

## **Defence Growth Partnership 22<sup>nd</sup> November 2016, Meeting Note**

### **Introductions**

*Allan Cook CBE, Chairman of Atkins and Industry co-chair of the DGP*, welcomed all attendees to the 11<sup>th</sup> meeting of the Defence Growth Partnership and welcomed, in particular, the new Ministerial team, noting the fantastic support that the DGP has enjoyed from both former BIS and MOD since its inception. He highlighted the opportunities which lay ahead for the DGP to contribute to the industrial strategy, the prosperity agenda and how he hoped to deepen the partnership between DGP, government and wider growth partnerships going forward.

*Jesse Norman, Minister for Industry and Energy*, emphasised the new government's approach to Industrial Strategy and how this differed from the approach of the last government; an approach embodied in the formation of the new Department for Business Energy and Industrial Strategy. The Minister noted the important contribution that the Defence Industry can make to this agenda, given its investment in R&D, skills and its geographic spread across the UK. The Minister also clarified that he was covering the DGP meeting on behalf of Nick Hurd, who is the lead Minister in BEIS for the Defence sector and government co-chair of the DGP.

*Harriett Baldwin, Minister for Defence Procurement*, highlighted the DGP as an exemplar of how partnerships between government and industry can work. The Minister stressed that the MOD wanted the UK Defence sector to be capable of providing the best equipment for the UK's Armed Forces, capable of maximising export opportunities and to be a sector that provides opportunities for all. The Minister highlighted the intent of the MOD to support wider government work on Industrial Strategy. She also announced at the meeting the launch of the MOD's consultation on the refresh of its Industrial Policy. Details of the announcement are at the following link: <https://www.gov.uk/government/news/the-minister-for-defence-procurement-has-announced-the-start-of-the-defence-industrial-policy-refresh-consultation>.

### **Key Activity and Progress**

The DGP's agenda is focused on two key themes which are described below. Activity across all of the DGP workstreams, which was described by industry and government leads, ultimately contributes to these themes:

- Developing the capability of the UK Industry to meet the requirements of the domestic and overseas customer.
- Increasing the UK's share of the global Defence export market.

The UK Defence Solutions Centre (UKDSC) is contributing to the DGP agenda across a range of initiatives. The UKDSC has been supporting the Department of Trade, by providing more systematic, codified and evidence-based market analysis of the global export opportunities to give the UK the best possible understanding of the market opportunity. Through this market analysis, the UKDSC is then also identifying the key capability themes that the industry should be focusing on and has

formed Communities of Interest (Col's) which support this development. The UKDSC has also been extending the DGP's reach across the industry, through its membership model. In the last few months, the UKDSC has inducted a number of new associate members from both industry and academia.

The importance of value chains to Defence was emphasised and a summary of work across the DGP Value Chain Competitiveness Group was provided. The VCC Group has been looking at maximising opportunities to attract investment from outside Defence into the sector, as well as supporting the transfer of Defence technology into adjacent sectors through the Dual Use Technology Exploitation cluster. The success in securing AMSCI funding and also more recently ATI funding for the Zephyr programme was highlighted. The ability of these programmes to create skilled jobs and create partnerships between SME's, academia, mid-tiers and primes was also championed.

The Skills Group of the DGP is currently in the process of resetting the DGP's approach to Skills. The intent is to take a holistic approach to identifying all of the skills required, beyond pure engineering skills, to deliver the DGP's agenda of driving export-led growth. A workshop is scheduled for later in November, which will be attended by all DGP partners and government. It was noted that, given the change of departmental responsibility for skills as a result of Machinery of Government changes, representatives from the Department for Education should be invited.

Wider work on improving the conditions for investment has continued across the DGP. The UKDSC has been supporting the MOD in delivering their Innovation Challenges, which has resulted in £13m of additional industry investment alongside the £10m put in by MOD. The Challenges have also succeeded in bringing in companies from outside Defence. The UKDSC is now working with MOD to put in place a more systematic process for facilitating co-investment between industry and MOD for innovation. The DGP is also exploring options for developing an Equity Growth Fund to assist companies to scale up to meet the demands of entering supply chains.

The Industry-Government partnership within the Strengthened Defence and Security Organisation (s-DSO) in the Department of Trade has made progress over the last year in developing a strategic view of the key markets that the UK should be focusing on in the 5-15 year time period. The three top markets have been identified. The next phase is the development of country strategies, which will seek to position the UK to be successful in these markets in the long-term. In the short term, (0-5 year time frame) S-DSO is also focusing on increasing the probability of win for exports through endorsement of a Team UK approach. This approach aims to encourage industry to coalesce around a single UK offer, which the government can support with more holistic Government to Government agreements. S-DSO are optimistic for a first Team UK success before the end of the year.

## **Next Steps**

There was some discussion about what steps can be taken to strengthen the partnership between industry and government. The convergence with the Aerospace, Space and Cyber Growth Partnerships, the Shipbuilding Strategy and the development of the next

iteration of the UKDSC were identified as key upcoming areas the partnership were looking to build momentum on. It was also recognised that whilst near term success was welcome, Defence is a long term game and a step change in the industry's export success requires a long term approach.

*Minister Baldwin* stressed that the government is keen to support the industry in driving exports, as well as attracting Foreign Direct Investment into the UK and she highlighted the recent decision by the US to make the UK the global hub for F35 support and repair as a fantastic success story for the UK. She also emphasised the important opportunity that DSEI in September 2017 would present for the Industry and for the UK and welcomed support on the Shipbuilding Strategy.

## **Attendees**

### **Joint Chairs**

Jesse Norman MP  
Allan Cook, CBE

Minister for Energy and Industry  
Chairman, Atkins

### **Business**

Sir Brian Burridge  
Steve Brittan  
Peter Ruddock  
Steve Timms  
Norman Bone  
Richard Daniel  
Victor Chavez, CBE  
Steve Fitzgerald  
Steve Wadey, OBE  
Kevin Craven  
Dave Armstrong  
Lee Griffiths  
Ian Griffiths  
Nigel Chandler

Chairman, UK Defence Solutions Centre  
CEO, UK Defence Solutions Centre  
CEO, Lockheed Martin UK  
MD - Defence Information, Training & Services BAE Systems  
MD, Leonardo Airborne and Space Systems  
CEO, Raytheon UK  
CEO, Thales UK  
CEO, Marshall Aerospace & Defence Group  
CEO, QinetiQ  
CEO, Central Government Division, Serco UK  
MD, MBDA UK  
Head of Government Unit, Cobham Group  
General Dynamics UK  
Airbus Defence & Space

Will Searle  
Paul Everitt  
Ed Frankland  
Chris Owen  
Stuart Young

CEO, Axillium Research (SME Representative)  
CEO, ADS  
DGP Programme Director  
Marshall Aerospace & Defence Group  
Thales UK

### **Government**

Harriet Baldwin MP  
Sarah Hodgetts  
Conrad Bailey  
Huw Walters  
Stephen Phipson, CBE

Minister of State for Defence Procurement  
Head of Advanced Manufacturing, Defence and Marine, BEIS  
No10 and Cabinet Office  
Director of Prosperity and International Business, MOD  
Head of Defence and Security Organisation, DIT

### **Apologies**

Chris Cholerton  
Nigel Whitehead  
Steve Rowbotham  
Archie Bethel  
Colin Paynter

President – Defence, Rolls Royce  
Group MD, BAE Systems  
COO, General Dynamics  
CEO, Babcock International Group  
MD, Airbus Defence & Space