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**TO: All Amicus Shop Stewards and Members affected by FDSCi  
(DSDA , DM and also DTMA)**

Dear Colleague

21 July 2005

### **SWEET AND SOUR VICTORY FOR FDSCi IN-HOUSE OPTION**

The announcement today by Defence Secretary John Reid that the successful bidder in the Future Defence Supply Chain Initiative (FDSCi) is the in-house 'Do Different' option is a welcome change from the flood of privatisations that have taken place since 1997.

It is not yet clear what the formal structure of the restructured organisation will be, but a number of different options will be looked at over the coming months – ranging from a DLO business unit, through a trading fund, to a Government-owned company. Whatever happens, a reorganised and restructured DSDA will form the core of the new organisation.

The trade unions cautiously welcome this decision. But the site closures and 2,000 job losses planned over a period of five years are a massive blow. The unions will be questioning whether these cuts can be justified.

Members will remember that FDSCi was initially set up to deliver a private sector outcome. Pressure from the MOD trade unions led to the setting up and resourcing of an in-house options team.

There is no doubt that the impact looks like being massive: the proposed decision is based on a five year restructuring programme involving 2,000 job cuts and the closure of three out of five main storage and distribution sites: Stafford, Llangennech and Longtown.

However, the impact on sites and staff numbers could have been greater had a private sector bidder won and been able to rationalise the defence supply chain with their own particular supply chains and processes.

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**What happens next for FDSCI?**

To some extent the hard work now starts. There will have to be detailed negotiations on the structure of the new organisation, the timetabling and handling of site closures and the management of job losses.

The trade unions believe that, in achieving the selection of an in-house option, these negotiations will be more manageable than may otherwise have been the case.

Taking a cautious view of the in-house options and the decision the MOD trade unions are committed to the success of the new organisation and to supporting the members working in it or affected by the restructuring. We shall continue to push hard for the department to be similarly committed.

**Just a first Step – now for other parts of MOD**

There are numerous examples where the Ministry of Defence is considering 'commercialising' the existing provision of services to the front line commands without looking seriously at what can be achieved in-house.

Two ongoing and significant initiatives are the Defence Training Review (DTR) and the Defence Information Infrastructure (DII) contractorisation which, between them cover the jobs of thousands of civil servants and where the Department has so far refused to allow consideration of in-house options.

The trade unions call on John Reid and his ministerial team to recognise and ensure that the FDSCi announcement is the first step in reversing the tide of dogmatic commercialisation sweeping across the Ministry of Defence. Any future decisions on how support services are to be provided must be based on a genuine level playing field evaluation of all options including in-house.

Yours sincerely

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MOD & Government Depts**