

Defence Suppliers Forum – *Working Together to Deliver the Vision*

**DEFENCE SUPPLIERS FORUM MINISTERIAL COVID-19 MEETING RECORD OF ACTIONS AND NOTES 15 MAY 2020**

**Attendees**

Jeremy Quin MP	Minister for Defence Procurement
Sir Simon Bollom	DE&S CEO
Air Mshl Richard Knighton	DCDS (Mil CAP)
Andrew Forzani	Chief Commercial Officer
Jim Carter	Comrcl Director Supply Chain
Fleur Thomas	Economic Security & Prosperity Exports Hd
Graham Hyndman	Dir Commercial Improvement
Helen Sawford	Comrcl SSM HD
Lisa Young	SPO ECJU-MOD Dep Hd
Daniel Anstey	Min (DP) PS
David Coggins	DSF PMO
Alex Holden	DSF PMO
Emma Baker-Webb	DSF PMO
Victor Chavez	Thales UK
Jon Hall	MD Technology, Babcock
Glynn Phillips	Group MD Maritime and Land UK, BAE Systems
Kevin Craven	CEO, Serco UK and Europe
Richard Daniel	CEO and MD, Raytheon UK
Richard Franklin	MD, Airbus Defence and Space UK
Steve Wadey	Chief Executive Officer, QinetiQ
Chris Allam	Executive Group Director Engineering and MD UK, MBDA
Steve Rowbotham	CEO, GDUK
Tim Gibson	Exec Dir Defence & National Security, UK and Ire, Fujitsu
Anthony Boyle	Strategy Dir, Global Government and Health, BT
Jim Thompson	VP Defence, DXC
Peter Ruddock	Chief Executive, Lockheed Martin UK
Alex Zino	Director Customer and Government Relations, Rolls Royce
Andrew Cowdery	UKDSC Industry Co-Chair
Paul Everitt	CEO, ADS
Andy Johnston	Defence Policy Advisor, ADS
David Billingham	Chief of Staff, Leonardo

Item	Comments
<b>Welcome &amp; Introductory Remarks</b>	<ul style="list-style-type: none"> <li>• Min(DP) thanked attendees for their ongoing hard work under the current circumstances, and expressed how impressed he is at the level of collaborative working he has witnessed. He recognised the Defence Suppliers Forum (DSF) at Defence Questions in Parliament this week due to how useful the forum has been throughout this crisis.</li> <li>• Thanked all Suppliers and employees for continuing to deliver key outputs in the difficult circumstances.</li> <li>• Regular dialogue must continue. There is a need for early engagement or warning of emergent issues.</li> <li>• Min(DP) highlighted that SMEs have also shown impressive resilience in an uncertain climate. Feedback suggests that SMEs have received meaningful financial help and reassurance from the Primes, for which they are grateful. He urged that Primes continue to engage and support SMEs proactively.</li> </ul>
<b>DSF Executive Group (EG) Chairs progress update</b>	<ul style="list-style-type: none"> <li>• Victor Chavez (VC) thanked Min(DP) for joining the EG this week and his public acknowledgement of the DSF.</li> <li>• Industry have felt strong support from MOD to maintain cashflow through the supply chain and have worked to honour this.</li> <li>• Supply chain fragility continues to be monitored - has seen only minimal disruption as yet.</li> <li>• 'Key Worker' guidance received has helped to align the workforce.</li> <li>• There now needs to be a balance of continuing to increase productivity, whilst executing return to work in a controlled manner, ensuring workforce confidence.</li> <li>• The focus now surrounds wider UK recession, how this will affect the Defence industry and how do we keep business and revenue flowing over the next 18-24 months and beyond.</li> <li>• Sir Simon Bollom (SB) echoed VC's thanks for the impressive cooperation he has witnessed. Since the first COVID-19 DSF EG (20/03/20), the weekly drumbeat of meetings has been essential in aligning expectations, policies and communications to workforce.</li> </ul>
<b>Pipeline of Orders and Opportunities</b>	<ul style="list-style-type: none"> <li>• VC raised concerns around COVID-19 causing delays in contracts being placed or extended and challenges being experienced in the Export market.</li> <li>• The understanding from a UK perspective is circa £50bn is at risk in this market due to COVID-19 and falling oil price.</li> </ul>

	<ul style="list-style-type: none"> <li>• Domestic market is crucial for all levels of the supply chain. The consensus is that there is a need to feed Industry to allow for the most effective recovery.</li> <li>• Min(DP) expressed awareness and sympathy with COVID-19 related issues.</li> <li>• 150 more contracts have been awarded compared to this time last year, suggesting that COVID-19 has not had a significant impact in terms of procurement activity or MOD processes.</li> <li>• SB reassured Industry that business continuity is ensured with 95% of personnel at work and active. MOD are driving forward with the established programme of record. MOD would encourage attendees to raise any issues they feel necessary and are engaging on a project by project basis.</li> <li>• Larger investment approvals continue to go through the approvals process, with the Investment Appraisals Committee sitting regularly.</li> <li>• MOD are monitoring the equipment programme to identify trends or risks in terms of delivery costs going forward with regards to the capability perspective.</li> <li>• MOD are carefully monitoring the stockpile and inventory held, to anticipate demands. MOD are comfortable with level of support and the position going forward.</li> <li>• MOD works closely with HMT, who have been helpful during the period. Longer term there are questions around affordability and the wider economic position, but the vast majority of MOD programmes are not touched by HMT.</li> </ul>
<p><b>Impact of delay to Spending Review on major programmes</b></p>	<ul style="list-style-type: none"> <li>• Min (DP) expressed regret that the Integrated Review (IR) was delayed but this was inevitable due to COVID. The Chancellor's statement at Budget also delayed the Spending Review.</li> <li>• Work on the Defence Security and Industrial Strategy (DSIS) continues, and Min(DP) thanked Industry for their input. This is important work as will inform IR.</li> <li>• The delay in IR and SR have no immediate effect on the programme of record but makes multi-year commitment harder.</li> <li>• With regard to future programmes, Air Mshl Richard Knighton (RK) stated Defence has a mature and developed argument in terms of the investment it wants to make, with historic justification for it. This will form negotiations as HMT sets budgets.</li> <li>• We continue to navigate issues successfully, and the IR ultimately presents opportunities for Defence.</li> </ul>

<p><b>Opportunity to bring forward Defence and Space programmes to promote fiscal stimulus</b></p>	<ul style="list-style-type: none"> <li>• Paul Everitt (PE) acknowledged Government support to the Defence industry. The extension of the job retention scheme is important, enabling bounce back from the situation. Industry recognise scale of support offered to the economy is a challenge to public finances and expect to see the effects of this.</li> <li>• This is an opportunity for Defence to be part of building a stronger and more sustained recovery in the wider economic effort. The sector is coming through relatively unscathed, so are in a strong comparative position. Defence could look at bringing forward programmes for high value opportunities, focusing on key capabilities important for export markets and using research and development expenditure earlier to stimulate demand and activity in industry.</li> <li>• The Prime Minister is keen on developing the national space programme and there is activity which could perhaps be activated earlier.</li> <li>• Min(DP) warned that clearly COVID19 was having a profound impact on the National Debt as HMG seeks to ensure the economy is able to 'bounce back'. The arguments presented by the meeting in support of defence engagement as a 'fiscal stimulus' are well understood but Min(DP) said he knows the DSF wouldn't expect him to be setting out economic policy on the call.</li> <li>• The potential to do new things is exciting and MOD will explore opportunities.</li> <li>• The priority should be to maintain the base outputs and the current programme of record.</li> </ul>
<p><b>Export Licencing and Government Support to Export opportunities</b></p>	<ul style="list-style-type: none"> <li>• Fleur Thomas (FT) advised MOD and Department for International Trade Defence and Security Organisation continue to work at pace despite COVID-19 and are maintaining dialogue at ministerial and official level.</li> <li>• We have seen a slowed pace of conversations in the Middle East but believed to be a result of Ramadan and the drop in oil price as opposed to COVID-19.</li> <li>• There is a sense from Industry that there is a delay in getting export licencing approved.</li> <li>• MOD continue to process authorisation applications and BAU is ongoing with practical measures such as electronic signatures being introduced.</li> <li>• Lisa Young (LY) noted that MOD continue to turn licenses around quickly and there are no further scrutiny requirements. Some cases are harder to process but significant issues should be raised so cases can be looked into.</li> </ul>

	<ul style="list-style-type: none"> <li>• Min(DP) advised that ministerial engagements regarding exports have been ongoing and will continue to progress when/wherever practical.</li> <li>• VC highlighted Industry's ongoing commitment to support the Defence Solutions Centre, which is a key enabler of the export market.</li> <li>• Min(DP) responded to confirm that he had heard representations on the DSC and the excellent calibre of secondees into the organisation. It was 'on his radar'.</li> </ul>
<p><b>Closing Remarks</b></p>	<ul style="list-style-type: none"> <li>• Min(DP) thanked attendees for their time and ongoing work. The situation remains trying but he continues to be impressed with the 'Team Defence' ethic and the strong resulting relationships.</li> <li>• VC on behalf of Industry thanked Min(DP) for joining the meeting and their appreciation of his direct support and engagement.</li> </ul>