



Ministry
of Defence

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Defence Equipment and Support Secretariat

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Our Reference:
FOI2016/01899

Date: 9 March 2016

Dear [REDACTED],

Thank you for your email of 10 February 2016 which requested the following information:

As a part of the research, I would be grateful if you could provide following information about the defence acquisition system in UK.

- 1. List of legislations related to UK's Defence acquisition policy. Specifically to the area of Actual procurement, Cost estimation and QA/QC process.*
- 2. UK MOD's policy about Defence industry growth.*
- 3. How MOD estimate the appropriate amount of Allowable Cost and Profit in each contract. Any specific formula?*
- 4. Detail of QA/QC process in defence acquisition. Especially I'm interested in knowing which section inside DE&S is in charge of the acceptance inspection and how they do it, as well as if there is any document defining the procedure and criteria for the inspection.*
- 5. If UK has made any change/modification to the QA/QC process so far to reduce its cost and complication.*

I am treating your email as a request for information under the FOI Act 2000. A search for the information has now been completed within the Ministry of Defence (MOD), and I can confirm that information in scope of your request is held. Information relating to all of your questions can be found in the MOD Acquisition System Guidance (ASG). You can register for free access via gov.uk: <https://www.gov.uk/guidance/acquisition-operating-framework>. However, under Section 16 of the FOI Act (advice and assistance), I can also offer the following:

- 1. List of legislations related to UK's Defence acquisition policy. Specifically to the area of Actual procurement, Cost estimation and QA/QC process.*

This can be found in the Commercial Toolkit area of the ASG. The following regulations are pertinent to defence procurement:

- The Public Contracts Regulations 2006
- The Defence and Security Public Contracts Regulations 2011
- The Public Contracts Regulations 2015

One of these sets of regulations will apply to all MOD procurements and contain the rules and procedures that must be applied unless the particular requirement is covered by a treaty exemption or is below a specified financial threshold.

Defence Equipment & Support

The MOD has also introduced legislation which governs the way that qualifying single source defence contracts are priced and managed. These are:

- Part 2 of the Defence Reform Act 2014
- The Single Source Contract Regulations 2014

2. UK MOD's policy about Defence industry growth.

The General Acquisition Information section of the ASG gives an overview of the general MOD policy relating to procurement. Specifically, the National Security Through Technology White Paper sets out the Government's approach to procuring equipment, support and technology. The White Paper can be found here: <https://www.gov.uk/government/publications/national-security-through-technology-technology-equipment-and-support-for-uk-defence-and-security-cm-8278--2>.

The Defence Growth Partnership has also been formed to secure a more competitive, sustainable and globally successful UK defence sector through investment in skills and innovation, and ready access to the UK supply chain. Details can be found here:

<https://www.gov.uk/government/publications/defence-growth-partnership-strategic-vision-for-the-uk-defence-sector>.

3. How MOD estimates the appropriate amount of Allowable Cost and Profit in each contract. Any specific formula?

The relevant information on how the MOD calculates cost and profit in its contracts is available in the pricing section of the Commercial Toolkit on the ASG. For single source procurement, the formula for allowable costs and profit is set out in Section 15 of the Defence Reform Act 2014 and part 3 of the Single Source Contract Regulations 2014.

4. Detail of QA/QC process in defence acquisition. Especially I'm interested in knowing which section inside DE&S is in charge of the acceptance inspection and how they do it, as well as if there is any document defining the procedure and criteria for the inspection.

5. If UK has made any change/modification to the QA/QC process so far to reduce its cost and complication.

Detailed information on how the MOD manages quality assurance is available in the 'Managing Quality' section of the ASG, and changes can be viewed via the 'what's new' link. You may wish to note that MOD quality policy is closely aligned with the concepts promoted by the Chartered Quality Institute.

If you are not satisfied with this response or you wish to complain about any aspect of the handling of your request, then you should contact me in the first instance. If informal resolution is not possible and you are still dissatisfied then you may apply for an independent internal review by contacting the Information Rights Compliance team, 1st Floor, MOD Main Building, Whitehall, SW1A 2HB (e-mail CIO-FOI-IR@mod.uk). Please note that any request for an internal review must be made within 40 working days of the date on which the attempt to reach informal resolution has come to an end.

If you remain dissatisfied following an internal review, you may take your complaint to the Information Commissioner under the provisions of Section 50 of the Freedom of Information Act. Please note that the Information Commissioner will not investigate your case until the MOD internal review process has been completed. Further details of the role and powers of the Information Commissioner can be found on the Commissioner's website, <http://www.ico.org.uk>.

Yours sincerely,

