



RISC policy note on the Defence and Security Industrial Strategy – June 2020

Introduction

The UK's Security and Resilience Industry Suppliers Community (RISC) is an inclusive alliance of trade associations, suppliers and other organisations that represent the UK's security and resilience sector. RISC represents over 6,000 companies by virtue of the representative bodies that participate (in particular, its founding members ADS, techUK and the British Security Industry Association).

RISC welcomes the Defence and Security Industrial Strategy (DSIS), which offers an opportunity to strengthen the strategic collaboration between the UK's security and resilience sector and the Government (HMG) in support of the UK's national security and prosperity. As such, RISC is primarily concerned with the security elements of DSIS.

Although the boundaries between classic 'defence' and 'security' have become increasingly blurred by 21st Century threats and challenges, the UK's security and resilience sector retains a distinctive character. The sector is highly diverse and disaggregated: while major OEMs are present, Small and Medium-sized Enterprises (SMES) account for much of the activity and Academia also plays a significant role. By contrast with Defence, where Government is the customer, the security sector engages with a very wide range of public and private sector buyers. Finally, despite its smaller size by volume, the sector has experienced rapid growth, with an increase in turnover of +67% in 2014-19. The DSIS should take account of these features and frame its recommendations accordingly.

RISC believes that there are four core policy areas that the DSIS must address if it is successfully to develop the capabilities of our world-class security industry to support UK national security and prosperity. These cover procurement, innovation, exports, and skills. Alongside this, there is a structural issue relating to strategic industrial engagement that the DSIS should also look to resolve.

In all this, there is now the added need for early clarification of policy, given the challenges and uncertainties arising, first from Brexit and now from the COVID-19 pandemic, with associated lessons to be drawn - for example, over the need to build domestic capabilities. While RISC understands that the DSIS work is inevitably linked to the subsequent Integrated Review, we would urge the Government to proceed with delivering this work at pace and, if possible, to provide early indications of emerging results. The DSIS will act as an important signal for an industry that exists to help provide Government and society with the solutions that enable people to go about their lives in safety and security. Conversely, additional delays could discourage industry from making the necessary long-term investment decisions.

Procurement in the Security Sector

RISC believes that security procurement must be made fit for the digital age. To achieve this, the DSIS should introduce reforms to traditional practices. These include a challenge-based approach to procurement and the more active promotion of existing agile mechanisms such as Innovation Partnerships. The DSIS should also remove



barriers to engagement for SMEs such as onerous selection criteria and restrictive requirements.

More broadly there is a need to engage with industry outside of the procurement cycle, both at the policy and operational levels. One aspect is the need to provide early indications of requirements in terms of the effects sought, rather than pre-determined outcomes which may not represent the most cost or technologically effective solutions. Another is the need to appreciate that HMG has a crucial role not just as purchaser but as a key market shaper and influencer. As one example, CNI operators as well as increasingly the wider commercial sector will look for HMG guidance when considering what security capabilities they need, particularly with the prospect of new counter-terrorism regulation (PROTECT Duty) on the immediate horizon. More generally, the ability to influence standards and regulatory frameworks can be particularly helpful, especially at the international level and in the export context.

Security Exports

The UK's security sector tends to target overseas buyers in sensitive and sometimes closed markets, which means that the proactive support of HMG is invaluable. In line with the 2019 Security Export Strategy (SES) the DSIS should therefore promote a newly energized approach to Government-to-Government engagement and incorporate other recommendations from the SES (for example, crafting bespoke capability packages that target major export opportunities).

The DSIS should also bolster the ongoing strengthening of the emerging HMG offer, led by DIT DSO, and informed by improved market intelligence and comparative analyses of successful competitors. We particularly welcome and encourage the 'whole-of-Government' approach to supporting UK security exports, drawing upon the work and contributions of relevant Departments and agencies including, but not limited to, the Home Office.

National Security Innovation

The UK's security sector is a leading investor in cutting-edge national security research and development (R&D). However, the DSIS could foster greater innovation if it promotes greater coordination and transparency across the existing national security machinery. Success will also require a new culture of risk acceptance inside HMG – for that reason, our sector fully supports the proposals for a UK Advanced Research Projects Agency (ARPA)

A newly coordinated approach to HMG funding of R&D is needed: the existing landscape of funding and engagement with industry and academia is still too fragmented across multiple departments and agencies. In this context RISC fully supports the creation of the National Security Technology and Innovation Exchange (NSTIx) designed to put both Government and the private sector in a better position to exploit S&T at greater scale and pace. We also believe that there is a need for greater collaboration, coordination and coherence across the wider S&T landscape for collective benefit, in line with the Fusion Doctrine concept.



A National Skills Plan

Today's security solutions require the application of science, technology, and advanced engineering, but in virtually all cases there is an underpinning of digitization. These are all skills, for which there is fierce competition both in the UK's security sector and the wider economy. Taking account of the valuable but disaggregated initiatives already under way across sub-sectors of our industry, the DSIS should outline an initial national skills plan that ensures the UK's security sector has access to the skillsets it needs to grow and contribute to emerging security challenges.

Strategic Industrial Engagement

Our sector needs full, dedicated and genuine integration into the DSIS, and subsequently the Integrated Review, at the highest levels, taking account of the importance of the non-military environment to the UK's national security and resilience. However, the existing HMG machinery to engage with the UK's security sector is still at a formative stage. RISC believes that the excellent engagement that our sector now has with HMG on operational issues, for instance via the unique and highly valued structure of the Joint Security and Resilience Centre (JSaRC), must now be matched by fresh attention to broader policy issues, especially at a time of unprecedented challenge, including the need for economic reset and recovery. To achieve this, the DSIS should support the strengthening of Home Office capacity for strategic industrial engagement through the appointment of a new Director of Prosperity to lead on these issues.

Conclusion

Whether it is the risk of terrorism, cyber-attacks, organised crime or new hybrid threats (including the issue of bio- security highlighted by COVID-19) our sector plays a crucial role in mitigating a wide range of risks facing the UK and the international community. There is more that could be achieved through a new strategic approach to collaboration between industry and Government. By addressing and acting on the recommendations outlined above, the DSIS could not only support the growth of our industrial sector but would make a major contribution to the shared objective of preserving the UK's national security and promoting UK prosperity.