

## **Retail Plans Requirements and Supporting Information {Question 4} – Annex J**

The information below will provides supporting information to retail requirements and how Tenderers shall structure their responses to Q4 – Retail Plans in the SNITS to Tenderers Annex J.

### Background

Service Personnel are obliged to serve at a range of Establishments during their career, irrespective of the locality, and the Employer wants to implement an arrangement in which locations lacking easy access to amenities are able to receive sufficient retail services to support the local Defence community. The Government has committed to “end any disadvantage that Armed Service imposes on our people and the wider Defence Community” and provision of on-site retail facilities will contribute to the moral component of the fighting power. In some regions, HESTIA Establishments range from isolated detachments with less than 20 permanent staff to large training bases with hundreds of staff and thousands of trainees. As a result, retail provision varies widely but the Employer wants to ensure that personnel are not disadvantaged by a lack of access to retail amenities where they live and work. The level of inequity can now be addressed through the HESTIA Contracting process. As part of their overall CRL site and CRL regional business plans, Tenderers will be asked to submit three plans to address the provision of retail services.

### Retail Provision

The Tenderer will be provided with detailed information in Booklet 4 on current retail facilities, amenities and services in the HESTIA South West region and invited to submit a regional business plan linked to Establishment-specific plans outlining the proposed approach. Retail services include on-site shops, vending machines and delivery of retail items, coffee shops, some Junior Ranks bars and similar which are provided outside the mess environment. The regional plan will cover the whole estate and set out the Tenderer’s perception of the opportunity and intended investment. Individual Establishment business plans will be divided into two elements: Business Plan 1 will set out how retail services will be provided at profitable and potentially profitable sites; Business Plan 2 will address more difficult trading locations that may present a greater challenge to achieve at least break even.

In Phase 1 and Phase 2 Establishments, retail and leisure provided through charitable organisations will remain as-is under HESTIA as these services are provided as an integral part of recruit and trainee life.

### Regional Plan

The Tenderer is to submit a regional retail plan setting out the perceived opportunity and activities at a macro level and the intended investment for retail services. The Regional Plan will be supported by Business Plans 1 and 2.

## Business Plan 1

For Business Plan 1, the Tenderer shall identify profitable and potentially profitable retail facilities and set out detailed proposals for the retail service provision. This plan will offer a turnover-related fixed rental payment to the Employer, guaranteed for the first 5 years of the contract. The rental will be set out on an annual basis and paid monthly. The Tenderer will propose a supplementary mechanism for a turnover-related variable rental element so that the Employer receives a further proportion of the benefit if the Contractor makes a higher level of sales than anticipated. In addition to the above information, the plan shall contain as a minimum the following details:

- An annual breakdown of the through-life financial and non financial information;
- Any investment, both management actions and financial amounts to deliver the plan;
- A projected profit and loss account for the term of the contract, including the fixed rental payment;
- Individual details of any Employer actions that would allow a higher level of fixed rent e.g. any proposed variations to the current availability times.

The Employer will discuss the Tenderer's plan during the negotiation phase of the procurement.

## Business Plan 2

Business Plan 2 The Tenderer will identify those retail facilities that may present a greater challenge to achieve at least break even and set out detailed proposals for the retail service provision. As a minimum, the plan shall contain the following details:

- An annual breakdown of the through-life financial and non financial information;
- Any investment, both management actions and financial amounts to deliver the plan;
- A projected profit and loss account for the term of the contract;
- Individual details of any Employer actions and decisions that are necessary to achieve break even or better e.g. any proposed variations to the current availability times or stock items.

For Business Plan Part 2 Tenderers shall guarantee that any shortfall to break even that may require Employer financial support will be no greater than any cumulative loss shown on the best and final Part 2 P&L submission<sup>1</sup>.

In addition to this, the Contractor shall show, for each of the five years of the contract, the annual sales that would be required to guarantee the achievement of break even and the variable rent payable to the Employer above this level of sales.

The Employer will discuss the Tenderer's plan during the negotiation phase of the procurement.

## Pricing

Populate Booklet 2 – Pricing Information, Annexes A and B. This will record the fixed Retail rent and the variable Retail rent.

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<sup>1</sup> For plans based on the quantities and values taken from Booklet 4 to this Contract.

For tendering purposes the following types of leisure are defined:

Ser	Term	Meaning	Comment
	<b>CATERING</b>		
1.	Catering, Retail and Leisure -CRL	The sum of all catering, retail and leisure provision in the Mess environment, retail premises (shops, bars, mobile) and leisure facilities.	
2	Core Catering	The provision of Core Meals and Enhanced Core Meals, supplying the nutrition necessary to sustain Service Personnel.	Normally, Core and Retail catering takes place in the Mess. However, occasionally, a Retail Meal option is offered in a non-mess environment (e.g. Retail Café or Licensed Retail Bar). The minimum specification for Core Meals is defined in JSP 456.
3	Retail Catering	The provision of Retail Meals and call-order dishes, hot and cold food and drinks which include an element of profit in the Contractor's price.. Retail Catering complements and integrates with the Core Catering.	
	<b>RETAIL</b>		
4	Retail Shop	Provide some or all of the following: Non prescription medical, toiletries, hygiene and grooming; hot and cold food and drinks; family, household and hardware products; confectionary; newspapers and magazines and items aligned to local needs identified by the Head of Establishment.	The majority of venues are non-mess environments but this is not mandated and a number of Junior Ranks Mess environments now host non-Mess Retail.
5	Retail Cafe	Provide some or all of the following: Light, hot and cold food, hot and cold drinks, sandwiches, snacks and confectionary.	
6	Combined Retail Shop and Cafe	Provide all or some of the items in 3 and 4 above, depending on space and market demand.	
7	Licensed Retail	Provide Junior Ranks and all ranks/civilian bars with the usual offer from licensed premises, occasionally with all or some of the offers of a Retail Cafe.	