



Ministry of Defence

JSP 886 DEFENCE LOGISTICS SUPPORT CHAIN MANUAL

VOLUME 2 INVENTORY MANAGEMENT

PART 2 PROJECT TEAM INVENTORY PLANNING

**THE MASTER VERSION OF JSP 886 IS PUBLISHED ON
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**FOR TECHNICAL REASONS, EXTERNAL LINKS ON THIS
INTERNET VERSION HAVE BEEN REMOVED.**

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CHAPTER 1: INTRODUCTION

INTRODUCTION TO INVENTORY PLANNING

1. The purpose of this instruction is to detail the policy and procedures to be followed by a Project Team (PT) in the development and ongoing maintenance of an Inventory Plan. The policy and procedures navigate the PT through the various stages and requirements of Inventory Planning. The plan is intended to be a 'living' document, adding value to PT business by providing clear direction on effective and efficient through life inventory management in support of platform/equipment readiness and sustainability, including Initial Provisioning (IP) in accordance with Supportability Engineering (SE) activities detailed in JSP886 Volume 7 Part 8.10: Supply Support, Re-Provisioning (RP), modification and inventory sustainability activities as detailed in JSP 886 Volume 7 Part 7. Inventory Planning applies to MOD platform, equipment and commodity PTs involved in inventory management, including both traditional support and Contractor Logistic Support (CLS)¹ type solutions. Inventory planning requirements may vary according to whether or not the inventory is on the MOD balance sheet. [In all cases, particular consideration should be paid to the Packaging for Handling, Storage and Transportation \(PHS&T\) plan and activities surrounding PHS&T.](#)

POLICY

2. It is MOD policy that Inventory Planning is a mandatory acquisition activity performed throughout the CADMID cycle in support of all acquisition projects and in accordance with the policies signposted within the Support Solutions Envelope (SSE). Further details are available on the DE&S Corporate Governance Portal for Assurance. An Inventory Plan is to be produced, as an element of the Through Life Management Plan (TLMP), for each acquisition project, Including Urgent Operational Requirements (UORs) and must be submitted to provide support to the PT Planning Round (PR) submission.

GOVERNING POLICY AND ASSURANCE

3. This policy is mandated and defines the governing policy (GP) for Inventory Planning. SSE KSA 3 signposts the critical policies to be considered and adhered to during the development and implementation of the support solution. PTs are to ensure that DES JSC SCM-SCO is invited to initial planning meetings early in the CADMID cycle to explain and emphasise the overall policy and procedures requirements to be applied through life. The formal mechanism for the involvement of all support stakeholders is through the Logistic Support Committee (LSC) during the development of a support solution and the In-Service (IS) LSC during In-Service and Disposal phases. Terms of Reference for LSC and IS LSC are detailed in JSP 886 Volume 7 Part 2.

4. As part of support delivery reviews, as detailed in JSP 886 Volume 7 Part 7 the maturity of all PT Inventory Plans is subject to annual review using the assessment criteria guidelines detailed at [Annex A](#). Support Chain Management (SCM) will assess individual PT plans for evidence of compliance against 11 assessment criteria, 4 of which are essential to meet the highest maturity level. SCM, who will guide and assist PTs to develop their Inventory Plans, will also review assessment criteria annually.

5. Feedback from SCM on the assessment of PT inventory plans will include detailed findings and recommendations, together with an overall colour code that depicts the

¹ CLS is a generic term covering various forms of Contracting for Availability (CfA) and Contracting for Capability (CfC) support, see the Support Options Matrix for further details.

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maturity assessment score. Feedback will highlight best practice as well as any further development needs, and it will also provide specialist guidance on how to maintain an optimised inventory. The overall status of Inventory Plans is reviewed regularly by the DE&S Chiefs of Materiel (CoM) and Operating Centres (OC) leaders as an integral part of the DE&S Planning Round (PR) and performance management regime.

OWNERSHIP AND POINTS OF CONTACT

6. The policy, processes and procedures described in the Defence Logistics Support Chain Manual (JSP 886) is owned by Director Joint Support Chain (D-JSC). Head Support Chain Management (SCM-Hd) is responsible for the management of JSC policy on behalf of D JSC.

- a. This instruction is sponsored by DES JSC SCM-SCO-Plans-SL who should be approached in case of technical enquiries about the content:

[DES JSC SCM-SCO-Plans-SL](#)

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- b. Enquiries concerning the accessibility and presentation should be addressed to:

[DES JSC SCM-SCPOL Editorial Team](#)

Tel: Mil: 9679 80954, Civ: 030679 80954

- c. Enquiries on the creation of the Inventory Plan should be addressed to :

[DES JSC SCM-SCO-Plans-SL](#)

Tel: Mil 9679 81373, Civ 030679 81373

- d. Enquiries on Analysis and Modelling of Inventory should be addressed to:

[DES JSC SCM-SCO-Analysis-SL](#)

Tel: Mil 9679 81367, Civ 030679 81367

LINKED PUBLICATIONS

7. The following publications are linked to this instruction:

- a. JSP 462: Financial Management Policy Manual.
- b. JSP 472: Financial Accounting and Reporting Manual 2010/11.
- c. JSP 886 Volume 1 Part 2: Joint Support Chain Blueprint.
- d. JSP 886 Volume 7 Part 8.10: Supply Support.
- e. Support Solution Envelope (SSE).
- f. DEFCON 117: Supply of Documentation for NATO Codification Purposes.
- g. Aerospace Defence Industries Association of Europe (ASD) S2000M: International Specification for Materiel Management.

CHAPTER 2: PROCESS

DEFINITION

1. Inventory Planning is mandatory policy that enables through life optimisation of inventory effectiveness and efficiency. It is an essential sub-component of a Through Life Management Plan (TLMP) and the PT Supply Support Strategy. The aim is to minimise military operational and business financial risk over the life of a platform, equipment or commodity range. The inventory scope is defined by Ranging and the level of inventory quantified through Scaling. Using ILS and Supportability Analysis activities, as detailed in JSP 886 Volume 7 Parts 1, 2 & 3, ensures that Inventory Analysis, including Logistics Modelling, determines Ranging and Scaling (R&S) and inventory storage volume at key stages in the Concept, Assessment, Demonstration, Manufacture, In-service and Disposal (CADMID) cycle. The policy, which is endorsed by DE&S D Finance as a best practice, directly supports the Planning Round (PR) by helping to justify bids for future funding of inventory requirements.
2. The range, scale, volume and cost of MOD inventory attracts continual attention and close scrutiny both from MOD and external authorities. DE&S, through PTs, must be in a position to demonstrate how well they are meeting the military requirement whilst simultaneously delivering best Value For Money (VFM).
3. Sub-optimal inventory management increases the risk of both operational failure and inefficiency. Unless the right inventory is in the right place at the right time DE&S will not provide adequate support to Front Line Commands (FLCs) with consequent impact on operations and training. Excessive levels of inventory indicate that DE&S has incurred unnecessary expenditure². Such situations leave specific PTs and DE&S as a whole, open to criticism from external authorities.

SCOPE

4. Where the inventory is held on the PT balance sheet an Inventory Plan is required, whether it is covered by traditional or CLS arrangements. Where inventory is to be managed off balance sheet, the contractor's In-Service Support Plan should meet the MOD's internal inventory planning requirements (particularly with respect to Inventory Metrics). The requirements for inventory planning during project development are signposted in SSE GP 3.3'.
5. A fit for purpose through-life Inventory Plan is a key element of the Supply Support Plan and must form part of the Investment Approval Board (IAB) Main Gate (MG) submission to comply with policies as sign posted by Governing Policies within the Support Solutions Envelope (SSE). An outline Inventory Plan must be available in time for Initial Gate (IG) submission to demonstrate progressive commitment to applying the policy as soon as possible in the CADMID cycle.
6. PTs that manage various platforms or equipments should produce an Inventory Plan for the whole inventory covered by the PT, adhering to the principles and basic layout of the Inventory Plan at [Procedures](#). PTs should tailor their plan to suit their particular business needs whilst also providing the necessary information to demonstrate robust planning for inventory optimisation.

² Normally Capital Departmental Expenditure Limit (CDEL) for new purchases of Capital Spares (CS), Resource Departmental Expenditure Limit (RDEL) for repair costs and Spend on Inventory Purchases (SOIP) for procurement of Raw Materials and Consumables.

KEY PRINCIPLES

7. An effective Inventory Plan will demonstrate the following 6 key principles:
- a. Planned inventory levels and storage volume will be based upon meeting Customer requirements and targets as agreed.
 - b. Governance of the Inventory will be achieved through performance measurement and management regimes.
 - c. The Inventory will be optimised through a through-life process of analysis and modelling.
 - d. The management of Inventory will comply with Inventory Accounting and Financial Accounting policy.
 - e. Roles and responsibilities for Inventory management are clearly understood for current and future business models.
 - f. The maturity and quality of the data managed and maintained is clearly understood.

BENEFITS

8. IM planning is of benefit because it:
- a. Optimises the Initial Provisioning List (IPL) prior to the in-service date through appropriate Inventory Analysis to ensure VFM in meeting the military requirement. Downstream the risk of large scale inventory disposals is mitigated.
 - b. Contributes to effective current and future through life management by providing a quantitative and qualitative assessment of future inventory requirements for consideration by the PT with key stakeholders, particularly the FLCs, Joint Support Chain (JSC), Logistics Commodities and Services (LCS) and Industry.
 - c. Enables the PT to produce robust impact statements on the effect of potential reductions in inventory funding upon platform/equipment readiness and sustainability.
 - d. Forms an integral part of the evidence provided by PTs to the National Audit Office (NAO) in inventory accounting. It also assists Defence Internal Audit (DIA) audit by substantiating business and financial requirements for inventory.
 - e. Encourages greater coherence and integration between the PT, FLC, Industry, Defence JSC, LCS and other key stakeholders through joint working, data gathering and sharing of knowledge on the required support solution.
 - f. Requires contractors to demonstrate the robustness of their inventory planning that otherwise might not attract sufficient attention and priority within the overarching platform, equipment or commodity support solution. Thus the PT obtains firmer evidence on which to base assessment and assurance of proposed solutions, including their ability to meet operational and surge requirements.

ROLE OF THE PT

9. Effective inventory planning involves the integration of various logistic, commercial and financial inputs from subject matter experts within the PT and the relevant FLC. Specialist advice and support is also available from SCM-SCO. Full details of the services of SCM-SCO are at [Annex B](#).

10. The PT must nominate an Inventory Planner to lead the development and upkeep of the plan on behalf of the PT Leader and functional heads of specialisation. The planner is responsible for ensuring that all the relevant information is compiled and presented coherently by using the structure and content outlined at [Procedures](#). The planner will provide the single point of contact between the PT and SCM on all inventory planning matters. The formal mechanism for the involvement of all support stakeholders is through the Logistic Support Committee (LSC) during the development of a support solution and the In-Service (IS) LSC during In-Service and Disposal phases. Terms of Reference for LSC and IS LSC are detailed in JSP 886 Volume 7 Part 2.

CHAPTER 3: PROCEDURES

PROCEDURES

1. These procedures guide the PT Inventory Planner through the process of creating an Inventory Plan. The Inventory Plan should consist of an Executive Summary with supporting evidence, where required, provided in Annexes. As a guide, the Executive Summary should not exceed 10 pages. The following headings and descriptions of field content are to be included. If one or more are not applicable the heading(s) is/are to be annotated accordingly to explain the reason for exclusion.

SECTION HEADINGS IN THE INVENTORY PLAN

Section 1 - PT Overview

2. This field must detail the following information:

- a. PT Title.
- b. Operating Centre.
- c. CoM Area.
- d. Evidence of the integration of the Inventory Plan with the TLMP should be provided demonstrating a through life approach to Inventory Management.
- e. Roles and Responsibilities. An Annex is to be included detailing the current and future inventory management business model and the roles ascribed. In particular the role of the Inventory Planner and the Supply Chain Management SME should be detailed.
- f. If inventory is held off balance sheet then a Plan, forming an Annex to the PT Inventory Plan, should be produced by the contractor clearly demonstrating performance of inventory against agreed targets.

Section 2 - Stakeholder Engagement

3. This field must detail the following information:

- a. A diagram showing key stakeholders. This diagram should include Equipment Capability Sponsors, PTs, Industry, FLCs and other specific key stakeholders.
- b. Evidence that the Inventory Plan has been reviewed and endorsed by the FLCs.
- c. Details of any Business Agreements with FLC, PTs and other agencies are to be clearly articulated.

Section 3 - Platform / Capability Plan and Risks to Delivery

4. This section should articulate the Platform / Equipment / Commodity Group managed by the PT including any risks associated with delivery against the agreed FLC targets.

5. For Platform specific PTs the following detail is required:

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- a. A table, see Figure 1, detailing platform / equipment numbers, any plans for the platform over the next 10 year period in the form of uplifts or modifications and the planned OSD of the platform / equipment.

Figure 1: Platform / Equipment Number over Time

| Platform | Current Yr | Y1 | Y2 | Y3 | Y4 | Y5 | Y6 | Y7 | Y8 | Y9 | Y10 |
|---------------|------------|-----|-----|-----|-----|-----|------|------|------|------|-----|
| Platform Name | 350 | 500 | 750 | 750 | 750 | 750 | 1500 | 1500 | 1500 | 1500 | OSD |

- b. A graphical / tabular representation of inventory performance against agreed targets as detailed within the Joint Business Agreement with FLCs.

6. For commodity PTs the following detail is required:

- a. A table, see Figure 2, showing the platforms supported, platform Out Service Date (OSD) and an Inventory review date to ensure that inventory is optimised as support to a platform decreases.

Figure 2: Platform / Equipment Supported and OSD

| Platform | OSD | Inventory Review Date |
|---------------|------|-----------------------|
| Platform Name | 2014 | 2012 |

- b. A table detailing the number of DMCs and line items managed by the PT.

7. For new platforms / equipments coming into service the Inventory planner should consider whether allocation of a new platform type code (Via UKNCB) is required.

8. Any significant inventory risks associated with the delivery of the capability against the agreed FLC targets should be articulated within this section in the format shown in Figure 3.

Figure 3: Significant Inventory Risks

| Risk | Impact | Mitigation | Review Date |
|------|--------|------------|-------------|
| | | | |

Section 4 - Inventory Optimisation

9. This section should detail the PTs overarching strategy for Inventory Optimisation. This should include the following areas:

- a. Performance of inventory against agreed targets (if not articulated in section 3).
- b. Details of how the inventory has been analysed / modelled to generate the range and scale of inventory required. This should include the methodology and tools employed (this could range from single item modelling through to Multi Indenture Multi Echelon (MIME) modelling), who completed the modelling (industry / in-house / PT) and the depth of the Analysis undertaken. This section should also articulate when the analysis was completed and what actions were undertaken by the PT as a result of the analysis. Modelling should be conducted for Initial Provisioning, Re-Provisioning (RP), modification and inventory sustainability activities throughout the life of the Platform / Equipment.
- c. A disposal plan should be included as an Annex detailing disposal work being undertaken now and in the future including work to support on-going initiatives and confirmation that disposal provision has been made.

- d. Details of any inventory segmentation that has been undertaken to understand the key business drivers in terms of value, volume and activity.
- e. Details of how unserviceable stock is reviewed and the periodicity of the reviews to ensure optimised stock levels are maintained.

Section 5 - Inventory Distribution

10. This section should articulate the location of inventory as follows:

- a. Gross Book Value of stock held by LCS, FLC, Defence Munitions or Industry.
- b. For stock held at LCS a table, see Figure 4, should be included within the Inventory Plan. As hard charging is introduced for LCS storage requirements (and associated costs for maintenance, issues and distribution) it is critical that PTs understand their future storage requirements so that funding can be secured as part of the PR process. The current costs of storage and associated services can be obtained from the invoices that are currently being generated to enable PTs to plan for this future funding requirement. These invoices are available from the Cost Communication website.

Figure 4: Stock held by LCS

| | CURRENT YEAR | YEAR 1 | YEAR 2 | YEAR 3 | YEAR 4 |
|---------------------------------------------------------------------------------------------------------------------|---------------------|---------------|---------------|---------------|---------------|
| Anticipated storage volume required within the LCS footprint. | m3 | m3 | m3 | m3 | m3 |
| Cost of anticipated storage required within the LCS footprint. | £ | £ | £ | £ | £ |
| Cost of anticipated storage associated services purchased from LCS (for receipt, maintain, issue and distribution). | £ | £ | £ | £ | £ |

Section 6 - Commercial Strategy

- 11. Briefly describe the overarching PT commercial strategy including current and future contracting arrangements which may vary from traditional to CLS, including all its permutations, such as Contracting for Capability.
- 12. This section should include the PTs approach to eProcurement; MOD is committed to more effective trading partnerships with its suppliers through exploitation of electronic tools. The MOD's eProcurement vision is for an end to end fully electronic process integrated with financial, logistics and service support processes.
- 13. This section should include an Annex demonstrating how supplier performance is reviewed and measured against agreed contractual key performance indicators and the regularity.

Section 7 - Inventory Financial Plan

14. This section should contain a table detailing the following two elements where applicable:

- a. 10 year PR plan which should align with the Platform / Capability Plan in terms of mid life upgrades and additional procurements covering GWMB, CS and RMC. The baseline for this plan (current position) should reflect the current PR Stage 3a

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submission followed by subsequent years. Any options raised at Stage 3 of the PR process should be costed from an inventory perspective and held as an Annex to this section of the Inventory Plan. The Inventory Plan should be updated accordingly if options are subsequently taken.

Figure 5: Inventory Financial Plan PR - Guided Weapons, Missiles and Bombs (GWMB)

| GWMB | Current position | Y1 | Y2 | Y3 | Y4 | Y5 | Y6 | Y7 | Y8 | Y9 | Y10 |
|---------------------------|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| Opening Balance | | | | | | | | | | | |
| Purchases [1] | | | | | | | | | | | |
| Firings [2] | | | | | | | | | | | |
| Disposals [3] | | | | | | | | | | | |
| Depreciation [4] for year | | | | | | | | | | | |
| Owner Transfers | | | | | | | | | | | |
| Closing balance | | | | | | | | | | | |

Note:

1. This should match the *150 line and include all purchases made this year.
2. These are items which are expected to be added to a fixed asset in the year.
3. This is the plan to dispose of or write off existing inventory before its OSD.
4. This should be calculated on a straight line basis.

Figure 6: Inventory Financial Plan PR - Capital Spares (CS)

| Capital Spares | Current position | Y1 | Y2 | Y3 | Y4 | Y5 | Y6 | Y7 | Y8 | Y9 | Y10 |
|---------------------------|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| Opening Balance | | | | | | | | | | | |
| Purchases [1] | | | | | | | | | | | |
| Embodied [2] | | | | | | | | | | | |
| Disposals [3] | | | | | | | | | | | |
| Depreciation [4] for year | | | | | | | | | | | |
| Owner Transfers | | | | | | | | | | | |
| Closing balance | | | | | | | | | | | |

Note:

1. This should match the *150 line and include all purchases made this year.
2. These are items which are expected to be added to a fixed asset in the year.
3. This is the plan to dispose of or write off existing inventory before its OSD.
4. This should be calculated on a straight line basis.

Figure 7: Inventory Financial Plan PR - Raw Materials & Consumables (RMC)

| Raw Materials and Consumables | Current position | Y1 | Y2 | Y3 | Y4 | Y5 | Y6 | Y7 | Y8 | Y9 | Y10 |
|--------------------------------------|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| Opening Balance | | | | | | | | | | | |
| Purchases | | | | | | | | | | | |
| Consumed [1] | | | | | | | | | | | |
| Disposals | | | | | | | | | | | |
| Owner Transfers | | | | | | | | | | | |
| Closing balance | | | | | | | | | | | |

Note 1. Items which have been sent to the FLC or another PT and been used

- b. UOR table detailing any UOR activity underway within the PT and funding allocated / required. (This should cover the known life of the UOR – usually 2 years.

Figure 8: Inventory Financial Plan UOR - CS

| Current UOR and support to Ops CS | Current position | Y1 | Y2 | Y3 | Y4 | Y5 |
|-----------------------------------|------------------|----|----|----|----|----|
| Opening Balance | | | | | | |
| Purchases (NACMO) | | | | | | |
| Embodied | | | | | | |
| Disposals | | | | | | |
| Depreciation for year | | | | | | |
| Owner Transfers | | | | | | |
| Closing balance | | | | | | |

Figure 9: Inventory Financial Plan UOR - RMC

| Current UOR and support to Ops RMC | Current position | Y1 | Y2 | Y3 | Y4 | Y5 |
|------------------------------------|------------------|----|----|----|----|----|
| Opening Balance | | | | | | |
| Purchases | | | | | | |
| Consumed | | | | | | |
| Owner Transfers | | | | | | |
| Closing balance | | | | | | |

15. The Planning, Budgeting & Forecasting (PB&F) Job Instruction Sheets 5 (for RMC) and 13 (for non-current assets) provide guidance on how the inventory financial data should be input into the PB&F worksheets, both in-year and in the planning round. Further guidance is available at the DE&S Finance - Cognos PB&F Job Instruction Sheets webpage.

Section 8 - NAO Compliance

16. This section must detail the following:

- a. Any outstanding issues raised by the NAO in the Financial Audit Wash-up letter. These issues should form part of the action plan (see section 11) where clear ownership, priority, progress and review date should be detailed.
- b. Describe what accounting systems and arrangements are in place for all MOD owned inventory supported by either, Traditional / CLS / CfA / CfC contracts. It is the responsibility of the PT, as stockowner, to ensure that robust and visible accounting arrangements are in place, particularly where inventory is not visible via MOD supply systems. The PT must identify how accounting balances get on the balance sheet and how they are maintained through the contract life.
- c. Describe what segregation strategies exist within the PTs inventory where the support is via CLS / CfA/ CfC contracts. The PT must describe arrangements made to ensure that positive segregation exists between public and commercial property. This is a requirement where MOD owned inventory is held on contractor supply systems or off Balance sheet inventory is reported to the MOD IS systems. This is particularly important for multi-applicable items in use with other business units. Within this field PTs are required to detail their materiel and financial accounting processes for the management of Government Furnished Equipment (GFE).

Section 9 - SSE KSA 3 GP3.3 Coherence

17. This section should detail any projects that are due to or currently going through the SSE and detail risks associated with KSA 3 GP3.3.

Section 10 - Data Integrity

18. This section must detail the PTs data management strategy irrespective of the support solution selected and must include its source, capture, method of transfer across Information Systems and the level of confidence in the integrity of raw data to support Inventory Analysis, supply, engineering and financial accounts. This section must detail the PT's data management strategy in accordance with the PT Logistic Information Plan (LIP) irrespective of the support solution selected and must include its source, capture, method of transfer across Information Systems and the level of confidence in the integrity of raw data to support Inventory Analysis, supply, engineering and financial accounts. The PT must state how this information is exploited and used to manage the inventory and the regularity of reviews.

19. It is imperative that key item data (engineering, environmental lifeing information, supply, financial and operational), provisioning parameters, pricing and stock categories etc are kept up to date by PT or contractor staff. Failure to comply would mean that Logistic analysis utilising modelling and simulation of the inventory could not be readily carried out and that future optimisation of the inventory would be compromised. The lack of correct key data elements will also affect the balance sheet, which would not then accurately reflect a true picture. Also availability to the FLC could potentially be compromised due to poor performance. Advice on the key data fields to hold and maintain, particularly for engineering, supply and support to operations can be obtained from SCM-SCO Analysis.

20. The PT must detail how engineering information will be captured in the Logistic Information Repository (LIR), whether through the MOD Logistics IS or contractor's Log IS. If contractor's systems are used, the PT must detail in the Supportability Case (SC) what provision is in place to enable this data to be available for future analytical work to be undertaken. Detailed information of the LIR and SC is contained in JSP 886 Volume 7 Parts 1, 2 and 9.

21. The PT must assess its approach to Data Quality and develop actions plans for improvement using the Data Quality Assessment Toolset (DQAT).

22. **Volumetrics.** The future Base Inventory Warehouse Management Service (BIWMS) will hold materiel volumetric data which will provide accurate storage, distribution and costing information to LCS (formerly Joint Support Chain Services), FLCs and PTs. It is expected that Release 3 of BIWMS will introduce this data in 2014. The volumetric data elements required by BIWMS will be detailed in DEFCON 117: Supply of Documentation for NATO Codification processes and this condition should be specified in all contracts for the provisioning of spares. This will result in the collection of volumetric data at point of codification through the e-SMD process.

23. Until BIWMS R3 introduces the ISIS to BIWMS feed of volumetric information, the LCS warehousing Log IS will continue to be the repository of volumetric data for existing inventory and any data captured in the intervening period until BIWMS R3 is introduced. In the meantime, and until Defcon 117 is updated to fully meet the requirements for volumetric data capture, DE&S Commercial Policy are currently preparing a contract clause to ensure that volumetric data is captured at point of codification.

24. The required size and weight volumetrics are detailed in the Controlled Value Repository (CVR) on the Defence Intranet, and the format of the data requirements that

industry is to provide are detailed in AeroSpace Defence Industries Association of Europe (ASD) S2000M.

Section 11 - Inventory Action Plan

25. This section must provide details of the actions being undertaken within the PT to improve overall inventory management and performance. This will be in the form of a table, see Figure 5, detailing the following: Serial, Action, Priority, Owner, Progress and Target / Review Date.

Figure 5: Inventory Action Plan

| Ser No | Action | Priority: 1, 2, 3 | Owner | Progress | Target / Review Date |
|--------|--------|----------------------|-------|----------|-------------------------|
| 1 | | | | | |

ANNEX A: INVENTORY PLANNING ASSESSMENT CRITERIA

Introduced at [Governing Policy and Assurance](#)

| Ser | Assessment Criteria |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Clear evidence of through life planning and that the Inventory Plan forms part of a Project Team's (PTs) Through Life Management Plan (TLMP) and Planning Round (PR) process. A plan exists covering off balance sheet inventory if applicable. Roles and Responsibilities for Inv Mgmt are clearly laid out within the plan. |
| 2 | Clear articulation of all key stakeholders. Evidence that FLC have reviewed and endorsed the Plan. Details of relevant Business Agreements are provided. |
| 3 | Clearly identifies equipment supported by the PT and that a through life approach has been taken. Inventory Planning risks are documented and an action plan is in place with clear timescales to rectify or mitigate the associated risk. |
| 4 | Clearly demonstrates inventory performance against agreed targets. Clear evidence that Inventory Optimisation activity is being undertaken and current initiatives are supported. Plan needs to articulate the approach to inventory segmentation undertaken with targets where appropriate to improve performance. A disposal plan exists with clear objectives and targets and disposal provision has been made. |
| 5 | Detailed locations of stock holdings, both current and future, by Gross Book Value for FLC / Industry / Defence Munitions are provided. Costs associated with storage and distribution where LCS storage is required including volumetric details for current and future inventory holdings are clearly articulated.. |
| 6 | Current and future contractual arrangements are detailed. Evidence that supplier performance is regularly reviewed and measured against agreed contractual Key Performance Indicators. |
| 7 | A comprehensive financial profile has been provided for both CS and RMC covering PR and UORs. Where appropriate, this should align with the Platform/Capability Plan. |
| 8 | Inventory accounting arrangements (which must include all Contractor Logistics Support (CLS) type solutions) are compliant with MOD inventory accounting policy and meet NAO requirements. Any issues relating to inventory identified by the NAO have been included in the Action Plan with clear priority, owner, progress and target / review date included. |
| 9 | Details of SSE Activity have been provided and risks associated with KSA 3 GP3.3 have been clearly identified. |
| 10 | Provision has been made to ensure capture, collation and maintenance of the appropriate inventory data (engineering environmental lifeing, supply, financial and operational); otherwise Logistics Analysis and Financial Accounts will be compromised. The PT approach to Data Quality has been assessed using the Data Quality Assessment Toolset (DQAT) and appropriate improvement actions planned." |
| 11 | An Inventory Action Plan has been produced with actions clearly detailed, owners identified, progress reported and review dates included. |
| Levels of Inventory Plan 1. Inventory Plan assessments will be reported up to the DE&S Chief of Materiel (CoM) as part of DE&S governance and performance management. While all 11 criteria are important, numbers 2, 4, 7 and 8 which are highlighted above are essential and must be met if an Inventory Plan is to be assessed as GREEN. 2. The levels of maturity attainment are as follows: GREEN: 10 or 11 criteria met, including all 4 of those considered essential. YELLOW: 7, 8 or 9 criteria met, including 3 of those considered essential. AMBER: 4, 5 or 6 of the criteria met, including 2 of those considered essential. RED: 3 or less criteria met, or No plan submitted. | |

ANNEX B: SPECIALIST ADVICE AND GUIDANCE ON INVENTORY PLANNING

Introduced at [Role of PT](#)

General Guidance

1. SCM-SCO provides authoritative guidance and advice to all key stakeholders. It provides a 'one stop shop' service for all aspects of Inventory Planning. SCM-SCO will support stakeholders with NAO audits and assist them in dealing with Public Accounts Committee (PAC) and House of Commons Defence Committee (HCDC) requirements in this important, operationally and financially significant high profile area of DE&S business activity. SCM-SCO provides the following services to customers:

- a. Assistance in understanding, planning, managing and accounting for inventory holdings whilst ensuring and maintaining Resourcing Accounting and Budgeting (RAB) compliance.
- b. Direction on the financial and materiel accounting and Support Chain Inventory Planning issues related to all forms of CLS.
- c. In-service inventory optimisation support to PTs and objective evaluation of existing Inventory Plans, recommending improvements where necessary to make best use of scarce resources.
- d. Inventory Planning / optimisation and financial / material accounting to enable PTs to meet their key business objectives.
- e. RAB compliant inventory management information to enable sound decision making by PTs.
- f. Development and provision of 'hands on' training to PTs in the use of bespoke Inventory Optimisation Tools and associated support tools and processes.
- g. A range of Inventory Analysis and Simulation techniques to suit individual customer problems and circumstances. At their most complex, these could include taking a wide range of inventory data (engineering, supply chain, financial and operational) and putting it through a suite of sophisticated modelling and simulation tools, analysing the output and presenting an optimised inventory to meet a required level of availability within budgetary constraints. This can be achieved, for initial provisioning and major re-provisioning, including sustainability planning in support of specific military operations. The techniques can also be tailored to include modelling 'what if' scenarios to assist specific decision-making. Where SCM-SCO Analysis is unable to provide this service direct in the event of competing priorities competent contractors can be identified to provide the service.

2. Additional organisational information including points of contact is at SCM-SCO Web Site.