Air Defence Availability Project Team (ADAPT)

Introduction

1. ADAPT is a project to provide support to High Velocity Missile (HVM) and Rapier FSC systems to their Out of Service Dates in 2020.

Commercial

2. Whilst in its early stages, ADAPT has received Initial Gate Business Case (IGBC) Approval. It is intended to issue the ITTs to industry before end 2005.

3. Re IPR, the current contractors (Thales Air Defence Ltd (TADL) for HVM and MBDA(UK) Ltd for Rapier) both hold significant amounts of background IPR. MOD's user rights to IPR have been obtained under old versions of the IPR DEFCONs.

4. ADAPT will provide support to both HVM and Rapier and may also cover any future missile buys that there may be. It is intended that, as far as possible, the support will take the form of Contracting for Availability (CFA). There was consultation with industry from a very early stage, which will continue throughout. It is intended that industry should have input into the contractual Statement of Requirements. After contract placement (assuming placed with industry), industry will be embedded in the IPT.

5. As well as discussions etc with industry, ADAPT is also running a Public Sector Comparator (PSC) exercise, or Best Value Benchmark (BVB) as they call it. This is being done by a BVB team, consisting of members of LGW IPT, Category Management team and the Lean Support Continuous Improvement Team (LSCIT). The BVB "bid" will necessarily include elements of "sub-contract" work by TADL and MBDA. Pricing and Forecasting Group (PFG) has been tasked to evaluate the bids.

6. ADAPT is a chance to put into practice better working relationships with industry and to expand the scope of support to include, if feasible, front line support and training. Moving to the concept of CFA is new and challenging. It may need to include conditions to cover Contractors on Deployed Operations (CONDO).

Procurement Strategy

7. The Procurement Strategy (PS) includes some innovation in pricing. It is proposed to price this 13 year (from contract placement) requirement in three tranches, of 5yrs,5yrs and 3yrs, utilising a target price incentive fee arrangement, refreshed in the 6th and 11th years of the Contract., and coupled with a value for money review programme The Investment approvals Board (IAB) had suggested a rolling pricing programme, adding a year at a time to the firm price period. This has been discounted because it would require pricing on an annual basis, which is considered excessive.

8. Bid costs for theTADL and MBDA successful bids will be a direct cost to the contract (as stated in the companies' Questionnaires on the Method of Allocation of Costs (QMACs)). Actual figures for a recent contract for each contractor were in the £Hundreds of thousands.

9. There is a Partnering arrangement in being with MBDA (known as TRADERS). LGW has explored a strategic alliance with TADL, but both are now party to a joint Partnering Principles Document. Key Supplier meetings at 2* level have taken place with both contractors – such issues now coming under the aegis of Supplier Relations Group (SRG). Supplier performance returns are sent to SRG every 6 months and, in future, the Supplier & Customer Performance Measurement Process (SCPMP) will also apply on a contract by contract basis

Contract enforcement

10. Liquidated Damages are always rigidly applied when contractually due. Late delivery will result in a reduction, or withdrawal of the incentivisation fee until a satisfactory service is resumed.

Incentivisation

11. ADAPT is intended to incentivise industry to develop the products to become more reliable. Under existing arrangements, the more they break down, the more spares are needed and the more work (and money) the contractors receive. Under CFA, in order to maintain the availability, it will be in industry's interest for the equipment to be reliable.