

DEFENCE EYE

Jobs hope as Babcock named preferred bidder in DSG land division sell-off

BRITISH engineering firm Babcock International has fought off US competition to be named preferred bidder for the land division of the Defence Support Group, which services military vehicles.

The government announced its intention to sell the Ministry of Defence-run DSG, which last year made a £67m profit, in the Strategic Defence and Security Review 2010 as part of a wider outsourcing strategy.

Babcock, which has just announced an acquisition-driven 29% rise in half-year pre-tax profits to £137m, is reported to have been up against KBR and General Dynamics of the US.

Prospect assistant secretary Steph Marston gave a cautious welcome to the news, saying: "DSG has enjoyed great success while in public hands, and Prospect remains unpersuaded of the necessity of selling this valuable asset.

"Nonetheless, it is clearly good news that the preferred bidder is a British firm with an established relationship with MOD.

"Prospect hopes the decision will secure vital jobs and specialist skills. We already enjoy good relations with Babcock and expect these to continue in its operation of the DSG Land business."

The acquisition is expected to be completed by 31 March next year and bolsters Babcock's position in the home defence market. The firm already provides fleet management and equipment support to MOD and is currently competing for a £3bn, 13-year contract to supply food and medical equipment to forces in the UK and overseas.

A contract to provide services for MOD for 10 years, with an option for a five-year extension, is included in the DSG acquisition agreement. Babcock said that the deal would "enhance



PHILIP WILLIAMS

■ **Marston – 'We already enjoy good relations with Babcock'**

operational readiness as well as increase efficiency".

DSG's land division employs more than 2,800 engineers who service equipment, including armoured vehicles and tanks.

DSG head office is based in Andover, Hampshire and it has key sites at Donnington, Shropshire, and Bovington, Dorset. Other sites affected include Catterick, North Yorkshire; Colchester, Essex; Warminster, Wiltshire; Ashchurch, Gloucestershire; and Stirling.

The air force, components and electronics part of DSG will be retained in MOD as a distinct agency.

MOD, which has seen severe departmental cuts, has been at the forefront of Whitehall outsourcing. According to the National Audit Office, it spent nearly £20bn on outsourced companies in 2012-13 as it sought to cut costs. The sale of DSG is estimated to net MOD £300m.

PROSPECT SEEKS ASSURANCES AMID TYPE 26 FRIGATE FEARS

PROSPECT HAS written to the defence secretary seeking an assurance that the government remains committed to the principle that complex warships should continue to be built in the UK.

The letter follows media speculation and suggestions by first sea lord Sir George Zambellas that the contract for building the UK's next-generation warship, the Type 26 frigate, could go abroad.

"This would be a departure from the long-standing principle that the UK does not build complex warships abroad and flies in the face of assurances given both historically and most recently in the run up to the Scottish independence referendum," said Garry Graham, Prospect deputy general secretary.

MOD is currently in negotiations aimed at building the Type 26 – also known as the global combat ship – on the Clyde. The contract to build 13 of the

stealth ships, which would replace Type 23 frigates as the workhorse of the Royal Navy, would sustain thousands of jobs.

Graham added: "Building complex warships abroad would lead to a severe dilution of our sovereign military capacity and security and have a devastating impact on local communities."

While a formal response has yet to be received, Michael Fallon, who has come under pressure over the issue, sought to reassure MPs during defence questions in late November. "Let me take the opportunity absolutely to reinforce the point [that] UK warships are built only in UK yards," he told the Commons.

■ **See column 638 at bit.ly/hansard_fallon**

BAE SYSTEMS/MOD



■ **Computer-generated image of a Type 26 global combat ship. The multi-mission vessel is due to come into service after 2020. Its planned roles for the Royal Navy include combat and counter-piracy operations and support for humanitarian and disaster relief work around the world**

Prospect pay survey reveals discontent at QinetiQ

PROSPECT'S SURVEY of members about QinetiQ's recent pay award has found widespread disappointment, with 45% of respondents dissatisfied with what they had received and 85% saying they did not believe they had been adequately consulted. Only 35% were satisfied with their pay award.

The findings confirmed the average increase at 3%, but showed half of respondents received 2% or less. The median award was also just 2%.

Underlying staff dissatisfaction was also revealed in survey comments, with the most common issues raised including a lack of transparency in the pay process, inadequate reward for performance and an attempt to address pay anomalies by reducing the pay pot for everyone else.

Meanwhile, Prospect deputy general secretary Dai Hudd has been pressing the issue of union recognition and employee engagement with Ian Beresford, QinetiQ's director of capability.

In a letter referring to previous informal discussions with former HR director Dave Bradley, who left in May, Hudd highlighted the number



of large private sector companies that enjoy constructive relationships with Prospect.

In response Beresford said QinetiQ was "now seeing staff engagement at unprecedented levels, with the recent

In QinetiQ's own 2014 'Best Companies' survey only 32% of employees agreed that the company's employee engagement group represented their views to management and only 22% of respondents thought that the group had been effective

election of new representatives to our employee engagement group attracting voting levels of 60% of the electorate"

However, Hudd drew attention to the findings of QinetiQ's own 2014 "Best Companies" survey, pointing out that only 32% of respondents agreed that the employee engagement group represented their views to management.

Only 22% thought the group had been effective, down from 23% in the 2012 survey, Hudd added.

■ ***Prospect deputy general secretary Dai Hudd and Intellectual Property Office rep Ele Wade support the recognition campaign by leafleting at QinetiQ's Aberporth site***

Leo Quinn quits top job for Balfour Beatty

MID-OCTOBER SAW the sudden announcement that Leo Quinn (left) was leaving the top job at QinetiQ to become CEO at Balfour Beatty, where he started his career 35 years ago.

During his five years in the post, Quinn oversaw considerable change, including a much-improved financial performance. However, his time in charge also saw trade unions derecognised, closure of the defined benefit pension scheme in 2012 and a major redundancy exercise in 2010, with the consequent loss of hundreds of highly skilled workers.

QinetiQ chief financial officer David Mellors, who has been with the technology group since 2008, will take over as acting CEO at the beginning of next year until a permanent replacement is found.



REX FEATURES

Defence branches run out of patience on pay

PROSPECT MEMBERS at the Ministry of Defence, Defence Support Group and the Defence Science and Technology Laboratory have voted overwhelming in favour of taking industrial action short of strike action following ballots over the imposed 2014 pay reviews.

The results of October's ballots, announced in early November, showed that 75% of MOD members taking part voted yes, while the figure was 72% at DSG and 68% at DSTL.

The union said that while members did not take industrial action lightly, the cumulative effects of years of pay freezes and capped paybill increases had eroded the real value of salaries in MOD and its trading funds, while increased pension contributions meant take-home pay had decreased for some.

Successive years of public sector pay restraint have also resulted in pay anomalies that are unfair to everyone. Long-serving staff have seen their salaries capped and newly-recruited and early-career staff have lost out on pay progression.

Prospect believes that such pay restraint reflects policies that take little account of

operational requirements and the demographics of the changing workforce and has resulted in recruitment and retention problems and serious equal pay issues.

Prospect's pay agenda was earlier backed by a survey of members in the main MOD department, with more than 90% of respondents saying they would support campaign activity organised by the union, while 80% said they would consider taking part in industrial action over pay.

Alan Grey: 'The policy of holding back pay for public servants is damaging members' motivation and affecting MOD's operational capability'

government's policy of holding back pay for public servants is damaging Prospect members' motivation and affecting MOD's operational capability by leaving the ministry increasingly vulnerable to losing highly skilled staff."

DSTL members will take action including non-completion of timesheets, an overtime ban and a work to rule, while DSG and the MOD have been notified of action consisting of a work to rule and a withdrawal of goodwill.

Alan Grey, Prospect president and MOD group chair, said: "Prospect has made the case for improved specialist pay throughout the civil service, as well as in dialogue within MOD. The



STEFANO CAGNONI



ALEXANDER CAMINADA

■ Prospect DSTL members at a meeting earlier this year

Stick with your union – switch to direct debit

PROSPECT HAS accused the Westminster government of making it more difficult for trade unions to operate by withdrawing check-off arrangements in the civil service.

Check-off is a very long-standing arrangement whereby members pay their subscriptions via the payroll.

Employers deduct the appropriate amount and forward it to the union. This arrangement has operated without problems for many decades.

However, key departments, including the Ministry of Defence, have given notice that they intend to withdraw check-off. Other departments and agencies are likely to follow suit.

If members do not switch to direct debit, their Prospect membership will effectively be terminated by their employer

This means that if members do not switch to direct debit, their Prospect membership will effectively be terminated by their employer.

The union's national executive agreed in October 2014 to advise civil service branches that Prospect would no longer offer check-off to future joiners.

It's easy to switch to direct debit:

- via Prospect's website: www.prospect.org.uk/direct_debit
- phone 01932 577041
- write to Prospect membership department, Flaxman House, Gogmore Lane, Chertsey Surrey KT16 9JS
- use the leaflet enclosed with this issue of *DefenceEye*.

Experts make case for defence skills

Prospect recently brought together stakeholders and experts from the defence industry for a seminar to address the looming skills crisis.

Andrew Child reports

SIR PETER LUFF MP

Minister for Defence Equipment, Support and Technology 2010–12

THE FORMER minister put the skills agenda firmly within the context of the next Strategic, Defence and Security Review in 2015, when budgets would likely be even tighter despite the world becoming a more dangerous and uncertain place.

Nevertheless, Sir Peter Luff said there was an opportunity to give greater emphasis to skills now that costs had been brought under greater control.

He told delegates that any future strategy would need to recognise the importance of skills such as engineering to the well-being of the defence sector.

Strategic vision

It would also need to make decisions about skills based on a clear strategic vision and an awareness of technological change.

It was clear, however, that the Ministry of Defence would not be able to sustain all the skills it wanted, with a projected fall in defence spending to 1.88% of GDP in 2015-16, according to the Royal United Services Institute.

Key to defining the new strategic vision would be recognising the changing nature of conflict, Sir Peter said. This included: new asymmetric threats; adaptability of proxy and non-state actors; increasing unpredictability; and greater accessibility to and application of consumer technologies.

Sustain technology skills

The MP said that in light of these developing trends, understanding and integrating the latest technologies had to be made an overriding priority. By implication, he insisted, the next SDSR should make defence technology skills the most important area to sustain and develop.

In practical terms, Sir Peter said, MOD would need to draw up requirements and technology road maps and make a clear commitment to advanced engineering capability in the UK.

Meanwhile a broader multi-agency approach would be needed, to actively promote engineering and defence careers and widen the demographic of potential recruits.



■ Sir Peter Luff MP

'In the MOD's ageing civilian workforce the average age is 49 compared with 46 in the wider civil service and 40 for the UK workforce as a whole'

Air Commodore Warren James



RICHARD SMITH

Engagement director, Talent Retention Solution (for advanced manufacturing & engineering careers)

'MOD will not be able to sustain all the skills it wants with the projected fall in defence spending to 1.88% of GDP'

Sir Peter Luff MP

LAUNCHED IN 2011, TRS was initiated by business secretary Vince Cable to mitigate the impact of redundancies resulting from the SDSR, and is now funded as a not-for-profit organisation through sponsor and member companies, trade associations and other stakeholders.

Richard Smith bemoaned the number of "parochial" organisations involved in promoting skills and urged stakeholders across industry to sign up to the TRS online platform, which has been designed as a single point of access to a UK-wide, "sector specific" pool of talent and vacancies for both individuals and companies.

The platform, which is also intended to highlight development opportunities, is divided into separate sections for experienced workers, graduates, apprentices and employers, as well as for those seeking redeployment.



'The ambition for TRS is to reach the point where it is growing the skills base, rather than simply helping to safeguard it'

Richard Smith



AIR COMMODORE

WARREN JAMES

MOD head of training, education, skills, resettlement and recruiting

AIR COMMODORE Warren James said that a whole-force approach was needed to skills. The needs of all the various elements on operations – regulars, reserves, civil servants, civilians and contractors – needed to be considered in the round.

New and innovative partnerships to make better use of limited resources were a priority, as well as creating more favourable conditions for a motivated workforce, he said.

The industry needed to provide a credible and realistic

The early backing of Prospect and employers such as Rolls Royce, BAE Systems and the Ministry of Defence for TRS was welcomed by Smith, who said the platform was increasingly being regarded as an essential tool in ensuring people weren't lost to the industry. The ambition for TRS, however, was to get to the point where it was growing the skills base, rather than simply helping to safeguard it.

Mature view

Smith encouraged firms to take a mature view of their responsibilities as employers and trainers by joining the scheme and not regarding it as a potential brain drain. He illustrated this with the example of rejected applicants for the relatively tiny number of graduate positions at Rolls Royce being steered towards TRS. TRS ultimately made it "easier for industry to find people" and "people to find opportunities", Smith said.

He added that it was being developed, working in collaboration with unions, trade associations, universities and professional bodies, to aggregate the best possible careers advice.

employment offer and to "represent the society we defend", through a defence diversity and inclusion programme.

James also drew attention to the ageing civilian workforce in MOD, where the average age is 49 compared with 46 in the wider civil service and 40 for the UK workforce as a whole.

He said this appeared to be a consequence of reducing overall headcount by restricting recruitment and as a result of changes to retirement policy. However, the department did not appear to have a particular problem in attracting new recruits.

James said a "deep dive" review of the problem had been undertaken but that one of the key actions would be to ensure that valuable experience was passed "back down the line" by involving older staff in training.

PICTURES:
STEFANO
CAGNONI



PROSPECT TECHNICIAN TO LEAD ENGTECH PROJECT

WITH 25 years' experience of working as a technician, Prospect rep Lloyd Collier proved the ideal person to lead a two-year Prospect project, funded by the Gatsby Foundation, to register industry technicians in science and engineering.

Details of the initiative were first reported in the last issue of *DefenceEye* (October 2014).

Lloyd started his career at the UK Atomic Energy Authority and has worked latterly as a senior health physics technician at Diamond Light Source in Oxfordshire.

Lloyd has witnessed first-hand the many challenges faced by employers in recruiting and retaining technicians. Long experience of the technician grade has also made him aware of the lack of formal recognition and career pathway for many in his position.

The idea of encouraging registration of technicians is intended to address many of these issues, mirroring chartered status, which is well-established and supported by many employers and organisations.

Registration will enable employers to work with professional bodies on meeting their skills requirements and help them to better identify a pool of skilled workers to fill technician vacancies.

Employees will gain formal recognition of their skills and experience and security and commitment to ongoing training and career development. This formal recognition should also help attract new recruits.

"The first step is to value the experience that technicians have gained in the workplace and to codify



■ **Lloyd Collier**
– **first step is to value the experience that technicians have gained in the workplace and to codify it**

it," explains Lloyd. "We're not focused so much on graduates as those seeking to develop to that level. Some may find themselves in a technician role and see no further progression."

Lloyd is about to embark on a series of workplace audits to establish where technicians are and the types of technicians there are. This will be no easy task, not least because technicians "will not necessarily call themselves that".

Nevertheless, he believes that the technician route to vocational learning will become increasingly popular as the cost of university fees become unaffordable to many. This in turn may help to raise its status.

■ **Members or employers interested in being involved with the project can contact Lloyd by email:**

lloyd.collier@prospect.org.uk

XPI SIMULATIONS



DSTL invests £3.6m to improve simulations

A £3.6M contract to improve simulations used by the Armed Forces has been awarded by the Defence Science and Technology Laboratory to a supplier team lead by Thales company XPI Simulation.

The four-year project, known as SCORE, aims to develop representations of physical environments, including weather and terrain, as well as all types of forces including systems, equipment and people.

It is hoped the work will facilitate enhanced integration of land, sea and air simulations and improve coordination of military exercises between different NATO member states and other coalition partners.

Bharat Patel, DSTL senior capability adviser, said: "The proposed integrated approach to developing these key components... will provide future simulation capability with greater agility and affordability to train our people, evaluate our

systems, and make informed decisions in a growing uncertain and even more complex operational environment."

The contract is part of the Synthetic Environments Tower of Excellence initiated in 2004.

It brings together the Ministry of Defence, industry and academia to develop UK capability in defence simulations. XPI will be supported by QinetiQ, Cranfield University and Thales UK.

■ **Landscape simulation by XPI Simulations**



■ Workers at Sellafield in Cumbria are among those covered by the radiation compensation scheme

Updated nuclear compensation scheme still benefiting workers

A scheme supported by Prospect has paid out more than £8m in 140 cases. National secretary **David Luxton** explains how it works

THE COMPENSATION Scheme for Radiation-Linked Diseases began as an agreement between the trade unions and the former British Nuclear Fuels company in 1982.

It was soon extended to become a joint initiative between trade unions and employers across all areas in the UK civil nuclear industry.

Prospect plays a prominent role in the scheme, which provides a means of resolving compensation claims without the need for lengthy and expensive court action. Claims pursued under the scheme bear no cost to the claimant or their families.

It covers radiation workers who were, or currently are, employed at nuclear sites across the country, including the former BNFL and UK Atomic Energy Authority sites; the Ministry of Defence nuclear submarine sites (now owned by Babcock-Marine); Atomic Weapons Establishment; as well as the Magnox, AGR, and PWR nuclear power plants.



STEFANO CAGNONI

■ **Luxton** – exposure threshold for compensation under the scheme is much lower than in the civil courts

The compensation scheme has recently been completely reviewed and updated to reflect the best available scientific evidence and governance.

It is an effective way of ensuring that compensation claims are dealt with swiftly and sensitively without cost to the claimant or unnecessary legal delays.

There are established statutory dose limits for the whole of the UK nuclear industry, which are governed by international scientific protocols. However, it is recognised that any radiation exposure, no matter how small, can carry some risk.

It is not possible to medically differentiate between cancers caused by radiation exposure and those occurring from other influences, but it is possible to evaluate the probability that a particular cancer may be linked to occupational radiation exposure.

The threshold for compensation under the scheme is much lower than in the civil courts, so that compensation can be paid where the “causation probability” of a link between occupational exposure and subsequent specified radiation disease is 20%. Civil courts demand a threshold of a 50% probability before a case is accepted for compensation.

The causation probability for each eligible radiation-linked disease is calculated using technical schedules based on international scientific protocols. It is verified and agreed by the trade unions’ independent technical advisor, Dr Barrie Lambert, of Imperial College.

To qualify under the scheme, a claimant must have:

- been employed by one (or more) of the scheme employers or predecessor companies
- have had an occupational radiation dose with one or more of the scheme employers, or
- have been employed by the MOD or served in the HM Forces, and
- been diagnosed with a disease associated with radiation exposure.

Members who want to make a claim should contact their local trade union representative, who will provide the necessary paperwork.

Alternatively they can

- request an authority form from the compensation scheme via the website: www.CSRLD.org.uk
- write to compensation scheme executive secretary c/o Sellafield Ltd, B582 First Floor South, Sellafield, Seascale, Cumbria CA20 1PG
- contact Lisa Strong by emailing lisa.strong@prospect.org.uk.

Gap between force requirement and actual strength widens significantly

THE AIMED-FOR trained strength of the Armed Forces suffered a significant deterioration over the last 18 months, according to the latest statistics from the Ministry of Defence, and currently undershoots requirements by more than 5,000 personnel.

The gap between strength and requirement grew by more than 3,000 since April 2013. The requirement currently stands at approximately

152,500, while strength is at approximately 147,500.

The 2010 Strategic Defence and Security Review set a target to reduce personnel to 142,500 by 2020.

A shortfall in trained, non-officer ranks in the Army appears to largely account for the aggregated figure across the three services making up the Armed Forces.

Meanwhile, the current quarterly rate of reduction in MOD's civilian

population remains unchanged at 0.3%, but the annual intake of civilian personnel has recovered to 7.4% – a rate last seen before the recruitment freeze.

The representation of women in the civilian workforce decreased as part of the reduction mandated by the SDSR between April 2010 and April 2013.

However, the last 12 months have seen a rise of 0.6% to 37.9%.

The number of women in the civilian workforce fell between April 2010-13



■ UK troops leaving Afghanistan from Kandahar air field

CORPORAL ANDREW MORRIS (RAF)

MOD spending down, defence exports up

THE MINISTRY of Defence's spending with UK industry fell at the same time as export orders reached a record high, according to the latest trade figures from the department.

In 2012-13, MOD spent £260m less than in the previous year at £19.4bn, with the manufacturing sector attracting just under half of this spend.

Conversely the value of UK exports of defence equipment and services in 2013 reached their highest level since MOD's measurement series began in

1988 at just under £9.8bn.

The increase was attributed to new orders for AgustaWestland helicopters from Norway and South Korea and strong ongoing business across the Middle East region.

More recent figures show that MOD is awarding fewer contracts but of greater value. In 2013-14 the department placed around 2,300 new contracts with a collective value of approximately £6.2bn. While the figure represented a 30% fall in the

number of contracts from 2012-13, the total value rose by just over 8%.

In 2013-14, 41% of total MOD procurement expenditure went to 10 suppliers. Over the same period, the number of small and medium-sized enterprises contracted by the department fell by 5,000 to 7,000.

The amount spent on the sector fell by £180m to £916m. This represented a fall in the SME sector share of overall procurement expenditure, from 5.4% to 4.5%.

MoD said that the number of contracts it let competitively in 2013-14 rose for the fourth year in a row, from a 23% share of the total in 2009-10 to 39%.

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