

## DES-DSA-Private Treaty Sale

Date: 22nd April 2015

To:



Business Case: DSA/MST2/2015/02820

### BUSINESS CASE (BC) FOR THE APPROVAL OF THE PRIVATE TREATY SALE OF QTY X 1 WESTLAND SEA KING Mk3 (WITHOUT ENGINES) (TAIL NUMBER XZ592) TO MORAYVIA

#### Summary

1. The UK MoD Westland Sea King Helicopter HAR 3, HAR3A, HC 5 & HU5 fleet variants are being withdrawn from RN / RAF Service with an Out of Service Date (OSD) of 31<sup>st</sup> March 2016 with only the ASaC 7 variant remaining in service until it's current planned Out of Service Date of 30<sup>th</sup> Sept 2018. The Sea King PT has declared at Side Flag 1 Qty x 1 Sea King Mk3 (Tail Number XZ592) to the Disposal Services Authority (DSA) for disposal and Morayvia have requested the opportunity to purchase the helicopter via a Private Treaty Sale.

#### Issue

2. Proposed disposal of Qty x 1 Westland Sea King Mk3 helicopter (Tail Number XZ592) by commercial disposal route.

#### Recommendation

3. The approving authority is invited to approve a Private Treaty Sale of Qty x 1 Westland Sea King Mk3 helicopter (Tail Number XZ592) to Morayvia.

#### Timing

4. Priority – Sea King Mk3 (Tail Number XZ592) is currently being stored at HMS Sultan following it's withdrawal from service. All HAR 3, HAR3A, HC 5 & HU5 variants will be disposed from HMS Sultan and there is limited storage space available at the site. Removal of the aircraft from HMS Sultan is therefore a priority.

#### Background

5. The UK MoD Westland Sea King Helicopter HAR 3, HAR3A, HC 5 & HU5 fleet variants are being withdrawn from RN / RAF Service with an Out of Service Date (OSD) of 31<sup>st</sup> March 2016 with only the ASaC 7 variants remaining in service until their current planned Out of Service Date of 30<sup>th</sup>

Sept 2018. The current plan is for approximately 24 aircraft (this figure may change) to be subject to commercial disposal, with another 20 aircraft being disposed of via Capital Equipment Sales. If Government to Government (G2G) sales fail to materialise these aircraft will also be subject to Commercial Disposal. The Sea King PT has declared Qty x 1 Sea King Mk3 (Tail Number XZ592) for disposal and have asked the DSA to investigate the possibility of a Private Treaty Sale to Morayvia. Morayvia are located near to RAF Lossiemouth which was an operating location for the Sea King Mk3 helicopter in the Search & Rescue (SAR) role. Their attempt to obtain a Sea King helicopter has also obtained support from luminaries such as the Duke of York and Joanna Lumley

6. A brief history of the Westland Sea King helicopter extracted from Wikipedia is attached at **Side Flag 2**.

7. The aircraft has had its Engines, Engine Control Units (ECUs) and all classified items and controlled technology items removed. Details of the hazards contained in the aircraft have been supplied by the PT and the items that have been removed from the aircraft are attached **at Side Flag 3**.

8. Previous Commercial Sales of Sea King Helicopters are detailed in the table below:

Aircraft Type & Tail Number	Declaration Number	Receiver	Amount ex VAT	Remarks
Sea King HAS Mk6 (XV674) (no engines)	2005/30627/001	Westland Helicopters		
Sea King HAS Mk6 (XV710) (no engines)	2005/30627/002			
Sea King HAS Mk6 (XZ571) (no engines)	2005/30627/001			
Sea King HAS Mk6 (XV677) (no engines)	2005/34618/001	Metal & Waste		Scrapped
Sea King HAS Mk6 (ZA135) (no engines)	2011/06031/001	Air & Ground Aviation Ltd		
Sea King Mk47 (AMS2) (no engines)	2011/08208/001	Air & Ground Aviation Ltd		
Sea King Mk47 (AMS3) (no engines)	2011/08208/001	Air & Ground Aviation Ltd		
Sea King HC Mk4 (ZD478) (no engines)	2011/09877/001	Air & Ground Aviation Ltd		
Sea King Mk47 (AMS1) (no engines)	2012/08825	Retro Aviation Ltd		
Sea King HAS Mk6 (ZG875) (no engines)	2013/04159	Retro Aviation Ltd		
Sea King HAS Mk6 (ZA136) (no engines)	2013/02449	Retro Aviation Ltd		
Sea King HAS Mk6 (XZ921) (no engines)	2013/06203	Witham (Specialist Vehs) Ltd		
Sea King HAS Mk6 (ZD633) (no engines)	2013/06203	Witham (Specialist Vehs) Ltd		
Sea King HC Mk4 (ZD627) (no engines)	2013/07901	GJD Services Ltd		
Sea King HC Mk4 (ZG822) (no engines)	2013/07901			
Sea King HC Mk4 (ZD477) (no engines)	2013/07901			
Sea King HC Mk4 (ZA313) (no engines)	2014/01822	Witham (Specialist Vehs) Ltd		

Sea King HC Mk4 (ZB507) (no engines)				
Sea King HC Mk4 (ZE425) (no engines)				
Sea King HC Mk4 (ZE428) (no engines)				
Sea King HC Mk4 (ZA291) (no engines)				
Sea King HC Mk4 (ZD625) (no engines)				
Sea King HC Mk4 (ZF121) (no engines)				
Sea King HC Mk4 (ZF123) (no engines)	2014/07192	Metal & Waste		Scrapped
Sea King HC Mk4 (ZA310) (no engines)	2014/07193	Metal & Waste		Scrapped
Sea King HC Mk4 (ZG820) (no engines)	2014/07194	Metal & Waste		Scrapped
Sea King HC Mk4 (ZF124) (no engines)	2014/07195	Metal & Waste		Scrapped



**Requirement**

10. Commercial disposal of Qty x 1 Westland Sea King Mk3 helicopter (Tail Number XZ592) to allow its removal from the HMS Sultan facility as soon as possible.

**Options**

11. I would suggest that we have three options open to us for the disposal of this aircraft:

- a. **Full Open Tender** - The Open Tender would have the advantage of maximising the exposure of the aircraft to the market and possibly attracting interest from parties who have not purchased aircraft from the DSA in the past. It does however, have the disadvantage of being time and resource intensive requiring such activities such as viewing days etc. In the case of XZ592 the requirement is to remove the aircraft from the HMS Sultan site as soon as practically possible, which suggest that this option is not appropriate in this case.

b. **Mini-Tender** – Where we invite those parties who have demonstrated an interest in these and similar aircraft in the past to bid for the aircraft. The Mini-Tender has the advantage of focussing on the more serious bidders in terms of prices likely to be achieved and again offers advantages in the prospect of a disposal in a timely safe and prompt manner. It does however, have severe limitation in terms of demonstrating the best value for defence as there may well be prospective customers outside the normal buyers who may offer a premium, or at very least a significantly higher financial return for the aircraft. In the case of XZ592 the requirement is to remove the aircraft as soon as practically possible, which suggests that due to the time required that this option is not appropriate in this case.

[REDACTED] Initial enquiries have taken place to see if there is any interest from previous purchasers for this aircraft and none have been received.

c. **Sale by Private Treaty Sale** - to Morayvia. The Private Treaty route has the advantage of speed and focus in the removal of the aircraft and in this case delivers a substantial financial return for a non-flying asset in poor condition. My recommendation therefore, subject of course to your approval and that of DSA Commercial would therefore be to dispose of these aircraft via the Private Treaty route.

12. My recommended option from the above choices would be to proceed down the Private Treaty Sale route. This offers the advantage of a timely, prompt and efficient removal of the aircraft, avoiding ongoing storage costs for the Project Team, and meeting their requirement for the removal of the aircraft as quickly as possible. It also provides a substantial financial return for a non-flying asset in poor condition. My recommended course of action therefore, subject of course to your approval and that of DSA Commercial and Finance would be to proceed down the route of a Private Treaty Sale to Morayvia.

### **Affordability**

13. The Recommended option is intended to eliminate any potential cost to and potentially generate income to the DSA/MoD. There are no anticipated costs or affordability issues anticipated.

### **Procurement/Commercial/Contracting Strategy**

14. The Recommended option is Commercial disposal of Qty x 1 Westland Sea King Mk3 helicopter (Tail Number XZ592) via a Private Treaty Sale to Morayvia.

### **Benefits & Risks**

15. The benefits of the recommended option of a Private Treaty Sale to Morayvia are as follows:

- It in this case delivers a substantial financial return for a non-flying asset in poor condition.

- It minimises the possibility of the owning PT incurring any additional costs from having to store the aircraft in the limited storage available at HMS Sultan any longer than is strictly necessary.
- If prosecuted in a timely and efficient manner it offers the prospect of a swift removal of a non flying asset.

16. Risks include those that would apply with any Tender Sale and these are mitigated by the use of the standard Private Treaty Terms and Conditions with the contract signature, payment and collection amended as required. The major risks are in achieving the sale ASAP in order to free up critically needed storage space at the HMS Sultan site and the environmentally safe and legislatively compliant disposal of the aircraft.

### **Presentation and Handling**

17. The proposed disposal is unlikely to attract media/parliamentary interest.



### **Approval**



Date: .....22/4/15..... Date: .....23/4/15.....



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