

Ministry of Defence small and medium-sized enterprise engagement

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How the Ministry of Defence (MOD) is supporting small and medium-sized enterprises (SMEs) in advance of the SME Action Plan.

Through Backing your business: our plan for small and medium-sized businesses, we are delivering the most comprehensive package of support for small and medium-sized enterprises in a generation.

Growth is this government's number one mission and SMEs are the engine room. Our plan is to make the UK the best place to start and grow a business, with a culture that supports entrepreneurship in every community and high street.

We're delivering:

- the most significant legislation to tackle late payments in over 25 years, giving the UK the strongest legal framework on late payments in the G7
- a new Business Growth Service to simplify finding advice and support, including a new streamlined digital offer – Business.gov.uk, ending the chop and change of previous government business support programmes
- a package of support tailored to high streets to make it easier for SMEs to set up shop, ranging from a new licensing framework to targeted funding for places
- a massive £4 billion finance boost to increase access to finance for entrepreneurs – to inspire the next generation of small business owners, make the UK the best place to start and grow a business, and build a culture that celebrates and champions entrepreneurs

We also committed to making SMEs a national priority, ensuring they have a fair opportunity to win public contracts and setting ambitious SME targets for each department. Each departmental SME action plan sets the steps government departments are taking to maximise SME and start-up spend across their department and wider agencies.

As set out in the Defence Industrial Strategy, MOD is making defence an engine for growth, and SMEs are vital to that work.

Central to this work is the Defence Office for Small Business Growth which was established in January this year.

The Office brings together, for the first time, the full range of SME-focused activity across Defence and provides SMEs with a single front door for engaging with the department.

In the Defence Investment Plan, we are fixing a military programme that was previously over-committed, underfunded, and unsuited to the threats and conflicts we now face. We will set the right conditions over the next 10-years to transform British defence.

We are committed to publishing an ambitious SME action plan, alongside a direct spending target, once the Defence Investment Plan is finalised.

This action plan will be owned and driven forward by the Office for Small Business Growth. The plan will set out our approach to encouraging greater SME participation in Defence, to reducing barriers

to entry and red tape, and to better tracking spend and encouraging investment.

In support of this important work, Defence has already been working to deliver better support for SMEs across the board.

In the Defence Industrial Strategy we laid out how we are backing UK-based businesses, ensuring a resilient industrial base, and fixing defence procurement. We also committed to increase total spending by £2.5bn with SMEs to £7.5bn by May 2028.

We appointed a new National Armaments Director to drive forward an ambitious programme of change, speed up decision making, improve outcomes for our Armed Forces, and tackle waste and delay.

Through the Defence Industrial Joint Council, we have given SMEs the opportunity to voice their views at our Communications Forum and the ability to influence our decision making through trade associations represented at the Top Council.

We announced a significant £140 million boost for drone and counter-drone tech through UK Defence Innovation (UKDI), a package which involves 20 British SMEs and 11 micro-SMEs. Commercial X kicked-off our search for Britain's next defence unicorn with a bespoke £20m fund to offer accelerated contracts to innovative British startups.

We published the SME Commercial Pathway, a practical guide designed to level the playing field for small and medium sized suppliers by challenging misconceptions, reducing unnecessary complexity, and helping delivery teams recognise the full industrial base relevant to their procurements.

As part of our forthcoming Defence Finance and Investment Strategy, we will consider measures to improve SMEs access to finance and growth capital.

This government has made a commitment to record investment in defence – the largest increase since the end of the Cold War. This is a government delivering for defence and delivering for Britain.

<https://www.gov.uk/government/news/ministry-of-defence-small-and-medium-sized-enterprise-engagement>