



Developing Supply Chains Across Defence

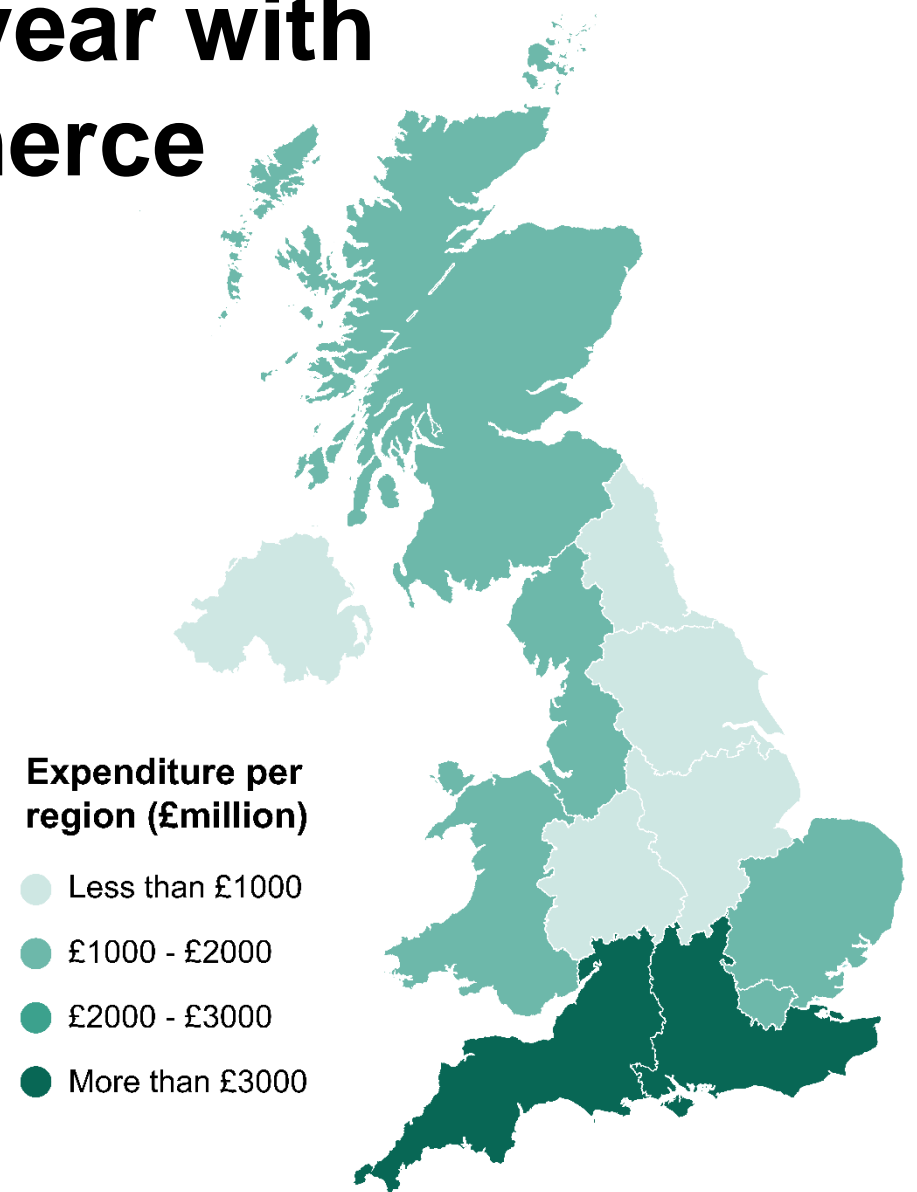
The role of HMG in
growing prosperity

Defence Prosperity Conference
'Redacted' RAND Europe
5 March 2020



Defence spends £19.2bn each year with UK defence industry and commerce

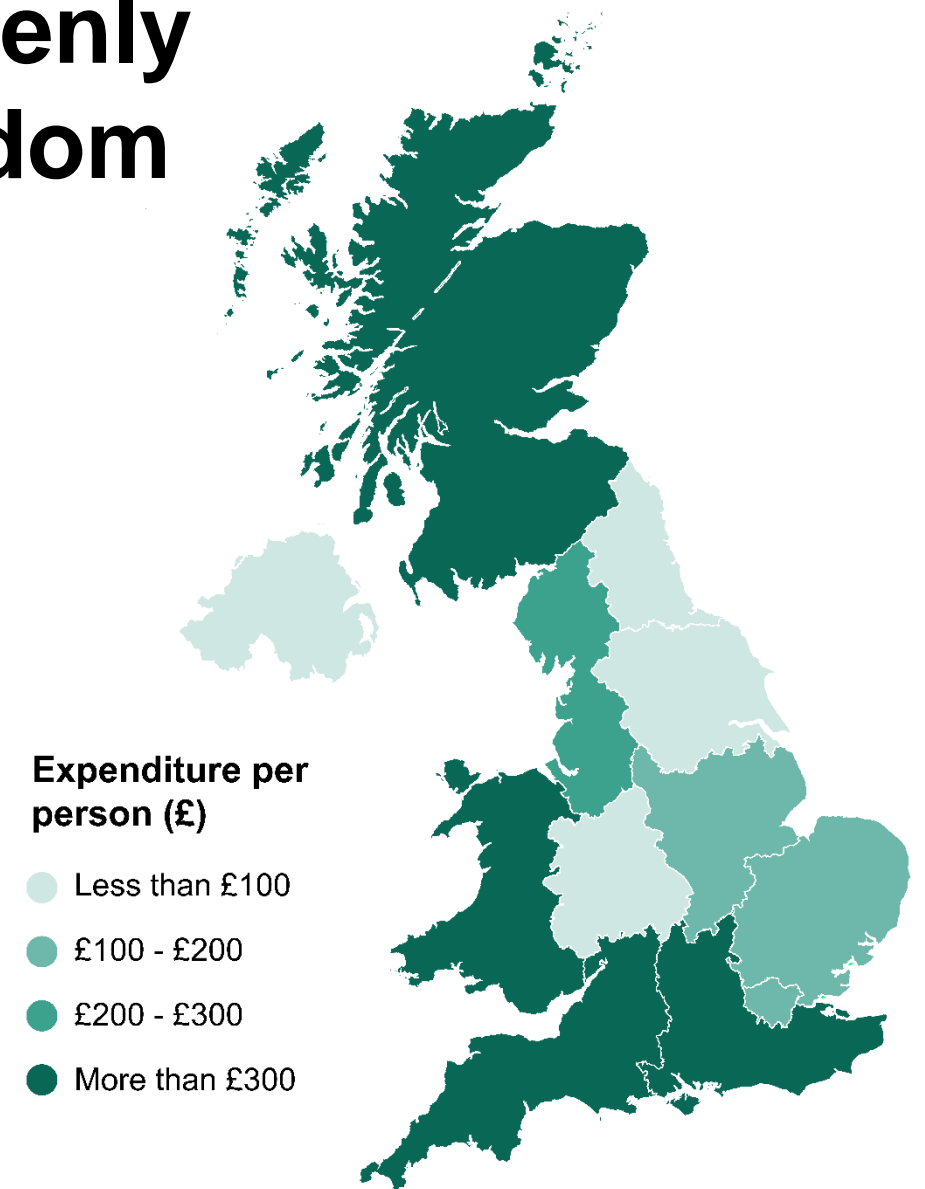
- This amount has been constant in real terms since 2016 ...
- ... and represents c. **119,000 jobs**
- **1 in 220 UK jobs** is directly supported by defence spending
- Much of this spend is in the **supply chain and with SMEs**
- In addition, defence export orders have totalled **£8.5bn over the past five years**



Source: [List source of these figures here](#)

But defence spending is not evenly spread across the United Kingdom

- The **greatest spend per capita** is in the South West, the South East, Scotland, and Wales ...
- ... with the **lowest per capita spend** in the North East, Yorkshire, Northern Ireland, and the West Midlands
- This disparity is largely explained by the **location of major production sites and military bases**



Government can support defence supply chain development through a range of mechanisms



UK



International



Defence

UK defence supply chain initiatives

Non-UK defence supply chain initiatives



Civil

Non-defence UK supply chain initiatives

Non-UK, non-defence supply chain initiatives

UK government defence supply chain initiatives play a key role in growing UK prosperity

- Defence Growth Partnership
- Sharing in Growth
- National Aerospace Technology Exploitation Programme
- Defence Cyber Protection Partnership
- Defence and Security Accelerator



There are a number of other UK government initiatives to drive prosperity through the supply chain

CATAPULT

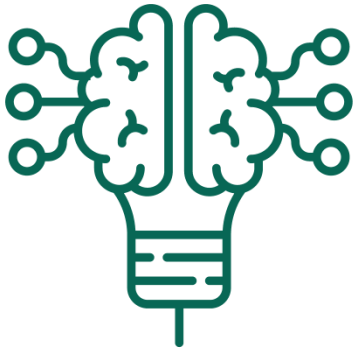
**INDUSTRIAL STRATEGY
AND SECTOR DEALS**

***be the
business***

AMRC /
ADVANCED MANUFACTURING
RESEARCH CENTRE

 **SGC**

Outside of the UK, other supply chain initiatives could provide transferrable lessons



Sweden's
knowledge
hubs

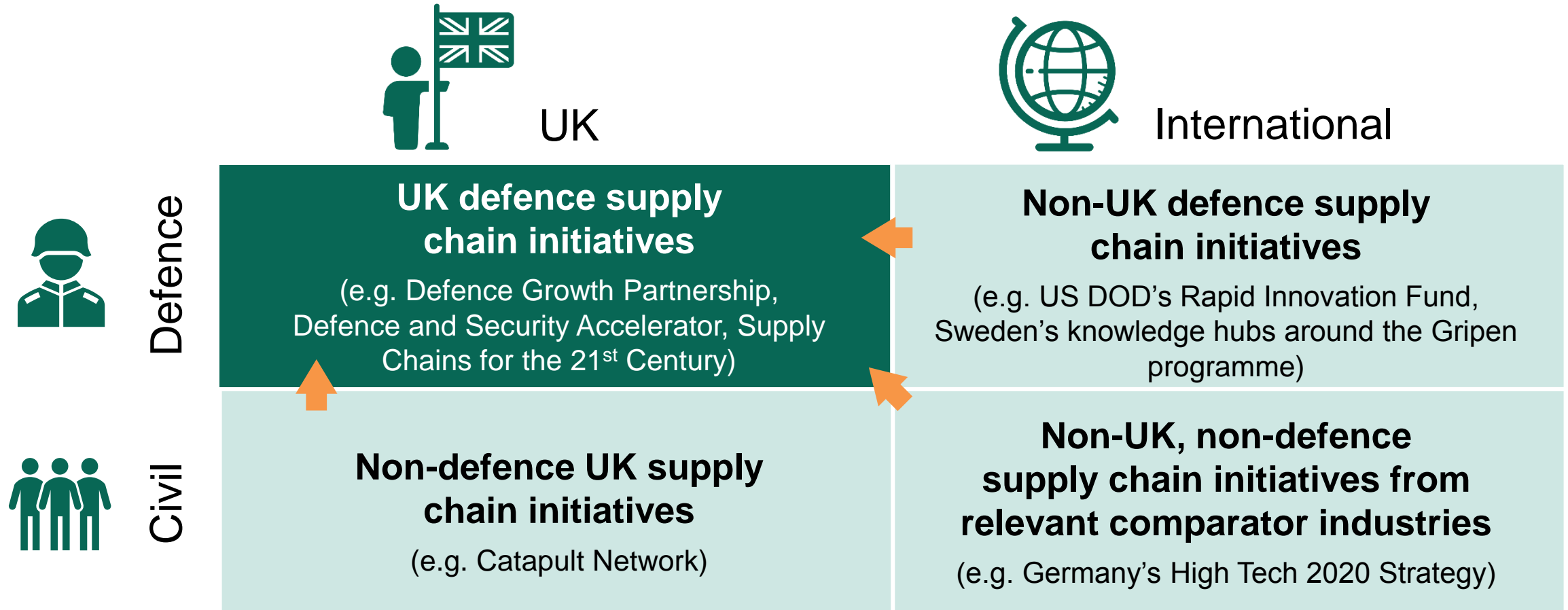


U.S. DOD's
'matchmaker' or
'broker' role in
defence innovation



Dutch MinDef's
'Triple Helix'
approach to
innovation

By leveraging promising practice, defence can increase prosperity through its supply chains



RAND Europe is working with the MOD to identify and test good practice within supply chain initiatives

- RAND Europe is undertaking research for the MOD, building the evidence base for the design of a pilot programme that seeks to **enhance UK defence supply chain outcomes in line with HMG priorities.**
- The goal of this project is to contribute to the identification of opportunities and the removal of barriers to **increase the benefits that the Defence Enterprise and the wider UK economy can obtain** from HMG's investment in supply chain development.

When shaping supply chains, there are a number of wider factors to consider

- Levelling up vs. building on local expertise
- HMG vs. Defence-specific focus
- National vs. regional initiatives (e.g. BEIS or LEP-led)
- Picking winners vs. backing winners vs. encouraging new entrants
- Domestic vs. export income streams
- Government-led vs. industry-led



**If you would like to get involved,
we would love to hear from you**

‘Redacted’





EUROPE