**Annex A to Schedule 2**

**IMPLEMENTING THE LAND INDUSTRIAL STRATEGY - STATEMENT OF REQUIREMENT**

|  |
| --- |
| **Purpose**  Implement the Land Industrial Strategy (LIS) to ensure the Army has access to technology and supply chains it needs, whilst boosting national prosperity. |
| **Background**  The Land Industrial Strategy (LIS) published on 18th May 2022 sets an ambitious vision for investment in the UK’s industrial capability to meet the requirement for next generation, and generation after next, Land equipment. The LIS contains a range of commitments, actions and activities that must be implemented to build industry and wider Government confidence that Defence is taking the necessary steps to avoid the failures of the past. There are four key areas where immediate progress is required, and where External Assistance (EA) can provide specific, focused consultancy support to drive outputs at pace.  These areas are:   * + Analysis to **identify the critical industry and technology sectors critical to the UK** in terms of military capability, industrial readiness and resilience, and national prosperity;   + Advice on the **conduct, delivery, and application of an industrial health assessment** to identify crucial skills, capability, and capacity gaps to inform MoD decisions;   + Advice on **embedding LIS objectives into the MoD’s acquisition framework** (incl. requirement setting, mandate and business case development, approval processes, tenders, and training courses) without adding a disproportionate level of complexity; and   + The provision of **strategy and organisational guidance to shape a Land exports plan and ACSO** that can help grow usership of our platforms, reduce our operating costs, and enhance our global influence – as directed in Defence Plan 22.   **Timeline**  The LIS, Defence Plan 22, and Army Command Plan set out the timeline for the completion of these activities. The milestones are set out in the Key Deliverables paragraph. Most of this activity must be completed in FY22/23 and FY23/24. There is an option for a 6-month option period, however this is currently unfunded. |
| **Objective**  Provide the requisite strategy, economic and commercial expertise to implement the LIS at pace. |
| **Requirement**  **Identify the specific industry and technology sectors critical to the UK**  The LIS offered a high-level view of the importance of the UK’s Land industrial and technology sectors. It outlines the industrial capabilities critical to our operational independence and the sort of skills we would need access to in the future. It also set out the UK prosperity benefits that could arise from UK expertise in specific areas.  The LIS now needs to be operationalised, which means maturing the analysis to identify the specific sectors that require investment to sustain the supply and technology chains that underpin the Army’s ability to fight and win, as well as those that offer particular statecraft and prosperity benefits to the UK. This also includes the identification of intervention options to address any gaps, or back opportunities. The specific activities the EA will support include:   * + Providing analysis of the critical industrial and technology sectors in the UK to inform investment decisions and procurement approaches. (Milestone 1)   + Outline ‘high impact’ options to close any critical gaps, and/or seize the most significant opportunities to secure statecraft or prosperity benefits. (Milestone 2)   The EA must understand DSIS and the LIS and possess a strong knowledge of UK industry and how it services the Army’s capability needs. Further, the EA would ideally understand Defence’s capability and acquisition frameworks, and how the Army’s spending on equipment and support can be utilised to secure the wider value articulated in the LIS.  **Advice on embedding LIS objectives into the MoD’s acquisition framework**  The LIS sets out a new objective framework – the LISOF – that will be used to assess future investment decisions to ensure that the full range of potential criteria are included. The LISOF remains at a conceptual stage, with more work required to build out the various components, and design and communicate how it is to be implemented across Army HQ and DE&S. Specific activities where EA support is required are:   * Supporting Director Programmes with an assessment of the historical portfolio performance with respect to: requirements; financial approvals; levels of commitment; programme performance, cost and time (PCT) – to understand root causes and key drivers for incorporation in LISOF implementation. This should include an assessment of upcoming approvals where LISOF criteria will be relevant, and interviews with SROs to understand the status of their programmes. (Milestone 7)   + Supporting Director Programmes to design and agree the process for how the LISOF will be adopted and integrated into key decisions. These include (but are not limited to) the use of the LISOF at the Land Requirements Oversight Committee (LROC), Army Investment Committee (AIC) and DECC, and how the LISOF will influence wider financial investment processes such as the Army’s Balance of Investment (BoI) and Annual Budgeting Cycle (ABC). (Milestone 8)   + Supporting Director Programmes on options for how the industrial aims of the LIS and LISOF can be pulled through into the industry tender process; for example, using multi-bid/ variant tenders, voluntary investment commitments, or changes to assessment criteria and scoring. Options must cover the full lifecycle from Invitation to Tender (ITT), through tender submission, assessment process, costings/funding/affordability, business case approval, and contract award. (Milestone 9) Industry feedback on the approach to be captured at the Land Enterprise Working Group (LEWG). (Milestone 10)   EA support must have suitable knowledge and experience of the LIS and, specifically, the derivation and use of the LISOF, as well as knowledge of relevant Army, MoD, and HMT approvals and decision governance, MOD commercial processes, and links with the appropriate Army and DE&S teams.  **Advice on the conduct, delivery, and application of an industrial health assessment**  The Maritime and Air domains have historically had a more in-depth understanding of the onshore industrial capabilities that are key to operational independence and the economic and social value these provide. The absence of equivalent information for the Land domain was recognised in the LIS and a commitment made to undertake a UK Land Industrial Health Assessment (IHA). Initial concept work on a Land IHA took place between January and April 2022, which has laid the foundation for initial implementation during FY22/23. Specific activities where EA support is required are:   * + Preparing a draft of the Land Capabilities chapter for inclusion in the DSIS Industry Base Health Report. (Milestone 3)   + Confirming the IHA design and implementation option (based on the spectrum of options presented in the concept work), including estimated timelines, costs and providers (both in-house and third party). (Milestone 4)   + Developing the suite of information requests to be contained in the IHA that will provide Army/ MOD with the data, information, evidence and understanding needed to support decisions relating to the industrial base. Integrating these data with equivalent information and evidence on global markets, potential export opportunities, non-MOD investment pipelines, and industry order books – some of which is already available from wider Government sources. (Milestone 5)   + *Subject to completion of the IHA activity by the chosen provider: supporting the presentation of the IHA (approach and findings) to industry via the Land Enterprise Working Group (LEWG), and to the Head Office DSIS team. (out of scope of this SOR) (Milestone 6)*   EA support must have suitable knowledge and experience of industrial health check equivalents in other domains, and international examples, to provide insights on best practice and opportunities to reinforce existing mechanisms. EA consultancy support must be able to demonstrate credibility with the relevant Army, DE&S, MoD, and industry teams/organisations in order to facilitate establishing a Land IHA at pace to meet LIS timelines.  **Strategy and organisational guidance to shape a Land exports plan and operating model**  ***Exports planning***  The Defence Security and Industrial Strategy (DSIS) set out new cross-Government focus on increasing exports, alongside new organisational responsibilities. Evidence presented as part of developing the LIS demonstrates that the UK under-performs on land exports, relative to MOD expenditure and other domains, and subsequently a target to increase Land exports by £6Bn over 10 years has been set. A range of initial activity has commenced across Army HQ, wider MOD and in DSE to develop some of the foundational information and prosecute immediate export priorities. Defence Plan 22 (DP22) has subsequently set the need for a Land Exports Plan to bring together the various lines of operation (LOOs) into a coherent approach. EA support is required to deliver this DP22 action including:   * + Developing the 2023/24 Land Exports Plan to integrate the different LOOs, both existing (such as international market appetite and current export campaigns provided by DSE and Army HQ) and new activities. (Milestone 11)   + Supporting the Army to develop a taxonomy for capturing benefits derived from exports and an initial view of these benefits for each of the nominated campaigns. (Milestone 11)   + Inputting into the [Lt Col Kearse-led] development of its Exports ACSO setting out roles and responsibilities of individuals/entities within the Army with respect to supporting exports. (Milestone 11)   EA support must have deep knowledge and experience of the underpinning rationale for increased exports (included as part of the LIS), as well as familiarity with the current governance mechanisms. Consultancy advice should provide insights into how other domains cover off exportability (and how this is agreed with MOD Head Office, the Department for International Trade, and HMT), demonstrable experience of requirements setting in the Land domain, and links into relevant industry forums. |
| **Key Deliverables**   1. **Identify the specific industry and technology sectors critical to the UK**    1. [MS1] An initial assessment of the critical industrial and technology sectors to the UK, to inform urgent work to mobilise the Army and near-term balance of investment choices;    2. [MS2] A fuller assessment of a critical industrial and technology sector to the UK, to inform future looking work under Pj WAVELL, the next iteration of the LIS; Strategic options (aligned to the Army’s equipment and support portfolio) for high impact, targeted investment.      1. **Conduct, delivery, and application of an industrial health assessment**    1. [MS3] A draft Land Capabilities chapter for inclusion in the DSIS Industry Base Health Report.    2. [MS4] The design of an industrial health assessment and options for implementation;    3. [MS5] Clear Army information requirements defined, aligned to key investment decisions, for use in the health assessment;    4. [MS6] *removed.* 2. **Embedding LIS objectives into the MoD’s acquisition framework**    1. [MS7] An assessment of the historical portfolio performance, root causes and key drivers for incorporation in LISOF implementation.    2. [MS8] A refined LISOF, agreed with Army HQ, Delivery Agents, Head Office, and HMT, for use in Land procurement;    3. [MS9] Options to embed these objectives, including the requisite artifacts to guide mandate and business case creation, requirement setting, approvals processes, and tendering approaches.    4. [MS10] Collation of feedback from industry engagement on the application of the LIS Objectives Framework (LISOF), including the social value components. 3. **Strategy and organisational guidance to shape a Land Exports Plan and ACSO**    1. [MS11] The design of Land Export Plan, including clear targets.   **Assessment**  Projects reviews will be held quarterly against key milestones and on contract completion to assess the achievement of key deliverables and outputs. See ‘payment’ section. |
| **Intellectual Property (IP) Rights (Known as IPR)**  MoD will retain all IPR. |
| **Government Furnished Assets**  MODNET laptops will be issued to the contractor as required.  Access to Army HQ data up to and including Official Sensitive - LIMDIS material by exception. |
| **Payment**  Invoices will be supplied at key milestones and paid, pending achievement of the key deliverables/outputs that will be assessed at project reviews as follows:   1. End Q4 22/23 Mar 23 2. End Q1 23/24 Jun 23 3. End Q2 23/24 Sep 23 4. End Q3 23/24 Dec 23 Predicted end of contract 5. End Q4 23/24 Mar 24 Contingency 6. End Q1 24/25 Jun 24 Contingency (currently unfunded) |
| **Contract management arrangements**   1. Dedicated team embedded into a joint Army HQ/DE&S team. 2. Project continues to report at least fortnightly to Hd LIS and D Progs (the senior owner), with progress updates to DCGS at key milestones. 3. Engagement routinely managed by AH Industry and Exports who will maintain close ties with the leads across the MoD and the Department for International Trade. 4. Payment reviews will be managed by AH Industry and Exports. |
| **Security Requirements**  The Supplier will comply with relevant Defence policies and procedures, including those related to security and working within Army Headquarters, as specified in the MOD DEFCONs in the Contract Document Terms and Conditions and relevant Defence Policy and Guidance.  The Contractor must ensure that all Contractor personnel have current UK Security clearance at a minimum of SC level (or SC level pending). The Contractor is responsible for obtaining security clearance for its personnel.  An exception to this condition is any Contractor personnel who perform specific tasks to research publicly available data and information and are not members of the project team are not required to have current UK security clearance.  The Authority may require Contractor personnel to have current DV security clearance for certain tasks. This will be advised on a case-by-case basis and notified in writing to the Contractor for the scope of work requiring additional security clearance. |