

**DEFENCE SUPPLIERS FORUM MAIN**  
**12 JULY 2022**

**ATTENDEES**

**Government**

Rt Hon Ben Wallace MP – Secretary of State for Defence  
David Williams – Permanent Secretary  
Adrian Baguley – DES SE DG  
Ian Booth – SDA CEO  
Giles Ahern – DISE IS Hd  
Paul Stroude – FMC CAP Jt Plans Hd  
Maj Gen Simon Hutchings - UKStratCom-DefSp-JtSp-Dir  
Dave Coggins – DSF PMO TL  
Hannah Weir – DSF PMO

**Industry**

Charles Woodburn – CEO, BAE Systems  
John Howie – Chief Corporate Affairs Officer, Babcock and Director SMI  
Richard Franklin – MD, Airbus Defence and Space UK  
Jeffery Lewis – CEO and MD, Raytheon  
Anna Keeling – MD, Boeing Defence UK  
Neil Skelland - Head of Government Relations, Atlas Elektronik UK  
Andrea Hough – Chair, Atec Solutions  
Simon Gould – MD Defence and Security UK, BMT  
Andrew Kinniburgh – Director General, MakeUK

**Item 1: Welcome and Introductory remarks**

1.1 Rt Hon Ben Wallace MP, The Secretary of State for Defence, and Charles Woodburn, welcomed representatives from across MOD and Industry to the Defence Suppliers Forum.

**Item 2: Strategic Messages**

2.1 The Secretary of State noted that we face several strategic challenges. The current economic climate, and inflation in particular, mean that we need to focus on how we can mitigate the impacts by improving productivity and developing the right skills to deliver defence priorities and compete globally.

2.2 Ukraine has sharpened the focus on the Supply Chain, with increased Defence spending and the challenge of making sure we spend it well. David Williams, the MOD Permanent Secretary noted that to our credit we have managed to increase year on year capital spending by 20%.

2.3 The Secretary of State highlighted the opportunities and challenges outlined in the Defence Command Paper which suggest that there are exciting times ahead for both

Industry and the customer. We are developing good export markets with FCAS on the horizon as well as DSIS and the Ship building strategy.

It was also noted that the Farnborough International Airshow is taking place next week and being the first one held in four years it should be exciting. The Secretary of State is looking forward to seeing Industry there.

### **Item 3: Supply Chain Resilience & Inflation**

3.1 Charles Woodburn thanked the Ministry of Defence for great support. The market is improving however Industry are facing Supply Chain challenges, with many companies involved in Ukraine resupply. There is a lot to be done and with resources tight, the reduction of Civil Service numbers is also a concern.

The Secretary of State remarked that the approvals process is currently being streamlined and that Inflation will focus minds. Defence at times needs to move away from established models and let those who have the expertise get on with the task. The way to stimulate your supply chain is through a clear demand signal and forward pipeline.

Secretary of State added that the focus on the Supply Chain is a big wake up call for everyone. We need understand which sectors within the Supply Chain are difficult so that we can predict problem areas going forward.

Adrian Baguley highlighted that the Department are also looking at what Programmes are considered priority, adding them to 'priority lists' so they are not trumped by other orders.

3.2 Secretary of State remarked that high inflation is leading to cost-of-living challenges, job losses, scarcity of skills and stopping of orders. People are however buying; orders are in the pipeline and we are trying our best to help the export market. Companies should write to the Secretary of State and Jeremy Quin post the Farnborough Airshow to share their experiences - it will be interesting to see if the increased attendance equates to more orders.

Primes can help by thinking now about the skills they need and how we can maintain the right skills base. If you invest in skills we will invest in you. Alongside skills, suppliers need to consider material shortages and do some work identifying what critical sectors are in the supply chain, for example; chips and automotive.

3.3 Secretary of State then invited Industry to ask questions and share challenges.

- Anna Keeling: As I represent the US Primes I would love to hear about how we can contribute better to UK Defence?

SofS noted that there are lots of ways foreign companies are already contributing to the UK. You can help maintain the UK skills base and we need to think about it together. We are looking to source the best from the global marketplace, and this harks back to the need to streamline the approval process.

Adrian Baguley added that a frustration for US primes working in the UK can be information exchange.

David Williams noted that we are also looking at continuing to improve our commercial practices in contracting and forecasting. Better visibility on Resilience and Performance in Supply Chains will help ensure priorities are met.

- Andrew Kinniburgh asked if there was any aspiration to increase IP and buy British. SofS: there are lots of ways companies can contribute to the UK. Some countries have taken a sovereign approach, but our preference is a free market but not at any cost - we aren't big enough to do this alone.
- Jeff Lewis: Key challenges are resources and the Supply Chain. Things like microelectronics are not made in the UK and unless you make a legal claim you don't have a voice.  
SofS noted that we first need to replenish our stocks, look at risk, look at progress and understand what confidence key suppliers need on firm orders. We can then start to ramp up production lines – get orders in early and continue to have conversations on a bi-lateral basis.
- Richard Franklin: Agree with all before however I would add borders, the Middle East offer opportunities but this comes with added complexity.
- John Howie highlighted the ESG (Environmental, Social and Governance) agenda is a challenge with SMEs being refused access to finance/unable to open bank accounts.
- Simon Gould: I agree that skills and wage inflation are big impacts. Ship Building strategies for us is also key.
- Neil Skelland: Capital investments in quite niche domains to give an operational advantage – plea to get enduring Programmes underway and to develop SQEP as soon as possible.  
SofS agreed and advised that Ukraine is the catalyst for UK Defence to 'get on with it' and make decisions.
- Andrea Hough, co-chair of the DSF SME Working Group: As an SME delays in orders in the Supply Chain are a big issue as well as inflation impacts – competitions/contracts didn't factor this element in.  
Adrian Baguley added that SMEs are also struggling with scale and production lines, Primes are encouraged to help where they can.
- Andrew Kinniburgh: MakeUK submitted SME companies' ideas around Ukraine into DIT (Department of International Trade) but have unfortunately had no response back so there is frustration there. On the plus side there are positive signs that raw material issues are now plateauing and that prompt payment codes are starting to filter down the Supply Chain.

#### **Item 4: Closing remarks**

4.1 The Secretary of State thanked everyone for their time, input, and rich discussion today.