

Aspirations

the magazine for Aspire employees and stakeholders including partners and subcontractors

Issue 1 - February 2004

Aspire Defence will deliver its commitments through a garrison based organisation, with upgrade work divided into four major blocks of activities centred on Aldershot, TidNBul (Tidworth, Netheravon, Bulford and Perham Down), Larkhill and Warminster. This magazine is just one component in Aspire's communications package for its current and future workforce.

Other tools are our website, a programme of direct liaison on issues surrounding the Transfer of Undertaking Protection of Employees (TUPE), and a continuing series of roadshows, face to face meetings with the garrison teams, human resources clinics and Garrison Radio. Our website can be accessed at:

www.aspiredefence.co.uk

It includes information on the project, its supply-chain partners, roadshows, details of job opportunities and how to become a supplier to Aspire.

Aspire
Defence Ltd

A business with an assured future

By Peter Smart, Chief Executive

Aspire Defence was established to fulfil a service contract for the provision of better quality services and accommodation at the garrisons around Salisbury Plain and Aldershot. The contract is with the MoD, but it is the soldiers who will be our real customers.



Personally I view this contract as the opportunity of a lifetime. My early career was spent in the Army when I got to know Tidworth and several of the other estates at first hand. I share the MoD's view that if the British Army is to recruit and retain the best soldiers they must be provided with the best living accommodation and the best services. I feel passionately about getting this right.

But this is not just a personal mission. This contract represents a raft of opportunities for Aspire staff, current MoD personnel who will transfer to Aspire, and to many who are currently working for contractors. We are, after all, building a business with an assured 35 year future - a rare opportunity in today's climate.

The most important ingredient in

the best soldiers must have the best accommodation

Aspire Defence is its people. They will come from a multitude of backgrounds, will provide the highest standards of service and, as a result, share in the benefits of being part of a successful business. Our success will be fundamentally dependent upon their abilities and their attitude towards our customers.

Of course, this will mean culture change and I'm the first to acknowledge that scepticism and anxiety are always present in the early stages of change -

that is only human nature. Having led the recent roadshows and visited all the sites I know that if you are one of those who will TUPE transfer into Aspire you have concerns. Indeed, some of you were not slow to come forward and express them directly. I'm glad you did, because your openness gives us the chance to be open with you in return. So I can say 'yes', there will be change and we will be doing many things differently. But we listen and learn from you - the people currently doing the work. And if Aspire Defence does not quickly become a sought-after employer, with the ability to steadily recruit the best people, we will have failed.

Some of you may have wondered about the company name. The name Aspire was no random choice, rather a statement of our aims. We aspire to reach the highest standards and aspire to do things differently and better, while building a team which will grow and share those simple but challenging aspirations.

The traditional barrack-room image could not be further from the planned provision for soldiers. We aspire to provide accommodation for single soldiers more like that provided in the best of university halls of residence, each for single occupancy, with ensuite facilities, cabling for computers and the internet, and equipped with modern, stylish furniture.

Extensive leisure facilities are planned for communal areas and, again, we will be moving away from the traditional 'canteen' image towards that of modern retail outlets, recreational facilities, late opening and everything which is necessary for a modern, 'village' like community.

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We have also been developing plans based on a strong desire by all commanders for wider integration with the community. It is likely, therefore, that some leisure facilities will be developed in tandem with local authorities, using the popular, well-established Tidworth Leisure Centre as a model. All of this involves a massive construction programme which will span some eight years.

I've been associated with this project for the last two and half years, during which time our participation in a competition led to us being confirmed by the MoD as the provisional preferred bidder in July 2003. Since then the team's time has been taken up negotiating the contract with the MoD; surveying the complete estate of some 2,000 buildings and liaising with bodies such as town and country planning authorities. Among the matters addressed have been access roads, environment and transport planning. We have been involved in matters as apparently unrelated as the provision of the right habitat for bats to public transport planning.

The other main activity concerns finance. Aspire Defence is a Private Finance Initiative (PFI) and as such we have been negotiating and planning the project finances and raising some £1.5 billion from the money markets by marketing the scheme as a high quality project for a blue chip customer - the UK Government. In addition, the parent companies of Aspire Defence, Mowlem and KBR, are each investing some £25 million of equity into the project.

Aspire employees now number around 60 who have been working closely with me on all of the above and seeking MoD approval for the business case. As soon as we receive the appropriate approvals from the MoD this number of employees will grow rapidly and there will be a speedy mobilisation of the workforce into each garrison. My role will then shift to become one of managing the potentially complex interface between all parties.

There is a huge amount of work still to be done before we reach contract signature and service commencement date. The good news is that I could not have been more impressed by the level of commitment and the determination to resolve problems that has been shown by everyone associated with this once in a life time project. We will get there.



Peter Smart, Chief Executive

Our Human Resources *the main ingredient*

On the front page Peter Smart said that "the most important ingredient in Aspire Defence is its people." To ensure we get and retain the best people, the Aspire Human Resources team, headed up by Mike Staines, is currently devising its HR strategy and policy. These are founded on the partner companies' wealth of experience and best practice personnel and staff training programmes which will ensure a smooth transition for all who join Aspire.



Additionally, Aspire's subcontractors were selected after careful evaluation of their human resource policies and practices, to ensure that all transferring staff, whichever company they join, can feel confident about their future. We spoke to Mike to learn more about Aspire's HR approach.

Mike said: "Project Allenby/Connaught is a 35 year business and will succeed only if Aspire and its associated contractors are able to recruit and retain staff of the highest calibre. Some 400 civil servants employed by the MoD and 2,000 employees of the current contractors will transfer to Aspire and its contractor companies. All transfers will be carried out under the Transfer of Undertakings (Employment Protection) TUPE regulation, which ensures transferring staff's terms and conditions of employment are fully protected. This provides a major opportunity for Aspire, as it will ensure a trained, experienced and dedicated workforce from the very first day of service provision for our client.

"The HR teams have already made contact with future employees, attending all of the garrison "Introduction to Aspire" roadshows, producing news and personal letters to those transferring under TUPE and meeting with individuals on frequent garrison visits. The next series of presentations will take place during the first two weeks of March at Aldershot, Larkhill, Bulford (for TidNBul) and Warminster. There will be afternoon events at each venue for

MoD staff and an evening event at each, specifically for contractors' staff. Further TUPE roadshows also are planned, which will provide the opportunity to fully explain the staff transfer process and give expert advice on such issues as pension planning, financial management and career development. HR specialists will also visit all garrisons on a regular basis, manning HR drop-in centres - open to all interested parties, not just those affected by TUPE - to provide advice on the employment and career opportunities with Aspire as well as confidential consultation on such issues as pensions transfer."

Mike added: "Regular meetings with all recognised Trades Unions have led to the development of positive and progressive working relationships, which will help to ensure that the interests and expectations of all stakeholders - the employees, the client, the shareholders and most importantly, the soldiers and their families who are our customers - are fully met and exceeded!"

He concluded: "We will do everything possible to ensure those transferring to Aspire or its chosen subcontractors, are confident that their terms and conditions of employment are fully protected. Any proposed changes will only be made after full consultation, negotiation and agreement with the appropriate and recognised Trades Union or Staff Association representatives. We are sure that transferring staff will soon come to realise there are many benefits to be gained from employment with the Aspire team. Notwithstanding the 10 year break points, in respect of the services provided by subcontractors to prove value for money for the MoD, they will have the remarkable prospect of 35 years' job security ahead of them and benefit from Aspire and the subcontractors' world class development programmes.

"This is a great opportunity to build careers within a culture which positively encourages and thrives on personal development and individual initiative."

Your questions answered

Many of you asked pertinent questions during our roadshows. The following are the questions most frequently asked and we are pleased to repeat our responses.

What happens if I am no longer required by Aspire?

You will be required. There will be no redundancies when Aspire and its subcontractors take over, indeed it is likely that additional staff will be recruited to meet our obligation to provide the MoD with a quality service. Where vacancies do occur, because they cannot be filled by transferring staff, they will be advertised. Applications from all sources, including any of you, will be welcome and our selection criteria will be recruitment of the best person for the job.

Will my pay or terms and conditions change when I transfer?

No, these are protected when you transfer under TUPE. Some terms and conditions however cannot be transferred in their current form. Alternative arrangements, no less favourable than those currently enjoyed, will be introduced. Bonus schemes are also protected under TUPE, though Aspire and its subcontractors may seek to negotiate new bonus arrangements. Any changes to pay, terms, conditions, or bonus arrangements, will only be introduced after full consultation and negotiation with your representatives.

Will I have to retire at 60?

Aspire and its subcontractors have stated that they will comply with Normal Retirement Age - the age at which staff may, as of right, leave the occupational pension scheme with full benefits. On reaching this age some staff may be given the opportunity to continue working, based on an individual assessment of such things as fitness and ability. Some staff currently have an automatic right to serve until the age of 65 and will retain this right.

What will happen to my pension?

Your current expectations are maintained. The alternative pension arrangements, proposed by Aspire and our subcontractors, have been assessed by the Government Actuary's Department (GAD). It has issued certificates confirming that the alternative arrangements are comparable with your current scheme and no less favourable. Aspire has agreed with GAD the basis for the calculation of a bulk transfer of past service accrued benefits - year for year service credits. Pensions roadshows are planned for May and June when representatives from Aspire, its subcontractors, the MoD Pay & Pensions Agency and GAD pensions experts will be on hand to give you detailed information on your pension alternatives.

Can I choose to remain with the MoD/my current employer?

If the work that you do forms part of the services which will be provided to the MoD by Aspire and its subcontractors then it is likely that you will transfer. You may apply for other MoD jobs which do not transfer, but such opportunities are likely to be limited and, as outlined in the programme, transfer offers excellent opportunities for secure, progressive employment.

What will happen if I refuse to transfer?

We hope to demonstrate that transfer to Aspire or our subcontractors provides secure, long term employment and real advancement opportunities. Should you refuse to transfer your current employer is not obliged to find you alternative work, you will be regarded as having terminated your own employment and, accordingly, will lose statutory rights such as redundancy pay.

Can I choose which company I transfer to?

No. Staff will transfer to the company contracted, or subcontracted, to carry out the work currently done by the staff member. However, do bear in mind that Aspire and all its subcontractors who receive transferring staff under TUPE have stated their intention to observe the MoD code of practice on TUPE transfers in full.

Editorial

Welcome to *Aspirations*, the new magazine for all who work for Aspire Defence and those with an interest in the outcome of the project. We hope it will inform and occasionally entertain you, and with plans to publish every other month, we will require your support. Your feedback, input, news and views as well as letters to the editor are all most welcome.

Please e-mail these to the Editorial team at:

aspirations@aspiredefence.co.uk

Christmas present for SSAFA



Even if you didn't receive one of Aspire's Christmas cards, you might like to know that Aspire had the best interests of the forces in mind when it chose its card - each carried a donation to SSAFA, the Soldiers, Sailors, Airmen and Families Association - Forces Help. SSAFA is committed to helping anyone who has served in any of the armed forces, including the reserves and those who did National Service and their dependents, even if it was just one paid day. SSAFA estimates that around one quarter of the UK's population is eligible for its assistance. The extent of its assistance ranges from providing support networks for service families abroad to obtaining physical aids for those in need. For further information check out the website at:

www.ssafa.org

The Pro

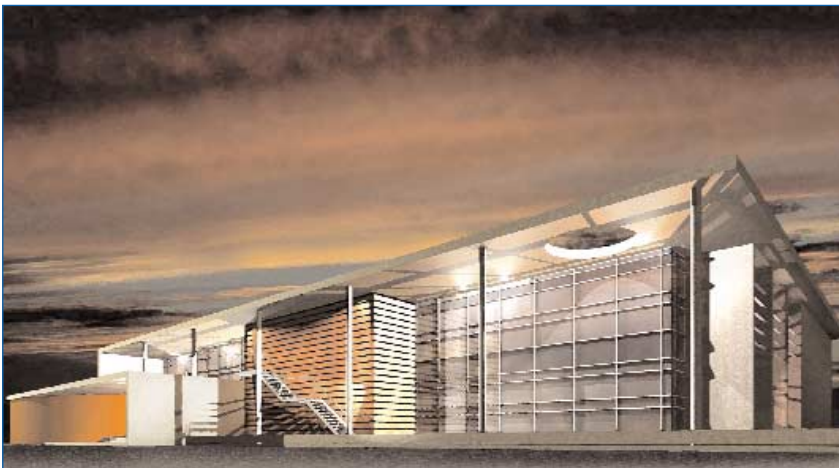
The 1998 Strategic Defence Review (SDR) proposed key changes affecting the Army in the Salisbury Plain and Aldershot areas, specifically the development of new and modernised living and

technical accommodation and the creation of a better environment. The 35 year project Allenby/Connaught is a Private Finance Initiative (PFI) devised to meet these needs, as well as the

provision of associated support services, for military and civilian staff on the 'Allenby' Salisbury Plain area garrisons of Bulford, Tidworth, Perham Down, Ludgershall, Netheravon, Larkhill and Warminster and on the 'Connaught'

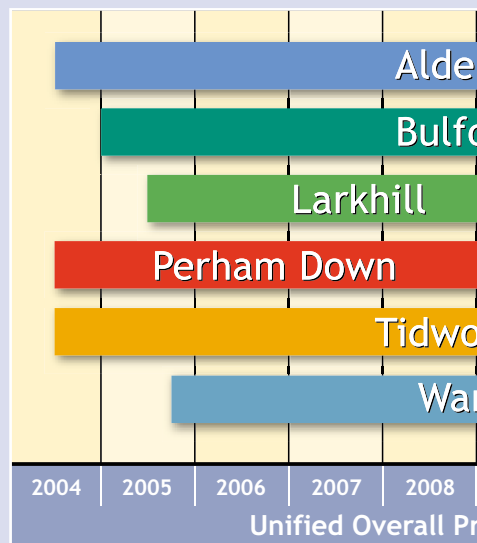
Larkhill

At Larkhill, the first planned construction work, on a new community centre, is due to start late in 2005. Work on the new accommodation for junior ranks, as well as the refurbishment and hopefully work on Senior Non-Commissioned Officers (SNCO's), is due to start in 2006. Refurbishment to the existing junior ranks accommodation will start around one year later.



Warminster

Work on the construction of the new community centre at Warminster is due to begin at the end of 2005 and will be followed shortly after by work on the new dining centre at Battlesbury for junior ranks. Construction of the new junior ranks single living accommodation (JRSLA) begins in 2007 followed, in early 2008, by the construction of the senior non-commissioned offices accommodation at Land Warfare Centre, with work on the new officers' accommodation and refurbishment of junior ranks accommodation starting later in the same year



Delivering the

Aspire Defence was formed to deliver

The company brings together the extensive skills of Mowlem plc, a leading international construction and support services group, and Kellogg Brown & Root (KBR), one of the world's leading engineering, design, construction, logistics and maintenance companies.

Mowlem currently works in more than 75 MoD establishments and KBR's business contracts include ownership of Devonport Royal Dockyard, and other contracts to support the UK military on deployed operations.

Mowlem and KBR are equity partners in Aspire and together will own more than 50% of the Joint Venture Company and retain control. They will undertake a large proportion of the

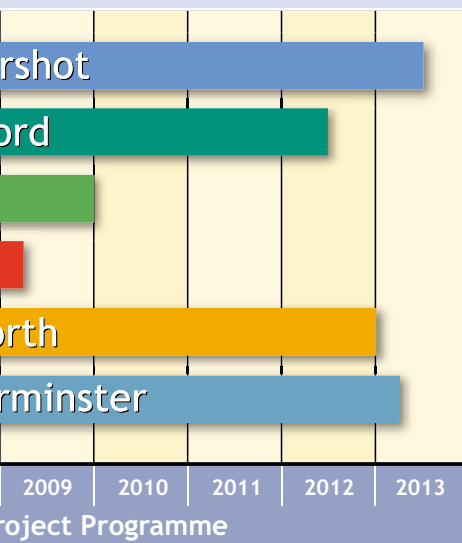
KBR

programme

Aldershot garrison. It involves the adoption and management of the existing estate, refurbishment, design, construction and integration of new facilities, and the management of change during transition and beyond.

Aspire will deliver around 11,000 Z standard bedrooms and by the end of 2005. Over 2,000 men and women will live in this improved accommodation. To achieve this it is necessary that 65% of the living

accommodation and 30% of the technical and office accommodation be newly built, with the remainder of the accommodation being refurbished to a high standard.



Aldershot

The first work to be done this summer in Aldershot is the new entrance road layout at St Omer, which will facilitate construction of the new administration centre to be known as Wellington House. Work on the new junior ranks village at St Omer will start in 2005 and the first phase is scheduled for completion early in 2006. The second phase of the junior ranks village, including a new officers'/SNCOs' mess, will start late 2007. Elsewhere in the Garrison there will be new workshops and the dining accommodation will be modernised. Lastly a new HQ will be built.



TidNBul

Construction work will commence this summer at Tidworth on new accommodation for junior ranks, officers and senior non-commissioned officers, and, in 2007, on offices and workshops refurbishment, due for completion in late 2012. Construction work will commence at Perham Down in April this year with a prototype of a 36 person accommodation facility which is due for completion within approximately six months. Other construction work will start this summer on the new accommodation for the junior ranks, although the refurbishment programme for the officers accommodation will not commence until 2007, running through until 2009. At Bulford new build construction work will start on the new junior ranks accommodation late in 2005 with the majority of all work, including refurbishment of offices and workshops and new SNCO accommodation to be completed by the end of 2009.



The partnership

deliver project Allenby/Connaught

construction works themselves, with the remainder being carried out by their sub-contractors under Aspire's management and control. The ability of these partners to work together will be key to success and this is not the first instance of their close collaboration. They are already working together to deliver a vast 50 year PFI project in Australia - the Alice Springs to Darwin Railway.

Working in a partnership relationship with the Authority, Aspire aims to meet, or surpass, the Authority's targets through a forward thinking, customer-focused culture, which embraces sustainability and demands flexibility and value for money.



Open letter from Mike Cooper

I welcome this opportunity to write in Aspire's first newsletter. You will all be aware from various project newsletters and Aspire roadshows that the project represents a major part of Land Command's redevelopment programme. It will provide around 11,000 bedspaces, upgrade single living accommodation, with our private sector partner taking over and managing the existing estate and associated support services and, subsequently, design, refurbish, construct, finance and integrate new facilities.



The term of the contract will be for 35 years, with approximately £1 billion capital expenditure and a total through life value of some £5 billion. Garrisons at Aldershot and across Salisbury Plain will be affected, resulting in around 400 MoD civilian personnel across the area transferring to the private sector.

The project team is at present working very closely with Aspire to finalise the contractual procedures to achieve compliance with internal MoD financial/commercial close processes including estates and services issues. Planning applications have been submitted to a number of Planning Authorities and I am very pleased to announce that planning approval has been granted for Perham Down, Larkhill and Bulford. The outcome of planning

a unique opportunity to radically improve conditions

applications for Warminster, Tidworth and Aldershot are expected soon.

The project is not only vital to the Army in achieving its objectives of implementing the Strategic Defence Review and improving soldiers' living accommodation, it also heralds the start of an exciting future for the communities that live alongside the garrisons around Salisbury Plain and in Aldershot.

We are totally committed to meeting our objectives and ensuring the project is a success. However, these aims can only

be achieved with your support and co-operation. I have already used the word exciting and make no apology for using it again when I say that we are on the edge of one of the most exciting periods in history for the garrisons.

By working together we have a unique opportunity to radically improve conditions in these places for the people who live and work within them. It will play a major part in fulfilling the Government's commitment to improving the quality of accommodation for Service personnel.

Mike Cooper,
Project Manager
Allenby/Connaught

Diary dates

*Aspire sponsors
Aldershot Army Show*

Due to the large numbers attending the combined Aldershot Army Show and Aldershot Horse Show last year, this year's events will be held separately. Aspire is sponsoring this year's

Army Show, which coincides with 150 years of the Army's association with Aldershot, taking place over the weekend of 3 - 4 July. Aspire's show marquee will be open to the public who can view the masterplans, see details of the Aldershot construction programme and talk about potential recruitment or job opportunities. After the success of last year's show this year's event promises to be even more exciting. All profits will go to the Army

Benevolent Fund and other nominated charities. See www.armyshow.co.uk

Roadshows

With the aim of keeping all staff who will potentially transfer to Aspire or one of its partners fully informed, further Aspire presentations and roadshows are planned.

WHO'S WHO



Peter Smart

Chief Executive

Peter Smart has spent the best part of his working life in the service business. He joined the Army as an apprentice aircraft technician "way back in 1968" and claims that every job he's had since then has been about delivering service, whether it be engineering, maintenance or logistics. He has worked for KBR for the past 12 years and been involved with services of one type or another, mostly to the MoD.

He said: "I think that I bring a number of relevant experiences to Aspire. My first career in the Army means that I have a sound understanding of our customer, from both the individual soldier's and the wider MoD perspective.

"Aspire is also one of a number of PFI deals with which I have been involved, so here again I bring an in depth understanding of that process to the project. Most of all I enjoy building relationships, which is fundamental to any successful service contract.

Likes and dislikes

"There are lots of things that I like - openness, hill walking and beer included. There are few things that I really dislike, but

I cannot tolerate those who pursue their own agendas at the expense of others. I love all sports and 'Chariots of Fire' is my favourite film - I still find the title music inspiring."

Good advice

"The best advice I was ever given was "be yourself!" "

Thinking aloud

"If we and our children do not take more care to preserve the natural environment then we will be guilty of destroying something which can never be re-created. Fortunately our children's generation appears to understand this much better than we do. We should learn from them."



Al Volpe

Chief Operating Officer - Works & Services

One of the most recent additions to the Aspire team is Al Volpe, who has over 35 years experience in the engineering and construction industry working for KBR. Some 20 of those years have been spent working on multi-million dollar joint venture projects. He joined KBR on graduating from Texas A&M University in 1968 and since 1982 has been involved exclusively in international joint venture projects, with assignments in Venezuela, Brazil and the Middle East. He brings extensive experience of managing integrated management teams and multiple sites to Aspire Defence.

Al said: "I am lucky to have been involved in all aspects of on site project execution, engineering, procurement and construction. Last December I completed my assignment

on the Alice Springs to Darwin railway project in Australia. It was a unique and exciting project which is the final link in Australia's national rail network, connecting the south with the new deepwater port of Darwin in the north. As project director my responsibilities included bottom line responsibility for the financial and technical success of the project."

Likes and dislikes

"I like working to a plan, but always having contingency plans. My main dislike is procrastination.

"My favourite film is The Sting - such a tangled plot, full of false leads, red herrings, and multiple double-crosses, all mixed with Scott Joplin's ragtime music. It left a lasting impression. When it comes to books, these days I only seem to have the time to read on

planes or at airports, so Tom Clancey fits the bill, because he can really spin a tale. His novels contain a great deal of technology - which is in itself intriguing and dazzling.

Good advice

"The best advice I've ever been given was: 'Have you noticed that the harder and smarter we work the luckier we are?' - this from a highly successful construction manager."

Thinking aloud

"Currently Aspire's major efforts are directed towards supporting its commercial and legal teams and all the deliverables necessary for financial close. Execution planning for both works and services is also intensifying and these will support an effective start of work."

In the first two weeks of March garrison presentations will take place at four venues, Aldershot, Larkhill, Bulford (for TidNBul) and Warminster, with afternoon sessions at each venue for MoD staff and evening sessions specifically for contractors' staff.

In addition, a further series of road shows, specifically covering TUPE and pensions issues, is being planned and the dates for these will be issued shortly. (Any issues raised

by personnel during the "Introduction to Aspire" roadshows in November 2003 will be addressed at these forthcoming events.)

All these events will be well publicised at the garrisons.

AFF conference

Aspire and its partners are sponsoring this year's Army Families Federation (AFF)

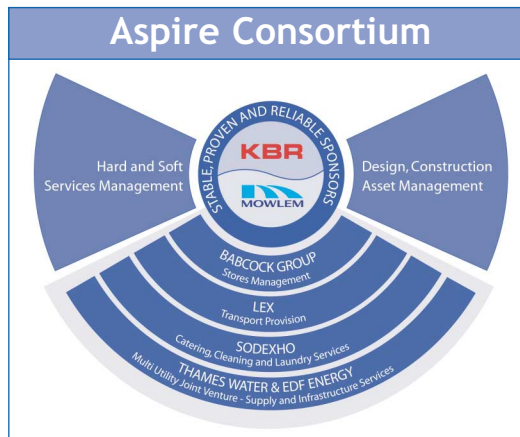
conference taking place on 16 June at the Guildhall in the City of London. AFF promotes communication, information and liaison between the Army, its families and policy makers, representing the views of the families and lobbying for change where necessary.

For more information please go to:

www.aff.org.uk

Our partners in service

Aspire's skills are supported by several world-class supply-chain partners who will deliver the necessary management expertise and skills to satisfy or exceed the Authority's requirements for maintenance and services at the Allenby/Connaught barracks.



The Babcock Group has an excellent track record for the provision of a wide range of skills and expertise in support services and facilities management to the defence and civil sectors in the UK. It will provide stores management services similar to its current provision at several MoD bases including the Armour Centre at Bovington.

Uninterrupted utility provision is a key project requirement with a vital role in the maintenance of morale amongst all personnel. Accordingly prime responsibility for utility provision is taken by an integrated "Multi-Utility Joint Venture" (MUJV) comprising Thames Water and EDF Energy.

MUJV has undertaken a full analysis of current utility arrangements highlighting some risk areas in the project's early stages. It will bring the utility asset base up to industry standard and mitigate these key risks. It will also provide utility services to meet both Aspire's masterplans and the MoD's sustainability aspirations. It has detailed plans for customer service and operational control

of the utility network, including management of the critical "lead-in" period and the necessary security arrangements. MUJV and Aspire will work closely with the MoD to minimise interruption to military capability during the initial upgrade work and maintain supplies to facilities not scheduled for new build or refurbishment.



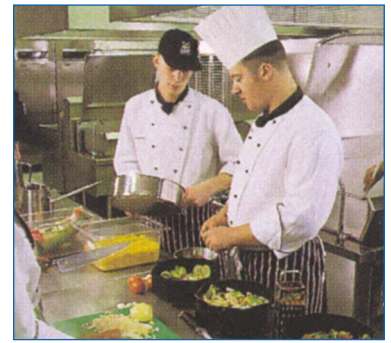
Thames Water is the UK's largest water and sewerage company, and provides services to some 11 million customers and

has considerable overseas experience from the USA to Indonesia and China. It already operates the water and wastewater facilities at Tidworth and Perham Down.



EDF Energy has over 5.2 million customer accounts, is responsible for the electricity distribution

networks which power 7.8 million homes and businesses in London, the South East and East England, and is Britain's fourth largest electricity generator.



Sodexo Alliance is a world leader in catering and support services with an

annual turnover of some £757 million. In the UK it employs around 55,000 people. Sodexo has an established track record in private finance initiative projects in the health segment as well as in defence, education, police, courts and custodial services. It will directly deliver customer services, including the provision of catering, cleaning and laundry services, at all Allenby/Connaught garrisons.

On the design front Aspire is working with two groups of architects, Broadway Malyan and Scott Brownrigg.

Broadway Malyan

Broadway Malyan, one of Britain's largest and most active architectural and design groups, has carried out a wide range of projects in all construction sectors, from education, retail and housing through to industrial and leisure, for various government agencies, developers, and local authorities. In addition to its core architectural teams, it has units specialising in regeneration, masterplanning, urban design, landscape architecture, town planning, sustainability cultural heritage (conservation), planning supervision, interior and graphic design.



Scott Brownrigg is an international design practice with over 120 employees in the UK as well as international associations. It has expertise in the public sector, business space, large mixed use, residential, higher education, transport, hospitality and industrial development sectors and claims a reputation for masterplanning and designing for the defence sector. Its range of specialists work as an integrated design team and include planners, urban designers, masterplanners, architects and interior designers. It focuses on achieving a balance between commercial insight and design excellence.



Lex Defence provides a range of skills and services to support the British armed forces' vehicle fleet requirements around the world. It is currently responsible for over £1 billion worth of MoD contracts managing over 14,000 vehicles and is a

leading supplier to the UK defence market. Lex Transfleet, a joint venture between RAC plc and Lombard North Central plc, has a proven track record in supplying and managing an extensive range of White Fleet and Green Fleet vehicles. It has provided a full transport service to the Aldershot garrison and other army garrisons in Southern England since 1997.