



Ministry  
of Defence

de&s

# Defence Equipment and Support Corporate Plan 2016 – 2019



Equipping and Supporting our Armed Forces

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# Foreword



by Philip Dunne MP, Minister of State for Defence Procurement

This is the third Corporate Plan for Defence Equipment and Support (DE&S) as a Bespoke Trading Entity and Arm's Length Body of the Ministry of Defence. The Plan has been updated to cover the period 2016-2019 and outlines the structure, purpose and strategic objectives for DE&S over the next three years.

DE&S has achieved a great deal since its change of operating status, both in terms of continued improvement in the delivery of its extensive programme of work and in driving through one of the most complex and far reaching change initiatives in Government.

DE&S is now two years into its three year Transformation Programme and the goal of being Match Fit by 2017 is within sight. This Corporate Plan describes the key themes and benefits of Transformation as DE&S proceeds through the implementation phases of the programme. Sustaining momentum will be key to DE&S achieving its transformation goals and through these, ensuring significant benefits for the UK's Armed Forces and taxpayers.

The wider context in which DE&S operates is also positive. The Strategic Defence and Security Review delivered a strong outcome for Defence, underwritten by a robust budget settlement. These developments, together with the appointment of Tony Douglas as the new Chief Executive Officer, provide DE&S and its body of professional, dedicated staff with the stability and leadership required to deliver its strategic objectives.

DE&S has been and will continue to remain focused on providing the best possible support to the Armed Forces and securing best value for money for taxpayers. Successful transformation underpins this challenge and it is through this that DE&S will become a recognised leader in Defence acquisition and in-service support.

A handwritten signature in blue ink that reads "Philip Dunne". The signature is written in a cursive style.

# Preface



by Paul Skinner, Non-Executive Chairman

This Corporate Plan covers a critical period in the development of DE&S. We are in the process of a radical transformation programme and, at the same time, need to assure the timely and reliable delivery of an equipment and support programme to our Customers which is increasing in scale.

The three year timeline of transition and transformation began in April 2014 and has gathered good momentum. We are being supported in this programme by three Managed Service Providers – Bechtel, CH2M and PwC. There are three main areas of focus for these efforts – an improved project control framework, the development of a strong functional organisation within a balanced matrix structure, and a new people model which reflects the additional ‘freedoms’ in HR policies granted to DE&S at the point of its becoming a Bespoke Trading Entity within the MOD in April 2014.

Following the recent Spending Review and Strategic Defence and Security Review, the Defence equipment plan will increase to £178 billion over the next ten years, £12 billion more than at the close of the 2015 Annual Budget Cycle. The precise detail of how this will flow down into the elements of the equipment plan managed by DE&S is still being worked out, but it is safe to say that there will be an increase in the scale of DE&S activity as a result. Our objective is to ensure the full and timely delivery

of the DE&S programme of work, within targeted cost levels to meet the needs of the Customers.

The transformation programme will set DE&S on a trajectory towards world-class performance and drive additional productivity and cost effectiveness across the organisation. Its success will rely heavily on ensuring that the human capital of the organisation, in terms of the skills and experience of our people, is organised and developed in line with our objectives. Since taking on this role I have been very impressed by the professionalism of DE&S people and the genuine pride and commitment they show in delivering their projects and programmes to our Customers in the front line. We need to ensure that they have all the tools they need to do this vitally important job in the national interest, including the necessary infrastructure and support systems.

The appointment of Tony Douglas as our new Chief Executive Officer signals the next phase in the development of DE&S. He brings a wealth of skill and experience to the task and, together with my Board colleagues, I will be giving him every support (and challenge) in delivering the equipment, support and transformation programmes reflected in this Corporate Plan.

A handwritten signature in blue ink, reading "Paul Skinner".

# Introduction



by Tony Douglas, Chief Executive Officer

It gives me great pleasure to introduce this Corporate Plan, which sets out what DE&S will deliver over the next three years. I am extremely proud to have been appointed as the Chief Executive Officer of DE&S, which is rightly recognised as a key part of the wider Ministry of Defence. DE&S staff provide vital support to the UK's Armed Forces and they do this with passion, professionalism and genuine commitment. I am delighted to be leading the team and supporting our people to drive progress and innovation across the DE&S programme of work and our transformation activities.

My predecessor, Sir Bernard Gray, oversaw substantial improvements in DE&S during his tenure. I am absolutely committed to maintaining the trajectory of success; to building DE&S capability and supporting the organisation to continuously improve; to get better at getting better.

A number of our key deliverables are highlighted in this plan, demonstrating the vast range of equipment and activities we deliver and support. Against this expansive backdrop, I am encouraged by the tangible improvements in the management of our biggest equipment projects, underlined by successive positive Major Project Reports from the National Audit Office. I want to develop this and ensure that we enable similar improvements in the support aspects of

what we do. Continuing to develop our people, our systems and our processes will be key to achieving these goals.

Transformation and our workforce underpin all of this. Alongside our Managed Service Providers, it is the DE&S staff who must understand, shape and ultimately drive through the transformation programme described in this Plan. Much has been achieved already and 2017 will see a number of developments taking effect across DE&S as we progress towards becoming Match Fit.

The next three years are critical for DE&S and will, as always, include a number of challenges and great opportunities. DE&S will meet these challenges head on, and seize the opportunities. Above all, we will continue to pursue value for money in everything we do – this is our duty to UK taxpayers and our valued Customers – while delivering the right kit safely, on time and on budget.

**Our Purpose:**

**To equip and support the UK's Armed Forces for operations now and in the future**

**We aspire to:**

- *Be a professional, respected and world-class programme management organisation*
- *Exceed the expectations of our Customers; be trusted to get it right*

**To meet our Customers' needs:**

- *We will become a higher performing delivery organisation, which is better able to deliver vital equipment and support to the front-line, on time and at the agreed price*
- *We will play our part in generating a more strongly defined relationship with our Customers, to ensure the right incentives are in place and that we are held to account for delivery to the front-line*
- *We will have the agility and flexibility to respond to operational pressures and front-line needs as they emerge*

Below: A Merlin helicopter delivering aid to Filipino villagers following the devastation caused by a typhoon.

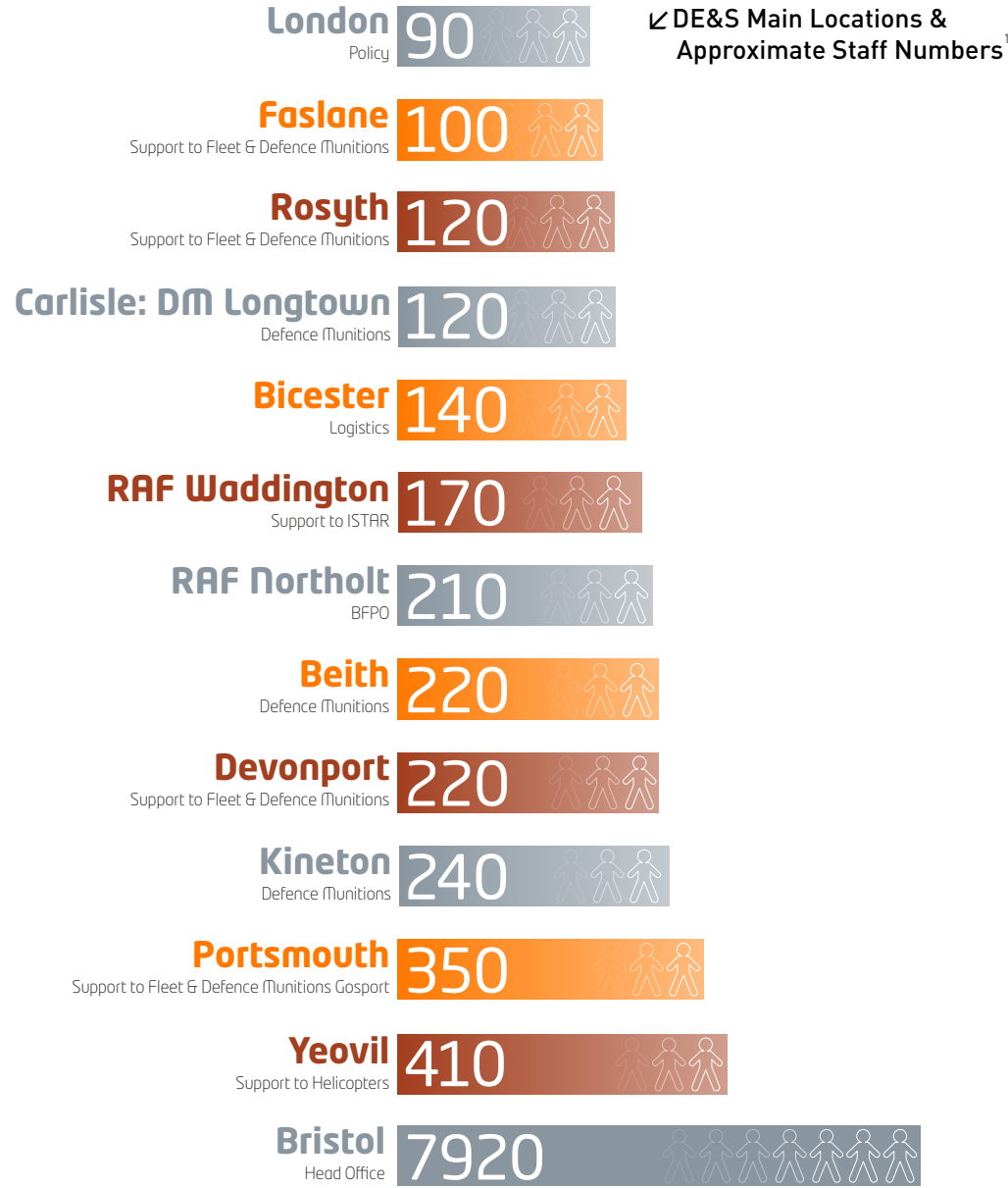


# What We Do

DE&S was formed in 2007 following the merger of the Defence Procurement Agency and the Defence Logistics Organisation. Launched as a Bespoke Trading Entity in April 2014, DE&S manages a vast range of complex projects to deliver equipment and support to the UK's Armed Forces. Requirements and budgets are set by the Customers in the Commands, Strategic Programmes and Director General Nuclear, giving them the flexibility to allocate funding in accordance with the requirements they consider to be most critical. The DE&S programme of work ranges from submarines, warships, aircraft and missiles, through to armoured vehicles, utility trucks, body armour and field kitchens. DE&S manages

new equipment procurements, upgrades, updates and upkeep of equipment in service; and undertakes disposals and decommissioning. In discharging its responsibilities and on behalf of its Customers, DE&S will deliver a £157 Billion<sup>2</sup> proportion of the MOD Equipment Plan over a ten year period.

Headquartered in Bristol and with staff at numerous locations across the UK and overseas, DE&S employs around 11,100 civilian and military staff. The range of specialist skills required to support the programme of work includes engineers, programme and project managers, logistics specialists, information specialists, commercial negotiators, financial controllers and safety experts; all of whom are focused on ensuring that the right equipment and support is available to our Customers and users.



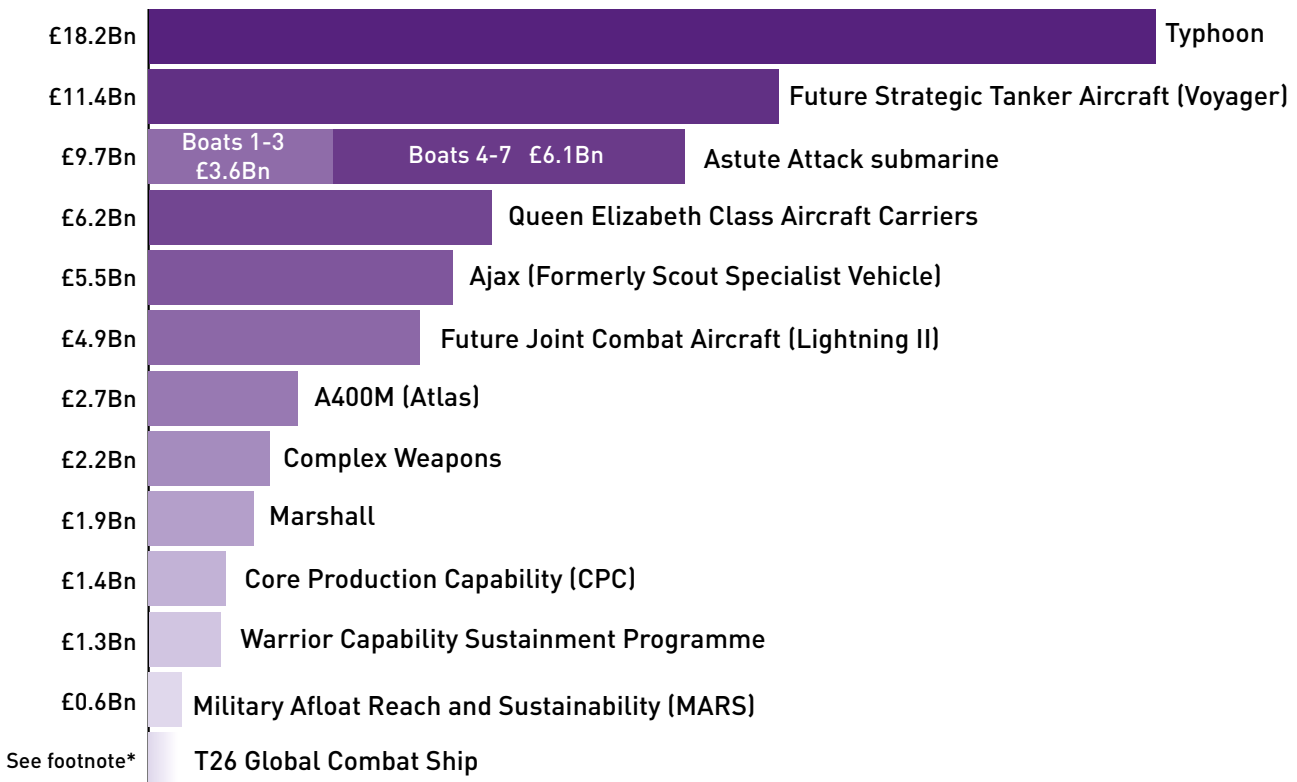
<sup>1</sup> Source - HRMS Nominal Roll as at 29th February 2016 - Rounded to the nearest 10

<sup>2</sup> Based on 2016 Quarter 3 DE&S Project Cost Review

## Examples of Equipment Procurement and Equipment Support Expenditure

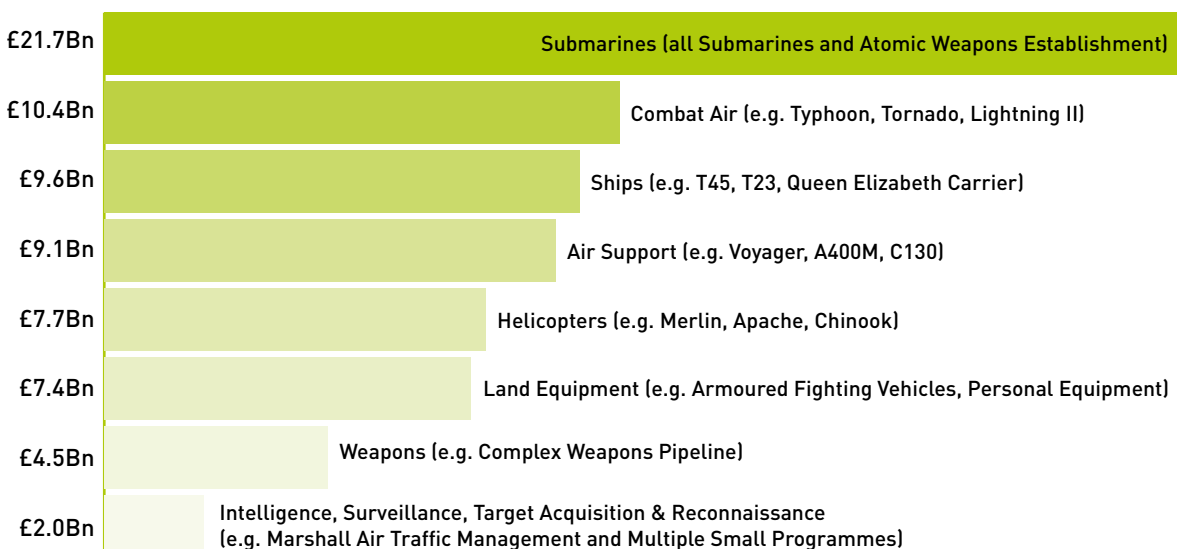
The following graphs provide an illustrative overview of expenditure across the DE&S programme of work. Taken as a snapshot in time, Figure 1 depicts our largest equipment projects where MOD has taken the decision to invest, as published in the 2015 Major Project Report. Figure 2 depicts the largest planned equipment support expenditure against DE&S Operating Centres for the next 10 years, as published in the Defence Equipment Plan 2015.

Figure 1



\*The Department has only approved expenditure on the demonstration phase and long lead items associated with the manufacture phase for Type 26, but has not yet formally considered a business case for full investment in the manufacture phase. For this reason the overall costs of the project remain commercially sensitive.

Figure 2





# DE&S - Delivery and Success

## Association for Project Management (APM) - 'Programme of the Year' Award



In November 2015, the DE&S Helicopters Operating Centre Team won the 2015 Association for Project Management (APM) 'Programme of the Year' Award. The Award recognises the work undertaken over the past six years in delivering against the '2009 Rotary Wing Strategy', in particular the delivery of five new helicopter capabilities and support cost and savings of some £440M over the next five years. In financial year 2014/2015, the Helicopters Operating Centre has delivered some of the most technologically advanced and well supported helicopter fleets in the world. The Puma Mk2, Merlin Mk2, Chinook Mk6 and both the Royal Navy and British Army Wildcats have all been declared ready for operational use. As a result, UK forces now have new military capabilities that can be deployed around the world with, for example, the Merlin Mk2 being deployed to help tackle the spread of Ebola and the Puma Mk2 contributing to NATO's training and assistance mission in Afghanistan.

## Our Ministers and the Owner's Council

DE&S is a Bespoke Trading Entity<sup>2</sup>, an Arm's Length Body of the Ministry of Defence. The Secretary of State for Defence is accountable to Parliament for all aspects of DE&S' performance, including its strategy, operation, performance and the effectiveness of its governance arrangements.

The Secretary of State for Defence delegates the day-to-day ownership responsibilities for DE&S to the Minister for Defence Procurement (Min(DP)).



The Rt Hon Michael Fallon MP  
Secretary of State for Defence

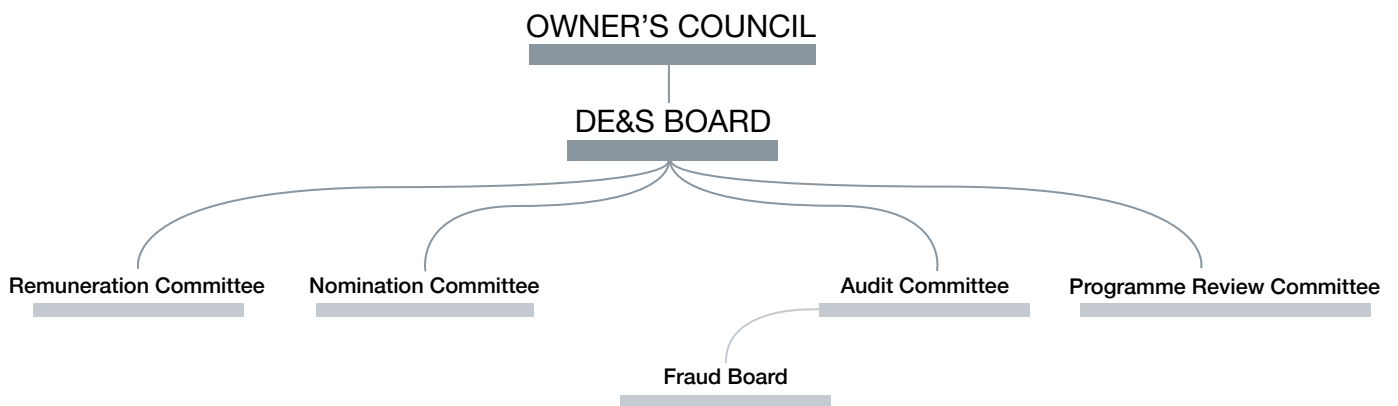


Philip Dunne MP  
Minister of State for Defence Procurement

### The Owner's Council

Min(DP) chairs the Owner's Council through which he exercises formal oversight of the performance of the organisation. This includes setting DE&S' strategic objectives, approving the Corporate Plan and maintaining strategic oversight of performance. The Owner's Council meets at least twice a year. Membership includes the MOD Permanent Secretary (PUS), the Director General Finance, the Director

General Head Office and Commissioning Services - the Defence Authority for the Acquisition System - and the Deputy Chief of the Defence Staff (Military Capability) as the Customer representative. The DE&S Chair and DE&S Chief Executive Officer also attend, and a standing invitation is extended to the Cabinet Office Chief Commercial Officer.



<sup>2</sup> HM Treasury Publication, Managing Public Money July 2013 Chapter 7 Paragraph 11.

## The DE&S Board

The DE&S Board is chaired by the lead Non-Executive Director and Chairman, Paul Skinner. Alongside him are three independent Non-Executive Directors: James Dorrian, Paul Smith and Andrew Wolstenholme, who bring special skills and delivery in Human Resources, Audit and Project Management respectively. Other board members include the MOD Permanent Secretary (PUS) and Deputy Chief of the Defence Staff (Military Capability) as MOD non-executives, the DE&S Chief Executive Officer and the DE&S Director General Resources (as Chief Finance Officer). Other Executives may attend as

deemed necessary. The Director General Head Office and Commissioning Services will attend as PUS representative if required.

The Board provides strategic governance for DE&S and a robust forum for independent, non-executive support and constructive challenge to the Chief Executive and the Executive Committee. The DE&S Board delegates some activities to sub-committees of the Board, namely the Audit, Remuneration, Programme Review and Nomination Committees. The Chairman ensures that the Board receives feedback on these sub-Committees and that it is able to consider their recommendations.



**Paul Skinner CBE - Chairman**  
Former Group Managing Director of Royal Dutch/Shell, Chairman of Rio Tinto and Chairman of Infrastructure UK in HM Treasury



**Stephen Lovegrove**  
MOD Permanent Secretary (PUS)



**Tony Douglas**  
DE&S Chief Executive Officer



**Lt Gen Mark Poffley OBE**  
Deputy Chief of the Defence Staff (Military Capability)



**Michael Bradley DE&S**  
Director General Resources



**James Dorrian**  
Non-Executive Director  
Former Executive Vice President HR Royal Dutch Shell, HR Director Shell UK and Marketing Director Shell France



**Paul Smith**  
Non-Executive Director  
Former Ford UK Finance Director and presently a Non-Executive Director for a number of private and public sector organisations




**Andrew Wolstenholme OBE**  
Non-Executive Director  
Previously a Construction Director for BAA plc and a Director of Innovation and Strategic Capability for the Balfour Beatty Group. Currently the CEO of Crossrail


## The DE&S Executive Committee

DE&S is led on a day to day basis by the Executive Committee, which consists of the Chief Executive Officer, Director General Resources as Chief Finance Officer,


the Director General Commercial and four Chiefs of Materiel who lead the delivery of the programme of work in their respective domains.




**Tony Douglas**  
Chief Executive Officer




**Vice Admiral Simon Lister**  
CB OBE  
CoM(Fleet)




**Lt Gen Paul Jaques CBE**  
CoM(Land)




**Air Marshal Julian Young CB**  
OBE RAF CoM(Air)  
(wef 29 April)



**Pete Worrall**  
CB OBE CoM  
(Joint Enablers)



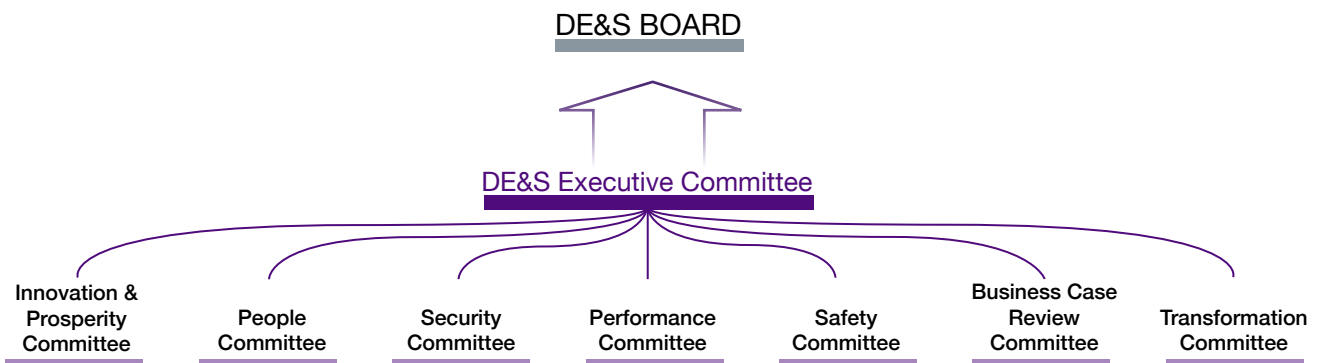
**Michael Bradley**  
DG Resources



**Nick Elliott**  
DG Commercial

The DE&S Executive Committee provides collective direction to and oversight of all DE&S activity. It is responsible for delivering the DE&S programme of work, as set out in the Command Acquisition and Support Plans, within set Performance, Cost and Time targets; managing DE&S resources – human, finance

and infrastructure – in an effective, efficient and safe way to deliver DE&S’ outputs; and managing and delivering the work required to successfully transform DE&S into a ‘Match Fit’ organisation by 2017. The following subordinate Committees provide specialised support to the Executive Committee.



# DE&S - Delivery and Success

A400M Atlas projecting UK military power globally – the new generation of transport aircraft.



A400M Atlas, the latest element of the modernisation of the RAF Air Transport fleet, was officially declared In Service in September 2015 signalling that this brand new aircraft, built using cutting edge composite materials, was available for worldwide operations. Of the 22 aircraft ordered, nine have been delivered so far, with the remainder due to be delivered by mid-2018. Since taking our first delivery in November 2014, efforts have focussed on proving the initial capability of the aircraft and building up the first cadre of RAF aircrews through a series of training and operational sorties and other trials. Work to prove the more advanced military capabilities of A400M Atlas (which include parachuting, aerial delivery of supplies and equipment to ground forces and advanced self-protection capabilities) is on-going and will enable the full utility of the aircraft to be realised over the coming years. An innovative contractor-led support service, providing all lines of aircraft maintenance, has been established at RAF Brize Norton and is delivering high levels of availability. A key element of this service, which draws upon proven commercial airline practices, is a single contractor operated Engineering Organisation with embedded RAF personnel to enable the development of the skills necessary to ensure flexibility for deployments. In Service Support is delivered via a joint venture with France (another A400M operator) and has already delivered cost savings and economies of scale to both nations through pooled spares and shared common services and costs; plans are underway to further develop this support co-operation and open it up to other nations.

# Our Achievements in 2015 – 2016

Our three year programme of transition and transformation began in 2014 and initially focused on the introduction of a new governance structure, development of our transformation plans and analysis of how best to give effect to our management freedoms, secured through our move to Bespoke Trading Entity status. Over the last 12 months, we have taken this to the next level, concluding baselining work, and beginning to implement the new policies and procedures that will drive our transformation. Specifically we have:

- ✓ Agreed the Command Acquisition and Support Plans with our Customers, setting out what equipment, support and services DE&S will acquire on their behalf, for what budget and to what timescale.
- ✓ Continued to deliver tangible improvement in delivering the DE&S programme of work, as set out in the Command Acquisition and Support Plans.
- ✓ Completed the roll out of our Time Recording and Charging system, as part of developing a mechanism for “charging” DE&S Customers to enable the entity to “trade”.
- ✓ Launched our 11 professional functions, as part of moving to a balanced matrix, which will allow us to deploy our people according to their skill set and availability.
- ✓ Attracted over 1100 new staff to DE&S and extended our programme of recruitment to better meet projected business requirement by running a greater number of campaigns, with more focus on platform specific recruitment.
- ✓ Introduced a new Improving Performance Policy to provide a framework for better understanding individual performance levels and allow us to manage performance issues more effectively.
- ✓ Held the inaugural DE&S Safety Day, across all our main sites, to promote our positive safety culture and demonstrate our commitment to safety at all levels throughout the organisation.

Key Successes across the DE&S programme of work in 2015 include:



Steel was cut on the second of three new Royal Navy Offshore Patrol Vessels.

As part of its Airseeker Programme, the second signals intelligence aircraft was delivered to the RAF, seven months early.



A £300M contract was awarded to sustain ASRAAM air-to-air missiles used by RAF Typhoon jets.

A £390M contract was awarded to support the British Army's next generation Armoured Fighting Vehicles.



HMS ARTFUL, the latest Astute Class submarine, officially joined the Royal Navy fleet following a commissioning ceremony in March 2016. The Astute Class are the largest, most advanced and most powerful attack submarines ever operated by the Royal Navy.

The Royal Air Force's transport fleet reached a key milestone when A400M achieved its In Service Date.



A 13 year contract was awarded to run the procurement and inventory management of commodity items and the storage and distribution elements of Logistics Commodities and Services, thereby providing best value for money for the UK taxpayer and improved responsiveness and agility to supplying our Armed Forces.

### The Current Context

**Transformation:** Since 2010, the MOD has implemented an extensive programme of Defence Transformation, covering force structures, equipment, personnel, bases, efficiency and reform. A number of fundamental changes have been delivered including delegations from Head Office to the Commands and implementation of a new Operating Model for Defence. A core element of the transformation agenda is the reform of the acquisition system, designed to ensure it becomes more efficient and effective. DE&S transformation is being taken forward under the Materiel Strategy Programme and we are now two years into the three year timeline of transition and transformation, embedding the necessary business changes to ensure that, by 2017, we are 'Match Fit' to face the future.

**Strategic Defence & Security Review (SDSR 2015):** As anticipated, the SDSR involved a full and thorough review of Britain's overall national security policy and requirements. The report was published in November and delivered a strong outcome for Defence, underpinned by the Government's commitment to a rising defence budget until the end of the decade. The SDSR recognises that the risks and threats to our national security have increased in scale, diversity and complexity since SDSR 2010. A key outcome is Joint Force 2025, designed to deter threats, protect our people and allies and improve the UK's ability to respond to crises. The force will be equipped with a range of new and enhanced capabilities and DE&S will play its part in delivering the associated SDSR outcomes as effectively and efficiently as possible.

**Our Customers:** We will continue to develop strong relationships with our Customers: Navy Command, Army Command, Air Command, Joint Forces Command, Strategic Programmes and Director General Nuclear<sup>3</sup>, recognising their reliance on DE&S. We will deliver the agreed DE&S programme of work to our Customers, as set out in the Command Acquisition and Support Plans. We will continue to play our role in delivering the capability requirements of our Customers and to defence as a whole as set out in the Defence Plan. As part of the acquisition system, we will work to improve accountability, requirement-setting and delivery to performance, cost and time.

**Our People:** We recognise that our people are our most important resource and that the skills they possess are vital and must be maintained. Where those skills are in place we will value them, where they can be developed we will provide the investment to do so, and where they can only be found outside of DE&S we will compete vigorously to acquire them. In particular, we will create a performance building culture; one of personal accountability and recognition which is commensurate with the challenge and responsibilities against which our people deliver; and an inclusive environment where a wide diversity of talent is welcome and can flourish.

**Our Suppliers:** We will continue to work with our suppliers (including Prime Contractors and Small & Medium Enterprises) to meet the needs of our Customers, to deliver value for money for the taxpayer, and to build for future capability. Our first priority in doing so is to ensure that the right equipment is available to the Armed Forces in the right numbers and at the right time; we will negotiate robustly to deliver this requirement. In particular we will work with our suppliers to design an effective system to measure project performance and progress such as Earned Value Management.

**Technology:** We recognise the need to make more of the opportunities offered by emerging technologies and to adopt more of the innovation seen in other sectors to reduce the costs and increase the agility and flexibility of our military equipment and capability. In particular, we will continue to work via the Defence Suppliers Forum and its sub-groups to ensure that defence is effectively positioning its current solutions as well as its future skills and capabilities to maximise the opportunities from new and non-defence technologies.

**Financial Management:** We will manage the operating costs of DE&S within a very challenging budgetary envelope, and will achieve this through reducing our dependence on expensive private sector support and strengthening our internal capabilities where necessary. We will also continue to lead the Department's efforts to drive down its total inventory holdings by disposing of unnecessary items and tightly controlling new purchases, and will work closely with our Customers, who manage the DE&S elements of the equipment procurement and equipment support budgets totaling some £16 Billion per annum.

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<sup>3</sup>The Director General Nuclear organisation will act as the single sponsor for all aspects of the defence nuclear enterprise, from procurement to disposal, with responsibility for submarines, nuclear warheads, skills, related infrastructure and day-to-day nuclear policy.



# DE&S - Delivery and Success

Trials, Evaluation Services and Targets - Rapid,  
Cost-effective Solutions for Trials and Evaluation



The DE&S Trials, Evaluation Services and Targets (TEST) Team discharges its responsibilities through the management of the Long Term Partnering Agreement and the Combined Aerial Targets Service (CATS) contracts with QinetiQ.

DE&S and QinetiQ staff provided key support as Allied Nations had their capability to provide air and missile defence tested during the At Sea Demonstration 2015 (ASD15) for the Maritime Theatre Missile Defence Forum. Hosted at the Hebrides Air Range, ASD15 drew on the full capabilities of the new range control systems, and deployed CATS aerial targets to create a series of complex multiple target engagements – including the United States Terrier-Orion high altitude ballistic target.

The primary purpose of this high profile exercise was the assessment of ship interoperability and measurement of individual and collective Integrated Air and Missile Defence capability. In addition, the United States, with the assistance of its Forum partners (Canada, Italy, Netherlands, Spain, France, Norway and the UK) conducted the first Ballistic Missile Defence (BMD) capable Standard Missile 3 launch in Europe, which included the first international ship transmissions of BMD cues to a United States Navy guided missile destroyer.

For the UK, ASD15 offered a unique target capability for the system test and assessment of the Type 45 Destroyer's Combat Management System including the SAMPSON Multi-function Radar and SEA VIPER weapon system.

### DE&S Strategic Objectives

DE&S has agreed the following strategic objectives with its Owner to be delivered across the period of this Corporate Plan.

**a. DELIVERY** (ongoing activity through to 2019)

Deliver safely the agreed DE&S programme of work and associated support and services to our Customers:

- Improve delivery within the agreed performance, cost and time envelope and against other metrics included in the Command Acquisition and Support Plans assessed over the course of a financial year
- Maintain, and where possible improve, delivery performance during transformation
- Ensure DE&S operating expenditure is within the allocated provision
- Provide ongoing availability of equipment that is safe to operate

**b. TRANSFORMATION to a MATCH FIT ORGANISATION** (from 2015 to 2017)

Implement the DE&S Transformation Implementation Plan to create a 'Match Fit' DE&S defined as:

- Equipped to deliver its promises and on the right track to becoming a leader in Defence acquisition and in-service support
- Able to deploy its people functionally and flexibly to task
- Using standardised ways of working to help staff to maximise their time and minimise wasted effort
- Supported by a pay and performance system that rewards good performance
- Developing a Management Information system underpinned by the principle of input once and use many times

**c. LEADERSHIP AND ENGAGEMENT**

Build a culture of professionalism, continuous improvement, effective engagement and high performance through creating an exciting and challenging set of business targets where delivery will be rewarded. This will result in:

- Strong leadership behaviours, which will enhance the DE&S reputation and support our delivery of the programme of work
- Improved results in the annual DE&S Employee Engagement Survey
- Leaders at all levels using effective processes and tools in an agreed, defined, coherent and consistent manner

These Strategic Objectives are underpinned by a set of detailed Corporate Key Performance Indicators (KPIs), summarised at Annex A, which are designed to measure the corporate performance of DE&S.

# DE&S - Delivery and Success

## Puma Mk2



In December 2014 the then Minister of State for the Armed Forces, Mark Francois MP, announced that the Puma HC Mk2 would deploy to Afghanistan in support of the ongoing training and assistance mission, known as Operation TORAL. Following an early declaration of Initial Operating Capability, three aircraft deployed to Kabul in March 2015 where they are providing vital aviation support to British and coalition troops who are assisting the Afghan Government and Afghan National Security Forces. This task includes the movement of people who would otherwise need to make more dangerous journeys by road, so the capability is undoubtedly saving lives.

Some of our key deliverables

16/17

Crowsnest – End of Assessment Period

1st Quarter 16/17

2nd Spiral of Project Interventions Commence

Mine-countermeasures Hydrographic Capability - Achieve Investment Approvals Committee Approval - Marine Maritime Counter Measures Stages 2 - 4 Review

Radar Type 997 – All systems delivered and available for ship installation

Submission of Annual Astute Class Information Note

2nd Quarter 16/17

Voyager – Full Service Delivery

Lightning II – Delivery of UK's 5th Aircraft

17/18

DE&S Maturity Assessment (1)

1st Quarter 17/18

Submission of Annual Astute Class Information Note

Spearfish – Upgrade ready for Trial Series 3/4 (2nd submarine firing)

2nd Quarter 17/18

Chinook Low Visibility Landing – Initial Operating Capability

18/19

1st Quarter 18/19

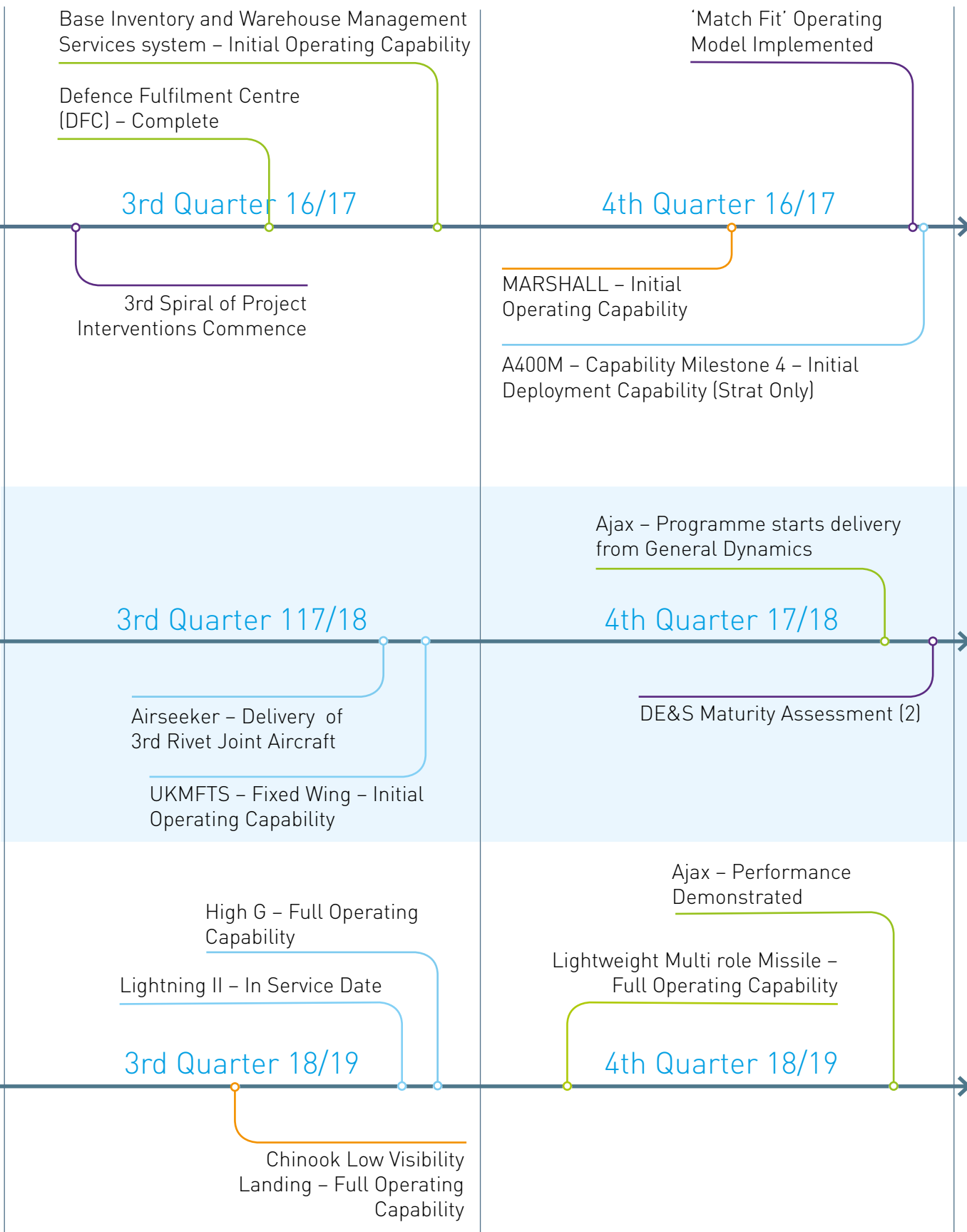
Commence contracts for Commercially Supported Shipping Future In Service Support strategy

DE&S Corporate Plan Refresh commences

2nd Quarter 18/19

DE&S Annual Report and Accounts - draft circulation

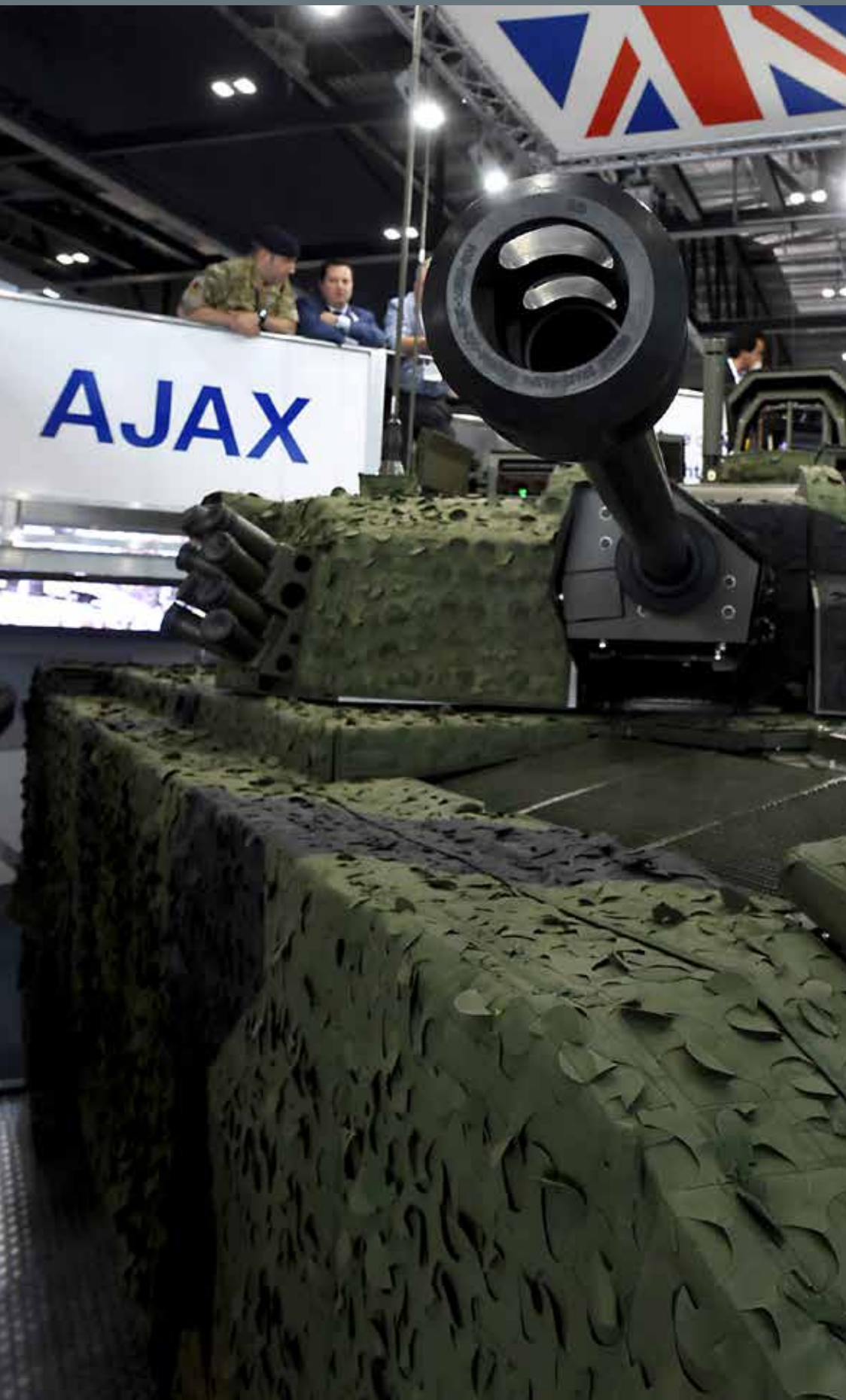
Equipping and supporting our Armed Forces



Getting better at getting better

# DE&S - Delivery and Success

Ajax - Extended Initial In-Service Support -  
World Class Support for World Class Vehicles.



The Ajax programme (previously known as the Scout Specialist Vehicle) represents the biggest single order for a UK armoured vehicle in 30 years, and is expected to support approximately 2,650 jobs across over 160 UK suppliers. A £3.5Billion contract was awarded in September 2014 to General Dynamics Land Systems UK to supply 589 Ajax variants, training systems, and an initial two years of in-service support. The first vehicles will be delivered to training schools in 2017, with initial operating capability planned in 2020 and full operating capability in 2025.

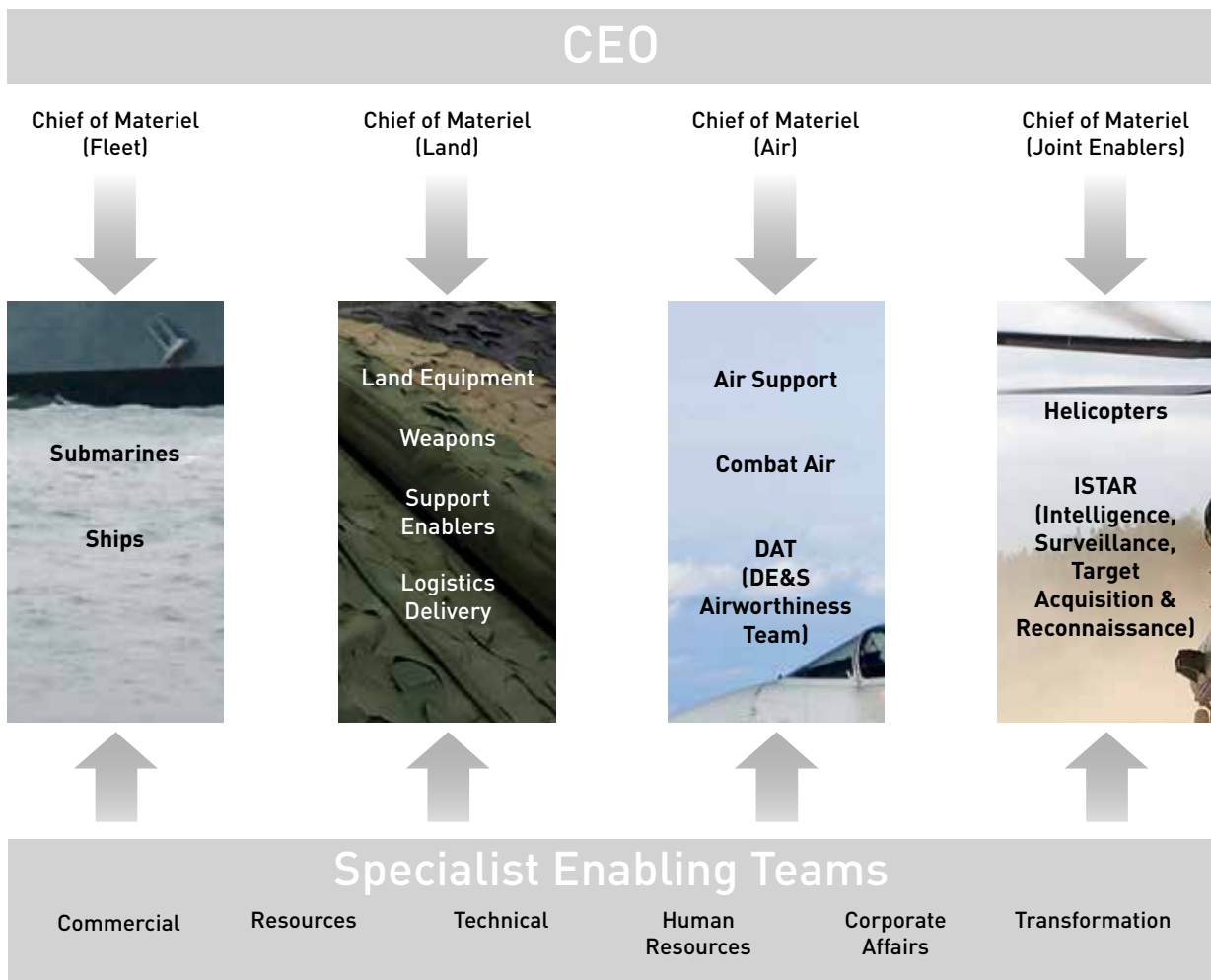
The contract was extended in August 2015 to deliver in-service support for the Ajax programme up to 2024, delivering onshore technical engineering and maintenance from a site in South Wales, and giving DE&S the ability to test the market for long-term logistic support services. The entire process, from receipt of General Dynamic's proposal, through internal MOD approval, to negotiating and agreeing the contract extension, took only seven months, demonstrating the benefits of collaborative working amongst all concerned.

## How We Work With Our Customers

DE&S works closely with the Front Line Commands, Strategic Programmes and Director General Nuclear to provide the materiel required by the Armed Forces. At senior level, the Chief Executive Officer leads the delivery of DE&S outputs to our Customers, engaging with Min(DP), senior officials and military commanders throughout the wider MOD and across Government. The Chief Executive Officer will sign the Command Acquisition and Support Plans (CASP) with each Customer, capturing formally the agreed outputs against which the DE&S teams will deliver.

DE&S staff provide a range of costing advice; technical expertise; logistic and equipment support; and personnel to current operations. We also have a lead role in contract negotiation and relationships with industrial suppliers to deliver equipment, support and logistics and other services.

Under the Chief Executive Officer's leadership, the DE&S business is organised into the four domains of Fleet, Land, Air and Joint Enablers. Each domain is headed by a 3\* Chief of Materiel (CoM) who is responsible for the relationships with a Command and accountable to the Chief Executive Officer for delivering their outputs to plan, and for safeguarding regularity and propriety. The CoMs are supported by Customer Relationship Teams who manage the day to day relationship between DE&S and the Customers. The CoMs oversee a number of Industry facing Operating Centres, led at Director level, and containing the project and support teams. DE&S also has a number of specialised functional teams who provide advice and support to the Executive Committee as outlined in the following graphic:



# Chiefs of Materiel – Domain Responsibilities



**CoM(Fleet) Vice Admiral Simon Lister CB OBE** is responsible for the availability and acquisition of ships, submarines, strategic weapons and the integration of maritime capability delivered by teams outside his core Ships and Submarine Operating Centres. CoM(Fleet) ensures that support to maritime operations is delivered coherently and effectively to the Customer's requirements.

As at April 2016, examples of CoM(Fleet) projects include:

**Successor** – Replacing the Vanguard Class submarines in order to maintain the nuclear deterrent. The project is currently nearing completion of the Assessment phase.



**Mine-countermeasures Hydrographic Capability (MHC)**  
A transformational approach to MCM and Hydrographic capabilities exploiting unmanned, off-board systems. Upgrading and replacing the current MCMVs and SVHOs. The programme is in the Assessment Phase.



**Type 26** – Global Combat Ship - Proposed replacement to the current Type 23 Frigate that is currently in the detailed design and assessment phase.

**Queen Elizabeth Class** – Royal Navy Aircraft Carrier. Will provide a new Carrier Enabled Power Projection capability for the UK for the next 50 years.



### Examples of Support Activity:

- Support, maintenance and upgrade of Vanguard, Trafalgar and in service Astute Class submarines.
- Completion of HMS VENGEANCE Long Overhaul Period(Refuel) and return to operational service.
- HMS VANGUARD Deep Maintenance Project and refuel.
- HMS DIAMOND successfully completed her Maintenance Period 3 Support Period.
- Completed the upkeep period on T23 Frigate, HMS MONMOUTH.

### Operating Centres:

- Submarines
- Ships



**MARS Fleet Tankers** – Will maintain the Royal Navy's dedicated bulk fuel Replenishment At Sea Capabilities, supporting the fleet as an integrated part of the Task Groups, including Carrier Strike.





**CoM(Land) Lt Gen Paul Jaques CBE** is responsible for the Land Domain which buys and supports ground combat and support equipment, all munitions (including Complex Weapons), logistic information systems, and a range of commodities for all three Services, and stores and distributes them.

**As at April 2016, examples of CoM(Land) Projects include:**



**Defence Fuels Acquisition Programme** – Delivering contractual arrangements to enable the provision of bulk aviation and marine fuels worldwide and limited ground fuels outside the UK, ensuring that the most suitable, best value-for-money supply chain solution is delivered for defence.

**Ajax** - Armoured Cavalry capability to meet the requirements of Army 2020



**Spearfish Heavyweight Torpedo Upgrade** – The Spearfish heavyweight torpedo is the only weapon embarked in submarines for offensive and defensive operations against ships and other submarines. The mid-life upgrade will exploit modern technologies and sustain a credible weapon for safe submarine operations.

**Examples of Support Activity:**

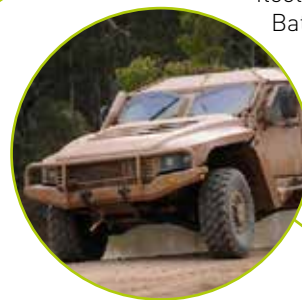
- Delivery of strategic deployment, sustainment support and recovery of materiel and personnel to support current and contingent operations.
- In-service sustainment of contingent war stock of complex weapons and general munitions.
- Manage the contract with Babcock DSG for the fleet management and engineering support services for a wide range of land equipment.
- Defining, designing, deploying and controlling coherent support chain processes and providing centralised support chain optimisation services.
- Disposal of defence equipment that is surplus to requirement on behalf of the Department.

**Operating Centres:**

- Land Equipment Operating Centre (LEOC)
- Logistic Delivery Operating Centre (LDOC)
- Support Enablers Operating Centre (SEOC)
- Weapons Operating Centre (WOC)



**Multi Role Vehicle(Protected)** – A general purpose vehicle in command & control, liaison, logistics and personnel carrier variants, with improved protection over current fleets. Future Protected Battlefield Ambulance and Lightweight Protected Mobile Recovery projects have been linked to MRV-P to drive efficiencies.



**Tactical Hearing Protection System** – A family of systems providing soldiers with hearing protection, appropriate to role. THPS provides protection from noise whilst maintaining situational awareness and the ability to use communication systems.





**CoM(Air) Air Marshal Julian Young CB OBE RAF** leads the Combat Air and Air Support Operating Centres, and is responsible for equipping and supporting Front Line Commands for air operations now and in the future and for oversight of technical airworthiness. He is the RAF Chief Engineer and Air Member for Materiel on the Air Force Board. CoM(Air) also Chairs the DE&S Safety Committee.

## As at April 2016, examples of CoM(Air) Projects include:

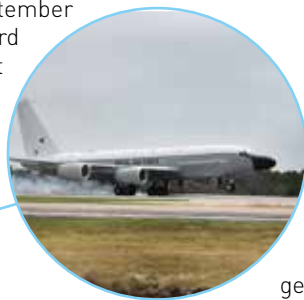
- Reaper 15-19 Extension** – Extension of Reaper in service out to 2019.
- Typhoon** – Continued commitment to the growth of Typhoon air to ground capability has been marked by the signing of two key weapon integration agreements: a £120M contract signed at the Farnborough International Air Show in July 2014 for Storm Shadow and a £165M contract for the Typhoon Phase 3 Enhancements (P3E) programme, which was awarded in February 2015. The P3E programme will deliver a number of upgrades including the integration of the Brimstone 2 weapon system.



- Lightning II** – The F-35 Lightning II is a fifth generation, multi-role, stealth aircraft containing cutting-edge technologies. It will deliver an affordable, sustainable, expeditionary airpower capability for the UK and will be jointly manned by the Royal Navy and Royal Air Force. So far 3 aircraft have been delivered into service and these are engaged in operational test and training alongside our US partners.



- Airseeker** – Airseeker provides the UK with its primary airborne electronic surveillance capability, able to collect, analyse, fuse and disseminate a coherent and readily interpretable electronic surveillance picture in support of national/joint/coalition operations. The second aircraft was delivered in September 2015 and the third and final aircraft is scheduled for delivery by December 2017.



**A400M** - Atlas is the next generation of RAF Air Transport capability. Providing both tactical and strategic airlift, A400M Atlas will progressively replace the C-130 Hercules and complement the larger C-17. The In Service Date capability milestone was achieved in September 15, and intensive trials work is now underway ahead of the progressive introduction of further capability in the coming year. An innovative support solution being delivered jointly with industry at RAF Brize Norton is delivering high availability.



### Examples of Support Activity:

- Air domain logistics strategy/Inventory Management development
- Defence aircraft storage management
- RAF single-Service lead within DE&S
- Improvement of DE&S/ QinetiQ Air Division relationship

### Operating Centres:

- Combat Air
- Air Support
- DE&S Airworthiness Team



**CoM(Joint Enablers) Mr Pete Worrall CB OBE** is responsible for the delivery of equipment and support relating to helicopters and ISTAR (Intelligence, Surveillance, Target Acquisition and Reconnaissance) equipment. As a Joint Forces Command (JFC) Board Member he is responsible for DE&S delivery of capability to JFC.

As at April 2016, examples of CoM(JE) Projects include:



**Falkland Islands Search and Rescue and Support Helicopter (FISARSH) –**

The project delivers new AW189 civilian helicopters to the Falkland Islands in 2016 to take over provision of Search & Rescue services from RAF Sea Kings, and will also provide 2 Sikorsky S-61s in a Support Helicopter role transporting personnel and equipment.



**Apache Helicopter Capability Sustainment Programme –**

This addresses obsolescence issues by replacing the Apache Mk1 helicopters with Apache AH-64E, the same standard as the US Army. This programme will re-use systems from the current Mk1 aircraft where economic to do so. The programme is currently in the Assessment Phase.



**Chinook Low Visibility Landing - Chinook Digital Automatic Flight Control System (DAFCS)**

this provides enhanced handling qualities and stability to the legacy fleet, reducing crew workload and improving safety, especially when operating in degraded visual environment conditions. The capability is proven already on new Mk6 aircraft and the programme will complete by end-2018.



**Ground Based Air Defence –**

To provide a networked GBAD capability comprising Land Ceptor missile systems and Giraffe Agile Multi-Beam radars which are integrated into a Battle Management Command, Control, Communications, Computers and Information system.



**MARSHALL –** The provision of safe operation of aircraft at 65 MOD-operated airfields and associated sites in the UK and overseas

**Examples of Support Activity:**

- Wildcat Integrated Support & Training Pricing Period 2
- Cerberus – Air Command and Control System

**Operating Centres:**

- Helicopters
- ISTAR (Intelligence, Surveillance, Target Acquisition & Reconnaissance)

## Specialist Enabling Teams



**Michael Bradley, Director General Resources** is the Senior Finance Officer for DE&S and has responsibility for the management of the DE&S Operating Cost budget. DG Resources leads the provision of advice and support on a range of financial and accountancy issues, including corporate finance, cost assurance and analysis, provision of key business services in through life investment assurance, and performance and risk management.



**Nick Elliott, Director General Commercial** provides strategic leadership across the full range of acquisition, procurement and commercial activities throughout DE&S. DG Commercial is the Head of Profession for all commercial staff in MOD, and represents the profession at our most senior level across government.



**Air Vice-Marshal Michael Quigley, Director Technical** has responsibilities at MOD level as the Defence Authority for Technical & Quality Assurance. Within DE&S, Director Technical acts as champion for the development of sustained capability (people & policy) including: Engineering, Project & Programme Management, Safety, Quality Assurance, Knowledge & Information Management, IT, Information Assurance and Scientific Research. Additionally Director Technical is the DE&S Chief Information Officer and has the responsibilities normally associated with an organisation's Chief Technology Officer.



**Barry Burton, Director Corporate Affairs** has responsibility for corporate governance, key stakeholder engagement, parliamentary business and policy and secretariat. Director Corporate Affairs ensures that the DE&S Board and Executive Committee have the necessary support; and as Head of Establishment at DE&S Abbey Wood, has responsibility for site infrastructure and security matters.



**Don Cuthbert, Director Human Resources** supports the DE&S Board and Directors in providing a framework in which people can contribute most effectively to delivery of DE&S outputs, and in shaping the way people are led, managed and developed.



**Geoff Robins, Director Transformation** has responsibility for management of the Managed Service Provider contracts and the transformation programme's relationship with other MOD wide change initiatives.

# DE&S - Delivery and Success

Logistics Commodities & Services Transformation (LCS(T)) - A generational change in the way we deliver logistics and commodities.

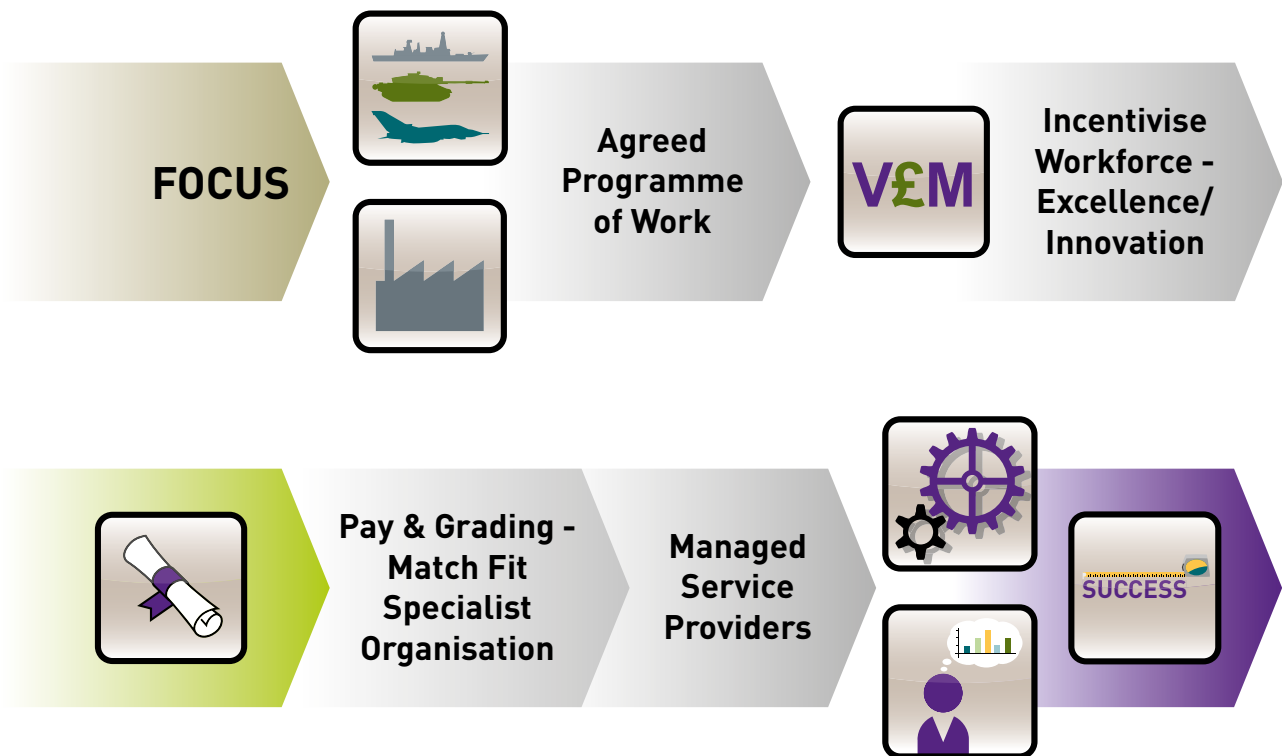


On 16 April 2015 the MOD signed a 13 year contract, worth approximately £6.7 Billion, with Team Leidos to run the storage, distribution and commodity procurement functions performed by the Logistics Commodities and Services (LCS) Operating Centre. As well as ensuring military requirements can continue to be met in the future, the LCS(T) programme will generate savings of around £0.5 Billion over the life of the contract. The changes involved the TUPE transfer of some 1,100 Logistics Commodities and Services staff to Team Leidos.

The programme represents a significant financial investment in new facilities, including £83M in the construction of a Defence Fulfilment Centre at Donnington in Shropshire, and £40M in new IT systems to provide the modern and efficient logistics services, for UK Armed Forces.

## How we will deliver

- ✓ We will focus on our Customers and suppliers to understand their needs and capabilities
- ✓ We will use that understanding in an agile and accountable way to deliver the agreed programme of work
- ✓ We will place cost and capital effectiveness at the centre of the proposals we make and the advice we offer, always cognisant of the imperative for value for money solutions, as we use taxpayers' money
- ✓ We will incentivise our workforce to strive for excellence and innovation in everything they do, both individually and collectively
- ✓ We will value their work and invest in the development of their skills, bringing in additional capability from the market where we need to
- ✓ We will develop a pay and grading strategy that delivers our need to become a specialist organisation that is 'Match Fit'
- ✓ We will ensure that Safety and Environmental Protection remains at the 'centre of our thinking'
- ✓ We will continue to use the Managed Service Providers, who bring specialist skills and expertise as well as experience in supporting transformational change in large and complex organisations, to help us deliver our outputs where necessary
- ✓ We will put in place effective tools and processes to understand the impact of our work, measure our performance against our targets, forecast cash flow effectively and provide our stakeholders with the required information on what we are doing



# DE&S Transformation

Since our launch as a Bespoke Trading Entity in April 2014, the DE&S Executive has been leading the development of a substantial business transformation programme under the Materiel Strategy programme, putting in place the mechanisms and resources for delivering successful business change.

We have brought in tailored private sector skills to provide strategic support and assistance with our transformation through contracts for Managed Service Providers (MSPs). Three companies: Bechtel, CH2M and PwC are acting as our transformation partners in defined areas of the business, providing the specialist skills and experience of large scale business transformation.

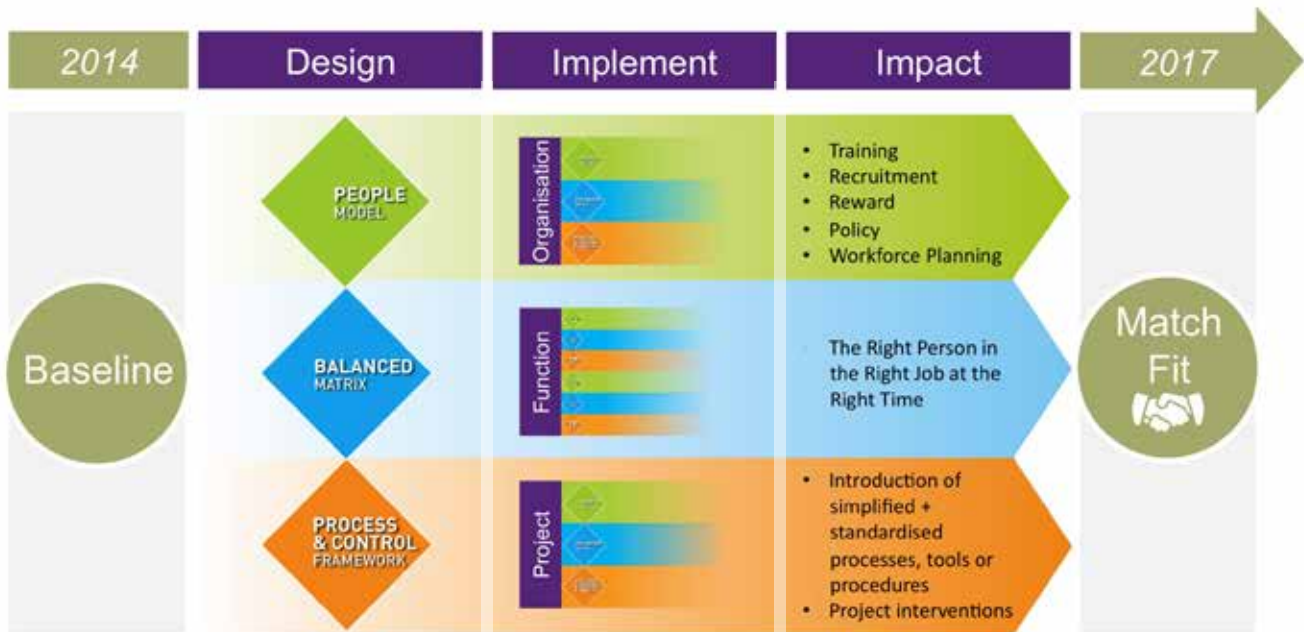
With support from the MSPs we will continue to focus on the outputs required by our Customers while working towards becoming 'Match Fit' by 2017. A Match Fit DE&S will be equipped to make the best use of our resources, with efficient and standardised ways of working, where the specialist skills of our staff are deployed flexibly to task to meet Customer needs. These are the building blocks we need to become a world-leading defence acquisition and in-service support organisation, a benchmark for other nations to follow, which meets the needs of its Customers while providing the taxpayer with clear value for money.



The establishment of DE&S as a Bespoke Trading Entity gave rise to robust new governance arrangements and unprecedented management freedoms in the way DE&S can operate. But this was just the first step in delivering the changes we need. Our transformation plan builds on the early baselining work we have undertaken and develops the initiatives and implementation work required to take us forward. It is based around the three key themes shown below.



These themes underpin three key categories of change: organisation wide, changes specific to our specialist functions and changes which impact how the support and acquisition project teams work on a day-to-day basis. We are taking a structured approach as we move from design into implementation, as depicted by the diagram below:



## Benefits of DE&S Transformation

Achievement of our transformation goals will secure significant benefits for DE&S and our key stakeholders. Driving for better value for money in acquisition and support, we will increase stakeholder confidence in our delivery and enhance the reputation of the organisation.





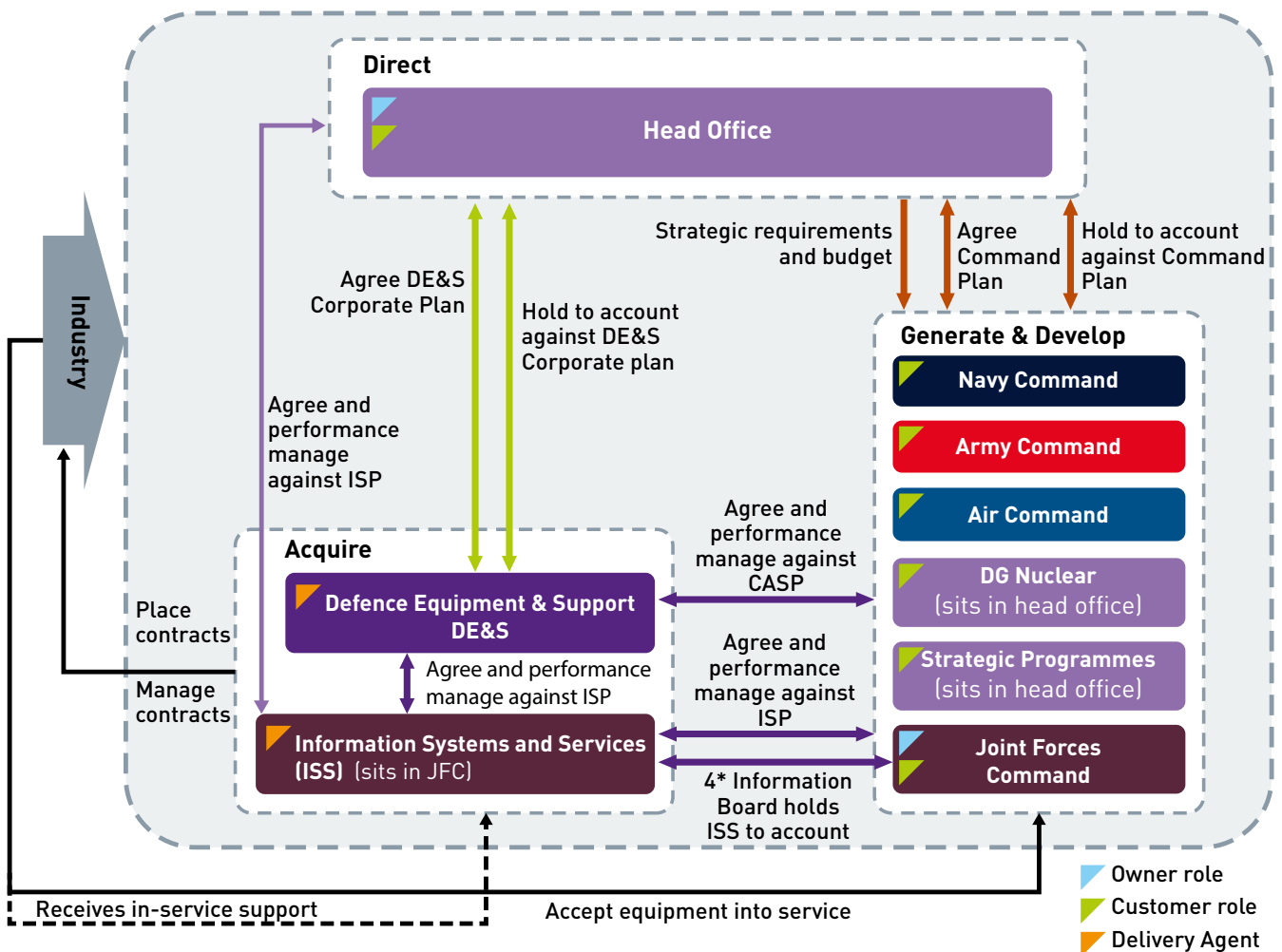
## DE&S and the Acquisition System

DE&S transformation is taking place against a backdrop of wider Defence reform. Our transformation is aligned with the role as envisaged for DE&S in the Report on Defence Acquisition 2009<sup>4</sup> and the work on wider Defence Reform led by Lord Levene<sup>5</sup>.

The simplified and improved Acquisition System, which includes DE&S, provides greater clarity of responsibilities and accountabilities. Head Office directs, delegates, empowers and holds to account.

Commands, Strategic Programmes and Director General Nuclear are responsible for setting the requirements for the Delivery Agents through the Command Acquisition and Support Plans, and in holding them to account for meeting them. The Delivery Agents - that is DE&S and Information Systems and Services (ISS) - are Customer facing, trusted to advise their Customers on the deliverability of their requirements, and capable of delivering them.

*The Acquisition System's top level accountabilities, organisations and interactions*



<sup>4</sup> Review of Acquisition for the Secretary of State for Defence. An independent report by Bernard Gray. October 2009

<sup>5</sup> Defence Reform an independent report into the structure and management of the Ministry of Defence. June 2011

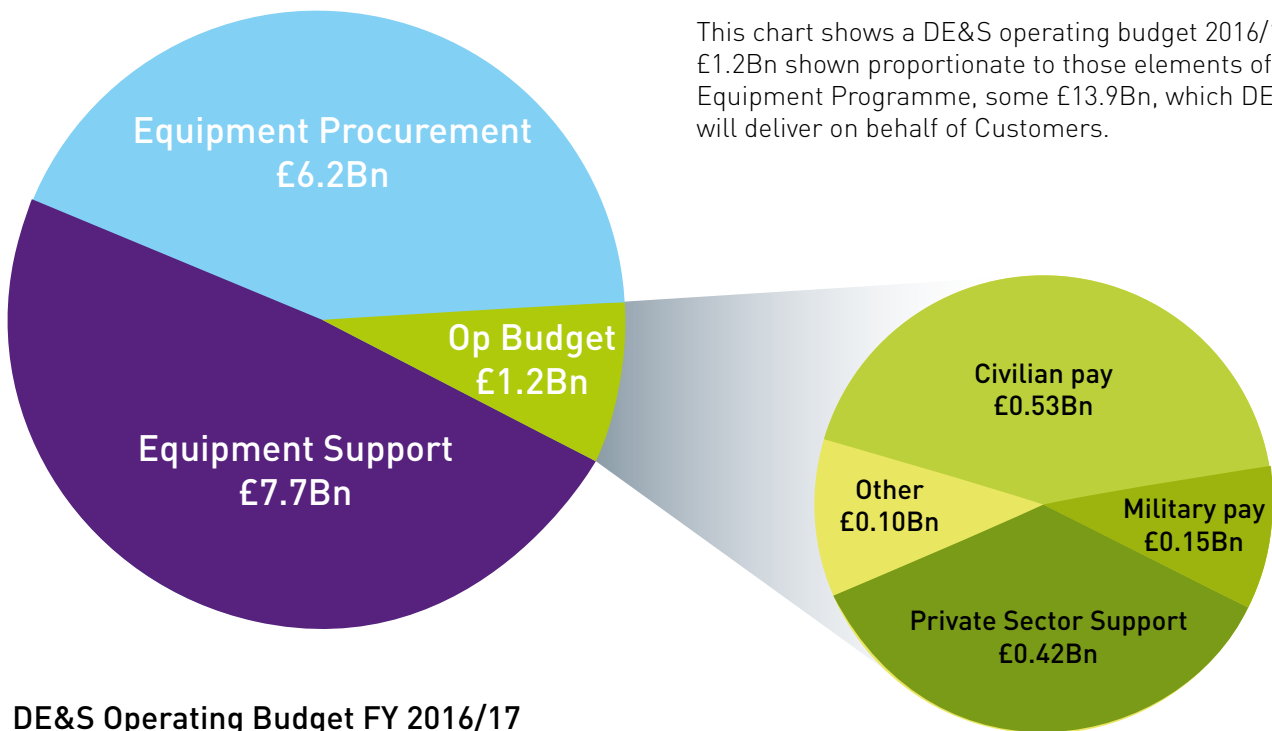
# DE&S - Delivery and Success

## Chemical Biological Radiological and Nuclear



As a result of a Defence Board Directive in September 13 to provide CBRN capability by 2015, the CBRN Team is delivering a package of CBRN capabilities. The refurbishment and return to service of 9 FUCHs area reconnaissance and survey vehicles achieved the stretch target of March 15. Under Project TROUT, 50 Aircrew Protection Systems were delivered in July 14, two months ahead of the DE&S Strategic Milestone. Under Project BOPSY, 5 CBRN-protected Staff Working Mobile Accommodation systems were delivered in March 15 (on target). Under Project NATIONAL, 3 Mass Personnel Decontamination systems were delivered in May 15, one month ahead of the approved Equipment Delivery Date. Under Project HAPTIC, a deployable Role 3 Field Hospital was delivered in June 15, overcoming many supply chain difficulties to meet the equipment delivery date.

## Our Resources



### Indicative Budget Allocations 2016 to 2017

This chart shows a DE&S operating budget 2016/17 of £1.2Bn shown proportionate to those elements of the Equipment Programme, some £13.9Bn, which DE&S will deliver on behalf of Customers.

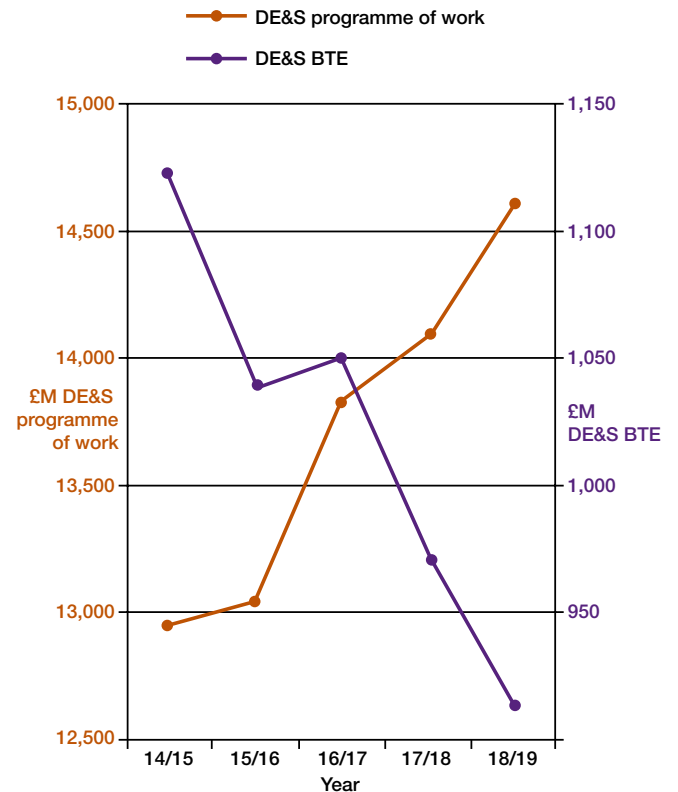
### DE&S Operating Budget FY 2016/17 to 2018/19

The table below shows the indicative profile for the DE&S annual operating budget, which have been set to drive significant efficiencies.

Financial Year	FY16-17	FY17-18	FY18-19
Annual Budget	£1.2Bn	£1.1Bn	£1.0Bn

In contrast, the graph (right) shows how the DE&S programme of work is set to increase over the duration of this Corporate Plan as we respond to the requirements of the 2015 SDSR.

The approach to managing the reduction in operating costs alongside an increasing programme will require DE&S to seek greater efficiency in the use of its budget, including reducing the dependence on expensive Private Sector Support and strengthening internal capabilities where appropriate. Private Sector Support is broadly defined as the amount of external capacity and capabilities purchased in the form of people and skills to supplement the DE&S in-house delivery of those elements of the Equipment Programme for which DE&S has responsibility.



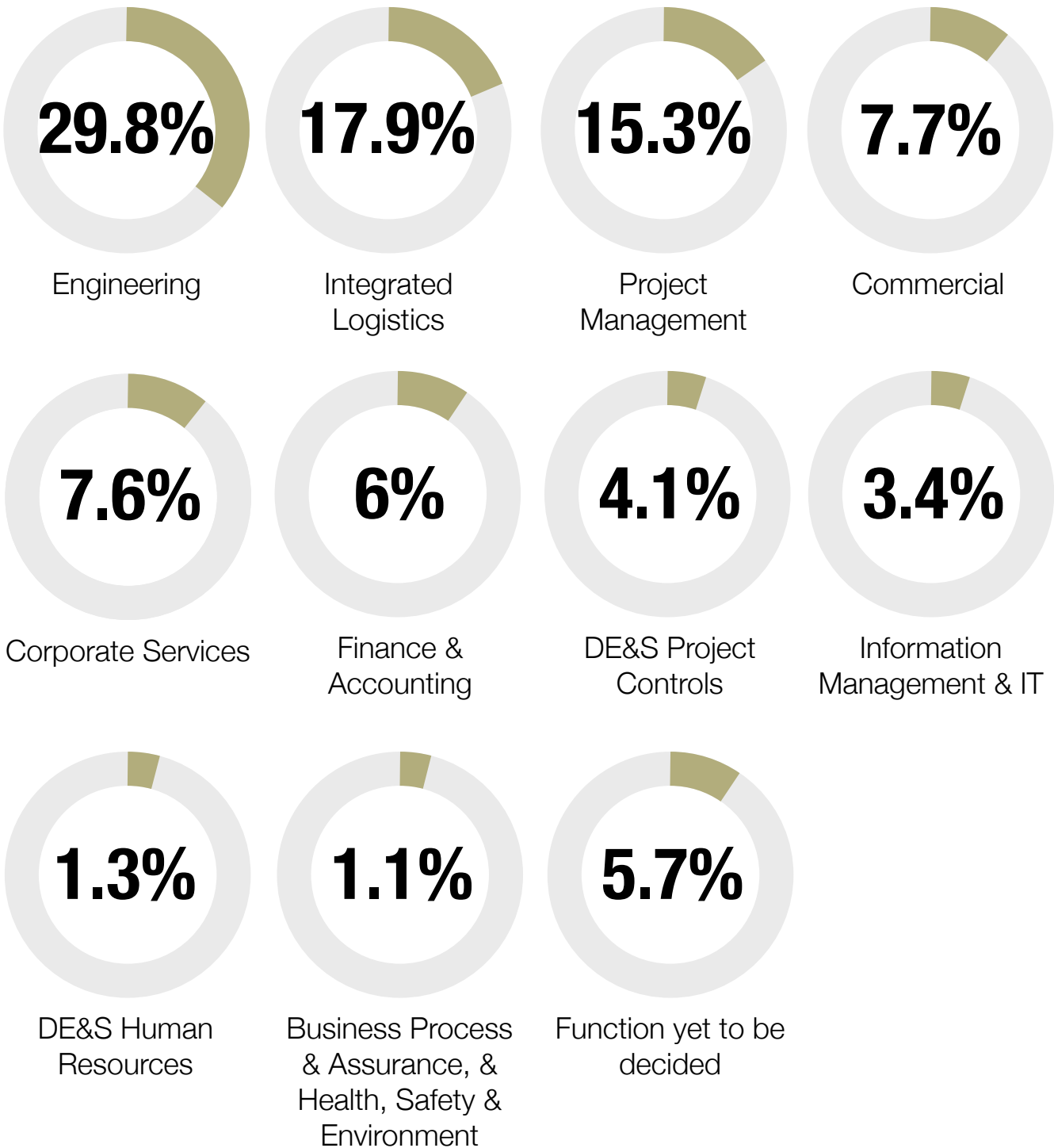
DE&S operating budget (excluding transformation costs) and DE&S programme of work FY14/15 to FY18/19.

NB. The uplift in the operating budget in 16/17 compared to 15/16 reflects the provision of additional resources to enable delivery of the SDSR capability investment programme.

## People and Scope

DE&S employs a range of specialists across a broad spectrum of disciplines to deliver its objectives. As part of moving to a Balanced Matrix, DE&S people are being aligned to one of 11 Functions, which will help

DE&S to develop and deploy people in a more focused manner. A breakdown of our 11 functions<sup>6</sup> is shown in the chart below<sup>7</sup>.



<sup>6</sup> Business Process and Assurance and Health, Safety and Environment have been grouped together due to the relative size of these Functions

<sup>7</sup> Source: DE&S Functional Alignment Master Data Set as at 17/03/16

# DE&S - Delivery and Success

## Operation GRITROCK - Supporting the Fight Against Ebola



Operation GRITROCK was the MOD's contribution to the UK effort to help combat the spread of the Ebola virus in Sierra Leone. DE&S staff played a vital role in supporting the response, which was led and funded by the Department for International Development (DFID).

Initial activities began in September 14, resulting in the busiest period of medical procurement and support since the start of operations in Iraq and Afghanistan. The DE&S Land Domain generated and deployed seven battlefield ambulances and nine operational field catering systems. In addition, some £4.9M of specialist equipment was procured on behalf of DFID, including four Level 4 laboratories, providing key facilities for personnel working on the ground.

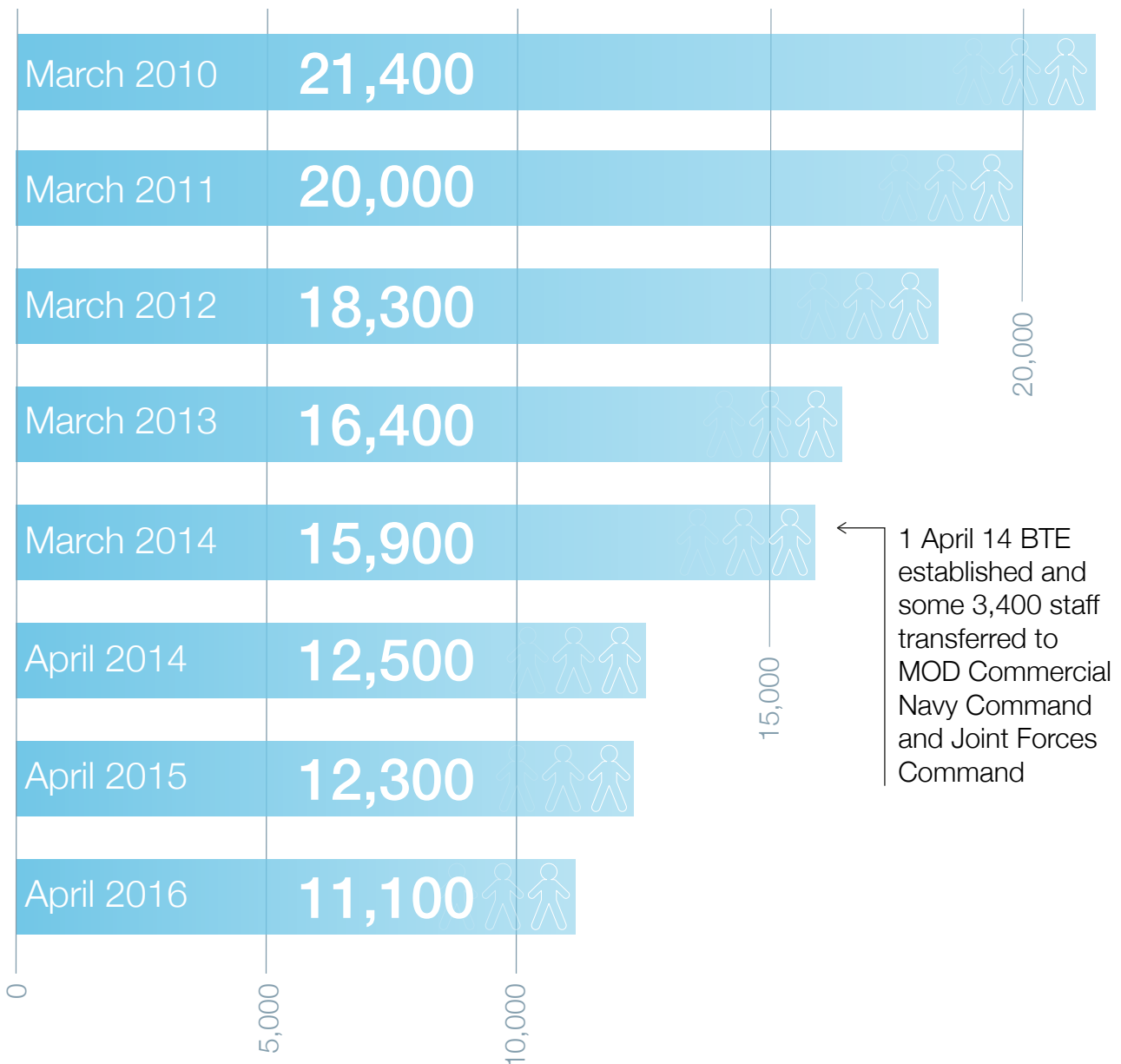
There was clear recognition of the life-saving nature of the work in hand, and literally thousands of specialist items were demanded, packed and transported to the crisis area. A small bespoke field hospital was built and delivered from scratch in just 10 days, surpassing all previous timelines.

The UK's Military Air Transportable Isolator (ATI) capability which provide for safe bio containment and supportive treatment of Ebola cases who may have to be evacuated was refreshed and expanded. In total, 28 ATIs were generated following the decision to embed technical procurement experts with the manufacturer, allowing regulation of production. Military support was engaged to meet the surge in demand and the DE&S Commercially Supported Shipping Team enabled the extended deployment of RFA ARGUS in its role as a hospital ship; underlining the truly joined up approach to this challenging set of circumstances.

## DE&S Workforce Profile

Since 2010 the DE&S workforce has reduced by about 10,000 from 21,400 to a total at the end of March 2016 of 11,100<sup>8</sup>. About 5,000 of this reduction has been through real reductions in numbers (some 23% of the total at 2010); the other 5,000 through changes

in the boundaries and scope of DE&S, mainly from the movement of Information Systems & Services procurement, and management of the Naval Bases to other parts of the MOD before DE&S was established as a Bespoke Trading Entity.



During FY 2015/16, approximately 1,100 transferred out of DE&S under the TUPE<sup>9</sup> Regulations as a result of outsourcing stemming from the Logistics Commodities and Services Transformation Programme.

<sup>8</sup> Source: Operating Cost and Control Group data as at March 16

<sup>9</sup> Transfer of Undertakings (Protection of Employment)

# DE&S - Delivery and Success

## United Kingdom Military Flying Training System – An Efficient, Holistic and World Leading Capability



UK MFTS represents a truly innovative approach to the delivery of flying training. Based on a Public Private Partnership model with Ascent (MOD's Training Service Partner), the Programme provides a new holistic system, modern platforms that replicate front line aircraft and up-to-date training methods – all to achieve the most efficient and effective approach to delivering students to tri-service standards and ensure value for money.

The UK MFTS programme will deliver training to all military aircrew for all three Services through to 2033. The programme is being delivered in five phases. Phases one and two are already in place and delivering advanced fast jet training and rear crew training.

The next phase contract, valued at some £1.2Bn, has been placed with Ascent and covers delivery of Fixed Wing training service element out to 2033. This highly complex Private Finance Initiative contract was placed to ensure the improved provision and modernisation of Elementary Flying Training, Basic Flying Training and Multi-Engine Pilot Training, supported by the procurement of three modern training aircraft types: the Grob 120 TP 'Prefect', Beechcraft 'Texan' T-6C and Embraer 'Phenom' 100, as well as increased use of ground-based training through new synthetic technology. The DE&S Project Team will provide contract management out to 2033, using appropriate incentive mechanisms to ensure Ascent delivers to performance, cost and time.

This contract illustrates how DE&S and the front line commands can cooperate to deliver world class flying training through innovative contractual models in partnership with industry.

## Safety

DE&S is 'Delivery Focused; Safety Driven' and we place safety and environmental protection at the heart of our business. We have designed our policies to ensure that we provide safe equipment to the Armed Forces, a safe environment for our people to work in and that we protect the environment in which we and our equipment work.

DE&S remains within the wider Ministry of Defence governance structure for safety and environmental

protection and as such, the Secretary of State for Defence requires the Chief Executive Officer to meet his statutory and regulatory obligations minimising work-related fatalities, injuries, ill-health and adverse effects on the environment.

The graph below details our performance over the past five years and shows a reducing overall trend in reported accidents and incidents since our formation as a Bespoke Trading Entity.

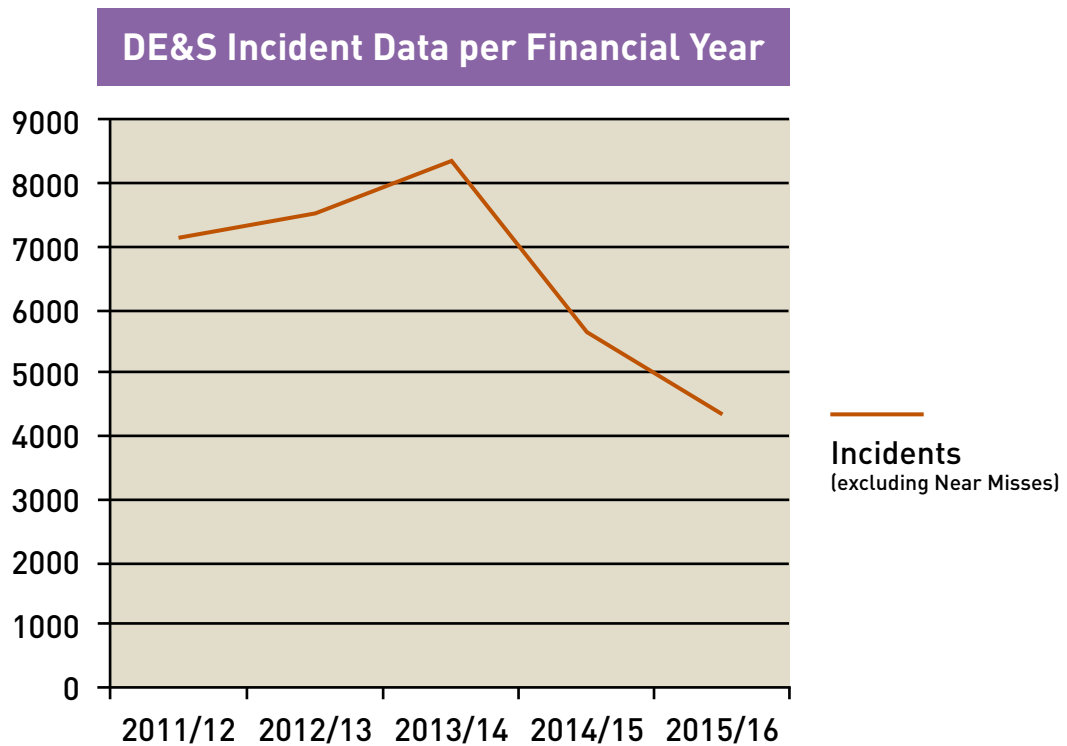


Figure normalised per 100,000 employees. Total Work Force per year has been averaged across the 12 months, FY 2015/16 being incomplete (Feb/Mar data missing). Note that the transfer of the Naval Bases to Navy Command in April 2014 resulted in a significant drop in the number of higher hazard tasks being carried out within the organisation.



While the transfer of the Naval Bases to Navy Command and large parts of Logistics Commodities and Services to private industry has largely driven this reduction, we will strive to continue this trend and ensure that all health and safety risks, including those to our personnel and those associated with the equipment we supply to the Armed Forces, are As Low As Reasonably Practicable (ALARP).

To achieve these aims:

- We have implemented a robust safety and environmental management system with the DE&S Safety Committee providing oversight and assurance of safety and environmental protection performance;
- We will identify and monitor the work necessary to translate our Vision for safety into reality through the DE&S Safety and Environmental Delivery Plan;
- We will monitor organisational performance for safety and environmental protection through a rigorous performance reporting regime including a safety focused Key Performance Indicator supported by a suite of Business Performance Indicators (BPIs);

- We will produce a safety and environment Annual Assurance Report which details organisational performance. This report will be based on qualitative assessment of compliance across eleven elements of health, safety and environmental protection management arrangements, supported by quantitative reporting through BPIs and internal audit; and
- We will record occupational health and safety statistics and use the data collected to provide a baseline for measuring future performance as we continue through transformation.

Beyond legal compliance, DE&S is a learning organisation and committed to continuous improvement across all aspects of safety and environmental management. Fundamental to this is the on-going development of a positive and just safety culture throughout the organisation, encompassing all levels, specialisms and business areas.

To demonstrate our commitment to a strong safety culture, DE&S will hold an organisation wide annual safety day, building on the success of the inaugural event in 2015. We will also promote and develop our safety culture further by positively enforcing the 8 Key Safety Messages which underpin this approach.

Key Safety Messages	
<b>Leadership:</b>	Safety leadership in DE&S starts at the top, and is visible and accountable at all levels of management and supervision.
<b>SQEP (Suitably Qualified &amp; Experienced People):</b>	DE&S uses the appropriate level of SQEP for the business it is in.
<b>Proportionate &amp; Appropriate:</b>	In DE&S, hazard analysis/risk assessment is a thinking process - a means to an end and not an end in itself.
<b>Learning &amp; Sharing:</b>	In DE&S, we learn and share safety lessons when things go wrong, and share good practice from the things we do well.
<b>Accountability &amp; Responsibility:</b>	Everyone in DE&S needs to understand their individual safety responsibilities and to whom they are accountable.
<b>Behaviour:</b>	Everyone in DE&S acts in a safe and professional way at work.
<b>Challenge:</b>	Everyone in DE&S has a right and a duty to challenge anything they perceive as unsafe and receive a response.
<b>Culture:</b>	Everyone in DE&S understands, adopts and follows these safety messages - sensible and proportionate safety is the way we do business.

**ANNEX A - KPIs**

KPI 1 – CASP DELIVERY PERFORMANCE	Metric	NAVY	ARMY	AIR	JOINT FORCES	STRATEGIC PROGRAMMES
<b>1.1 Achievement of CASP Milestones</b> Over the year, percentage of strategic Command Acquisition Support Plan (CASP) milestones <sup>1</sup> to be met.	%	Green ≥ 90%	Green ≥ 90%	Green ≥ 90%	Green ≥ 90%	Green ≥ 90%
		Amber ≥ 80% < 90%	Amber ≥ 80% < 90%	Amber ≥ 80% < 90%	Amber ≥ 80% < 90%	Amber ≥ 80% < 90%
		Red < 80%	Red < 80%	Red < 80%	Red < 80%	Red < 80%
<b>1.2 Procurement Projects<sup>2</sup> – KURs</b> For Demonstration and Manufacture phase projects, post Main Gate and pre-ISD and as agreed in the CASP: The percentage of Key User Requirements (KURs) that are forecast to be achieved at completion of the project.	%	Green ≥ 97%	Green ≥ 97%	Green ≥ 97%	Green ≥ 97%	Green ≥ 97%
		Amber ≥ 96% < 97%	Amber ≥ 96% < 97%	Amber ≥ 96% < 97%	Amber ≥ 96% < 97%	Amber ≥ 96% < 97%
		Red < 96%	Red < 96%	Red < 96%	Red < 96%	Red < 96%
<b>1.3 Procurement Projects<sup>2</sup> - Cost</b> <b>1.3.1</b> For Demonstration and Manufacture phase projects, post Main Gate and pre-ISD and as agreed in the CASP: Over the year, the forecast aggregate cost variance against the baselines agreed in the CASP <sup>3</sup> .	Forecast cost variance (%)	Green ≤ 0%	Green ≤ 0%	Green ≤ 0%	Green ≤ 0%	Green ≤ 0%
		Red > 0%	Red > 0%	Red > 0%	Red > 0%	Red > 0%
<b>1.3.2</b> For Assessment phase projects, post Initial Gate and pre Main Gate and as agreed in the CASP: Over the year, the forecast aggregate variance in the approved Assessment phase cost, against the baselines agreed in the CASP <sup>3</sup> .	Forecast cost variance (%)	Green ≤ 0%	Green ≤ 0%	Green ≤ 0%	Green ≤ 0%	Green ≤ 0%
		Red > 0%	Red > 0%	Red > 0%	Red > 0%	Red > 0%

<sup>1</sup> Each CASP will define up to 12 strategic milestones that are jointly agreed between the Customers and DE&S to be met in-year and to criteria agreed in the CASP.

<sup>2</sup> Approved Cat A-C procurement projects. May also include a limited number of specific approved Cat D projects where these are critical to delivery of the Command Plan and are identified and agreed in the CASP.

<sup>3</sup> CASPs are not yet agreed so the baselines are not yet finalised. It is assumed that the baselines agreed in the CASP will be the project KUR, cost and time forecasts (at 50% confidence) held in Corporate Management Information System (CMIS) as at 1-Apr-16.

KPI 1 – CASP DELIVERY PERFORMANCE	Metric	NAVY	ARMY	AIR	JOINT FORCES	STRATEGIC PROGRAMMES
1.4 CASP Procurement Projects <sup>2</sup> - Time  1.4.1 For Demonstration and Manufacture phase projects, post Main Gate and pre-ISD and as agreed in the CASP: Over the year, the forecast aggregate variance to ISD <sup>4</sup> , against the baseline agreed in the CASP.	Average variance per project (months)	Green ≤ 0.6 months	Green ≤ 0.6 months	Green ≤ 0.6 months	Green ≤ 0.6 months	Green ≤ 0.6 months
		Amber > 0.6 months ≤ 0.8 months	Amber > 0.6 months ≤ 0.8 months	Amber > 0.6 months ≤ 0.8 months	Amber > 0.6 months ≤ 0.8 months	Amber > 0.6 months ≤ 0.8 months
		Red > 0.8 months	Red > 0.8 months	Red > 0.8 months	Red > 0.8 months	Red > 0.8 months
1.4.2 For Demonstration and Manufacture phase projects, post Main Gate and pre-ISD and as agreed in the CASP: Over the year, the number of projects forecasting excessive variance to ISD <sup>4</sup> , against the baseline agreed in the CASP	% of projects forecasting excessive time variance	Green ≤ 15%	Green ≤ 15%	Green ≤ 15%	Green ≤ 15%	Green ≤ 15%
		Amber >15 < 25%	Amber >15 < 25%	Amber >15 < 25%	Amber >15 < 25%	Amber >15 < 25%
		Red ≥ 25%	Red ≥ 25%	Red ≥ 25%	Red ≥ 25%	Red ≥ 25%
1.4.3 For Assessment phase projects, post Initial Gate and pre Main Gate and as agreed in the CASP: Over the year, the forecast aggregate variance to the approved AP duration, against the baseline agreed in the CASP.	Average time variance per project (month)	Green ≤ 2 months	Green ≤ 2 months	Green ≤ 2 months	Green ≤ 2 months	Green ≤ 2 months
		Amber > 2 months ≤ 3 months	Amber > 2 months ≤ 3 months	Amber > 2 months ≤ 3 months	Amber > 2 months ≤ 3 months	Amber > 2 months ≤ 3 months
		Red > 3 months	Red > 3 months	Red > 3 months	Red > 3 months	Red > 3 months
1.5 CASP Equipment Support (Performance)  1.5.1 Availability. % of ESP outputs agreed in the CASP that DE&S is wholly responsible for that are scored as Green or Yellow.	%	Green ≥ 80%	Green ≥ 80%	Green ≥ 80%	Green ≥ 80%	Green ≥ 80%
		Amber ≥ 70% < 80%	Amber ≥ 70% < 80%	Amber ≥ 70% < 80%	Amber ≥ 70% < 80%	Amber ≥ 70% < 80%
		Red < 70%	Red < 70%	Red < 70%	Red < 70%	Red < 70%
1.5.2 Reliability. % of ESP outputs agreed in the CASP that DE&S is wholly responsible for that are scored as Green or Yellow.	%	Green ≥ 80%	Green ≥ 80%	Green ≥ 80%	Green ≥ 80%	Green ≥ 80%
		Amber ≥ 70% < 80%	Amber ≥ 70% < 80%	Amber ≥ 70% < 80%	Amber ≥ 70% < 80%	Amber ≥ 70% < 80%
		Red < 70%	Red < 70%	Red < 70%	Red < 70%	Red < 70%

<sup>4</sup> It remains under consideration whether to measure, from 2017/18 and beyond, the delivery of D&M projects against their expected Equipment Delivery Date (EDD) rather than ISD. This also depends on EDDs for all procurement projects being defined and agreed in each of the CASPs.

## Defence Equipment and Support

KPI 1 – CASP DELIVERY PERFORMANCE	Metric	NAVY	ARMY	AIR	JOINT FORCES	STRATEGIC PROGRAMMES
1.5.3 Sustainability. % of ESP outputs agreed in the CASP that DE&S is wholly responsible for that are scored as Green or Yellow.	%	Green ≥ 80%	Green ≥ 80%	Green ≥ 80%	Green ≥ 80%	Green ≥ 80%
		Amber ≥ 70% < 80%	Amber ≥ 70% < 80%	Amber ≥ 70% < 80%	Amber ≥ 70% < 80%	Amber ≥ 70% < 80%
		Red < 70%	Red < 70%	Red < 70%	Red < 70%	Red < 70%
1.5.4 Safety Process Administration <sup>5</sup> . % of ESP outputs agreed in the CASP that DE&S is wholly responsible for that are scored as Green.	%	Green ≥ 90%	Green ≥ 90%	Green ≥ 90%	Green ≥ 90%	Green ≥ 90%
		Amber ≥ 80% < 90%	Amber ≥ 80% < 90%	Amber ≥ 80% < 90%	Amber ≥ 80% < 90%	Amber ≥ 80% < 90%
		Red < 80%	Red < 80%	Red < 80%	Red < 80%	Red < 80%

KPI 2 – OPERATING EXPENDITURE EFFICIENCY	Metric	DE&S
2. Reduce the total DE&S operating expenditure in line with agreed resource profile in the DE&S Corporate Plan. i.e. expenditure in 2016/17 to be no greater than the budget of EXM TBC (adjusted where necessary to reflect changes in the Programme of Work).	Variance to baseline (£)	Green ≤ budget
		Red > budget

KPI 3 – INVENTORY MANAGEMENT	Metric	DE&S
3.1 Reduce inventory holdings by end of 2016/17 to be no greater than [£500M below the 15/16 closing balance, TBC].	£	Green ≤ £[TBC]Bn
		Amber > £[TBC] Bn ≤ £[TBC]Bn
		Red > £[TBC]Bn
3.2 Spend on Inventory Purchases (RMC, excluding fuel) during 2016/17 to be no greater than £1.0Bn	£	Green ≤ £1.0Bn
		Amber > £1.0Bn ≤ £1.025Bn
		Red > £1.025Bn

<sup>5</sup> This KPI measures the proportion of the CASP Annexes containing a safety metric reporting 'green'. Specifically, it measures adherence to the administration processes around safety within DE&S' control (e.g. publicising the Safety and Environmental Management Plan, response times to safety questions and safety case reports), not the direct management of safety (which is a joint DE&S and Command responsibility).

KPI 4 – COST FORECAST ACCURACY & STABILITY	Metric	NAVY	ARMY	AIR	JOINT FORCES	STRATEGIC PROGRAMMES
<b>4.1 Forecast Accuracy (In year).</b> In respect of expenditure on the DE&S agreed Programme of Work (EPP and ESP) by each Command-facing area, to achieve an in-year outturn within the agreed tolerance below the baseline (subject to any budget adjustments agreed between the Customers and DE&S).	Outturn below baseline (%)	Red > 0%	Red > 0%	Red > 0%	Red > 0%	Red > 0%
		Green ≥ 0% ≤ -1.5%	Green ≥ 0% ≤ -1.5%	Green ≥ 0% ≤ -1.5%	Green ≥ 0% ≤ -1.5%	Green ≥ 0% ≤ -1.5%
		Amber > -1.5% ≤ -2%	Amber > -1.5% ≤ -2%	Amber > -1.5% ≤ -2%	Amber > -1.5% ≤ -2%	Amber > -1.5% ≤ -2%
		Red > -2%	Red > -2%	Red > -2%	Red > -2%	Red > -2%
<b>4.2 Forecast Stability (10 year EPP).</b> Underlying cost of the EPP at the Quarterly Review of Programme Costs 3 (QRPC3) of the reporting year to be the same or less than at the QRPC 3 of the prior year, when measured on a like-for-like basis.	Variance to baseline (%)	Green ≤ 0%	Green ≤ 0%	Green ≤ 0%	Green ≤ 0%	Green ≤ 0%
		Red > 0%	Red > 0%	Red > 0%	Red > 0%	Red > 0%
<b>4.3 Forecast Stability (10 year ESP).</b> Underlying cost of the ESP at the Quarterly Review of Programme Costs 3 (QRPC3) of the reporting year to be the same or less than at the QRPC 3 of the prior year, when measured on a like-for-like basis.	Variance to baseline (%)	Green ≤ 0%	Green ≤ 0%	Green ≤ 0%	Green ≤ 0%	Green ≤ 0%
		Red > 0%	Red > 0%	Red > 0%	Red > 0%	Red > 0%

KPI 5 – CUSTOMER SATISFACTION	Metric	NAVY	ARMY	AIR	JOINT FORCES	STRATEGIC PROGRAMMES
<b>5.1</b> A year-on-year increase in the mean Customer satisfaction score by each Command.	Customer Satisfaction Score	Green > 5.5	Green > 6.1	Green > 5.8	Green > 6.0	Green > 5.4
		Amber = 5.5	Amber = 6.1	Amber = 5.8	Amber = 6.0	Amber = 5.4
		Red < 5.5	Red < 6.1	Red < 5.8	Red < 6.0	Red < 5.4

KPI 6 – HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION	Metric	DE&S				
<b>6.1</b> Number of elements of health, safety and environmental protection management arrangements assessed as compliant [Level 4]	JSP 815 HS&E Performance Assessment Levels	Green = 11 at Level 4 or above (Compliant)				
		Amber = ≥1 at Level 3 (Minor Weakness)				
		Red = ≥1 at Level 2 (Significant Weakness)				

<sup>6</sup> The baseline for the year-on-year increase, and the target for 2016/17, has been established on the basis of the scores collected during 2015/16.

<sup>7</sup> There are 11 Elements of HS&EP Management Arrangements in JSP 815: Applicable legislation, defence regulations, policy & guidance; Information Management; Organisational leadership, culture, capability & change management; Personnel competence & training; Risk assessments & safety cases; Equipment/materiel & infrastructure design & manufacture; Equipment/materiel & infrastructure maintenance; Supervision & control of activities; Incident management & learning from experience; Emergency Arrangements; Self-assurance.

Glossary

ANNEX B

The following abbreviations and acronyms appear in the DE&S Corporate Plan 2016–19.

<b>ALARP</b>	As Low As Reasonably Practicable
<b>AP</b>	Accounting Period
<b>APM</b>	Association for Project Management
<b>ASD</b>	At Sea Demonstration
<b>ASRAAM</b>	Advanced Short-Range Air-Air Missile
<b>ATI</b>	Air Transportable Isolator
<b>BMD</b>	Ballistic Missile Defence
<b>BTE</b>	Bespoke Trading Entity
<b>CASP</b>	Command Acquisition Support Plan
<b>CATS</b>	Combined Aerial Targets Service
<b>CB</b>	Companion of the Order of the Bath
<b>CBE</b>	Commander of the Order of the British Empire
<b>CBRN</b>	Chemical Biological Radiological and Nuclear
<b>Cdre</b>	Commodore
<b>CEO</b>	Chief Executive Officer
<b>CMIS</b>	Corporate Management Information System
<b>CoM</b>	Chief of Materiel
<b>CPC</b>	Core Production Capability
<b>DAFCS</b>	Digital Automatic Flight Control System
<b>DAT</b>	DE&S Airworthiness Team
<b>DE&amp;S</b>	Defence Equipment and Support
<b>DFC</b>	Defence Fulfilment Centre
<b>DFID</b>	Department For International Development
<b>DFP</b>	Deployable Food Programme
<b>DG</b>	Director General
<b>DM</b>	Defence Munitions
<b>DP</b>	Defence Procurement
<b>DSG</b>	Defence Support Group
<b>EDD</b>	Equipment Delivery Date
<b>EPP</b>	Equipment Procurement Programme
<b>ESP</b>	Equipment Support Programme
<b>FISARSH</b>	Falkland Islands Search And Rescue Helicopter
<b>FY</b>	Financial Year
<b>GBAD</b>	Ground Based Air Defence
<b>GD</b>	General Dynamics
<b>HM</b>	Her Majesty
<b>HMNB</b>	Her Majesty's Naval Base
<b>HMS</b>	Her Majesty's Ship
<b>HR</b>	Human Resources
<b>HRMS</b>	Human Resources Management System
<b>HS&amp;EP</b>	Health, Safety and Environmental Protection
<b>ISD</b>	In Service Date

<b>ISP</b>	Information Service Plan
<b>ISS</b>	Information Systems and Services
<b>ISTAR</b>	Intelligence, Surveillance, Target Acquisition and Reconnaissance
<b>IT</b>	Information Technology
<b>JE</b>	Joint Enablers
<b>JFC</b>	Joint Forces Command
<b>KPI</b>	Key Performance Indicator
<b>KUR</b>	Key User Requirements
<b>LCS</b>	Logistics Commodities and Services
<b>LCS(T)</b>	Logistics Commodities and Services (Transformation)
<b>LDOC</b>	Logistics Delivery Operating Centre
<b>LEOC</b>	Land Equipment Operating Centre
<b>Lt Gen</b>	Lieutenant General
<b>MARS</b>	Military Afloat Reach and Sustainability
<b>MCM</b>	Mine Counter Measures
<b>MCMV</b>	Mine Counter Measures Vessel
<b>MHC</b>	Mine-countermeasures Hydrographic Capability
<b>MI</b>	Management Information
<b>Min(DP)</b>	Minister for Defence Procurement
<b>Mk</b>	Mark
<b>MOD</b>	Ministry of Defence
<b>MP</b>	Member of Parliament
<b>MRV-P</b>	Multi Role Vehicle (Protected)
<b>MSP</b>	Managed Service Provider
<b>NATO</b>	North Atlantic Treaty Organisation
<b>OBE</b>	Officer of the Order of the British Empire
<b>P3E</b>	Phase 3 Enhancements
<b>PUS</b>	Permanent Under Secretary
<b>QRPC</b>	Quarterly Review of Programme Costs
<b>RAF</b>	Royal Air Force
<b>RFA</b>	Royal Fleet Auxiliary
<b>RMC</b>	Raw Materials and Consumables
<b>SDSR</b>	Strategic Defence and Security Review
<b>SEOC</b>	Support Enablers Operating Centre
<b>SQEP</b>	Suitably Qualified and Experienced Persons
<b>SVHO</b>	Survey Vessel Hydrographic and Oceanographic
<b>T23</b>	Type 23
<b>T26</b>	Type 26
<b>T45</b>	Type 45
<b>TEST</b>	Trials, Evaluation Services and Targets
<b>THPS</b>	Tactical Hearing Protection System
<b>TUPE</b>	Transfer of Undertakings Protection of Employment
<b>UKMFTS</b>	United Kingdom Military Flying Training System
<b>wef</b>	With effect from
<b>WOC</b>	Weapons Operating Centre



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