

Call-Off Schedule 2, Annex 1 – Statement of Requirements
Provision of Consultancy to establish a PMO
to manage programmes and projects
to fix the broken housing market

Contract Reference: CPD04119004

CONTENTS

1.	PURPOSE.....	2
2.	BACKGROUND TO THE CONTRACTING AUTHORITY.....	2
3.	BACKGROUND TO REQUIREMENT.....	2
4.	DEFINITIONS.....	3
5.	SCOPE OF REQUIREMENT.....	3
6.	THE REQUIREMENT.....	4
7.	ADDITIONAL REQUIREMENTS	8
8.	AUTHORITY'S RESPONSIBILITIES	8
9.	REPORTING	8
10.	VOLUMES.....	8
11.	CONTINUOUS IMPROVEMENT	8
12.	SUSTAINABILITY	8
13.	QUALITY.....	9
14.	PRICE	9
15.	STAFF AND CUSTOMER SERVICE.....	9
16.	SERVICE LEVELS AND PERFORMANCE	9
17.	SECURITY REQUIREMENTS.....	9
18.	INTELLECTUAL PROPERTY RIGHTS (IPR)	10
19.	PAYMENT	10
20.	ADDITIONAL INFORMATION	10
21.	LOCATION.....	10

1. PURPOSE

- 1.1 The Ministry of Housing, Communities and Local Government (MHCLG) require a Management Consultancy Supplier to work with the business to establish and subsequently operate a new Programme Management Office (PMO) to level 4 'Managed' P3M3 standards. This states the PMO obtains and retains specific measurements on its programme management performance and runs a quality management PMO to better predict future programme outcomes.
- 1.2 The Housing Supply PMO will establish the control environment needed to manage the delivery of all programmes and projects contributing to the department's Strategic Objective One (SO1) to fix the broken housing market: supply a million homes by the end of 2020 and half a million more by the end of 2022 and put us on track to deliver 300,000 net additional homes a year on average by the mid-2020s. Our strategic objectives are outlined in the [Single Departmental Plan](#)

2. BACKGROUND TO THE CONTRACTING AUTHORITY

- 2.1 The housing supply portfolio sits within MHCLG's Housing Group and has approximately 30 programmes and projects that use financial support (often administered by Homes England, the Department's delivery arm), regulatory and policy changes (including planning through local authorities) and other mechanisms to ensure homes are built in the places where they are most needed. The portfolio has significant dependencies on programmes and projects in other Government Departments, particularly the Department for Transport, and on private sector delivery.

3. BACKGROUND TO REQUIREMENT

- 3.1 MHCLG require a Supplier with PMO and change management experience to work with the Housing Group to establish a target operating model for the Housing Supply PMO that sits within the current departmental governance arrangements. This will include defining a target operating model for the PMO by quantifying project contributions to SO1; including reporting up to the Director General (DG) led Housing & Planning Portfolio Board and its reporting and accountability relationship with the Homes England PMO that avoids duplication or gaps in assurance.
- 3.2 Key products will include defining and producing a PMO and Portfolio Board terms of reference and key responsibilities; control processes; management information requirements; inter-dependency mapping within the Housing Group, the wider department, stakeholders and delivery partners; benefits management; staffing requirements; and considering potential for automation and improved efficiency.

4. DEFINITIONS

Expression or Acronym	Definition
MHCLG or department	Ministry of Housing Communities and Local Government
Homes England	Executive non-departmental public body
OGDs	Other Government Departments
LAs	Local Authorities
GLA	Greater London Authority
HAs	Housing Associations
SO	Strategic Objective
SDP	Single Departmental Plan
PMO	Programme Management Office
H&P	Housing & Planning Portfolio
HMT	Her Majesties Treasury
IPA	Infrastructure and Projects Authority

5. SCOPE OF REQUIREMENT

5.1 The requirement shall include the following:

- 5.1.1 Mapping the new Housing Supply PMO against the current governance arrangements within MHCLG, including interaction with key stakeholders across government and externally.
- 5.1.2 Creation of a blueprint or ‘anchor list’ of the content of the programmes and projects that contribute to SO1, including other government department, wider stakeholder and industry contributions.
- 5.1.3 Provision of an options paper setting out the governance arrangements for a Housing Supply PMO, including resource requirements.
- 5.1.4 Defining relationship management requirements with key stakeholders across government and the private sector.
- 5.1.5 Defining the target operating model for the Housing Supply PMO. This shall include control process, associated documentation, and management information requirements, and an exit strategy to ensure the effective running and exit of the PMO in line with the programme lifespan.
- 5.1.6 Provision of a scoping document that considers what insights research into industry and consumers is needed to make sure the portfolio and programme design meets public expectations around housing supply.
- 5.1.7 Hand-over of an operational PMO to the department.

5.2 The Supplier may also be required to facilitate the recruitment into the Housing PMO.

6. THE REQUIREMENT

6.1 The Supplier will need to deliver the following key requirements:

- Mapping current governance arrangements for the Housing Group within MHCLG, including interaction with key stakeholders across government and externally.
- Understanding and creating a blueprint or ‘anchor list’ of the programmes and projects and their projected contributions to SO1.
- Producing options for the Housing Supply PMO Governance Structure.
- Defining the target operating model and establishing the Housing Supply PMO.

Housing Group Governance Mapping

6.1.1 The Supplier is required to understand current governance arrangements and work in train to ensure the new Housing Supply PMO is aligned. This includes:

- The new portfolio approach and governance arrangements being developed for Homes England.
- The existing structures in the Housing and Building Safety and Planning Directorates, the Housing & Planning Portfolio Board, Finance, the business case approvals processes, including the role of HMT and IPA, the Central Portfolio Office, the Executive Team, and the Audit and Risk Assurance Committee.

6.1.2 The Supplier is required to take account of MHCLG’s external delivery partners/ influencers by identifying and mapping the delivery relationship with:

- **Other Government Departments (OGDs):** to identify how programmes and projects in OGDs are contributing (ideally quantifiable) to the target.
- **Private Sector, Local Authority, Greater London Authority and Housing Association Engagement:** to define relationship management needs with key delivery bodies that tracks their contribution towards delivery of SO1. Potentially create a shared endeavour with the private sector and track their contribution towards delivery of SO1 through a “Supplier” Management Board chaired by the Portfolio Senior Responsible Owner (SRO) (e.g. using the Broadband Delivery UK model).

6.1.3 The Supplier is required to produce a Governance Map outlining roles, responsibilities, reporting lines and accountabilities for the Housing Supply PMO internally, with Homes England PMO and other external stakeholders.

Create a Programme/ Project Blueprint/ 'Anchor List'

- 6.1.4 The Supplier is required to produce a programme and project 'anchor list' or delivery blueprint of MHCLG's programmes and projects that contribute to SO1 as defined in the SDP. This should include budget projections and housing volumes for current projects and those in the delivery pipeline up until the mid 2020s.
- 6.1.5 This should include the impact of housing supply delivery which:
- Is wholly owned and delivered by Homes England (e.g. the Home Building Fund).
 - Has MHCLG strategic oversight and Homes England delivery (e.g. the Affordable Housing Programme, Public Sector Land and Housing Infrastructure Fund forward funding).
 - Is wholly owned and delivered by MHCLG (e.g. planning reforms, market reform interventions).
- 6.1.6 The blueprint should reflect the critical importance of place-based housing supply delivery, e.g. in London and the SE, to the delivery of SO1 and reflect the respective roles of the department and Homes England in place-based delivery.

Housing PMO Structure – needs analysis and options

- 6.1.7 The Supplier is required to provide options for an efficient Housing Supply PMO governance structure, membership and portfolio and programme board oversight requirements that supports MHCLG and Homes England governance arrangements based on the research and output from 6.1.1 – 6.1.6
- 6.1.8 The options provided by the Supplier should ensure the Housing Supply PMO and Homes England PMO delivery accountabilities and assurances across programmes and projects are clearly mapped to avoid gaps or duplication, i.e. providing clarity over where accountability and delivery is entirely with MHCLG, entirely with Homes England or mixed and how accountability and delivery is split in these instances.

Target Operating Model and Establishing the Housing Supply PMO

6.1.9 **Housing Supply PMO Resourcing:**

The Supplier is required to:

- Staff and operate the PMO while preparing the control processes and documentation requirements.
- Prepare an organogram covering job roles and numbers against civil service grading structure. This should provide an estimate for

accommodation requirements in current office space in London and elsewhere if practical.

- Provide job descriptions for each role.
- Prepare a business case for recruitment of PMO staff.
- Hand-over the functioning PMO to permanent staff.
- Potentially facilitate the recruitment process.

6.1.10 **Control Processes:**

The Supplier is required to create and embed control processes to effectively manage the programmes and projects and manage the realisation of benefits. New processes need to account for the wider performance framework in MHCLG and reforms to the governance of Homes England. This must include, but is not limited to:

- Reporting cycle aligned to Central Portfolio Office work on financial and performance reporting to the Executive Team and Ministers.
- Dependency map across the department, Homes England, OGDs, GLA, LAs, HAs etc.
- Risk and issues register.
- Benefits definition and realisation tracking process.
- Integrated assurance and approvals process (aligned with the governance and approvals process for Homes England).
- Dashboard reporting to provide early warning systems/ exception reports that allows corrective action and escalation if needed.
- Closure reports, lessons learnt and knowledge management.

6.1.11 **Management Information:**

The Supplier is required to define what information and data is required from the department, Homes England and OGDs to effectively manage the programme delivery, benefits realisation and project contribution under the overarching strategic objectives. This should include, but is not limited to:

- Project delivery against SO1 as well as their trajectories.
- Finance data: capital and admin spend.
- Resource data: people.
- Place-based view of totality of projects (grants/funding/policy etc.) seeking to improve the housing supply and their cumulative impact.
- Captures what programmes and projects are/could have a positive or negative impact on the programme target. Ensure these contributions are captured in data and information flows and through robust governance arrangements.

6.1.12 The Supplier is required to provide a scoping document that considers what insights research into industry and consumers is needed to make sure that the portfolio design meets public expectation.

6.1.13 **Infrastructure:**

The Supplier is required to identify and make recommendations for new hardware and software specifications, and other equipment that may be required to help automate processes (including how to support information flows between the department and Homes England). Note: Such recommendations may be considered on their merits.

6.1.14 **PMO Exit strategy:**

In line with the programme lifespan an 'exit strategy/plan' will need to be created by the Supplier that provides detail on how and when the PMO should be closed and ensuring alignment with Homes England governance.

6.2 The Authority will measure the quality of the Supplier's delivery against the following project milestones:

Milestone	Description	Timeframe
1	Housing Group Governance Mapping: produce initial cut of the governance map showing the relationships between the new Housing PMO, across the department and with key stakeholders. Feedback will be sought from the project SRO and directors.	REDACTED
2	Produce initial version of a programme and project 'anchor list'/ delivery blueprint of MHCLG's programmes and projects that contribute to SO1 as defined in the SDP. This must reflect the roles of MHCLG and Homes England and capture place-based housing supply delivery. Feedback will be sought from project SRO and directors.	REDACTED
3	Produce an options paper for the Housing Supply PMO that includes resource requirements, programme board terms of reference, and sets out delivery accountability between MHCLG and Homes England. In addition, present near finished versions (as agreed by MHCLG) of the governance mapping exercise and anchor list. The preferred option for the Housing Supply PMO will be presented by the Supplier to and agreed by the H&P Portfolio Board.	REDACTED

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4	Establishing the Housing Supply PMO – building on the governance work create the control processes and management information, stakeholder relationship options, exit strategy needed to operate the Housing Supply PMO. This work should be reviewed by the project SRO and near finished products agreed by the portfolio/ programme board oversight structure agreed at milestone 3.	REDACTED
5	Continue to build on the Housing Supply PMO assurance products as specified in the requirements section. Optional input into the recruitment of permanent staff may be drawn upon.	REDACTED
6	Handover to MHCLG of an operational Housing Supply PMO	REDACTED

7. ADDITIONAL REQUIREMENTS

- 7.1 The Authority reserves the right to instruct the Supplier to undertake additional work, similar to the requirements set out in section 6 above, for other areas of the business/ portfolio. This shall be agreed through the variation procedure as set out in clause 23 “Change” of the Call Off contract Terms and Conditions, and costed using the same or more preferential rates in the Price Schedule.

8. AUTHORITY’S RESPONSIBILITIES

- 8.1 MHCLG will be responsible for ensuring the Supplier is granted access to premises and people within the organisation (subject to satisfactory security clearances), Homes England and other stakeholders deemed necessary during the term of the Contract.

9. REPORTING

- 9.1 The Supplier will be required to meet with MHCLG at the outset of the work, and this will be followed by daily check-ins as the work programme is becoming established. Thereafter MHCLG will meet the Supplier at frequent intervals to discuss progress and ensure quality of work.

10. VOLUMES

- 10.1 Not applicable.

11. CONTINUOUS IMPROVEMENT

- 11.1 Not applicable.

12. SUSTAINABILITY

- 12.1 Not applicable.

13. QUALITY

The Supplier will need to have high professional standards and experience in running a PMO and change management. The Supplier will be required to engage at Director General, Director level and with programme/ project leads and shall ensure they have the requisite skills, knowledge and experience to effectively undertake this engagement.

14. PRICE

- 14.1 The Supplier has submitted a costed work programme that includes a breakdown of costs for each of the requirements at section 6.

15. STAFF AND CUSTOMER SERVICE

- 15.1 The Authority requires the Supplier to provide a sufficient level of resource throughout the duration of the PMO Contract in order to consistently deliver a quality service to all Parties.
- 15.2 The Supplier's staff assigned to this Contract shall have the relevant qualifications and experience to deliver the requirements specified in this Statement of Requirements.
- 15.3 The Supplier shall ensure that staff understand the Authority's vision and objectives and will provide excellent customer service to the Authority throughout the duration of the Contract.

16. SERVICE LEVELS AND PERFORMANCE

- 16.1 Meetings between MHCLG and the Supplier will be used to measure the quality of service during the set-up of the PMO.
- 16.2 Once the PMO is operational the quality of the Supplier's work will continue to be measured against achievement of level 4 'Managed' P3M3 standards by the recipients of the service.
- 16.3 In the event that the work does not meet the agreed standard, MHCLG would withhold payment until sufficient improvements, as agreed by MHCLG, had been made. In the event of continued under performance, MHCLG reserves the right to terminate the contract in accordance with the provisions of clause 42.2. of the Call Off contract Terms and Conditions.

17. SECURITY REQUIREMENTS

- 17.1 Any information given by MHCLG to the Supplier should remain confidential, unless explicitly stated otherwise. The Supplier's findings should also remain confidential, unless agreed otherwise with MHCLG.

17.2 All staff provided by the Supplier must be security cleared to at least Counter-Terrorist Check (CTC). This is a requirement for people working at MHCLG's offices in 2 Marsham Street, London. The rules are:

17.2.1 That if someone is coming in frequently (>3 times per week) they should have CTC clearance and a permanent pass. Escorted passes are for visitors only who come in less often than that.

17.2.2 That if MHCLG expect Suppliers to work in 2MS on a daily basis then we will need to put them through clearance (and /or through the 'confirmation of clearance' process if they have already got it) and management may approve a waiver to allow using the Escorted pass process whilst clearance comes through (so they can start straight away).

18. INTELLECTUAL PROPERTY RIGHTS (IPR)

18.1 Intellectual Property Rights to work produced by the Supplier will be retained by MHCLG.

19. PAYMENT

19.1 Payment can only be made following satisfactory delivery of pre-agreed certified products and deliverables within the costed work programme. Before payment can be considered, each invoice must include a detailed elemental breakdown of work completed and the associated costs.

19.2 MHCLG requires billing to be made monthly in arrears for the duration of the Contract, subject to key deliverables being received and approved against the key milestones set out at paragraph 6.2.

20. ADDITIONAL INFORMATION

20.1 Not applicable.

21. LOCATION

Predominantly, the meetings between MHCLG and the Supplier will take place either at 2 Marsham Street, London, SW1P 4DF or at the Supplier's premises, as required. Minimal travel may be needed to gain external stakeholder input but may include visits to Homes England who are situated at 50 Victoria Street, Westminster, London, SW1H 0TL. No provisions for recovery of expenses shall be included.