



Crown
Commercial
Service

Bid Pack

Attachment 3 – Statement of Requirements

Contract Reference: CCCC19A59 Provision of Consultancy for
the Assurance of a Value Testing Review

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1. PURPOSE

- 1.1 There is a requirement for a market analyst to support Project SAFIRE that seeks to make savings from ensuring the current contracts (Private Finance Initiative (PFI) and Public Private Partnerships (PPP)) deliver Value for Money (VfM) and enables the Defence Academy to make its directed savings of £redacted per annum.
- 1.2 The role is to support market testing activities to ensure information provided by both Defence Marketing (Watchfield) Ltd (DM(W)L) and Serco during the process is an accurate reflection of the current market place offering. DM(W)L are the PFI Special Purpose Vehicle (SPV) and as such they have the direct contracting arrangement with Serco to deliver both hard and soft Facilities Management (FM) services within the PFI estate.

2. BACKGROUND TO THE CONTRACTING AUTHORITY

- 2.1 The Defence Academy is responsible for post-graduate education and the majority of command, staff, leadership, business and technology training for UK Armed Forces and MOD Civil Servants and for international partners under the UK's Defence Engagement agenda.

3. BACKGROUND TO REQUIREMENT/OVERVIEW OF REQUIREMENT

- 3.1 Under the current contractual arrangements, the PFI SPV is obligated to conduct market testing of the contractor's (Serco) services with the exception of Estates and Facilities management. Serco, as the prime contractor on the Defence Academy Campus Integrator Contract, are obligated to conduct market testing across the majority of the services provided and benchmark two services.
- 3.2 DM(W)L will undertake this market testing and are to provide their findings to the Authority as to the best VfM solution. Serco are obligated to conduct market testing across their services with the exclusion of Estates Management and Facilities Management that are benchmarked only. The Potential Bidder is to confirm that the results of market testing and benchmarking being presented to the Authority by both DM(W)L and Serco are a true reflection of the current market.
- 3.3 This work is critical to ensuring that the Defence Academy can reset its requirements. It is important that VfM is being delivered and that the contracts are flexible, enabling the delivery of the necessary savings without impacting on core outputs. This flexibility also ensures that the Authority can adapt its approach to educational delivery by utilising changing technology without being constrained by inflexible contractual requirements.
- 3.4 Serco are the prime contractor on the Defence Academy Campus Integrator Contract (which is a PPP Contract). Under this contract, they are accountable to the Authority for service delivery of both hard and soft FM services. It should be noted that Serco do not provide separate resources to each contract,

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resources are controlled centrally in support of both contracts. This ensures costs are reduced by providing a workforce through an economy of effort approach.

4. DEFINITIONS

| Expression or Acronym | Definition |
|-----------------------|---|
| BM | Benchmarking is a desktop exercise assessing the current service delivery cost against a restated requirement and a comparator identified by the Defence Academy. |
| CP&F | Contract, Purchasing and Finance Software that enables payment of contractors and suppliers. |
| DACI | Defence Academy Campus Integrator is the PPP contract with Serco to support Service delivery of a TFM solution to all parts of the Defence Academy not covered by the PFI contract. |
| DefAc | Defence Academy |
| DM(W)L | Defence Management (Watchfield) Limited SPV for PFI estates |
| EXOSTAR | Suppliers interface with CP&F enabling payment for services. |
| MT | Market testing is the process of taking restated contract to the market to ensure that the Defence Academy is obtaining VfM from its current service provider. This gives the current service provider an opportunity to re-evaluate its current price structure against the market at its current time. It also presents the Defence Academy an opportunity to select new service providers that can supply the services at an increased VfM |
| PFI | Private Finance Initiative. Contract made between Secretary of State for Defence and a private Company to deliver the construction and maintenance of the PFI Estate for the duration of the 30 year contract (due to finish in 2028) |
| PPP | Public Private Partnerships are complex, long-term contracts between two parties, one of which is normally a corporation (Serco) called the operator or partner, and the other normally a government body called the grantor in this case the Secretary of State for Defence on behalf of the Defence Academy of the UK. |
| SPV | Special Purpose Vehicle manages the delivery of the PFI contract obligations. Monitors and controls the contractors |

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| | employed to deliver services under the PFI Project Agreement. |
| TFM | Total Facilities Management is the combined delivery of Estates and Facilities Management (Hard FM) and delivery of administrative, IT, Cleaning, Catering Waste etc. (Soft FM) |
| VfM | Value for Money is a term based on getting the most for your money from a contract. |
| VT | Value testing is a combination of market testing and benchmarking. |

5. SCOPE OF REQUIREMENT

- 5.1 This requirement is to provide advice and support to the value testing being undertaken by the service providers and the Potential Bidders will be required to:
- 5.1.1 Assess the requirements that are to be presented to the service providers ensuring that they are concise, unambiguous and are of a format expected by bidding service providers to ensure an accurate response to the Market testing exercise
 - 5.1.2 Assess the accuracy of market testing data provided by the service providers to the Authority ensuring these represent current Market offerings
 - 5.1.3 A complete list of the services are detailed in section nine and it is mandatory that all of these groups are included in the review.
 - 5.1.4 There is no requirement to review any services not covered under the value testing strategy as outlined within the contracts.

6. THE REQUIREMENT

- 6.1 Potential Bidders will be required to provide the following services:
- 6.1.1 Consultancy advice on the preparation for market testing to ensure maximum benefit is gained from the exercise.
 - 6.1.2 Assurance via reports and graphical comparisons that are being presented to the Authority by both DM(W)L and Serco represents the best VfM offering from the market.
 - 6.1.3 Provide alternative outline arguments against the results should they fail to represent present VfM against the market and offer alternative options that could achieve VfM
- 6.2 Potential Bidders should be aware of current market offerings and the market appetite within the Total Facilities Management area as detailed in section nine.

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7. KEY MILESTONES AND DELIVERABLES

7.1 The following Contract milestones/deliverables shall apply:

| Milestone/Deliverable | Description | Timeframe or Delivery Date |
|-----------------------|--|--|
| 1 | <ul style="list-style-type: none"> Review requirements to ensure they reflect market deliverables Feedback any recommendations to the Authority to ensure robust requirements are provided to service providers. | Within month 1 of Contract Award |
| 2 | <ul style="list-style-type: none"> Review response from DM(W)L Review response to Market Test from Serco Provide assurance to the Authority that the offers reflect current market offerings Direct the Authority to supporting evidence of competing offers | Between Month 2 and 11 of Contract Award |
| 3 | <ul style="list-style-type: none"> Provide the Authority with current market appetites. Advise the Authority on current market risks. Advise the Authority in selecting a suitable comparator for benchmarking | Between Month 2 and 11 of Contract Award |
| 4 | <ul style="list-style-type: none"> Support the Authority as required during the value testing process | Between Month 2 and 11 of Contract Award |
| 5 | <ul style="list-style-type: none"> All Information gathered or used enabling delivery to be returned to Authority. Final executive summary report to be provided | Within last month of Contract |

8. MANAGEMENT INFORMATION/REPORTING

8.1 The potential bidder will be expected to manage all information in accordance with MOD guidelines. A full induction will be conducted to ensure this is

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requirement is fully understood. The potential bidder will be expected to deliver reports providing guiding information to the Defence Academy enabling the Project team to shape their approach to the VT activities.

9. VOLUMES

- 9.1 The current breadth of VT spans both contracts unless otherwise stated and consists of nine groups, seven are taken to market and two are benchmarked. These groups are as follows:
 - 9.1.1 Group 1 – Academic Support to Military Training (PFI only)
 - 9.1.2 Group 2 – Cleaning, Catering and Waste
 - 9.1.3 Group 3 – Electronic Media Technology, Communications Systems Services and IT Support (EMTCSS and IT Support)
 - 9.1.4 Group 4 - Ancillary Services:
 - 9.1.4.1 Secretarial and admin support
 - 9.1.4.2 Visual aids and graphics.
 - 9.1.4.3 Post room
 - 9.1.4.4 Reception and Switchboard
 - 9.1.4.5 Resource and Porterage
 - 9.1.4.6 Central stores (PFI Only)
 - 9.1.4.7 Travel services
 - 9.1.4.8 Sports and Recreational services (PFI Only)
 - 9.1.5 Group 5 – Security (PFI Only)
 - 9.1.6 Group 6 – Library services (PFI Only)
 - 9.1.7 Group 7 – Logistical services (DACI Only)
 - 9.1.8 Benchmark Group 1 – Estates Management services (DACI Only)
 - 9.1.9 Benchmark Group 2 – Facilities Management (DACI Only)

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10. CONTINUOUS IMPROVEMENT

- 10.1 The potential bidder will be expected to continually improve the way in which the required services are to be delivered throughout the contract duration.

11. QUALITY

- 11.1 All reports and submissions should be of a sufficient detail, concise and composed to avoid ambiguity to support any challenges to market testing information provided by the Serco or DM(W)L.

12. PRICE

- 12.1 Prices must be submitted via the e-Sourcing Suite Attachment 4 – Price Schedule excluding VAT and including all other expenses relating to contract delivery.

13. STAFF AND CUSTOMER SERVICE

- 13.1 The Potential Bidder shall provide a sufficient level of resource throughout the duration of the contract in order to deliver a consistent quality service.
- 13.2 The Potential Bidder's staff assigned to the contract shall have the relevant qualifications and experience to deliver the contract to the required standard.
- 13.3 The Potential Bidder 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.

14. SERVICE LEVELS AND PERFORMANCE

- 14.1 The Authority will monitor the output from the Potential Bidder and, where necessary, highlight areas that require improvement to ensure all outputs are of a sufficient level to support subsequent documents i.e. Business Cases.
- 14.2 Any poor performance will be addressed with the Potential Bidder. Should performance not increase to enable successful delivery of the requirement then the Authority may seek to terminate the contract in line with the Commercial Agreement Terms & Conditions.

15. SECURITY AND CONFIDENTIALITY REQUIREMENTS

- 15.1 SC Clearance is required due to the exposure to commercially sensitive documentation.
- 15.2 The Potential Bidder must sign a Non-Disclosure Agreement prior to any on boarding process.

16. PAYMENT AND INVOICING

- 16.1 Invoicing must be completed on a monthly basis.
- 16.2 Before payment can be considered, each invoice must include a detailed elemental breakdown of work completed and the associated costs.

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- 16.3 Invoices should be submitted to: DBS Exchange Flag, Walker House, Liverpool, L2 3YL
- 16.4 The Potential Bidder must be active on EXOSTAR to enable payment via CP&F.

17. CONTRACT MANAGEMENT

- 17.1 Some work can be completed at the Potential Bidder's premises. However attendance at key meetings will be required.
- 17.2 Attendance at contract review meetings shall be at the Potential Bidder's own expense.

18. LOCATION

- 18.1 The base location of the services will be carried out at Defence Academy of the UK, Redacted. Expenses for any other location will be paid in line with the Authority's expenses policy.

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