

# DEFENCE SUPPLIERS FORUM

## SME FORUM

Airbus UK, Filton

Record of Meeting – 17 May 2018

### Government

Guto Bebb MP	Minister for Defence Procurement (Chair)
Andrew Forzani	Chief Commercial Officer
John Kite	Deputy Head Supply Chain Development
David Lines	DIT DSO Deputy Head of Secretariat Team
Andrew Bates	Assistant Head Industrial Policy
Nick Boyes	Industrial Policy (Secretary)

### Trade Associations and Industry

Andy Johnston	ADS
Andy Tuscher	NDI/EEF
Oliver Welch	EEF
Fred Sugden	techUK
Nolan Collins-Bent	AACE
John Atkins	Aish Technologies
John D'Ambrogio	McGeoch Technology
Brian Quinn	Goodwin Steel Castings
Graham Booth	2iC
Simon Hansford	UK Cloud
Jack Lopresti MP	MP for Filton and Bradley Stoke
Simon Davies	Researcher for Jack Lopresti MP

### 1. Welcome

Min(DP) thanked ADS and Airbus for hosting the SME Forum in Filton, Bristol. He welcomed all members, noting this was his first meeting which had been postponed due to bad weather.

He laid out the key developments that had occurred since the last SME Forum including the publication of the National Industrial Strategy and Defence Industrial Policy Refresh, the commissioning of the Queen Elizabeth Carrier into the Fleet, continued progress on the exports agenda, and the announcements of the Modernising Defence Programme (MDP) and the Combat Air Strategy. He stressed how important SMEs were to defence and that to help UK prosperity we must consider SME involvement.

### 2. Modernising Defence Programme

The Modernising Defence Programme (MDP) was announced by the Defence Secretary on 25 January this year to review how military capability and value for money were delivered. The purpose was to make sure defence was configured to address the evolving threats the UK faced while being sustainable and affordable. There were four work strands dealing with optimising how MOD was organised and operated, pursuing a more strategic efficiency and business modernisation programme, improving performance on commercial and industrial issues, and looking at capabilities needed to contribute to the three national security objectives respectively. Andrew Forzani, who as Chief Commercial Officer was leading Work Strand 3, explained his approach and broke it down into the four main sections: looking at the commercial capability within MOD, People's core capability, strategic supply management, and a strategic look at the type of relationship MOD wanted with Industry. Industry members were supportive of the approach being taken to the MDP, noting that the Department had been candid and open. They asked for sight of potential recommendations before the programme finally reported, which was planned for Summer 2018.

### **3. Making it easier to business with defence/ commercial update**

The Government had reaffirmed its dedication to the SME agenda, with the Prime Minister writing to Cabinet Ministers stating her personal commitment and outlining three new measures: a consultation on making prompt payments, sub-contract opportunities on major contracts being advertised on DCO/Contracts Finder, and requiring primes to report SME spend on government contracts. The refreshed Industrial Policy strengthened MOD commitment to supporting prosperity and economic growth in the defence sector. This included helping UK companies export equipment and services even when they were not direct suppliers to the MOD. Within the Policy refresh there were four key areas to the strategy for making it easier to do business with defence; improving transparency of opportunities, having earlier engagement with SMEs and non-traditional defence suppliers, improving pace in contracting, and promoting good supply chain practice in industry.

Industry had asked that the government's SME champions be available for engagement on issues they wished to raise. MOD had identified a number of areas that needed work: the gap between MOD's policy intent and current commercial practices, recognising the difference between direct and indirect engagement, and taking a more consistent approach to early market engagement. MOD would work with other government departments, Industry members of all sizes, and Trade Associations to create effective engagement in the supply chain. MOD also shared its SME Action Plan which outlined the approach to commercial issues, a move which was well received by Industry members.

### **4. Experiences of SME supply chain company in exporting**

Graham Booth from 2iC gave an account of some of his experiences as an exporting SME. He highlighted that SMEs were an integral part of the supply chain and that they contributed to UK exports in a way that multinational foreign-based Primes did not. From his experiences he extracted a number of key issues that affect all UK defence exporters but had greater impacts on SMEs. He pointed out the differing amounts of assistance given to exporters by other nations and the challenges presented by the US International Traffic in Arms Regulations (ITAR) for businesses with small or no legal teams. The Department for International Trade Defence & Security Organisation (DIT DSO) explained the support they had available to SMEs<sup>1</sup>. They expected to publish their new Exports Strategy in the coming months<sup>2</sup>.

### **5. Any Other Business**

In response to a point about progress on exportability, the Defence Industrial Policy intention to establish a more systematic approach to considering prosperity, international and industrial security interests earlier in the development of high value business cases was mentioned.

**Date of next SME Forum meeting:** Provisionally September/October 2018, Location TBC

Industrial Policy  
Ministry of Defence

<sup>1</sup> <https://www.gov.uk/government/organisations/department-for-international-trade-defence-and-security-organisation/about>, <https://www.gov.uk/government/publications/defence-and-security-exporting-event-and-exhibition-support/defence-and-security-exporting-event-and-exhibition-support>

<sup>2</sup> <https://www.gov.uk/government/publications/export-strategy-terms-of-reference/export-strategy-terms-of-reference>