industrial, capability and defence policy matters:

1. **Who is your key MOD interlocutor and why?**
2. **Which current engagement points are the most and least useful and why (including the Defence Suppliers Forum, the Defence Growth Partnership, Supply Chain Advocates, the annual Shrivenham Defence Acquisition Conference, MOD key supplier management process, industry awareness days etc.)?**
3. **Linked to the above, are there further steps the MOD could take to improve engagement with industry, particularly for non-traditional suppliers?**
4. **Where, when and how could MOD clarify engagement points with industry and the associated processes?**
5. **What are you doing to address existing and predicted skills shortages and sustain critical skills, and how can MOD support you in doing this?**
6. **How can MOD facilitate more early engagement with industry to drive realism into the equipment plan, to understand prosperity-related factors including exportability and to encourage industry investment?**

*Please respond in the box on the next page. (Maximum 4000 characters)*

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1. National Security through Technology - page12, chapter 1.2 paragraph 4 [↑](#footnote-ref-1)
2. National Security Strategy and Strategic Defence and Security Review – page 75, chapter 6 part c, paragraph 6.50 [↑](#footnote-ref-2)