

SADIS COST RECOVERY & ADMINISTRATIVE GROUP (SCRAG)

SIXTH MEETING

(Paris, 21st and 22nd November 2005)

2004 ACTUAL SADIS COSTS

(Presented by the United Kingdom)

REFERENCES

SADIS Agreement

SCRAG/1/2/3/4/5 Reports

SADISOPSG/10 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 is similar to that provided for the 2003 Actual Costs and is consistent with information provided in the SADIS Inventory.

. DISCUSSION

2.1 Notes to the actual costs for 2004 and forecast costs for 2005

a. Communications between Whitehill and the Met Office

Terrestrial communications costs between Exeter and the SADIS Uplink site at Whitehill became effective from 1st October 2003. The cost in 2004 covers two circuits at £1569.75 per annum for SADIS 1G, one circuit for SADIS 2G of £1569.75 and a further circuit at £4795 per annum billed from May 5 2004.

b. 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. An additional link supporting SADIS 2G became operational early in 2005. Cost details were unavailable at the time this report was written.

c. Message Switch

In 2004, data feeds were provided to both SADIS 1G and SADIS 2G. With effect from 1 July 2005, the cost of the data feeds to the FTP server and the Corobor comparator system were to be recovered.

d. Satellite Segment

2004 was the last year of the original 10-year Satellite lease negotiated through Astrium. In 2005 a new lease was negotiated through Cable & Wireless PLC.

e. Annual Maintenance

Maintenance comprises:- (i) A maintenance contract with Cable & Wireless for SADIS 1G Infrastructure, (ii) and (iii) A facilities Management Charge for the SADIS 1G and 2G Equipment. (iv) A maintenance Contract with Satelcom for SADIS 2G Infrastructure, this ran to 31 Jul 2005 at a cost of £16750. the replacement contract with Vados Systems is for 17 months to 31 Dec 2006 at a cost of £33392 (v) Maintenance costs for the SADIS FTP Server are applicable from 1 July 2005. This includes Server hall usage, network connection, WAN costs and hardware maintenance. (vi) An annual charge of £542 is levied for storage space taken up by spares for SADIS.

f. Help Desk

The total support provided by the help-desk 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. Other staff costs

The cost rates have been updated using the latest available figures. Additional support is included from 2005. The percentage attribution rates can be found in the SADIS Inventory.

h. SADIS second generation trial

Some additional consultancy effort was required from L-TEQ and Satelcom in 2004 to resolve problems with the remote 2G trial in Switzerland.

i. Travel Costs

Travel and subsistence costs for two members of UKMO staff to attend the SADISOPSG and SCRAG meetings are included here.

j. ISDN Back-up Link

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

k. SADIS Second Generation Implementation Project

Implementation costs of the operational 2G service, comprises UKMO and Contractor manpower costs. £87428 of equipment costs which have been capitalised and £51023 of Staff costs.

l. Ad-hoc Maintenance work

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

m. Cost of depreciated capital

SADIS 2G equipment costs of £87428 are being depreciated over 5 years.

n. 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%. In the year starting April 2004, the mark-up on costs is 10.46%.

2.2 Notes on SADIS Gateway Costs

o. Staff Costs – Systems Engineers

10% of the time allocated to the CoreMet system is dedicated to supporting the SADIS Gateway. 24-hour engineering support equates to 10% of an ATCE4 (£11,322 per annum). Daytime support for the SADIS Gateway equates to 10% of 0.75 of an ATCE4 (£8,492 per annum). Total Engineering support for 2004 was therefore £19,814. The cost of operational and administration staff have increased in line with inflation.

p. Systems Maintenance

No maintenance costs will be incurred until the end of the warranty period. Full cost of software maintenance will be £31,324 per annum commencing in June 2005. 20% of these costs are allocated to SADIS (£6,264 for a full year, £3,132 for the six months July to December 2005).

q. Depreciation

The actual capital expenditure of the project was £1,137k. 20% of this sum is allocated to SADIS (£227.4k). This cost is to be depreciated over 5 years at £45.5k per annum.

r. Cost of Capital

A rate of 7.75% has been applied to the average net book value of the asset. In 2004 the average NBV was £172,221 * 7.75% = £13,347.

2.3 Notes on CAA and ICAO Administration Costs

s. CAA Administration Costs comprise the following:

Met Technical Expert (5%)	£6,150
Invoicing & Credit Control (7% of Admin post)	£2,100
General Admin (5% of Manager & Admin posts)	£7,020
Travel costs of 2 staff to SCRAG5 in Paris	£1,128
Bank charges	£ 112
Interest receivable	(£ 710)
Total	£15,800

t. ICAO Administration costs are detailed in WP/5.

3 ACTION

3.1 The SCRAG/6 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.

TABLE 1: 2004 and 2005 SADIS Costs

INVENTORY REF:	Note	DESCRIPTION	2004 Actual (Jan-Dec)	2004 Estimate (SCRAG4)	2005 Forecast Outturn	2005 Estimate (SCRAG5)
1 UK MET OFFICE COSTS						
1. Equipment						
Principally procured for SADIS						
comms between Whitehill & Met Office	a	SADIS 1G	3,139		3,139	4,709
		SADIS 2G	4,472		6,364	
comms link SADIS Gateway & Met Office	b	SADIS 1G	3,340		3,340	3,340
		SADIS 2G			3,000	
ISDN back-up link					372	372
Not procured principally for SADIS						
message switch (FROST/SADIS)	c	SADIS 1G	14,630	40,000	24,120	14,630
message switch (FROST/FTP)		SADIS FTP			6,360	5,720
message switch (FROST/2G)		SADIS 2G	14,630		13,680	14,630
internet bandwidth (FTP)		FTP			13,000	13,000
FTP equipment running costs		FTP				11,000
		sub total	40,211	40,000	73,375	67,401
2. Procured Services						
space segment annual lease	d	Satellite Segment	96,067	96,067	90,504	78,264
annual maintenance	e	SADIS 1G C&W	9,816	30,000	9,816	9,816
		1G Facilities Mgmt	6,300		6,300	6,300
		2G Maintenance	6,979		19,592	16,750
		2G Facilities Mgmt	3,150		6,300	6,300
		FTP Maintenance			4,000	
		SADIS Spares Storage	542		542	
		sub total	122,854	126,067	137,054	117,430
3. Annual Staff Requirements						
Help Desk	f	Help Desk	24,289	40,926	25,018	25,519
Additional Support						
Systems Integration Team	g	Network Comp Eng.	11,967	32,740	12,326	12,685
Administrator	g	Executive Officer	52,491	34,652	54,066	55,640
International Aviation Management	g	Aviation Manager	12,936	44,103	13,324	13,712
Data Traffic	g	Communications Engineer	3,499	3,273	3,604	3,823
Contract Management	g	Senior Procurement Officer			3,604	
UNIX Support	g	Computer Engineer			3,604	
Web Team Support	g	Website Designer			7,208	
SADIS 2G Trial	h	L-TEQ	750	20,000		
		SATELCOM	1,780			
Travel Costs	i	SADISOPSG & SCRAG	5,795		4,000	
		sub total	113,507	175,694	126,754	111,379
		TOTAL	276,572	341,761	337,183	296,210
Additional Costs in 2004						
	j	ISDN Back Up Link	13,896			
	k	2G Implementation	51,023			
	l	Ad-hoc Maintenance	3,050			
Cost of Depreciated Capital						
	m	SADIS 2G	17,485	16,000	17,485	17,485
		sub total	362,026	357,761	354,668	313,695

TABLE 1: 2004 and 2005 SADIS Costs

INVENTORY REF:	Note	DESCRIPTION	2004 Actual (Jan-Dec)	2004 Estimate (SCRAG4)	2005 Forecast Outturn	2005 Estimate (SCRAG5)
	n	Cost of Capital	35,732		37,059	31,370
		Total UKMO Costs	397,758	357,761	391,727	345,065
2		NATS Gateway Costs				
		Staff Costs				
		Operational Staff	48,888	47,280	50,256	48,793
		Engineering Staff	19,814	15,450	20,368	19,775
		Administration Support	13,313	12,875	13,686	13,287
		sub total	82,015	75,605	84,310	81,855
		Communications	0	7,140	0	0
		Maintenance	0	14,280	3,132	3,132
		Cost of Depreciated Capital				
		Depreciation	45,492	58,972	45,492	45,492
		Cost of Capital	13,347	11,426	9,821	9,821
		Total NATS Gateway Costs	140,855	167,423	142,756	140,300
		CAA Administration Costs	15,800	20,000	20,000	20,000
		ICAO Administration Costs	12,475	20,000	20,000	20,000
		TOTAL SADIS COSTS	566,888	565,184	574,483	525,365