

NGEC: GUIDING PRINCIPLES

Engaging staff and customers...

- Early in the programme key DIO staff were engaged in working groups to build lessons learnt from the current contracts into the new contracts
- Estate-users are routinely engaged and briefed in stakeholder working groups at project level
- News announcements and updates are routinely published on the DIO intranet to build and maintain staff awareness

Engaging industry...

- To tap into expertise and knowledge across industry, and open up the opportunities to widest possible array of potential suppliers, across the UK and within the EU, NGEC has run seminars, conferences and workshops to brief industry on progress, and gather views and ideas
- Early research included consultation with Shell UK and National Grid plc, and drew on an earlier DIO energy management study informed by organisations such as John Lewis, Sainsbury's, M&S, Morrisons, EDF Energy, BP and Gaz de France
- In mid-2010 Industry Focus Groups were held to seek best practice across 11 key areas of contract development, including: sustainability and energy, pricing and incentivization, relationship management, and risk management
- During the procurement of each contract NGEC will engage shortlisted bidders in "competitive dialogue", comparing and contrasting their different approaches to the NGEC Statement of Requirement, including asset maintenance, information systems, energy management and supply chain development

Engaging the wider public sector...

- NGEC has sought best practice across wider Government and the public sector, engaging organisations such as OGC, the Highways Agency, Home Office, NHS, Hampshire County Council, British Airports Authority, Ministry of Justice, DEFRA and DWP
- NGEC aims to establish contracts that are compatible with commercial arrangements elsewhere in Government and the public sector, to support the HM Treasury vision for cross-government procurement

OGC Assurance — to ensure that NGEC meets cross-Government procurement standards, the programme is following the principles of Office of Government Commerce (OGC) Gateway™ process, running in four stages – initial gate business case, model re-search, model development, contract procurement and delivery – through to Main Gate approval. NGEC is currently at contract procurement.

Strategic Defence and Security Review

– this will impact on the future size and shape of the Defence estate and the commercial activities required to maintain it. NGEC is working to ensure the new suite of estate contracts are flexible enough to adapt to emerging outcomes for the Defence estate.

Budget issues – the impact of pressure on the Defence budget presents an uncertain future for DIO funding. NGEC is working to ensure the new estate contracts are affordable within the current budget, and sufficiently flexible to accommodate future fluctuations in Defence spending. The use of input and output specifications will enable DIO expenditure to be properly controlled and managed.

Experience and expertise – the NGEC team has been drawn principally from across DIO, recruiting staff with a variety of professional qualifications and varied experience of the current set of commercial arrangements and of working elsewhere in the public sector and in industry.

Value for Money – in the current fiscal climate it is essential that NGEC can demonstrate that the future contracts will deliver the estate required by our Armed Forces in a cost-effective way; the tendering process will be used to ensure that successful bidders have the right culture of continuous improvement and value for money to be able to achieve this.

Local procurement and SMEs – NGEC aims to open the supply chain up to small and medium enterprises; initiatives have included the creation of Regional Capital Works Frameworks for smaller construction projects, running supply chain networking sessions at NGEC industry days, and publishing bidders' key contact details in the online Potential Bidders Directory.



Defence Infrastructure Organisation

NEXT GENERATION ESTATE CONTRACTS (NGEC)

APRIL 2012



DEVELOPING FUTURE CONTRACTS

The NGEC programme aims to develop the most cost-effective mix of future commercial arrangements for the Defence estate, and to manage transition from the current contracts to the new contracts.

From 2014 the current arrangements with industry to provide management, maintenance and development of the UK Defence estate will expire. The NGEC programme is replacing those arrangements with a mix of contracts that will deliver the best possible service for the Armed Forces and the rest of UK Defence, and achieves best value for money for the UK taxpayer.

What are the new contracts?

- Four **Regional Prime** contracts (Scotland and Northern Ireland; North of England, Wales, the Midlands and East Anglia; Southwest England; South-east England) delivering maintenance services
- Six regional and one national **Capital Works Frameworks** delivering construction projects, with the possibility of additional **Functional Frameworks** for Single Living Accommodation (SLA) and airfield pavements.
- A single UK-wide **National Housing Prime** contract delivering housing maintenance services
- A single UK-wide **National Training Estate Prime** contract delivering range technical support, hard facilities management (Hard FM), soft facilities management, and training range booking services

What is being replaced?

- Five UK mainland Regional Prime Contracts (Scotland, South West, South East, Central, East) delivering core works and routine maintenance work
- Two Northern Ireland regional contracts delivering routine maintenance work to existing facilities
- The Housing Prime Contract delivering maintenance, improvements and full upgrades to military homes across England and Wales
- The Defence Training Estate (DTE) contract delivering management of UK training facilities
- Project SLAM delivering new single living accommodation at Defence establishments across the UK

Progress to date...

Since its inception the NGEC team has:

- Consulted stakeholders, including DIO delivery areas, MOD customers, wider Government, professional organisations and industry, to review the current arrangements, and draw on best practice
- Researched future Defence requirements and evaluated possible configurations of different contract-types to meet those requirements, and obtained Investment Approvals Committee (IAC) approval for developing one of those packages as the strategic way forward for the Defence estate
- Run a series of Industry Focus Groups to consult the private sector on key areas of contract development such as energy and sustainability, pricing and incentivisation, life-cycle replacement, and relationship management; industry engagement will continue to help inform development of the contract models
- Issued Prequalification Questionnaires (PQQ) and run industry days and supply chain networking for each prime contract and several of the Capital Works Frameworks
- Announced a number of the bidder shortlists for individual contracts, issued contract tendering documents to bidders, and started competitive dialogue sessions for the first Regional Prime (Scotland and Northern Ireland)
- Undertaken a fundamental review of the NGEC programme timetable to reflect a variety of emerging factors, and sought IAC approval for realignment of contract award and in-service dates for all the contracts

Next steps...

- Begin competitive dialogue sessions for the other prime contracts, and then invite shortlisted bidders to submit detailed tenders
- Evaluate tenders, seek IAC Main Gate Approval, and award contracts to successful bidders, aiming to achieve this in a phased approach from 2014
- Continue work to ensure alignment of the NGEC contracts with the emerging shape and structure of new DIO strategic business model
- Develop mobilisation plans to manage transition from the current arrangements to the new suite of contracts and into a "steady state" of operation

NGEC SENIOR MANAGEMENT

Programme Director: Steve Rice

Strategic direction of the programme; reporting to the programme board

Steve is a Chartered Surveyor by profession and is the head of profession for MOD Construction professionals. He previously led the DE northern region, with responsibility for New Projects, Land Management Services (LMS) and maintenance in Northern England, Scotland, Northern Ireland and Wales.

Programme Manager: Mike Pearson

Risk management; resource management; assurance management; benefits realisation; business change; stakeholder communications and engagement; human resources; secretariat and administration

Mike is a Chartered Engineer, a member of the Institution of Electrical Engineers, and graduated from the Royal Military College of Science in 1978. He has more than 30 years' experience of the Defence estate, including most recently as deputy director of the South East regional prime contract, and manager of the Estate Management Coherence Study, subsequently incorporated into the NGEC programme.

Head of Contract Development: Mark Grant

Development and delivery of the NGEC contract models, including: commercial documentation; financial model; contract works information; affordability; data management; relationships; user requirements; fall-back plan; information systems

Mark is a Chartered Civil Engineer, and began his career with Balfour Beatty, before joining the MOD in 1991. He was appointed deputy director of the Central regional prime contract in November 2005, covering the North of England, Wales and West Midlands. He was involved with development of Structural Euro-codes, the statutory EU engineering standards, and is UK national technical contact for Eurocode 3.1.

Senior Projects Manager: Gill Hodson

Overall project management and delivery of all NGEC prime contracts and Capital Works Frameworks

www.mod.uk/DefenceInternet/MicroSite/DIO/WhatWeDo/NGEC/NextGenerationEstateContracts.htm