



Ministry
of Defence

DEFENCE SUPPLIERS FORUM

SECOND MEETING 2017

12 October 2017

5th Floor, Pepys Suite, MOD Main Building

Government

Rt Hon Sir Michael Fallon MP	Secretary of State for Defence (Chair)
Harriett Baldwin MP	Minister for Defence Procurement
Tony Douglas	CEO Defence Equipment & Support
Will Jessett	Dir Defence Strategy & Planning
Huw Walters	Dir Prosperity and International Business
Gavin Lambert	Dir Advanced Manufacturing Services, BEIS
Simon Everest	Dir Operations & Security, DIT DSO
Adrian Sharman	Hd Defence Intellectual Property Rights
Charly Wason	Hd Single Source Advisory Team
Thomas Bonney	Hd Industrial Policy
Oliver Burnham	Asst Hd Industrial Policy
Andrew Bates	Asst Hd Industrial Policy
Niroshan Chandrakumar	Industrial Policy 3 (Secretary)

Industry

Charles Woodburn	CE, BAE Systems
Chris Chorleton	President Defence Aerospace, Rolls-Royce
Peter Ruddock	CE, Lockheed Martin UK
Norman Bone	Chairman, Leonardo MW
Kevin Craven	CE UK Central Government, SERCO
Steve Rowbotham	COO, General Dynamics UK
Simon Fovargue	VP Defence & CEO ATLAS Consortium
David Pitchforth	Vice President, Boeing Defence UK
Sir Brian BurrIDGE	Chairman, UK Defence Solutions Centre
Ed Frankland	Strategy Manager, Defence Growth Partnership
Keith Garden	UK Deputy MD, MBDA
John Howie	CE Marine & Technology Division, Babcock International Group
Steve Murray	Dir Strategy & Marketing, Thales UK

Representative from the Mid-Tier Forum

Nick Elliott	DG Commercial, DE&S
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Representative from the SME Forum

Andy Johnston	Hd Defence Programme, techUK
Graham Booth	CEO, 2iC Ltd

Apologies

Colin Paynter	MD Defence & Space, Airbus Group UK
Steve Wadey	CEO, QinetiQ

1. DEFENCE UPDATE

Since the last DSF, the Prime Minister reinforced our aim to deepen defence ties with Europe in Florence; DSEI occurred; and the National Shipbuilding Strategy was released. Charles Woodburn was welcomed as the new CEO BAE Systems and Chairman of the Defence Industries Council. Industry noted that this would be Tony Douglas's last DSF Main and thanked him for the improvements he has made over the last two years. Industry also requested ongoing dialogue to ensure continued clarity on the implementation of Brexit.

2. UPDATE ON THE INDUSTRIAL STRATEGY

The Green Paper concluded its consultation on 17 April. The consultation identified 10 pillars believed to be important to driving forward our industrial strategy across the entire economy: science, research and innovation; skills; infrastructure; business growth and investment; procurement; trade and investment; affordable energy; sectoral policies; driving growth across the whole country; and creating the right institutions to bring together sectors and places. There may be a case for rationalising some of these. Engagement with DfE on STEM skills development, sector deals in areas such as digitalisation, and accelerating progress on dual-use technologies were particular areas of consideration for the Industrial Strategy that may have an effect on Defence.

3. UPDATE ON THE DEFENCE SECTOR DEAL

The Industrial Strategy proposed an 'open door' challenge to industry to come to the Government with proposals to transform and upgrade their sector through 'Sector Deals' to boost the productivity of the sector. Industry believe that given the potential for differing success criteria in sub-sectors of Defence, a whole government approach is needed. The systematic approach being developed will aim to provide the foundation for the next Defence Growth Partnership strategy. The industry contribution towards funding for years two to five of the DGP of £3M a year has been confirmed. The associated competitiveness plan has three steps to make UK Defence products more exportable. These are: understanding the market; boosting competitiveness; and taking Team UK to market.

Action 1: An update on progress of the Defence Sector Deal should be provided to the October 2018 DSF Main meeting.

4. NATIONAL SECURITY CAPABILITY REVIEW (NSCR)

As part of the NSCR, Defence is reviewing a range of policies and plans to support the continued implementation of SDSR 15 in the light of a changing threat picture and global context. Defence is the largest of the 12 projects within the NSCR. The context setting strand has completed and based on this the MOD will be exploring a range of options to address the changing context. One of the sub-strands, Industry, continues to examine how we can develop and optimise the delivery of the SDSR prosperity commitments.

Work on the Defence Industrial Policy Refresh, the National Industrial Strategy and the NSCR is being coordinated to ensure these policies are coherent and reinforce each other. The central themes of the upcoming Industrial Policy refresh was discussed and Industry welcomed the progress that had already been made in some areas such as introducing short form contracts. Industry were also supportive of the direction of the ongoing NSCR Industry work and affirmed that they welcomed engagement on this in the near future.

5. DEFENDING DEFENCE

Defence is facing a number of threats to the security of the supply chain and addressing this will be an important area of focus for NSCR and the refresh of the Defence Industrial Policy. A range of work is already taking place across Defence including the recent roll out of Defence Condition (DEFCON) 658 to improve resilience against cyber threats. Looking

ahead Defence is committed to an ongoing dialogue on this issue and will explore a full range of options to comprehensively, yet proportionately address the issues we face.

6. AOB Additional Topic – Intellectual Property Rights

There was a productive discussion about the draft new IP contract condition in July. Industry have consequently developed a series of proposals that the Directorate of Intellectual Property Rights (DIPR) team are reviewing. A group consultation will take place on 19 October. The next phase of consultation will conclude at the end of October when DIPR will report to Min(DP) on progress made, any outstanding areas of concern for Industry, and recommendations for next steps. The final product will not be a “one size fits all” but it will aim to try to make it easier for SMEs and new suppliers to engage with the MOD.

7. AOB Additional Topic – Single Source Procurement Regulations

Work is ongoing regarding guidance on allowable cost. The main development issues being addressed are how profit is considered with regards to risk and the announcement that will be made on the review of the regulations by Secretary of State in December 2017. Both industry and MOD were positive about the change in focus from baseline profit rate to consideration of risk and incentivised reward.

8. DATE OF THE NEXT MEETING

The next meeting will take place on 15 March 2018 from 10:30-12:30 in the Pepys Suite, MOD Main Building.