Ministry of Defence

JSP 886
DEFENCE LOGISTICS SUPPORT CHAIN MANUAL

VOLUME 3
SUPPLY CHAIN MANAGEMENT

PART 2
CONTRACTOR LOGISTIC SUPPORT

VERSION RECORD		
Version Number	**Version Date**	**Changes to Previous Version**
2.11	18/03/11	Previous Annex F now incorporated in to Annex C as Appendix 1. All Cross-References to Annex F now changed to Annex D. Other Changes to Text within the Document sidelined.
2.12	20/04/11	Changes to Chapter 2, Annex D, Paragraphs 12c and 24 (Sidelined).
2.13	27/01/12	Organisational changes and changes to Annex E (sidelined).
2.14	23/04/12	Chapter 1 Paragraphs 6 and Chapter 2 Paragraphs 4, 5, 12 and 15. Removal of Obsolete Support Solutions Envelope details.
2.15	06/04/13	Removal of references to obsolete DE&S / CDM Standing Instructions.
2.16	03/05/13	Changes to Figure 1, Page 24.
2.17	20/08/13	Change to Reference Volume 3 Part 8 to Volume 3 Part 13.
2.18	06/05/14	Organisational changes Figure 1, Chapter 2
2.19	07/07/14	Deletion of Appendix 3 to Annex D to Chapter 2 (In Service Supply Support Instruction (SSI)) and insertion of new references to Supply Support Plan (Guidance contained within Volume 7 Part 8.10).

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Figures:

CHAPTER 1: INTRODUCTION TO CONTRACTOR LOGISTIC SUPPORT

PURPOSE

1. The purpose of this Instruction is to:

   a. Specify the policy, processes and procedures that apply to supply chain operations when support is provided under Contractor Logistic Support (CLS) arrangements.

   b. Provide guidance on supply chain matters to Project Teams (PTs) during the development of support solutions, for the benefit of all users and stakeholders of the Joint Support Chain (JSC).

TRANSFORMATIONAL LOGISTICS

2. The Defence Equipment and Support (DE&S) Strategy is to transform logistic support to the Front Line by delivering improved reliability and availability and continuing to maintain that level of support at reduced cost. Underpinning the strategy is the need for an end-to-end and through-life view that optimises logistic support solutions and provides opportunities and incentives for industry to align with DE&S capabilities and responsibilities.

3. This transformation represents a shift from traditional support arrangements with separate contracts for maintenance, repair and overhaul, spares and post-design services, to an integrated approach that may include long-term partnering arrangements with major Defence contractors. Furthermore, it is underpinned by the Smart Acquisition approach which encourages PT to seek increasingly innovative support solutions in order to optimise levels of service and value for money to drive down the cost of ownership. CLS covers a wide spectrum of support solutions ranging from minimum contractor involvement ('Traditional' model), where MOD-owned equipment and spares are supported through various contractual arrangements, to maximum contractor involvement ('Contracting for Capability' (CfC) model), where the prime contractor provides a total support package.

4. In practice most solutions fall somewhere between the two extremes of this continuum and will include elements of both traditional and non-traditional support arrangements. However, the current multiplicity of PTs, equipment projects and Defence contractors has the potential to lead to the proliferation of different support systems and procedures. It is imperative that these should not compromise the coherence of support to Front Line Commands (FLC) or the ability of the JSC to provide effective support to operational capability. All CLS arrangements must integrate seamlessly with the JSC to provide the FLC with effective support through common processes. Further details on CLS can be found in the MOD's Partnering Support Group (PSG) Guide to Contractor Logistic Support publication on the MOD PSG website.

5. Within the context of this instruction the following definition of CLS is applied:

   "CLS is defined as the methodology by which responsibility for provision of an agreed level of support is transferred to an industry provider. CLS can cover a wide spectrum of industry involvement ranging from minimal transferral under traditional product based support solutions to maximum transfer of responsibility to a Contractor"

6. Support solutions must, however, be 'invisible' to the FLC units. That is, they must exploit corporate MOD Logistic Information Systems (Log IS) and processes so that logisticians only need to be trained to operate one system with any links to other systems operating in the background but invisible to the user.

7. It is essential when formulating a CLS support strategy that early discussions are initiated with the following Subject Matter Experts (SME):

a. DES JSC SCM-SSIT Support Solutions Improvement Team (SSIT) for the initial point of contact for advice and assurance on all Governing Policies (GPs) contained in Key Support Area 3 (KSA3) of the Support Solutions Envelope (SSE).

b. MOD Partnering Support Group (PSG) for advice and Accounting Assessments.

c. DES JSC SCM-SCPol-SupPol-SL for advice on stock accounting and inventory planning related issues.

d. Head (Logistic Network Enabled Capability Programme (Log NEC Prog)) for advice on current and planned Log IS.

e. DE&S Financial Assurance team for advice on financial accounting. Through Life Finance Guidance - Issue 1.0-U.

f. United Kingdom National Codification Bureau (UKNCB) is to ensure coherence with the existing and future JSC, providing evidence that the project's output and activity are consistent with both UK and international codification policy. This should be achieved as early in the development of their support solutions as possible, where the Through Life Support Directorate (TLSD) and SME consider the specific application of KSA 3 to the project.

g. Logistic Commodities and Services (LCS) Logistic Services, (formerly Joint Support Chain Services[1] (JSCS)) Operations Centre for advice on the SS3 CLS Demand Logging System (CLSDLS), known as the 'CLS Swivel Chair'.

h. Defence Fuel and Food Services (DF&FS) (POC in first instance COS- Tel Civil 01225 468686, Mil 96798 3564) for advice on Fuels, Lubricants and Gases.

8. SCM provides a 'one-stop-shop' service on CLS proposals through SCM (SSSIT) staff bringing together the expert advice of DES JSC SCM-SCPol-SupPol-SL, Head (Log NEC Prog) and UKNCB. All innovative proposals (including 'challenges' to current policies) must be staffed through SCM (SSSIT) so that they can be considered for overall Supply Chain coherence and technical / IT systems fit.

POINT OF CONTACT

9. Formulation of policy on the subject of CLS within the JSC is vested in SCM (P&C) and is subject to ratification by the Logistics Policy Working Group (LPWG).

[1] The Defence Storage and Distribution Agency (DSDA) was renamed Joint Support Chain Services (JSCS) in 2010. It has subsequently been renamed LCS (Logistic Services)

10. This instruction is sponsored by DES JSC SCM (Pol Dev) who should be approached in case of technical enquires about the content:

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GLOSSARY

12. A glossary of JSC terms is available at JSP 886 Volume 1 Part 1A: The Glossary.

LINKED PUBLICATIONS

13. The following publications are linked to this Instruction:

a. JSP 462: Financial Management Policy Manual.

b. JSP 472: Resource Accounting Policy Manual (RAPM).

c. JSP 507: MOD Guide to Investment Appraisal and Evaluation.

d. JSP 567: Contractors on Deployed Operations (CONDO) Policy.

e. JSP 886 Volume 1, Part 1: Introduction to the Joint Supply Chain.

f. JSP 886 Volume 2, Part 2: Inventory Planning.

g. JSP 886 Volume 2, Part 3: Single Ownership of Items of Supply.

h. JSP 886 Volume 2, Part 4: NATO Codification in the UK.

i. JSP 886 Volume 3, Part 1: The Standard Priority System.

j. JSP 886 Volume 3, Part 3: Seamless Supply to Operations – The Purple Gate.

k. JSP 886 Volume 3, Part 7: Consignment Tracking.

l. JSP 886 Volume 4, Part 1: The Fundamentals of Materiel Accounting.

m. Defence Equipment and Support (DE&S) Finance Instructions.

n. Managing Public Money.

o. Resource Accounting Treatment Bulletin (RATB) 12 Annex B:- Accounting for Government Furnished Assets.

p. Resource Accounting Treatment Bulletin (RATB) 13c – Accounting for PFI Transactions.

q. CRISP Job Instruction Sheet (JIS) 0733.

r. DEFCON 611:- Issued Property.

s. Joint Doctrine Publication (JDP) 4-00 – Logistics for Joint Operations.

t. DEFSTAN 81-41:- Packaging of Defence Materiel.

u. DEFCON 129:- Packaging (for Articles other than Ammunition and Explosives).

v. Through Life Finance Guidance - Issue 1.0-U.

w. MOD Partnering Support Group (PSG) - Exit Strategy Guide on the PSG website.

x. MOD Partnering Support Group (PSG) - Guide to Contractor Logistic Support.

SUPERSEDED PUBLICATIONS

14. The following single-Service publications are superseded by this Instruction:

a. Supply Chain Management Instruction (SCMI) 2.55.

b. Interim Supply Chain Procedure (ISCP) No 41.

CHAPTER 2: CONTRACTOR LOGISTIC SUPPORT - POLICY

OVERVIEW

1. Contractor Logistic Support (CLS) covers a wide spectrum of support solutions ranging from minimum contractor involvement ('Traditional' model), where MOD-owned equipment and spares are supported through various contractual arrangements, to maximum contractor involvement ('Contracting for Capability' (CfC) model), where the prime contractor provides a total support package. The full spectrum of options along this support continuum is illustrated in the Support Options Matrix (SOM)[2].

2. The implementation of CLS, where appropriate, forms part of the DE&S strategy to transform logistic support. In seeking to optimise support arrangements and discharge its 'decider' role, the emphasis is on the DE&S to define 'what' support is required in output terms rather than prescribe 'how' Industry and other service providers meet that requirement. Experience confirms that the development of innovative support solutions by Industry increases the likelihood of greater interface and dependency between commercial supply chains and the Joint Support Chain (JSC) as Defence contractors seek to optimise their own supply chain management processes and information systems (IS) from 'factory to foxhole'.

3. CLS is recognised as a cost-effective support strategy that has developed an increased impetus under the Smart Acquisition initiative. However, without regulation there is a real risk of growing incoherence and fragmentation across the JSC with the increasing potential to compromise the effective support to military operations. As part of the consideration of support solutions, Project Teams (PTs) are required to ensure that contractors' processes and IS interface seamlessly with the JSC, and that current and future Logistics Information Systems (Log IS) are used for the management of the defence inventory. Defence contractors generally operate different supply chain processes and Log IS and separate interface arrangements will need to be developed for each.

4. PTs are required to consult with Director Joint Support Chain (D JSC) and other organisations responsible for maintaining the integrity of the JSC early in the development of their support solutions to ensure coherence with the existing and future JSC and to allow the interface arrangements to be put in place in time for the commencement of support. This consultation is undertaken within the framework of the Support Solutions Envelope (SSE), the use of which is mandated in Defence Equipment and Support (DE&S) joint letters of delegation; this SSE provides PTs with functional guidance in all Key Support Areas (KSA), including the JSC. Each KSA is broken down into Governing Policies (GPs) which in addition to including its purpose and benefits, links to the extant JSP policy. KSA 3, Joint Supply Chain GPs, are specified at Paragraphs 12 to 21 below.

5. PTs are required to carry out a compliance assessment that provides a formal audit trail indicating that they have taken into account policy signposted within the SSE. This requirement applies equally to new to service equipment platforms and CIS systems as it does to changes to the support solution for In-Service materiel. It is also important to recognise that PTs are responsible and accountable for putting in place the most efficient and effective support arrangements.

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[2] JSP 886 Volume 1 Part 4: Support Options Matrix.

6. When developing support solutions the overall Defence wide requirements must override the specific interests of PTs and Industry. The principles listed below specify the levels of support required in output terms in order to ensure that the consequences of individual decisions within a single project are considered in the context of the overall support to Defence. This will assist PTs to develop solutions that:

a. Are coherent with existing and developing JSC practices.

b. Integrate with support processes and infrastructure across the DE&S.

c. Avoid duplication and do not create problems elsewhere in the JSC.

7. Given the reality that operational risk cannot be transferred from the MOD but only managed by industry, the application of the principles and adherence to Integrated Logistic Support (ILS) methodology will significantly aid in-project risk management. While it is accepted that CLS solutions may be time constrained to limit risk, they must form a credible part of a complete Through Life Management Plan (TLMP) and support strategy. Support Solutions must identify sustainable and competent organisations to cover ownership and Design Authority functions, ensuring that a project can be taken through its full service life to its eventual cost-effective disposal. Throughout this time, contractual arrangements will be required to provide incentives to industry to invest and deliver against constantly improving performance and cost targets, while still maintaining the flexibility of the MOD to respond to changes in both operational and budgetary priorities.

8. Business Cases must present the expected cost, using outturn prices, against the likely budget provision for each year of the project – which may extend beyond the Planning Round (PR) period. This will be analysed, separately, between Resource Departmental Expenditure Limit (DEL), Indirect Resource DEL and Capital DEL. JSP 462 Chapter 24 states 'capital expenditure and receipts may not be used to finance current spending, except for Private Finance Initiative (PFI) projects where these are considered the best option'. In general the CLS proposals being pursued within the DE&S are considered as Partnering, not PFI / PPP. Where the approval includes elements funded from a separate budget,3 all of the expected costs should be clearly collated and presented. The relevant DE&S and FLC budget managers' formal views on affordability should be sought, stated and agreed before proceeding.

9. The TLMP offers one mechanism for assessing affordability via scrutiny of the expected profile of costs and endorsement of the requisite long term commitment of funds. PTs need to engage with the in-house cost estimating and forecasting specialists at the commencement of a CLS project, or new CLS project phase, to agree the TLF analysis process, the provision of costing services, sources of data, the outputs and estimating assurance programme.

10. Through Life Finance Guidance - Issue 1.0-U gives details on TLF processes. Investment appraisal is a method of gathering information in a structured format, to enable decisions to be made as to which one of several options to meet a specific requirement offers the best Value for Money (VFM). All CLS proposals must be supported by an Investment Appraisal. Combined Operational Effectiveness and Investment Appraisals (COEIA) compare the operational effectiveness of different equipment options in predetermined military scenarios with their whole life Net Present Value (NPV) costs.

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3 For example, for reasons of affordability, an PT wishing, for affordability purposes, to make use of funding currently budgeted in the Front Line, such as funding earmarked for stock consumption.

KEY CONSIDERATIONS

11. Although individual CLS arrangements will be different, there is a need to comply with certain fundamental principles in developing a CLS proposal. This will minimise the risk of a fragmented and inconsistent arrangement that could prejudice the operational effectiveness of FLC capability or jeopardise the cohesion of the JSC which is required to support that operational capability.

a. **Design for Operations.** Support solutions must be designed for operations and then if necessary adapted for peace. It must be demonstrated that the military need would be satisfied across a defined set of scenarios, based on the equipment Concept of Operations (CONOPS), compliant with Contractor on Deployed Operations (CONDO) policy (see JSP 567) and agreed with relevant DE&S, Equipment Capability Customers (ECC), FLC stakeholders and JDP 4-00 Logistics for Joint Operations.

b. **MOD-Wide Value for Money (VFM).** The solution must provide optimum VFM for the MOD, not just the PT. Any changes from the current support arrangements must include cost comparisons, a Public Sector Comparator (PSC) and a full Business Case showing saving assumptions (including how, and by whom the costs will be realised). Where MOD resources are not utilised in peace the cost of maintaining them to support operations must be taken into account.

c. **Strategic Fit.** Equipment-centred CLS solutions must be compliant with the Maintenance Plans and Support Policies of all target platforms and the infrastructure available, and must fit with MOD's strategic direction which is reflected in the DE&S Plan. With respect to legacy equipment, the Platform PTs must take account of existing or proposed support arrangements before imposing their own solutions. Preference must be given to the solution that is the most efficient when considered from a pan-Defence perspective.

d. **Clearly Defined Requirements.** As part of the acquisition process early agreement and clear expression of key in-service support related requirements should be included in project and contractual documentation. These requirements should have:

(1) A clear description.

(2) Well-founded justification and authority for inclusion.

(3) Measurable criteria (level of performance thresholds).

(4) A method for validating and verifying in order to accept whether the requirement has been met.

e. **Correctly Articulated Requirements.** Successful support solution design and improved management of contractors can be achieved through correctly articulated requirements and acceptance criteria. Formal JSC requirements are essential for the following reasons;

(1) The support solution meets the FLCs' needs and maintains coherence across Defence.

(2) The expectations and responsibilities of both the MOD and the Contractor

are understood.

(3) The support solution covers all necessary requirements to a justifiable level which can be clearly articulated in any contractual documentation and measured as required.

f. **Risk.** The cumulative risks of non-compliant Support Solution have the potential to create unmanageable complexity and so compromise the JSC's ability to support operations and training. Risks to the effective delivery of CLS and support to the end-user must be taken into account in any proposed CLS solution. These include:

(1) The proliferation of non-standard solutions (including manual workarounds) which, experience shows, often result in a sub-optimal standard of service and place an additional burden on FLCs.

(2) Loss of global visibility and visibility to FLC units/ships/Forward Operating Bases (FOB) leading to overall loss of operational capability.

(3) Reservations on the capability of the JSC and stock accounting systems to handle a large number of non-automated transactions, at a time when every effort is being made to develop a coherent JSC.

(4) The risk of CLS eroding the DE&S objective of a single view of the JSC and a Single Defence Inventory.

(5) Mixed economy of stores (Manufactures Part Numbers (MPN)/NATO Stock Numbers (NSN) owned by both the MOD and contractors).

(6) Over-provision/over-stocking of items that are common to both CLS and non-CLS platforms / equipments, so increasing the logistic footprint.

(7) Confusion in responsibility and accountability.

(8) A lack of consistency because of the lack of defined processes.

(9) A lack of cohesion in support to the end-user.

(10) Increased complexity within the FLC due to variations in support solutions.

(11) Reduced flexibility within the FLC.

g. **Support Instructions.** Proposed/approved CLS arrangements are to be supported by Support Instructions within each of the Service environments entering into CLS arrangements. These Support Instructions are to take into account the principles and policy requirements detailed within this pamphlet.

h. **Fallback / Exit Strategies.** The purpose of an exit strategy under CLS is to ensure that if, for any reason, MOD needs to seek an alternative method of service provision; an adequate level of support can be maintained without disruption to the Front Line. It is, therefore, part of MOD's business continuity plan. A realistic exit strategy is to be established to detail the arrangements that are necessary at the point of contract conclusion, whether that be the natural termination point or should either party wish to withdraw ahead of the planned expiry. The strategy must be

devised at a relatively early stage of procurement and be owned by the PT. It must document the process by which an alternate support solution could be delivered and the commercial and business mechanisms by which this will be enabled.4 There is a requirement for PTs to capture sufficient data to ensure effective performance monitoring and ultimately to inform any future competition or return to MOD management. Where an in-house fallback is envisaged, the relevant facilities, funding and resources must be identified and their availability monitored to ensure that they could be assembled with appropriate notice. PTs should recognise that options for future support will change over time and that therefore the strategy must be reviewed and updated in line with developing CLS arrangements.

SUPPORT SOLUTIONS ENVELOPE (SSE) COMPLIANCE ASSESSMENT

12. In considering Defence policy for dealing as effectively as possible with the advent of innovative CLS support solutions, the importance of the SSE[5] cannot be over emphasised. The SSE is a most effective management tool for ensuring that JSC coherence and convergence are 'engineered' into CLS concepts and proposals at the initial stages of the CADMID/CADMIT acquisition cycles and for in-service legacy equipments in the latter stages of the CADMID cycle. The SSE is divided into four Key Support Areas (KSA) each of which has an 'owner':

a. KSA 1: Logistic Support & Sustainability – Owned by DES JSC SCM-Hd

b. KSA 2: Support Engineering – Owned by DES JSC SCM[6]-Hd.

c. KSA 3: Joint Supply Chain – Owned by DES JSC SCM-Hd.

d. KSA 4: Logistic Information – Owned by Head LogNEC Programmes.

For each KSA, the SSE provides a number of Governing Policies (GPs). It is essential that PTs engage the services of the appropriate DES SCM -Support Solutions Improvement Team (SSIT) early in the development of their CLS solution.

13. **Codification and Item Ownership.** SSE, Governing Policy 3.2 (GP 3.2) requires that CLS arrangements must support the DE&S aim of a single Defence Inventory.

a. There is to be one item manager per item; this is managed under a common set of business processes and by a single Base Inventory System (BIS)[7]. Unacceptable materiel flow problems can occur when more than one organisation has control over the procurement and distribution of an item. Therefore, when an item subject to a CLS contract is regularly required by one or more platforms or equipments, a lead PT must be identified to take on the provisioning of that common item. PTs with a requirement for an item managed by another PT must provide that PT with accurate forecasts of requirements and establish robust Internal Business Agreements (IBA) with them to ensure future provision of the item. The owning PT must ensure that the

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4 An example might be an agreed exit management plan as a contract deliverable so that the rights and obligations of both sides are established and protected, (periods of notice, transfer of IPR, facilities, expertise, data, assets etc).

[5] JSP886 Volume 1 Part 3: Support Solutions Envelope gives further guidance on the SSE.

[6] With effect Dec 10, SCM and TLS merged under Hd SCM.

[7] Essentially, any item to be handled within the JSC must conform to the principle of single item/single owner/single base system and single NATO Stock Number (NSN).

item is managed on a single BIS[8]. Proposals must specify how equipment/spares orders will be communicated to the contractor through existing and future JSC Log IS and, particularly, how high-priority demands will be satisfied and how supply responses are communicated from the contractor to the originator of the demand. For further information see JSP 886 Volume 2 Part 1: Single Ownership of Items of Supply in the Defence Inventory.

b. **Unique Item Codification.** All Items of Supply procured by PTs or by Industrial partners under CLS arrangements that are to be demanded, managed or tracked using JSC LogIS must be NATO Codified. For further information see JSP 886 Volume 2 Part 4: NATO Codification in the Untied Kingdom.

14. **Inventory Planning.** Governing Policy 3.3 (GP 3.3) requires that the delivery of consistent, coherent support solutions is essential for the achievement of operational effectiveness and Defence efficiency. The JSC Blueprint mandates inventory planning as part of an integrated planning process. PT inventory planners, even when engaged in a CLS-type arrangement, are required to:

a. Optimise the inventory against known operational and financial parameters through the use of an appropriate modelling and simulation tool. This will ensure the best range, scale and location of inventory is known.

b. Demonstrate that the modelling tool selected has been validated and verified in accordance with DES JSC SCM-IM guidance.

c. Ensure that the modelling practitioners possess inventory planning Functional Competences (FC), as published within the Acquisition Operating Framework (AOF).Proficient inventory planning enables an PT to fully understand the risks, operational and financial, inherent in its inventory. For further information on Inventory Planning see JSP 886 Volume 2 Part 2: Inventory Planning.

15. **Seamless JSC and the Use of Purple Gate.** Joint Support Chain (JSC) policies are detailed in JSP 886 and any support solution must comply with these to ensure a seamless and coherent JSC is achieved and maintained. Contractor supply chains need to interface with the JSC from the point of entry (Normally Logistic Services (Log Svcs) Purple Gate, Bicester) to the designated consignee and conform to existing policies, processes and procedures. Particular attention must be paid to the Reverse Supply Chain (RSC) for repairable items.

a. **Purple Gate.** The Purple Gate is the single point of entry into the JSC from the strategic base, for all operational consignments of materiel provided direct from industry or PTs. This is to ensure that materiel provided directly from industry or through CLS arrangements is properly regulated and Consignment Tracked across the Coupling Bridge. Full details of Purple Gate requirements can be found in JSP 886 Volume 3 Part 3: Purple Gate).

b. **Observance of Supply Chain Pipeline Times.** A CLS contractor must satisfy demands within the pipeline times specified by the Standard Priority System (SPS). Items must be shipped to and from the end-user in a coordinated way that will not disadvantage the JSC or FLC, normally through the use of existing Defence

[8] Stores System 3, CRISP, SCCS.

arrangements. Where the JSC is used, which is mandatory for operations and certain exercises, the supplier is to be contractually bound to deliver materiel, packed and documented to the required standard, to the designated 'Purple Gate' within a timeframe that is compliant with the SPS and that allows the JSC sufficient scope to complete the delivery within the overall Supply Chain Pipeline Time (SCPT). The SCPT for CLS contracts is at JSP 886 Volume 3 Part 1: Standard Priority System.

c. **Consignment Tracking within the JSC.** Items entering the JSC at the Purple Gate must be accompanied by sufficient information to allow Purple Gate staff to enter the item on to the military Consignment Tracking (CT) systems; the minimum information required to carry out this task is detailed at Annex B to Chapter 3 of JSP 886 Volume 3 Part 7: Consignment Tracking. It is recommended that the MOD Consignment Tracking Information Sheet is used to provide the relevant CT data, however other formats are acceptable if all the CT information requirements are included. The CT information must be attached to the outside of the package so that it can easily be removed by the CT operator and must not be sealed inside. Failure to provide the minimum information will mean that the item will not be consignment tracked to its destination and may result in a CT Failure Notice being raised to the relevant DE&S PT for further investigation. Unless otherwise instructed, all items for Purple Gate are to be forwarded to DSDC Bicester where freight will be pooled prior to call-forward by DSCOM in accordance with Theatre Required Delivery Date (RDD) priorities and the Priority List. Contractors may also apply to use VITAL at their own locations where they feel this will improve distribution9.

16. **Procurement through Medical & General Stores PT.** General Stores items that are available from more than one commercial source are to be procured through the Medical and General Stores PT (M&GS PT).

17. **General Purpose Test and Measurement Equipment (GPTME).** Where GPTME is used across all Service environments, is repairable and available from more than one commercial source, it is to be procured and whole-life managed by the Deployable Support & Test Equipment Project Team. For further information on GPTME see JSP 886 Volume 5 Part 1.

18. **Packaging and Labelling.** SSE, Governing Policy 3.4 (GP3.4) requires that packaging must be sufficiently robust to allow the item to withstand the climatic and environmental rigours of transportation, trans-shipment and deployments on operations, including any period of storage immediately prior to use. For further information on packaging and transportation information see JSP 886 Volume 3 Part 5.

19. **Materiel & Financial Accounting.** SSE, Governing Policy 3.5 (GP 3.5) There is a need to define the ownership of stock at all stages of the support chain, for both financial and materiel accounting reasons. This is a complex decision and must be agreed with the MOD PSG at an early stage in the project. Further details of the Stock Accounting and Stock Management Aspects of CLS are given at Annex A to this Chapter.

20. **Fuels, Lubricants & Industrial Gases.** SSE, Governing Policy 3.6 (GP 3.6) requires that the Defence Fuel and Food Services (DF&FS) is responsible for the provision of fuels, lubricants and gasses to meet the needs of MOD forces world-wide. This is achieved through the letting of commercial contracts with suppliers for the aggregated

[9] Application for contractor VITAL access is done through DES JSC SCM-P&C.

requirements of the three services. The aggregation of the Defence requirements makes the MOD a major customer with its suppliers and enables the DF&FS to secure substantial discounts, through the procurement of high volume, resulting in a price advantage to MOD. Introducing bespoke or proprietary Fuel and Lubricant (F&L) products under CLS solutions reduces interoperability across MOD equipments and those of our allies and adds complexity to the JSC and the deployed footprint. As part of its management function, DF&FS oversees the Defence inventory of fuels, oils, lubricants and gases, and ensures that only approved (to appropriate civilian or Defence standards) products are procured. The DF&FS has also been delegated responsibility for the management of the MOD's Montreal and Kyoto Protocol Substances Bank and is thereby charged with ensuring that the custody and use of such controlled substances is monitored, controlled and resourced correctly and efficiently. For further information see JSP 886 Volume 2 Part 5: Fuels, Lubricants & Gases.

21. **Equipment Transportability.** SSE, Governing Policy 3.7 (GP3.7) requires that to meet the demands of rapidly deployable forces, equipment should be designed so that it is movable, as light and compact as practicable, suitable for transport by air, land and sea, and capable of movement throughout the JSC without the use of special handling equipment.

ENVIRONMENTAL GUIDANCE

22. Specific guidance for the application of CLS Support Solutions in the Maritime, Land and Air environments are included at Annexes B, C and E respectively. Within the Land environment, Annex C details the interim process to be adapted by approved contractors providing a CLS option utilising the "Swivel Chair" facility at Log Svcs pending the implementation of full Electronic Business Capability (EBC). Annex D details the process to be adapted by approved contractors providing a CLS option with the implementation of SS3 EBC and supersedes Annex C which in time will be cancelled[10].

23. All CLS arrangements are to be supported by a Supply Support Plan (SSP); this SSP should be produced by PTs assisted by SCM Support Solutions. An example of an SSP can be found within JSP 886, Volume 7, Part 8.10. Each SSP will be unique to the CLS arrangement it is written to support.

RESPONSIBILITIES

24. **Nominated Point of Contact.** PTs are to run the operation of a CLS arrangement through a nominated point of contact; this can be accomplished by means of a Designated officer (DesO) or other nominated contacts within the PT. The DesO or nominated contact is responsible for monitoring performance of the CLS arrangement and providing the point of contact for the users (units), (ie Log Svcs Operations Centre) and formation HQs. The DesO/nominated contact may be collocated at the contractor's premises or may be based within the PT. However, they must provide the effective point of liaison between the contractor, MOD users and facilitators of the CLS arrangement.

25. **Contractor Responsibilities.** Where the contractor is issuing stock from its own account to the demanding unit, the embedded processes which are normally covered by MOD organisations and transacted over Log IS do not apply. In these cases the

10 The use of interim 'swivel chair' solutions may continue pending migration of projects onto EBC procedures; however, any future use of non-EBC procedures must receive appropriate approval, through the Supply Chain Support (SCM) Support Solutions (Land) team, from the relevant Front Line Command (FLC).

contractor, has total responsibility for:

a. **Supply Non-Availability.** If the contractor cannot meet the demand, the PT/unit are to be notified[11]. Thereafter, the contractor/PT is responsible for managing the item as a 'Dues Out' or 'Issue Inability'. Any queries that the unit/formation HQ may have relating to 'Dues In' from the contractor are to be forwarded to the PT. Where the unit is difficult to communicate with, for example on operations, FLCs can assist the PT.

b. **Supply Outputs.** Production of supply outputs (for example Supply Issue Vouchers (SIV), Supply Responses and Recall Notifications for repairables).

c. **MOD Audit Trail.** Production of MOD Audit Trail documents (for example Issue Transaction Summaries (ITS)).

d. **Discrepancy Reporting.** A discrepancy in items received from a CLS arrangement contractor is to be reported to the PT, using a Discrepancy Report (DR), MOD F445, in accordance with single service instructions, for the PT to action with the Contractor.

e. **Return of Repairable items.** The following procedures are to apply to the recall and return of repairable items to the contractor:

(1) **Recall.** In this process a contractor's Recall Notification is to be used. For high priority returns, the Recall Notification should be sent by Fax/e-mail to relevant units. The PT may request assistance from FLCs to send Recall Notifications by Signal to units in operational theatres. In addition, the contractor will use its own 'Dues In' reference to track the return of repairable items.

(2) **Return.** The contractor is to operate a recall system for the return of repairable items. This process utilises a similar, but totally separate, system to the Planned Repair Loop process.

Detailed policy on the return of Items through the Reverse Supply Chain can be found within JSP 886 Volume 3 Part 13 (The Return of Materiel and Equipment).

f. **Hastening of Fit/Unfit Repairables Not Returned.** Hastening the return of repairables overdue from units will be a contractor's responsibility and will involve the use of a contractor's version of a unit hastening document. Dealing with units will be the responsibility of the PT. The PT may request assistance from FLCs in this task. This activity must not be confused with Planned Repair Loop hastening. The contractor also has total responsibility for Repair Loop progression.

g. **Accounting for MOD Owned Stock.** Accounting for MOD owned stock on its premises. Full details can be found at Annex A below.

h. **Resource Accounts and Budgets (RAB) Reports.** Provision of RAB reports to SCM (Inventory Management). Full details can be found at Annex A to this Chapter.

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11 For Land and Maritime units this can be by the contractor's version of an MOD F457 (Supply Response) or signal/Fax.

i. **Item History Data.** Provision of item history data for the PT.

j. **CLS Supplements.** Individual CLS Supplements are to be provided to users for guidance on each contract by the respective PTs in line with this Instruction. This includes such information as DesO detail, inventory range, contractors' own formats and other data. Failure to cover the full list of responsibilities contained above and elsewhere within this policy instruction within the contract will result in the PT having to take on those responsibilities itself.

PERFORMANCE MANAGEMENT

26. **Management Information.** The provision of accurate data for the production of Management Information Reports (MIR) is essential to the effective management of CLS projects. The exchange of data between MOD and Industry Log IS must be compliant with current and emerging Government and MOD policy. To this end PTs are to:

a. Engage the services of the DE&S Information Enabling Service (IES) Data for Industry (D4I) project so that a robust, accurate and high-quality service for the exchange of data between MOD and Industry can be established by contract.

b. Ensure the provision of JSC data on contractor performance on demand management is collated and passed to the SCM Provider Svcs Monitoring Team for analysis and inclusion in Performance Management reporting.

27. **The JSC Performance Management Board.** The JSC Performance Management Board (JSC PMB) is tasked with monitoring the performance of, identify failings (then propose remedial action), and making practical improvements to, the JSC. These measures are 'end-to-end' and include all elements of the JSC from FLC units, through the DE&S and CLS contractors. They use 3 key metrics which are:

a. **Responsiveness.** This measures how long a demand takes to be satisfied from it being raised by a unit to its receipt at that unit.

b. **Reliability.** This measures how often the JSC meets its targets, principally the Standard Priority Codes and Supply Chain Pipeline Times, as detailed in PJHQ Sustainability Statements for an operation and delivery against the Required Delivery Date (RDD).

c. **Inventory Availability.** This measures where an item was provided from, ie within the unit/2nd Line, the Depot or direct from industry.

POST PROJECT EVALUATION

28. Post Project Evaluation is the retrospective analysis of a project, policy or programme to assess how successful or otherwise it has been, what lessons can be learnt for the future, and to compare actual outcomes with predictions made in the appraisal. All CLS projects are to be reviewed on this basis and it is the PT Leader's responsibility to ensure that this is completed.

ANNEX A - CLS - STOCK ACCOUNTING AND STOCK MANAGEMENT ASPECTS

(Introduced at Paragraph 19)

Purpose

1. This Annex is provided to assist DE&S inventory-procuring and inventory-owning PTs which are considering entering into CLS arrangements but might be unclear on the stock accounting and stock management implications. The term 'stock' is taken to include Capital Spares, Raw Materials and Consumables (RMC) and Guided Weapons, Missiles and Bombs (GWMB). It is specifically aimed at ensuring that these PTs can progress as expeditiously as possible without falling foul of the numerous Government Accounting and other related propriety and Corporate Governance regulations.

2. CLS arrangements concerning inventory holdings are often very complex, the more so as innovative proposals are developed. Potential industrial partners are also often unsighted on Government Accounting regulations and their implications. PTs and other stock owners considering CLS arrangements, therefore, need to be aware of these issues. A clear audit trail is essential to support the project manager and the PT leader both in decision making and Post Project Evaluation (PPE). By following the guidance in this Annex PTs considering entering such arrangements will be able to establish a clear trail and achieve their project goals without transgressing propriety rules.

Accounting for Inventory Stock

3. PTs will need to have procedures and systems in place to provide accurate financial and materiel accounting information relating to all their assets and liabilities. JSP 472 (Resource Accounting Policy Manual) sets out the requirements in respect of financial accounting and JSP 886 Volume 4 Part 1 (The Fundamentals of Materiel Accounting) provides guidance for the general principles behind materiel accounting for Inventory (Stock). This may involve providing the contractor with a dedicated link to DE&S Log IS where global visibility is paramount to both the MOD and the contractor. PTs should avoid finalising a contractual arrangement with a contractor before it has been ascertained whether the arrangement can comply with the DE&S Supply Chain IT functionality and other related processes.

Ownership

4. JSP 472 (Resource Accounting Policy Manual) provides authoritative guidance concerning financial considerations including capital charges on assets, whilst Annex B to Resource Accounting Treatment Bulletin (RATB) 12a provides a summary of Financial Reporting Standard (FRS) general principles in determining departmental stock ownership. The MOD Partnering Support Group (PSG) is the policy authority and the mandated focal point for contact with the NAO. Each project needs to be assessed individually against the PSG guidance. PSG will agree the accounting outcome with DF&MA and will support the PT submission of the findings to the NAO to establish whether the stock should be held On or off MOD's Balance Sheet. RATB 13c provides advice on accountancy in respect of on/off balance sheet treatments and covers VAT, which may be recoverable for certain arrangements; however, advice from Corporate Financial Controller, Corporate Banking and Fund Manager (CFC CBFM) VAT, should be sought and formally agreed to before proceeding to implementation.

5. Procedures should be formulated, drawing from the relevant accounting guidance

laid out in the Resource Accounting Policy Manual (RAPM) JSP 472 and associated RATBs, ensuring that all accounting data held at PT level can be supported. Procedures should include calculation of accruals figures, accuracy of value of assets in industry and other fixed assets (Chapter 4, RAPM), stock values (Chapter 6, RAPM) etc. The requirement for pricing data to be updated is particularly important since any reduction in accuracy will lead to not only poor business decision-making but the likelihood that the NAO will qualify the MOD DRAc. Management accountancy advice is to be sought. Detailed accounting assumptions and account entries are to be agreed with SCM (Inventory Management) and DF&MA as part of the approvals process. Procedures are to be provided, when stocktaking takes place, on the ability to distinguish between MOD and Contractor stock held within MOD stores.

6. In cases where it is proposed to transfer stock to a contractor at the commencement of a contract PT leaders are advised to demonstrate prudence. Where transfer arrangements are deemed to be legitimate, appropriate accounting treatments are still being developed. These arrangements often require high-level accounting skills to administer. Many of them are 'off line' and require manual operation. This is an PT responsibility to fulfil and the associated administrative costs should be included in the overall investment appraisal. Generally speaking all transfer arrangements are very complex and PT leaders will need to ensure that the contractual arrangements adequately compensate for the value of stock transferred, otherwise the rules on gifting might be contravened (JSP 472 - Paragraph 6.9 refers).

Stock Held by Contractors

7. The point at which ownership of spares may change from contractor to MOD or vice versa must be clearly defined, since it could be a trigger point for possible charges. The need to differentiate between MOD-owned and contractor-owned stock at all stages in the supply chain is also necessary. This distinction is needed, particularly, for resource accounting purposes. PT Leaders are responsible for ensuring that all proposals clearly identify that the accounting treatment assumptions have been assessed in conjunction with PSG who will support the submission to DF&MA and subsequently the NAO. Moreover, they need to be aware that CLS arrangements do not absolve them, or their teams, from stock optimisation responsibilities (including DE&S Board performance targets) where MOD remains the stock owner. Ultimate responsibility always rests with the PT Leader. The Inventory Planning process, owned and monitored by Deputy Head SCM (Inventory Management), is specifically designed to support PT Leaders in this activity. CLS arrangements are to fulfil the following criteria regarding Stock Management and Stock Accounting:

a. **Accurate Accounting Information Relating to MOD Assets and Liabilities.** Procedures are required to be in place that enables:

(1) Separate identification of MOD and Contractors stock held within MOD stores or on MOD stock systems (current and future) for accounting and stocktaking purposes.

(2) Accurate and true valuation of the MOD inventory.

(3) Accurate calculation of the value of Assets in Industry and other Fixed Assets.

(4) Identification of transactions and balances of MOD stock held on

Contractors' stock systems for inclusion in the MOD accounts.

b. **Interface with Current and Future Stock Systems.** Procedures are required to be in place to:

(1) Maintain the necessary data on stock systems in order to produce accurate stock accounts.

(2) Comply with JSC IS functionality and processes.

c. **Investment Appraisal.** Business Cases must present the expected cost, using outturn prices against the likely budget provision for the period of the contract.

8. Innovative support solutions involving stock held by contractors (as either earmarked or allocated stock) must still comply with Government guidelines concerning the applicability of RAB (Capital) charges. Where stock is deemed to be On Balance Sheet (see Paragraph 5) the PT is responsible for ensuring it is accurately accounted for, particularly if the arrangement is such that visibility of the holding is lost to the DE&S stock supply systems. The DE&S Asset Accounting Centre can provide advice on this in association with Deputy Head SCM (Inventory Management). PTs will need to carry out Supply Chain Risk Analysis to determine if they need earmarked or allocated stock or can choose to call off unallocated stock.

9. Where CLS arrangements remove items from the balance sheet, the impact of this on the PT stock holding to consumption ratio needs to be recognised and CLS project managers must identify the value, savings and details of the contracts in their Inventory Plans. PTs must also outline their business justification for this in the Inventory Plan and confirm, quoting appropriate policy, that the interpretation and application of the relevant financial accounting conventions is correct. Moving to CLS solely to reduce the stock holding to consumption ratio for presentational purposes is not considered best practice or necessarily represents value for money; it is operational effectiveness by which a project is measured.

10. PT leaders should be aware that removal from the PT balance sheet of Force Generation and Sustainment stocks will almost certainly be prohibited.

Resource Accounting, Budgeting Reporting and Stocktaking

11. Resource Accounting and Budgeting (RAB) Reporting. If custody of stock is to be passed to the contractor and ownership title remains with the MOD, the stock is to be ring fenced under an appropriate unique accounting UIN (A****A series) to be attributed to that contractor and tied to the PT. For RAB stock reporting purposes the procedure is as follows:

a. **MOD-Owned Pool of Spares.** Issues made from the ring fenced MOD-owned pool of spares will have to be formally reported by the PT to SCM (Inventory Management) Stock Collation System Team. The detail required by SCM (Inventory Management) Stock Collation System is as follows:

(1) Unique SIV number used by the contractor.

(2) NSN.

(3) Quantity Issued.

(4) Issuing UIN.

(5) Receiving UIN.

(6) Date of Issue.

(7) Batch Reference Number.

b. The information above is to be passed in electronic format to SCM (Inventory Management) Stock Collation System by the last Friday of every month (except December, where it is to be done prior to Christmas Stand-down) for that month's activity. Any unit returns are to be reported to SCM (Inventory Management) Stock Collation System at period end using the same elements listed above. In addition to the Issue activity data, SCM (Inventory Management) Stock Collation System also require a period end stock balance, which is to show NSN and quantity held. This is required to allow stock valuation and reconciliation to take place.

12. **Stocktaking.** Where MOD-owned stock is held by the contractor, stocktaking is to be conducted in accordance with PFG Asset Accounting Centre Procedures.

National Audit office Involvement

13. As stated in Paragraph 5 the MOD Partnering Support Group is the mandated focal point with the NAO and will support the PT in its submission to DF&MA and subsequently to the NAO. In addition PTs should always consult with the SCM (Inventory Management) organisation.

ANNEX B - CLS - MARITIME REQUIREMENTS

(Introduced at Paragraph 23)

Aim

1. The aim of this Annex is to provide additional policy specific to DE&S PTs within the CoM (Fleet) domain and other holders of stock on Maritime IS, where either platform support or supply of spares and equipment is provided or is being considered through CLS contract. The policy applies equally to both mature in-service equipment/platform managed by DE&S PTs and new equipment/platforms introduced by DE&S PTs.

Maritime Specific Guidelines for the Introduction of CLS

2. In addition to the responsibilities outlined at Chapter 2, Paragraphs 25 and 26 of this instruction, the following guidelines should also be considered in relation to any CLS proposals impacting on the Maritime Supply Chain.

a. **On Board Spares.** Many equipments have on board spares provisioned to support on board maintenance. The scale for these spares per equipment is defined in the vessel's On Board Documentation (OBD). The underlying processes used to create and maintain the content of the OBD is Inventory Planning and the OBD is the method of detailing the optimum scale. Additionally the Consolidated Allowance List (CAL) production can be aided by multi-platform or multi-equipment inventory planning modelling thereby ensuring that 'common' inventory is optimised. Where a spare is common to more than one equipment, a rationalised spares holding is calculated and included in a CAL. If an equipment to be supported by CLS requires on board spares, a check is to be made against the CAL for that platform to identify if spares are already held, possibly for another application.

b. **The Reverse Supply Chain.** All ships' returns pass through a Returns Processing Facility to determine whether an item needs to be repaired, returned to stock or scrapped. This decision is largely an automated process based on the Common Royal Navy Supply and Transport Service Inventory System Project (CRISP) Information Systems (IS) algorithms (Returns Acceptance Codes). PTs will need to consider how the returns of serviceable and repairable items for a CLS-supported equipment or platform will be processed. Where contractor-owned stock and equipment are common to MOD-owned spares and equipment, PTs may consider the cost-effectiveness of utilising existing MOD contracts for repair. In such circumstances, consideration will be needed on whether this may involve a change of ownership of the spares and equipment. The implications for processes, price mechanisms and risk will need careful consideration. PTs are to engage with Chief of Materiel (CoM) (Fleet), SCM (Inventory Management) and SCM CS Maritime early in the development of any support solutions to ensure that any impact on Warship Support Modernisation Initiative (WSMI) arrangements is taken into account. If CLS items are required to be returned from deployed units via commercial freight providers the costs are to be met by the PT responsible for the CLS solution.

c. **Equipment/Spares Orders.** Out of area orders and the requirement to lay-apart spares, should a ship not be available to receive them, must be addressed in consultation with CoM (Fleet) and Fleet staff.

Maritime Supply Chain Infrastructure (Including the Dockyard Partners)

3. The impact on the Maritime Supply Chain Infrastructure (including post-WSMI, the Dockyard Partners) is a key consideration when developing CLS arrangements. For every CLS arrangement, the impact on the Naval Physical Supply Chain (including Partners) infrastructure will be different and, for this reason, each case should be looked at on its merits. The process detailed in CRISP Job Instruction Sheet (JIS) 0733 Management of MOD-Owned Stock Held by Contractors' (Contractors-Stocked Inventory (CSI)) provides a clear baseline from which the considerations of infrastructure, systems interface and maintenance of stock visibility are to be addressed.

Coherence of the Maritime Supply Chain

4. It is inevitable that, as more CLS arrangements are introduced, the result will be a reduction on some aspects of the CoM (Fleet) infrastructure, most obviously Naval Base storage capacity. This is not in itself the critical issue. What is essential is that the coherence of the Maritime Supply Chain is preserved to ensure supply to the customer in a coordinated manner. This is to be achieved through adherence to the basic principles outlined in this JSP and the associated JIS referred to in Paragraph 3 above. This will involve the use of CoM (Fleet) infrastructure for purposes such as cross-docking of materiel, but not necessarily the use of Naval Base storage capacity. In some instances CLS contractors may wish to sub-contract work back to the CoM (Fleet) or its partners, eg storage facilities at the Naval Base. It is essential that all such requests be discussed in advance with CoM (Fleet) and the intelligent customer groups within each Naval Base.

ANNEX C - LAND SUPPLY CHAIN CLS PROCEDURE

(Introduced at Paragraph 23)

Aim

1. The aim of this Annex is to detail the procedures for the supply to MOD units of consumable and repairable equipment and spare parts, in support of Land Log IS managed equipment programmes, by approved contractors providing a CLS option pending the implementation of full Electronic Business Capability (EBC). The DE&S has endorsed EBC as the e-commerce solution, which is designed to link contractors directly with Stores System 3 (SS3). The use of 'swivel chair' solutions may continue pending implementation of EBC in 2009/2010 but any future use must receive appropriate approval from HQLF. However, other supply support solutions may apply to CLS within the Land environment (see Paragraph 3 below).

Scope

2. **Applicability.** This Annex applies only to:

a. Those DE&S CLS arrangements where agreement has been made with Hd SCM to use the procedures set out in this Instruction. The decision to adopt a CLS arrangement to support a Land equipment programme, however, is subject to stakeholder agreement (including that of the FLC) and the DE&S approvals processes. The list of DE&S CLS arrangements authorised to use these procedures is at Figure 1 below.

Figure 1: DE&S CLS Arrangements Authorised to Use Land Supply Chain CLS Procedure

Ser	ES (Land) CLS Arrangement	PT	Contractor
1	ADAPT (Air Defence Availability ProjecT)	Short Range Air Defence (SHORAD)	MBDA UK Ltd
2	Heavy Armour Spares Division (HASP)	Armoured Vehicles Programme (AVP) In-Service Platforms (ISP)	TVS Supply Chain Solutions
3	BGTI SS (Battle Group Thermal Imager Support Service)	Armoured Vehicles Programme (AVP) In-Service Platforms (ISP)	Thales Defence Ltd
4	Surveillance System and Range Finder (SSARF)	Dismounted Close Combat (DCC)	Thales Defence Ltd
5	Future Integrated Soldier Technology (FIST)	Dismounted Close Combat (DCC)/Combat Support Equipment	Thales Defence Ltd
5	BOWMAN	BOWMAN and Tactical Command Information System (BATCIS)	General Dynamics (UK) (GD (UK))
6	C Vehicle PFI	Engineer System Support (ESS)	Amey Lex Consortium (ALC)
7	CASE (Contracting for Availability for STANO (Surveillance, Target Acquisition and Night Observation) Equipment)	Combat Support Equipment (CSE)	QIOPTIQ
8	AS90 ESA	Field Artillery Support System (FASS)	BAE
9	MASTIFF	Support Vehicles (SUV)	NP Aerospace
10	J1/J4 IOS (J1/J4 Interim Operations Support)	DII	ATLAS Consortium

b. Those Land units holding equipment managed through a DE&S CLS arrangement and supported by existing Land LOG IS:

(1) Unit Computer (UNICOM) Q and the UNICOM GLOBAL SS3 Link

(UNIGSS) interface.

(2) GLOBAL.

(3) SS3/On-Line Issues Validation and Enquiries Routines (OLIVER).

(4) The CLS Demand Logging System (CLSDLS). This is a IS application that transacts directly with the contractor and provides a shared environment for the control and visibility of all transactions. CLSDLS can be supplied either by MOD or the contractor.

(5) Visibility in Transit Asset Logging (VITAL) plus other Consignment Tracking (CT) IS.

c. Those units from other Services, holding equipment managed through a DE&S CLS arrangement, where single-Service LOG IS is used to pass demands to SS3.

d. Those NSNs that are peculiar to the equipment supported under the particular DE&S CLS arrangement and grouped under a specific Domestic Management Code (DMC) that uniquely identifies the particular DE&S CLS arrangement. Common User Items (CUI), which are applicable to other equipments and mounted on SS3, are excluded from this process. This is because separate inventory identification and support for the same item is not possible using current LOG IS. Demands for CUI will be supported by SS3 in the normal way. Items that begin as peculiar to an equipment that is supported under a DE&S CLS arrangement but subsequently become CUI must be removed from the CLS arrangement and supported by SS3 in the normal way.

3. **Context.** This Annex is intended to be an over-arching Instruction for all in-scope DE&S CLS arrangements that fit the JSC processes which are set out in the Instruction (the Land CLS Model) (see Paragraph 8 below and the list of approved arrangements at Figure 1 above). Each individually approved CLS arrangement is to be supported by its own Supply Support Plan (SSP) produced by individual PTs responsible for the arrangement and based on the procedures set out in this plan. In some cases other supply support solutions will be offered to PTs where their requirements cannot be met by the JSC processes set out in this Instruction, for example, for non-codified items that are only supplied to static, non-deployable units and items procured under Urgent Operational Requirements (UOR). However, these requirements will be dealt with on a case-by-case basis by Hd SCM and are outside the scope of this Instruction. Similarly, there are other methods of supporting CLS arrangements within the Land environment outside of Hd SCM control and, therefore, outside the scope of this Instruction.

4. **Migration to EBC.** As all DE&S CLS arrangements within the Land environment migrate fully to the EBC process detailed at Appendix 1 to this Annex the “Swivel Chair” process detailed within this Annex will become obsolete and in due course will be cancelled.

Responsibilities

5. **The Overall CLS Arrangement.** The overall CLS arrangement is often developed by the DE&S PT as part of the procurement of the main equipment or a change to support strategy. The standard Equipment Support (ES) procedures to support the equipment carried out by the PT, including codification and Ranging and Scaling, are to occur normally and are outside the scope of this Instruction. Under a CLS arrangement the

contractor is responsible for the availability and supply of items into the JSC in response to unit demands. The model developed by Hd SCM for the operation of CLS arrangements within the JSC is transitional towards full SS3 EBC and any changes to standard supply procedures have been kept to the minimum, so that the JSC remains consistent to the user unit. The unit is to maintain its normal points of contact with the JSC, provided by formation HQ Log Sp, ES staff and the Log Svcs Operations Centre Bicester and the DE&S PT organisation. In the early stages of a CLS arrangement all staff must ensure that in the event of a unit error in using the new CLS system priority is given to providing a service first and correcting the unit second.

6. **PT Designated officer.** The PT is to run the operation of the CLS arrangement through its nominated Designated Officer (DesO). The DesO is responsible for the monitoring of the performance of the CLS arrangement and providing the point of contact for the users (units) and facilitators (Log Svcs Operations Centre) and formation HQs of the CLS arrangement. The DesO may be collocated at the contractor's premises or may be based within the PT; however, they must provide the effective point of liaison between the contractor and the MOD users and facilitators of the CLS arrangement. Maintenance of the definitive list of items that comprises those spares that are supplied through the CLS arrangement is a critical task for the DesO. These items must all be codified with a NATO Stock Number (NSN) and must not include any CUI (see Paragraph 2d above). In addition, the DesO is responsible for providing item price updates to enable SS3 data to be maintained (see Paragraph 7b(2)(e) below). Conversely, where the MOD owns the stock (see Paragraph 7a below), the DesO is to arrange for SCM (Inventory Management / Stock Collation System) to provide the contractor with the SS3 annual price uplift so the contractor can update pricing information on the contractor's inventory management system. Any Tasked Issuing of stock from the contractor to units is to be instigated by the PT (see Paragraph 10 below).

7. **The Contractor.** The contractor will have total responsibility for all stock covered by the CLS arrangement other than that stock purchased by the MOD and held at 1st Line, Formation and Force level. To facilitate this role the contractor will be allocated one or more "C" series UINs by SCM (Customer Services) for management purposes. In addition, the contractor must provide 24 hours a day 365 days a year service for demand fulfilment as appropriate to the Standard Priority Code (SPC) of the demand. This means that:

a. **MOD Stock Ownership.** The MOD will only own stock in the following cases:

(1) All stock issued to 1st and 2nd line and paid for by the MOD under the contract.

(2) Any stock that the MOD has loaned to the contractor under the contract for the purposes of providing the service, including stock managed under DEFCON 611 arrangements.

(3) Any sustainability/surge stocks delivered to a primary depot and paid for by the MOD under the contract which is mounted on the War Reserves and Pools System (WRAPS). The reason for the stipulation of WRAPS in this case is because SS3, although holding full item records, cannot hold any stock that is supported by a CLS arrangement (see Paragraph 8 below).

b. **MOD Roles.** Due to the increased role of the contractor, certain MOD roles will be altered or reduced. For example, the central PT staff and SCM (Customer

Services) will have an altered role, whereas PT Provisioners, Procurement and Provision Support (P&PS) and Log Svcs will have a reduced role. In general terms the involvement is limited to:

(1) **JSC Providers.** Distribution arrangements will vary according to the particular CLS arrangement contracted by the PT. The JSC should be the normal method of distribution for peacetime in barracks units. Alternative methods of distribution may only be introduced with the express authority of FLC. The impact and risk involved in any distribution outside the JSC must be clearly articulated in the project business case and such proposals must be endorsed by SCM Support Solutions staff. Nevertheless, support to operations is always to be via the JSC, with delivery to a single point of entry: 'The Purple Gate'. PTs must gain the agreement of Log Svcs Main Office at Bicester for the specific physical interface arrangements with the JSC i.e. entry/ exit point, and the asset tracking arrangements for the 'onward movement' process. In particular, Log Svcs agreement must be obtained where additional Log Svcs resource will be required. Similarly, returns to the contractor will normally pass through JSC as appropriate. Contractors may also apply to use the MOD consignment tracking system VITAL at their own locations where they feel this will improve distribution[12].

(2) **PT Provisioners and Provision and Procurement Services (P&PS).** PT Provisioners and P&PS will be responsible for some or all of the following tasks:

(a) The physical migration of NSNs into and out of the newly-created DMCs that identify the range of NSNs supplied under the particular CLS arrangement as required by the DesO. The management decision will be taken by the DesO on behalf of the PT, but passed to P&PS (Inventory Management (IM)) for action on SS3 in accordance with established SS3 procedures. Normal SS3 procedures will be followed to obtain the necessary agreement from any relevant importing/exporting PTs involved with the NSNs.

(b) The processing of Parts Change transactions, as requested by the relevant DesO, will be processed through P&PS (IM) for action on SS3 in accordance with established SS3 procedures.

(c) Items that were not expected to be part of a CLS arrangement may not have been codified. However, JSP 886, Volume 2, Part 4: (NATO Codification in the UK) states that all items entering the JSC must be fully NATO Codified when the item is contracted or the first time the item is demanded. PT Provision Sections will have responsibility for the movement of non-codified items on to CLS arrangement spares lists in consultation with the DesO. The CLS arrangement spares list that is mounted on SS3 will only contain NATO-codified items. Any demands for non-codified items received at Log Svcs Operations Centre that can be tied to a CLS arrangement would be referred to the PT off-line of SS3 for codification in accordance with normal procedures for handling non-codified demands.

12 Application for contractor VITAL access is done through Hd SCM.

(d) PTs are to declare equipments and significant sub systems as being Obsolescence (12 to 36 months before the equipment Out of Service Date (OSD)) or Obsolete (0 to 12 months before OSD; retrospective declarations are preferable to no declarations). The latter should be carried out in conjunction with the submission of a Declaration Form to the Disposal Services Authority. The PT Provision staff are to process these formal declarations of Obsolescence / Obsolete to identify unique NSNs. These NSNs can then be considered for disposal with the equipment or sub system.

(e) PT Provision Sections may be tasked to amend prices on SS3 as provided by the DesO (See Paragraph 6 above). Alternatively, they can complete SUP F1060 and forward it to Log Svcs Operations Centre Bicester for input to SS3 to facilitate SS3 Transaction LWA (Amend/Update Basic Price).

(3) **Responsibilities of Hd SCM.** Hd SCM is responsible for all policy concerning interface arrangements between the JSC and contractors, and is the sponsor for these procedures. Hd SCM staff will guide and assist PTs in the implementation of CLS arrangements under this model.

(4) **Log Svcs Operations Centre.** The Log Svcs Operations Centre at Bicester is responsible for:

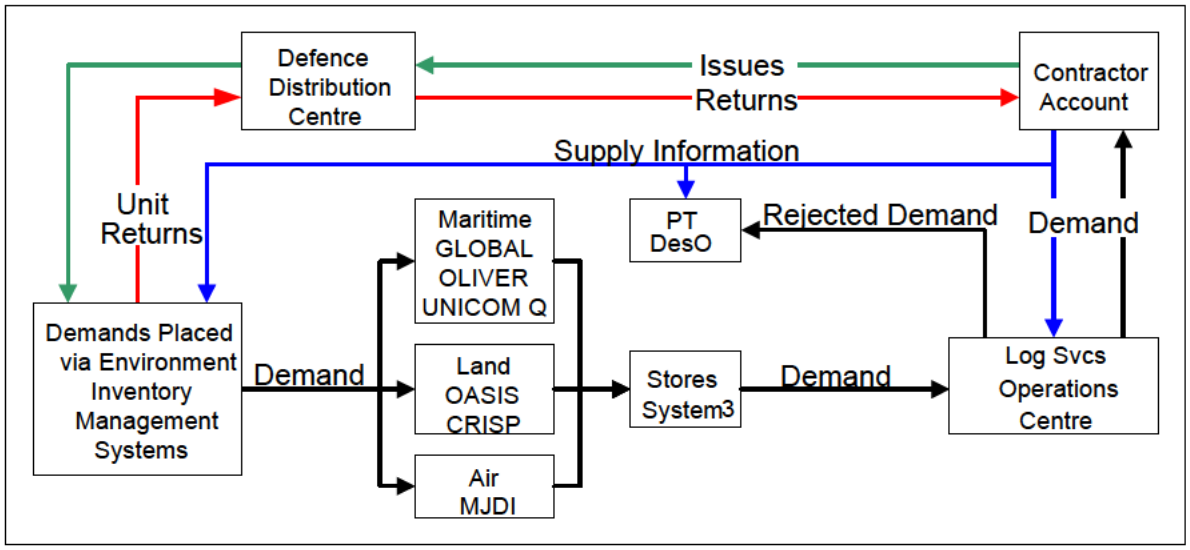
(a) The management of all SS3 outputs going to the contractor.

(b) A full 24-hour customer support, JSC overview and passage of information.

Land SC CLS Model

8. The Land SC CLS Model is as follows:

Figure 2: Demand Process using CLS



9. The above diagram presents the model from a system point of view only and does not include all the physical JSC aspects of the process e.g. packing, movement etc, which

are described in this Instruction. This model follows standard Land SC procedures and SS3 processes up to the point where the demand is 'referred'. To achieve this all NSNs are given Item Buy Type (IBT) '4' (Buy as Required Item (BAR)) and a Disposal Restriction Code (DRC) 'C' (Disposal requires Provision Branch authority). Normal procedures are re-engaged when the stores, issued by the contractor, enter the JSC. The key feature of this model is the 'Nominal Provision Section' at the Log Svcs Operations Centre Bicester, to where the demands and disposal instruction requests are referred and where the individual CLS contract CLSDLS terminals are located. In this case 'nominal' means notional or representative. Presently the Log Svcs Operations Centre Nominal Provision Section operates a manual interface to the contractor by loading referred SS3 outputs onto the CLSDLS, and this is known as the 'CLS Swivel Chair'. The EBC enhancement is intended to remove the 'swivel chair' aspect to facilitate the seamless electronic progress of the demand/request for disposal instructions from SS3 to the contractor and the return from the contractor of supply information. The Nominal Provision Section will be denoted on SS3 by the Category of Store '08' and the Provision Section Code (PSC) 'D1'. Referred Demand records will be cancelled automatically after 3 months and advised to the Nominal Provision Section via SS3 print PTG.

Demand Procedure

10. **Demanding Units.** Only authorised units, which have been affiliated to a CLS arrangement by the appropriate PT, should place demands for items covered by that CLS arrangement. The list of authorised units is to be maintained by the PT in co-ordination with Log Svcs Operations Centre Unit Locations staff. This list must include unit telephone and Fax numbers so that supply information can be sent to the unit by the contractor (arrangements to obtain telephone/Fax numbers are to be agreed between the PT and Log Svcs Operations Centre). When placing demands for items covered by the CLS arrangements the unit must include the DMC on the demand to confirm that it is intended as a demand on that CLS arrangement. Where a non-affiliated unit places a demand for an item covered by a CLS arrangement, this demand is to be referred to the DesO by Log Svcs Operations Centre or dealt with under arrangements agreed between Log Svcs Operations Centre and the PT. However, it is stressed that authorisation should not inhibit the demand fulfilment process in particular for demands submitted by non-affiliated units in operational theatres.

11. **Passage of Demand, PT Issue Order (IO) and Land Priming Equipment Packs (Land PEP).** The following is to apply:

a. **Demands.** Demands are to be completed by units in the normal way. Standard information such as condemnation (AF G1043) details, Non Standard Address (NSA) and Special Operations Codes (SOC) are to be provided. Demands are to be submitted in accordance with the Standard Priority System JSP 886, Volume 3, Part 1 (The Standard Priority System) and normal single-service Log IS procedures. These are:

(1) **Unit Demands:**

(a) 'Supported Unit' to its Secondary Depot (SD). As usual, the unit demand may be satisfied at SD level or extracted to SS3 via UNIGSS or GLOBAL/OLIVER.

(b) 'Unsupported Unit' to Log Svcs Operations Centre or via UNIGSS to SS3.

(2) **Secondary Depot Demands**. Through GLOBAL/OLIVER to SS3.

(3) **Other Service Units.** In the normal way for that service.

In a situation where GLOBAL / OLIVER / UNIGSS communications problems exist, passage of high priority demands by Fax, e-mail or signal is to continue in accordance with the Standard Priority System (JSP 886, Volume 3, Part 1).

b. **PT Issue Orders.** PTs may require stock to be issued directly to a unit on a permanent basis or as a temporary loan. This is distinct from the unit demanding the items. This process is called the 'Tasked Issue'. PTs are to submit Issue Orders (IO), direct to the CLS contractor through the DesO to facilitate any Tasked Issue requirements it has. IOs are to be used by PTs for pushing forward initial equipment entitlements, Repair Scales (Deployment and Paper Scales) of consumable spares and Forward Repair Pools (FRP) of repairables in accordance with direction from the FLC. The PT must ensure that JSC providers, the chain of command and the receiving unit are aware of any Tasked Issues that are to be made by the contractor. The contractor is to action the IO by making a Tasked Issue of the items to the unit. The receiving unit and the chain of command must be kept informed of Tasked Issues made, including any Dues Out. To this end, the contractor is to produce a Task Statement of the items it has issued and forward this to the unit, the PT and Log Svcs Operations Centre if a large delivery into the 'Onward Movement' system is to occur. In addition, the contractor is to use the same Tasked Issue Reference Number as the PT IO Number and this, plus the SPC and the coloured star, is to be written clearly on/affixed to the package by the contractor to ensure visibility of the Tasked Issue through the JSC.

(1) **Purple Gate**. CLS contracts must mandate that suppliers provide at the JSC entry point, for consignments to operational theatres this will be the Purple Gate, the minimum information required to track their consignments within the JSC. For further information on Purple Gate see JSP 886 Volume 3 Part 3, and for specific details of the information required for Consignment Tracking see Annex B to Chapter 3 of JSP 886 Volume 3 Part 7.

(2) **Consignment Tracking**. To facilitate MOD consignment tracking requirements on VITAL or RIDELS an MOD Consignment Tracking Information Sheet is to be prepared for all consignments moving through the JSC. Further detail is at Appendix 1 to Annex B to Chapter 3 of JSP 886 Volume 3 Part 7 – Consignment Tracking.

(3) **Distribution to Operational Theatres**. All consignments to units deployed on operations are to be channelled through the 'Purple Gate' at Log Svcs Bicester in accordance with JSP 886 Volume 3 Part 3 Purple Gate and JSP 886 Volume 3 Part 7 Consignment Tracking. For consignments channelled through the 'Purple Gate' Log Svcs staffs are to enter the detail from the MOD Consignment Tracking Information Sheet on to VITAL.

c. **Loans**. Where the item(s) issued is only on loan for a set period, the PT is to state this on the IO in the 'Special Instructions'. The PT is to copy the IO, detailing the terms of the 'loan' to the unit and HQLF ES. The Tasked Issue will be made by the contractor in the way described above, and the Task Statement will also state that it is a 'Loan'. The unit is to bring the item(s) to account as a loan in the normal way. At a convenient time towards the end of the loan period, the contractor is to

recall the loan. The recall is to be done using the Call-In Instruction (see Paragraph 19 below). The contractor is to make reference to the Tasked Issue Reference Number of the loan as the Dues In Identification Number (DIIN) on the Call-In Instruction. The unit is to follow the instructions set out in Paragraph 20 below and return the item(s) covered by AF G8883(M) to the contractor. The PT is to hasten the unit if it fails to return the loan items as set out in Paragraph 23 below.

d. **Land PEP.** A Land PEP is primary stock which is Scaled, Earmarked and Tasked Issued on SS3 to units deploying on operations and major exercises. Where items managed under CLS arrangements are to be included in a Land PEP, the following process is to be followed to issue the stock from the contractor to the receiving unit:

(1) **Scale.** The PEP scale will be created on SS3 and the details of any CLS items will be passed by SCM (Provider Services) (Land) (PEPs Element) as an e-mail to the contractor via the PT DesO. This is the warning order that a PEP is to be formed which will include CLS items. The message sent to each PT/contractor will only include those items relevant to that CLS arrangement.

(2) **Earmark.** The PEP scale will be Earmarked on SS3, controlled by Controlled Stocks Section in Log Svcs Operations Centre and referenced by a Operational Stocks Earmark Repayment Loan (WERL) number. SS3 will output to Log Svcs Operations Centre a 'PKF' print by WERL which will show the NSNs earmarked in DMC numerical order. For the CLS items on the print, the earmark liability will be shown; however, no assets will be attracted because it is not an SS3 stocked DMC. Log Svcs Operations Centre will pass the Earmark requirement by e-mail to the contractor via the PT DesO. The contractor must make arrangements to meet the Earmark requirement.

(3) **Tasked Issue.** Once instructions to issue the PEP are received from HQLF the Nominal Provisioner in Log Svcs Operations Centre will process the Tasked Issue of the Earmarked stock using the appropriate CLSDLS application under the SS3 Collated Task Issue number. Each contractor will issue the stock on its own inventory system, and keeping coherence with the Collated Task Issue number, deliver the stock to join the PEP at Log Svcs. Normal Log Svcs PEP issue processes will follow.

(4) **Notifying the Unit.** The contractor will send a message to the unit telling it what stock has been issued. This will replicate the Task Statement that is sent to the unit and the automated Dues In that is created on GLOBAL/UNICOM by SS3.

(5) **Monitoring and Reporting.** SCM Provider Services (PEPs Element) is responsible for monitoring the filling of the Earmark of any PEP and the issue of the PEP. In the interim this will involve manual reports from the contractors thro

12. **Referral of Demand and Inabilities to Issue.** Log Svcs Operations Centre is designated as the 'Nominal Provision Section' for those DMC covered by the CLS arrangement. The Nominal Provision Section's role is to refer demands and all other SS3 output to the respective contractor's location. In the case of demands this is done by electronic means using CLSDLS. Demands will be processed to the contractor as follows:

a. Routine Demands – batched and forwarded daily on working days only.

b. Priority Demands – individually transmitted as they arise on a 24 hour basis.

The management of Inabilities to Issue by the contractor is to be managed by the DesO. The management of cancelled demands and Dues In of repairables, when a demand is cancelled, is also a DesO responsibility.

13. **Demand Progression and Unit Enquiries.** Due to the transfer of the demands from SS3 on to CLSDLS, full visibility of the complete progress of a demand will not be possible using the Log IS available to the FLC (OLIVER and VITAL). However, by following the alternative process set out in this paragraph, the necessary information relating to the demand can be achieved by the FLC. Demand status information will be passed back to Log Svcs Operations Centre electronically via CLSDLS by the contractor in accordance with the priority of the demand. Demand progression and other unit queries can be made direct to the Nominal Provision Section on GTN Mil 94240 2502 / BT Civil 01869 256502. Out of hours enquiries are to be directed to the Customer Support Help Desk on GTN Mil 94240 2052 / BT Civil 01869 256052. However, any queries relating to the progress of the issue which cannot be answered by the Nominal Provision Section or the Help Desk are to be passed to the DesO.

Supply of Materiel

14. **Supply.** The contractor is to deliver the materiel in satisfaction of the unit demand or PT IO to the Log Svcs Traffic, Purple Gate, or, exceptionally and with justification, to the SD or the 1st line unit direct, depending on the agreed delivery point in the CLS contract. This is to be done using the contractor's own distribution system. The stores will arrive accompanied by the contractor's version of AF G8614 (Supply Issue Voucher (SIV)).

15. **Supply Non-Availability.** If the contractor cannot meet the demand, the unit is to be notified on the contractor's version of MOD F457 (Supply Response) or signal/Fax. The Nominal Provision Section will assist in the passage of Supply Responses as required. Thereafter, the contractor/DesO is responsible for managing the item as a Dues Out or Issue Inability. Any queries that the unit/formation HQ may have relating to Dues In from the contractor are to be forwarded to the DesO. Where the unit is difficult to communicate with, for example on operations, Log Svcs Operations Centre can assist the DesO.

16. **Supply Information.** The contractor will forward the contractor's version of MOD F458 (Issue Transaction Summary) (ITS) to the unit. This will be used in the normal way by the unit for acquittal of demands for items delivered under the CLS arrangement in accordance with JSP 886 Volume 4 Part 200 Pamphlet 1 - 2 Annex N to Section 1. For a repairable returned from a unit a credit ITS is to be used.

17. **Clearance for Bill Paying.** Under this model units will not receive bill paying documentation (MOD Form 640/Form 650/AG Form 173 or any equivalent or electronic (Purchase to Payment (P2P) bill paying instrument). Bill paying is carried out centrally by the PT commercial staff, which is responsible for all bill paying activities.

18. **Discrepancy Reporting.** A discrepancy in items received from a CLS arrangement contractor is to be reported to the DesO, using a Discrepancy Report (DR), MOD F445, in accordance with JSP 886 Volume 3 Part 15 Chapter 7 for the DesO action with the Contractor.

19. **Equipment Failure Reporting.** The Equipment Failure Reporting (EFR) and New Stores Reject procedure is to be detailed by the PT.

20. **Cross-Servicing.** The DesO, where appropriate, may suggest that demands should be met by cross-servicing. In such cases, direction and authority is to be sought through HQLF ES(Mat)/PT, where the matter will be formally staffed and agreement reached with formation HQ staff of the units involved for cross-servicing to occur.

Return of Repairable Items

21. **Recall System.** The Recall system detailed at Paragraph 26e to Chapter 2 of this instruction is to be adhered to for the recall of repairable items by the contractor. The return of repairable items by Land units is detailed below:

a. **Return.** On receipt of a Recall Notification from the contractor the unit is to raise an AF G8883(M). The following is to apply:

(1) **Direct to Repair.** In the case of Direct to Repair (DTR), the unit is to despatch the carcass covered by the normal 3 copies of the AF G8883(M) via the military movements system of the JSC to the contractor.

(2) **Direct Exchange.** Where practicable, the Direct Exchange (DX) point is to be at the SD or, in some exceptional circumstances, at the 1st Line unit. The SD/unit is to prepare the carcass for return and present it to the contractor, suitably packaged and covered by the normal 3 copies of the AF G8883(M), at the DX point in exchange for a fit assembly. In a situation where DX is not practicable, because the carcass was not presented to the contractor at the DX point, the DesO is to arrange for the contractor to collect the carcass at another time or it is to be returned as DTR. Where an item is issued to a SD for restocking the DesO is to arrange collection of the carcass from the unit holding the unfit item or to instruct the unit to follow DTR procedures. DX will not be applicable to SDs or units deployed on operations and DTR is to be used.

The No1 (Blue) copy of the AF G8883(M) is to be sent to Log Svcs Operations Centre in the normal way by the unit. Log Svcs Operations Centre staff will forward this copy to the DesO. A copy of the Recall Notification is to be attached to all copies of the AF G8883(M).

22. **Special to Contents Containers (STC).** STC should be used in the normal way. Special requirements for managing contractor's STC should be included in the SSI.

23. **Hastening of Fit/Unfit Repairables Not Returned.** Hastening the return of repairables overdue from units will be a contractor's responsibility and will involve the use of a contractor's version of a unit hastening document similar to, but separate from, the SS3 QGF/QGG prints. Dealing with units will be the DesO responsibility. The DesO may request assistance from FLC in this task. Again, this activity must not be confused with SS3 Planned Repair Loop hastening.

Disposal and Returns

24. Units holding surplus items provided through the CLS arrangement are to request disposal instructions in the normal way, by AF G8621/GLOBAL/UNICOM Q transaction submitted to SS3. As all items are recorded on SS3 as DRC C (Disposal requires Provision Branch authority), requests are referred to the Nominal Provision Section. The Nominal Provision Section is to refer the request electronically using CLSDLS functionality to the DesO/contractor. The contractor is to respond to the unit with contractor's version of

the AF G8609 (stores not required) or AF G8618 (stores required), as well as the Recall Notification to produce an AF G8883(M) referred to in Paragraph 21 above. The Contractor will be responsible for providing a Returned Stores Address to the unit where the JSC is to be used for back loading. Support solutions involving collections by the contractor must be authorised by the FLC and will only be authorised in exceptional circumstances on a case by case basis. The return of repairables will follow DTR as set out in Paragraph 20 above. Stores not required are to be disposed of through the appropriate DSA Marketing Agreement. The PT commercial staff are responsible for settling accounts with the contractor for all stock returned to the contractor.

Management Information Reports

25. To enable a complete picture of JSC activity each CLS arrangement is required to provide input for central SS3 Management Information Report (MIR) purposes. PT DesO and their contractors are to provide the following MIR to the SCM Provider Svcs Monitoring Team for inclusion in the 'Purple Book' within 3 days of the completion of each SS3 Statistical Period in hard copy in the format described in the separate CLS supplements:

a. **Stock.** Total value and number of items held.

b. **Demands:**

(1) Total number processed.

(2) Total number put to Dues Out.

(3) Total number referred (to DesO).

(4) Total number available.

(5) Total number rejected.

(6) Total number of NSNs and demands held in Dues Out.

c. **Issues:**

(1) Value of monthly total.

(2) Total number excluding disposals.

(3) Total number and value made against each Priority Code.

(4) Total number and value by Unit Identification Number (UIN) prefix.

(5) Total number of issues against demands held in Dues Out.

d. **Bans.** Total number (includes Dues Ban, Ration Ban and Stores Ban).

e. **Disposal Activity.** Total value and number.

f. **Receipt Activity:**

(1) Total number and value.

(2) Total number and value of items received from Planned Repair.

(3) Total number and value of Returned Stores for Planned Repair.

(4) Total number and value of all Returned Stores Others (including loans).

(5) Total number and value of all Scheduled Receipts.

(6) Total number and value of all Unscheduled Receipts.

The interpretation of the above MIR requirements for each CLS arrangement should be agreed between the PT and Hd SCM.

DE&S Business Area Procedures

26. All DE&S Business Areas concerned with CLS arrangements that follow the Land SC CLS model are to review their internal procedures in line with this Instruction. SCM (Pol) is to keep these procedures under regular review.

Appendix:

1. DE&S CLS Arrangements Authorised to use Land Supply Chain CLS Procedure.

ANNEX D - SUPPLY CHAIN CONTRACTOR LOGISTIC SUPPORT PROCEDURES USING STORES SYSTEM 3 ELECTRONIC BUSINESS CAPABILITY

(Introduced at Paragraph 23)

Aim

1. The aim of this Annex is to detail the procedures for the supply to MOD units of consumable and repairable equipment and spare parts, in support of equipment programmes managed on the current Joint Support Chain Logistics Information Systems (JSC Log IS), by approved contractors providing a Contractor Logistic Support (CLS) option using Stores System 3 Electronic Business Capability (SS3 EBC). EBC is the e-commerce solution, which links contractors directly with SS3. The use of interim 'swivel chair' solutions may continue pending migration of projects onto EBC procedures; however, any future use of non-EBC procedures must receive appropriate approval, through the Supply Chain Management (SCM) Support Solutions (Land) team, from the relevant Front Line Command (FLC). There are other CLS supply support solutions where EBC or related interim procedures are not appropriate (see Paragraph 3 below).

Scope

2. **Applicability.** This Annex applies only to the following:

a. Those DE&S CLS arrangements where agreement has been made with Head Supply Chain Management (Hd SCM) to use the procedures set out in this instruction. The decision to adopt a CLS arrangement to support an equipment programme, however, is subject to stakeholder agreement (including that of the FLC) and the DE&S approvals processes. The list of DE&S CLS arrangements authorised to use these procedures will be confirmed during the transition to the SS3 EBC process.

b. Those Land environment units holding equipment managed through a DE&S CLS arrangement and supported by the existing JSC Log IS:

(1) UNICOM Q and the UNICOM / GLOBAL / SS3 Link (UNIGSS) interface.

(2) GLOBAL.

(3) OLIVER.

(4) VITAL and other Consignment Tracking (CT) IS.

(5) Joint Demand Tracking System (JDTS).

c. Those Maritime and Air units, holding equipment managed through a DE&S CLS arrangement, where JSC Log IS pertaining to the Maritime/Air environments is used to pass demands to SS3. This includes the progressive implementation of Management of the Joint Deployed Inventory (MJDI).

d. Those fully NATO codified items in the Single Defence Inventory (SDI) that are peculiar to the equipment supported under the specific DE&S CLS arrangement and grouped under a unique Domestic Management Code (DMC) that identifies it as part of the particular DE&S CLS arrangement. All CLS items covered under the SS3 EBC process must be fully codified. As with the standard SS3 process any item which is non-codified will be rejected to the PT for off-line manual processes. Contractors and

PTs must follow rules on item codification and where an item is demanded it must subsequently be codified. Any Common User Item (CUI), which are applicable to other equipments and mounted on SS3, is excluded from this process. This is because separate inventory identification and support for the same item is not possible using current JSC Log IS. Demands for CUI will be supported by SS3 in the normal way using standard functionality. Items that begin as peculiar to an equipment that is supported under a DE&S CLS arrangement but subsequently become CUI must be removed from the CLS arrangement and supported by SS3 using standard functionality.

3. **Context.** This Annex is intended to be an over-arching instruction for all in-scope DE&S CLS arrangements that fit the SS3 EBC process. This is distinct from the interim ('swivel chair') SC processes which are set out in Annex E[13]. Each individually approved CLS arrangement is to be supported by its own Supply Support Plan (SSP) produced by individual PTs responsible for the arrangement and based on the procedures set out in this instruction. A specimen SSI is at Appendix 4. In some cases other supply support solutions will be offered to PTs where their requirements cannot be met by the JSC processes set out in this instruction, for example, for non-codified items that are only supplied to static, non-deployable units and items procured under Urgent Operational Requirements (UOR). However, these requirements will be dealt with on a case-by-case basis by Hd SCM and are outside the scope of this instruction. Similarly, there are other methods of supporting CLS arrangements where exclusion from the SS3 EBC processes have been granted by Hd SCM and are, therefore, outside the scope of this instruction.

Responsibilities

4. **The Overall CLS Arrangement.** The overall CLS arrangement is often developed by the DE&S PT as part of the procurement of the main equipment or a change to support strategy. The standard Equipment Support (ES) procedures to support the equipment carried out by the PT, including codification and Ranging and Scaling, are to occur normally and are outside the scope of this instruction. Under a CLS arrangement the contractor is responsible for the availability and supply of items into the JSC in response to unit demands. EBC procedures ensure that the JSC remains consistent to the user unit. The unit is to maintain its normal points of contact with the JSC, provided by:

a. FLC Logistics units and Formation HQs.

b. Defence Storage and Distribution Agency (DSDA) Operations Centre Bicester (now LCS (Logistic Services)

c. DE&S PT organisation.

5. **PT Designated officer.** The PT is to run the operation of the CLS arrangement through its nominated Designated officer (DesO). The DesO is responsible for the monitoring of the performance of the CLS arrangement and providing the point of contact for the users (units) and JSC facilitators and FLC HQs of the CLS arrangement. The contact details of the DesO are to be made known in the individual equipment project SSIs. The DesO may be collocated at the contractor's premises or may be based within the PT; however, they must provide the effective point of liaison between the contractor and the MOD users and facilitators of the CLS arrangement. Maintenance of the definitive list of items that comprises those spares and equipment that are supplied through the CLS

[13] Annex E will be cancelled when all CLS arrangements are migrated to the EBC Process.

arrangement is a critical task for the DesO. These items must all be codified with a NATO Stock Number (NSN) and must not include any CUI (see Paragraph 2d above). In addition, the DesO is responsible for providing item price updates to enable SS3 data to be maintained (see sub-Paragraph 7b(5) below). Conversely, where the MOD owns the stock, the DesO is to arrange for SCM (Inventory Management / Stock Collation System) to provide the contractor with the SS3 annual price uplift so the contractor can update pricing information on the contractor's inventory management system. Any Tasked Issuing of stock from the contractor to units is to be instigated by the DesO using EBC (see Paragraph 12 below).

6. **The Contractor.** The following points apply to the contractor:

a. Contractors participating in the CLS supply process utilising EBC must be Defence Electronic Commerce Service (DECS) registered. Contractor Information Systems (IS) must be configured to be able to receive demands from SS3 via DECS and the SC Enterprise Application Integration (EAI) service in XML message format and respond accordingly.

b. The contractor will have total responsibility for all stock covered by the CLS arrangement other than that stock purchased by the MOD and held at 1st Line, Formation and Force level. To facilitate this role the system will utilise the specific contractor's NATO Contractor and/or Government Entity (NCAGE). The contractor will also be allocated one or more "C" series Unit Identity Number (UIN) by Log Svcs Ops for management purposes. In addition, the contractor must provide 24 hours a day 365 days a year service for demand fulfilment as appropriate to the Standard Priority Code (SPC) of any demand placed on it. This includes adherence to all Supply Chain Pipeline Times (SCPT) and changes to SCPT, and the ability to respond accordingly and in a timely fashion to the receipt of electronic Demand Orders without reference to MOD.

7. **MOD Roles.** Due to the increased role of the contractor, certain MOD roles will be altered or reduced. In general terms the involvement is limited to:

a. **JSC Providers.** Distribution arrangements will vary according to the particular CLS arrangement contracted by the PT. However, CLS arrangements utilising SS3 EBC will always require distribution via a VITAL enabled single point of entry, for example 'The Purple Gate'. PTs must gain the agreement of Log Svcs for the specific physical interface arrangements with the JSC. In particular, Log Svcs agreement must be obtained where additional Log Svcs resource will be required. Similarly, returns to the contractor will normally pass through JSC as appropriate. Contractors may also apply to use the MOD consignment tracking system, VITAL, at their own locations where they feel this will improve distribution[i].

b. **Item Provisioners and Inventory Management Staff.** Unlike the interim "Swivel Chair" process it replaces, the EBC process requires PTs engage the SS3 "Inventory Management" (IM) and "Provision" roles which support traditional managed items on SS3. This can be achieved either by the utilisation of Defence Support Group (DSG) Land Supply Business Unit (LSBU) Donnington (DSG LSBU) staff or by the PTs themselves[14]. IM and Provision staff, will be responsible for some or all of the following tasks:

[14] To obtain DSG LSBU resources the PT must submit a Contract Change Proposal Form (the "Annex C" Form) to DSG LSBU.

(1) **Migration of NSNs.** The physical migration of NSNs, including the correct attributes, into and out of the newly-created DMCs that identify the range of NSNs supplied under the particular CLS arrangement as required by the DesO. The management decision will be taken by the DesO on behalf of the PT, but passed to IM staff for action on SS3 in accordance with established SS3 procedures. Normal SS3 procedures will be followed to obtain the necessary agreement from any relevant importing/exporting PTs involved with the NSNs.

(2) **Parts Change.** The processing of Parts Change transactions, as requested by the relevant DesO, will be processed through IM staff for action on SS3 in accordance with established SS3 procedures.

(3) **Non-Codified items.** The movement of non-codified items on to CLS arrangement item lists is to be actioned by the IM staff in consultation with the DesO using the normal UKNCB eSMD procedures. The CLS arrangement item list that is mounted on SS3 will only contain NATO-codified items. Any demands for non-codified items received at Log Svcs Ops that can be tied to a CLS arrangement will be referred to the PT off-line of SS3 and dealt with in accordance with normal procedures for handling non-codified demands. This is:

(a) Immediate issue action with the contractor.

(b) Subsequent codification in accordance with procedures set out in JSP 886 Volume 2 Part 4.

(4) **Obsolescence/Obsolete.** PTs are to declare equipments and significant sub systems as being Obsolescence (12 to 36 months before the equipment Out of Service Date (OSD)) or Obsolete (0 to 12 months before OSD). The Provision staff are to carry out the Obsolescence/Obsolete process in accordance with standard SS3 procedures.

(5) **Prices.** Provision staff may be tasked to amend prices on SS3 as provided by the DesO (See Paragraph 5 above). Alternatively, they can complete SUP F1060 and forward it to Log Svcs Ops for input to SS3 to facilitate SS3 Transaction LWA (Amend/Update Basic Price).

(6) **Referred Demands.** SS3 will refer demands to Provision in certain circumstances prior to the demand entering the EBC process. PTs are to action these referrals in the normal way. The SS3 Referrals concerned are:

(a) Excess Issue Quantity exceeded.

(b) Controlled Item Issue Code (CIIC) set at 1 (Demand Recurring) and 2 (Demand Non-recurring).

(c) Mobilisation Indicator set.

(d) DSG / RAF / RN / Army Non-entitled item.

(e) Non-DECS Enabled (ie. “Swivel Chair”).

Note that lack of figures “1043” in Special Instructions (AF G1043 Condemnation Certificate details) will not cause a referral and so PTs must make sure contractors are carrying out this check.

(7) **Supersessions.** PTs are advised to maintain Supersessions on SS3 so that Contractors receive demands for the latest agreed NSN (ie. Procurement NSN). The SS3 Supersession code is active for EBC CLS the same as non-CLS business. Should the Contractor wish to supply a different NSN (eg. they still have a supply of old stock) the PT must decide if this is acceptable, in conjunction with the demanding unit. If it is acceptable for the Contractor to supply a different NSN, the Contractor is to use the different NSN on all messages. This would acquit the demand on SS3 (against the Demand Reference) but not the Dues-In. Provision will need to cancel the Dues-In against the Procurement NSN.

(8) **Unsuccessful Contractor Responses.** Should the Contractor response to SS3 be rejected by SS3, it will be sent to Provision. Provision should send such rejects to the DesO to resolve.

c. **Policy Staff.** Specific MOD Policy Branches are responsible for all policy concerning interface arrangements between the JSC and contractors. This depends on the nature of the interface. Hd SCM is the sponsor for these procedures and Hd SCM staff will guide and assist PTs in the implementation of SS3 EBC procedures and the transition from the interim arrangements to full EBC compliance (see Paragraphs 28 – 30 below).

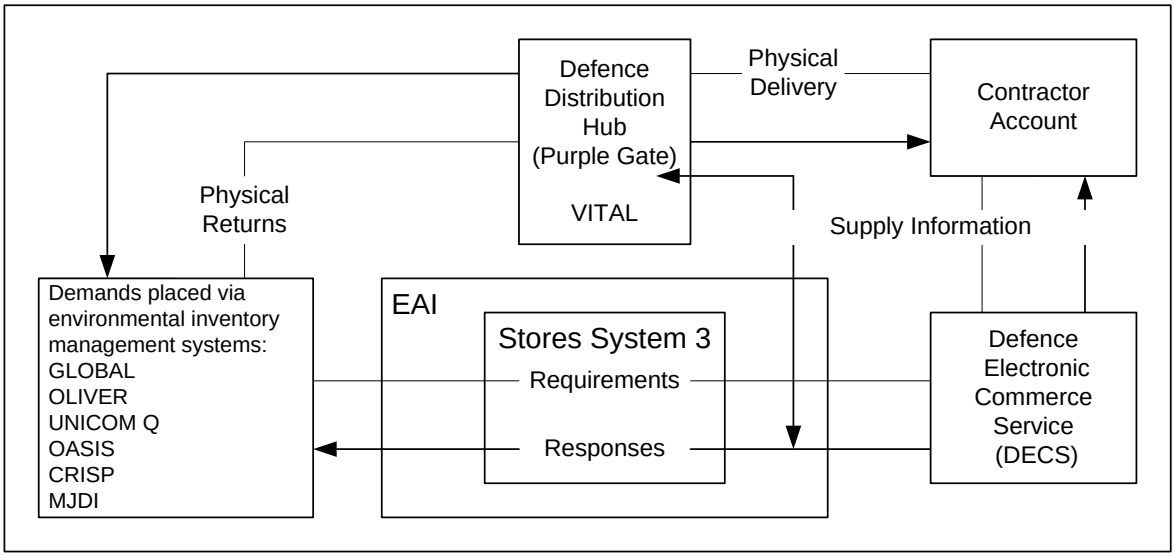
EBC Process

8. EBC enables direct communications between SS3 and the contractor, via the SC EAI Service[15] and DECS[16], by utilising an XML message format based on OAGIS 9. However, unlike other demand requirements processed by DECS, the requests generated by SS3 will be routed directly to the contractor and not through the MOD Purchase to Payment (P2P) system or processes. SS3 EBC supports both the Forward and Reverse JSC processes by passing messages to and receiving messages from the CLS Supplier as shown in Figure 3. The diagram represents the SS3 EBC process in very general terms. This is further developed below. In addition, the messages to and from the contractor and MOD IS which are used in the EBC process are set out in full at Appendix 1 to this Annex. A Check List to enable the EBC process is at Appendix 2.

[15] The SC EAI Service fulfils an important role in the transformation and routing of transactional data flowing between SS3 and the CLS contractors systems. CLS transactions will be electronically passed from SS3 to the SC EAI Service and transformed into XML messages (XML is the industry preferred messaging standard and is also mandated by DE&S). The messages are passed to the DECS for onward routing to the CLS contractor. Likewise messages received from the contractor via DECS are transformed by the SC EAI service into the appropriate transactions and passed to SS3 or VITAL.

[16] As the Defence electronic gateway to industry DECS handles the routing of all EBC CLS messages to and from industry. All CLS contractors have to be DECS registered to conduct business through the system.

Figure 3: EBC Message Structure



9. To achieve the EBC process the PT must be 'live' on SS3 and must have a NATO codified list of items loaded or ready for loading onto SS3. The correct supplier is determined by a direct relationship between the NSN and the Supplier's NCAGE. A new OLIVER transaction (Txn KCA) is made available to the PT to maintain this relationship. In addition, a Defence Electronic Commerce Service (DECS) Enabled Indicator (DEI) is provided via OLIVER (Txn KCB). This is either set (Yes – 'Y') or (No – 'N'). The following explicit item attributes must be used to facilitate EBC at NSN level:

Figure 4: Item Attribute Settings

Item Attribute	Setting
Category of Store (Cat of Store)	Always use Cat of Store 08
Provision Section Code (PSC)	CREATE NEW PSC FOR CAT OF STORE 08
Domestic Management Code (DMC)	Apply for unique DMC(s) for CLS arrangement
By Who Requested Code (BWRC)	Use own PT BWRC
Inventory Classification Code (ICC)	Always use ICC 'S' for repairables AND FOR CONSUMABLES USE NORMAL icc
Disposal Requested Code (DRC)	Set to 'S' where decision to be made by contractor or 'K' for Repairables
Item Buy Type (IBT)	Always use '4'
NCAGE	Use Suppliers NCAGE
Contract Number	Unique Contract Number is required
DECS Enabled Indicator (DEI)	DEI must be set to 'Y'

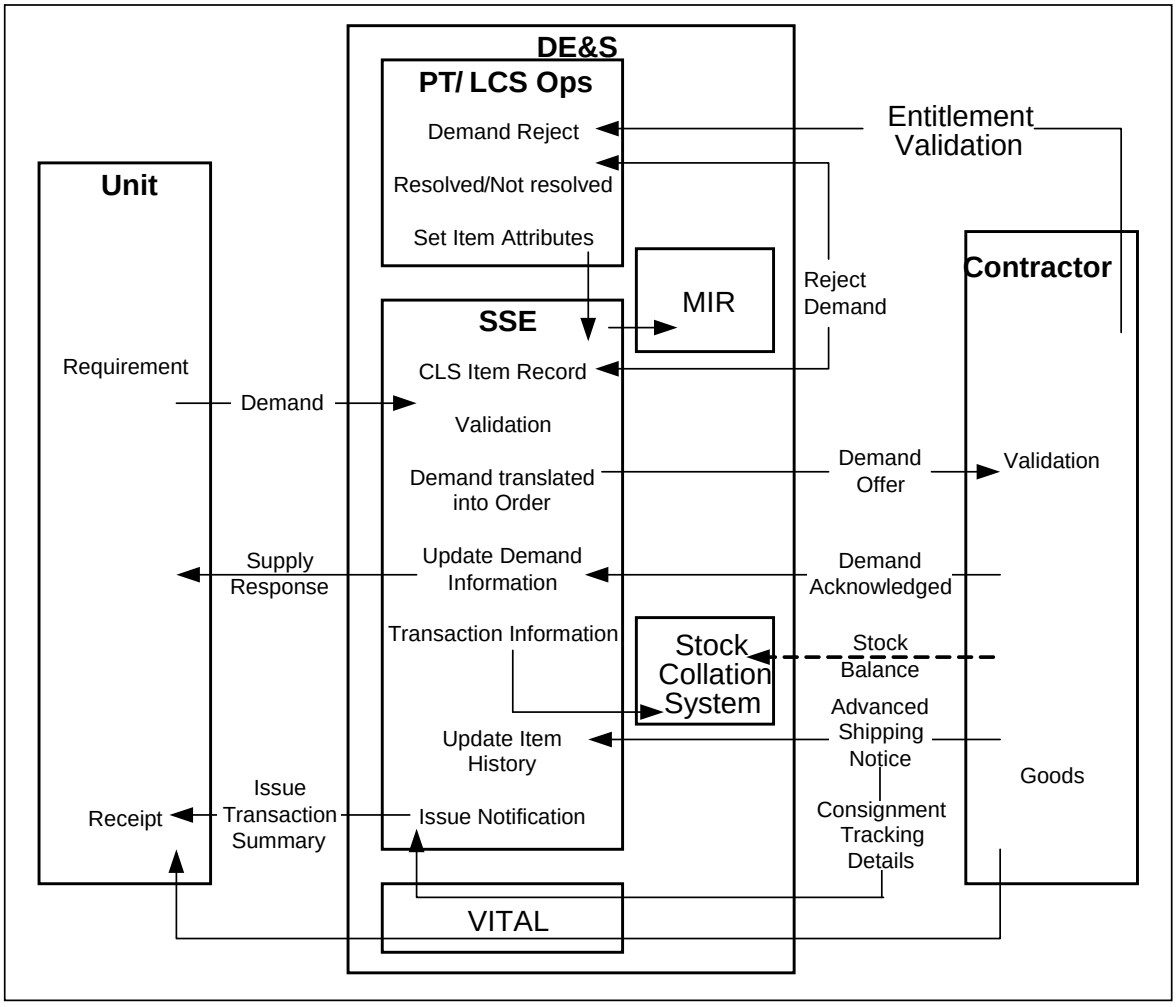
Note that IBT 4 will not cause an automatic SS3 referral to Provision; and that other DRCs can be used where decisions are not required to be made the Contractor. After setting these attributes against each NSN on the codified list of items, standard SS3 item attributes are to be used as appropriate.

Forward Supply Chain (FSC) Procedures

10. EBC functionality maintains the seamless and normal SS3 Forward SC for units through a set of transactions between SS3 and the Contractor's IS via EAI and DECS. These transactions ensure the correct records are maintained on SS3 and CT Systems.

The Forward SC processes include both the pulling of stock from CLS arrangements based on actual unit demands and the pushing of stock to units based on centrally controlled Tasked Issues. The diagram below shows the Forward SC transactions that occur for a CLS arrangement incorporating the SS3 EBC process:

Figure 5: Forward Supply Chain Transactions that occur for a CLS Arrangement Incorporating the SS3 EBC Process



11. **Demanding Units.** Only authorised units which have been affiliated to a CLS arrangement by the appropriate PT are to place demands for items covered by that CLS arrangement. The list of authorised units is to be maintained by the DesO. Where a non-affiliated unit places a demand for an item covered by a CLS arrangement, this demand is to be referred to the DesO by Contractor and it will be a PT responsibility to cancel the demand. However, it is stressed that authorisation should not inhibit the demand fulfilment process in particular for demands submitted by non-affiliated units in operational theatres.

12. Passage of Demand, PT Issue Order (IO), Loans and Land Priming Equipment Packs (Land PEP). The following is to apply:

a. **Demands.** Demands are to be completed by units in the normal way. Standard information such as condemnation (AF G1043) details, Non Standard Address (NSA) and Special Operations Codes (SOC) are to be provided. Where Incident Reference (IR) Numbers are used as part of the CLS arrangement, these are to be placed in the Special Instructions on the demand. Demands are to be

submitted in accordance with the Standard Priority System JSP 886, Volume 3, Part 1 (The Standard Priority System) and normal single-service Log IS procedures.

b. **PT Issue Orders.** PTs may require stock to be issued directly to a unit on a permanent basis or as a temporary loan. This is distinct from the unit demanding the items. This process is called the 'Tasked Issue'. PTs are to input Issues Orders (IO) into SS3 in the normal format to facilitate any Tasked Issue requirements it has. IOs are to be used by PTs for pushing forward initial equipment entitlements, Repair Scales of consumable spares and Forward Repair Pools (FRP) of repairables in accordance with direction from the FLC. The PT must ensure that JSC providers, the chain of command and the receiving unit are aware of any Tasked Issues that are to be made by the contractor. The contractor is to action any Tasked Issue in the same manner as a normal EBC Demand Order and standard processes will apply. The only SS3 Tasked Issues that should be used for CLS items are Routine Issue Order, Earmark Issue Order and War Reserves (Op Stocks).

c. **Loans.** The normal in-built SS3 Loans processing functionality is not appropriate in the CLS case and EBC does not provide any loan management functionality and this will have to handled by arrangement between the PT and its contractor using a Routine IO. Where the item(s) issued is only on loan for a set period, the PT is to state this on the IO in the 'Special Instructions'. The PT is to copy the IO, detailing the terms of the 'loan' to the unit. The Tasked Issue will be made by the contractor in the way described above. The unit is to bring the item(s) to account as a loan in the normal way. At a convenient time towards the end of the loan period, the contractor is to recall the loan. The recall is to be done by arrangements made by the DesO including hastening the unit if it fails to return the loan item. In this case, the DesO should send a message to the unit quoting the reference on the IO and stating that the loaned items are now to be returned. This message should include the items and quantities to be returned, the address the address to which they are consigned (the contractor) and instructions to the unit to cover the returned items with a AF G1033 voucher. Further hastening of an overdue return is to be carried out by the DesO in subsequent messages to the unit.

d. **Land Priming Equipment Pack.** A Land PEP is primary stock which is Scaled, Earmarked and Tasked Issued on SS3 to units deploying on operations and major exercises. Where items managed under CLS arrangements are to be included in a Land PEP, the following process is to be followed to issue the stock from the contractor to the receiving unit:

(1) **Scale.** The PEP scale will be created on SS3 and the details of any CLS items will be passed by SCM (Support Services) (Land) (PEPs Element) as an e-mail to the contractor via the PT DesO. This is the warning order that a PEP is to be formed which will include CLS items. The message sent to each PT/contractor will only include those items relevant to that CLS arrangement. This is outside of the EBC process.

(2) **Earmark.** The PEP scale will be Earmarked on SS3, executed by Controlled Stocks Section in Log Svcs Operations Centre and referenced by a War Reserve Earmark Repayment Loan (WERL) number. SS3 will output to SCM (Support Services) (Land) (PEPs Element) a 'PKF' print by WERL which will show the NSNs earmarked in DMC numerical order. For the CLS items on the print, the earmark liability will be shown; however, no assets will be attracted because it is not an SS3 stocked DMC. SCM (Support Services) (Land) (PEPs Element) will pass the Earmark requirement by e-mail to the contractor via the

PT DesO. The contractor must make arrangements to meet the Earmark requirement. This is outside of the EBC process.

(3) **Tasked Issue.** Once instructions to issue the PEP are received from the FLC the Log Svcs Operations Centre will process the Tasked Issue of the Earmarked stock using SS3 (Txn WRX) under the appropriate Collated Task Issue number. The instruction to Issue contractor stocks then follows the normal Demand Order Process. The contractor makes the issue in the normal way, keeping coherence with the Collated Task Issue number, and delivers the stock in accordance with the address data. Normal Log Svcs PEP issue processes will follow.

(4) **Monitoring and Reporting.** SCM (Support Services) (PEPs Element) is responsible for monitoring the filling of the Earmark of any PEP and the issue of the PEP through normal SS3 functionality.

13. **Referral of Demand and Inabilities to Issue.** Demands will be referred to both Provision, prior to entering EBC (see Sub-para 7b(6) above), and to the contractor, once they have passed through EBC. Referred Demand processes will apply as set out in JSP 886, Volume 3, Part 1 (The Standard Priority System). Referral of demands will be resolved between the contractor and the PT. The management of Inabilities to Issue by the contractor is to be managed by the DesO. The management of cancelled demands is also a DesO responsibility and will follow standard SS3 processes. Depending on the current progress of the demand the unit can also cancel its demand in the normal way.

14. **Demand Progression and Unit Enquiries.** Full visibility of the complete progress of a demand will be possible using the Log IS available to the FLC (JDTS, OLIVER and VITAL). Only where the customer cannot gain visibility of the demand enquiries are to be directed to the Customer Support Help Desk on Mil 94240 2052 / Civil 01869 256052. However, any queries relating to the stock situation at the contractor's location are to be directed to the DesO to answer.

Supply of Materiel

15. **Supply.** Prior to delivery, the Supplier will have pre-notify SS3 and VITAL via the EBC process of issue and consignment details including the 'Package Id'. The contractor is to deliver the materiel in satisfaction of the unit demand or PT IO to a VITAL enabled delivery point. These VITAL enabled delivery points are Log Svcs Traffic Department, 'Purple Gate', or, exceptionally and with justification, to the Secondary Depot (SD) or the 1st line unit direct, depending on the agreed delivery point in the CLS contract. This is to be done using the contractor's own distribution system up to the delivery point. The following, however, is to apply:

a. The stores will arrive accompanied by the contractor's version of AF G8614 (Supply Issue Voucher (SIV)). The use of the SIV by contractors is a prerequisite. The format of the SIV, however, is not dependant on EBC, but is to be agreed with SCM (Pol & C). See Appendix 4 for copy of SIV.

b. The package delivered to the VITAL enabled delivery point is to be:

(1) Labelled to the standards laid down in DEFCON 129J. This label is populated with information produced as part of the EBC process for the contractor.

(2) Marked, as appropriate, with hazard information and complete with a Safety Data Sheet (SDS) in accordance with DEFCON 68.

c. Full EBC supply feedback information is provided through SS3 and CT.

d. If connectivity is disrupted and the contractor cannot send confirmation via the EBC process the stores are to be accompanied by contractor completed consignment tracking information provided using the MOD Consignment Tracking Information Sheet (CTIS) as detailed in JSP 886, Volume 3, Part 7 (Consignment Tracking). This enables Log Svcs to complete the actions on VITAL.

e. **Part Issues.** Part Issues, where the Contractor cannot satisfy a demand, are accommodated by EBC; and SS3 will handle multiple deliveries (utilising M3 messages and delivered packages) against its single expected delivery, reducing the quantity outstanding until it reaches zero.

16. **Supply Non-Availability and Exceptions.** If the contractor cannot meet the demand, the unit is to be notified on the SS3 generated MOD F457 (Supply Response) or signal/Fax. This is standard SS3 functionality facilitated by EBC. Thereafter, the contractor/DesO is responsible for managing the item as a Dues Out or Issue Inability. Any queries that the unit/formation HQ may have relating to Dues In from the contractor are to be forwarded to the DesO. Where the unit is difficult to communicate with, for example on operations, Log Svcs Operations Centre can assist the DesO. If the contractor response to SS3 contains a quantity that is different to the original demand, SS3 will automatically adjust the expected Demand Quantity, generate a Supply Response message and send it to the demanding unit.

17. **Supply Information.** The Normal SS3 Issue Transaction Summary (ITS) is provided to the unit. This is standard SS3 functionality facilitated by EBC. This will be used in the normal way by the unit for acquittal of demands for items delivered under the CLS arrangement in accordance with JSP 886 Volume 4 Part 205. For a repairable returned from a unit a credit ITS is to be used.

18. **Clearance for Bill Paying.** Under this model units will not receive bill paying documentation (MOD Form 640/Form 650/AG Form 173 or any equivalent or electronic (Purchase to Payment (P2P) bill paying instrument). Bill paying is carried out centrally by the PT commercial staff, which is responsible for all bill paying activities.

19. **Discrepancy Reporting.** A discrepancy in items received from a CLS arrangement contractor is to be reported to the DesO, using a Discrepancy Report (DR), MOD F445, in accordance with JSP 886 Volume 4, Part 200, Section 24, or other single service equivalent, for the DesO action with the Contractor.

20. **Equipment Failure Reporting.** The Equipment Failure Reporting (EFR) and New Stores Reject (NSR) procedure is to be detailed by the PT.

21. **Packaging Defect Reporting.** Packaging Defect Reports (PDR) (AF G833) are to be raised in accordance with JSP 886 Volume 3 Part 5.

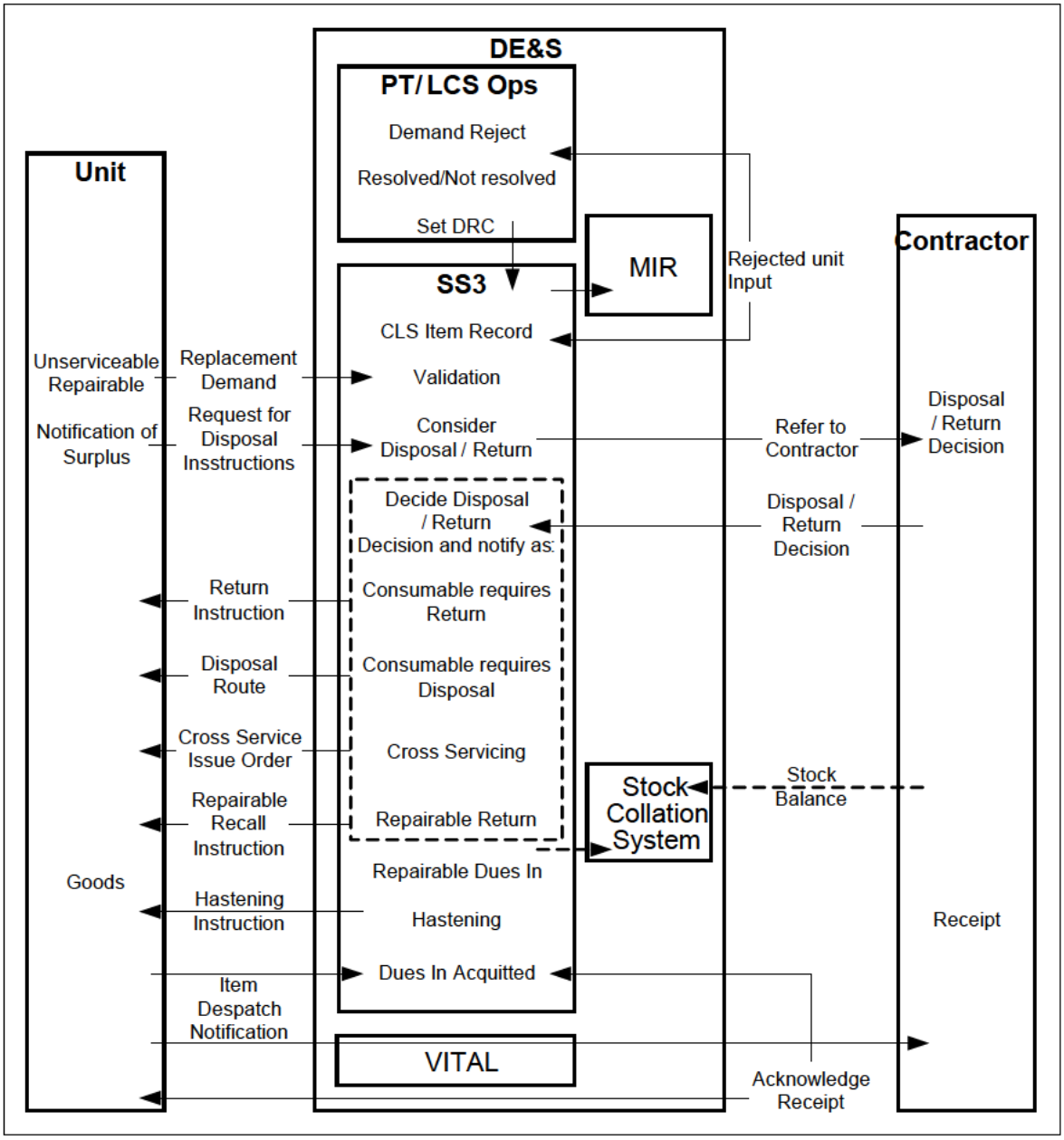
22. **Supply Chain Pipeline Time (SCPT) Reporting.** The PT DesO is to ensure the contractor is made fully aware of the requirements of the Standard Priority System for Forward and Reverse Supply Chain in accordance with JSP 886, Volume 3, Part 1 (The Standard Priority System). This includes:

a. **SCPT Failures.** SCPT failures will be recorded by the MOD. The specific unit is to report any SCPT failures to the PT DesO.

Reverse Supply Chain (RSC) Procedures

23. EBC functionality maintains and enhances the seamless and normal SS3 Reverse SC for units through a set of transactions between SS3 and the Contractor's IS via EAI and DECS. These transactions ensure the correct records are maintained on SS3 and CT. These processes include both the declaration of surplus stock to the PT / contractor and the subsequent receipt of either return to depot, cross-servicing or disposal instruction from the PT/ contractor and the final acquittal of the transaction on SS3. The diagram below shows the Reverse SC transactions that occur for a CLS arrangement incorporating the SS3 EBC process:

Figure 6: Reverse Supply Chain Transactions that occur for a CLS Arrangement Incorporating the SS3 EBC Process



24. **Declaring Surpluses and Making Return/Disposal Decisions.** Units holding surplus items provided through the CLS arrangement are to request disposal instructions in the normal way, by AF G8621 / GLOBAL / UNICOM / MJDI transaction submitted to SS3. Normal SS3 procedures for making the return / disposal decision will apply, with the addition of a process where the contractor can make the decision. Where the Disposal Restriction Code (DRC) has been set to 'S' the request will be routed from SS3 by the EBC process for the attention of the contractor. On receipt of the contractor's response SS3 will generate an additional hard copy output. The output is 'Unit Disposal Instructions for Return of CLS Items to the Supplier' and the plain paper voucher is called 'PGP'. This form will inform the unit of the contractor's decision to return the item to the contractor. If the contractor wishes the unit to dispose of locally, then the normal procedures apply (see sub-paragraph 24a below). If the DRC is not set to 'S' then existing SS3 outputs will be generated, including 'K' for Repairables. This includes the standard decisions:

a. Stores not required to be returned, and are to go for disposal, will be notified on the AF G8609 (Stores not Required) or electronic equivalent.

b. Non-repairable stores that are required to be returned to the contractor, and the address to return them to, will be notified on the AF G8618 (Stores Required) or electronic equivalent.

c. Repairable stores that are required to be returned to the contractor, and the address to return them to, will be notified on the AF G8883 (Consignment Voucher – for Fit or Unit Repairable Items) referred to in Paragraph 26 below.

d. Stores required to be cross-serviced to another unit, and the address to send the items to, will be notified on the SS3 Cross Service Issue Order (CSIO)[17].

25. **Returning and Disposing of Stock Less Repairables.** Once in receipt of the appropriate instruction (AF G8618 or AF G8609) the unit is to return/dispose of the item in accordance with JSP 886 Volume 9. The Contractor will be responsible for providing a Returned Stores Address to the unit where the JSC is to be used for return. Support solutions involving collections by the contractor must be authorised by the FLC and will only be authorised in exceptional circumstances on a case by case basis. Where collection is authorised it is to be made by agreement with the unit concerned. The return of repairables will follow processes set out in Paragraph 26 below. Stores not required are to be disposed of through the appropriate Disposal Agreement. The PT commercial staffs are responsible for settling accounts with the contractor for all stock returned to the contractor.

26. **Returning of Repairables.** Once in receipt of the AF G8883 the unit is to process the voucher and return the item to the contractor through the JSC in accordance with JSP 886 Volume 3.Pt 8 SS3 EBC is not affected by these processes and the requirement is to submit the AF G8883 No1 copy details to SS3 in the normal way. The following applies to the return of repairable items to contractors:

a. **Method of Return.** The following methods apply within the CLS environment:

(1) **Direct to Contractor.** In the case of the return of a repairable direct to the contractor, the unit is to despatch the carcass covered by the normal 3 copies of

[17] If Cross-servicing functionality is required, the PTmust set this up on SS3 in the normal way.

the AF G8883 via the JSC distribution system of the JSC to the contractor. The address for stores will be notified on the AF G8883.

(2) **Direct Exchange.** In the case of the direct exchange of a fit repairable by the contractor with an unfit repairable held by the demanding unit the direct exchange point is to be at the SD or, in some exceptional circumstances, at the 1st Line unit itself. The SD/unit is to prepare the carcass for return and present it to the contractor, suitably packaged and covered by the normal 3 copies of the AF G8883, at the agreed point in exchange for a fit assembly. In a situation where direct exchange is not practicable, because the carcass was not presented to the contractor at the exchange point, the DesO is to arrange for the contractor to collect the carcass at another time or it is to be returned as Direct to Contractor (as in sub-para (1) above). Direct exchange will not be applicable to SDs or units deployed on operations and Direct to Contractor procedures are only to be used.

b. **Special to Contents Containers (STC).** STC are to be used in the normal way. Special requirements for managing contractor's STC should be included in the each CLS arrangement.

c. **Hastening of Fit/Unfit Repairables Not Returned.** Hastening the return of CLS repairables overdue from units will follow normal SS3 procedures (QGF prints and MIR 226). The leading role of HQ LF ES(Mat) in hastening applies. Dealing with units will be the DesO responsibility. The DesO may request assistance from FLC in this task.

d. **Contractor Acknowledgement of Receipt of Repairable.** As part of the EBC process the contractor is notified of the call in of the repairable. This includes Dues In details on the AF G8883. On receipt of the returned item the contractor will send acknowledgement to SS3 via DECS and SC EAI to acquit the Dues In Record on SS3. In addition the contractor must complete the No 3 (Black) copy of the AF G8883 and forward it to the unit so it can acquit the return of the item on its Issue Register. Should the quantity returned not be the same as expected the Contractor is to advise the actual quantity received on the M12 message. On receipt of the M12 message, SS3 will examine the quantity field against the Dues-In record and reject the message due to wrong quantity, sending the reject to Provision. Provision will then contact the PT to seek guidance. Probable outcome is to accept the reduced quantity from the Contractor and use Txn LDE to reduce the expected quantity to that actually received, and re-input the message to SS3, which will accept the message and acquit Dues-In.

27. **Cross-Servicing**. In addition to automatic SS3 Cross-servicing referred to in Paragraph 24d above, the DesO may request that demands should be met by cross-servicing. In such cases, direction and authority is to be sought through FLCs, where the matter will be formally staffed and agreement reached with formation HQ staff of the units involved for cross-servicing to occur.

Management Information Reports

28. CLS items covered under EBC functionality will be incorporated into all appropriate SS3 processes and reports based on the model set out in this instruction. Therefore, standard SS3 Management Information Reports (MIR) will be available as required. However, to facilitate end to end processes EBC has adapted SS3 particularly regarding Dues In/Out recoding; and MIR staff will need to be conversant with this methodology.

29. Where contractor only held information is to be reported to enable a complete picture of JSC activity, each CLS arrangement is required to provide input to the appropriate data collection authority. Formats will be agreed between the PT, the contractor and the appropriate authority.

Disaster Recovery and Fall Back Procedures

30. There is no separate disaster recovery process for EBC, each of the systems incorporated in the process are to contain their own disaster recovery processes. This also applies to contractor's systems.

31. Where the contractor's system is down and it cannot accept an electronic message from SS3, the contractor has to be prepared to accept hard copy facsimile messages from Log Svcs Ops. See Paragraph 15 above and Appendix 3 to this Annex..

DE&S Business Area Procedures

32. All DE&S Business Areas concerned with CLS arrangements that follow SS3 EBC processes are to review their internal procedures in line with this instruction. SCM (Pol & C) is to keep these procedures under regular review.

33. Stores System Basic Procedures (SSBP) will contain the full process for transition and loading of EBC enabled items onto SS3 and the requirements for maintaining them. SSBP will also detail PT transactional tasks. A Check List for PTs summarising the actions required to implement a CLS arrangement using EBC is at Appendix 2.

Contractor Procedures

34. Contractors utilising SS3 EBC procedures, including those transitioning from 'Swivel Chair' procedures, must fully understand and plan for implementation of the SS3 EBC Supply Support Solution. Contractors must be aware of and comply with the following guides/instructions:

a. Relevant DEFCONS and DEFFORMS, in particular DEFFORM 30 – Electronic Transaction Agreement, amended for SS3 EBC.

b. Message Implementation Guides (MIG) and System Implementation Guides (SIG). These set out the message format and content and core system requirements. See table at Appendix 1.

c. Relevant instructions in JSP 886 (The Defence Logistics Support Chain Manual).

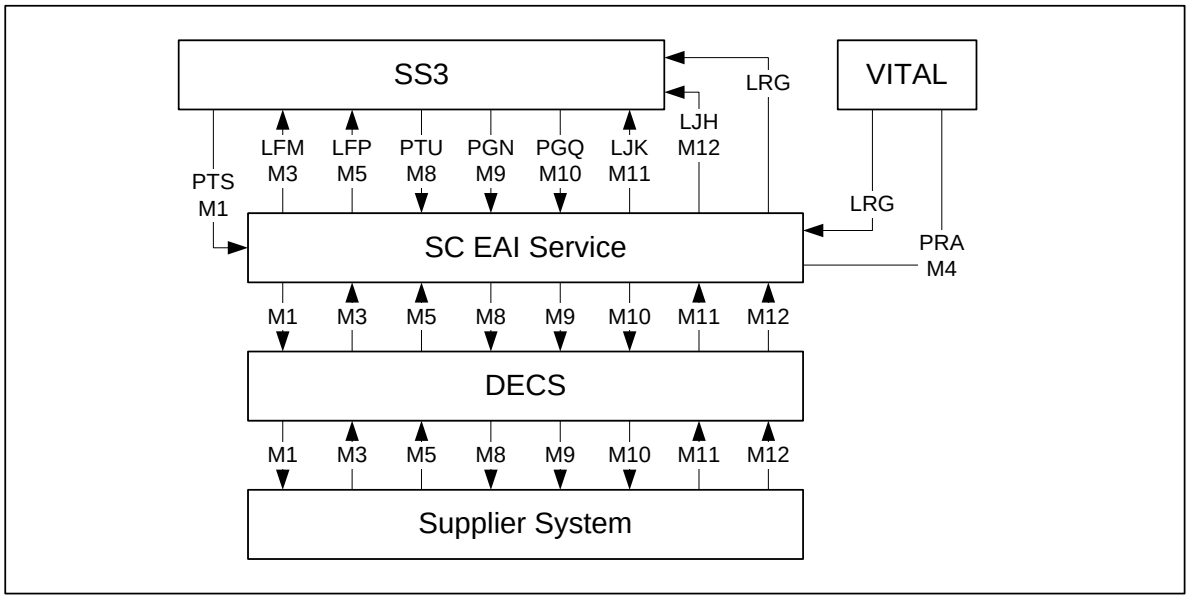
Formats to be used can be found on the DECS website at www.d2btrade.com. PTs are responsible for ensuring their respective contractors are fully informed of the process, performance and connectivity requirements of SS3 EBC. To this end PTs must manage this as a full project involving Subject Matter Experts (SME) from D JSC area.

APPENDIX 1 TO ANNEX D - MESSAGES USED IN THE EBC PROCESS

(Introduced at Paragraph 8)

1. A series of special messages are used to communicate supply information between systems. The diagram below shows the messages transferred between the systems involved in the EBC process. The information contained within each message is detailed in the SIG and MIG. The SS3 and VITAL transactions (3 x Alpha characters) resultant from this messaging is also shown.

Figure 7: Message Transfer between Systems involved in EBC



2. The table below contains a cross reference of the message used by the processes plus a description of the usage for that message.

Figure 8: Message Descriptions

Message ID	Description	Message Direction from MOD	FSC/RSC	SS3/VITAL Transaction	Process Supported
M1	Demand Order. This originates within SS3 and contains details of demand line or tasked issue line which refers to an item requested and other associated information.	Outbound	FSC	PTS	Demand Creation
M3	Confirm Demand Order. This originates from the Supplier system and contains information that the item is ready to be dispatched to the unit, and could be regarded as the Advanced Shipping Notice (ASN). This message is passed to SS3 where updates to the data are carried out.	Inbound	FSC	LFM	Demand Creation and Demand Amendment
M4	Inform Consignment Tracking. This originates from M3 message and is shown on the process diagram but is not sent from DECS.	Inbound (to VITAL from SC EAI Service)	FSC	PRA	Demand Creation and Demand Amendment
-	Notification of Despatch. This is not an EBC message, but completes the M3/M4 process where VITAL confirms despatch of the item to SS3.	VITAL to SS3 only	FSC	LRG	Demand Creation and Demand Amendment

Message ID	Description	Message Direction from MOD	FSC/RSC	SS3/VITAL Transaction	Process Supported
M5	Demand Order Supplier Response. This originates from the Supplier system. This message is used to respond to: Original Order Request as an order confirmation. Order Amendment Request by confirming order amendment is acceptable/ unacceptable to the supplier. As confirmation/ rejection of an order cancellation request from the MOD. It must be stressed that the use of the M5 message comes before the issue of the M3 message.	Inbound	FSC	LFP	Demand Creation, Demand Amendment and Demand Cancellation
M8	Demand Order Amendment/Cancellation. This message originates within SS3 and indicates that a requests has been made to amend or cancel a demand or tasked issue. The message is sent to the supplier to make a decision on whether the modification requested will have a tangible impact on the order.	Outbound	FSC	PTU	Demand Amendment and Demand Cancellation
M9	Disposal Request. This message originates from SS3 and contains a request for disposal instructions to be sent by the supplier for items no longer required.	Outbound	RSC	PGN	Request Disposal Instructions
M10	Repairable Return to Supplier. This message originates from SS3 and contains details of impending return of equipment/materiel to the supplier and provides the DIIN.	Outbound	RSC	PGQ	Planned Repair Loop
M11	Disposal Instruction. This message originates from the supplier and provides disposal instructions to the Unit. These instructions are forwarded to the Unit from SS3 using the appropriate process and the instructions will be either for local disposal or for return to supplier.	Inbound	RSC	LJK	Request Disposal Instructions
M12	Acknowledge Receipt of Repairable and/or Surplus Items. This message originates from the supplier and contains details acknowledging receipt of the physical item for either repair or return to stock (where this has been requested in a disposal instruction).	Inbound	RSC	LJH	Planned Repair Loop and Request Disposal Instructions

APPENDIX 2 TO ANNEX D: CHECK LIST FOR PT TO SET UP A SS3 EBC CLS ARRANGEMENT

(Introduced at Paragraphs 8)

Purpose

1. The purpose of this Appendix is to provide an aide memoir for PTs setting up a CLS arrangement which will use SS3 EBC. This check list should be read in conjunction with the full details contained in this Annex.

Preparatory Action

2. The PT managing the CLS contract is to carry out the following preparatory work with its contractor:

a. Ensure the appropriateness of SS3 EBC for the CLS contractor and the contractor. Other simpler options will still be available to the PT if they are more appropriate. However, this does not include the “Swivel Chair” process that EBC replaces.

b. Ensure Contractor is DECS enabled.

c. Ensure Contractor can receive EBC messages in the agreed format (XML to OAGIS 9).

d. Ensure that the items are provided against a single contract with a single contractor.

e. Ensure Contract provides 24/7 cover to meet JSC SPS requirements

f. If Stock is on MOD Balance Sheet ensure contractor can provide:

(1) Stock Balances to the Stock Collation System at agreed dates.

(2) Regular updates on prices.

Set up Action

3. The PT must have access to SS3 or access via a DSG Provisioner and ensure the following is done (some actions concurrently):

a. **Obtain Clearance to Use EBC.** PTs should discuss their particular CLS requirement with SCM (Spt Svcs) (Land) and Log NEC to ensure SS3 EBC is appropriate for their use and can be made available. The detail in Para 2 above will be verified at this stage.

b. **Set Up EBC Project.** A SS3 EBC Project Working Group need to be set up for all CLS arrangements. This needs to include all stakeholders, including a minimum of:

(1) PT.

(2) Contractor.

(3) FLC.

(4) SCM.

(5) LCS Logistic Services (Log Svcs).

(6) DSG.

(7) Log NEC.

c. **Produce SSI.** See Para 3 in main Annex above for requirement and Appendix for template.

d. **Select Go Live Date.** This must be agreed with all stakeholders.

e. **Obtain SS3 DMC.** PT must either create a new CLS DMC(s) to manage their items or amend its current CLS DMC if one already exists[18]. Item attributes to be used in both cases are Cat of Store 08 and a unique PT Provision Section Code (PSC). Applications for DMCs are to made through UKNCB in accordance with JSP 886 Volume 2 Part 4 NATO Codification in United Kingdom.

f. **Obtain Inventory Management (IM) and Provision Role Support.** PTs must ensure the IM and Provision roles required by SS3 are fully covered. This may be done by the PT staff itself or through agreement to utilise Defence Support Group (DSG) Land Supply Business Unit (LSBU) Donnington (DSG LSBU)[19] resources.

g. **Confirm Contractors Details.** The following is required:

(1) The PT must provide a unique contract number against a single contractor for each DMC / NSN.

(2) The contractor must have an NCAGE on SS3. The NCAGE must refer to the Contractors delivery address.

h. **Confirm Item List.** A complete list of the NSNs involved in the CLS arrangement must be produced. Items for inclusion within the EBC process must be codified and covered by the CLS arrangement and must not include Common User Items (CUI).

i. **Load Items onto SS3.** The following applies:

(1) The codified items (NSNs) must be loaded onto SS3 into the new CLS DMC utilising UKNCB standard eSMD process or by a data upload via MIRAGE if being transferred to a CLS DMC.

(2) **Setting Special Item Attributes to facilitate EBC.** The following item attributes are to be allocated against each NSN to facilitate EBC:

(a) For Repairable items use Inventory Classification Code (ICC) ‘S’. Others are to use normal ICCs.

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[18] Where a new CLS DMC is being created taking items from an existing SS3 DMC, all CUIs must be screened out and the PT must arrange appropriate supply support for these items.

[19] To obtain DSG LSBU resources the PT must submit a Contract Change Proposal Form (the "Annex C" Form) to DSG LSBU.

(b) Item Buy Type (IBT) to be set at '4'.

(c) For Disposal Restriction Code (DRC): use 'S' if the contractor is to make the disposal decision; or 'K' if the item is a Repairable; or otherwise use most appropriate DRC.

(d) Unique single contract number.

(e) DECS Enabled Indicator (DEI) set to 'Y'.

(f) Return Stores Address (RSA) set to 'Z'.

(3) **Other Item Attributes.** The additional normal SS3 attributes can be set and these may cause referrals to Provision (see Para 7 in the main Annex above).

j. **Testing**. Confirm testing requirement with Log NEC as one of the actions of the EBC Project Working Group.

k. **Training of Staff.** Initially training will involve mentoring, following the experience of others and internal training while formal course are put together.

Transition onto CLS Arrangement

4. For items currently on SS3 PT is to pass spreadsheet of items included in the CLS arrangement to IM staff at DSG. This list must contain:

a. DMC(s) details.

b. List of NSNs to be incorporated within each DMC and their data attributes.

c. Date of transfer to new arrangement.

5. Provision Staff amend item attributes as per sub-Paragraph 3f above and pass to SCM (Support Services) Land for inputting onto SS3 via MIRAGE on overnight batch cycle on an agreed date.

6. Confirm arrangements for the transfer of any stock from Log Svcs to Contractor.

New CLS Items

7. For new CLS arrangements with new to service NSNs skeletal record will be loaded by IM DSG onto SS3.

8. On request IM DSG may complete the item record with full CLS details otherwise the actions detailed in Paragraphs 4 and 5 above are to be carried out by the PT and Provision staffs.

ANNEX E - CLS - AIR REQUIREMENTS

(Introduced at Paragraph 23)

Aim

1. The aim of this Annex is to provide additional policy specific to DE&S PTs within the CoM (Air) domain and Rotary Wing Cluster, and other holders of stock on RAF Supply Centre Computer System (SCCS), where either platform support or supply of spares and equipment is provided or is being considered through CLS contract. The policy applies equally to both mature in-service equipment/platforms managed by DE&S PTs and new equipment/platforms introduced by DE&S PTs.

Additional Requirements for CLS in the Air Environment

2. Although CLS arrangements are rarely the same, there is a need to consider certain basic principles in developing a CLS proposal to ensure that it is not introduced in a fragmented and inconsistent manner that could prejudice the operational effectiveness of the Joint Support Chain (JSC). Therefore the following additional principles must be considered.

a. **Common Aircraft General and Avionic Spares.** Aircraft General Spares and Avionic spares and equipment that are common to a number of platforms should be procured through the Aircraft Support (AS) PT and Avionics and Electronic Warfare PT respectively.

b. **Deployed Supply Group (DSG).** The CLS arrangement must be compatible with the DSG concept of operations and be sufficiently robust to enable the provision of complete Deployable Spares Packs (DSP) at the required Readiness State.

c. **Crisis Manpower Requirement (CMR).** The CMR identifies the number of service personnel required to sustain operations as defined by RAF Planning Assumptions. Any CLS arrangement must consider the impact on RAF service manning levels.

d. **Infrastructure.** Infrastructure including office and storage space must be considered. Advice should be sought from the senior logistics officer at the unit involved.

e. **Fuels Lubricants and Gases.** Fuels, Lubricants and Gases (as listed in Def Stan 01-5) are to be procured through the DF&FS.

Stock Accounting and Stock Management

3. MJDI Deployed/MJDI is the current air supply information systems used at front line level. Support solutions must interface with these in order to produce a unified logistics position with no increase in unit workload. Several options have been developed to meet the requirements of current CLS contracts that satisfy the criteria to provide accurate stock accounting data without significant manual intervention. All these options can be used by emerging CLS arrangements; however, an PT wishing to consider alternative arrangements must consult the SCM (Inventory Management) at RAF Wyton in order to ensure that system changes can be incorporated.

4. In order for an PT to exploit one or more of the options shown below, Range

Managers are required to set against each SCCS item record impacted by the proposed arrangements a CLS type identification. The pick list for an existing field on SCCS called the 'Production Branch' has been expanded to include codes for CLS arrangements. Four options have been developed to date, these are:

a. **CLS01 - PT Retain Ownership of Stock.** Accounting treatment unchanged but the use of the code will allow the tracking of items within the Management Information.

b. **CLS02 - Contractor Owned Stock.** CLS items being wholly contractor owned but still shown on SCCS/MJDI. Use of this code will result in the items being ignored by the Stock Accounting Interface (SAI) and therefore excluded from the accounts in terms of both balances and transactions. If the CLS indicator is removed the stock will be written up and accounted for as PT stock. This solution should only be applied to an NSN when MOD stock reaches zero balance prior to contractor owned stock being brought on charge. If CLS02 code is applied to an NSN prior to this, the SAI will write down the value of that NSN in the month of the change.

c. **CLS03 - Contractor Owned Initially but Ownership Transfers to PT.** CLS items being associated with a particular MJDI UIN. This MJDI UIN will be used exclusively for bringing on charge stock that remains the property of a contractor and is to be excluded from the accounts in terms of the original receipt and current balance. When the stock is 'First Issued' to another location away from the particular UIN then ownership of the stock will transfer to the PT and the transaction will be a 'New Buy' receipt to the owning PT and the balance included in the accounts. Past the point of 'First Issue' all stock will be accounted for as normal and remain the property of the owning PT until consumed or disposed. No stock can be returned to the contractor's MJDI UIN.

d. **CLS04 - Stock is PT-Owned and PT-Consumed.** The PT retains ownership; therefore the accounting treatment is unchanged. However all consumption at Forward or Depth is charged to the owning PT as identified by the item record Stock Management Branch Indicator (SMBI).

5. **Maintenance of Data.** PTs must ensure that there is clarity as to the maintenance of the Data held on SCCS and the aspects which will be required to be maintained by industry should be clearly identified within the contract. The contractor must be clear on the aspects to be maintained by the MOD. Appendix 1 to this Annex is a list of the minimum Data requirements to help in this process.

Additional Points of Contact

6. In addition to SCM (Pol) Support Solutions staff the full engagement of HQ Air Command, A4 Support and, where appropriate, FLEET and Joint Helicopter Command staff must be sought at the early stages of any development or review of support strategies by CoM (Air), CoM (Land), Rotary Wing Cluster and DE&S Aircraft Cluster PTs.

CheckBox1

APPENDIX 1 TO ANNEX E - LIST OF SCCS FIELDS CONSIDERED AS IMPORTANT FOR MAINTENANCE UNDER CLS/LOS

(Introduced at Paragraph 5)

Ser	Data Element	Description	Characteristics	Implications if not present/or maintained	Relevance	Main Dependant System	Importance
ESSENTIAL DATA ELEMENTS THAT CAN NOT BE COMPROMISED							
1.1	NSN	Mandatory on SCCS	DMC, NC, NSC, IIN	SCCS/MJDI/WTMS can not operate without the correct NSN/DMC detail	1, 2 & 3	MJDI, WTMS, SAI	1
1.2	D of Q	Denomination of Quantity	Basic issue quantity	The accurate recording of issue and receipt activity as well as the calculation of stockholdings is not possible	1, 2 & 3	MJDI, WTMS, SAI	1
1.3	Price	Unit price of item excluding VAT	Relates to the D of Q	Links to D of Q in the calculation of the cost of issue and receipt activity as well as the value of stockholdings.	2	SAI	1
1.4	Part Number	The manufacturer's part number	There may be several part numbers to an NSN but they must conform to ISIS requirements	Inappropriate items may be fitted to aircraft with the subsequent risk to Flight Safety	3 & 4	MJDI	1
1.5	Cttrs Code	Contractors Code	The Contractors Code is entered by the Range Manager at the time of item creation and links to the main manufacturer of that item.	This links to Part Number and could see inappropriate items from an unapproved manufacturer being fitted to aircraft with the subsequent risk to Flight Safety.	3, 4	MJDI	1
1.6	ASSET CODE	Needed to identify asset type	Asset type used in SAI processing: Raw Materials and Consumables (N), Capital Spares (R), Fixed Asset (F)	The cost of inventory activity or holdings will be attributed to the wrong resource type and adversely affect the accounts. This will result in the Qualification of Annual Accounts.	2	SAI	1
1.7	CLASS CODE	P, L, C - Determines asset type	Used in SAI processing	As above but also needed for the correct physical control of assets on the stock systems	2	SAI	1
1.8	PAF CODE	Provision actioning figure	Used to calculate RMC Provisions	The calculation of RMC Provision will not be completed with sufficient accuracy and will result in the Qualification of the Annual Accounts.	2	SAI	1
1.9	POOL CODE	Provides asset life data	Used to Calculate Capital Spare Depreciation	The calculation of depreciation will not be completed with sufficient accuracy and will result in the Qualification of the Annual Accounts.	2	SAI	1

CheckBox1

Ser	Data Element	Description	Characteristics	Implications if not present/or maintained	Relevance	Main Dependant System	Importance
1.10	PROD BRANCH	Production Branch Reference	Used as a CLS indicator to enable correct SAI processing	Use of this as a CLS indicator allows a significant, if not 100%, workaround to not putting New Buy (Purchase) Contract information onto SCCS. Without it the correct identification of new buy activity will be almost impossible. As a result the cost of inventory activity or holdings will be attributed to the wrong resource type and adversely affect the accounts. This will result in the Qualification of Annual Accounts.	2	SAI	1
1.11	SMBI	Stock Management Branch Indicator	Stock Owner - linked to PT Integral part of accounts / processing	The ownership of an item could not be established with the result loss of control and accountability financially	2 & 3	MJDI, WTMS, SAI	1
1.12	TMA	Type Mark Applicability	Used to calculate RMC Provisions	Without TMA information usage of items will be problematic. Additionally, the calculation of RMC Provision will not be completed with sufficient accuracy and will result in the Qualification of the Annual Accounts.	2 & 3	MJDI, WTMS, SAI	1
1.13	ALT ITEM	Alternative Item	Identifies unconditional and conditional alternatives. Requires Engineering Authority approval due to Flight Safety implications	Inappropriate items may be fitted to aircraft with the subsequent risk to Flight Safety	3 & 4	MJDI, WTMS	1
1.14	HAZ ITEM CODE	Hazard Indicator	Indicates that there is a hazard associated with the item but not what the hazard is	Items could be issued/transported, stored or disposed of without the appropriate SHEF requirements having been fulfilled.	3 & 4	MJDI, WTMS	1
1.15	VAT Ind	VAT Indicator	Defines whether item is VAT inclusive or VAT exclusive	The cost of inventory activity or holdings will not have the appropriate VAT rating applied and consequently adversely affect the accounts. This will result in the Qualification of Annual Accounts.	2	SAI	2

CheckBox1

Ser	Data Element	Description	Characteristics	Implications if not present/or maintained	Relevance	Main Dependant System	Importance
1.16a	Repair PSC & Contract Number	Procurement Status Code and Contract Number	PSC details the type of contract, eg new buy, repair, etc	Receipting of items will be problematic at units. Loss of visibility of repairs will cause accounting difficulties.	2, 3 & 4	MJDI, WTMS, SAI	1
1.16b	New Buy PSC & Contract Number	Procurement Status Code and Contract Number	PSC details the type of contract, eg new buy, repair, etc	Receipting of items will be problematic at units. Loss of visibility of new buys will cause accounting difficulties. A significant but not 100% solution will be the use of the Production Branch field to identify CLS new buy items.	2, 3 & 4	MJDI, WTMS, SAI	2
DATA ELEMENTS WHERE WORKAROUNDS MAY BE POSSIBLE							
Ser	**Data Element**	**Description**	**Characteristics**	**Implications if not present/or maintained**	**Relevance**	**Main Dependant System**	**Importance**
2.2	IP DATE	Initial Provisioning Date	Lifing data	The calculation of depreciation will not be completed with sufficient accuracy and will result in the Qualification of the Annual Accounts.	2	SAI	2
2.2	EVF	Establishment Variation Factor	C Type EVF's hard wire max and min stockholdings by UIN. These can only be amended at PT level and are auditable transactions	Units max and min holding requirements will not be met	3 & 4	MJDI, WTMS	2
2.3	PACK	Packaging code	Dictates the level of packaging applicable	Items may be delivered (possibly directly to the Purple Gate?) in an inappropriate packaging state that could result in damage to the items prior to its use.	3 & 4	MJDI, WTMS	2
2.4	SHELF	Shelf Life Indicator	Indicates that these items have a finite life	Out of life items could be issued that are not fit for purpose	3 & 4	MJDI, WTMS	2
2.5	ME IND	Mission Essential Indicator	Used to indicate a 'no-go' operational item. Used by some PT's to identify Flight Safety Critical items rather than Mission Essential ones	Operations/Flight Safety could be impinged if not accurately maintained	3 & 4	MJDI, WTMS	1

CheckBox1

Ser	Data Element	Description	Characteristics	Implications if not present/or maintained	Relevance	Main Dependant System	Importance
DATA ELEMENTS THAT COULD BE IGNORED BUT WITH SOME DEGREE OF RISK							
3.1	Description	Description of item	Should allow the identification of the item, often using standard abbreviations.	While the description is useful it is not the main way of identifying an item.	4	MJDI	3
3.2	RD ARISING	Defines where an asset is sent for repair	Part of contract procedures	Units may be unclear where an asset is to be sent for repair.	3 & 4	MJDI, WTMS, SAI	3
3.3	DEG CON CODE	Degree of Control	Prevents the issue of items without the approval of the Range/Asset Manager. Degree of Control 1 currently used to drive existing Direct Supply arrangements	Scarce assets may be issued to inappropriate users with the subsequent adverse effect on availability. If not used the CLS arrangements would need their own trigger for replenishment action	3	MJDI, WTMS	3
3.4	ERC	Engineering Record Card	Records details of the history of the items as well as any appropriate engineering information such as Mod State, etc	While LITS offers this type of functionality not all items are recorded as STItems and so this functionality is important in the management of non-STItems	3 & 4	MJDI, WTMS	3
3.5	PEP Ind	PEP Indicator	Identifies items that are contained in PEP's	Loss of visibility of PEP capability being required even on low apparent activity which may result in insufficient assets being available when required	3 & 4	MJDI, WTMS	3
3.6	STC	Special Contents Container Indicator	Provides a prompt that an STC is linked to the main assembly for safe storage and transportation	Without the STC an items could be damaged in storage or transportation	4	MJDI, WTMS	3

Relevance

1. Essential to operation of base system – no workaround
2. Essential to the formulation of unqualified accounting information
3. Essential for integrity of item usage data which may include airworthiness and SHEF
4. Important for the FLC use of the items concerned

Importance – In Terms of Flexibility around the Elements Use or Maintenance

1. Can not be compromised (Keep).
2. Possible workarounds (Inner Bailey).
3. Could be surrendered but with some degree of risk (Outer Bailey)