

Defence Equipment and Support

# Corporate Plan 2018-2021



Equipping and Supporting the  
UK's armed forces for operations  
now and in the future



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## Foreword

By Guto Bebb MP,  
Parliamentary Under Secretary of State  
and Minister for Defence Procurement

I am delighted to introduce the 2018-21 Corporate Plan for Defence Equipment and Support (DE&S), which sets out the purpose, structure and strategic objectives for this vital part of Defence.

It is clear to me that DE&S has already achieved a great deal in terms of transformation, with new project management tools, a new business management system and a bespoke human resources department designed to ensure the organisation can attract and retain the skills it needs.

The range and complexity of the DE&S programme of work is astounding, matched only by the breadth and difficulty of the tasks our armed forces can be asked to undertake. In this context, it is absolutely right that DE&S is pursuing excellence in its field. Continued upskilling and modernisation is key to its success and I commend the plans for continuous improvement and embedding the transformation initiatives developed so far.

Defence as a whole faces many challenges. The strategic context is fluid and we must be ready - collectively - to respond to emerging threats and provide the equipment and support our forces require. The Modernising Defence Programme, announced in January 2018, has been established with precisely this in mind. It will support the delivery of better military capability and value for money, both of which are of equal importance and focus for DE&S.

I look forward to working with Sir Simon Bollom when he takes up appointment as the new DE&S CEO and I am confident that DE&S can provide a positive example for all of Defence. I wholeheartedly support its strategic objectives, commitment to the UK's armed forces and taxpayers; and I fully endorse this Corporate Plan.

DE&S Headquarters at Abbey Wood



# Introduction

## Paul Skinner, Chairman

The DE&S transformation programme, which began in 2014, continues to gain momentum and the originally projected benefits are being progressively and significantly realised. The focus now is continuing to embed change and driving benefits to higher levels.

Many challenges remain as we respond to the changing threat and security environment, and to the MoD-wide Modernising Defence Programme which is currently underway. I am confident we remain on the right path to deliver for Defence with the requirements of the UK armed forces as the central focus of all we do.

In refreshing this Plan we have highlighted a number of recent DE&S project successes and provided an overview of the Ships, Land, Air and Joint Enablers portfolios. We also note the separation of the Submarines business into a new Submarine Delivery Agency with effect from 1 April.

Overall this Plan reflects our ongoing commitment to Defence and to our people, customers and stakeholders. It underlines our determination to maintain the highest standards of governance and transparency, a robust safety culture, and a responsive supply chain. The DE&S Board will continue to support and challenge the Executive in achieving its goals with the intent to reach even higher levels of performance.

I congratulate Sir Simon Bollom on his recent appointment as Chief Executive and very much look forward to working with him as DE&S continues its journey towards becoming a world class defence procurement organisation. At the same time I should like to express the thanks of the board and myself to Michael Bradley for his excellent leadership over the last few months following the departure of Tony Douglas.



Above: Chairman Paul Skinner



Above: CEO Michael Bradley

## Michael Bradley, interim CEO

It has been a great privilege to lead DE&S at such an exciting time in our organisation's journey. We have set the conditions for success and we remain absolutely committed to building on the progress made with our transformation – and to ensuring the delivery of our programme of work in a safe and increasingly efficient and effective manner.

Supporting the UK's Armed Forces remains our central focus and we are determined to provide them with what they need, when they need it. Key to achieving this will be our continued roll out of world class processes and systems; standardising and simplifying the way we work; and maturing our employment model so we have the right people, in the right place, at the right time.

I am consistently impressed and inspired with how our people have embraced our change programme and continue to support it alongside their management and delivery of some hugely complex projects. Staying the course is the theme for this Corporate Plan – embedding our new ways of working – and driving through continuous improvement against the challenging backdrop of fiscal constraint, an increasingly demanding equipment plan and an ever-uncertain world. Our strategic objectives are unchanged, but we have updated our in-year delivery focus (through our Objectives, Goals, Strategies and Measures) to ensure we keep pace with how we are developing and maturing into the world class procurement and support organisation we seek to become.

The DE&S workforce - our people - remain our biggest asset in achieving our goals and I recognise the need to continue investing in the skills and capabilities we need; applying our unique management freedoms to ensure we can recruit, retain and develop the people we need to discharge our responsibilities. The incoming Chief Executive, Sir Simon Bollom, brings with him a depth of experience and knowledge and I know that he will be supported by the whole executive team in delivering the priorities captured in this plan, while providing increased value for money, the highest standards of professionalism and the best possible equipment and support to our armed forces.

# About us

## Our purpose

Our purpose is to equip and support the UK's armed forces for operations now and in the future.

## Who we are

We are a professional defence acquisition organisation which manages a range of complex programmes that provide equipment and support to the UK's armed forces.

We are part of the Ministry of Defence (MOD) but operate as an Arm's Length Body. We have a unique Bespoke Trading Entity status, which allows us to operate in a more commercial way to improve the quality of delivery to our customers.

We are headquartered in Bristol and also have people at numerous locations across the UK and overseas, including in support of operations.



## What we do

We are responsible for the safe procurement and support of a vast range of equipment – from warships, aircraft and missiles, to armoured vehicles, body armour and field kitchens. We undertake decommissioning and disposal when equipment reaches the end of its service life and we operate the British Forces Post Office, which delivers mail to service personnel in the UK and around the world.

We work very closely with our customers in the military commands (Royal Navy, Army, Royal Air Force and Joint Forces) as well as MOD Head Office, which includes the Defence Nuclear Organisation and Director Strategic Programmes. All submarines business is now led by the Submarine Delivery Agency, which is separate from DE&S.

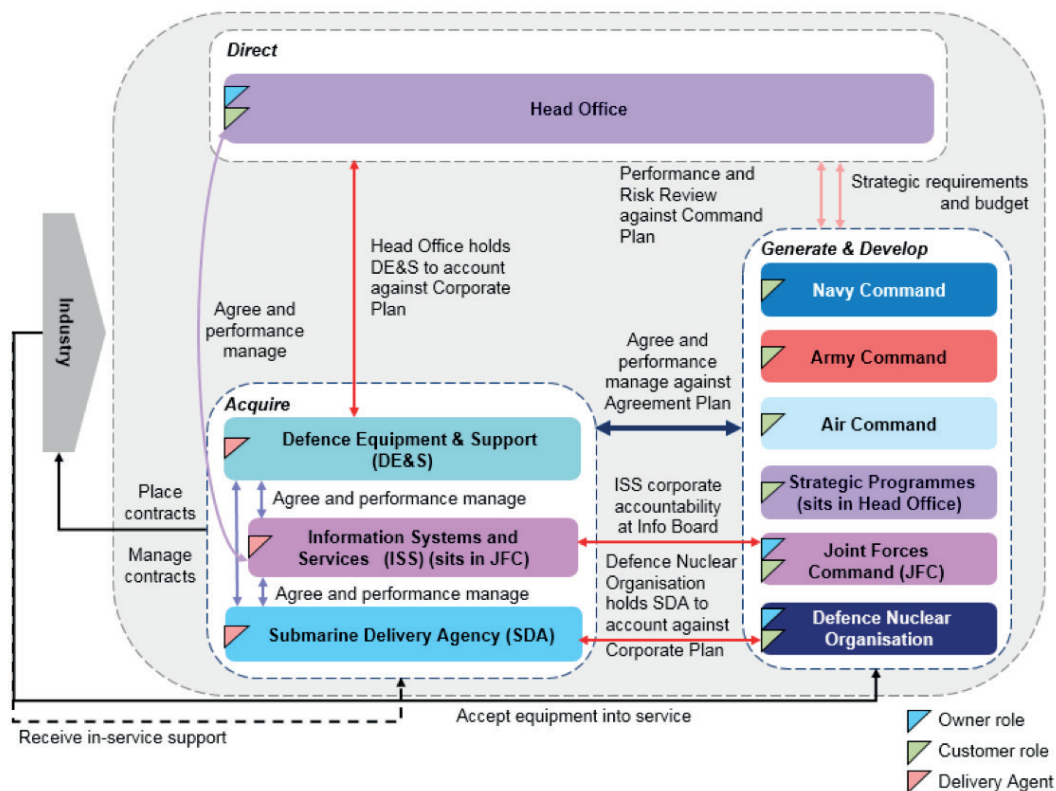
## Our people

We have a workforce of around 11,400 – both civilian and military – who are passionate about providing the best possible service to our customers. Delivering our business requires a range of specialist skills and our people are organised into the following 11 professional functions:



## How we deliver

We manage the acquisition and through-life support of equipment in service using the budget set by our customers. This gives them the flexibility to allocate funding in accordance with the requirements they consider to be most critical. MOD Head Office oversees this process, directing, delegating, empowering and holding to account the requirements and acquisition arms of the Defence Acquisition System, (as set out in the diagram below). We manage our relationship with each customer through bespoke Command Acquisition Support Plans, known as CASPs. The CASPs formally capture the agreed outputs against which our teams will deliver.



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

## Working with our customers

We work closely with our customers to provide the materiel required by the armed forces. Our people provide the customer with a range of support including costing advice; technical expertise; logistic and equipment support; and personnel to current operations. We also have the lead role in contract negotiation and relationships with industrial suppliers to deliver equipment, support and logistics and other services.

Our organisational structure is designed to support interaction and strong professional relationships with our customers. Under the CEO's leadership, we have the four delivery domains of Ships, Land, Air and Joint Enablers. Each domain is headed by a Chief of Materiel who is responsible for managing relationships with our customers. The Chiefs of Materiel are accountable to the CEO for delivering their outputs to plan, and for safeguarding regularity and propriety.

<sup>NB:</sup> The Defence Nuclear Organisation has in-house control over Warhead Management through a direct contract with the Atomic Weapons Establishment (AWE) – this is an exception in the Acquisition System and specific to the Nuclear Enterprise.

<sup>NB:</sup> Min(DP) provides the owner role for DE&S; Commander JFC provides the owner role for ISS; and Director General Nuclear provides the owner role for SDA.



## Modernising Defence

Since summer 2017, Defence has been contributing to the National Security Capability Review (NSCR); designed to make sure that the plans set out in the 2015 Strategic Defence and Security Review (SDSR15) are as joined-up, efficient and effective as possible.

In January 2018, the National Security Council agreed that the NSCR would conclude and report in the spring – and it commissioned a separate, further piece of work to modernise Defence.

The resulting Modernising Defence Programme is being led by the Secretary of State for Defence, the Permanent Secretary and the Chief of the Defence Staff and will build upon the foundations of both the SDSR15 and the NSCR.

The Programme workstreams will seek to optimise the organisation and operation of the MOD; identify further efficiencies and opportunities for business modernisation, and improve performance on commercial and industrial issues. A fourth workstream will examine the capabilities Defence requires to contribute to our three National Security Objectives now, and in future.

DE&S is well placed to support the MOD in delivering the Modernising Defence Programme, noting the success of our transformation programme. As a Bespoke Trading Entity, we have introduced a range of business modernisation initiatives and world-class processes and systems for managing and controlling projects. We are already delivering significant efficiencies and are focused on embedding change to raise the skills and productivity of our people, standardising policies and processes to minimise waste and maximise time.

The Modernising Defence Programme is expected to report in summer 2018 and aims to strengthen and modernise our armed forces to meet increasingly complex and varied threats and challenges. DE&S can add value by sharing what we have learned as part of our transformation journey so far, while continuing to pursue continuous improvement, efficiency and delivering greater value to Defence. We will play our role in the Modernising Defence Programme; supporting the delivery of better military capability and value for money in a sustainable and affordable way.



## Our governance

The Secretary of State for Defence is accountable to Parliament for all aspects of our performance, including our strategy, operation, performance and the effectiveness of our governance arrangements. The Secretary of State delegates the day-to-day ownership responsibilities for DE&S to the Minister for Defence Procurement.

The Minister for Defence Procurement chairs the DE&S Owner's Council through which he exercises formal oversight of the performance of the organisation. This includes setting our strategic objectives, approving the Corporate Plan and maintaining strategic oversight of performance.

The DE&S Board, chaired by the lead Non-Executive Director and Chairman, Paul Skinner, reports to the Owner's Council and provides strategic governance for our organisation along with independent, non-executive support and constructive challenge to our Chief Executive Officer (CEO) and Executive Committee.



Secretary of State:  
Rt Hon Gavin  
Williamson MP



Minister for Defence  
Procurement:  
Guto Bebb MP

## DE&S Board as at 1 April 2018:



Paul Skinner CBE  
Chairman

<p>Stephen Lovegrove MOD Permanent Secretary</p>	<p>Michael Bradley CB Chief Executive Officer</p>	<p>Lt Gen Mark Poffley OBE Deputy Chief of the Defence Staff (Military Capability)</p>	<p>David Johnson Interim Director, Resources</p>
<p>Iain Langhan Non-Executive Director</p>	<p>Dr Ros Rivaz Non-Executive Director</p>	<p>James Dorrian Non-Executive Director</p>	

Our organisation is led on a day to day basis by the CEO and his Executive Committee, which consists of our four Chiefs of Materiel (leading the Ships, Land, Air and Joint Enablers domains to mirror our customers) and our functional leads who provide the corporate support to the business (Commercial, Finance, Human Resources, General Programmes and Corporate Operations).

Our Executive Committee provides collective direction to and oversight of all DE&S activity. It is responsible for delivering the programme of work, as set out in the CASPs, within set performance, cost and time targets. The Executive Committee manages our resources – human, finance and infrastructure – in an effective, efficient and safe way to ensure delivery of our outputs. The Executive Committee also has strategic responsibility for the continuing development of our organisation.

## DE&S Executive Committee as at 1 April 2018:



Michael Bradley CB  
Chief Executive Officer



Sir Simon Bollom KBE CB  
Chief of Materiel (Ships)



Lt Gen Paul Jaques CBE  
Chief of Materiel (Land)



Air Marshal Julian Young  
CB OBE RAF  
Chief of Materiel (Air)



Pete Worrall CB OBE  
Chief of Materiel  
(Joint Enablers)



Nick Elliott  
Director General  
(Commercial)



David Johnson  
Director, Financial  
Planning & Analysis



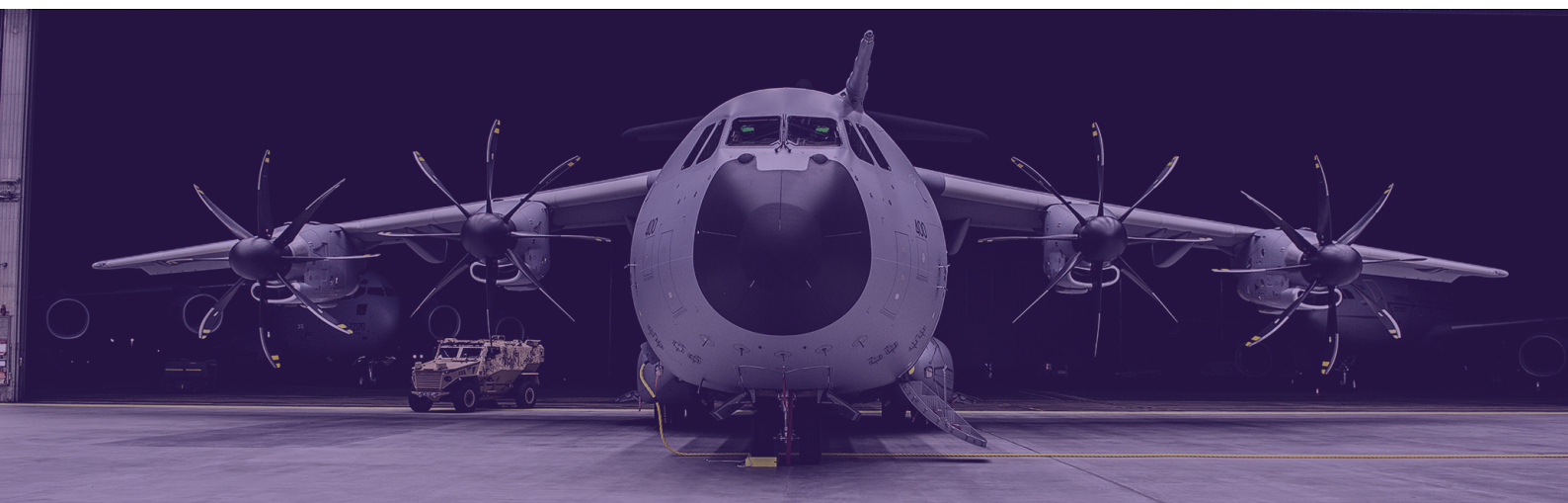
David Ball Interim  
Director, Human  
Resources



Tony Chisnall  
Director, General  
Programmes



Barry Burton  
Director, Corporate  
Operations



# Our strategic objectives:

## We will continuously improve our DELIVERY

- Be outstanding in the procurement of equipment and support
- Be commercially agile
- Think internationally
- Apply an innovative approach
- Be motivated by UK economic prosperity in all that we do

## We will focus on our CUSTOMERS

- Meet our customers' requirements
- Be trusted to deliver
- Work together for Defence

## We will understand our SUPPLY CHAIN

- Develop our supply chain capability strategically and operationally
- Maximise opportunities for routes to market
- Have the supply chain we need

**Safe to operate**  
**Operating safely**

## We will support our PEOPLE

- Attract a high performing workforce from across society to meet our business needs
- Balance recruitment and retention to deliver a sustainable workforce

## We will continue to TRANSFORM

- Complete the next phase of our transformation
- Realise the financial benefits of transformation
- Build our organisational capabilities
- Have the management information we need

Linked to our strategic objectives is a set of detailed Key Performance Indicators, included at the rear of this document, which are designed to measure the corporate performance of DE&S on a month by month basis.

Our in-year delivery focus is detailed in our 2018-19 Objectives, Goals, Strategies, Measures (OGSM) on the next page.

# 2018-19 Objectives, Goals, Strategies and Measures (OGSM)

Our OGSM sets out our in-year delivery focus, underpinning our strategic objectives. The OGSM is cascaded throughout the organisation providing a bridge between our strategic objectives and our detailed individual contributions, and provides a mechanism to measure our progress.

For 2018-19 our focus is on:

- 1** Objective  
**Hitting our numbers**



by robust financial management and continued delivery of Transformation benefits

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- 2** Objective  
**Perform to plan**



by timely CASP signature, leading to the delivery of safe equipment & support to agreed cost & performance parameters

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- 3** Objective  
**Even more "S" in DE&S**



by delivering effective and efficient Support across the lifecycle

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- 4** Objective  
**Satisfy our customers**



by delivering the defence plan and wider government agenda

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- 5** Objective  
**Transformation becomes embedded**



by focusing on embedding new ways of working to deliver benefit

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- 6** Objective  
**Develop our people & processes**



by maximising potential through performance and improved processes

# Our continuing evolution – towards DE&S @21

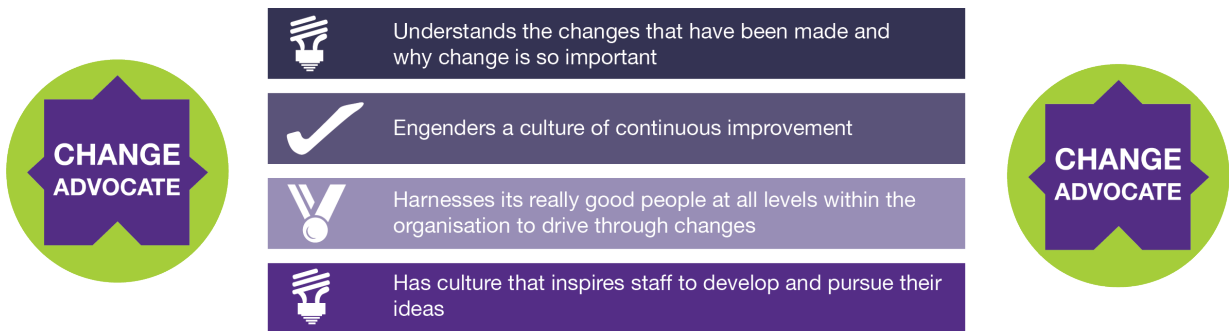
DE&S has been embarked on a comprehensive process of transformation since 2014, delivering one of the largest change programmes in government. Having achieved our initial transformation goals in April 2017, our focus now is on ensuring momentum, maturing our new ways of working and embedding our new tools and processes.

We are also focused on the continuing delivery of financial benefits. As of 1 April 2018, we had delivered over £3.7 billion of efficiencies, from an initial transformation target of £3.4 billion. As our transformation initiatives continue to drive improvement throughout the business, we are confident that we can do more and will seek further opportunities to drive out costs wherever possible.

We are developing DE&S @21 – our vision of a confident commercial organisation in 2021 that is:

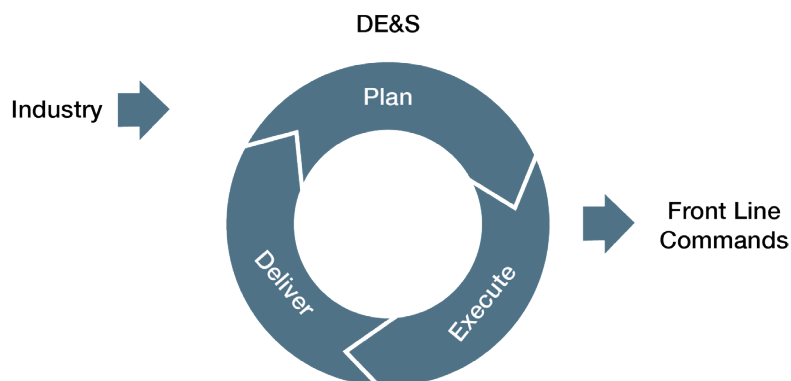
- Customer and performance focused
- Tech-enabled supporting us to be agile in delivery
- Forward-looking and results-orientated
- Offering an employee value proposition that attracts, builds and develops a skills base to underpin better performance

Our Change Advocate Network – a volunteer network of people right across DE&S – will continue their work in driving and embedding change in the business, supporting DE&S@21 and helping to ensure that DE&S:



Leading the way with our new ways of working, our Exemplar projects are at the forefront of implementing the new Project, Programme and Portfolio Management (P3M) tool suite, which will be adopted by each project team in the wake of the Exemplars.

The P3M tool suite is a range of applications which will help us to manage our projects, programmes and portfolios in the most effective way. At the core of the suite is Primavera P6 Pro, delivering industry standard scheduling discipline across the business. Our Exemplars are building on this capability with enhanced Earned Value Management reporting, making a real difference to how we deliver for our customers.



We are also delivering a step change in our ability to deliver flexible and agile commercial solutions through a simplified “five by six” procurement route model. Our five procurement routes and six standard forms of contract will be supported by a range of process improvements, designed to drive consistency, simplification and speed to market.



**Urgent Operational Requirements purchased by any route against accelerated schedule**

**1 & 2**  
**Standard form contracts**  
 - proportional assurance  
 - consistency  
 - commercial best practice

**3 & 4**  
**Pre-negotiated contracts**  
 - efficiency  
 - volume leverage  
 - speed of supply

**5**  
**Group Procurement**  
 - standardisation  
 - volume leverage  
 - speed of supply

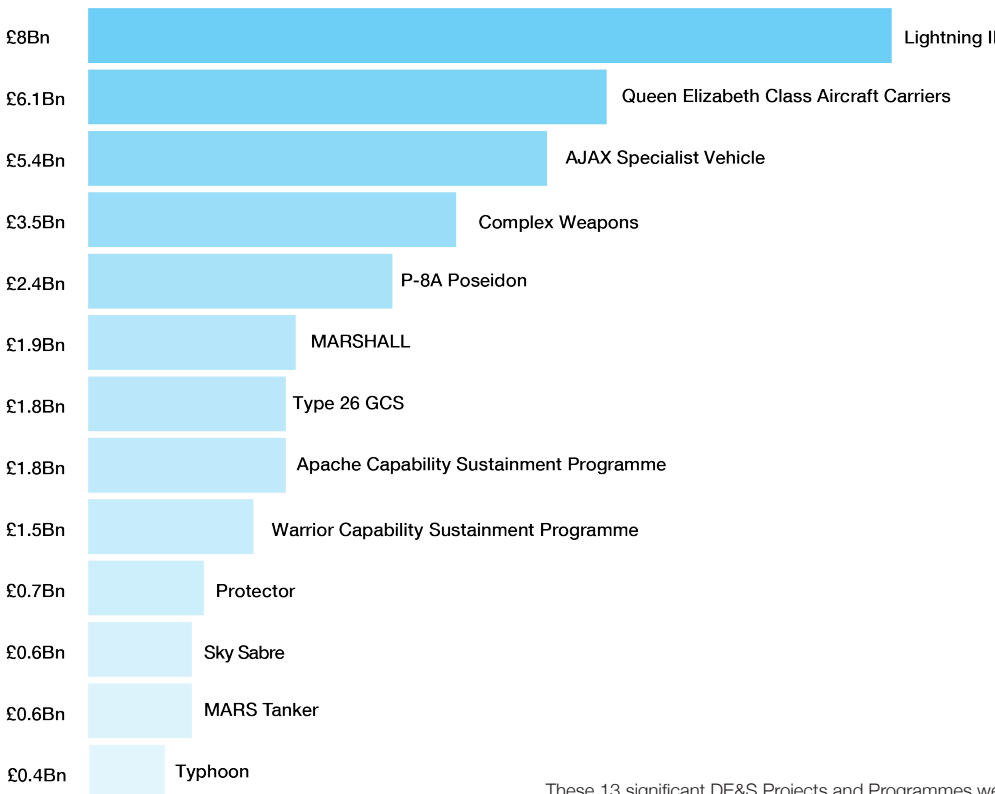
Six Standard Form Contracts	Commercial Model - Options
<b>1: Design, Supply, Operate &amp; Maintain (DSOM)</b>	- Unit rate for availability / capability - Combined fixed & variable - Pain / gain incentive
<b>2: Supply Contract</b> (including short form <£5m)	- Lump Sum - Target price / Not to Exceed - Unit rate - Pain / gain incentives
<b>3: Term Support Contract</b> (including short form <£5m)	- Unit rate for availability / capability - Combined fixed & variable - Pain / gain incentive
<b>4: Framework / Call-Off Contract</b> (for supply, support & professional services)	- As for supply and term support contracts
<b>5: Alliance Collaboration Contract</b>	- Lump Sum - Target price / Not to Exceed - Pain / gain incentives
<b>6: Professional Services Contract</b>	- Lump Sum - Reimbursable unit rate - Pain / gain incentives

Military collaboration contracts use facilitating agency contract if required or DE&S contract if direct with supplier

# Our programme of work

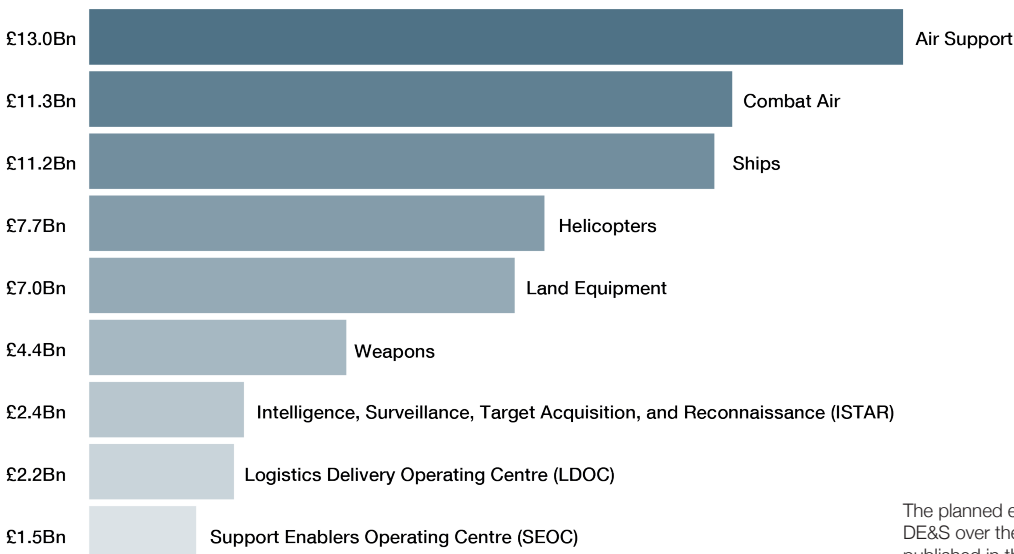
We will work with our customers to deliver a complex and varied range of projects over the next decade. Equipment procurement and in-service support are of equal importance and delivery of both aspects ensures that the armed forces have what they need, when they need it. The MOD's Equipment Plan 2017 provides an overview of the department's planned expenditure, within which DE&S delivers some of the largest procurement projects and support programmes.

## Equipment procurement



These 13 significant DE&S Projects and Programmes were published in Defence Equipment Plan 17. The figures shown here are the value of the approved Demonstration and Manufacture phases.

## Equipment support



The planned equipment support expenditure through DE&S over the next ten years, by delivery area, as published in the Defence Equipment Plan 17





# Chief of Materiel Ships

**CoM(Ships) Sir Simon Bollom KBE CB** leads the Ships Domain. He is responsible for delivering Surface Ship platform and equipment acquisition programmes and in-service support to the front line commands. CoM(Ships) projects include:



**Type 26 Global Combat Ships** - eight ships will form the backbone of the Royal Navy's future fleet providing anti-submarine warfare protection to the Queen Elizabeth Class aircraft carriers, strategic deterrent and wider surface fleet. The Type 26 will be a multi-mission, anti-submarine warship capable of carrying out a variety of roles from high intensity warfare, to counter-piracy or providing humanitarian aid.



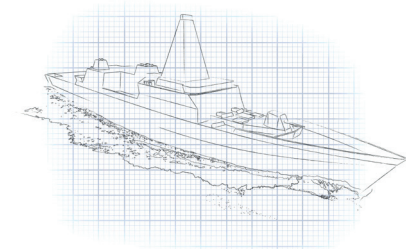
**Offshore Patrol Vessels (OPVs)** - five OPVs are being built in partnership with BAE Systems on the Clyde. They will provide valuable capability to the Royal Navy while also securing key industrial skills and demonstrating new production processes vital to the build of the Type 26s. All five are now either under construction or conducting sea trials.



**Fleet Solid Support (FSS)** - the project will deliver a class of three vessels to provide a solid stores (food, stores and munitions) replenishment capability to support the Queen Elizabeth Class Aircraft Carriers and Maritime Task Groups.



**Military Afloat Reach and Sustainability (MARS) Tankers** - four ships to the Royal Fleet Auxiliary to maintain the Royal Navy's dedicated bulk fuel Replenishment At Sea capabilities, deploying worldwide to support individual warships and as an integrated element of Maritime Task Groups. The ships will also provide a flexible capability to undertake a wide range of maritime operations, such as constabulary and humanitarian relief.



**T31e Programme** - the new class of frigate will be a general purpose light frigate, providing an enduring and continuous worldwide maritime security presence in several forward operating areas and are expected to enter service from 2023.

## Support Activity

**Future Maritime Support Programme (FMSP)** - designing and implementing a replacement for the current Maritime Support Delivery Framework and Submarine Deep Maintenance Period contracts that exploits the market to deliver a 30% saving in support costs at the same time as delivering an improvement in platform performance.

**Type 23** - the frigates will cycle through a comprehensive deep maintenance work package that will extend the ships' life and install a number of capability improvements across power and propulsion, weapon systems and sensors. This will sustain the T23 Frigate as a potent class within the Royal Navy's Fleet.

**Project SALUS** - will improve safety information underpinning our risk-to-life safety arguments to achieve full assurance of our safety management regime.

**Type 45 Power Improvement Project (PIP)** - is a central component of the Napier Programme that seeks to restore command confidence in Type 45 Power and Propulsion. The PIP will improve system redundancy and resilience by providing additional larger Generators. Following the outcome of a UK wide competition, PIP will transition to its Demonstration and Manufacture phase, letting significant contracts with Industry to complete the technical solution and procure equipment across the Type 45 class.

**Future In Service Support (FISS)** project - will deliver new contracts for 13 Royal Fleet Auxiliary and 4 Royal Navy Hydrographic vessels ensuring continuous support from mid-2018 to 2028. These contracts will retain the performing elements of the current arrangements and build in best practice and learning from experience for the new.

# Queen Elizabeth Carriers

The two Queen Elizabeth Class (QEC) aircraft carriers, HMS QUEEN ELIZABETH and HMS PRINCE OF WALES, are the largest warships ever built for the Royal Navy. With an expected service life of up to 50 years, equipped with F35B Lightning Strike Fighters and a variety of helicopters, the Queen Elizabeth Class will be a highly versatile and potent joint defence asset, able to meet the widest range of tasks around the world from humanitarian and disaster relief to high-end warfighting.

The 65,000-tonne HMS QUEEN ELIZABETH began sea trials in summer 2017, and was formally commissioned by Her Majesty, the Queen into the Royal Navy in December 2017; an exciting finale in 2017 – ‘The Year of the Navy’.

2018 will see an extensive programme of follow-on trials, progressing towards fixed wing flying trials as the ship builds towards initial operating capability. Having achieved In-Service Date on 28 February 2018, HMS QUEEN ELIZABETH has now started another chapter in her journey, transitioning from Build to In-Service Support.

HMS PRINCE OF WALES is structurally complete and was undocked and moved to the Rosyth non-tidal basin in December 2017, marking a key milestone in the programme. The ship will remain alongside until the middle of next year in order to complete fitting-out and initial system testing and commissioning.



# Chief of Materiel Land

**CoM(Land) Lt Gen Paul Jaques CBE** is responsible for the Land Domain which buys and supports ground combat and support equipment, all munitions (including Complex Weapons), logistic information systems, and a range of commodities for all three armed services, and stores and distributes them. Land is delivering programmes to make the Army's strike brigade concept a reality and ensure that future major platforms have effective weapon systems. CoM(Land) projects include:



**Multi Role Vehicle Protected (MRV-P)** - will provide a protected and adaptable general purpose platform. MRV-P is being delivered in two packages. Package 1 will be comprised of Command, Liaison and Logistics vehicles; a Foreign Military Sales procurement of the Joint Light Tactical Vehicle has been identified as the preferred option. Package 2 is being procured via competition and is comprised of Troop Carrying Vehicles and Future Protected Battlefield Ambulances.



**AJAX** - provides a step-change in the armoured fighting vehicle capability delivered to the British Army. The programme encompasses six variants: AJAX, ARES, ATHENA, ATLAS, APOLLO, and ARGUS. They will provide a full reconnaissance and medium armour capability, command and control and specialist repair and recovery tasks. To ensure an Initial Operating Capability in 2020, the programme is running concurrent Demonstration and Manufacture phases.



**Mechanised Infantry Vehicle (MIV)** - plans to deliver a fleet of off the shelf 8x8 wheeled armoured vehicles. It will form the core of the future mechanised infantry's contribution to the Army's strike brigades. This project is now moving into the next phase of procurement which in 2018, will focus on the UK re-joining the Boxer programme and explore options to equip the Army with the 8x8 troop carriers to modernise its vehicle fleet and meet the Army's Mechanised Infantry Vehicle requirement.



**Brimstone** - Dual Mode Seeker Brimstone (DMSB) and Brimstone 2, which builds on the baseline DMSB design, are currently in service on the Tornado GR4 and have been successfully deployed in Afghanistan and Libya, and have proven their worth most recently on operations against Daesh in Syria and Iraq. The Brimstone Capability Sustainment Programme is planned to remove obsolescence and extend Brimstone on Typhoon from 2021.



**Sea Ceptor Anti-Air Missile** - the Sea Ceptor will provide the Royal Navy with a powerful shield against airborne threats – including hostile combat jets, helicopters and even other missiles. It is capable of protecting the ship which fired it and also other ships in the task group, which could include the UK's two new Queen Elizabeth class aircraft carriers. Firing trials have been successfully completed meaning the system can proceed to the next stage of acceptance into service with the Royal Navy.

## Support Activity

### Long Term Partnering Agreement

**(LTPA)** - the LTPA contract with QinetiQ is a 25 year contract which began in 2003 designed to deliver Test and Evaluation and training support services across 17 core MOD owned or leased UK sites. It includes an option to re-price the contract every 5 years – and interim arrangements are being finalised whilst these negotiations take place.

### Logistic Commodities and Services

**(Transformation)** - the LCS(T) contract was awarded to Leidos Europe Ltd for the purchase of commodities and the provision of logistic services. It is a 13 year contract with an initial three year period of transition, with a value of £6.7bn. It is designed to deliver up to £500m of efficiencies and improve the effectiveness of Defence's Supply Chain. The final integration of IT systems is due to complete in 2018, followed by the transition of stock into the Defence Fulfilment Centre and full service operations commencing in 2019.

# Project STARTER

Project STARTER has seen the procurement of 56 bomb disposal robots to replace the existing capability in 2020.

The existing capability, known as the Wheelbarrow, was originally designed in 1972 for use by the British Army operating in Northern Ireland and mainland UK. Since then it has been used extensively on a range of operations including Iraq and Afghanistan and in the process, has saved the lives of hundreds of operators. The current version entered service in 1995 and, with obsolescence due in 2020, a replacement capability needed to be sourced. Work began in late 2013 by a small DE&S team with an initial budget of around £60 million.

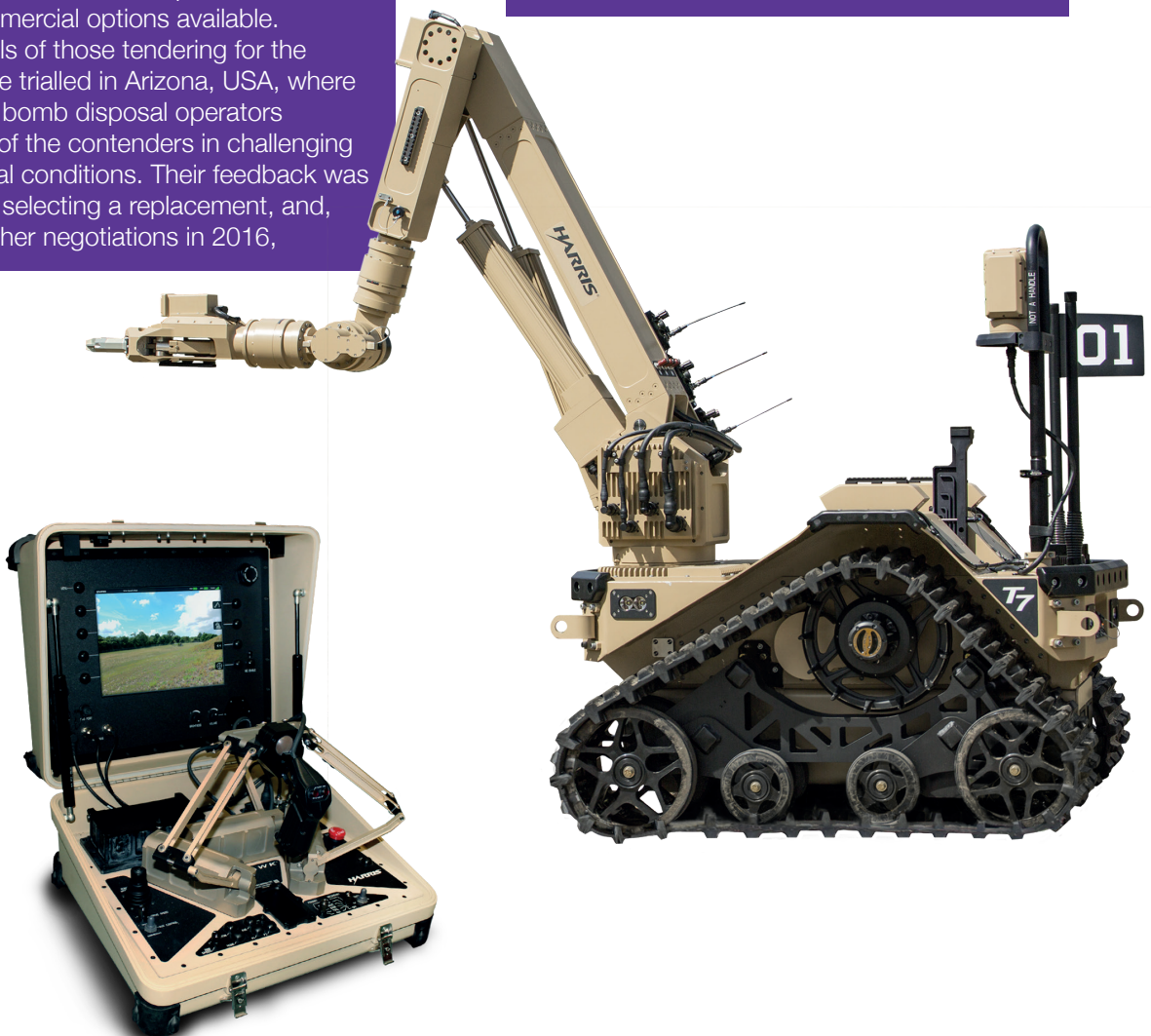
Their first step was to undertake a detailed assessment of the bomb disposal market and the commercial options available. The proposals of those tendering for the contract were trialled in Arizona, USA, where experienced bomb disposal operators tested each of the contenders in challenging environmental conditions. Their feedback was a key part in selecting a replacement, and, following further negotiations in 2016,

a £55 million contract was placed with Harris Corporation in August 2017 for 56 T7 robots and the first three years of support.

The first robot is due to arrive in September 2019 and the complete fleet will be in-service by December 2021. The team saved circa £5 million to defence through their strategy, careful planning and stakeholder engagement.

The new robot represents a watershed in capability in comparison to the Wheelbarrow – a leap forward in innovation and design. It is equipped with high definition cameras, an adjustable manipulation arm and tough all terrain-treads. Its cameras give the user increased visibility and awareness. It can be used in a vast temperature range (from -20 to 49 celcius) and the high definition of its feedback enables the operator to 'feel' what the remote control vehicle is doing whilst operating the robot from a safe distance.

In recognition of the work of the team, Project STARTER was nominated for the Innovation Award at the Sun Military Awards in December 2017.



# Chief of Materiel Air

**CoM(Air) Air Marshal Julian Young CB OBE RAF** leads the Combat Air, Air Support and the Safety & Environment, Quality and Technology operating centres, and is responsible for equipping and supporting front line commands for air operations now and in the future. CoM(Air) provides corporate technology service support across DE&S and is also responsible for oversight of technical airworthiness. He is the RAF Chief Engineer and Air Member for Materiel on the Air Force Board. CoM(Air) also chairs the DE&S Safety Committee. CoM(Air) projects include:



**Protector** - a future capability, PROTECTOR will provide the UK's armed intelligence, surveillance, target acquisition and reconnaissance (ISTAR) capability as the current REAPER capability goes out of service; delivering significant capability enhancements above that of REAPER DE&S is engaged in the development of the Protector system to meet the in-service date of 2020.



**Lightning II** - the first of the UK's F-35 aircraft will arrive at RAF Marham, its main operating base, in mid-2018. DE&S is instrumental in delivering this fifth generation capability, with the team working hard to provide the necessary support to operate this cutting edge technology.



**Tornado** - as it continues to support the Operation SHADER air campaign from RAF Akrotiri in Cyprus, the veteran Tornado is now on its final approach to its out of service date in 2019 and the Tornado Delivery Team is preparing for the disposal of this incredibly successful platform.



**Airseeker** - Airseeker provides the UK's airborne signals intelligence capability based on the US Air Force Rivet Joint platform operating from RAF Waddington and various deployed bases. DE&S is heavily engaged in a programme of work to extend its out of service date to 2035, in line with the decision announced in the 2015 SDSR.



**Sentry** - the MOD is currently considering options for the sustainment of Sentry's capability - Airborne Battle Management & Surveillance - out to 2035 and possibly beyond. A range of options is being explored with DE&S at the forefront of the discussions with industry as well as supporting the existing fleet of aircraft.



**A400M** - during the course of 2017, A400M aircraft supported operations world-wide and played a significant role in the UK's hurricane relief operations in the Caribbean. Our focus is to further expand the operational scope of A400M through a programme of incremental capability enhancements that will extend out to the early 2020s.

## Support Activity

**F35 Support Hub** - the F-35 Lightning is supported by a Global Support Solution (GSS), designed to meet customer needs anywhere in world. DE&S has been working with the other areas of the MOD to secure opportunities for the UK to play a role in this global network.

**TyTAN Support Contract** - the Typhoon Total Availability eNterprise (TyTAN) support contract is a far reaching and innovative long-term enterprise solution, which further develops the partnership between BAE Systems and DE&S. Through its pay-per-flying hour mechanism, it provides focus on improved operational output; whilst its reach into the support environment is driving further efficiencies in the support model.

**DECA** - DECA is a MOD organisation that provides electronic and mechanical maintenance, repair and overhaul services to all areas of the MOD. The DECA Management Office is a joint DECA and DE&S team based at DE&S Abbey Wood, established to help all areas of DE&S task DECA.

# Typhoon

Project CENTURION is a UK-only initiative, which will provide the seamless transition of the RAF's key attack capabilities to Typhoon as the Tornado GR4 is withdrawn from service in March 2019. It is managed by a virtual team consisting of the Fast Air Support Team, Air Command, colleagues in NETMA and their industrial counterparts in industry. The project is named CENTURION because the main milestone (the in-service date) happens in the centenary year of the RAF.

The project's goals primarily comprise the integration of Storm Shadow, Brimstone 2 and Meteor missiles on to Typhoon FGR4 aircraft and is planned for completion by December 2018.

- Brimstone 2 builds on the design of the Dual Mode Seeker Brimstone, which is currently employed by the RAF in the fight against Daesh. Brimstone 2 has the same heavyweight punch as its predecessor but can be launched from approximately twice as far away. Its cutting-edge seeker and guidance system means the new missile can defeat more challenging targets with greater accuracy.
- Storm Shadow is a long-range, air-launched missile – arguably the most advanced weapon of its kind in the world. Equipped with a powerful UK-developed conventional warhead, it is designed to attack important targets such as buried and protected command centres. Mission and target data is loaded into the weapon's main computer before the aircraft takes off and, after release, the weapon navigates its way to the target at low level using terrain profile matching and an integrated Global Positioning System.
- Meteor is the next generation of Beyond Visual Range Air-to-Air Missile system. Guided by an advanced active radar seeker, Meteor provides an all-weather capability to engage a variety of targets such as agile fast jets, small Unmanned Aerial Vehicles and cruise missiles. It is designed to meet the most stringent of requirements and is capable of operating in the most severe environments. It is also equipped with data link communication and enables the user – the pilot – to have the most flexible weapon system.

The planned delivery of CENTURION will provide powerful capability to Typhoon and, alongside Lightning, be the pinnacle of RAF combat air power capability.



# Chief of Materiel Joint Enablers

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



**Crowsnest** – the Merlin Crowsnest project, with initial operating capability from spring 2020, will act as the Royal Navy's eyes and ears for its next generation carriers, giving long range air, maritime and land detection, as well as the capability to track potential threats. Crowsnest will also be able to support wider fleet and land operations. The demonstration and manufacture contract was awarded in November 2016 and the first Critical Design Review achieved 1 year later, to schedule.



**Ground Based Air Defence (GBAD)** – to provide a networked GBAD capability comprising Land Ceptor missile systems and Giraffe Agile Multi-Beam radars which are integrated into a Battlespace Management Command, Control, Communications, Computers and Information system. The demonstration and manufacture contract was awarded in January 2017 with initial operating capability forecast for November 2020.



**Attack Helicopter Capability Sustainment Programme** - this is a programme to extend the attack helicopter capability by developing the current AH-64 Mk1 up to AH-64E standard. The first aircraft are due for delivery to the MOD next financial year. The current AH-64 Mk1 has been in service with the British Army since 2001, providing an important Defence capability across a number of operational theatres. The Attack Helicopter Capability Sustainment Programme will address obsolescence issues that, if not addressed, will gradually degrade the current fleet, and will ensure that the capability is developed in line with the current US Army AH-64E model. The programme is generating significant cost savings for the MOD, based on re-use of the existing platform systems and cooperation in production with our US allies. Initial Operating Capability for the new standard of Attack helicopter is scheduled for April 2022.



**Biological Surveillance Collector System (BSCS)** - the BSCS system is designed to warn the UK's deployed forces about a biological attack by the early detection of incoming 'attacking' particles in the air through specialised sensors and evaluating equipment. BSCS Full Operating Capability was achieved in November 2017.

## Support Activity

**Chinook Future Support Arrangement** - the UK's current Chinook helicopter support contract (Through Life Customer Support (TLCS)), has been re-priced every 5 years to realise cost savings and support improvements. It provides heavy maintenance, engineering technical support, supply chain management including spares forecasting and procurement, aircraft and component repairs, modification services and publications management for the UK's fleet of Chinook helicopters. The third 5-yearly TLCS Pricing Period contract was signed in December 2014 with Boeing UK and commenced in April 2015. The Future Support Contract is scheduled for February 2020.

**Merlin Integrated Operational Support: Pricing Period (PP) 4** - the UK's Merlin helicopter support contract, which is re-priced every 5 years to realise cost savings and support improvements, provides support for the UK's Merlin fleet. The PP3 contract was awarded to Leonardo UK in March 2015 and the PP4 contract is scheduled to be awarded in December 2019.



# SAXA VORD

## Working with partners across government in response to urgent requirements

In July 2017, the Air Defence and Electronic Warfare Systems team in the ISTAR Operating Centre was asked to accelerate the plans for re-establishing an Air Defence Radar capability at Saxa Vord, in the Shetland Islands. The plan reduced the timescales from 18 months to eight, over the challenging winter months. In order to do this the team chose an innovative delivery solution.

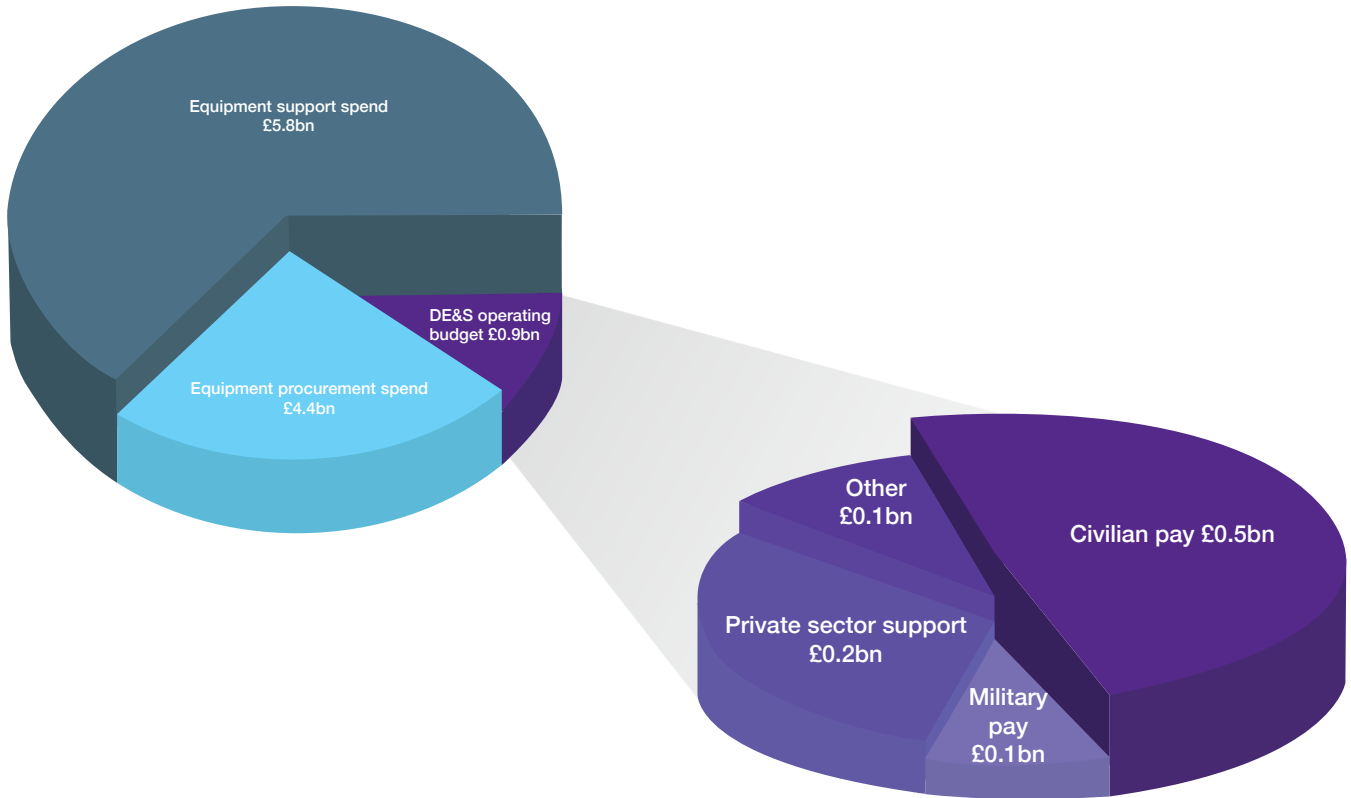
Working with the Foreign and Commonwealth Office Services (a trading fund of the Foreign and Commonwealth Office), the Air Defence and Electronic Warfare Systems team is coordinating different suppliers to arrange the site preparation, tower and radome construction, and relocation and re-commissioning of the of the Staxton Wold TPS-77 Air Defence Radar.

The team's agility in responding to urgent requirements has addressed a series of challenges such that they achieved Initial Operating Capability in January 2018 meeting the customer's demanding target.

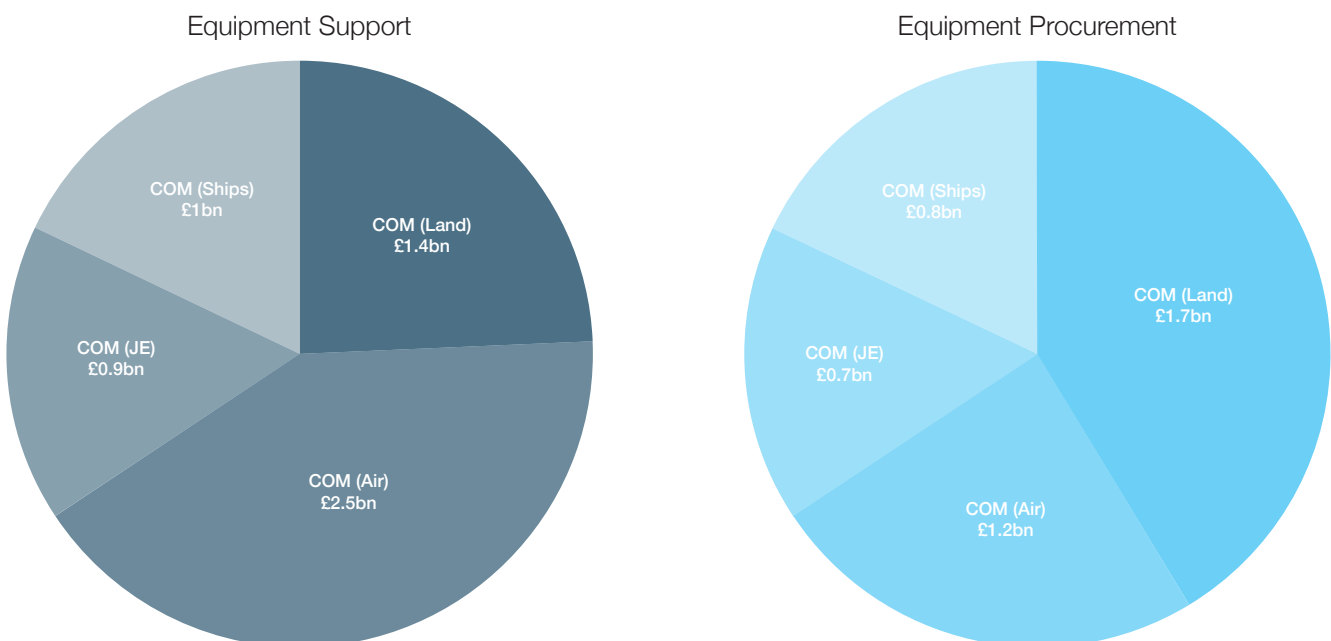


# Our 2018/19 budget

The charts below show our indicative operating budget allocations for financial year 2018-19 proportionate to the programme of work that we will deliver on behalf of our customers<sup>1</sup>.



The following charts show the indicative 2018-19 budgets for Equipment Support and Equipment Procurement, broken out by DE&S Domain.



<sup>1</sup>These figures are indicative and do not include the submarine business, which is now undertaken by the Submarine Delivery Agency and is separate from DE&S.

# Our Key Performance Indicators

The following metrics are designed to measure the corporate performance of our organisation on month by month basis.

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

<sup>1</sup> Each CASP will define up to 18 strategic milestones that are jointly agreed between the customers and DE&S to be met in-year and to criteria agreed in the CASP.

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

<sup>3</sup> CASPs are not yet agreed so the baselines are not yet finalised. It is assumed that the baselines will be the project KUR, cost and time forecasts (at 50% confidence) held in the DE&S Corporate Management Information System (CMIS) as at 1st April 2018.

KPI 1 – CASP DELIVERY PERFORMANCE	Metric	NAVY	ARMY	AIR	JOINT FORCES	Director Strategic Programmes
1.4 CASP Procurement Projects <sup>2</sup> - Time  1.4.1 For Demonstration and Manufacture phase projects, post Main Gate and pre-Full Operating Capability and as agreed in the CASP: Over the year, the forecast aggregate variance to Equipment Delivery Date (EDD) milestones <sup>4</sup> against the baselines agreed in the CASP <sup>3</sup> .	Average variance per project (months)	Green ≤ 0.6 months Amber >0.6 months ≤ 0.8 months Red > 0.8 months	Green ≤ 0.6 months Amber >0.6 months ≤ 0.8 months Red > 0.8 months	Green ≤ 0.6 months Amber >0.6 months ≤ 0.8 months Red > 0.8 months	Green ≤ 0.6 months Amber >0.6 months ≤ 0.8 months Red > 0.8 months	Green ≤ 0.6 months Amber >0.6 months ≤ 0.8 months Red > 0.8 months
1.4.2 For Demonstration and Manufacture phase projects, post Main Gate and pre-Full Operating Capability and as agreed in the CASP: Over the year, the number of projects forecasting excessive variance to Equipment Delivery Date milestones, against the baselines agreed in the CASP <sup>3</sup> .	% of EDDs forecasting excessive time variance	Green ≤15% Amber >15 <25% Red ≥25%	Green ≤15% Amber >15 <25% Red ≥25%	Green ≤15% Amber >15 <25% Red ≥25%	Green ≤15% Amber >15 <25% Red ≥25%	Green ≤15% Amber >15 <25% Red ≥25%
	Threshold for excessive time variance (months)	+2 months	+2 months	+2 months	+2 months	+2 months
1.4.3 For Assessment phase projects, post Initial Gate and pre Main Gate and as agreed in the CASP: Over the year, the forecast aggregate variance to the approved AP duration, against the baselines agreed in the CASP <sup>3</sup> .	Average time variance per project (month)	Green ≤ 2 months Amber > 2 months ≤ 3 months Red > 3 months	Green ≤ 2 months Amber > 2 months ≤ 3 months Red > 3 months	Green ≤ 2 months Amber > 2 months ≤ 3 months Red > 3 months	Green ≤ 2 months Amber > 2 months ≤ 3 months Red > 3 months	Green ≤ 2 months Amber > 2 months ≤ 3 months Red > 3 months
1.5 CASP Equipment Support (Performance)  1.5.1 Availability. % of ESP outputs agreed in the CASP for which DE&S is wholly responsible that are scored as Green or Yellow.	%	Green ≥ 80% Amber ≥70% < 80% Red < 70%	Green ≥ 80% Amber ≥70% < 80% Red < 70%	Green ≥ 80% Amber ≥70% < 80% Red < 70%	Green ≥ 80% Amber ≥70% < 80% Red < 70%	Green ≥ 80% Amber ≥70% < 80% Red < 70%
1.5.2 Reliability. % of ESP outputs agreed in the CASP for which DE&S is wholly responsible that are scored as Green or Yellow.	%	Green ≥ 80% Amber ≥70% < 80% Red < 70%	Green ≥ 80% Amber ≥70% < 80% Red < 70%	Green ≥ 80% Amber ≥70% < 80% Red < 70%	Green ≥ 80% Amber ≥70% < 80% Red < 70%	Green ≥ 80% Amber ≥70% < 80% Red < 70%
1.5.3 Sustainability. % of ESP outputs agreed in the CASP for which DE&S is wholly responsible that are scored as Green or Yellow.	%	Green ≥ 80% Amber ≥70% < 80% Red < 70%	Green ≥ 80% Amber ≥70% < 80% Red < 70%	Green ≥ 80% Amber ≥70% < 80% Red < 70%	Green ≥ 80% Amber ≥70% < 80% Red < 70%	Green ≥ 80% Amber ≥70% < 80% Red < 70%
1.5.4 Safety Process Administration <sup>5</sup> . % of ESP outputs agreed in the CASP for which DE&S is wholly responsible that are scored as Green.	%	Green ≥ 90% Amber ≥80% < 90% Red < 80%	Green ≥ 90% Amber ≥80% < 90% Red < 80%	Green ≥ 90% Amber ≥80% < 90% Red < 80%	Green ≥ 90% Amber ≥80% < 90% Red < 80%	Green ≥ 90% Amber ≥80% < 90% Red < 80%

<sup>4</sup> This is the first year we will report EDD delivery performance. As improvements are identified in agreeing EDDs with Commands we will also review how we report EDD delivery performance for Corporate Plan 2019.

<sup>5</sup> This KPI specifically measures the percentage of in-service equipment/facilities/systems where the Safety Case Report/Safety Assessment is within its review period and signed off by the appropriately delegated DE&S person. It does not measure the direct management of safety (which is a joint DE&S and Command responsibility).

KPI 2 – OPERATING EXPENDITURE EFFICIENCY	Metric	DE&S
2. Reduce the total DE&S operating expenditure in line with agreed resource profile in the DE&S Corporate Plan i.e. expenditure in 2018/19 to be no greater than the budget of £XM TBC (adjusted where necessary to reflect changes in the Programme of Work).	Variance to baseline (%)	Green ≤ budget Red > budget

KPI 3 – INVENTORY MANAGEMENT	Metric	DE&S
3.1 Reduce inventory holdings by end of 2018/19 to be no greater than £TBC Bn.	£	Green ≤ £[TBC]Bn Amber > £[TBC] Bn ≤ £[TBC]Bn Red > £[TBC]Bn
3.2 Spend on Inventory Purchases (RMC, excluding fuel) during 2018/19 to be no greater than £TBC Bn.	£	Green ≤ £[TBC]Bn Amber > £[TBC] Bn ≤ £[TBC]Bn Red > £[TBC]Bn

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

KPI 5 – CUSTOMER SATISFACTION	Metric	NAVY	ARMY	AIR	JOINT FORCES	Director Strategic Programmes
5.1 A year-on-year increase <sup>6</sup> in the customer satisfaction score by each Command.	Customer Satisfaction Score	Green > TBC Amber = TBC Red < TBC	Green > TBC Amber = TBC Red < TBC	Green > TBC Amber = TBC Red < TBC	Green > TBC Amber = TBC Red < TBC	Green > TBC Amber = TBC Red < TBC

KPI 6 – HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION	Metric	DE&S
6.1 Number of elements of health, safety and environmental protection management arrangements <sup>7</sup> assessed as compliant (Level 4).	DSA 0.12 Performance Assessment Levels	Green = 11 at Level 4 or above (Compliant) Amber = ≥1 at Level 3 (Minor Weakness) Red = ≥1 at Level 2 (Significant Weakness)

<sup>6</sup> The target for 2018/19 was established on the basis of the scores collected during 2017/18.

<sup>7</sup> There are 11 Elements assessed under DSA 0.12: Applicable legislation, defence regulations, policy & guidance; Information Management; Organisational leadership, culture, capability & change management; Personnel competence & training; Risk assessments & safety cases; Equipment/materiel & infrastructure design & manufacture; Equipment/materiel & infrastructure maintenance; Supervision & control of activities; Incident management & learning from experience; Emergency Arrangements; Self-assurance.





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