



Industrial Policy

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DEFENCE SUPPLIERS FORUM MID-TIER GROUP – 28 OCTOBER 2016, MOD MAIN BUILDING

<p>Attendees</p> <p><u>MOD</u> Nicholas Elliott Paul Wyatt Claire Boylan George Hutchinson Gareth Jones John Kite Luke Hughes Niroshan Chandrakumar</p> <p><u>Wider Government</u> Stephen Phipson</p> <p><u>Industry</u> Alan Buckland Muir Macdonald Steve Smart Michael Flowers Lee Griffiths Andrew Thomis Tim Gibson Jon White Ron Cook Ben Palmer Richard Daniel Chris Owen</p> <p><u>Apologies</u> Rakesh Sharma Mark Seastron Andrew Martin Stephen Young</p>	<p>DE&S DG Commercial Defence Strategy and Priorities, Head SSAT, Assistant Head Industrial Policy, Assistant Head Intellectual Property Rights Team Strategic Supplier Management-SCD Team Leader DPIB, Assistant Head Industrial Policy 3</p> <p>DIT DSO, Head</p> <p>Atkins Global, Managing Director Defence BMT Group, Managing Director CGI Group Inc., Senior Vice President, Space Defence & National Security Chemring PLC, Group Chief Executive Cobham PLC, Head of UK Government, NATO and EU Relations Cohort PLC, Head of Group Strategy Fujitsu, Vice President, Head of Defence & National Security GE Aviation, Customer Account Director MoD L-3 Communications Holding PLC, Director of International Programs Northrop Grumman Corp., Director of Business Development and Strategy Raytheon, UK Chief Executive Marshall ADG, Group Business Manager</p> <p>Ultra Electronics, Chief Executive Sodexo, Chief Executive Martin Baker, Vice President of Business Development and Marketing Meggitt, Chief Executive</p>	<p>Chair Item 3 Item 4 Item 5 Item 2</p> <p>Sec</p>
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Item	Discussion and Decisions	Action/Lead
1. Introductions	<p>Nick Elliott introduced himself as the new permanent chair for the meeting. He highlighted the key points from the DSF Main meeting on 12 October and his focus around the DE&S Transformation programme. The three key areas are: improved customer focus; collaboration between MOD and industry; and a commercial improvement programme.</p> <p>Action 1: MOD's priority list for commercial improvements is to be</p>	<p>Chair</p> <p>Chair</p>

	<p>provided to the Mid-Tier members</p> <p>Action 2 (complete): The DSF Main minutes for the 12 October Meeting can be found at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/561378/Defence_Suppliers_Forum_-_12_October_2016.pdf. All minutes for the DSF groups including the DSF Main and Mid-Tier can be found at: https://www.gov.uk/government/organisations/ministry-of-defence/about/our-governance.</p>	Secretary
2. Intellectual Property Rights	<p>DIPR has been consulting with industry on the MOD Intellectual Property Rights (IPR) Policy Review which aims to simplify and improve out-dated IPR conditions. DIPR made clear that industry will still own the rights to intellectual property it develops for contracts paid for by MOD, but MOD will have user rights including for competition. There are two further consultations expected to take place in November. Industry emphasised that in undertaking such consultations MOD should be cognisant that individual trade associations do not represent the entirety of the sector. The Strategic Supplier Management team that leads on the Supply Chain Advocate scheme is in the process of developing a supplier portal website to improve communication channels with industry. DIPR would welcome confidential one on one discussions as requested</p> <p>A revised version of the MOD's draft intellectual Property Policy will be ready towards the end of the year. Industry were also told that Intellectual Property Policy was not being influenced by Brexit at this time and that DIPR are keen to see how the Innovation Initiative will affect the Intellectual Property Policy as the Initiative develops.</p>	Gareth Jones
3. Innovation Initiative	<p>The 2015 SDSR acknowledged that one of the key ways of maintaining military advantage into the future was innovation. The Innovation initiative is more than simply a technology-focused approach; Defence's organisations must evolve, as does it's processes, behaviour, and culture. The MOD has set aside a fund of around £800 million over the next 10 years to take forward the best ideas from both within and outside the MOD. This money will provide opportunities to work alongside industry, partners and allies to develop innovative solutions to Defence's most pressing challenges.</p>	Paul Wyatt
4. Single Source Baseline Profit Rate	<p>MOD believes that the methodology used to calculate the baseline profit rate is reasonable, but recognises the concerns of industry. To this end, the MOD will continue to encourage the SSRO to be as transparent as possible when calculating the rate. The methodology for next year will be released in January 2017, and will be sufficiently detailed to allow third parties to replicate the calculation. DG Commercial emphasised the need to focus on the cost of the activity and not the rate itself, and that there is an opportunity to drive mutual benefit by increasing performance and hence earning profit above the baseline rate. The recent resignation of the chair of the SSRO was noted and the MOD provided reassurance that the process of appointing a replacement is in hand.</p>	Claire Boylan
5. Industrial Policy	<p>SDSR 2015 confirmed that the Government remains committed to the key principles of the 2012 White Paper <i>National Security through Technology</i>. Under the National Security Objective on promoting prosperity, SDSR committed to refresh defence industrial policy and take further action to help the UK defence and security industries to grow and compete successfully. The work to refresh Defence Industrial Policy will continue to seek value for money in defence procurement but in a way that strengthens the UK's economy and long-term</p>	George Hutchinson

	<p>prosperity. The refresh of Industrial Policy will align, in both timescales and direction, with the cross-government National Industrial Strategy that BEIS are leading. The refresh of Industrial Policy will not require a new white paper. Industry will be informed how they can be involved in the consultation. Strengthening the UK supply chain, facilitating defence business with SMEs and non-defence companies, consideration of adjacent civil sector opportunities and exportability in requirement setting and the long-term approach to skills will all be considered during the IP Refresh. Industry were interested to know which regulations would be affected by the UK's decision to leave the EU.</p> <p>Action 3: Pending responses to Action 4, Director Prosperity and International Business to present on prosperity at the next Mid-Tier meeting.</p>	<p>Secretary</p>
<p>6. Improvements for future DSF Meetings</p>	<p>The chair of the ADS Mid-Tier group explained how that group is looking to distinguish itself from other bodies by providing an opportunity for more informal engagement. Industry suggested that the DSF Mid-Tier should change from being a one-directional high-level flow of information to industry to a more collaborative and practical forum to tackle specific issues. Industry also requested that further assessment takes place to see how the DSF Mid-Tier interacts with the other DSF groups and sub-groups. The frequency of Mid-Tier meetings is to be reassessed.</p> <p>Action 4: Industry to agree a sensible methodology for choosing an Industry co-chair and provide DG Commercial with their chosen nominee.</p> <p>Action 5: Industry to provide thoughts to the Chair on how to improve the utility of the group.</p>	<p>Chair</p> <p>Industry</p> <p>Industry</p>