



Ministry
of Defence

MINISTRY OF DEFENCE
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THE EARL OF MINTO
MINISTER OF STATE IN THE HOUSE OF LORDS

4.2.6.7

21 February 2024

Dear Ed,

Thank you for your contribution to the debate on Ukraine on 26 January. During my closing speech, you asked for examples of how Defence works with small enterprises in defence technology. I agreed to write with more information on this.

Increasing the diversity of the defence supply-chain helps us to identify and exploit innovation and improves the resilience of the defence industry overall. The importance of this approach has been highlighted by recent events which have exposed vulnerabilities in existing supply-chains.

We recognise that Small and Medium Enterprises (SMEs) are at the heart of the vibrant and flexible UK defence industry, supporting a wide variety of high-quality jobs across the United Kingdom. However, we also recognise that these smaller businesses face unique challenges and barriers preventing them from fulfilling their potential of delivering both defence capability and contributing to UK prosperity.


That is why we are taking steps to make it easier for SMEs to access opportunities and to bid for requirements. MOD is supporting UK businesses through our Small and Medium-Sized Enterprises Action Plan and wider initiatives with the Defence Suppliers Forum, maximising our strategic relationship with industry to deliver world class capability and support to the Armed Forces. We are also encouraging our major suppliers to publish their own sub-contract opportunities through the Defence Sourcing Portal, making it easier for SMEs to find and bid for defence work.

The MOD has a target that 25% of our procurement spend will go to SMEs by 2022. Historically, the MOD's SME spend figures have improved over the past five years. Our direct spend with SMEs in FY 2021/22 amounted to approximately £1.52bn, 6.8% of our total spend. However, the vast majority of opportunities for smaller suppliers lie in the defence supply chain, with some £4.2bn going to SMEs through our prime contractors.

The Rt Hon Lord Vaizey of Didcot
House of Lords
London
SW1A 0PW

As you will appreciate, whilst I am unable to go into specific details regarding companies and equipment related to our support to Ukraine, I can confirm that we are working with SME's in areas such as UAV and counter UAV technology, communications equipment and Air Defence.

A copy of this letter is being placed in the Library of the House.

Yours sincerely


THE EARL OF MINTO