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**Ministry  
of Defence**

**JSP 886  
THE DEFENCE LOGISTICS SUPPORT CHAIN MANUAL**

**VOLUME 2  
INVENTORY MANAGEMENT**

**PART 302  
DIRECT SUPPLY SCHEMES**

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## **CHAPTER 1: DIRECT SUPPLY SCHEMES**

### **PURPOSE**

1. The purpose of this leaflet is to describe the policy and procedures that apply to Direct Supply schemes. They are designed to facilitate the supply by contractors of selected stores for delivery directly into customer units. The object of Direct Supply is thus to improve supply efficiency and restrain overheads by eliminating or significantly reducing both the extent of central reprovisioning and the need to hold and redistribute depot stocks. Support Management Branches (SMBs) are encouraged to seek Direct Supply arrangements wherever it is feasible, operationally acceptable and cost-effective to do so.

### **OWNERSHIP AND POINTS OF CONTACT**

2. The policy for Direct Supply Schemes is sponsored by DES JSC SCM-SCPol-Conv2.

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### **SCOPE OF DIRECT SUPPLY**

3. Direct Supply may operate in one of 2 ways:

a. **Manually.** Details of commodities available by Direct Supply are published in the Direct Supply Schedule; this, together with the associated amendments, is distributed to units via Command Headquarters (CHQs). On-line self-accounting units and depots at home are to demand their requirements of items contained in the Direct Supply Schedule directly on the authorised contractor if stock is not available at the demand unit. Demands from overseas units and others excluded from the scheme will be satisfied from depot stock, inter-unit transfer or diversion order, as appropriate.

b. **Wholesale Automated Direct Supply (WADS) System.** Given the workload penalties of the manual scheme, its automatic counterpart, with its associated MIS package, is the preferred method of conducting and controlling Direct Supply. In this case, a Schedule of Requirements is prepared by the SMB for issue to the contractor(s). Units are not supplied with a copy; however, items included in the Schedule are identified in FAP 1086. All on-line self-accounting units at home and overseas participate in this scheme. The LCC will generate automatic stock replenishment demands on the contractor on behalf of user units. Additional or unforeseen requirements are to be demanded on the Central System for translation into automatic demands on the contractor in a similar way. Off-line units cannot be supplied with WADS items unless they are parented by an on-line unit.

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## **SELECTION OF STORES FOR DIRECT SUPPLY**

4. The selection of particular items or types of store for provision by Direct Supply is the responsibility of the MDG. It is neither practicable nor appropriate to be specific in this leaflet, but items in the general ranges of non-warlike stores, having a high degree of commonality with products readily available from commercial sources, are prime candidates for the scheme. There may well be technical or quality considerations and items manufactured to a British Standard acceptable to the Support Authority may be especially suitable.

5. The willingness and capability of contractors to provide a level of service acceptable to the RAF is also a vital factor. It is important to work closely with MOD (PE) Technical and Contracts branches to ensure continuity of supply, to build in suitable arrangements to satisfy priority demands and to meet the technical requirements of the Support Authority.

## **DEPOT STOCK**

6. In order to obtain maximum benefit from Direct Supply, depot stocks are to be run down entirely. Where retention of a reduced level of depot stock is unavoidable, for emergency purposes or to supply units unable to participate in the scheme, holdings are to be kept to the essential minimum. Range Managers are to ensure that such contingency stocks are regularly turned over.

7. WADS can apply only where depot stockholding is completely eliminated, since processing involves a search of depot stocks before an order can be released.

## **PROCEDURE TO OBTAIN CONTRACT COVER**

8. Having identified a Direct Supply potential for an item or range, and obtained the agreement and any special conditions of the technical sponsor, Support Managers are to proceed as follows:

a. Every effort is to be made to arrange the Direct Supply of the item or range under the WADS system. Manual Direct Supply is to be used only exceptionally, eg for non-SCC items, such as timber or wooden pallets, or for regional Direct Supply arrangements, where separate contractors provide delivery to discrete geographical areas and the one supplier per item constraint of WADS cannot, therefore, be met.

b. The appropriate Contracts Branch is to be consulted at the earliest possible stage. When agreement to convert the item or range to Direct Supply is reached, a requisition for an enabling contract is to be raised at least 6 months prior to the expiry of existing procurement contract arrangements. The requisition must have at least qualified financial endorsement when submitted. It is also to call for contractual provision for the contractor to submit quarterly returns of Direct Supply activity.

c. To accompany a requisition for a contract under the WADS system, a Schedule of Requirements is also to be produced, containing full details of both the item(s) and the service required, for example, individual item specifications or standards, certificates of conformity (for metals), estimated annual off-take, geographical disposition of units for delivery, pipeline times, instructions for deliveries for overseas units, etc. Clearly, this Schedule will require several months

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to produce, suggesting that work will need to commence some 3 or 4 months before a requisition can be submitted to the Contracts Branch.

d. Wherever possible, Contracts branches can be expected to invoke competitive tendering for Direct Supply contracts and, following the return of tenders, it may be necessary for the MDG to undertake an appraisal to demonstrate the cost-effectiveness of Direct Supply.

e. Once a contract(s) has been let, the Contracts branch will provide a copy to the MDG. SM Ops2c (RAF) is to be advised of amendments necessary to the Direct Supply Schedule and/or to update FAP 1086, to reflect the detail contained in the contract Schedule of Requirements.

f. Direct Supply and WADS items are identified by Degree of Control Code 1. Setting of this code cancels all outstanding inabilities against the item automatically.

#### **ORDERING AND HASTENING - MANUAL DIRECT SUPPLY**

9. Once a Support Manager has selected an item for manual Direct Supply, arranged appropriate contract cover and amended the relevant system indicators, units will demand their requirements in accordance with the Memorandum of Instructions in the Direct Supply Schedule. On-line units will be advised when and how much to order by Outputs U49 and U43. Depot stocks to meet contingency reserves or to supply overseas units are to be ordered by the MDG against the relevant Direct Supply contract. The Range Manager will receive a R001 Requisition Request when total assets, excluding those held by participating units, fall below PAF (where PAF is determined by NON DS/IND 1 unit consumption only).

10. The Direct Supply contract requires the contractor to provide periodic returns of the number and value of demands made against each item. This information will be of use in determining the adequacy of contract cover and seeking extra cover as necessary. Units are to use Transaction Code (TC) REK to report receipts of deliveries against Direct Supply contracts.

11. Support Managers are to include in the Direct Supply Schedule details of the delivery promises offered by contractors during contract negotiations. Deliveries may be hastened by customer units directly with the contractor, but hastening action is to be taken only when the agreed delivery period has elapsed. Instances of unacceptable delays in delivery are to be reported by the unit concerned to its CHQ for investigation.

#### **ORDERING AND HASTENING - WADS SYSTEM**

12. On the inclusion of an item in a WADS contract, the Range Manager is to ensure that all system parameters are correctly set, for example, Degree of Control Code 1; Procurement Status Code M; Diversion Order Inhibit, Positive. Once this has been accomplished, and in the absence of unit demand activity, stock replenishment orders will be generated automatically. However, the unit will not be advised of order details. Additionally, on-line self-accounting units may demand unforeseen requirements and an order of the required quantity will be automatically produced for the authorised contractor. The unit will be advised of the order number and delivery destination by Output U9. Units are to use TC REC to report receipts of items subject to WADS contracts.

13. In the case of items supplied under WADS contracts, delivery promises are not specified in FAP 1086; instead, units will be advised of a need to hasten by Output U45,

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produced automatically 60 days after an order is despatched. If receipt of delivery has not been recorded after 90 days, units will receive a further Output U45 advising cancellation of the order. At this stage, the Support Manager will also be informed that the contractor has failed to meet his contractual obligations. Support Managers are to ensure that contractors provide contract progression and termination reports, since these will not be available from the LCC.

#### **SURPLUSES**

14. Surpluses of items subject to either manual Direct Supply or WADS provision are to be disposed of in accordance with JSP 886, Volume 9: Disposals.

#### **INSPECTION, PACKAGING AND MARKING**

15. Instructions pertaining to inspection, packaging and marking are specified in both Direct Supply and WADS contracts.

#### **TRANSPORTATION**

16. Direct Supply (including WADS) contracts normally call for the delivery of all items into consumer units and depots at home. For overseas units participating in the scheme, and certain remotely located UK units, contractors are instead instructed to deliver to the appropriate depot container-head for out loading by RAF container service:

- a. Glen Douglas: As required.
- b. Aldergrove: Twice weekly via DSDC Stafford.
- c. Cyprus: As required via DSDC Stafford.
- d. Saxa Vord: Weekly via DSDC Stafford.
- e. Falkland and Ascension Islands: As required to vessels departing UK every 28 days, via DSDC Stafford.