

SADIS COST RECOVERY & ADMINISTRATIVE GROUP (SCRAG)

FIFTH MEETING

(Paris, 8th and 9th November 2004)

2003 ACTUAL SADIS COSTS

(Presented by the United Kingdom)

REFERENCES

SADIS Agreement

SCRAG/1/2/3/4 Reports

SADISOPSG/9 Executive Summary

1. INTRODUCTION

- 1.1 Article IX of the SADIS Agreement identifies that the United Kingdom shall furnish on or before 30 June of each year, a statement of the actual costs of the SADIS, expressed in pounds sterling, for the previous calendar year. These costs are identified in TABLE 1.
- 1.2 The format of the table has been revised in order to be consistent with information provided for the SADIS Cost Audit. For clarity, it has been found necessary to list the information in the table in the same order as it appears in the SADIS Inventory.

Table 1 2003 & 2004 SADIS Costs

INVENTORY REF	note	SADIS COSTS 2003	2003 Actual (1/1/03 to 31/12/03)	2003 Estimate (SCRAG/3 Report)	2004 FOO at 2004 prices	2004 Estimate (SCRAG/4 report)
1. Equipment						
ii) Principally procured for SADIS						
<i>b) communications between Whitehill and Met Office</i>	<i>a</i>	Comms EGRR-Whitehill	1177		4709	
Not procured principally for SADIS						
<i>a) message switch (TROPICS/FROST)</i>	<i>b</i>	Message Switch	28056	30000	29260	40000
<i>c) Communication Link SADIS Gateway and Met Office</i>	<i>c</i>	NATS Links	2308		3340	
		sub total	31541	30000	37309	40000
2. Procured services						
<i>a) space segment annual lease</i>	<i>d</i>	Satellite Segment	96067	96067	96067	96067
<i>b) annual maintenance</i>	<i>e i</i>	Astrium (1/1/03-31/5/03)	13558	52000		30000
	<i>e ii</i>	C&W (1/8/03-31/12/04)	4090		9816	
	<i>e iii</i>	Facilities Management	6300		6300	
		sub total	120015	148067	112183	126067

3. Annual Staff Requirements

Help Desk	<i>f</i>	Help Desk	23897	39191	25519	40926
Additional Support						
<i>Systems Integration Team</i>	<i>g</i>	Engineer	1387	3135	0	3273
<i>Systems Integration Team</i>	<i>h</i>	Network Comp Eng	11622	31352	12685	32740
<i>Administrator</i>	<i>i</i>	Executive Officer	38141	33183	55640	34652
<i>Administrator</i>	<i>j</i>	Support Specialist Aviation Manager	40677	42234	0 13712	44103
Development & enhanced two-way field trial support and other projects						
<i>Manpower</i>	<i>k</i>	Engineer	6935		0	
	<i>k</i>	Data Traffic Manager	6935		3823	
SADIS second generation trial						
<i>Manpower and budgets</i>	<i>l</i>	Engineer	3467			
	<i>m</i>	Specialist	3467			
	<i>n</i>	workstation software	8842			
	<i>o</i>	Dell PC	1015			
	<i>p</i>	Modems	9037		750	
	<i>q</i>	Megapacs	8760		1780	
	<i>r</i>	Engineering Consultancy	7340			
			41928	40000		
		sub total	171522	189095	113910	155694
		Total	323078	367162	263402	321761

New Costs for 2004

s	2G Maintenance	0		6979	
t	2G Facilities Management	0		3150	
u	ISDN Back Up link	0		13275	
u	ISDN Back Up link	0		249	
u	ISDN Back Up link	0		372	
v	2G Implementation	0		36000	20000
w	Ad-hoc maintenance	0		3050	
x	SADIS Spares Storage	0		542	
	sub total	0	0	63617	20000

Cost of Depreciated Capital

y	SADIS 2G	0	0	17485	16000
	sub total	323078	367162	344504	357761
z	Cost of Capital	26524		34450	
	UKMO Total	349602	367162	378955	357761

CAA Administration

17787 20000 16000 20000

ICAO Administration

15295 20000 20000 20000

NATS Gateway

78449 53344 140694 167423

Total

461133 460506 555649 565184

2. DISCUSSION

2.1 Notes to the actual costs for 2003

a. Communications between Whitehill and the Met Office

Terrestrial communications costs between the SADIS Uplink site at Whitehill and Bracknell were originally included with the satellite segment lease. Following relocation to Exeter, new links were required. These became effective from 1st October 2003. The full year cost chargeable in 2004 is £4709.

b. Message Switch

The message switches were upgraded during 2003 from the TROPICS system to FROST. This took place with effect from 1st April 2003. Shortly after this date, transmission of an additional data feed commenced in support of the SADIS 2G trial.

c. NATS Links

Communications costs between the SADIS Gateway, operated by NATS, and the Met Office are provided here. NATS own the links and are billed for the circuits. NATS invoice the Met Office for the Met Office share of the costs.

d. Satellite Segment

Costs for the satellite lease remain unchanged from 2002.

e. Annual Maintenance

- i. The Astrium maintenance contract of the ground-based infrastructure at Whitehill ran till 31 May 2003.
- ii. A new maintenance contract with Cable and Wireless commenced on 1 Aug 03 at a lower cost than the Astrium contract.
- iii. This covers the cost of providing and supporting equipment racking for the SADIS 1G service at Whitehill.

f. Help Desk

The 2004 SADIS Inventory provides a description of the Helpdesk and Operational Support Function. This structure existed throughout 2003 but was not reflected in the SADIS Inventory until 2004. The figure of 1% for the total support provided by the function is based on an assessment of the approximate number of SADIS-related enquiries and the total number of Met Office systems supported. The total cost is calculated from the estimated costs of 4 x 24-hour rosters of staff and the day working helpdesk facility.

g. Engineer

2% of one JL3. The staff cost rates for this and subsequent posts are set out in table 2 of the SADIS Cost Audit.

h. Network Computer Engineer

20% of JL4.

i. Executive Officer

55% of JL3. This post covers day to day management of the SADIS Service, Project management, report writing and meeting attendance.

j. Support Specialist

70% of JL4. This post covers general administration of the SADIS service, including setting up new customer accounts, general enquiries etc.

k. Engineer and Data Traffic Manager

10% of JL3 for an Engineer and 10% for a Data Traffic Manager utilised in 2003 to support the Two-Way trial, other project work, NATS liaison meetings and OPMET data management.

SADIS second generation trial

l. Engineer

5% of JL3 for Engineer

m. Specialist

5% of JL3 for specialist

n. Workstation software

Cost of workstation software specifically for the SADIS 2G trial purchased from Corobor.

o. Dell PC

A Dell PC was purchased specifically for the SADIS 2G trial.

p. LTeq

Provision of equipment in support of the 2G trial.

q. Satelcom

Provision of equipment in support of the 2G trial

r. Engineering Consultancy

Engineering consultancy work in connection with SADIS 2G provided by Martin Tomlinson Associates.

2.2 Depreciated Capital

There is no charge for depreciated capital in 2003, the original SADIS hub equipment being fully depreciated in previous years.

2.3 The 2003 UK CAA actual administrative costs are made up of:

Met Technical Expert (5% of Expert)	£6,000
Invoicing/Credit Control (5% of Admin post)	£1,475
General Administration (5% of Manager, 5% of Admin post)	£6,850
Travel Costs (SCRAG Meeting in Bangkok)	£4,554
Bank Charges	£ 108
Interest Payable	£1,200 CR
Total	£17,787

2.4 The 2003 ICAO actual administrative costs are detailed in WP/5.

3. Notes to the Forecast Outturn for 2004

3.1 Forecast costs for 2004 reflect changes to the SADIS inventory approved at SADISOPSG/9. The following additional costs have been identified in 2004.

p. and q. Satelcom and L-Teq.

Additional costs associated with the 2G trial project, mainly for resolving issues with the remote part of the trial in Zurich.

s. 2G Maintenance

Maintenance charges associated with the SADIS 2G operational service effective from 1 August 2004.

t. 2G Facilities Management

2G operational charge for support of additional equipment rack at Whitehill.

u. ISDN back-up link

Cost of installing an operational ISDN back up link between Washington and Whitehill.

v. 2G Operational implementation project

Implementation costs of the operational 2G service, comprises UKMO and Contractor manpower costs.

w. Ad-hoc maintenance

Ad-hoc maintenance work by Astrium for the upgrading of EPROMS within the Exeter hub infrastructure.

x. Storage

Storage costs at Exeter for SADIS Spares.

y. 2G Capital Equipment

Costs of 2G operational equipment. Total cost £87,428. The cost has been split equally over 5 years.

z. Cost of Capital

In the SADIS agreement, the cost of capital is described as follows.

'Cost of capital. This falls into two basic categories. The first is the interest on debt capital (other than equity). The second is the appropriate cost of capital applied to equity. The latter would be defined as fixed and net current assets minus long-term debt. The rate to be applied either would be set by an independent economic regulator appointed by the UK government or should be derived from the average government bond rate in the UK for the preceding year.'

The Met Office uses a rate that is set by the UK Government and governs pricing to the UK Ministry of Defence within our framework document.. The particular arrangement is known as GC Stores 2 and was established by the UK Treasury, and updated by MOD in agreement with industry. Effectively, this is the agreed Government rate for non-competitive contracts. From this 'profit' we need to pay a dividend to Treasury.

The overall figure is expressed as a percentage on cost and is a compound of a return on capital employed by the Met Office + a mark up on costs. The rate is subject to audit by the Defence Procurement Agency.

In 2003/04 the overall Mark-up on costs was 8.21%. This figure is still subject to audit by PFG. The Pricing and Forecasting Group (PFG) is a support group of the UK's Defence Procurement Agency.

4 ACTION

4.1 The SCRAG/5 is requested to note the cost information provided by the United Kingdom and approve for these costs to be recovered from States within the Cost Recovery Scheme.