

DEFENCE SUPPLIERS FORUM

SME FORUM

Leonardo, Edinburgh, London

Record of Meeting – 22 June 2017

Government

Harriett Baldwin MP	Minister for Defence Procurement (Chair)
Helen Sawford	Head Strategic Supplier Management
Luke Hughes	Prosperity and International Business
James Montagu	Department for Business, Energy and Industrial Strategy
Craig Deal	Industrial Policy (Secretary)

Trade Association

Warrick Malcolm	ADS, Director ADS Scotland (Host)
Kelly Thomas	ADS
Andy Collier	NDI (part of EEF)
Andy Johnston	techUK

Industry

Frank Began	Director Supply Chain, Leonardo
Jack Welsh,	Operations Director, Walker Precision Engineering
Bob Black	CEO, Seebyte
Fiona Marshall	Managing Director, BBI Detection
Nick Williams	Director, Penman
Stuart StJohn-claire	Chief Commercial Officer, Penman
Ed Macfarlane	Principal Nuclear Safety Consultant, Abbott Risk Consulting

1. Welcome

Min(DP) gave thanks to ADS and Leonardo for agreeing to host the SME Forum in Edinburgh.

2. New Government Priorities

Min(DP) reaffirmed the MOD's commitment to spend £178Bn over the next 10 years. Assured the meeting that the MOD remains a major defence player in the light of Exiting the EU. The MOD will continue to meet the NATO 2% target and remains an outward looking nation having already met with German and French opposite numbers. The reappointment of Secretary of State Fallon ensures stability for the department and its suppliers. Scotland is very important piece of the defence picture in the UK with defence employing approximately 10,0000 people in a region which makes a big contribution to the equipment program. Underpinning this action is work to keep opening up our supply base to SMEs which are vital incubators of innovation. In pursuit of this Defence remains committed to the departments 25% SME spend target and continues to engage through the Defence Suppliers Forums.

3. Commercial Update

There are a number of initiatives MOD is undertaking to improve the way we do business particularly with SMEs. MOD recognises that early engagement can help bring more SMEs into the supply chain which is why following a review the MOD will be refocusing the supply chain advocates to concentrate their resources in this area with central co-ordination. MOD has launched a refreshed Supplier Portal and is working to improve the Defence Contracts Online platform, broadening its scope and making it easier for suppliers to access a wide range of Defence opportunities. Defence is working with Crown Commercial Services to pilot a sub-contracting platform accessed via the Government's Contracts Finder portal, in parallel with Defence Contracts Online hosting. MOD is backing the cabinet office supplier code of conduct, and is investigating the chunking up contracts to enable more SME opportunities. Recent concerns associated with the Contracting Purchasing and Finance system were discussed and work was underway for the next phase of the FATS system.

Action: Head Strategic Supplier Management to feedback any comments received from SMEs to the relevant parties including on Intellectual Property.

4. Prosperity

The Strategic Defence and Security Review 2015 set out the Defence need to promote prosperity. To meet this objective MOD has undertaken a series of actions including setting up the Defence and Security Accelerator, support to Defence exports as a core task, exportability policy and the Industrial policy refresh. The Industrial Policy Refresh will look to build on the previous white paper and consider wider economic factors, how companies do business with Defence, foster innovation and supply chains. Industrial Policy is closely linked to the National Ship Building Strategy and the Wider Industrial Strategy lead by BEIS. Going forward there are nine areas of focus for the prosperity work: business intelligence, metrics for prosperity, supply chain development, future opportunities, inward investment, embedding exportability, skills, place/clusters, Defence engagement. All sitting in the context of wanting to take advantage of the opportunities exiting the EU will bring.

5. Industrial Strategy

Industrial Strategy remains an important government priority with two main drivers; Ensuring the UK remains competitive whilst leaving the EU and to even out growth across the UK. The aim is to improve living standards and create well paid, skilled jobs across the UK. The UK has some real strengths across a number of sectors and within our academic institutions and research base. However, we also have weaknesses, particularly in our productivity where we lag a way behind our industrial competitors in Europe and the US. The Industrial Strategy Green paper was published on 23rd January 2017 and included a number of key pillars relevant to SMEs, such as helping business to grow, R&D, public sector procurement, supply-chain competitiveness, trade and investment and driving growth across the regions. The Green Paper received 2,000 responses from a wide range of stakeholders. On the whole, respondents were positive about the concept of Industrial Strategy, endorsed the role of government in supporting business and urged the government to prioritise a long term consistent approach to economic growth, which will give businesses the confidence to invest for the future. A White Paper is expected in the Autumn, but industry were encouraged to continue to engage with Government.

6. Productivity in Defence – ADS and Leonardo

ADS delivered a brief that highlighted the importance of productivity and in particular the growing contribution Defence is making to the economy. Leonardo added to the picture by making some observations around supply chains. Leonardo looks for best-in-class businesses that contribute to an agile and fit supplier base. Getting the right partnership and supplier relations, overlaid by risk management supports a more natural and collaborative supply chain that benefits all within. Gateway surveillance, effective meetings, preferred supplier agreements all aid this approach. Engaging in Government and cross sector programmes helps to promote the benefits of the supply chain including SMEs. Sustained investment, forecasts and collaboration help support SMEs in the supply chain.

7. A Perspective on Productivity – WPE

As an SME Walker Precision Engineering gave their perspective on productivity. The marketplace is getting ever closer, whilst technology is moving ahead at an ever greater pace. Productivity is important to keeping ahead of the curve and WPE are implementing a cultural change with all stakeholders to be in a position to compete more successfully in a global market. WPE identified five pillars that underpin this effort including, skills development with the commitment of industry, change management, strategic relationships with synergistic benefits in a trusting partnership, innovation and improving whilst developing differentiation and investment by the SME whilst sharing the risk. ADS briefly wrapped up by underlining the ADS defence and cross-sector asks whilst emphasising their contribution to the Industrial Strategy and Industrial Policy consultations.

8. Any Other Business

NSTR

Date of next SME Forum meeting: Thursday 26 October 2017, Midlands

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