JSP 886
THE DEFENCE LOGISTIC SUPPORT CHAIN MANUAL

VOLUME 2
INVENTORY MANAGEMENT

PART 9
THE MANAGEMENT OF ASSETS

MINISTRY OF DEFENCE

THE MASTER VERSION OF JSP 886 IS PUBLISHED ON THE DEFENCE INTRANET.

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CHAPTER 1 – INTRODUCTION

BACKGROUND

1. All MOD assets need to be managed appropriately, consistently and effectively and a framework is therefore required within which Business Unit Leaders, Project Team Leaders, Subject Matter Experts (SMEs) and all other personnel managing assets can operate. All assets must be managed in accordance with HM Treasury guidelines[1] as interpreted for MOD in JSP 472 and JSP 886 and using the Acquisition Operating Framework (AOF) in order to determine how MOD resources have been expended.

PURPOSE

2. This policy covers the management of assets End-to-End (E2E) across the Support Chain and details the policy to be applied for the management of assets across Defence. The appropriate elements of asset management data pertaining to the individual asset type shall be recorded on MOD-endorsed Logistic Information Systems (Log IS).

3. The requirement to manage asset data as an enabling function to asset management is particularly relevant as MOD progresses towards common logistic processes supported by coherent and converged Log IS. In order to manage an asset efficiently the MOD must record appropriate information relating to an item to provide it with an identity and a through-life record and item level history.

OWNERSHIP AND POINTS OF CONTACT

4. 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 Supply Chain Management (SCM-Hd) is responsible for the management of JSC policy on behalf of D JSC.

5. This instruction is sponsored by DE&S SCM (Policy Development) who should be approached in case of technical enquiries about the content:

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GLOSSARY

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

[1] HMT: Managing Public Money, October 2007. Section 4.10 - Asset and Annex 4.8 - Asset Management.

LINKED PUBLICATIONS

8. The following publications are linked to this instruction:

a. JSP 472 - MOD Resource Accounting Policy Manual.

b. JSP 800 – Defence Movements and Transport Regulations - Volume 5 – Road Transport – The Management and Operation of Road Transport in the MOD.

c. JSP 800 – Defence Movements and Transport Regulations - Volume 6 – Policy for the Management and Use of ISO Containers within the MOD)

d. JSP 886 – Volume 2 – Inventory Management.

e. JSP 886 – Volume 5 – Technical Support Management.

f. JSP 886 – Volume 7 – Integrated Logistic Support.

CHAPTER 2 - POLICY

GENERAL

1. This Chapter provides the high level policy for the Management of Defence Equipment Materiel Assets; it is the basis for the formulation of Asset Management strategies, plans, processes and metrics for inclusion in Through Life Management Plans (TLMP), from within which the Asset Management regimes are to operate. Assets comprise the sub-set of inventory items with specific characteristics or attributes which require them to be managed through life as distinct individual items[2], rather than as identical items which have no need to be distinguished.

SCOPE

2. All Defence Equipment Materiel needs to be managed to an appropriate level. Asset Management must be executed from the point of procurement through to disposal, including the recording of all reportable data (eg Serial Number) throughout the in-service life of an asset. This policy is applicable to all managers within the MOD who are responsible for discharging their responsibilities for the custodianship of all Defence Equipment Materiel Assets. It covers all financial accounting classes of Capital Assets subject to Joint Supply Chain (JSC) management processes. It therefore specifically excludes Land and Buildings.

3. The levels of accountability and management of an asset should be appropriate to the use of the item. In deciding the level of asset management required, it is important to remember that optimised operational capability and reduction of Whole Life Costs are key factors. Implementation of an asset management regime should not, wherever possible, compromise optimisation of the support regime.

SUPPLY CHAIN MANAGEMENT DEFINITIONS

4. For the purposes of the Through Life Management (TLM) of Defence assets:

> "An asset can be any item from a platform / system / repairable item / component or consumable item that is to be managed as an individual item permanently or for specific periods."

POLICY

5. The management of assets is to be achieved by using the functional capabilities at Annex A (Engineering Functional Capabilities), Annex B (Asset Management Functional Capabilities) and Annex C (Inventory Management Functional Capabilities). The definition has been developed through the Engineering &Asset Management (E&AM) Capability Investigation and is consistent with current Information Systems. Further work is required to ensure alignment of this definition with the wider taxonomy used in the Logistic Network Enabled Capability (LogNEC) programme to develop future capability.

6. All assets procured by the MOD shall be managed using the prescribed functional capabilities (Annexes A, B and C) at the level appropriate to the specific asset in accordance with Government accounting rules in order to enable effective capability management in support of Defence Strategic Guidance.

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[2] Where an item can be a single item, group of items or composite item identified by a distinctive identifier, batch or characteristic.

7. The financial management of all MOD inventory items, including Capital Spares, must be managed on or linked to the DE&S Stock Accounting Collation Systems (DSACS) and its supporting Management Information System (MISA) to ensure MOD is able to meet its statutory financial accounting requirements.

8. Asset Managers are to ensure that all Financial Capital Assets (ie those assets above the financial capital threshold and not financially managed through DSACS are registered on the MOD Financial Fixed Asset Register. It should be noted that with the Implementation of International Financial Reporting Standards (IFRS) from 1 Apr 09, where arrangements previously made with inventory partners were anticipated to be 'Off MOD Balance Sheet', these arrangements would now likely be on the MOD Balance Sheet.

9. In order to deliver effective registration and management, MOD provides specific Log IS applications to manage specific elements of asset data. Asset Managers shall, wherever possible, utilise existing in-service Log IS to manage MOD-owned assets. Where an IPT can demonstrate that defence will benefit from utilising an alternative method or system to manage asset data they shall apply for a dispensation from the Future Logistic Information Systems (FLIS) Programme Management Office Front Door (FLIS PMO COS Andover Mil (94391) Ext 3767. A non-exhaustive list of MOD Log IS providing asset management capability available to IPTs is shown at Table 1 below:

Figure 1 – MOD Log IS

Serial	Register Title	Description
1	Military Aircraft Register[3]	Asset Register
2	MERLIN	Vehicle Registration Capability
3	MAESTRO	Complex System Asset Registry
4	JAMES (Land)	Engineering and Asset Management Capability for Land Based Assets
5	LITS	Engineering and Asset Management Capability for Air Assets
6	UMMS	Engineering and Asset Management Capability for Maritime Assets
7	WRAM	Engineering and Asset Management Capability for Rotary Wing Assets
8	ASTRID	Configuration Management/Safety Management System
9	AMANDA	Accounting Capability
10	CRISP	Accounting Capability
11	SS3	Accounting Capability
12	SCCS	Accounting Capability
13	GOLD ESP	Engineering and Asset Management Capability for Rotary Wing Assets
14	SAPPHIRE	Engineering and Asset Management Capability for Air Assets
15	MJDI (POC)	Accounting Capability
16	GLOBAL	Accounting Capability
17	UNICOM	Accounting Capability
18	OASIS	Accounting Capability
19	OSCAR	Accounting Capability (Combat Supplies)
20	DeMAS	Accounting Capability (Combat Supplies)
21	BACMS	Asset Management Capability

[3] In accordance with JSP 553, Chapter 1.

ANNEX A – ENGINEERING FUNCTIONAL CAPABILITIES

(Introduced at Paragraph 5)

Introduction

1. Listed below are the Engineering Functional Capabilities which together with the Asset and Inventory Management Functional Capabilities listed at Annexes B and C provide the current list of functions which make up the totality of Asset Management.

Engineering

2. Fleet Management, in order to:
   a. Conduct operational (including availability) planning.
   b. Conduct work planning.
   c. Conduct engineering management.
3. Configuration and Capability Management, in order to:
   a. Manage equipment build and maintain structures.
   b. Manage equipment role structures.
   c. Describe role configuration.
   d. Manage equipment and platform modifications.
   e. View and manage the part catalogue.
4. Asset Management, in order to:
   a. Manage asset records.
   b. Manage asset history.
   c. View assets.
5. Asset Engineering History, in order to:
   a. Calculate factored lifing.
   b. Derive lifing.
   c. Calculate fatigue life.
6. Fault Management, in order to:
   a. Record faults.
   b. Analyse faults.
7. Management of Technical Information, in order to:

a. Record in-use data.

b. Manage in-use engineering activities.

c. Hold engineering logs and registers.

8. Maintenance, in order to:

a. Create and maintain maintenance policy and rules.

b. Schedule maintenance.

c. Manage maintenance (execution /control).

ANNEX B – ASSET MANAGEMENT FUNCTIONAL CAPABILITIES

(Introduced at Paragraph 5)

Introduction

1. Listed below are the list of Asset and Inventory Management Functional Capabilities which together with the Engineering and Inventory Management Functional Capabilities listed at Annexes A and C provide the current list of functions which make up the totality of Asset Management.

Asset

2. Planning, in order to:

   a. Plan capability.

   b. Plan availability.

   c. Plan Through Life Management (including obsolescence & disposal).

   d. Plan and define inventory – initial scaling / provisioning.

   e. Plan support strategy (Contractor Logistic Support versus conventional).

   f. Plan requirement.

3. Information Management, in order to:

   a. Report / Record:

      (1) Historical data – engineering.

      (2) Historical data – inventory.

      (3) Capability.

      (4) Requirements.

      (5) Performance.

   b. Analyse information.

   c. Receive historical data.

4. Fleet Management, in order to:

   a. Manage size.

   b. Create and maintain availability.

   c. Calculate:

      (1) Entitlements.

(2) Usage.

(3) Life of equipment.

d. Direct Distribution.

e. Optimise:

(1) Inventory.

(2) Holdings.

(3) Repair Loop.

(4) Supplier Base.

f. Receive into service.

g. Invoice.

h. Enable visibility:

(1) Visibility of asset.

(2) Consignment Tracking.

5. Maintenance, in order to:

a. Maintain support strategy.

b. Maintain Capability.

c. Maintain level of Holdings.

6. Fleet Support, in order to:

a. Manage planned Repair Loop.

b. Issue:

(1) Disposal instructions.

(2) Transfer instruction.

(3) Entitlements.

(4) Bans and constraints.

(5) Holdings distribution.

(6) Modification Instructions & configuration or capability changes.

c. Transfer.

d. Manage inventory size.

e. Amend:

(1) Modification Instructions & configuration or capability changes.

(2) Transfer instructions.

(3) Entitlements.

(4) Bans and constraints.

(5) Disposal instructions.

ANNEX C – INVENTORY MANAGEMENT FUNCTIONAL CAPABILITIES

(Introduced at Paragraph 5)

Introduction

1. Listed below are the lists of Inventory Management Functional Capabilities which together with the Engineering and Asset Management Functional Capabilities listed at Annexes A and B provide the current list of functions which make up the totality of Asset Management.

Inventory

2. Create inventory, in order to:

   a. Create inventory plan (including disposal).

   b. Create Initial Provisioning List.

   c. Adopt Supply Support Strategy.

   d. Plan financial and materiel accounting.

3. Maintain inventory, in order to:

   a. Manage demand.

   b. Receive demand.

   c. Manage exception.

   d. Authorise issue.

   e. Progress demand.

   f. Replenish inventory.

   g. Forecast demand.

   h. Manage supersession.

   i. Manage requisition / contract.

4. Information Management, in order to:

   a. Report / Record:

      (1) Usage.

      (2) Consumption.

      (3) Condition.

      (4) Provisioning.

(5) Stock levels.

(6) Transaction history.

b. Analyse provisioning figures.

c. Track and trace.

5. Warehousing, in order to:

a. Store inventory.

b. Manage locations.

c. Stocktake inventory.

d. Manage losses.

6. Dispose of Inventory, in order to:

a. Plan disposal.

b. Select disposal mode.

c. Manage applicability.

d. Issue Disposal Instruction.

7. Manage Inventory, in order to:

a. Optimise inventory.

b. Calculate stock levels / holdings.

c. Create earmarks.

d. Apply bans and constraints.

e. Manage Repair Loop.

f. Forecast Repair Arising.

g. Manage finance.

h. Manage financial accounting process.

i. Identify material accounting route.