

A PRACTICAL GUIDE TO WORKING IN DEFENCE

SUPPORT FOR SMEs IN MANUFACTURING



CONTENTS

Introduction	3
UK defence: an overview	4
In focus: key defence programmes	8
The challenges of entering the UK defence market	10
Unlocking opportunities: The Defence Office For Small Business Growth	12
Increasing productivity and capability: High Value Manufacturing Catapult and MTC	15
The role of Make UK Defence	16
The Make UK Defence Fit for Defence Programme	17
Building an engagement strategy for the defence industry	18
A guide to JOSCAR	19
The defence finance journey	20
Why a sustainability strategy is key	22
The importance of social value	23
Shaping marketing for the defence sector	24
A spotlight on cyber security	26
Key cyber security considerations	28
Case study: CarnaudMetalbox Engineering	29
Case study: European Heathyards	30
Moving to the next stage: essential considerations and information	32
Supporting UK manufacturing: Lloyds	34

Cover Image

The Boxer Mechanised Infantry Vehicle

INTRODUCTION TO A PRACTICAL GUIDE TO WORKING IN DEFENCE



We are delighted to launch A Practical Guide to Working in Defence, in partnership with Lloyds, at a time when UK defence spending is rising. The UK Government is committed to investing in a range of new defence programmes and

capabilities. To deliver increased production across all domains – defence must draw on a broader and more diverse supplier base, embracing companies that bring new technologies, innovative approaches and different methods of production.

However, entering defence supply chains can be challenging for newcomers. Regulatory complexity, limited signposting and long procurement cycles can make it difficult for manufacturers to break through. This guide has been created to help address these challenges, offering information for manufacturers looking to enter and add value to the defence supply chain.

We are proud to be working with Lloyds on this guide. As long-standing supporters of the industry, Lloyds understands that access to finance is a critical enabler for suppliers seeking to scale production, invest in capability and pursue new opportunities. Its support helps ambitious businesses realise their growth ambitions, both in the UK and internationally.

Make UK Defence is committed to helping companies realise their potential and prosper within the defence industry. We support nontraditional suppliers to develop robust strategies, achieve compliance in key areas, diversify their operations and, ultimately, win defence business. If you would like to find out more about how we can support your business, we would be delighted to hear from you.

Andrew Kinniburgh,
Director General, Make UK Defence



The UK is strengthening its defence capability, committing to bigger budgets and directing increased investment into homegrown defence supply chains.

Not only will this help ensure the UK's ongoing national security, it can also be an important driver of industrial renewal. While this represents a new avenue of opportunity for many domestic manufacturers, it is already a road well-travelled by Lloyds.

We have long-standing expertise in supporting businesses that provide specialist solutions for the aerospace and defence sectors, and that goes beyond traditional banking services.

We have forged numerous long-term partnerships – not least with Make UK and Make UK Defence – that add value to our offer.

We work closely with industry bodies including MTC (Manufacturing Technology Centre), the Manufacturing Technologies Association and the regional aerospace alliances. And we have connections with all levels of the industry, from SMEs to the prime contractors and government.

Today, our nationwide network of accredited relationship managers stand ready to support manufacturers that are looking to pivot into defence supply chains, or expand their existing activity.

Dave Atkinson,
UK Head of Manufacturing,
SME & Mid-Corporates, Lloyds

UK DEFENCE: AN OVERVIEW

The UK Defence Secretary has said that this “new era of threat demands a new era for defence”. It is why NATO Allies (including the UK) have committed to increasing defence spending in response to a more contested global environment, with UK defence spending reaching 2.6% of GDP by 2027 and an ambition to rise further in the coming years.¹

It is also why the Ministry of Defence (MOD) is undertaking the largest internal reform initiative in decades as part of the Defence Reform.

Defence readiness is key to meeting these challenges. Such a task requires the support of industry, from prime contractors and system integrators to manufacturing SMEs across the supply chain. In the Strategic Defence Review (SDR) and Defence Industrial Strategy (DIS) published in 2025, both documents set out the importance of sovereign capability and industrial resilience as central

to the government’s approach.² This means investing in advanced manufacturing, onshoring and reshoring critical elements of the supply chain, and increasing MOD spend with SMEs both directly and indirectly.

The SDR is notable for its commitments to invest in several key areas for defence.

- Up to £6bn allocated across munitions and related capability investments this Parliament, including a £1.5bn ‘always-on’ munitions production pipeline.
- Six new energetics and munitions sites to be established across the UK.
- £1bn invested in integrated air and missile defence to counter threats to the homeland.
- A new Digital Targeting Web to harness advanced technology and integrate existing capabilities.
- £5bn invested in near-term technologies such as autonomous systems and directed energy weapons.



These capabilities, once delivered, require a complex network of supply chain logistics – both within the defence sector and across our Armed Forces – to ensure troops receive the equipment they need, when they need it.

The upcoming 13-year, £9.6bn Future Defence Support Services (FDSS) programme will manage and deliver everything from fuel, aircraft components and uniforms to furniture, chemicals and much more.³

SMEs and mid-tier manufacturers have not always found it easy to access defence opportunities or bring new technologies into service. That landscape is now shifting. With a renewed focus on supply chain resilience and the launch of the Defence Office for Small Business Growth, support is becoming clearer and more joined-up. These changes are helping more businesses contribute to the capabilities the UK needs at a time of rising global pressures.

Recent world events have taught us two important lessons: we cannot continue to operate under a peacetime procurement system, and we must innovate at a pace the UK has not historically delivered.

This is why the Government’s commitments in the Defence Industrial Strategy (DIS) to back UK-based businesses are so crucial. We must invest in our defence industry if we are to defend our nation.

Key measures in the DIS to improve capacity across the defence industry include:

- A commitment to boost spending with SMEs by £2.5bn by May 2028.
- A new centralised organisation, UK Defence Innovation – backed by £400 million of funding – tasked with bringing innovative, dual-use technology to the frontline.
- A segmented procurement model designed to speed up MOD decision-making.
- A new Defence Offset policy – currently under industry consultation – to drive inward investment by overseas businesses when the MOD must procure from abroad.
- A commitment to ‘procure to export’, ending the legacy of developing equipment that is too bespoke for overseas markets.

Importantly, investing in the UK defence sector does not just support Armed Forces readiness – it also acts as an engine for economic growth across the nation.

MOD spending with the UK defence industry already supports around 272,000 highly skilled jobs.⁴ A sustained increase in defence spending would create further opportunities for businesses to grow, invest and deliver a positive impact in their local communities.

Large-scale defence programmes such as Dreadnought – which will deliver four new nuclear-powered ballistic missile submarines (SSBN - Submarine Ballistic Missile Nuclear) to sustain the UK’s Continuous At-Sea Deterrent (CASD) – are expected to support an estimated 30,000 UK jobs.⁵

RAF Typhoon aircraft



¹ <https://www.gov.uk/government/publications/the-strategic-defence-review-2025-making-britain-safer-secure-at-home-strong-abroad>

² <https://www.gov.uk/government/publications/defence-industrial-strategy-2025-making-defence-an-engine-for-growth>

³ <https://www.find-tender.service.gov.uk/Notice/034858-2025>

⁴ <https://www.gov.uk/government/statistics/mod-supported-employment-estimates-202324/mod-supported-employment-estimates-202324>

⁵ <https://www.gov.uk/government/news/uk-to-expand-submarine-programme-in-response-to-strategic-defence-review>

The wider Defence Nuclear Enterprise is projected to support 65,000 jobs by 2030.⁶ Meanwhile, Eurofighter Typhoon – delivered alongside allies in Germany, Italy and Spain – already supports 20,000 UK jobs. The next-generation fighter aircraft under the Global Combat Air Programme (GCAP), which the UK is developing alongside Italy and Japan for entry into service by 2035, already supports a further 3,500 UK jobs as activity scales towards production.

But it is not just jobs that are created through defence investment. It is also world-leading dual-use innovation in areas such as artificial intelligence, additive manufacturing and robotics – technologies that can drive productivity and growth across the wider commercial economy.

To deliver the commitments set out in the SDR and the DIS, it has never been more important to back businesses with the capabilities UK defence requires.

As dual-use technologies become increasingly critical on the modern battlefield, UK defence is truly a whole-of-society effort. Businesses from across the economy are moving into defence – from oil and gas firms to the motorsport sector – bringing expertise, agility and advanced engineering capability.

Initiatives such as Make UK Defence's Fit for Defence programme, which supports businesses new to defence by providing guidance in areas such as bid writing, cyber security and environmental standards, are helping to widen participation. Alongside this, the High Value Manufacturing Catapults across the country provide cutting-edge manufacturing expertise to help firms scale up and increase production.

Both new entrants and established defence suppliers require the backing of the UK's world-leading financial services industry. Start-ups with innovative technologies need access to venture and patient capital. Established firms require finance to invest in productivity and expand capacity. UK banks are playing an active role in supporting growth in the defence sector to strengthen national security.

As the Defence Secretary told the House of Commons earlier this year, "Armed Forces are only as strong as the industry, innovators and investors that stand behind them".

It is therefore essential that organisations such as Make UK Defence and Lloyds continue to support the SMEs that provide the industrial capability, innovation and skills needed by our defence sector.

⁶ <https://www.gov.uk/government/publications/defence-nuclear-enterprise-2025-annual-update-to-parliament/defence-nuclear-enterprise-2025-annual-update-to-parliament>

The Boxer Mechanised Infantry Vehicle



Estimated MOD expenditure on equipment was

£27.4BN
2024-25

Up to

£1BN

to be invested in integrated air and missile defence

£1.2BN
2024-25

MOD direct expenditure with SMEs

£5BN

to be invested in near-term technologies

UK Government committed to building at least

SIX

new energetic and munitions sites

UK defence spending to rise to

2.6%
OF GDP
by 2027

UK Government commitment to boost spending with SMEs by

£2.5BN
by May 2028

£31.7BN

MOD expenditure with UK industry, 2024-25

>£6BN

allocated across munitions and related capability investments this Parliament



MOD spending with the UK defence industry already supports around

272,000

HIGHLY SKILLED JOBS

Sources:

<https://www.gov.uk/government/publications/the-strategic-defence-review-2025-making-britain-safer-secure-at-home-strong-abroad>

<https://www.gov.uk/government/publications/defence-industrial-strategy-2025-making-defence-an-engine-for-growth>

MOD departmental resources: 2025, published 15 January 2026

UK Defence Footprint - Making Defence an engine for growth, published by the Ministry of Defence

IN FOCUS: KEY DEFENCE PROGRAMMES

The UK is investing in a number of defence programmes which require specific capabilities and support from the supply chain.

AUKUS: submarines and advanced technologies

AUKUS is a trilateral security partnership between Australia, the UK, and the US. Pillar 1 focuses on the delivery of next-generation nuclear-powered attack submarines and Pillar 2 is dedicated to joint investment in advanced technologies.

- **The opportunity:** Significant funding is being directed toward artificial intelligence, quantum sensing and cyber security.
- **Requirements:** SMEs with expertise in precision engineering, advanced materials, electronics integration and secure communications are well-positioned to provide the modular subsystems required for these platforms.

Global Combat Air Programme (GCAP)

GCAP is a multinational initiative between the UK, Italy and Japan to develop a sixth-generation combat aircraft by the 2030s. This programme will integrate stealth design with autonomous systems and advanced sensor networks.

- **The opportunity:** As the programme moves from early design to prototype manufacturing, there is an increasing demand for specialised components.
- **Requirements:** There are clear entry points for providers of advanced composite materials, thermal and power management systems, high-speed digital electronics and avionics.

Astraea: the UK's nuclear deterrent

The Astraea programme is a vital component of the UK's long-term commitment to modernising its nuclear deterrent. This initiative focuses on the design and production of the nation's next-generation strategic warheads.

- **The opportunity:** Supported by sustained government funding, the programme involves extensive infrastructure upgrades and the establishment of new research facilities.
- **Requirements:** This sector demands the highest standards of quality and security. Opportunities exist for SMEs specialising in high-precision fabrication, special alloys, and safety-critical production systems.

Energetics and 'Factories of the Future'

To strengthen domestic resilience, the UK Government is investing £1.5bn to establish 'always-on' munitions manufacturing. This involves the construction of new, highly automated facilities for the production of propellants and energetics (substances that rapidly release large amounts of energy).

- **The opportunity:** With 13 potential sites identified across the UK, construction is expected to begin within the next year, marking a return to large-scale domestic production.
- **Requirements:** These 'factories of the future' require a wide range of skills, technology and capabilities including:
 - High-volume, automated, continuous production.
 - Sovereign, secure supply chain integration.
 - Best-in-class safety and environmental standards.
 - Digitalised, data-driven / automated operations.
 - Scalable infrastructure with good use of robotics where appropriate.
 - Local job creation and high-skill talent pipelines.
 - Strong industry collaboration upstream and downstream.
 - Cost-effective, resilient, always-on production capability and best-in-class quality assurance (right first time, every time).
 - Expertise in advanced chemical processing.

British Army Land Mobility Programme (LMP)

The Land Mobility Programme aims to modernise the British Army's fleet of wheeled vehicles, replacing various legacy models with a streamlined family of modular, digitally enabled designs.

- **The opportunity:** This multi-billion-pound procurement stretch will continue into the 2030s, involving the acquisition of thousands of new vehicles.
- **Requirements:** Supply chain opportunities include vehicle chassis production, protective armour modules, electronic systems, and powertrain components. Early engagement regarding design standardisation is highly recommended.

Global Combat Air Programme (GCAP)



THE CHALLENGES OF ENTERING THE UK DEFENCE MARKET

Success in the defence environment is often determined by a firm's ability to adapt to a specialised commercial ecosystem, as much as it is by their technical competence.

Entering the defence supply chain is a transition into a system that prioritises long-term security and rigorous operational standards. By understanding these realities from the outset, businesses can move beyond traditional commercial cycles to become high-value partners in national security.

1. Commercial complexity: a different way of doing business

Defence operates within a specialised commercial framework, characterised by distinct regulatory requirements and unique risk profiles. Success depends on working in an environment that prioritises long-term security and operational resilience. Contracts utilise standardised DEFCONs (Defence Conditions – the MOD's pre-set library of legal rules and conditions) and prime contractor flow-downs to manage complex obligations regarding export controls, security and lifecycle support.

While these conditions require higher standards in matters such as liability and obsolescence management, this reflects the critical nature of the equipment being delivered.



Jackal vehicles

The sector's financial landscape also requires increased transparency, often involving open-book costing and milestone-based payment structures. While these differ from typical commercial terms, they provide a pathway for managing high-value, multi-year programmes.

By engaging specialist expertise early in the process, firms can map their administrative requirements and optimise resource allocation. This approach can ensure that manufacturers can navigate the defence market's unique economics and establish a commercially viable supply chain presence.

2. Achieving accreditations

Achieving accreditation is a core component of the defence landscape. While requirements like Cyber Essentials Plus and Defence Cyber Protection Partnership (DCPP) compliance are rigorous, they are essential prerequisites that apply across the board. The key to managing this process is gaining clarity on which certifications – such as personnel security clearances, export controls or specific facility measures – are mandatory versus those that are specific to particular contracts.

Beyond the initial paperwork, these standards often necessitate a shift in internal culture and physical infrastructure. Achieving compliance requires investment in specialist support and time across a business, which is most effectively managed when viewed as a commitment to operational readiness rather than a one-off hurdle. By establishing these processes early, companies can best align their resource allocation with the defence sector's specific procurement timelines.

Ultimately, navigating these complexities with a clear roadmap allows manufacturers to make informed decisions, ensuring their capabilities meet the stringent security demands of the MOD and its prime contractors.

3. Knowing where to start

Identifying a starting point is a common challenge for manufacturers entering the defence ecosystem, which comprises of the MOD and its delivery organisations such as Defence Equipment & Support (DE&S) or Defence Industry Organisation (DIO), prime contractors, and innovation bodies such as UK Defence Innovation. Because each of these stakeholders operates with distinct priorities, there is rarely a single-entry point for new suppliers. Instead, opportunities can be distributed across digital portals, industry events and networks, requiring a targeted approach to identify the right decision-makers and procurement influencers.

The primary challenge for manufacturers lies in identifying where their expertise fits within the supply chain. Rather than a single path to market, businesses must determine whether their optimal entry point is directly with the MOD, through a prime contractor, or a Tier 1 supplier. Navigating this landscape requires a period of research to map out which delivery organisations or programmes align with a firm's specific output. While this takes time, it ensures that a company's resources are focused on the most relevant opportunities.

4. Procurement cycles: planning for years, not quarters

Manufacturers must consider the protracted nature of the defence procurement cycle. Defence programmes are governed by multi-stage approval processes, complex budgetary cycles and shifting political priorities. These factors can lead to extended timelines between an initial requirement being identified and the final contract being awarded. This requires a fundamental shift in business planning, moving away from quarterly milestones toward a multi-year outlook.

Recognising that these timelines are a standard operational reality allows a company to better manage its expectations and prepare for the administrative patience required to secure a position on a major programme.



HMS Dauntless

Firms must adopt a strategy of early and consistent engagement, often years before production volumes are confirmed. By participating during the initial concept and assessment phases, a manufacturer can ensure its capabilities are factored into the technical requirements, reducing the risk of being designed out of the supply chain at a later stage.

While the lead-in time is significant, the result is often a more stable relationship with the customer than is found in the commercial world. Once a contract is secured, the long-term nature of programmes provides a level of visibility that allows a business to invest for years ahead with greater confidence.

Conclusion

Establishing a presence in the defence sector requires a deliberate shift in business operations. The transition is less about a single contract and more about building the internal infrastructure – from financial transparency to security protocols – necessary to support a different class of customer. While this involves a significant commitment of time and resource, it allows a manufacturer to move beyond the volatility of short-term commercial cycles toward a more structured, multi-year planning model.

Ultimately, success is found in treating these rigorous standards as a strategic investment in the firm's own resilience. By navigating this process with a clear roadmap, a business can secure a stable, diversified revenue stream.

UNLOCKING OPPORTUNITY: THE DEFENCE OFFICE FOR SMALL BUSINESS GROWTH

SMEs are the cornerstone of UK defence innovation. They bring agility, specialist expertise, and disruptive thinking that help the Armed Forces stay ahead of evolving threats. Yet for many nontraditional suppliers, the defence landscape has historically felt difficult to navigate. Complex processes, opaque routes to market, and challenges in accessing the right information or buyers have too often stood in the way.

Why the DOSBG was created

The Defence Office for Small Business Growth (DOSBG) was created to change that. Officially established in January 2026, following commitments in the Defence Industrial Strategy, the Office is designed as a central enabler that makes it easier for SMEs to find, compete for, and win defence work. It exists to simplify, clarify, and open up defence commercial pathways so that more businesses can bring their capability, technology, and innovation to the sector.

Government has set an ambitious target: increase annual spending with SMEs by £2.5bn by 2028, strengthening supply chain resilience while driving economic growth.⁷ To achieve this, the MOD recognised the need for a dedicated organisation that tackles long-standing barriers – everything from complex procurement routes to inconsistent engagement across defence.

The DOSBG was therefore established to:

- Make it easier for SMEs to engage with defence.
- Improve diversity and resilience across supply chains.
- Challenge policy and behaviours that create unnecessary hurdles.
- Build better, more productive relationships between defence, primes, and new entrants.

Its creation delivers on the Defence Industrial Strategy's commitment to build a more capable, innovative, and agile industrial base – one that is ready to meet current and future operational demands.

For more information on the DOSBG visit:
digital.mod.uk/sme-dosbg



⁷ <https://www.gov.uk/government/publications/defence-industrial-strategy-2025-making-defence-an-engine-for-growth>

What the DOSBG offers SMEs

1. A digital first front door

The DOSBG has introduced an accessible public facing **web portal** that helps SMEs understand the defence market, access guidance and discover opportunities. Initially launched with a cohort of 30 'pathfinder' SMEs from across the UK, the service will continue to expand throughout 2026.

This digital platform ensures that newcomers – whether startups or established firms diversifying into defence – have a clear, equal, and simple entry route.

2. Clearer information and reduced complexity

Across multiple statements and design documents, the DOSBG has a commitment to:

- **Timely, transparent information** on defence needs and routes to market.
- **Simplified procurement processes**, reducing administrative burdens.
- **Improved clarity** around policies, requirements, and standards.

This is especially critical for nontraditional suppliers who may be unfamiliar with defence specific expectations such as security requirements, accreditation, or intellectual property considerations.

3. Direct advice and business enablement

The DOSBG's service model includes targeted support functions such as:

- Business enablement and readiness support.
- Procurement and commercial navigation.
- Regulatory and compliance guidance.
- Support for export and international market growth.

Taken together, these services help SMEs understand how to compete, not just where to compete.

4. Shaping a more welcoming defence ecosystem

The Office is designed not only to help SMEs adapt to defence requirements, but to help defence adapt to SMEs. This dual focus includes:

- Driving cultural change across MOD and prime contractors.
- Working with trade associations, regional clusters, and other partners to broaden engagement.
- Providing confidential channels for SMEs to raise concerns and shape policy.

This ensures SME voices influence decision making and that barriers are identified and removed early.

5. Helping SMEs to grow

The DOSBG is actively building a more dynamic pipeline of high growth SMEs by working with:

- UK Defence Innovation and the Catapult Network to accelerate technology adoption.
- Regional Defence & Security Clusters, which function as catalysts uniting industry, academia, government, and investors to drive innovation and find new markets.
- Industry partners to support investment, capability development, and readiness.

This creates a joined-up ecosystem where SMEs can develop, test, refine, and scale their offerings.

Why this matters for the wider defence landscape

A more vibrant SME supply chain delivers direct benefits to the Armed Forces. SMEs bring the experimentation, speed and entrepreneurial mindset essential for modern military advantage – especially in areas such as digital technology, autonomy, data, advanced manufacturing and cyber.

As set out repeatedly in ministerial communications and establishment materials:

- SMEs enhance innovation and help defence keep pace with emerging threats.
- They improve resilience by broadening the supplier base.
- They strengthen the UK economy, particularly through regional growth.

By making defence more accessible, the DOSBG is helping defence tap into the ingenuity of businesses who may never have considered the sector before.

A changing landscape

The DOSBG represents a fundamental shift in how defence engages with industry. For SMEs – particularly those outside the traditional defence ecosystem – it offers clarity, access, and a genuine opportunity to shape and support the UK’s national security mission.

In partnership with guides like this one, the DOSBG aims to help more businesses understand the sector, build confidence, and take their first steps toward becoming trusted defence suppliers. The message is simple: if you have capability that defence needs, there has never been a better – and clearer – time to get involved.

KEY MESSAGES FOR NONTRADITIONAL SUPPLIERS

If you are new to defence, the DOSBG wants you to know:

1. **Defence needs you.** The sector is seeking new capability, new thinking and new technology – especially from innovative SMEs.
2. **The barriers are being lowered.** Processes are being simplified, procurement routes are being clarified, and the culture is shifting in favour of smaller suppliers.
3. **Support is available.** Through the DOSBG digital portal, advisory services and a network of regional and national partners, SMEs can access guidance tailored to their size, sector, and maturity.
4. **Your voice matters.** The Office is designed to listen to SME concerns and ensure they influence policy, practice, and future market design.



INCREASING PRODUCTIVITY AND CAPABILITY

High Value Manufacturing Catapult

Building capacity and capability in the UK defence manufacturing supply chain is one of the major national security challenges set out by the Government in the DIS.

Innovation holds the key to meeting this objective.

High Value Manufacturing Catapult (HVM Catapult) helps UK manufacturing businesses become more productive and competitive by giving them access to world-leading technology and expertise to enable the development of new products and processes.

With six innovation centres located at more than 20 sites across the UK covering 11 core advanced manufacturing technology areas, businesses large and small work with HVM Catapult to grow their ideas and take them from proposal to production line.

Whether that’s helping a FTSE 100 aerospace company halve the time it takes to make engine components or supporting a precision engineering company win new contracts by cutting waste and costs in its packaging, HVM Catapult has extensive experience across a range of manufacturing sectors.

MOD and HVM Catapult have recently formed an alliance to strengthen and grow the UK defence supply chain. It will work with Government and industry to increase productivity and capability in major programmes through adoption of manufacturing innovation and by leveraging cross-sector supply chain knowledge.

Plans include partnering with Make UK Defence, supporting major programmes and developing dual use technology at scale and pace.

For more information visit:
hvm.catapult.org.uk



MTC

MTC (Manufacturing Technology Centre) is part of the High Value Manufacturing Catapult and its Ready for Defence offering provides a structured and comprehensive route for organisations seeking to enter or diversify into the UK defence sector. At its centre is an integrated suite of support services, ranging from cyber security assessments and tailored cyber improvement pathways to the Defence Supply Pathway and the dedicated Ready for Defence assessment tool. Together, these elements function as a genuine ‘one stop shop’ for understanding what the defence market requires and building the capability to meet those expectations.

MTC is also uniquely positioned to help organisations navigate the defence landscape. Its experience enables it to introduce companies to Government stakeholders, relevant funding streams and the wider R&D ecosystem, as well as to key industrial partners. This combination of technical expertise, industry access and practical operational support equips businesses with the insight and credibility required to succeed in the sector.

To encourage SMEs exploring a pivot into defence, MTC offers an initial conversation at no cost. This provides a straightforward opportunity to discuss ambitions, constraints and readiness. Where beneficial, MTC can also conduct a free linewalk to provide early, practical feedback on manufacturing capability and potential routes for improvement.

For more information visit:
the-mtc.org



THE ROLE OF MAKE UK DEFENCE



Make UK Defence is a national trade association focused on championing and supporting the defence supply chain. Part of Make UK, the voice of UK manufacturing, we are proud to represent around 850 member companies.

We work with our members and partners to deliver business improvement, commercial opportunities, unrivalled networking and genuine policy wins that will benefit our national prosperity and national security.

Our membership team are as regionally focused as they are nationally. They work and deliver meaningful engagement for our members in every region of the UK.

This engagement includes an extensive events programme, including regional member networking events across

the UK (which are often hosted on members' premises), meet the buyer events, webinars and the annual Make UK Defence Summit. The summit includes a comprehensive meet the buyer programme featuring dozens of buyers, as well as conference sessions which cover key defence industry topics and an exhibition.

Make UK Defence is also active at defence focused events such as DSEI and DPRTE, where we host dedicated pavilions for member exhibitors.

Our Fit for Defence programme drives businesses to become better for defence. Our team of experts help companies develop commercial strategy, cyber accreditations, sustainability frameworks and more.

Our policy team works relentlessly on behalf of our members to engage with stakeholders in Westminster, Whitehall and in the regions.

We seek to solve the challenges facing the sector and unlock the defence industry's growth potential.

To learn more about Make UK Defence and how we can assist your business visit: makeuk.org/defence or email us at defence@makeuk.org



THE MAKE UK DEFENCE FIT FOR DEFENCE PROGRAMME

Make UK Defence offers a bespoke business improvement programme for organisations of all sizes and experience in the sector.

The Fit for Defence Programme is designed to support Make UK Defence members that are both established in and new to the defence market. It enables businesses to identify their strengths and weaknesses and connects them with experts who help them navigate the sector.

For businesses new to defence, the Fit for Defence programme can help you to:

- Understand the defence market.
- Map your capability to the market.
- Identify and resolve any barriers to entry.
- Understand and plan your entry into the market.

For established defence businesses, the Fit for Defence programme can help you to:

- Identify your strengths and weaknesses.
- Develop a prioritised plan to develop your business.
- Engage with experts who can help to optimise your business and solve specific issues.

The Fit for Defence journey

1. Undertake a diagnostic with our team (free for Make UK Defence members)
2. Research and plan
 - Understand the market.
 - Identify gaps and solutions.
 - Identify strengths and weaknesses.
3. Access tailored support across core areas:
 - Strategy.
 - Products and capability.
 - Markets.
 - People and organisation.
 - Operations.
 - ESG.
 - Exports.

To find out more about the Fit for Defence programme, email defence@makeuk.org or call 0808 168 5874.




BUILDING AN ENGAGEMENT STRATEGY FOR THE DEFENCE INDUSTRY

When planning a strategy for entering the defence market, businesses need to consider the following key areas.

Requirements for working in the UK defence market

The UK Government has a number of requirements for all businesses that supply either directly or indirectly to the UK MOD. These cover areas including cyber security, supplier assurance and sustainability, which we introduce you to in this guide. It is important to perform a gap analysis against these and put in place the actions to close any gaps before you engage.

Where do you fit?

As with any market, it is important to establish where you fit and the value you bring to the customer. As the defence market is complex and multi-level this can be a challenge.

The first step is to understand the systems and services the Armed Forces use. Useful information is available on their websites and additional information will be found in the upcoming Defence Investment Plan and by attending defence trade shows.

Once you understand this, you need to consider which products or services you can contribute, where your products or services will be used and why they are needed. Obviously, if you are new to the market this will not be easy and you may find that to achieve this you need to spend time researching online, networking and talking to the users or manufacturers of the relevant systems.

What is your competitive position?

If you are aiming to replace or compete against an existing supplier you will need to be clear about the benefits you can bring (price, performance, etc).

If you are offering a new or alternative solution, then be clear on the benefit and value this brings to the customer.



Malloy T-150B drone, operated from the HMS Prince of Wales

Who will buy it?

While it is possible that you could supply directly to the MOD, it is highly probable that you will need to supply via one of its prime contractors or even further down the supply chain. You need to establish this entry point to be effective. There is no simple way, but research and talking to the customer and other suppliers can be beneficial.

When is it required?

Defence procurement is project-based, where a fixed quantity of systems are procured at different times depending on need and budget. Therefore, it's important to ensure that there is money available for the systems that you are targeting.

A good source of information will be the upcoming Defence Investment Plan, due to be published by the Government. It will set out what the UK MOD will buy, its budgets and the timeline for a 10-year horizon. You can also monitor contracts bulletins, defence news sites and talk to other suppliers.

A GUIDE TO JOSCAR

The defence industry is built on trust, assurance, and long-term partnerships. For organisations looking to enter the sector, understanding and meeting supplier assurance requirements can feel complex and resource intensive.

Joint Supply Chain Accreditation Register (JOSCAR) exists to simplify this process and help businesses engage with the defence supply chain more effectively.

JOSCAR is a collaborative supplier assurance platform from Hellios Information, which is a risk management company that runs shared accreditation systems for primes and Tier 1 suppliers. Used by major defence buyers across the UK and internationally, the platform provides a single, centralised place where suppliers can maintain and share key business information across a wide range of areas, such as quality management, cyber security, financial stability and ethical business practices. This removes the need for duplication and improves compliance and ultimately speeds up procurement decisions.

Instead of completing multiple questionnaires for different customers, suppliers maintain their information once, in a consistent format recognised across the sector. The questionnaire is shaped by defence buyers and updated over time to reflect changing requirements and emerging risks, ensuring it remains relevant to industry expectations.

Why is JOSCAR important for defence suppliers?

For many prime contractors and Tier 1 organisations, JOSCAR registration forms an important part of their supplier assurance approach and is often expected when working within their supply chains. It enables buyers to gain visibility of supplier information more efficiently and helps reduce risk across a complex, tightly controlled sector.

For SMEs, this can be a significant advantage. JOSCAR helps create a more level playing field by increasing visibility to buyers who may be seeking suppliers ready to do business. It also helps businesses understand where they need to be today and what they should be working towards as they grow.

What benefits can JOSCAR bring to your business?

One of the key benefits of JOSCAR for SMEs is efficiency. Maintaining supplier information on the platform saves time, reduces duplication and helps small teams make the best use of their time.

JOSCAR also supports business improvement by encouraging SMEs to review and strengthen their policies, processes, and controls. Many use this as a roadmap for growth, improving governance and resilience while becoming more attractive to defence customers.

In addition, JOSCAR enhances credibility. Registration signals to buyers that an SME understands defence sector expectations and is serious about doing business, helping open doors to new conversations, tenders, and long-term opportunities.

A practical step into the defence market

For suppliers considering defence as a new market, JOSCAR provides a practical and structured starting point. It helps demystify supplier assurance requirements and gives businesses confidence that they are aligned with industry expectations. By investing in JOSCAR early, SMEs can position themselves for sustainable growth within the defence supply chain and build trusted relationships with customers at every tier.

For more information visit:
hellios.com/meet-your-community-joscar-suppliers



THE DEFENCE FINANCE JOURNEY

David Weatherhead, Specialist Client Solutions – Trade and Working Capital, Lloyds

There is a vast ecosystem underpinning the defence of the nation, providing a diverse array of increasingly accessible growth opportunities for British firms. The opportunities available within the sector can be hard to quantify, and it might not always be obvious how businesses can apply their existing expertise and experience.

But it's not just the preserve of major Tier 1 suppliers. There are many thousands of SMEs in MOD supply chains, and nearly 70% of procurement is directed outside London and the South East.⁸

Crucially, future defence procurement targets will ensure that SMEs are even better represented in this spend. And the global geopolitical environment means the UK is not alone in ramping up its defence investment, with many overseas nations also turning to UK suppliers to equip their Armed Forces.

Investing and innovating

Developing stronger defence supply chains will require investment as firms work to innovate new products, increase capacity and invest in new equipment.

Not only that, there are regulatory requirements, including enhanced quality standards, certifications and security protocols. And payback can take time; defence sector procurement is often protracted, putting pressure on working capital.

However, manufacturers don't have to navigate this landscape alone. There are numerous organisations that provide support to firms entering or expanding into the sector. Here, we focus on the defence finance journey and the products and services to help firms make the most of this growing opportunity.

Supporting scaling up

Pivoting into a new sector is likely to require strategic CapEx to diversify your product offer and expand capacity.

When ordering machinery or components, from the UK or from overseas, Lloyds **Capital Import Finance** (CIF) can mitigate the risk that is inherent when making significant payments to suppliers. It's an effective way to spread the cost over the useful life of an asset, and strengthens your negotiating power, enabling better terms, discounts and access to a wider international supplier base.

Funding is only released when suppliers meet agreed contractual conditions, giving businesses confidence that the asset will be delivered exactly as specified. CIF can also reduce exposure to foreign exchange volatility, locking in costs at the point of order, which is particularly vital for long-lead, high-value machinery purchases.

For UK-based equipment purchases, Lloyds **Asset Finance**, including **Hire Purchase** and leasing, can support investment in machinery, inspection equipment, tooling and vehicles, while helping protect working capital for wages and materials.

Hire Purchase, in particular, is a flexible and cash flow-friendly option to fund expensive items like equipment or vehicles without paying in full upfront.

And funding new product development, including design, prototyping, test rigs and accreditations, can be planned into a wider funding package, combining term borrowing with asset-backed facilities.

If this is of interest, it's worth mapping your likely spend against contract milestones and talking through potential scenarios.

Managing risk and working capital

Pivoting into a new sector will always include an element of risk for SMEs, but there are steps that can be taken by businesses to maximise their likely success.

Trade finance is a valuable tool for stabilising cross-border supply chains, and defence manufacturers and their suppliers increasingly rely on structured trade instruments to preserve liquidity and keep goods moving.

At the forefront is the need to manage logistics risk; defence supply chains can be vulnerable to disruption, often reliant on small numbers of specialist suppliers in other jurisdictions.

Trade finance provides enhanced oversight, ensuring shipping partners are vetted and reliable. And by guaranteeing goods are manufactured, shipped and paid for within a safeguarded structure, trade finance strengthens both operational certainty and financial stability.

“Pivoting into a new sector will always include an element of risk for SMEs, but there are steps that can be taken by businesses to maximise their likely success.”

Protecting payments

Equally critical is settlement risk, where missed or delayed payments can reverberate down the supply chain.

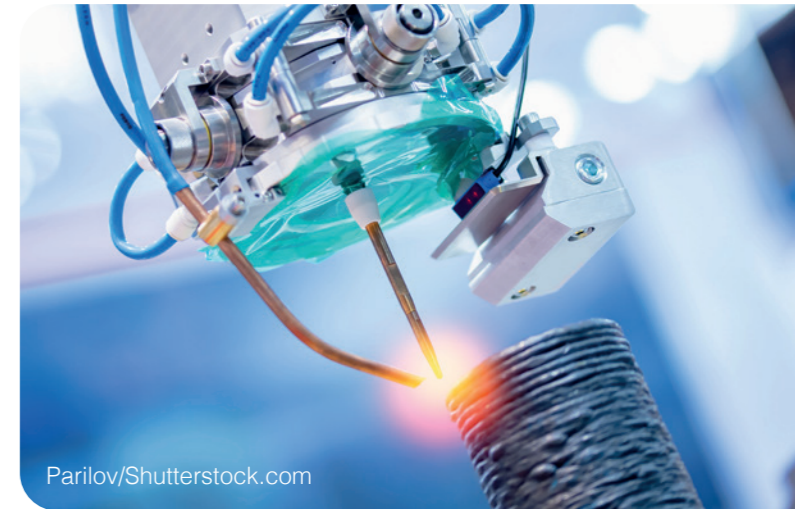
Instruments like **Letters of Credit** ensure that international suppliers are only paid once they have met their contractual obligations, giving contractors confidence that orders will arrive as specified and on schedule. This is particularly vital when sourcing items from countries with heightened compliance scrutiny or export controls, which heighten the risk of delays.

Bridging the gap

Perhaps the most overlooked benefit of trade finance is its ability to optimise working capital through procurement cycles, providing greater transparency and control throughout the transaction.

By enabling firms to defer payments until compliant shipment documentation is produced, trade finance can free up capital that can be redeployed into production, R&D, hiring or facility upgrades.

Similarly, **Invoice Finance** can help businesses bridge the gap between providing goods and services and being paid, providing early access to up to 90% of the value of invoices as they are issued. It's an effective way to maintain working capital through lengthy procurement processes, which can include staged payments or extended acceptance testing.



Parilov/Shutterstock.com

Navigating Foreign Exchange (FX) volatility

Firms importing components, raw materials or machinery must also manage their foreign exchange risk. Every business is different, but Lloyds has a network of locally-based specialists who will take the time to understand your business and its risk profile.

That could inform an effective **Foreign Exchange Risk Management** strategy, to reduce the impact of fluctuating currency exchange rates and provide greater certainty over future cashflows.

Together, these diverse products and services combine to help build a more robust and resilient sector at a pivotal time when there is such a renewed effort to reform and reshore defence procurement.

For more information visit:
lloydsbank.com/manufacturing



Lending is subject to status. Eligibility criteria apply.



Parilov/Shutterstock.com

WHY A SUSTAINABILITY STRATEGY IS KEY



Summit Art Creations, Shutterstock.com

Suppliers bidding for major government contracts are required to commit to achieving net zero by 2050 and to publish annual carbon reduction plans.

This places a sustainability strategy at the epicentre of organisational decision-making across the defence value chain.

In a competitive market, how do you ensure your strategy is the winning one?

- **Embed your plan:** Impactful progress against your targets must be an organisation-wide effort, requiring collaboration across multiple departments such as purchasing, finance, facilities, health and safety, HR and operations. Your strategy and action plan require board governance for maximum impact.
- **Consider lifecycle assessments and environmental product declarations:** Map out the carbon embedded or emissions associated with your products to begin pinpointing opportunities to reduce your carbon footprint.

- **Apply operational efficiency to use fewer natural resources:** By making your production process more efficient, you will use less raw materials whilst reducing energy consumption. Many manufacturers utilise technologies such as circuit-level monitoring for enhanced visibility of how and where sites and processes consume and waste energy.
- **Sustainable sourcing:** Collect and make use of supplier emissions data when purchasing raw materials and materials used within production to make informed procurement decisions.
- **Employ sustainable manufacturing:** Making manufacturing processes more sustainable requires careful consideration of your requirements to identify the most optimal solutions. For example, this could mean:
 - **generating your own power** with on-site solutions such as solar panels.
 - **prioritising renewable electricity** upon procuring your supply contracts.
 - **greening your distribution system** with EV adoption, biofuel usage in HGVs, or contracting low carbon haulage and freight companies.

Organisations must navigate a continuously evolving landscape: shifting reporting requirements, approaching decarbonisation targets and regulatory changes.

Moreover, investors and financial institutions increasingly use Environmental, Social, and Governance (ESG) requirements to inform lending, investment and financial service provision decisions.

Consequently, strategic partnerships that bolster internal resources are vital – whether this means calculating your carbon footprint, pinpointing reduction opportunities or ensuring regulatory compliance.

Contributed by Make UK Defence Fit for Defence Partner Inspired.

THE IMPORTANCE OF SOCIAL VALUE

Social value is defined by the MOD as the financial and non-financial value to society that an organisation's social impact makes. This is now integrated into defence procurement processes.

Indeed, the DIS promises that defence will not only protect the country but also play a real part in the lives of the people and places it touches.

Crafting a winning ESG strategy in defence procurement therefore requires aligning with the direction set by the SDR and the DIS.

These framings emphasise the need for a resilient industrial base, sovereign capability and an innovation ecosystem that can sustain operational readiness. Within this environment, social value becomes a strategic lever rather than a compliance exercise, shaping how defence programmes contribute to national resilience, workforce strength and regional growth.

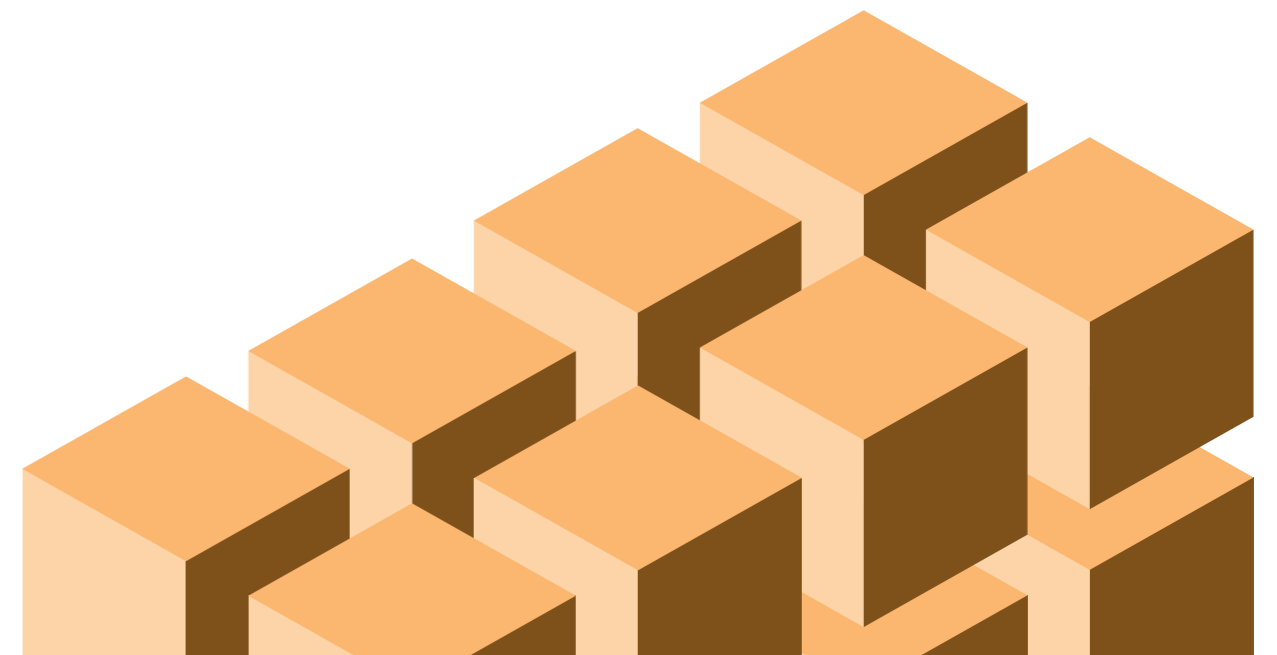
To be credible, social value must function as a core bid capability and a strategic win theme. This means embedding it from the outset, ensuring commitments influence solution design, supply chain planning and workforce development. By doing so, bidders demonstrate an understanding that defence capability depends on the strength of people, places and industries as much as on technology.

“Social value must function as a core bid capability and a strategic win theme. This means embedding it from the outset.”

Embedding social value across the full bid arc also ensures commitments translate into tangible delivery. This requires integrating skills development into programme plans, building SME participation into supply chain architecture and designing governance mechanisms that can measure, report and adapt social value delivery throughout the contract lifecycle. Crucially, it extends beyond procurement into the real-world impact that the programme leaves behind.

By crafting ESG in this strategic and holistic way, bidders align with defence's priorities while demonstrating the value they bring. Social value becomes a catalyst for strengthening sovereign capability, accelerating innovation, and supporting communities in defence. When positioned and delivered as a core capability, it elevates the bid, reinforces national resilience, and ultimately creates outcomes that endure past contract delivery.

Contributed by Make UK Defence Fit for Defence Partner e50K.



SHAPING MARKETING FOR THE DEFENCE SECTOR

PUTTING THE BUILDING BLOCKS IN PLACE FOR EFFECTIVE MARKETING

Marketing in defence can be complex. Many SMEs approach the sector after working in industries such as subsea engineering, energy and automotive. However, the same tactics and messages that generated success in those sectors may not have the same impact in defence. A tailored marketing strategy is vital.

Find out where your business fits into the supply chain, who you need to reach and what their challenges are. Your proposition for defence should stem from this. How your business overcomes industry challenges and offers unique solutions – whether for the Armed Forces, primes or other businesses in the supply chain – should be clearly articulated in a suite of key messages. These should be consistently conveyed: think about your website, social media, exhibition materials, slide decks and other key touch points.

To create a marketing strategy, analyse target audiences, competitors, tactics and the market landscape. Look at how your prospects engage with the industry, which events they attend, what media platforms they use, what information they find useful and what networks they are part of.

This research will inform a marketing roadmap which ensures tactics are mapped to business objectives, activities are streamlined for maximum impact and ROI is maximised.

With these building blocks, SMEs can lay the foundations for future growth.

Contributed by Make UK Defence Fit for Defence Partner Horizon Works.

TACTICAL CONSIDERATIONS IN MARKETING

Communicating your credibility in the UK defence industry depends on demonstrating both technical understanding and sector knowledge. Relationships aren't easily built, and audiences quickly identify those who don't understand the operational context. Getting your communications right from the start is essential.

Visuals are a key part of establishing credibility. Defence audiences immediately notice incorrect or inappropriate imagery, so it's critical to:

Use visuals that reflect reality:

- Accurate platforms, nations and environments.
- Security-cleared imagery with no operational security (OPSEC) implications.

Real footage wherever possible, avoid generic stock photography.

When real footage isn't available, use alternatives strategically:

- CGI to recreate environments that would be costly or unrealistic to film.
- After Effects and animation for early-stage capability visualisation.
- Complex data visualisation tools to explain technical concepts.

The key is ensuring these assets feel authentic to the end-user and key decision makers within the defence ecosystem.

Pair visuals with clear, concise messaging laying out:

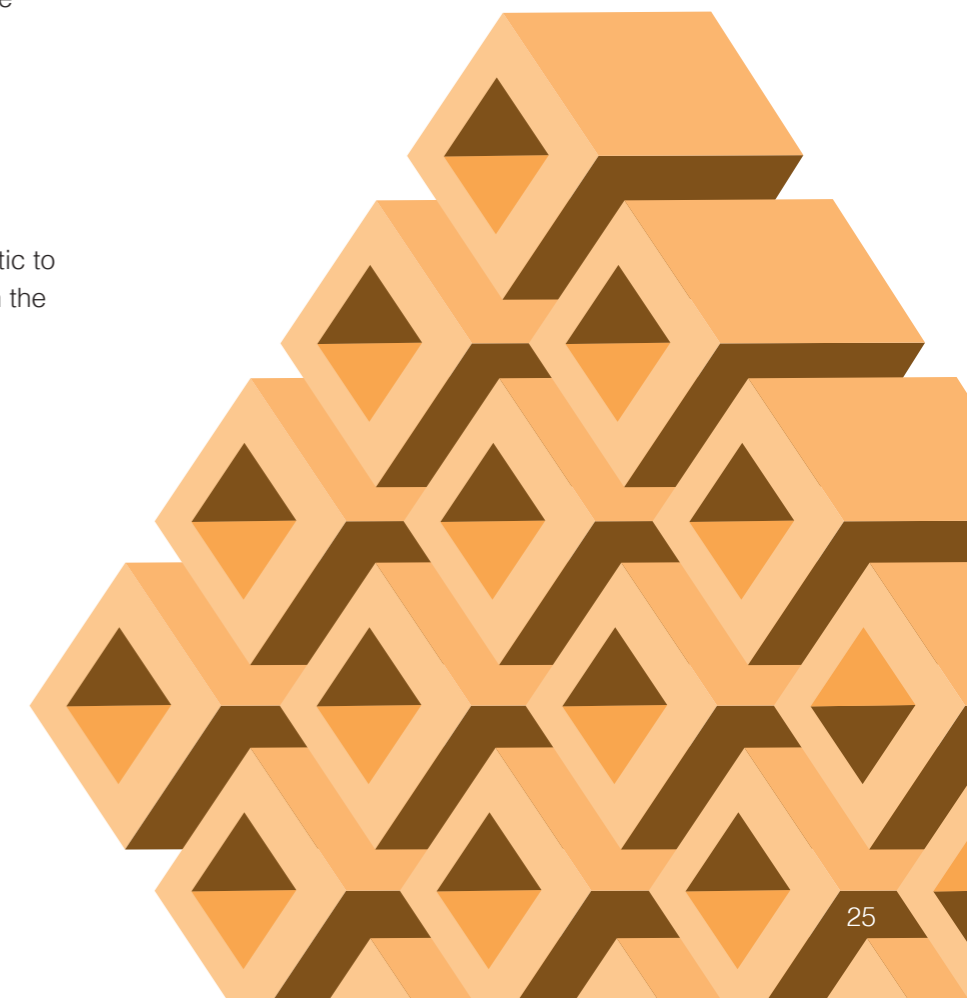
- The operational problem you solve.
- How your technology integrates with existing systems.
- Tangible benefits to the end-user.

To reach the right people, prioritise trusted defence channels:

- LinkedIn for targeted content and advertising.
- Industry associations and programme-specific groups.
- Targeted email outreach to decision-makers.
- Defence events. Both large expos and smaller specialist forums provide valuable opportunities to explain capability in person and build relationships.

These details establish credibility with defence audiences. They're the foundation for building trust and relationships in this unique sector.

Contributed by Make UK Defence Fit for Defence Partner Canny Comms.



A SPOTLIGHT ON CYBER SECURITY

INFORMATION ASSURANCE STRATEGIES, CYBER SECURITY FRAMEWORKS & CYBER RESILIENCE

Defence-facing organisations without a coherent information security strategy are unlikely to meet MOD expectations. In a sector where reliability and reputation directly influence contract viability, these gaps translate into real business risk.

“A strong security posture doesn’t begin with technology – it begins with understanding.”

A strong security posture doesn’t begin with technology – it begins with understanding. In the defence sector, where organisations operate within complex supply chains and face adaptive adversaries, clarity is the decisive advantage. Without a clear understanding of what you are protecting, and who you are protecting it from, even well-intentioned security activity becomes fragmented, reactive, and disconnected from operational reality.

Information assurance can only be achieved by a thorough understanding of the information risks to your business. There is no ‘one size fits all’ approach to security frameworks. Every organisation has different critical assets, different operational pressures, and different threat exposures. Strategy must reflect that.

Too many organisations attain certifications without understanding why they have them. The misconception is “I have my cyber security certificate, I am protected”, whereas the reality is, going through certification and compliance is worthless unless the standard is aligned to a coherent strategy and scope. A clear cyber security strategy defines what information is critical to the business, how it must be protected and who is accountable. It aligns people, processes, and technology around a shared understanding of risk and operational impact. Most importantly, it embeds security into everyday activity rather than treating it as a compliance checkbox or a last-minute scramble before an audit.

Good security isn’t about doing more – it’s about doing the right things, consistently.

Contributed by Make UK Defence Fit for Defence Partner Pera Prometheus Consulting Ltd.

THE IMPORTANCE OF CYBER ESSENTIALS PLUS

Cyber security is a critical enabler for manufacturing businesses. In the face of increasingly sophisticated cyber threats and rising defence security expectations, organisations must safeguard sensitive operational and customer data while demonstrating strong cyber resilience.

Cyber Essentials (CE) provides organisations with a government-backed standard for cyber security, by ensuring five core controls:

- Firewalls.
- Secure configuration.
- Security update management.
- User access control.
- Malware protection.

But there’s more to do.

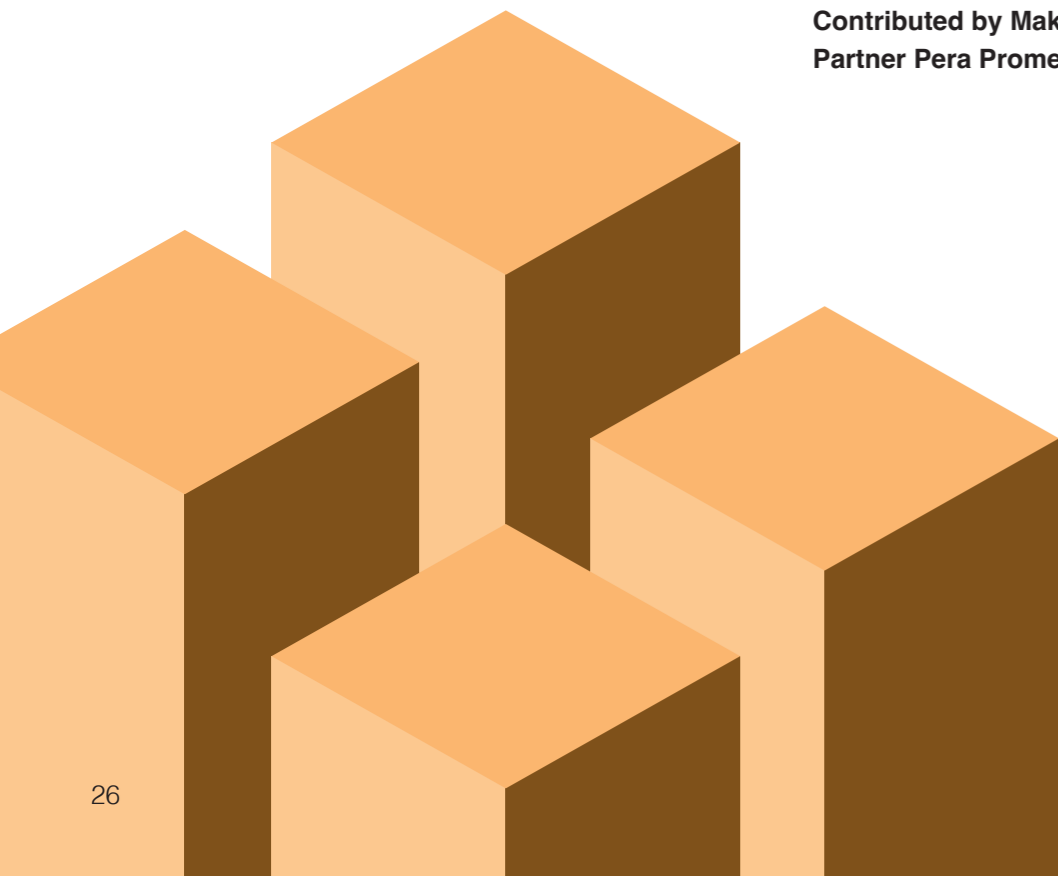
Cyber Essentials Plus (CE+) adds independent verification, providing confidence that these five controls are effective

in practice and are delivering tangible business benefits by reducing potentially disastrous financial, legal, operational and reputational impacts of a cyber attack.

Alongside broader security expectations, CE/CE+ is required by defence frameworks such as Defence Standard 05138 and the risk-based Cyber Security Model v4 (CSMv4), enabling organisations to implement proportionate measures tailored to their size, security risk profile, and operational needs. The emerging Defence Cyber Certification (DCC) framework provides a clear path to independently assessed organisational security maturity, offering additional assurance for defence partners and clients.

By going beyond simple compliance, and embedding cyber resilience that is sustainable and proportionate, businesses can protect operations, reduce security risk, and position themselves as secure, capable, and competitive partners in the manufacturing supply chain.

Contributed by Make UK Defence Fit for Defence Partner CDS Defence & Security.



KEY CYBER SECURITY CONSIDERATIONS

The National Cyber Security Centre (NCSC) has placed increasing emphasis on Operational Technology (OT) cyber resilience, supported by dedicated OT guidance and alignment to the Cyber Assessment Framework (CAF).

As this guidance is UK-specific, freely available and aligned to national regulatory expectations, it represents the logical starting point for manufacturers.

1. Manage security risk

Effective governance and risk management are essential to ensure OT cyber risk is understood, owned and managed across the organisation.

Key priorities:

- Establish clear OT security ownership and governance structures.
- Maintain comprehensive visibility of OT assets, systems and network connectivity.
- Operate a threat-informed risk management process.
- Implement robust supply chain security controls for vendors and third-party access.

2. Protect against cyber attack

Protective controls reduce the likelihood of compromise and limit attacker access.

Key priorities:

- Implement secure configuration standards and formal change management for OT systems.
- Enforce strong identity and access management.
- Establish robust network segmentation between IT and OT environments.
- Maintain structured vulnerability and patch management processes.
- Where relevant, integrate secure development practices for industrial products and systems.

3. Detect cyber security events

Timely detection enables organisations to identify malicious activity before it escalates into operational disruption.

Key priorities:

- Implement centralised monitoring and logging across OT environments.
- Monitor both technical indicators and operational anomalies.
- Integrate proactive threat detection and threat intelligence.
- Regularly test detection capabilities through exercises and simulations.

4. Minimise impact of cyber incidents

Organisations must be prepared to respond quickly and safely to cyber incidents.

Key priorities:

- Maintain an OT-specific incident response plan prioritising safety and operational continuity.
- Define clear decision authority for system isolation and operational actions.
- Implement secure backup and recovery capabilities for critical OT systems.
- Conduct regular incident response and recovery exercises.

Foundations for defence and regulated sectors

Organisations operating in critical or regulated environments should also ensure:

- IT/OT integration and dependencies are understood.
- Operational procedures and system ownership are documented.
- Operators, engineers and system owners receive relevant training.
- Regular cyber resilience exercises are aligned to operational scenarios.

Contributed by Make UK Defence Fit for Defence Partner CDS Defence & Security.

CASE STUDY: CARNAUDMETALBOX ENGINEERING

With a rich history spanning nine decades, CarnaudMetalbox Engineering (CMBE) is an industry leader in beverage can machinery and is dedicated to applying continuous technical innovation and expertise.

Based in Shipley, West Yorkshire, the company has a global reach and offers full turnkey canmaking solutions.

Why did the company enter the defence sector?

Contraction of the beverage can market in 2022 – following an £8 million investment in new machine tools at its UK manufacturing site – was the catalyst for CMBE exploration of new market opportunities.

Through a period of working with Make UK, the West Yorkshire Combined Authority (WYCA) and Make UK Defence, the company identified that the UK defence sector had need of CMBE's core skills and capabilities.

CMBE has one of the largest Mazak gantry milling machines in the UK, holding machined tolerances of <20 microns across several metres on a daily basis. This gave the company a sought-after capability and as a result, it has opened up a valuable new revenue stream in the defence sector.



The role of Make UK Defence in supporting CMBE

Make UK Defence championed CMBE as an example of a UK nontraditional supplier with potential to service the defence sector's large machining needs.

Adam Clerkin, Head of Operations at CMBE, said: "The defence space is difficult to navigate on your own. Contracts last for decades, procurement is complex and there are multiple projects, all overlaid on ever increasing global instability.

"You need a good guide to the defence sector. For CMBE, Make UK Defence has been instrumental in helping us to navigate the hurdles, unravel the defence space and make connections.

"We advise undertaking the Make UK Defence Fit for Defence programme, as it will help you understand defence supply chain readiness gaps in double quick time."

"Make UK Defence has been instrumental in helping us to navigate the hurdles, unravel the defence space and make connections."

Adam Clerkin, Head of Operations, CMBE



CASE STUDY: EUROPEAN HEATHYARDS

Centrally located in the West Midlands, European Heathyards has earned a reputation for high-integrity engineering, welding and fabrication services to sectors where failure is not an option.

Scaling up to meet demand

Nuclear and defence account for around a quarter of Heathyards' output, but that share is set to rise sharply as government spending ramps up. The UK's defence strategy commits billions to submarines, frigates and other programmes, while civil nuclear is regaining momentum through conventional new builds and the small modular reactors (SMRs) that are edging closer to delivery.

For suppliers with the right expertise and proven track record, the opportunity is huge, says Craig Nash, Operations Director. "We already supply precision components for a variety of defence programmes. We're also working closely with Rolls-Royce on high-specification heat exchangers and vessels for the UK's SMR programme. The pace of these programmes is relentless, and we have to be ready to scale at the same speed."

Heathyards' latest expansion is designed to do exactly that. Plans include upgrades to existing bays, two new workshops, additional office space, and a dedicated onsite training facility. Once complete, both manufacturing capacity and workforce will increase by around 50%, with nearly 60 new roles created.

Lloyds has been a constant throughout Heathyards' journey, from providing the mortgage that transformed open fields into today's thriving facility, to helping secure a grant to build the clean conditions bay.

"Lloyds understands our business, our ambition and our strategy," Craig says. "The team keep us updated on industry trends and make introductions, such as to the Manufacturing Technology Centre in Coventry. As we equip the new workshop with the latest tools and machines, knowing we have the support of Lloyds will be invaluable."

Tony Hanley, Relationship Director at Lloyds, added: "It's inspiring to work with a team that combines tradition, a focus on quality and innovation, with forward-thinking ambition. By aligning with their vision and long-term aspirations, I've been able to plan ahead and ensure the right support is in place for their exciting expansion journey."

Tackling the biggest bottleneck

While the expansion will provide the physical room to grow, technology is set to determine how effectively that space is used. Heathyards has already introduced automated and semi-automated processes to boost accuracy, repeatability and throughput. Three cold metal transfer (CMT) machines for applying 360° spiral weld overlay to tube have strengthened its position supplying power generation and waste-to-energy sectors, complemented by a robotic arc welding system that further raises quality and efficiency.

Stamp of approval

Accreditations play a key role in Heathyards' growth. Quality systems certified to ISO 9001, 14001 and 18001 form a compliance spine that runs through every stage of production. Alongside these, a growing list of ASME stamps enable the firm to compete in high-stakes markets worldwide.

Having completed the government-backed Fit for Nuclear (F4N) programme, the next target is the ASME N stamp, the global benchmark for nuclear-class fabrication. "Only two UK companies hold it, a valve manufacturer and a casting business, no fabricator," Craig explains. "Securing the N stamp will give Heathyards a unique differentiator, reinforcing our position at home and internationally."

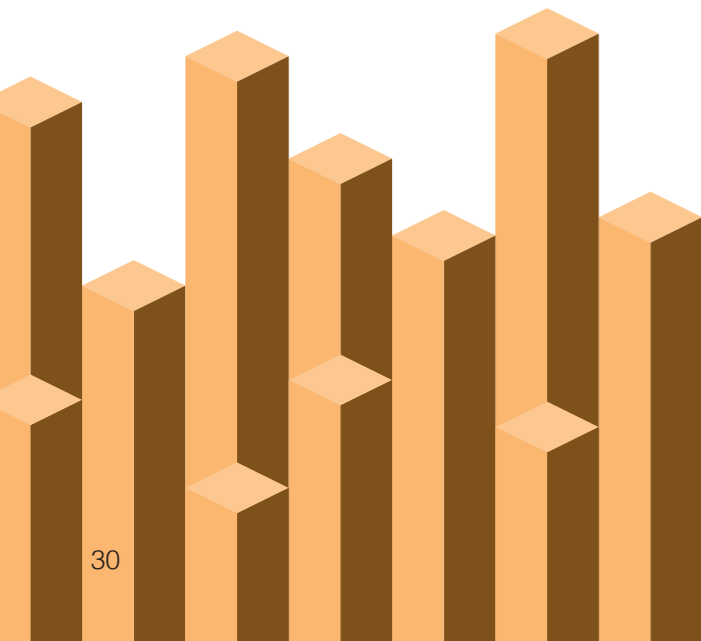
Digital security is treated equally seriously. ISO 27001, Cyber Essentials and Cyber Essentials Plus verify that Heathyards' systems, networks and data-handling processes meet stringent industry requirements – non-negotiable when serving the likes of civil and defence nuclear.

Breaking into highly regulated supply chains is no small feat, but once achieved, contracts often represent a generation of work. For a small, family-owned firm like Heathyards, that continuity is vital. With planning permission secured for its expansion, and continued investment in people, processes and facilities, Heathyards is building the capability and capacity to secure and sustain that continuity for decades to come.

"As we equip the new workshop with the latest tools and machines, knowing we have the support of Lloyds will be invaluable."

Craig Nash, Operations Director, European Heathyards

Lending is subject to status. Eligibility criteria apply.



MOVING TO THE NEXT STAGE: ESSENTIAL CONSIDERATIONS AND INFORMATION

Key takeaways for your action plan

- Understand the defence sector, its key organisations, systems, processes and future programmes.
- Identify where you fit into the defence supply chain and what you can offer – what makes you unique?
- Identify your target audiences within the sector and develop a strategy for engaging with them.
- Consider the accreditations you will need and how you will achieve them.
- Build a cyber security strategy and implement this robustly.
- Craft an ESG strategy which aligns with defence sector priorities.
- Access specialist support across strategy, innovation, finance and operations.
- Learn from the experiences of other SMEs who have succeeded in defence.

WHERE TO FIND INFORMATION

Defence Sourcing Portal

The Defence Sourcing Portal is where all MOD tenders are published. This is an invaluable resource for both direct and indirect opportunities, as many of the tenders published will have opportunities further down the supply chain once awarded.

contracts.mod.uk

UK Defence Innovation

UK Defence Innovation is the main innovation body for MOD and contains details of all industry competitions in the defence and security sector.

www.gov.uk/government/organisations/uk-defence-innovation

The Defence Office for Small Business Growth

The Defence Office for Small Business Growth's site contains information on how to bid into defence as an SME and other routes to market.

digital.mod.uk/sme-dosbg

The Strategic Defence Review and Defence Industrial Strategy

The SDR and DIS contain extensive details of the Government's plans for defence in the next five to ten years.

www.gov.uk/government/publications/the-strategic-defence-review-2025-making-britain-safer-secure-at-home-strong-abroad

www.gov.uk/government/publications/defence-industrial-strategy-2025-making-defence-an-engine-for-growth

UK Defence Exports Facility

This has lots of information for companies looking to target defence markets internationally, including details of events, webinars and trade missions.

www.gov.uk/government/organisations/uk-defence-and-security-exports

National Cyber Security Centre

This website contains useful information for how businesses can mitigate against cyber risk and how to achieve Cyber Essentials accreditation.

nsc.gov.uk

JOSCAR

JOSCAR's website contains details of how to apply for the accreditation and what benefits it can offer suppliers.

hellios.com/joscar

Make UK Defence

Make UK Defence's website has details on its benefits to members, upcoming events, including meet the buyer events, and how to become a member of one of the fastest growing trade associations in the UK.

makeuk.org/defence

Lloyds

Lloyds' website has information on its support for UK manufacturers, from finance options to sustainability support and industry insight.

lloydsbank.com/manufacturing

Armed Forces Covenant

The Armed Forces Covenant provides information on how businesses can apply for this standard and show their commitment to supporting those who serve or have served in the Armed Forces, and their families.

armedforcescovenant.gov.uk

Mission Manufacturing

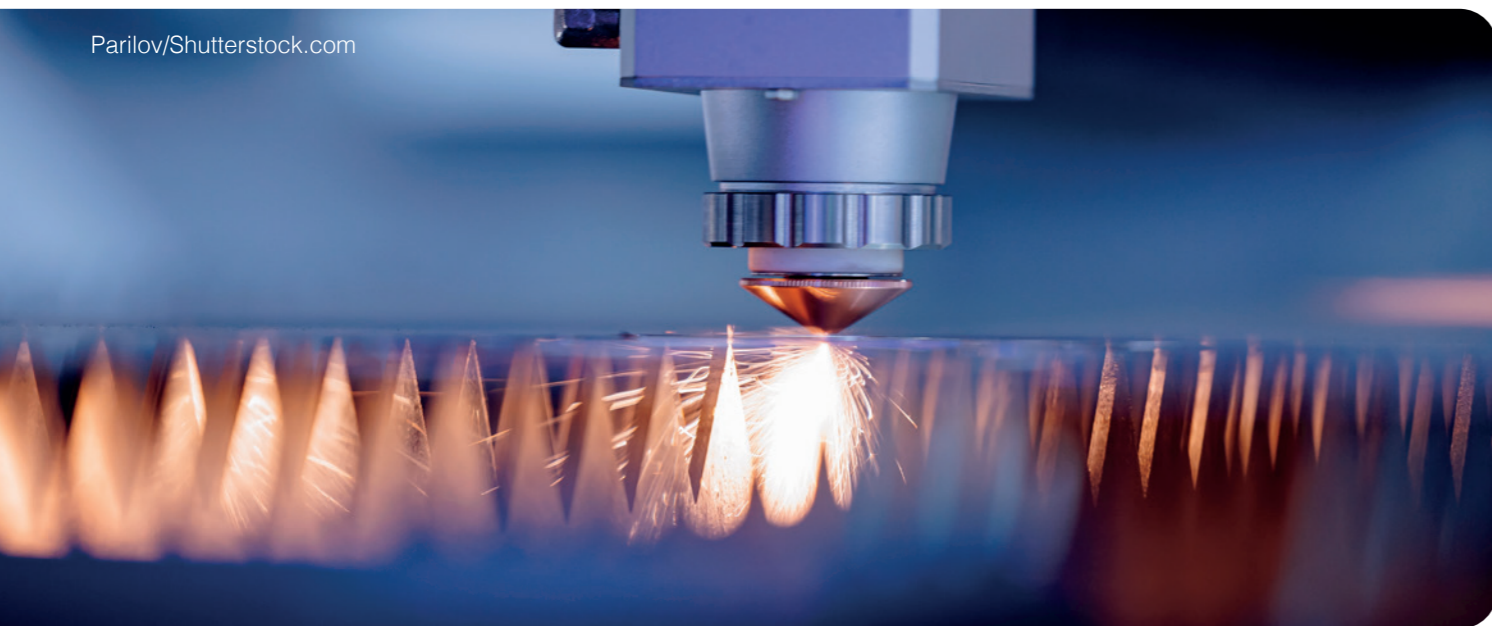
The Manufacturing Technologies Association (MTA) has launched 'Mission Manufacturing', a career guide and recruitment pathway for ex-Armed Forces personnel and the wider Service community. It aims to guide trained individuals from the Armed Forces Community into fulfilling second careers in the manufacturing and advanced engineering sectors, where employers can benefit from their talent in the face of a widely acknowledged skills shortage.

mta.org.uk/mission-manufacturing

Astute Class Submarine



Parilov/Shutterstock.com



SUPPORTING UK MANUFACTURING: LLOYDS



Lloyds has a long history of supporting the UK's manufacturing sector, including the aerospace and defence industries.

We work with businesses across the entire aerospace and defence supply chain – from SMEs and mid-corporates to primes – helping them navigate a highly regulated, strategically important industry.

Our sector expertise and full-service product offering means that we bank around one in five SME manufacturers and support some of the biggest manufacturing firms in the country that underpin national capability, helping them thrive, innovate and grow.

Our experience in aerospace and defence is complemented by our long-standing partnerships in the sector, including with Make UK and Make UK Defence, the regional aerospace alliances and our sponsorship of MTC (Manufacturing Technology Centre).

Since 2015, our partnership with MTC has helped train thousands of apprentices, engineers and graduates and supported hundreds of SMEs to access productivity and sustainability support. We have extended our sponsorship making a total commitment of over £18.5 million through to the end of 2029, to help UK manufacturing thrive.

For more information visit:
lloydsbank.com/manufacturing



Follow Lloyds Business & Commercial on LinkedIn

Key contact: Dave Atkinson, UK Head of Manufacturing, SME & Mid-Corporates, Lloyds

ACKNOWLEDGEMENTS

Contributors

Andrew Kinniburgh, Make UK Defence
 Dave Atkinson, Lloyds
 The Defence Office for Small Business Growth
 e50K Strategic Advisory
 Canny Comms
 CDS Defence & Security
 High Value Manufacturing Catapult
 Horizon Works
 Inspired PLC
 JOSCAR
 MTC
 Pera Prometheus
 David Weatherhead, Lloyds

Make UK Defence Fit for Defence programme partners

Strategy

TICQ
 Make UK Defence

Products and capability

Abel + imray
 Make UK Defence

Markets

Canny Comms
 Bidcraft
 Horizon Works

People and organisation

Day 1 People
 Insignis
 Make UK
 Morgan Ryder Defence

Operations

CDS Defence & Security
 Day 1 People
 Faegre Drinker
 Future Purchasing
 Make UK Defence
 Proelium Law

Cyber security

CDS Defence & Security
 Pera Prometheus

ESG

e50K Strategic Advisory
 Inspired PLC
 Make UK
 Wren Junction

Export

Make UK Defence

Image credits

Cover

Boxer
 Photographer: Jack Eckersley
 UK MOD © Crown copyright 2025

Page 4

RAF Typhoon aircraft
 Photographer: AS1 Nathan Edwards
 UK MOD © Crown copyright 2023

Page 5

HMS Prince of Wales
 Photographer: LPHOT Ben Corbett
 UK MOD © Crown copyright 2022

Page 6

The Boxer Mechanised Infantry Vehicle
 Photographer: Jack Eckersley
 UK MOD © Crown copyright 2023

Page 8

Global Combat Air Programme (GCAP)
 © BAE Systems

Page 10

Jackal vehicles
 Photographer: Duncan Campbell
 UK MOD © Crown copyright 2025

Page 11

HMS Dauntless
 Photographer: Sgt Lee Matthews
 UK MOD © Crown copyright 2025

Page 18

Malloy T-150B drone, operated from the HMS Prince of Wales
 Photographer: PO Phot Chris Sellars
 UK MOD © Crown copyright 2025

Page 32

Astute Class Submarine
 Photographer: LA(phot) Will Haigh
 UK MOD © Crown copyright 2022



makeuk.org/defence

Published March 2026

In partnership with

