

Schedule 1

REQUIREMENTS

PART A - GENERAL

1. OVERVIEW

- 1.1 The Contractor acknowledges that the Authority requires the delivery by DE&S of the services set out in Part D of this Schedule 1 (*Requirements*), and that it is envisaged that the Contractor shall contribute to this through the provision of assistance to the Authority by its Personnel in accordance with the objectives set out in Part C of this Schedule 1 (*Requirements*) (the "**Requirements**").
- 1.2 The Contractor confirms its intent to deliver and perform the Services with the objective of supporting the Requirements. The Parties acknowledge and agree that this Schedule 1 (*Requirements*) is not intended to, and does not, impose contractual obligations on the Contractor, but that the Contractor will be incentivised by the Incentive Fees and the Award Fees, to perform the Services, having regard to:
- 1.2.1 the terms of this Schedule 1 (*Requirements*);
 - 1.2.2 the other terms of this Contract (including Clause 24 (*Obligations of the Contractor*));
 - 1.2.3 Good Industry Practice and Good Acquisition Practice; and
 - 1.2.4 the anticipated requirements for services to be provided by other MSPs in relation to Work Package 2 and Work Package 3 referred to in Part E of this Schedule 1 (*Requirements*).
- 1.3 This Schedule 1 (*Requirements*) consists of the following parts:
- 1.3.1 Part A – General;
 - 1.3.2 Part B – The Requirements – Introduction and Background;
 - 1.3.3 Part C – The Requirements – Project Delivery Managed Service Provider;
 - 1.3.4 Part D – Activities carried out by DE&S as MOD's acquirer;
 - 1.3.5 Part E – Requirements for Work Package 2 and Work Package 3; and
 - 1.3.6 Part F – Governance and Tasking.
- 1.4 Defined terms used in this Schedule 1 (*Requirements*) shall have the meanings given to them in Clause 1.1 (*Definitions*) and the following terms shall have the following meanings when used in this Schedule 1 (*Requirements*):
- "Acquisition System"** means a set of interfacing activities with clearly defined roles, responsibilities and accountabilities that contribute to the acquisition function as it relates to equipment and logistics support;
- "Acquisition System Operating Model"** means a model articulating key principles, accountabilities and organisational interfaces for the overall Acquisition System, including DE&S as a Bespoke Central Government Trading Entity;

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"BTE" or "Bespoke Trading Entity" means the Bespoke Central Government Trading Entity, being the organisational construct to which most of the functions of DE&S were transferred on 2 April 2014. It is an Arm's Length Body "owned" by the Authority;

"CASP" or "Command Acquisition Support Plan" means the agreement between the Front Line Commands (and Strategic Programmes) and DE&S, setting out each Command's delivery requirements of DE&S;

"Command Plans" means the plans which are developed and updated at least annually by the Commands, describing how the Front Line Commands will achieve their required contribution to the Ministry of Defence's strategic objectives within their available funding;

"Core" means any element of the Ministry of Defence's equipment procurement programme, equipment support programme and spend on inventory purchase;

"Corporate Business Tools" means the business tools, including software tools, available to DE&S;

"Customer" means the organisations that are accountable for setting the requirement for acquisition related products and services from industry through the delivery agent and accepting those products and services into service;

"Defence Acquisition" means the activities of Defence to procure products and services;

"Defence Coupling Bridge" means all the strategic assets, infrastructure and facilities used to convey personnel, equipment and materiel between the UK entry point of the Defence supply chain and the area in which the personnel, equipment and materiel are deployed;

"Defence Portfolio" means all of the projects, programmes and business as usual activities undertaken by the Ministry of Defence which are necessary for achievement of the Ministry of Defence's strategic objectives;

"Defence Standards" means a set of bespoke Defence standards developed to meet the needs of the Ministry of Defence in the absence of any appropriate wider standards which are available in any of the hierarchy of standards as set out in the Defence and Security Public Contracts Regulations (DSPCR) 2011;

"Defence Support Network" means the whole system of support for Defence, spanning from Defence suppliers to the front-line military, including civil support chain, military support chain and in-theatre support arrangements;

"DE&S Corporate Plan" means the agreement between DE&S and Head Office setting out how DE&S will be structured and resourced to deliver against the requirements placed on it via the CASPs as well as any additional requirements placed by Head Office and other Government Departments;

"Design Authority" means the organisation responsible for ensuring that a system's design solution satisfies its contractual, legal and practical requirements throughout the full lifecycle of the system including:

- (a) ensuring that the system's requirements have been understood and specified;

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- (b) approving and recording the design of the system and its component parts;
- (c) testing and evaluating the system solution, including its component parts, to demonstrate that its requirements have been satisfied;
- (d) controlling the configuration of the system and maintaining associated design records;
- (e) implementing mitigations to ensure that safety, environmental and security risks are as low as reasonably practicable;

"Detailed Target Operating Model" means a description of a Match fit DE&S including:

- (a) future organisational constructs, including structural changes, roles and responsibilities, functions, resource levels;
- (b) future performance levels and performance management regimes, including MI;
- (c) clearly defined future skills, knowledge and experience levels for staff and how they will be achieved;
- (d) new or amended processes and policies; and
- (e) quantified, measurable benefits.

"DL0D" or "Defence Lines of Development" means the components required to create an effective military capability. These consist of training, equipment, personnel, infrastructure, concepts and doctrine, organisation, information, logistics and interoperability;

"DStan" means the UK Defence Standardization organisation responsible for developing and maintaining a suite of Defence standards, policies, procedures and guidance for use by the UK Ministry of Defence;

"EP" or "Equipment Plan" means MOD's ten year budgetary plan for Defence equipment procurement and support;

"EPP" or "Equipment Procurement Plan" means the elements of the Equipment Plan associated with the procurement of new equipment;

"Equipment Support Plan or ESP" means the elements of the Equipment Plan associated with the support of in-service equipment;

"Finance Function" means function comprising of all elements of finance that originate from the organisations activities including accounting, compliance, manage risk and inform and engage with stakeholders regarding the funding requirements. The finance function shall influence and direct financial activity for example compliance to International Financial Accounting Standards and ensures that all information both historical and future forecasting is consistent and accurate in both numbers and descriptions;

"Front Line Commands" means the headquarters of Her Majesty's Army, Royal Navy, Royal Air Force and Joint Forces;

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"Genesis Option" means an option which, if exercised by the Ministry of Defence, will result in the formation of one or more new projects and/or programmes;

"Good Acquisition Practice" means the exercise of that degree of skill, care, diligence, prudence, transparency, co-operation and foresight which would reasonably and ordinarily be expected of an appropriately (and where relevant professionally) qualified, skilled and experienced person in all dealings with suppliers and potential suppliers, including:

- (a) acting in the best interests of the Authority;
- (b) making sufficient time and information available for appropriate suppliers to respond to the bidding process;
- (c) providing opportunities for suppliers to participate in competitions or market tests, and managing the bidding process so as to preserve genuine competition and avoid discrimination; and
- (d) using sensible risk sharing arrangements which avoid the need for unnecessary pricing contingencies, whilst using incentivisation techniques to encourage innovation and improve performance;

"Head Office" means the headquarters of the Ministry of Defence situated at Whitehall, London, SW1A 2HB;

"HR Model" means the model through which the People Strategy, services, support, guidance and processes are organised and delivered to the organization;

"IT" means information technology;

"FATS" or "Framework Agreement for Technical Support" means the contractual framework arrangement for provision of private sector technical support to MOD;

"Intelligent Customer" means a Customer that has a clear understanding and knowledge of their requirements and the products or services being supplied in response, including the collaborative management of their supply, as well as the ability to use those products and services safely and effectively;

"Match fit" means a professional, respected and world-class programme management organisation that exceeds the expectations of its Customers and is trusted to get it right, and **"Match Fitness"** shall be construed accordingly;

"MI" means management information;

"MI/IT Strategy" means the strategy to ensure that MI/IT supports the business today and in the future, to capitalise on existing and new technologies' for example use of G cloud. The MI/IT strategy will review current systems, make assessments, make recommendations, planning and implementation of a fully integrated system to ensure that the business needs of all internal and external stakeholders requirements are fulfilled for both financial and non financial data. The MI/IT Strategy will underpin the requirements of the Target Architecture;

"Owner" means the Head Office role that oversees and holds DE&S to account, as captured in the Framework Agreement;

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"Operating Duty Holder" means a person responsible for ensuring that the Front Line Commands have the appropriate arrangements in place for ensuring the safe operation of materiel within their defined operating environments and for mitigating the risks of operating outside the safety and environmental surroundings where this is justified for operational reasons;

"People Strategy" means the strategy developed that will set the vision for DE&S human resources and workforce management for the next five (5) years as identified in requirement WP3-1.2 in the table set out in Paragraph 3.13 of Part C (*The Requirements – Project Delivery Managed Service Provider*) of Schedule 1 (*Requirements*);

"Programme of Work" means all planned activities (subject to a change control process) to be carried out by the Industry;

"Project Delivery" refers to the full breadth and depth of DE&S's role within the Acquisition System;

"Rainbow Integration Team" means a joint DE&S and MSP team. The contractor membership will include representation from all the MSPs;

"Recommendation" means a suggestion or proposal as to the best course of action for which a VFM case has been carried out;

"SAL" or "Security Aspects Letter" means a security aspects letter (excluding the Security Aspects Letter required to be executed by the Contractor or the Operating Company in accordance with Clause 46 (*Security Aspects Letter*) of the Contract) issued by the Authority and required to be entered into by a tenderer, contractor or subcontractor, which sets out the type of sensitive matters which the tenderer, contractor or subcontractor will have access to during the tender and/or contract process, as well as the appropriate levels of protective marking applicable to such tender, contract or subcontract;

"SMART Contract" means, for 2014/2015 only, the agreement between the Front Line Commands (and Strategic Programmes) and DE&S, setting out the Front Line Commands delivery requirements of DE&S. From April 2015 this becomes the CASP;

"System of Systems Approach" or "SOSA" means the approach taken (or to be taken) to achieve coherence and interoperability across a wider super-system consisting of multiple systems;

"Target Architecture" means a comprehensive framework used to manage and align an organisation's business processes, Information Technology (IT), software, hardware and Management information (MI) requirements with the organisation's overall future business strategy;

"UOR" means the requirements of the Ministry of Defence which are classed as urgent and relate to live military operations; and

"Value for Money" means the optimum combination of whole-of-life costs and quality (fitness for purpose) of the goods or service to meet the user's requirement.

- 1.5 For the avoidance of doubt and without prejudice to its application to the remainder of this Contract, Clause 1.2 (*Interpretation*) shall apply to this Schedule 1.

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PART B– THE REQUIREMENTS INTRODUCTION AND BACKGROUND

1. INTRODUCTION

- 1.1 Under the Materiel Strategy, the MOD has decided to transform its Defence Equipment and Support (DE&S) organisation from 1 April 2014 by:
- 1.1.1 establishing it as a Bespoke Central Government Trading Entity within the public sector with new management freedoms and controls that are appropriate to its challenges and the specialist nature of its business; and
 - 1.1.2 procuring the services of a number of Managed Service Providers (MSPs), arriving from Q3 2014, to help:
 - (A) transform and improve the operation of its Project Delivery capability;
 - (B) transform and improve the operation of its Financial and Management Information/Information Technology (Fin&MI/IT) capabilities; and
 - (C) build and embed its Human Resources (HR) management capability.
- 1.2 Transformation is planned to be implemented through a phased approach to achieve a DE&S Target Operating Model (TOM) by April 2017, enabling early benefit while also ensuring business continuity and prioritising actions that will drive greatest long-term value. The design of the TOM will build on previous Materiel Strategy work.

2. BACKGROUND

DE&S today

- 2.1 DE&S performs a vital, bespoke and challenging role in support of national security: it equips and supports the UK's Armed Forces for training and operations now and in the future. In procuring new military equipment, commodities and services, supporting in-service equipment through-life and managing global logistic operations, DE&S is responsible for delivering some of the most complex products and services in the world. This often involves demanding requirements, innovative technologies, complex safety assessments, sophisticated supply chains and a mix of market sourcing strategies. The outputs from DE&S are used by the UK Armed Forces in uncertain environments and for operational roles that are subject to changing demands.
- 2.2 Activities range from the procurement and support of complex equipments, such as nuclear submarines and combat aircraft, through the provision of global logistic operations in hostile environments, to the delivery and support of high volume, low value items such as clothing, fuel and food. DE&S's role demands world-class business capabilities and standards that, while operating as part of an overall system, can be appropriately tailored depending on value, complexity, uncertainty, risk and priority.
- 2.3 Figure 1 sets out the Defence Operating Model. DE&S performs the Acquire function. It does so within the more detailed framework of the Acquisition System Operating Model (ASOM) which is set out in Figure 2.

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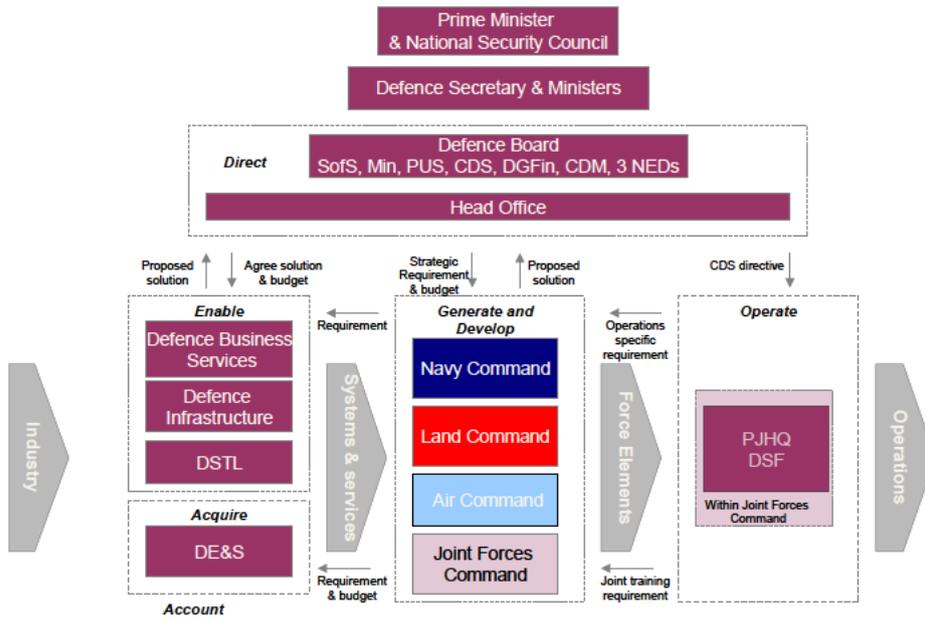


Figure 1 - The Defence Operating Model.

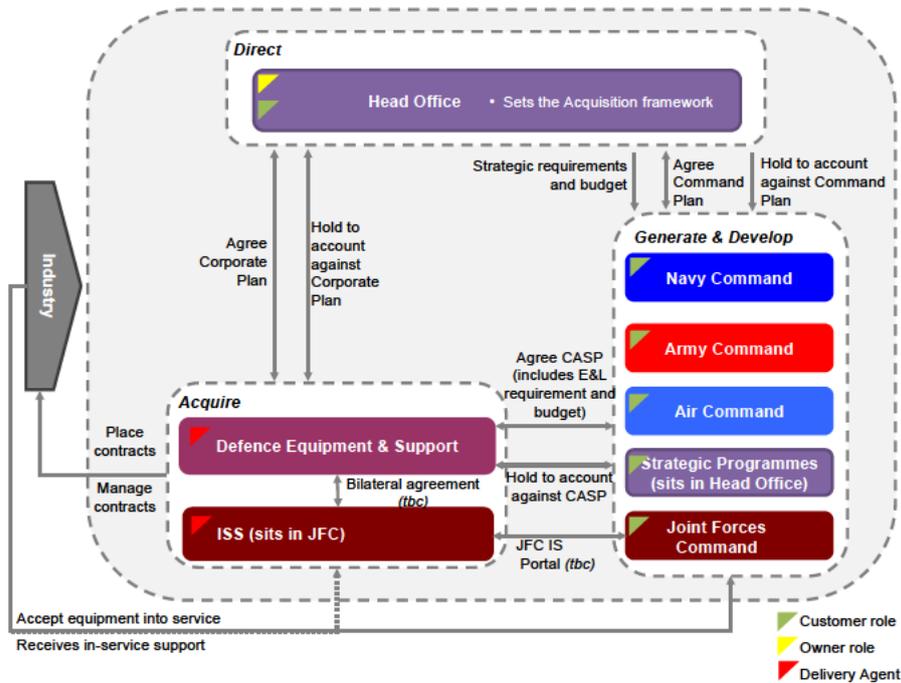


Figure 2 - The Acquisition System Operating Model.

2.4 The requirements (performance, time and cost (PTC)) for the products and services that DE&S delivers are set by five MOD Customer organisations - the four Front Line Commands (FLCs), together with Strategic Programmes (part of the MOD's Head

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Office). Part D to this Statement of Requirements sets out a comprehensive description of the products and services required from DE&S by the MOD. In responding to the five MOD Customer organisations, DE&S supports Customer planning (see Part D, Serial 1.1), supports Customer investment decisions (see Part D, Serial 1.2) and delivers the Customers' approved programme of work (see Part D, Serials 1.3 and 1.4). In carrying out these functions DE&S annually manages and accounts for some £14Bn of the MOD's total 3rd party spend of approximately £20Bn. The balance includes some £3Bn pa of estates, land and buildings spend via the Defence Infrastructure Organisation (DIO) and some £3Bn pa spend by the four FLCs. DE&S is one of the largest complex acquisition organisations in the world.

- 2.5 New military equipment and in-service support requirements are set out in the MOD's Equipment Plan (EP), which comprises the Equipment Procurement Plan (EPP) and the Equipment Support Plan (ESP). Figure 3 shows the EPP and ESP expenditure that is planned to be managed by DE&S over the next three Financial Years (FY). In addition to this planned expenditure, DE&S also spends over £1Bn annually on inventory, delivers UORs at short notice in response to unforeseen shortfalls in equipment capability and manages the associated Net Additional Costs of Military Operations (NACMO) expenditure.

	FY 15/16		FY 16/17		FY 17/18	
Type of Spend	PL £	PS £	PL £	PS £	PL £	PS £
Total (Bn)	£6.240	£6.868	£6.171	£6.628	£5.496	£7.214

Figure 3 – DE&S forecast spend for Financial Years 15/16, 16/17, 17/18.

- 2.6 E&S (as at 1 April 2014) is structured as four Chief of Materiel (COM) business areas, each comprising a number of EPP/ESP/logistic supply focused Operating Centres (OCs), supported by a HQ and a number of functional expert staff - see Figure 4. Concurrent with transitioning DE&S to a Bespoke Central Government Trading Entity, the Information System Services (ISS) Operating Centre transferred to Joint Forces Command (JFC) and the Naval Base Operating Centre transferred to Navy Command (NC). The organisational structure can be changed throughout the design and implementation of the DE&S TOM. Any changes would be in accordance with the principle that form follows function and be subject to DE&S Executive endorsement.

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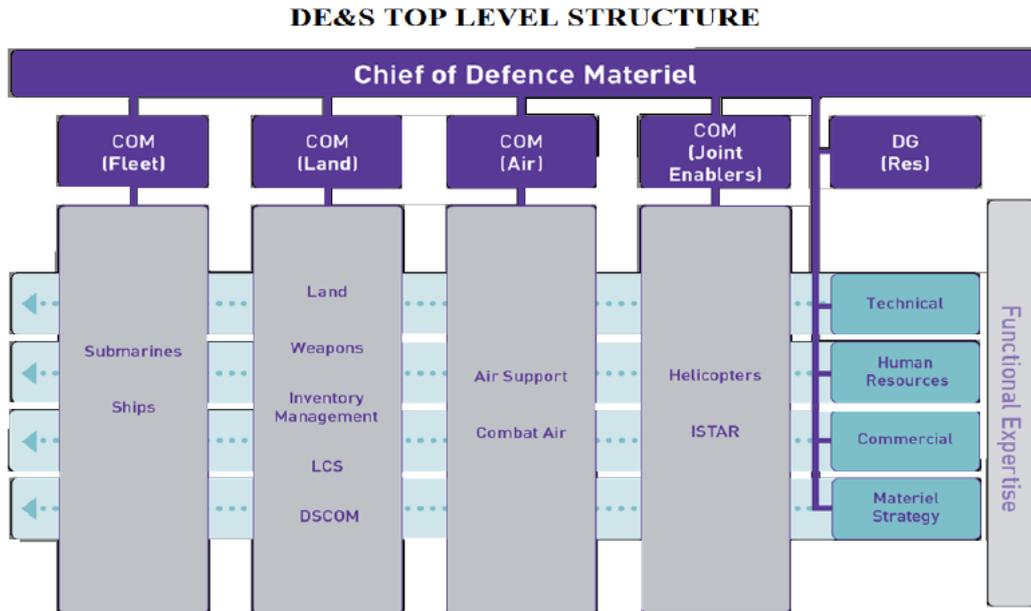
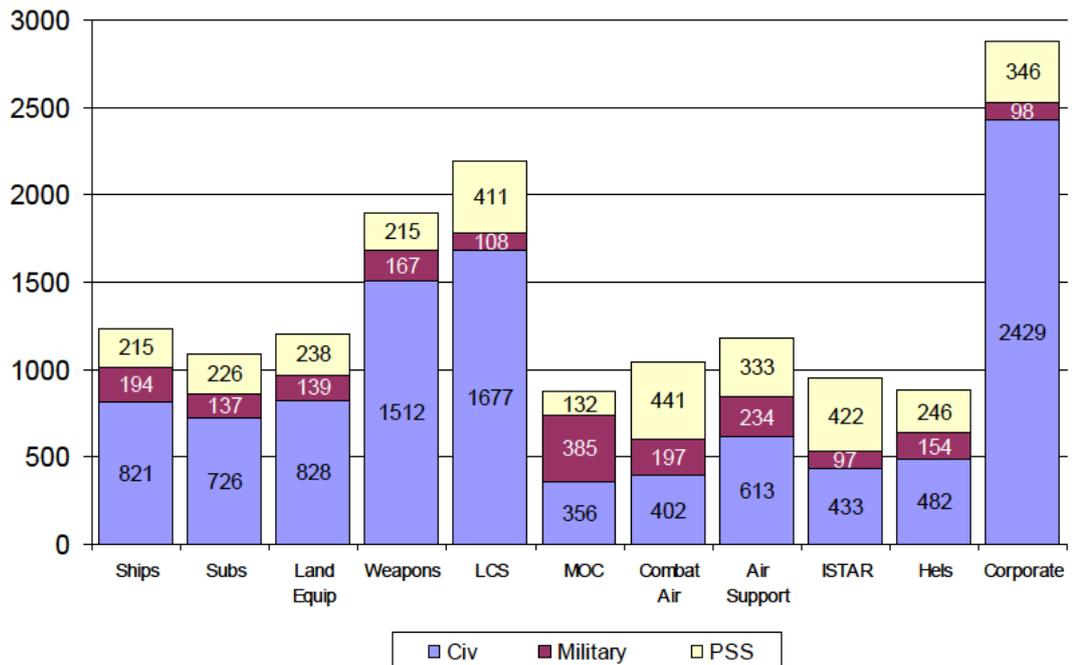


Figure 4 – DE&S structure, illustrating the Chief of Materiel (COM) areas, Operating Centres (OCs) and functional areas.

2.7 DE&S employs a mix of civil servants (circa 67%) and military personnel (circa 12%), plus private sector support staff (circa 21%) to perform specialist roles and to augment its internal workforce (e.g. via the MOD's Framework Agreement for Technical Services, (FATS)). The DE&S internal workforce of over 12,000 personnel (at 1 April 2014) is deployed across the DE&S organisation as shown in Figure 5 and performs the range of activities shown in Figure 6.



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Figure 5 – DE&S workforce, civil servant, military and private sector support (PSS), across the Operating Centres (OCs) and functional areas. As at 31 December 2013.

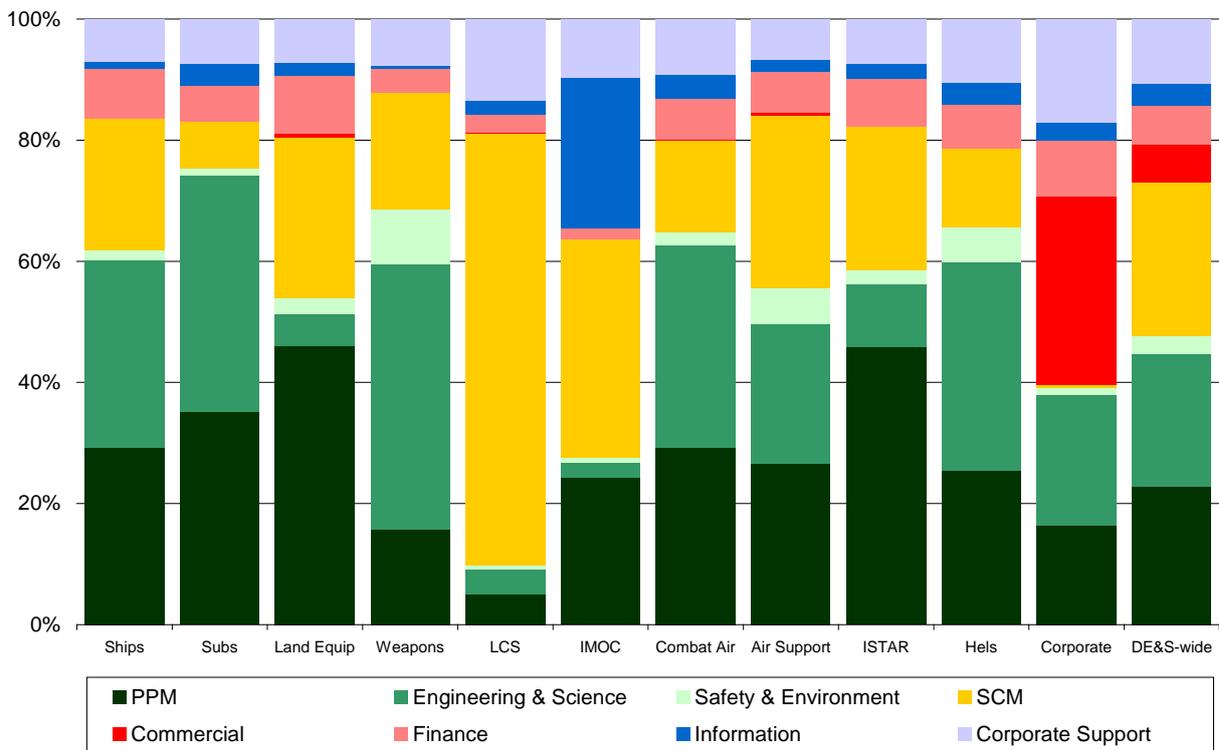


Figure 6 – DE&S workforce breakdown by function. As at 31 December 2013.

2.8 The DE&S workforce is widely dispersed, with personnel deployed at over 150 locations in the UK and overseas. The bulk of the DE&S workforce is, however, located on fewer main operating sites, with over half located at the main acquisition hub at Abbey Wood Bristol - see Figure 7.

Location	Civilian	Military	Total
Bristol	6194	1086	7280
Bicester	530	35	565
Donnington	520	4	524
Hampshire	404	31	435

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Location	Civilian	Military	Total
Yeovilton	320	98	418
London	258	37	295
Cumbria	233	6	239
Wiltshire	114	151	265
Lincolnshire	113	108	221
Other	1594	354	1948
Total	10280	1910	12190

Figure 7 – DE&S workforce by location. As at 31 December 2013.

Materiel Strategy

- 2.9 The Materiel Strategy programme was initiated in 2011 and aims to deliver a step change improvement in the procurement for the MOD of military equipment, commodities and services, through-life in-service equipment support and global logistic supply. Focused on the transformation of the DE&S organisation as Defence's Acquirer, it is progressing in step with the MOD's Customer Design (CD) programme which is building on the changes already implemented under the Finance and Military Capability (FinMilCap) transformation. The CD programme aims to improve the MOD's Customer organisations and in particular their ability to be intelligent requirement setters and programmers for equipment and support.
- 2.10 The Materiel Strategy is a key element of the Defence Major Programmes Portfolio of business change programmes. It builds on the 2009 Gray Report, which identified serious and persistent problems within MOD acquisition. The factors that affect the MOD's acquisition performance are complex and interrelated. Analysis by the Materiel Strategy team identified three principal root causes of historical underperformance - see Figure 8. Addressing these three root causes offers the greatest opportunity to deliver a step change improvement in Defence acquisition.

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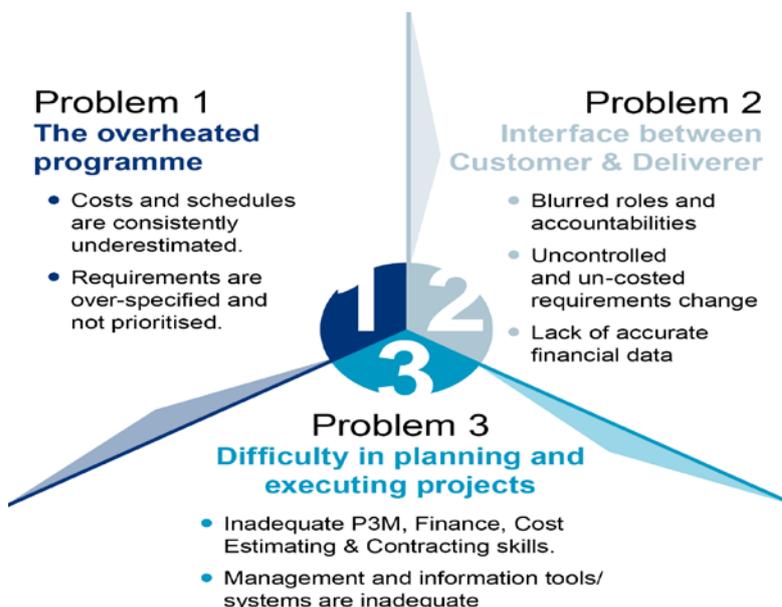


Figure 8 – Three principal causes of historical underperformance.

- 2.11 The Materiel Strategy team examined a range of alternative options for DE&S that were developed in support of addressing these three root causes. In July 2012, the Secretary of State for Defence (SofS) announced that the work done up to that date suggested that there was a strong case for transferring DE&S services to a Government Owned Contractor Operated (GOCO) organisation. Subsequent work led to the launch of a competitive procurement phase for the GOCO option in April 2013, alongside development of an in-house DE&S+ option.
- 2.12 On 10 December 2013 SofS announced to Parliament that a decision had been taken not to continue with the GOCO proposition, due to a lack of competition. However, the challenges facing DE&S remain and the continued drive for improvement within the organisation has led to a new approach.
- 2.13 As part of the 10 December announcement SofS stated the intention to establish DE&S as a Bespoke Central Government Trading Entity within the public sector with effect from 01 April 2014. The entity has a separate governance and oversight structure, a board led by an independent chairman and a Chief Executive who is accountable to Parliament for the performance of the organisation. Underpinning the entity are a number of freedoms and controls around how it conducts its business, including how it carries out financial management and reporting and how it recruits, rewards, retains and manages its workforce.
- 2.14 In parallel there will also be a significant injection of private sector skills into the organisation through the procurement of a number of MSPs to support the transformation in three key areas: Project Delivery; Fin&MI/IT; and HR.

Transformation objectives and organisation design principles

- 2.15 Transformation objectives: In fulfilling its purpose of equipping and supporting UK's Armed Forces for operations now and in the future, DE&S aspires to:
- 2.15.1 be a professional, respected and world-class programme management organisation;

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- 2.15.2 exceed the expectations of its Customers; and
 - 2.15.3 be trusted to get it right.
- 2.16 From an Initial Operating Capability (IOC) in April 2014, the future DE&S is planned to achieve Full Operating Capability (FOC) in April 2015, before becoming fully 'match fit' by April 2017. The definitions of IOC and FOC relate to the status of the organisation as a Bespoke Central Government Trading Entity rather than the capability of DE&S to deliver world-class output delivery. 'Match fit' relates to the latter.
- 2.17 'Match fitness' in April 2017 will be assessed against the following transformation outcomes:
- 2.17.1 Individual rather than group accountability. Individuals are responsible for their outputs, empowered to get on with it and personally accountable for delivery;
 - 2.17.2 Constructive partnering with Customers. Challenging conversations happen early in the requirements setting process to agree the "art of the possible" and what represents "value" for defence;
 - 2.17.3 Being business minded. Cost-conscious in everything DE&S does and every decision made;
 - 2.17.4 Having strong professions and skills. Active development and management of DE&S's professional capability and skills;
 - 2.17.5 Measuring what matters to drive results. Performance is measured against what really matters and success is appropriately recognised;
 - 2.17.6 Driving value from suppliers. Commercial models that are sophisticated enough to drive value from the market place;
 - 2.17.7 Having a flexible delivery model. Work is delivered by the best person for the job, deployed efficiently and effectively; and
 - 2.17.8 Ensuring consistent and coherent delivery. Processes and tools are used coherently and consistently to deliver reliable outcomes for our Customers.

Organisation design principles

- 2.18 The Materiel Strategy team is currently bringing together a proposal on the DE&S High Level TOM. Current design activity is brigaded across the following workstreams: Customer interface; scope and baseline; internal governance; people capability; processes; organisation and safety; suppliers; management information and benefits. The maturity of this work varies across these workstreams. As part of this design process the current status of the organisation is being captured through an "As Is / Business Readiness Assessment". Furthermore a number of "Pathfinders" may be run in order to test elements of the design.
- 2.19 In building on the work of the High Level TOM and bringing together on behalf of the DE&S Executive the Detailed TOM for the DE&S, the Materiel Strategy team will apply six driving principles:
- 2.19.1 preserving existing strengths;

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- 2.19.2 clear accountability for service delivery from top to bottom;
 - 2.19.3 meeting the specialist requirements of the business;
 - 2.19.4 meeting the requirement for agility and efficiency;
 - 2.19.5 drawing on private sector best practice; and
 - 2.19.6 DE&S recognised as a trusted partner.
- 2.20 The Materiel Strategy team's planned approach is to bring together thinking on organisation design, ahead of appointment of the MSPs, for provisional endorsement by the DE&S Executive and then task the MSPs on arrival to:
- 2.20.1 contribute resource to a Rainbow Design Team (RDT) which will review the current DE&S baseline and the High Level TOM and shape it further for endorsement by the DE&S Executive by no later than December 2014;
 - 2.20.2 help identify aspects of the TOM that should be implemented early (starting ahead of December 2014);
 - 2.20.3 develop the detailed plan of how the TOM will be realised through an implementation plan;
 - 2.20.4 present this plan for implementation to the DE&S Executive for endorsement no later than April 2015, having previously presented it in outline by December 2014; and
 - 2.20.5 support widescale implementation from April 2015 and continue to iterate the TOM, in a controlled manner, in response to experience gained through implementation.

Programme management

- 2.21 The Materiel Strategy is being managed as a change programme in accordance with OGC guidelines on Managing Successful Programmes. The DE&S TOM is planned to be delivered by a programme of change projects under the governance of a Programme Board chaired by the Senior Responsible Officer, CDM. The Programme Director, Director Materiel Strategy, leads the Materiel Strategy team which comprises three workstreams covering; Governance and Engagement; Organisational Design; and Implementation and Support Partners. A Programme Management Office supports the governance structure, managing integration, driving coherence and providing management information on the progress of activities. It is expected that the MSPs will contribute resource to and integrate their activities into the DE&S-led Programme Management Office to deliver change and maximise optimum coherence: the integration team thus created is referred to as the Rainbow Integration Team.
- 2.22 There are already a number of change activities under way within DE&S and wider MOD that share a dependency or overlap with this programme. Dependencies and overlaps will need to be identified and managed. This will be an important element of the work undertaken in the first six months of MSPs having been contracted. Activities concerned with MOD wide change but which have significance to DE&S include:
- The Customer Design Programme;

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- Defence Reform Programme (DRP) and the Defence Reform Design Authority;
- Corporate Services Systems Convergence Programme (CSSCP);
- Corporate Services Transformation Programme (CSTP) ;
- Defence Information Infrastructure (DII);
- Defence Core Network Services (DCNS);
- Single Source Pricing Regulations (SSPR);
- Remaining elements of the Financial Management Reform Programme ;
- Further embedding and refinement of the FMCT TOM and GCM;
- New Employment Model;
- Civil Service Reform; and
- Project 21 (The Army's review of career paths and the employment of its Officers).
- Activities concerned primarily with DE&S change include:
 - Interim Structures (DE&S implementation of the SDSR);
 - Logistics Commodities Services Transformation (LCS(T));
 - Weapons End-to-End (E2E) Transformation Programme;
 - Inventory Management Transformation (IMT);
 - Log NEC;
 - DE&S Framework Document;
 - DE&S Skills Framework for IT; and
 - DE&S PPM Professionalisation and Improved Workforce Planning.

3. **MANAGED SERVICE PROVIDERS**

DE&S priorities

- 3.1 The DE&S's priorities are successful leadership, successful delivery of the required outputs (eg as set out within the equipment programme and with the programme of work captured in the contracts with the Customers) and successful change. The latter activity in the present enables improved delivery and leadership in the future. The focus of the MSPs will be on successful change through the design of an optimised TOM and its implementation and sustainment across the organisation. Their activity will, however, include significant support to DE&S leadership and a significant contribution to the delivery of required DE&S outputs not least because in

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the early stages this will inform their thinking on the required changes and then subsequently will be a vehicle for driving the change through.

MSP objectives

- 3.2 The MSPs shall fulfill a key role in both designing and then implementing the TOM and thus help DE&S to operate more effectively and efficiently and be MOD's trusted acquisition entity. Objectives across all three workpackages are:
- 3.2.1 support improved delivery of the current programme (procuring new military equipment, commodities and services, supporting in-service equipment through-life, managing global logistic operations, sustaining safety, et al) to Performance, Time and Cost (PTC);
 - 3.2.2 while preserving existing strengths, introduce project delivery, financial and commercial management, structures, expertise, tools, processes and working practices so as to develop a Quality organisation;
 - 3.2.3 determine the qualifications, skills and experience required by the workforce of the new DE&S as the basis to improve performance across the business;
 - 3.2.4 train the existing workforce through formal and informal routes so that they are able to deliver to a world-class level the required DE&S products and services;
 - 3.2.5 import skills to fill, until such time as the in-house capability and capacity is satisfactorily addressed, critical shortfalls in key functions;
 - 3.2.6 produce timely, accurate and trusted information for the business, its Customers, suppliers and business partners; and
 - 3.2.7 ensure that the business is well placed to further evolve and retain its position as world-class for the outputs it delivers.

MSP Single Statement of User Need (SSUN)

- 3.3 The DE&S requires support to:
- 3.3.1 efficiently and effectively deliver the current Programme of Work;
 - 3.3.2 design, implement and sustain an operating model, including the required behaviours, that will ensure that the new entity is trusted and able to perform the acquire function efficiently and effectively for Defence.

MSP key benefits

- 3.4 The key benefits being sought are:
- 3.4.1 more effective delivery of Equipment, Support and Logistics products and services to Customers;
 - 3.4.2 more efficient use of DE&S's operating budget;
 - 3.4.3 more timely and reliable Management Information provided to stakeholders; and

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3.4.4 an improved reputation of DE&S.

Work Package (WP) 1, Project Delivery

- 3.5 The Project Delivery MSPs will drive a step change improvement in project delivery across DE&S, be it procuring new military equipment, commodities and services, supporting in-service equipment through-life, sustaining safety or managing global logistic operations. This improvement must include the introduction of a comprehensive project control system informed wherever appropriate by earned value management (or similar) data and analysis - a focus not only on 'doing things right' but also on 'doing the right thing' in the first place as well as 'keep on doing the right thing' through the life of an equipment or service being provided. Such an approach is a key characteristic of a Quality organisation.
- 3.6 This will be the dominant, supported, work package; it will shape the approach for WP2 and WP3 and its work is likely to endure. WP1 is divided by DE&S Domains with a number of MSPs delivering the totality of the DE&S requirement and the aspiration remains to adopt a single TOM across the whole of DE&S that has collectively been developed as the optimum by all the MSPs across all three workpackages and the business: this design will be driven by the RDT. Thus following a short period of building on the DE&S High Level TOM, the RDT will present its proposed TOM for endorsement by the DE&S Executive. Following endorsement the MSP1s will develop the plan to implement it and will then play a key role in rapid implementation and in driving organisational and behavioural change. The Rainbow Integration Team (RIT) will be key to the maintenance of coherence as implementation takes place. This includes direction to MSP3 who will run the planned set of interventions that seek to create the required behaviours and embed the TOM across the organisation. The MSP1s will require significant experience and know-how of delivery in complex technologies and demanding project environments and will bring to bear high-quality project management techniques, project controls and supplier management. They must also bring expertise in delivering successful business change and be able to work collaboratively with other MSPs, both in the context of a split WP1 and the other two work packages.
- 3.7 The WP1 endstate will be an embedded project delivery system that effectively and efficiently delivers the acquire function for Defence.

WP2, Finance and Management Information/Information Technology (Fin&MI/IT)

- 3.8 The Fin&MI/IT MSP will focus on ensuring that the information produced and used within DE&S is trusted within the organisation, within Defence and by its suppliers. This trusted information must enable timely and effective decisions on running the business, such as the allocation of resource to meet outputs or measuring the performance of the business. In allowing better management of business outputs MSP2 must: improve the quality of information associated with project baselines; enable the provision of data that supports every decision that the business makes; enable robust and evidence-based conversations with Customers to agree what represents true value for Defence; enable the hard charging of Customers for products and services received; and aid DE&S in driving value for money from its suppliers.
- 3.9 Confirmation of the baseline will be carried out at the earliest opportunity and will have as its start point the work conducted by the Materiel Strategy team prior to the arrival of MSP2. Design thereafter must be conducted in conjunction with the financial and MI requirements of WP1 and WP3 and the thinking within the DE&S High Level TOM. The DE&S Executive will be the Approval Gate before implementation. MSP2 must have expertise in supporting the definition of MI

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requirements but most importantly in delivering those requirements. The role will include the specification of associated IT system requirements and, with respect to existing systems, helping DE&S to work out whether to 'use more effectively', 'adapt' or 'replace'. The role also includes specific finance-related elements required to support DE&S as a distinct entity within the MOD. The role is a supporting one that helps deliver business requirements set by the DE&S leadership team, this team having itself been helped by the WP1 MSPs and MSP3 in defining them. Whilst making best use of what is already in place, implementation must be genuinely transformational: this is a once off opportunity to move the current DE&S from being at best at a tactical level of MI to being an entity where the MI environment is pervasive. Noting that good MI is a product of the right mindset of people, good processes, the right technology and good underlying data, MSP2 must take a balanced approach to tackling all areas.

- 3.10 The WP2 endstate will be an entity within which there is one version of the truth, this version is trusted and therefore decisions are made with confidence based upon the evidence presented.

WP3, Human Resources (HR)

- 3.11 From a position whereby DE&S only has a very small and limited HR capability, the HR MSP will help the new entity to establish a bespoke HR model and associated function. MSP3 will thus improve performance across the DE&S workforce such that the new entity is able to achieve world-class status. This work package will also drive the behavioural change required across the organisation and project manage the delivery of the planned set of interventions that seek to embed the TOM and required behaviours.
- 3.12 MSP3 will design and implement a new HR model and establish an HR function. Both of these are part of the wider DE&S TOM. MSP3 will be responsible for designing a new workforce model to enable efficient and effective deployment of staff and a bespoke pay and grading system which reflect the business requirements of WP1. MSP3 will also design and deliver the set of interventions that will create the required behaviours and embed the TOM. Dependent on the final HR model adopted it is likely that the HR function will be responsible for sourcing the training required to ensure a suitably skilled, knowledgeable and experienced workforce across DE&S. MSP3 must be informed by the WP1 MSPs and MSP2 to achieve this. MSP3 must therefore bring expertise in baselining skills, job classification and grading, as well as designing and setting up a relevant workforce performance management, incentivisation and career management system and enabling workforce development and business transformation. This work will have as its start point the thinking on HR and people capability within the High Level TOM and a very early part of the work across all three workpackages will be a finalisation of the HR model for agreement by the DE&S Executive. This is a supporting role that helps deliver business requirements set by the DE&S leadership team supported by the WP1 MSPs.
- 3.13 The WP3 endstate will be a self-confident entity that is able to attract, develop and retain high performing individuals and ensures that these personnel exhibit the behaviours that DE&S expects from them and are suitably skilled, knowledgeable and experienced to support its business outputs.

Programme phases and taxonomy

- 3.14 Whilst the phases of the programme cannot be neatly compartmentalised, Figure 9 sets out the framework and associated taxonomy which can be used for reference.

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Phase	Period	Principal activity / taxonomy	Comments
1	1 April 2014	-	<ul style="list-style-type: none"> 1 April 2014 was the IOC for the Bespoke Central Government Trading Entity within the public sector. The High Level TOM will be developed and procurement of the MSPs will be progressed.
2a	April 2014 – September 2014	Engage	<ul style="list-style-type: none"> The High Level TOM will be refined and MSPs procured. Procurement may involve an element of staggering (a matter of weeks, largely to aid the process of issue, receipt, evaluation et al) and an element of staging (possibly a larger period which will allow feedback from one piece of work to inform the next.) MSPs on contract and mobilised. MSPs in-briefed.
2b	September 2014 – April 2015	Design	<ul style="list-style-type: none"> 1 April 2015 is the FOC for the Bespoke Central Government Trading Entity. MSPs will conduct their own diagnosis and analysis thus be positioned to develop the TOM with DE&S. Thereafter the TOM will be finalised, agreed and endorsed by the DE&S Executive and the plan for its implementation developed. This is likely to include the presentation by MSPs of a series of project mandates / business cases to the DE&S Executive for proposed change projects: these change projects represent the individual stepping stones the sum of which delivers overall implementation of the TOM. Such project mandates / business cases will include the outputs expected to be delivered by the project and define the mandate for delivery. The outline implementation plan to be agreed with the DE&S Executive by December 2014. The final implementation plan endorsed by the DE&S Executive by April 2015.
3	April 2015 – April 2017	Implement	<ul style="list-style-type: none"> Build/buy, eg write and agree new processes and TORs, procure new IT if required etc etc. Roll out, eg publish new processes, put applications on to IT systems if required, people aware of their new TORs and reporting lines, workforce transformation activities, deliver training etc etc. If implementation of the TOM is to be in tranches there will be more than one set of implementation stages, with potentially some parallel activity. It is likely to include a period between April 2015 and April 2016 (Phase 3a, tbc) when the change projects effectively roll out the TOM across the DE&S with processes and systems then being increasingly used throughout the period April 2016 to April 2017 (Phase 3b tbc). This phase is

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			<p>dynamic in that the TOM will evolve as change is implemented and hence projects will evolve and the requirement for further projects may become apparent. Furthermore different elements of the business will “breakthrough” at different times.</p> <ul style="list-style-type: none"> • April 2017 is the target date by which DE&S will achieve “Match Fitness”.
4a (tbc)	Post April 2017	Sustain	<ul style="list-style-type: none"> • Develop and gain DE&S Executive (and all MSP) agreement of the strategy for this phase. Much of it will have to react to circumstances. The objectives of the strategy are: a) to ensure the TOM has been embedded (minimising the risk of regression to old ways of working); and b) to continue to improve the operating model. • May be enabled with or without the +1 year, +1 year elements of the MSP contracts.
4b (tbc)	Post April 2017	Dis-engage	<ul style="list-style-type: none"> • Develop dis-engagement strategy. • Implement the dis-engagement strategy, ensuring transfer of skills and seamless hand-over (of information and roles) from MSP staff to DE&S.

Figure 9 – Programme phases and taxonomy

3.15 There will be formal Gate Reviews at each phase boundary. These reviews have three purposes:

- 3.15.1 to confirm formally that the previous phase has been completed to satisfaction;
- 3.15.2 to record and disseminate lessons (for the rest of this programme or for other programmes); and
- 3.15.3 to formally authorise the MSPs to start the next phase.

3.16 This phased approach is illustrated as per Figure 10.

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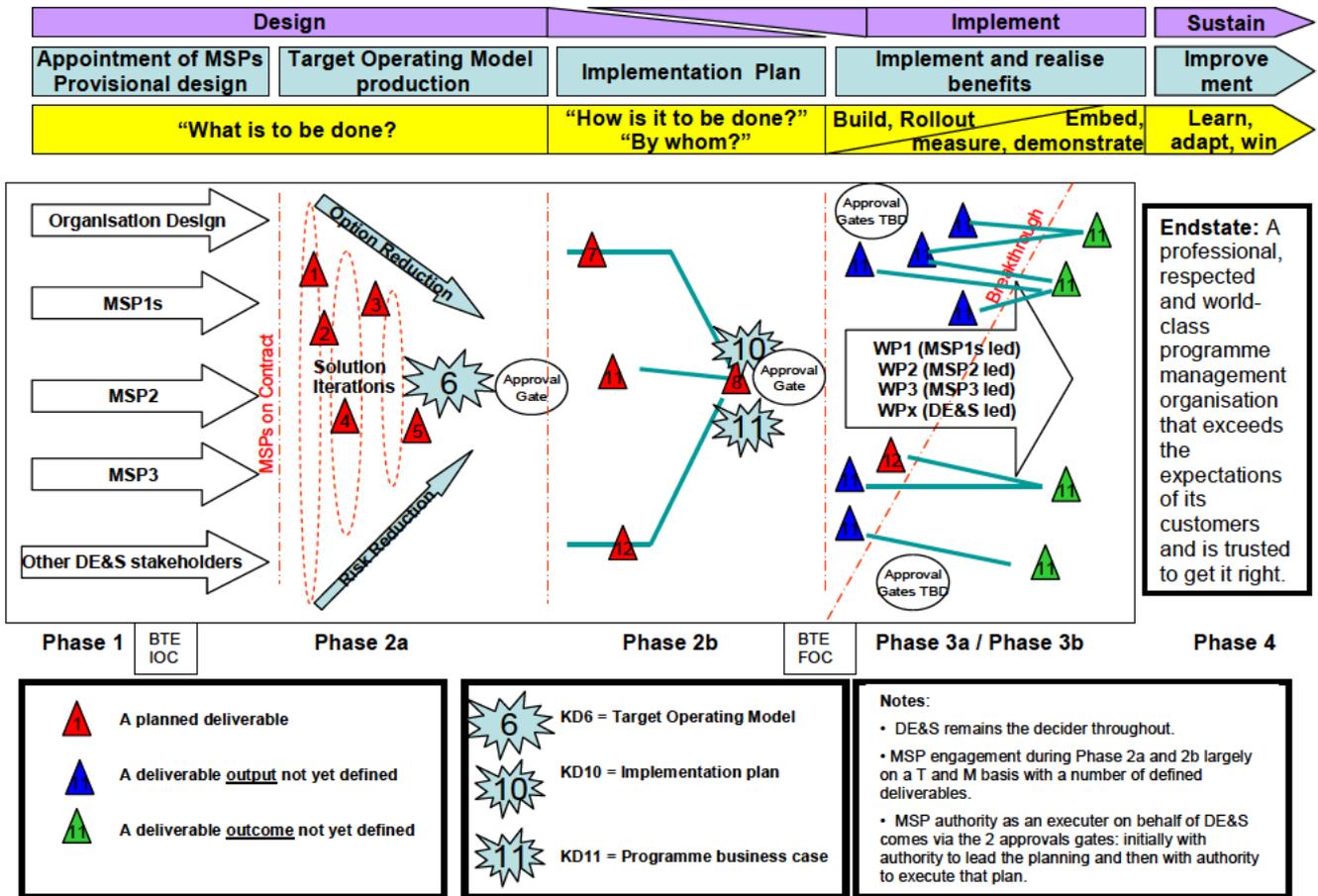


Figure 10 – An illustration of Design, Implementation and Sustainment.

Package Interdependencies

3.17 In short, WP1 will define the way in which the outputs of the organisation are delivered, WP2 the way in which trusted information is generated and used across the organisation and WP3 the way in which behavioural change, the HR model and the required set of interventions to embed the TOM is delivered across the organisation. Whilst there will be only one MSP for WP2 and one for WP3, there may be up to four MSPs contracted under WP1. Interdependencies between the workpackages are numerous, but not yet fully defined since there will be iteration between the thinking of each workpackage and that of the chosen MSPs. In managing the package interdependencies the following approach is planned to be taken:

- 3.17.1 the Authority will be the systems integrator for the work of the MSPs. The Authority will also be responsible for managing the wider portfolio of DE&S change of which the Materiel Strategy is a significant part. The Authority will be supported in this role through the work of the Rainbow Integration Team;
- 3.17.2 the interdependencies will be defined over the period following the appointment of the MSPs and December 14. During this period each

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MSP's thinking will be integrated both with one another and with the High Level TOM work. The RDT will be central to this work. By December 14, the Detailed TOM, together with a high-level implementation plan, will be presented to the DE&S Executive for approval and as part of this the interdependencies between the work packages must be defined; and

- 3.17.3 the detailed plan for the implementation of the TOM will be developed over the period January 2015 – April 2015. The implementation plan will then be presented to the DE&S Executive for endorsement. MSPs or elements of the DE&S will thereafter lead in delivering change projects, through the orchestration of a DE&S-led Rainbow Integration Team, each of which will be defined by its own project mandate / business case and project plan that will provide the authority for the lead, confirm interdependencies, outputs, benefits, et al. It is the sum of the outputs from these change projects that enables the achievement of the outcomes required by implementing a new Operating Model. These outcomes will only be achievable if the workings of the MSPs are coherent.

Key current assumptions.

- 3.18 Each workpackage is underpinned by a number of assumptions. The key current assumptions associated with their interdependency are:
- 3.18.1 the high level requirements of any HR organisation are comparable. Hence the building of a DE&S HR function can commence prior to endorsement of the TOM;
- 3.18.2 the “as is” position for MI within DE&S can be established under WP2 without impacting either WP1 or WP3. The position is being defined by the DE&S CIO and will be inherited by the WP2 MSP;
- 3.18.3 the “to be” position for MI within DE&S should be presented as part of the TOM for DE&S. This proposition must have considered the thinking of WP1, WP3 and organisational design. Any conflicts of interest must be presented to the DE&S Executive with the final design options;
- 3.18.4 WP1 will define the users’ requirements for project management tools and this will include all aspects of project accounting. This project accounting data must meet the needs of the new entities’ external financial accounting obligations. WP2 will oversee the delivery of the tools;
- 3.18.5 it is envisaged that all elements of DE&S will undergo a set of planned interventions to embed the new ways of delivering outputs. This will be led by the DE&S Executive. Subject matter experts from all MSPs will contribute to this work. The overall design of the package and the scheduling of its delivery will be project managed by MSP3 on behalf of the DE&S-led Rainbow Integration Team; and
- 3.18.6 within the scope of its workpackage, each MSP will be responsible for baselining the DE&S workforce skill level, carrying out the Training Needs Analysis to achieve the competency required and, preserving existing strengths, designing the training to achieve the suitably qualified and experience workforce. MSP3 will be responsible for working with the functions and orchestrating the delivery of the training.

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PART C- THE REQUIREMENTS - PROJECT DELIVERY MANAGED SERVICE PROVIDER

1. INTRODUCTION

- 1.1 This part sets out the requirements for the Project Delivery work package.
- 1.2 [Not used]
- 1.3 WP1 is interdependent with WP2 and WP3. Focused as it is on optimising the delivery of the DE&S's outputs, WP1 is, however, the dominant, supported work package of the three and, as such, MSP1s shall help to inform requirements to be met by WP2 and WP3 in a timely fashion so that coherence between work packages is maintained. The work package is split by DE&S Domain with more than one WP1 MSP delivering the totality of the DE&S requirement
- 1.4 The DE&S will be the systems integrator for the work of all MSPs contracted under WP1 as well as the work of the other two work packages. The Rainbow Integration Team, which will include personnel from each of the MSP1s will support this work.

2. PROJECT DELIVERY REQUIREMENTS

The requirements within the table are nested in a hierarchy, i.e. the requirements WP1-1.1, WP1-1.2 etc sit below and are a level of detail below the requirement WP1-1. MSP is referred to in the singular, accepting that multiple MSP1s will be contracted under this work package.

Ser	Requirement	Remarks	Key associated deliverables
WP1-1	Supported by MSP2 and MSP3, the MSP shall design and present to the DE&S Executive for endorsement a TOM for DE&S.		
WP1-1.1	<p>The MSP shall ensure that the DE&S TOM:</p> <p>a. Defines authorities, accountabilities, roles responsibilities and competence standards within DE&S (both delivery arms and functional units), including delegations and decision-rights, at project-level, Operating Centre-level and DE&S Executive-level;</p> <p>b. Supports both internal (applied by DE&S staff) and external (applied by non-DE&S staff) project control processes;</p> <p>c. Interfaces effectively with the Departmental owner, shared services, Customers, safety and security regulators, suppliers, other stakeholders and external assurance organisations;</p>	<p>The MSP will inherit the High Level TOM produced by the DE&S Organisational Design team. They will then work with DE&S and the other MSPs within the RDT to design a detailed TOM that best meets the requirements of DE&S. This must be endorsed by the DE&S Executive.</p> <p>The work on roles and responsibilities within DE&S (both delivery arms and functional units), will need to reflect our intention to be organised in professional functions and be deployed into projects, setting the requirement for the HR MSP to implement in our workforce deployment model.</p> <p>The TOM shall incorporate a Chief Operating Officer (COO) with each</p>	The DE&S TOM endorsed by the DE&S Executive by December 2014.

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Ser	Requirement	Remarks	Key associated deliverables
	<p>and</p> <p>d. Drives effective and enduring workforce performance, organisational culture and behaviours.</p>	<p>Domain, to work alongside the relevant Chief of Materiel (COM).</p>	
WP1-1.2	<p>The MSP shall design an optimised system of project delivery for DE&S. This will include world-class project management, financial and commercial management, structures, expertise, tools, processes and working practices and will take into account opportunities to draw upon current good practice within DE&S and wider MOD.</p>	<p>The design shall include but not be limited to the establishment of the necessary organisational behaviours and development of the necessary training. The MSP's approach shall take account of DE&S's change portfolio and in particular the existing PPM strategy – see dataroom, “DE&S PPM Professionalisation and Improved Workforce Planning” endorsed by the DE&S Executive in April 13 -, although in doing so the MSP does not require to be constrained by it should greater benefits be apparent through other approaches.</p> <p>The system of project management techniques and project controls shall introduce and exploit EVM analysis or similar. Furthermore it should not exhaustively serve to:</p> <ul style="list-style-type: none"> a) ensure that each project is clearly defined with the Customer during project initiation; b) keep each project on track; c) identify and manage interdependencies between projects; d) anticipate and avoid problems, including active risk management; e) detect and ensure prompt action when problems do arise; f) maintain the commitment of DE&S staff and other project stakeholders; g) facilitate effective project communications; and h) avoid reputational damage, loss of 	<p>A system of tailored project management techniques and project controls for DE&S which is endorsed as part of the TOM.</p>

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Ser	Requirement	Remarks	Key associated deliverables
		<p>business and litigation.</p> <p>Project reporting shall be reliable, relevant, realistic, accurate, and timely and shall provide both a contemporary view of project status and a forward-looking view of estimated project outturn. The system should operate in accordance with the MOD's acquisition lifecycle (e.g. CADMID), including:</p> <p>a) support to Customer planning (see Part D, 1.1).</p> <p>b) support to Customer investment decisions (see Part D, 1.2) and,</p> <p>c) delivery of the Customer's approved programme of work (see Part D, 1.3 and 1.4);</p> <p>d) defined start and finish events - aligned with project lifecycle phases and encompassing related contract lifecycles - for each project, e.g. approval of the Initial Gate business case and approval of the Main Gate business case at the start and finish of the Assessment phase;</p> <p>e) appropriate levels of project review, assurance and governance; and</p> <p>f) capture, exploitation and application of Learning From Experience (LFE) both within each project and between projects.</p> <p>The system of project management techniques and project controls shall be designed to suit the full breadth of DE&S business, tailored accordingly to suit project value, complexity, uncertainty/risk and criticality/priority, including:</p> <p>a) EPP projects - Categories A, B, C and D;</p> <p>b) ESP projects - Categories A, B, C</p>	

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Ser	Requirement	Remarks	Key associated deliverables
		<p>and D and including NACMO expenditure - ensuring that in-service equipment availability, readiness, deployability and sustainability is provided within agreed time and cost parameters;</p> <p>c) UORs; and</p> <p>d) logistic and supply chain management - ensuring that Defence Materiel is available at the right place and at the right time within agreed time and cost parameters.</p>	
WP1-1.3	The MSP shall support the delivery of the required DE&S outputs, in particular ensuring that the project and wider programme of work gives value-for-money and leads to the benefits expected by and agreed with the Customer.	In supporting the delivery of the required DE&S outputs, the MSP will also be better placed to identify where change can be made and will also be placed to provide exemplars of what good might look like.	<p>An agreed Programme of Work.</p> <p>Effective and efficient delivery of the Customers' requirements.</p>
WP1-1.4	The MSP shall design a detailed-level system of supplier management as an integral element of the overall Project Delivery system.	The MSP's approach shall take account of DE&S's change portfolio although in doing so does not require the MSP to be constrained by it shall greater benefits be apparent through other approaches.	A set of tailored supplier management processes for DE&S which is endorsed as part of the TOM.
WP1-1.5	The MSP shall define the required workforce behaviours, values and attitudes, including a strong safety culture.	This definition will inform that element of the planned set of interventions to be designed and delivered by MSP3 to embed the required behaviours.	A set of required behaviours that has been endorsed by the DE&S Executive.
WP1-1.6	The MSP shall define the business' MI requirements for both internal and external stakeholders.	This definition will inform the MI/IT work being carried out by MSP2 who will then oversee the delivery of the MI requirement.	A set of MI requirements that has been endorsed by the DE&S Executive.
WP1-1.7	The MSP shall set the users' requirements for IT tools and the HR function in support of the Project Delivery	The requirements should be developed in conjunction with MSP2 and MSP3. They will then be met by these MSPs.	Sets of requirements that have been endorsed by the

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Ser	Requirement	Remarks	Key associated deliverables
	system.		DE&S Executive.
WP1-2	The MSP shall deliver to the DE&S Executive for endorsement an implementation plan, encompassing delivery of all aspects of the TOM including the associated behavioural change.		
WP1-2.1	The MSP shall develop an implementation plan to deliver all aspects of the TOM.	This design shall be supported by MSP2 and MSP3 within the construct of the RDT. Elements of it will have been developed by MSP2 or MSP3; eg the element designed to deliver behavioural change will have been developed by MSP3. MSP1 will, however, pull together the whole plan.	Outline implementation plan to be agreed with the DE&S Executive by December 2014. The final implementation plan endorsed by the DE&S Executive by April 15.
WP1-3	The MSP shall implement and embed the TOM in accordance with the agreed implementation plan.		
WP1-3.1	The MSP shall implement and embed the Project Delivery system in accordance with the endorsed implementation plan.	The MSP will design, build and roll out the project delivery system. It will contribute to the set of interventions planned to embed the changes that will be project managed by MSP3.	An embedded Project Delivery system.
WP1-3.2	The MSP shall implement and embed the supplier management system in accordance with the endorsed implementation plan.	As above.	An embedded supplier management system.
WP1-4	The MSP shall provide, on an interim basis and as endorsed by DE&S, suitably knowledgeable, skilled and experienced (KSE) personnel to support delivery of DE&S outputs, embed the TOM, and support transformation of the DE&S workforce.		
WP1-4.1	The MSP shall provide sufficient suitably KSE staff to cover capability and capacity shortfall in DE&S Project Delivery workforce.	The knowledge, skills and experience required may vary by domain. The staff will be required to deliver bounded project specific activities across the CADMID lifecycle as directed by authorised Domain personnel, including Business Case development, planning and management of the Approvals and Assurance process, planning, performance reporting, development and analysis of Options, development and management of Integrated Test Evaluation and Assessment Plan and supply chain optimisation. To be effective the MSP will have to understand the domain. This can be	Sufficient KSE personnel to meet the required outputs of DE&S.

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Ser	Requirement	Remarks	Key associated deliverables
		characterised as knowledge and understanding of the challenges faced in delivering projects within the domain, user requirements, technologies current and future and the supply chain.	
WP1-4.2	The MSP shall provide a reachback capability to specific professional experts in areas related to Project Delivery and supplier management.	This is a reachback requirement.	Sufficient KSE personnel to meet the required outputs of DE&S.
WP1-4.3	The MSP shall provide suitable role models across the breadth and depth of DE&S as exemplars of best practice in delivering the outputs of the business and to reinforce the adoption of the required changes.	There is a linkage to WP1-1.3. Whilst the requirement is different, both serials will result in people embedded across the breadth and depth of the business.	Exemplars embedded throughout the business.
WP1-4.3.1	The MSP shall provide a senior KSE person to fulfill a Chief Operating Officer / Programme Director role supporting each DE&S COM.	The Terms of Reference of the Chief Operating Officer are likely to include: a. Provide effective corporate-level leadership; b. Provide strategic oversight and support to the organisation and delivery of their COM's project outputs; c. Ensure effective operation of the system of project management techniques, project controls and supplier management in their COM area; and d. Ensure that working practices between COM areas are consistent and exploit synergies to the maximum possible extent.	Chief Operating Officers for each Domain.
WP1-4.4	The MSP shall provide KSE personnel to help lead MSP3's delivery of agreed workforce interventions that seek to embed the TOM.	Links to WP1-3.1.	An embedded TOM.
WP1-4.5	The MSPs shall support recruitment campaigns to fill specific KSE positions on behalf of the DE&S or even conduct head hunting activity to fill specific SQEP posts as identified by the Authority especially with regard to Safety albeit not constrained to that.	In support of MSP3 activity.	No key shortfalls in SQEP personnel.

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Ser	Requirement	Remarks	Key associated deliverables
WP1-5	The MSP shall ensure that DE&S has grown the in-house capability and capacity to deliver its outputs without the support of an MSP by the end of the Contract term.		
WP1-5.1	The MSP shall ensure that all DE&S staff involved in Project Delivery and supplier management, including Customer staff, are appropriately trained and competent to fulfill their role responsibilities and accountabilities by the end of the Contract term.	A competency requirement. Training is likely to be sourced by MSP3 subject to the agreed HR model within the TOM.	A DE&S workforce sufficiently competent to carry out Project Delivery and supplier management functions.
WP1-5.2	The MSP shall ensure that the DE&S workforce, including any Private Sector Support, has sufficient capacity to carry out all required Project Delivery and supplier management functions by the end of the Contract Term.	A capacity requirement.	A DE&S workforce with sufficient capacity to carry out Project Delivery and supplier management functions.
WP1-5.3	The MSP shall maintain a viable Handover Plan throughout the contract period that facilitates effective and efficient handover of its business, either at the end of the contract term or - in the case of failure to perform - during the contract term, to either the DE&S workforce or an alternative MSP.	The Handover Plan shall include guarantees that any Intellectual Property, management systems, information and data, tools and techniques deployed by the MSP in support of DE&S remains embedded in and available to DE&S for its future operation, without restriction of use.	Handover Plan.
WP1-6	The MSP shall work collaboratively with wider stakeholders and in particular DE&S and the other MSPs.		
WP1-6.1	The MSP shall work collaboratively with DE&S staff, Customer staff and other stakeholder organisations in accordance with the principles of BS 11000 (Business Relationship Management).		An integrated working environment in which all parties work to common goals.
WP1-6.2	The MSP shall ensure that the activities generated by BS 11000 shall set out how the MSP plans to identify and implement efficiencies in its collaborative working with the other DE&S MSPs.		As above.
WP1-7	The MSP shall provide up to two suitably knowledgeable, skilled and experienced personnel to work as part of a Rainbow Integration Team (aka DE&S and all MSPs) which will carry out the Integrator	The knowledge, skills and experience required will include: an understanding of change; ability to maintain the trust of the parent company, other MSPs and the DE&S; the ability to see things	A Rainbow Integration Team established no later than

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Ser	Requirement	Remarks	Key associated deliverables
	Role required.	from different perspectives; the ability to work in, and form, a team; an understanding of DE&S.	December 14.
WP1-8	The MSP shall provide suitably knowledgeable, skilled and experienced personnel to fulfill central posts within DE&S in support of the DE&S Board.	As above.	RDT established no later than November 14.
WP1-9	The MSP shall ensure implementation and operation of its design proposals has no adverse impact, near-term or otherwise, on delivery to the MOD's Customer organisations.	This must ensure that DE&S normal business is not impacted by the additional burdens of the transformational change activity.	Successful delivery of the Corporate KPIs

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PART D- ACTIVITIES CARRIED OUT BY DE&S AS MOD'S ACQUIRER

1. OVERVIEW

The below table sets out the services required from DE&S by MOD. As set out in Part A, the Contractor will play a key role in DE&S fulfilling, and is expecting to have regard to, these obligations when performing the services set out in Part C.

No.	DE&S Activity	Description
1	Deliver for the Intelligent Customer	
1.1	Support Intelligent Customer Planning	
1.1.1	Support the Customers with planning the Programme of Work.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Supporting the Customers with the production of the annual Programme of Work. • Identifying and managing dependencies between programmes within the Programme of Work. • Defining required levels of interoperability between systems in the Defence Portfolio. • Identifying coherence, re-use, standardisation, and efficiency opportunities within each of the Customers' programmes of Work to achieve improved Value for Money / secure cost-efficiencies / improve cost-effectiveness. • Supporting the Customers in the identification of pan-programme dependencies. • Supporting the Customers in identifying the need for pan-programme requirements coherence. • Supporting Defence Portfolio trade-offs based on a balanced evaluation across an informed set of factors. • Identifying and reporting current and future system of system capability level shortfalls. • Conducting capability investigations to support the development and analysis of Genesis Options. • Providing accurate, timely and sufficiently detailed investment-quality estimates, covering performance, cost, time and risk associated with the equipment and logistics components of the Customers' Command Plans. • Understanding Customers' desired outcomes and

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No.	DE&S Activity	Description
		<p>supporting with the development and endorsement of Command Plans that address these outcomes.</p> <ul style="list-style-type: none"> • Capturing supporting evidence that equipment, services, logistics and support components of the Command Plans are worth pursuing, offer Value for Money and are deliverable, in support of capability management investment decisions. • Preparing inputs to annual budgets and long-term financial plans associated with the Programme of Work taking account of appropriate planning assumptions. • Supporting Customers with quarterly reporting, risk reporting and review of senior responsible officer requirements by providing reports on performance of the Programme of Work.
1.1.2	Support Head Office with optimising the Programme of Work.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Providing advice and recommendations on portfolio-wide system of systems coherence and opportunities for re-use and standardisation. • Identifying system of systems design coherence, re-use, standardisation, and efficiency opportunities across the Customers' programmes of Work to achieve improved Value for Money / secure cost-efficiencies / improve cost-effectiveness. • Ensuring that an informed balance of factors (including performance, time, cost, interoperability, safety, and security) agreed with the approving authorities is considered when developing the Customers' Command Plans. • Evaluating the impact of coherence, re-use and standardisation exceptions on the Programme of Work. • Informing the coherence of technology, research and development activities with current and future system of systems solutions. • Ensuring coherence of test & evaluation at system of systems level.
1.1.3	Provide a Tasking and Change Control service for use between DE&S and Customers	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Identifying the objectives associated with the Programme of Work that relate to the Tasking Order. • Understanding each Customer's task objectives in

No.	DE&S Activity	Description
		<p>response to the Customers' emerging needs.</p> <ul style="list-style-type: none"> • Defining and agreeing a costed Task Proposal with the Customer for each task specifying appropriate tasked services, associated products and acceptance criteria to satisfy the task objectives. • Managing proposed changes initiated by the Customer or DE&S in relation to the responsibilities, obligations, rights and privileges of the DE&S and any part of the MOD and/or Her Majesty's Government. • Limiting change control and investigation of changes to that approved by empowered representatives of the respective parties. • Obtaining acceptance of delivered products for each task and ensuring the Contractor for each task is satisfied with the services delivered. • Maintaining a record of agreed tasked activities within a register of Acquirer Activities.
1.1.4	Provide the Intelligent Customer with agile and responsive services.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Responding to the Intelligent Customer requests with a speed appropriate to the urgency and priority of the need. • Appropriate funding arrangements and Tasking Orders are established within agreed timescales.
1.2	Support Intelligent Customer Investment Decisions	
1.2.1	Support the Customers with investment decisions.	<p>This service will include (as amended or directed in the Tasking Order):</p> <ul style="list-style-type: none"> • Supporting Customers with the production of programme and project business case submissions for investment decisions. • Providing the Customer with accurate, timely and fit for purpose investment estimates to support investment decisions covering performance, time and cost, and taking account of risks and opportunities. • Providing information, support, and advice to the Intelligent Customer in support of Her Majesty's Treasury and the approvals processes.

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1.3	Support Delivery of the Intelligent Customer's Programme of Work	
1.3.1	Manage Acquirer Activities related to the delivery of the Intelligent Customer's Programme of Work.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Identifying the objectives and management of Acquirer Activities in accordance with those objectives. • Managing Acquirer Activities to ensure the delivery of agreed outputs to performance, time and cost. • Demonstrating that requirements have been successfully met and making recommendations for acceptance. • Reporting performance against the Acquirer Activities.
1.4	Provide Quality Contractor Services	
1.4.1	Capability Management and Planning Support Services	
1.4.1.1	Support the Customers' in-year financial management of the Programme of Work.	<p>This service covers routine activities including:</p> <ul style="list-style-type: none"> • Preparing Programme of Work and Command Plan financial forecasts. • Preparing regular financial reports of actual expenditure and forecasts against budgets to support in-year decision making. • Providing responses to ad-hoc requests for financial information relating to the in-year position. • Providing financial inputs to change proposals. • Producing budget amendments as required. • Preparing cash-flow information to satisfy Her Majesty's Treasury reporting requirements.
1.4.1.2	Support Head Office and the Customer with governance of the Programme of Work.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Supporting Head Office and the Customers to verify that the proposed Programme of Work is affordable, Value for Money and satisfies the strategic objective expressed in the Customers' Command Plans. • Assuring that analysis of options conducted on programmes and projects has been robustly

No.	DE&S Activity	Description
		<p>conducted.</p> <ul style="list-style-type: none"> • Identifying and reporting any duplications and potential synergies within the proposed Programme of Work. • Identifying and reporting any disparity between the Programme of Work and the Customers' Command Plans. • Reviewing financial plans associated with capability management and planning.
1.4.2	Portfolio, Programme and Project Management Support Services.	
1.4.2.1	Support the Customers to manage portfolios / sub-portfolios.	<p>This will include (as amended or directed in the Tasking Order):</p> <ul style="list-style-type: none"> • Supporting the Customer with the establishment of Programme mandates. • Identifying, analysing and managing portfolio / sub-portfolio issues, risks and opportunities on behalf of Customer • Ensuring the performance, time and cost implications of portfolio / sub-portfolio risks and opportunities and the ownership of issues, risks and opportunities are understood and agreed by the stakeholders accountable. • Escalating portfolio / sub-portfolio risks to the appropriate internal and external stakeholders to ensure that they are adequately and proportionately managed or accepted. • Identifying and managing portfolio / sub-portfolio stakeholders. • Preparing performance, time and cost portfolio / sub-portfolio estimates taking account of associated risk. • Preparing performance, time and cost forecasts taking account of associated risk for portfolio / sub-portfolios. • Reporting on variances between actual expenditure and forecast portfolio / sub-portfolio expenditure. • Reporting on variances between current and previous forecasts of portfolio / sub-portfolio expenditure. • Reporting on variances between forecasts of portfolio /

No.	DE&S Activity	Description
		sub-portfolio expenditure and approved limits.
1.4.2.2	Support the Customers to manage programmes.	<p>This will include (as amended or directed in the Tasking Order):</p> <ul style="list-style-type: none"> • Initiation, management and termination of programmes in accordance with the programme mandate. • Delivery of Core and non-Core programmes within agreed performance, cost, and time taking account of associated risk. • Identifying, analysing and managing programme issues, risks and opportunities on behalf of Customers. • Ensuring the performance, time and cost implications of programme risks and opportunities and the ownership of issues, risks and opportunities are understood and agreed by the stakeholders accountable. • Escalating programme risks to the appropriate internal and external stakeholders to ensure that they are adequately and proportionately managed or accepted. • Identifying and managing programme stakeholders. • Identifying potential international partners and associated benefits. • Providing Customers with programme office support. • Preparing performance, time and cost programme estimates to support Programme of Work planning. • Providing programme management information to support portfolio / sub-portfolio decision-making including performance, time and cost forecasts. • Reporting on variances between actual expenditure and forecast programme expenditure. • Reporting on variances between current and previous forecasts of programme expenditure. • Reporting on variances between forecasts of programme expenditure and approved limits. • Providing programme management information to support decisions in respect of capability integration decision-making. • Providing programme management information to

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		support acceptance decision-making.
1.4.2.3	Support the Customers to manage projects.	<p>This will include (as amended or directed in the Tasking Order):</p> <ul style="list-style-type: none"> • Initiation, management and termination of projects in accordance with the project mandate. • Managing the delivery of projects within agreed performance, cost, and time taking account of associated risk. • Identifying, analysing and managing project issues, risks and opportunities on behalf of Customers • Ensuring the performance, time and cost implications of project risks and opportunities and the ownership of issues, risks and opportunities are understood and agreed by the stakeholders accountable. • Escalating project risks to the appropriate internal and external stakeholders to ensure that they are adequately and proportionately managed or accepted. • Identifying and managing project stakeholders. • Preparing performance, time and cost project estimates to support Programme of Work planning. • Provision of project management information to support programme decision-making including performance, time and cost forecasts. • Reporting on variances between actual expenditure and forecast project expenditure. • Reporting on variances between current and previous forecasts of project expenditure. • Reporting on variances between forecasts of project expenditure and approved limits. • Providing project management information to support acceptance decision-making.
1.4.2.4	Advising Head Office and the Customers on management of their portfolios / sub-portfolio.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Providing advice on conduct of portfolio / sub-portfolio management. • Providing advice on the management of portfolio / sub-portfolio issues, risks and opportunities.

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		<ul style="list-style-type: none"> • Supporting with the analysis and understanding of portfolio / sub-portfolio estimates, forecasts, variances and identification of trends. • Providing rough order of magnitude estimates for potential future programmes. • Providing Customers with portfolio / sub-portfolio office support including the collation and analysis of portfolio / sub-portfolio, programme and project management information to support portfolio / sub-portfolio decision-making.
1.4.2.5	Advising the Customers on management of their programmes.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Providing advice on conduct of programme management. • Providing advice on the management of programme issues, risks and opportunities. • Supporting with the analysis and understanding of programme estimates, forecasts, variances and identification of trends. • Providing rough order of magnitude estimates for potential future projects. • Providing Customers with programme office support including the collation and analysis of programme and project management information to support programme decision-making.
1.4.2.6	Advising the Customers on management of their projects.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Providing advice on the conduct of project management. • Providing advice on the management of project issues, risks and opportunities. • Supporting with the analysis and understanding of project estimates, forecasts, variances and identification of trends. • Providing Customers with project office support including the collation and analysis of project management information to support project decision-making.
1.4.3	Procurement and Contract Management	

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1.4.3.1	Provide the Customers with commercial support.	<p>This will include (as amended or directed in the Tasking Order):</p> <ul style="list-style-type: none"> • Developing and assessing procurement strategy options. • Developing and assessing exit strategy options. • Conducting market analysis to determine the capacity, capability, competence, financial stability and appetite of current and potential suppliers. • Conducting contracts feasibility studies. • Preparing estimates of commercial support costs to support Programme of Work planning. • Identifying, analysing and managing commercial risks and opportunities on behalf of Customers. • Ensuring the performance, time and cost implications of commercial risks and opportunities as well as the ownership of risks and opportunities are understood and agreed by the stakeholders accountable. • Escalating commercial risks to the appropriate internal and external stakeholders to ensure that they are adequately and proportionately managed or accepted. • Managing and administering supplier payments. • Auditing supplier delivery performance against the contract.
1.4.3.2	Manage on behalf of the Customers the contracts entered into between the Secretary of State and the Executors.	<p>This will include (as amended or directed in the Tasking Order):</p> <ul style="list-style-type: none"> • Developing and assessing options for contracts and agreements with stakeholders required to deliver the Programme of Work. • Competing, negotiating and awarding contracts and agreements with stakeholders required to deliver the Programme of Work taking account of the objectives. • Ensuring all contracts put in place by the DE&S provide a robust legal position which protects the MOD's interests. • Managing changes to contracts and agreements taking account of the objectives in relation to changes sought or forced by the stakeholders in relation to the responsibilities, obligations, rights and privileges of the

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		<p>Executer, the Contractor and any part of the MOD and/or Her Majesty's Government.</p> <ul style="list-style-type: none"> • Managing supplier performance and taking appropriate action to resolve deficiencies taking account of the Authority's objectives. • Monitoring and assessing stakeholder compliance with contracts and agreements. • Resolving issues and disputes related to contracts and agreements taking account of the objectives. • Supporting acceptance off-contract decisions based on evidence of satisfaction of contractual obligations. • Managing contract closure and, where appropriate, post-costing following contract closure.
1.4.3.3	Manage rights on behalf of the Customers.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Ensuring appropriate commercial and legal rights are secured for the MOD within contracts. • Obtaining necessary registrations and authorisations under international arms control regulations for the use of relevant defence related goods and technologies (including technical data and software) associated with the conduct of Acquirer Activities. • Ensuring that the use of defence related goods and technologies associated with Acquirer Activities comply with international arms control obligations imposed by registrations and authorisations granted to the Contractor. • Managing rights of access to goods and technologies associated with the Programme of Work.
1.4.3.4	Advise the Customers on commercial management.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Providing advice on approaches to procurement, competitions, contracting and contract management.
1.4.3.5	Manage the flow-down of security aspects to Executers on behalf of Customers.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Producing, issuing and managing Executer compliance with SALs in accordance with all tendering and contract activities.
1.4.4	Capability Solution Support	

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1.4.4.1	Support the Customers to manage capability solutions.	<p>This will include (as amended or directed in the Tasking Order):</p> <ul style="list-style-type: none"> • Conducting solution feasibility assessments into the introduction, sustainment and enhancement of capability solutions across all Defence Lines of Development. • Providing specialist engineering, logistic and technical support to programmes and projects including the following disciplines: software engineering; mechanical engineering; electrical engineering; electronic engineering; aerospace engineering; chemical engineering; nuclear engineering; civil engineering; computer engineering; industrial/manufacturing engineering, integrated logistic support, human factors engineering. • Preparing estimates of capability solution costs to support Programme of Work planning. • Identifying, analysing and managing capability solution risks and opportunities on behalf of Customers. • Ensuring the performance, time and cost implications of capability solution risks and opportunities as well as the ownership of risks and opportunities are understood and agreed by the stakeholders accountable. • Escalating capability solution risks to the appropriate internal and external stakeholders to ensure that they are adequately and proportionately managed or accepted. • Developing capability solution strategies and associated plans.
1.4.4.2	Support the Customers to evaluate technology maturity.	<p>This will include (as amended or directed in the Tasking Order):</p> <ul style="list-style-type: none"> • Managing or conducting technology demonstration activities. • Gathering maturity evidence and evaluating the maturity of emerging technologies. • Making recommendations on the application of emerging technologies into capability solutions.
1.4.4.3	Support the Customers to specify their	<p>This service will include (as amended or directed in the Tasking Order):</p>

No.	DE&S Activity	Description
	requirements.	<ul style="list-style-type: none"> • Planning requirements management activities and the approach to acceptance of solutions developed in response to requirements. • Eliciting requirements from stakeholders and developing a consolidated set of requirements based on a balanced evaluation across an informed set of factors. • Analysing the current and future environment within which the solution will exist to elicit integration and interoperability requirements and constraints including applicable standards. • Verifying requirements against the Defence board strategic objectives and the Customers' Command Plans. • Validating that requirements reflect stakeholders' needs and concerns and have taken account of their specific intended use or application in their intended environment. • Managing changes to requirements and assessing the impact of proposed changes (including contract amendments and trade-offs).
1.4.4.4	Support the Customers to design and integrate capability solutions.	<p>This will include (as amended or directed in the Tasking Order):</p> <ul style="list-style-type: none"> • Planning capability solution (including equipment, services, logistics, and support solutions) design and integration activities including the development and agreement of design and integration strategy with appropriate stakeholders. • Acting as the system of systems Design Authority across a number of independently procured systems. • Verifying that emerging design solutions satisfy specified requirements and are designed to integrate into the environment within which they will operate. • Validating that emerging design solutions reflect stakeholders' needs and concerns and have taken account of their specific intended use or application in their intended environment. • Ensuring that design solutions address integration and interoperability requirements and constraints. • Developing integration strategies for independently

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		<p>procured systems (equipment and services).</p> <ul style="list-style-type: none"> • Eliciting physical and logical integration and interoperability requirements of independently procured systems (equipment and services). • Developing integration plans and conducting integration activities to ensure the physical and logical integration and interoperability of independently procured systems (equipment and services). • Managing the development of support solutions by support service suppliers. • Conducting or managing standardisation of Defence Materiel in accordance with the North Atlantic Treaty Organisation (NATO) codification system.
1.4.4.5	Support the Customers to test and evaluate capability solutions.	<p>This service will include (as amended or directed in the Tasking Order):</p> <ul style="list-style-type: none"> • Planning capability solution test and evaluation activities including the development and agreement of test and evaluation strategy with appropriate stakeholders. • Producing integrated test, evaluation and acceptance plans for Customer programmes and managing test and evaluation activities in accordance with the plan. • Booking test and evaluation facilities as required. • Managing or conducting tests to verify that requirements have been satisfied. • Overseeing supplier-conducted tests producing verification evidence of requirements satisfaction. • Verifying that implemented solutions satisfy specified requirements and constraints (including standards) integrate into and interoperate within the environment within which they will operate. • Validating that procured systems and services comply with stakeholders' needs and concerns and achieve their intended use in their intended environment. • Collating, consolidating and providing test and evaluation evidence to support acceptance decision-making.
1.4.4.6	Support the Customers to commission capability	This will include (as amended or directed in the Tasking

No.	DE&S Activity	Description
	solutions into service.	<p>Order):</p> <ul style="list-style-type: none"> • Planning capability solution commissioning activities including the development and agreement of commissioning strategy with appropriate stakeholders. • Managing the effective commissioning into service of systems (equipment and services) into their operating environment. • Conducting any test and evaluation activities required to verify that the system installed in its operating environment continues to satisfy its requirements and behaves as intended prior to handover to the Customer. • Validating that commissioned solutions reflect stakeholders' needs and concerns and satisfy the requirements for their specific intended use or application in their intended environment. • Collating, consolidating and providing commissioning evidence to support acceptance decision-making.
1.4.4.7	Advise the Customers on capability solutions.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Providing advice on the conduct of technical and engineering activities on the programmes and projects. • Providing advice on the Military application of technology based on technology watch intelligence. • Providing advice in respect of equipment and related services, including the following areas: air systems; maritime systems; weapon systems; land systems; Information Systems Target Acquisition and Reconnaissance (ISTAR) systems; communication, command, control and computers and information systems; and nuclear systems. • Providing information related to systems (equipment and services) to enable Customers to conduct their business.
1.4.4.8	Govern solution development activities on behalf of the Customers.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Implementing and maintaining an effective governance structure for solution development (including equipment, services, logistics, and support elements) with clearly defined roles, responsibilities, accountabilities and interfaces. • Implementing and maintaining an appropriate set of

No.	DE&S Activity	Description
		<p>organisations, processes and tools covering the development of solutions.</p> <ul style="list-style-type: none"> • Conducting reviews to assess the maturity of solutions and associated strategies, plans and products. • Verifying the appropriateness of solutions during development, commissioning and operation. • Verifying that solution development activities are conducted in a safe, secure, environmentally responsible and Value for Money manner.
1.4.4.9	Provide Head Office with a system of systems central coherence authority service.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Gathering and collating system of systems coherence risks, assumptions, issues, dependencies and opportunities. • Justifying and supporting the establishment of functional domains or other coherence interventions. • Developing, maintaining and delivering SOSA training and education across SOSA community. • Managing, maintaining and disseminating relevant SOSA policy, rules, guidance, and best practice. • Arbitrating across domains and capability areas or between domains and capability areas.
1.4.5	In-Service Support	
1.4.5.1	Manage in-service support through the Defence Support Network on behalf of the Customers.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Identifying the objectives and management of in-service support in accordance with those objectives. • Determining the required level of performance of logistics and support activities and actively managing the Defence Support Network. • Managing logistics and support delivery and sustainment performance to meet the Customers' requirements ensuring the ability to respond to emerging needs. • Developing contingency plans to mitigate risks to the delivery of logistics and support. • Monitoring the effectiveness and agility of the Defence Support Network.

No.	DE&S Activity	Description
		<ul style="list-style-type: none"> • Support logistics and support planning to future defence tasks and contingent operations. • Planning and implementing strategic lines of communication to enable the worldwide delivery of materiel, personnel and resources to operations, training and crisis management. • Coordinating the worldwide delivery of logistics and support to operations, training and crisis management. • Planning and implementing logistic information systems and services including integration across the defence community (including suppliers and international partners) to meet the Customers' requirements. • Preparing estimates of in-service logistics and support activity costs to support Programme of Work planning. • Producing financial forecasts for in-service logistics and support services. • Identifying, analysing and managing in-service logistics and support issues, risks and opportunities on behalf of Customers. • Ensuring the performance, time and cost implications of in-service logistics and support risks and opportunities and the ownership of issues, risks and opportunities are understood and agreed by the stakeholders accountable. • Escalating in-service logistics and support risks to the appropriate internal and external stakeholders to ensure that they are adequately and proportionately managed or accepted.
1.4.5.2	Manage equipment availability on behalf of the Customers.	<p>This will include (as amended or directed in the Tasking Order):</p> <ul style="list-style-type: none"> • Planning and managing the operation of planned and routine in-service availability activities (including planned maintenance and unplanned repairs) across the Defence Support Network. • Managing the generation and communication of availability information across the Defence Support Network. • Monitoring the condition of in-service equipment. • Collecting and analysing equipment reliability and

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		<p>maintainability data and exploiting conclusions and trends to improve equipment availability.</p> <ul style="list-style-type: none"> • Conducting and recording maintenance and repair activities. • Identifying, analysing and managing availability risks and opportunities on behalf of Customers. • Ensuring the performance, time and cost implications of availability risks and opportunities as well as the ownership of risks and opportunities are understood and agreed by the stakeholders accountable. • Escalating equipment availability risks to the appropriate internal and external stakeholders to ensure that they are adequately and proportionately managed or accepted. • Planning and managing deployment of assets within in-service equipment fleets.
1.4.5.3	Support the Customers to evaluate fitness for purpose of in-service capability solutions.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Evaluating that systems (equipment and services) remain fit for their intended use in their intended environments through life. • Notifying the capability operator of potential risks or issues related to a system's on-going fitness for purpose.
1.4.5.4	Manage in-service packaging, handling, storage and transportation on behalf of the Customers.	<p>This will include (as amended or directed in the Tasking Order):</p> <ul style="list-style-type: none"> • Planning and managing the operation of packaging, handling, storage and transportation activities across the Defence Support Network including the scheduling and tasking of commercial organisations and other nations' strategic transportation assets. • Planning, operating and maintaining packaging, handling, storage and transportation activities covering the worldwide strategic deployment, sustainment and recovery of materiel, personnel and resources through strategic lines of communication and the Defence Coupling Bridge on behalf of Customers. • Identifying assets that should be tracked and determining an appropriate tracking mechanism. • Tracking assets in storage and in-transit.

No.	DE&S Activity	Description
		<ul style="list-style-type: none"> • Managing the generation and communication of packaging, handling, storage and transportation information across the Defence Support Network. • Identifying, analysing and managing packaging, handling, storage and transportation risks and opportunities on behalf of Customers. • Ensuring the performance, time and cost implications of packaging, handling, storage and transportation risks and opportunities as well as the ownership of risks and opportunities are understood and agreed by the stakeholders accountable. • Escalating packaging, handling, storage and transportation risks to the appropriate internal and external stakeholders to ensure that they are adequately and proportionately managed or accepted. • Ensuring that packaging, handling, storage and transportation activities are conducted in a safe, secure, economical and environmentally responsible manner.
1.4.5.5	Support the Customers with inventory and asset management.	<p>This will include (as amended or directed in the Tasking Order):</p> <ul style="list-style-type: none"> • Planning and managing the development, implementation and operation of inventory management activities across the Defence Support Network supply chain. • Operating and maintaining inventory management activities on behalf of Customers. • Planning and managing defence inventory holdings and movements throughout the Defence Support Network supply chain to meet the Customers' requirements. • Managing the generation and communication of defence inventory information across the Defence Support Network. • Identifying, analysing and managing inventory management risks and opportunities on behalf of Customers. • Ensuring the performance, time and cost implications of inventory management risks and opportunities as well as the ownership of risks and opportunities are understood and agreed by the stakeholders accountable.

No.	DE&S Activity	Description
		<ul style="list-style-type: none"> • Escalating inventory management risks to the appropriate internal and external stakeholders to ensure that they are adequately and proportionately managed or accepted. • Ensuring that inventory management activities are conducted in a safe, secure, economical and environmentally responsible manner.
1.4.5.6	Manage equipment obsolescence on behalf of the Customers.	<p>This will include (as amended or directed in the Tasking Order):</p> <ul style="list-style-type: none"> • Planning and managing activities related to defence equipment obsolescence management. • Managing the delivery of obsolescence management services. • Identifying and resolving or escalating equipment obsolescence issues to the appropriate internal and external stakeholders to ensure that they are resolved. • Identifying, analysing and managing equipment obsolescence risks and opportunities on behalf of Customers. • Ensuring the performance, time and cost implications of equipment obsolescence risks and opportunities as well as the ownership of risks and opportunities are understood and agreed by the stakeholders accountable. • Escalating equipment obsolescence risks to the appropriate internal and external stakeholders to ensure that they are adequately and proportionately managed or accepted. • Conducting defence equipment obsolescence management activities in a safe, secure, economical and environmentally responsible and proportionate manner.
1.4.5.7	Manage disposal of equipment on behalf of the Customers	<p>This will include (as amended or directed in the Tasking Order):</p> <ul style="list-style-type: none"> • Planning and managing activities and services related to defence equipment disposal throughout the life of the equipment. • Identifying, analysing and managing equipment disposal risks and opportunities on behalf of Customers.

No.	DE&S Activity	Description
		<ul style="list-style-type: none"> • Ensuring the performance, time and cost implications of equipment disposal risks and opportunities as well as the ownership of risks and opportunities are understood and agreed by the stakeholders accountable. • Escalating equipment disposal risks to the appropriate internal and external stakeholders to ensure that they are adequately and proportionately managed or accepted. • Disposing of defence equipment in a safe, secure, economical and environmentally responsible and proportionate manner.
1.4.5.8	Manage the configuration control of in-service equipment on behalf of the Customers.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Planning and managing activities related to defence equipment configuration management. • Developing through-life configuration management plans for in-service equipment. • Conducting or managing in-service equipment configuration management and component version control. • Identifying, analysing and managing configuration management risks and opportunities on behalf of Customers. • Ensuring the performance, time and cost implications of configuration management risks and opportunities as well as the ownership of risks and opportunities are understood and agreed by the stakeholders accountable. • Escalating configuration management risks to the appropriate internal and external stakeholders to ensure that they are adequately and proportionately managed or accepted.
1.4.5.9	Investigate and resolve faults on behalf of the Customers.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Planning and managing activities related to defence equipment fault resolution. • Conducting or supporting fault investigations and reviewing reliability data to determine root cause. • Conducting impact analysis to determine the implications of faults and reliability issues.

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		<ul style="list-style-type: none"> • Carrying out or managing remedial actions to address faults and reliability issues. • Keeping stakeholders apprised of progress related to faults and reliability issues.
1.4.5.10	Govern in-service logistics and support through the Defence Support Network on behalf of the Customers.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Implementing and maintaining an effective governance structure for in-service logistics and support with clearly defined roles, responsibilities, accountabilities and interfaces. • Implementing and maintaining an appropriate set of organisations, processes and tools covering in-service logistics and support. • Verifying the appropriateness of in-service logistics and support solutions. • Verifying that in-service logistics and support activities are conducted in a safe, secure, environmentally responsible and value for money manner.
1.4.5.11	Advise the Customers on in-service support.	<p>This will include (as amended or directed in the Tasking Order):</p> <ul style="list-style-type: none"> • Providing advice on the conduct of logistic support activities on the programmes and projects. • Providing advice on the development, implementation and operation of logistic support solutions to support Customers' needs.
1.4.6	Financial Management	
1.4.6.1	Advise Head Office and the Customers on financial management.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Providing advice on approaches to financial management. • Providing analysis of management accounting information.
1.4.6.2	Provide financial reports to Head Office and the Customers.	<p>This service covers routine activities including:</p> <ul style="list-style-type: none"> • Producing regular financial reports • Preparing annual report and accounts in preparation for audit by the National Audit Office. • Managing resolution against issues and recommendations arising from National Audit Office

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		<p>recommendations.</p> <ul style="list-style-type: none"> • Ensuring proper and effective financial and inventory accounting.
1.4.6.3	Support the Customers with financial management of inventory and assets.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Generating asset change notices and asset delivery schedule information. • Processing and reconciling financial data relating to inventory movements and balances within centrally prescribed deadlines. • Providing management inventory stock accounting data.
1.4.6.4	Govern financial activities on behalf of Head Office and the Customers.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Verifying that financial management activities are conducted in an appropriate manner in accordance with financial management policies and guidelines.
1.4.6.5	Assure the financial inputs to business cases on behalf of Head Office and the Customers.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Supporting the review and endorsement of business cases. • Providing advice to Customers on the forward programme of business cases to be submitted to the approving authorities. • Ensuring consistent quality of financial elements of business case submissions.
1.4.6.6	Support Head Office and the Customers to manage financial performance.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Preparing and providing performance information to Head Office and/or Customers.
1.4.7	Safety and Environmental Management	
1.4.7.1	Manage the safety of solutions through life on behalf of the Customers.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Developing and maintaining the safety aspects of safety & environmental management plans through life ensuring that they address safety management across all DLODs during current and future phases including plans and processes for managing safety stakeholders. • Supporting the development of proportionate safety

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		<p>requirements across all DLODS for incorporation in formal requirements documentation.</p> <ul style="list-style-type: none"> • Determining the applicability and relevance of current safety standards across all DLODs as contractual instruments to be imposed on Executers. • Supporting the through life test, evaluation and training associated with the safety of solutions across all DLODS taking account of changes in configuration, use, accidents, incidents and equipment failures. • Developing and maintaining safety cases across all DLODS through life ensuring that they are proportionate and fit for purpose to support major decision points (such as Initial Gate, Main Gate, Capability, Acceptance) and are updated to reflect changes in configuration, use, accidents, incidents and equipment failures. • Managing exemptions from health and safety regulations and legislation and establishing and implementing proportionate internal controls to mitigate safety risks to the Defence personnel resulting from such exemptions. • Identifying, analysing and managing safety issues, risks and opportunities associated with solutions on behalf of Customers. • Ensuring the performance, time and cost implications of safety risks and opportunities and the ownership of issues, risks and opportunities are understood and agreed by the stakeholders accountable. • Escalating safety risks to the appropriate internal and external stakeholders to ensure that they are adequately and proportionately managed or accepted. • Providing guidance to Operating Duty Holders on the safety of materiel.
1.4.7.2	Manage the environmental impact of solutions through life on behalf of the Customers.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Developing and maintaining environmental protection aspects of safety & environmental management plans through life ensuring that they address environmental management across all DLODS during current and future phases including plans and processes for managing environmental stakeholders. • Supporting the development of proportionate environmental requirements across all DLODS for incorporation in formal requirements documentation

No.	DE&S Activity	Description
		<p>taking account of potential environmental impacts, government environmental targets and required operational performance.</p> <ul style="list-style-type: none"> • Determining the applicability and relevance of current environmental standards across all DLODS as contractual instruments to be imposed on Executers. • Supporting the through life test, evaluation and training associated with the environmental impact of solutions across all DLODS taking account of changes in configuration, use, accidents, incidents and equipment failures. • Developing and maintaining Environmental Cases across all DLODS through life ensuring that they are proportionate and fit for purpose to support major decision points (such as Initial Gate, Main Gate, Capability, Acceptance) and are updated to reflect changes in configuration, use, accidents, incidents and equipment failures. • Managing exemptions from environmental regulations and legislation and establishing and implementing proportionate internal controls to mitigate environmental risks resulting from such exemptions. • Identifying, analysing and managing environmental issues, risks and opportunities associated with solutions on behalf of Customers. • Ensuring the performance, time and cost implications of environmental risks and opportunities and the ownership of issues, risks and opportunities are understood and agreed by the stakeholders accountable. • Escalating environmental risks to the appropriate internal and external stakeholders to ensure that they are adequately and proportionately managed or accepted. • Providing guidance to Operating Duty Holders on the environmental impact of materiel.
1.4.7.3	Manage the sustainability of solutions through life on behalf of the Customers.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Developing and maintaining sustainability aspects of safety & environmental Management Plans through life ensuring that they address sustainability management across all DLODS during current and future phases including plans and processes for managing sustainability stakeholders.

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No.	DE&S Activity	Description
		<ul style="list-style-type: none"> • Supporting the development of proportionate sustainability requirements across all DLODS for incorporation in formal requirements documentation taking account of resource security (especially energy and materials), potential climate change impacts, government sustainability targets and required operational performance. • Identifying, analysing and managing sustainability issues, risks and opportunities associated with solutions on behalf of Customers. • Ensuring the performance, time and cost implications of sustainability risks and opportunities and the ownership of issues, risks and opportunities are understood and agreed by the stakeholders accountable. • Escalating sustainability risks to the appropriate internal and external stakeholders to ensure that they are adequately and proportionately managed or accepted. • Developing and maintaining sustainability baselines for solutions.
1.4.7.4	Govern acquisition safety and environmental protection activities associated with the Acquirer Activities on behalf of Defence	<p>This service covers routine activities including:</p> <ul style="list-style-type: none"> • Implementing and maintaining an effective governance structure for acquisition safety and environmental protection activities performed by the Contractor, with clearly defined roles, responsibilities, accountabilities and interfaces. • Implementing and maintaining an appropriate set of acquisition safety and environmental protection organisations, processes and tools covering Acquirer Activities, which effectively interfaces with the organisations, processes, information and tools of its stakeholders, ensuring compliance with Applicable Laws and Mandatory Policies/Standards and Compliance Policies/Standards. • Ensuring the compliance of acquisition safety and environmental protection organisations, processes and tools with current applicable legislation, standards and regulatory requirements taking cognisance of emerging legislation. • Centrally collecting, collating and analysing information related to accidents and incidents (including near misses) resulting from acquisition safety and environmental protection activities.

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		<ul style="list-style-type: none"> • Disseminating acquisition safety and environmental protection guidance and lessons learned. • Assuring the proportionality and fitness for purpose of acquisition safety and environmental protection systems and outputs commensurate with the level of project risk. • Identifying, analysing and managing acquisition safety and environmental protection issues, risks and opportunities. • Ensuring the performance, time and cost implications of acquisition safety and environmental protection risks and opportunities and the ownership of issues, risks and opportunities are understood and agreed by the stakeholders accountable. • Escalating acquisition safety and environmental protection risks to the appropriate internal and external stakeholders to ensure that they are adequately and proportionately managed or accepted.
1.4.7.5	Support the regulators to conduct accident and incident investigations.	<p>This will include (as amended or directed in the Tasking Order):</p> <ul style="list-style-type: none"> • Conducting or supporting the conduct of accident and incident investigations (including near misses) on behalf of the regulators, sharing information across all relevant stakeholders. • Supporting coroner investigations related to defence materiel.
1.4.7.6	Provide safety and environmental training on behalf of Head Office and the regulators.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Developing and delivering safety and environmental training courses sponsored by Head Office or the regulators.
1.4.7.7	Advise Head Office and the Customers on safety management.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Providing advice on approaches to safety management. • Providing advice on through-life safety considerations. • Providing safety subject matter experts to boards of inquiry.
1.4.7.8	Advise Head Office and the Customers on environmental	<p>This service covers routine activities including:</p> <ul style="list-style-type: none"> • Providing advice on approaches to environmental

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	management.	management. <ul style="list-style-type: none"> • Providing advice on through-life environmental considerations. • Providing environmental subject matter experts to boards of inquiry.
1.4.8	Policy/Strategy/Standards Development	
1.4.8.1	Advise Head Office on support, inventory and logistics strategy and policy.	This covers routine activities including: <ul style="list-style-type: none"> • Providing recommendations, feedback and advice on support, inventory and logistics strategy and policy.
1.4.8.2	Advise Head Office on commercial strategy and policy.	This covers routine activities including: <ul style="list-style-type: none"> • Providing recommendations, feedback and advice on commercial strategy and policy. • Providing recommendations, feedback and advice on industrial strategy and policy.
1.4.8.3	Advise Head Office on safety & environmental strategy and policy.	This covers routine activities including: <ul style="list-style-type: none"> • Providing recommendations, feedback and advice on safety and environmental strategy and policy.
1.4.8.4	Advise Head Office on engineering and technical strategy and policy.	This covers routine activities including: <ul style="list-style-type: none"> • Providing recommendations, feedback and advice on technical strategy and policy.
1.4.8.5	Advise Head Office on financial management strategy and policy.	This covers routine activities including: <ul style="list-style-type: none"> • Providing recommendations, feedback and advice on financial management strategy and policy.
1.4.8.6	Advise Head Office on quality management strategy and policy.	This covers routine activities including: <ul style="list-style-type: none"> • Providing recommendations, feedback and advice on quality management strategy and policy.
1.4.8.7	Advise Head Office on security management strategy and policy.	This covers routine activities including: <ul style="list-style-type: none"> • Providing recommendations, feedback and advice on security management strategy and policy.
1.4.8.8	Advise DStan on Defence Standards.	This service covers routine activities including: <ul style="list-style-type: none"> • Providing recommendations, feedback and advice on

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		<p>Defence Standards.</p> <ul style="list-style-type: none"> • Cooperating with relevant bodies to ensure a robust and comprehensive suite of Defence Standards.
1.4.8.9	Support production of Defence Standards on behalf of DStan.	<p>This will include (as amended or directed in the Tasking Order):</p> <ul style="list-style-type: none"> • Supporting the production and update of Defence Standards.
1.4.9	Supply Chain Management	
1.4.9.1	Manage the supply chain on behalf of Head Office and the Customers.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Identifying the objectives and management of the supply chain in accordance with those objectives. • Analysing the supply chain network and identifying potential improvements. • Assessing supplier fragility, capacity and capability regarding the delivery of the current and expected future Programme of Work. • Identifying potential for strategic partnerships. • Preparing estimates of supply chain management costs to support Programme of Work planning. • Identifying, analysing and managing supply chain risks and opportunities on behalf of Customers. • Ensuring the performance, time and cost implications of supply chain risks and opportunities as well as the ownership of risks and opportunities are understood and agreed by the stakeholders accountable. • Escalating supply chain risks to the appropriate internal and external stakeholders to ensure that they are adequately and proportionately managed or accepted.
1.4.9.2	Advise Head Office and the Customers on supply chain management.	<p>This will include (as amended or directed in the Tasking Order):</p> <ul style="list-style-type: none"> • Providing advice on supply chain management approaches. • Providing advice on managing supply chain risks and opportunities.

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		<ul style="list-style-type: none"> • Providing intelligence on supplier fragility, capacity and capability.
1.4.9.3	Assure the quality of Executer products and services on behalf of the Customers.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Agree Executer service and delivery performance targets and mechanisms for assessing service performance with the Executors. • Monitoring the service and delivery performance of Executors against the agreed performance targets. • Conducting supplier audits including the review of Executors' quality management systems, safety and environmental management systems and security systems. • Reviewing Executors' quality management plans. • Reviewing the quality of Executors' delivered products and services. • Providing input where required by a Customer in relation to contractual disputes with suppliers. • Supporting Executors to deliver quality improvements.
1.4.9.4	Manage contractual obligations on behalf of the Customers.	<p>This will include (as amended or directed in the Tasking Order):</p> <ul style="list-style-type: none"> • Identifying and agreeing with stakeholders the contractual obligations necessary to enable the delivery of the contract. • Managing Executer requests for contractual support including; Government furnished equipment, assets, information, personnel and facilities ("Gfx"). • Managing the satisfaction of the MOD's contractual obligations to Executors including managing the provision of Gfx.
1.4.9.5	Provide suppliers with guidance on selling to the MOD on behalf of Head Office and the Customers.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Providing potential defence suppliers information on how the MOD contracts for its defence equipment and services. • Directing new entrants into the defence supply chain.
1.4.10	International	

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1.4.11	Support Head Office and the Customers to manage inter-governmental agreements and arrangements.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Providing advice, recommendations and feedback on the management of defence-related agreements and arrangements between the UK Government and governments of other countries. • Monitoring and ensuring DE&S compliance with international commitments and obligations related to inter-governmental agreements and arrangements. • Supporting with the discharge of UK commitments and obligations related to Inter-Governmental Agreements and Arrangements. • Supporting the protection of the UK's rights and privileges related to Inter-Governmental Agreements and Arrangements. • Providing advice, recommendations and feedback on the termination of Inter-Governmental Agreements and Arrangements.
1.4.11.1	Manage the international movements of goods and technology on behalf of the Customers.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Supporting the planning and conduct of movements of goods and technologies (including technical data and software) associated with the Programme of Work. • Obtaining necessary UK import and export licences for the international movement of licensed goods and technologies associated with the conduct of Acquirer Activities. • Ensuring that Acquirer Activities comply with UK import and export licence obligations. • Obtaining necessary registrations and authorisations under international arms control regulations for the movement of relevant defence related goods and technologies associated with the conduct of Acquirer Activities. • Ensuring that international movements of defence related goods and technologies associated with Acquirer Activities comply with international arms control obligations imposed by registrations and authorisations granted to the Contractor.
1.4.11.2	Support Head Office with quality assurance of suppliers for foreign	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Discharging UK Government responsibilities in respect of quality assurance services for Defence equipment

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	governments.	procured by foreign countries.
1.4.11.3	Support production of international Defence Standards on behalf of Head Office.	<p>This will include (as amended or directed in the Tasking Order):</p> <ul style="list-style-type: none"> Supporting international defence organisations and foreign governments with the production and update of international Defence Standards.
1.4.12	Departmental Information Requirements	
1.4.12.1	Support the Parliamentary Branch to respond to Parliamentary information requests.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> Collating and providing information to support responses to Parliamentary Questions, Ministerial Correspondence, Treat Official and 'Ask a Minister' requests for information.
1.4.12.2	Support the Chief Information Officer's office to respond to Freedom of Information requests.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> Collating and providing information to support responses to Freedom of Information Requests.
1.4.12.3	Provide Ministerial and Select Committee information in response to requests from a Defence Minister' office and the House of Commons Defence Committee.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> Collating and providing information to support responses to requests for information emanating from a Defence Minister's office and the House of Commons Defence Committee.
1.4.12.4	Provide media information in response to requests from the Defence Media Centre.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> Responding to requests for information emanating from the Defence Media Centre.
1.4.12.5	Provide Defence information in response to requests from the MOD's central secretariat.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> Responding to requests for defence information emanating from the MOD's central secretariat.
1.4.12.6	Provide Acquirer Activities information in response to requests from the Owner.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> Responding to requests for Acquirer Activities information emanating from the Owner.
1.4.13	Security	
1.4.13.1	Support the Customers to manage the security of	<p>This will include (as amended or directed in the Tasking Order):</p>

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	solutions.	<ul style="list-style-type: none"> • Developing and maintaining Security Management Plans through life ensuring that they address security management across all DLODs during current and future phases including plans and processes for managing security stakeholders. • Ensuring that Executors undertaking contracts involving protectively marked assets or material where a facility security clearance is required hold or obtain a facility security clearance prior to those protectively marked assets or material being held at the facility. • Supporting the Executer to initiate the process to obtain a facility security clearance. • Supporting the development of proportionate security requirements across all DLODS for incorporation in User and System Requirements. • Determining the applicability and relevance of current security standards across all DLODs as contractual instruments to be imposed on Executors. • Supporting the through life test, evaluation and training associated with the security of solutions across all DLODS taking account of changes in configuration, use, accidents, incidents and equipment failures. • Developing and maintaining the risk management accreditation document set across all DLODS through life ensuring that they are proportionate and fit for purpose to support major decision points (such as Initial Gate, Main Gate, Capability, Acceptance) and are updated to reflect changes in configuration, use, accidents, incidents and equipment failures. • Ensuring the performance, time and cost implications of security risks and opportunities and the ownership of issues, risks and opportunities are understood and agreed by security stakeholders. • Escalating security risks to the appropriate internal and external security stakeholders to ensure that they are adequately and proportionately managed or accepted.
1.4.13.2	Support Head Office and the regulators to conduct security incident investigations.	<p>This will include (as amended or directed in the Tasking Order):</p> <ul style="list-style-type: none"> • Conducting or supporting the conduct of security investigations (including near misses) on behalf of the regulators, sharing information across all relevant stakeholders.

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1.4.13.3	Govern acquisition security activities associated with the Acquirer Activities on behalf of Defence	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Implementing and maintaining an effective governance structure for security management, with clearly defined roles, responsibilities, accountabilities and interfaces. • Implementing and maintaining an appropriate set of security management processes covering the acquisition of defence materiel ensuring compliance with Applicable Laws, and Policies/Standards • Assuring the proportionality and fitness for purpose of security outputs commensurate with the level of project risk. • Documenting internal security controls and mitigations which inform and support the MOD's key risks. • Ensure that all goods and services supplied or managed by it (on behalf of the MOD) guarantee a level of confidentiality, integrity and availability of information stored or transmitted, commensurate with the information's protective marking.
1.4.13.4	Advise Head Office and the Customers on management and conduct of security activities.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Providing recommendations, feedback and advice on approaches to managing and conducting security activities. • Providing recommendations, feedback and advice on through-life security considerations.
1.4.14	Customers other than the UK Ministry of Defence	
1.4.14.1	Provide the Business, Innovation and Skills Department with a Defence export support service.	<p>This will include (as amended or directed in the Tasking Order):</p> <ul style="list-style-type: none"> • Supporting the marketing of defence materiel at defence exhibitions and shows. • Managing the provision of defence assets and resources to support defence export opportunities.
1.4.14.2	Provide UK Government, via the Owner's Council with support to the independent review of UK Government major projects and programmes.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Supplying suitably qualified and experienced personnel to conduct integrated assurance reviews of UK Government departments other than the Ministry of Defence's major projects and programmes.

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1.4.15	Defence Enterprise Management	
1.4.15.1	Support Head Office and the Customers to manage defence enterprise risks and opportunities.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Identifying, analysing and managing defence enterprise risks and opportunities on behalf of Head Office. • Ensuring the performance, time and cost implications of defence enterprise risks and opportunities as well as the ownership of risks and opportunities are understood and agreed by the stakeholders accountable. • Escalating defence enterprise risks to the appropriate stakeholders to ensure that they are adequately and proportionately managed or accepted. • Establishing, documenting and operating appropriate internal controls to address defence enterprise risks and opportunities.
1.4.15.2	Provide Head Office and the Customers with a stakeholder management support service.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Identifying stakeholders relevant to the performance of services under this Contract. • Analysing stakeholders' interests and developing appropriate stakeholder management plans. • Conducting or managing stakeholder management activities and providing documented evidence of such activity to Customers upon demand.
2	Run the Enterprise	
2.1	Plan the Enterprise	
2.1.1	Deliver a Head Office-agreed business plan associated with the Acquirer Activities conducted on behalf of the MOD.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Developing and agreeing a corporate business plan with Head Office as part of the Defence annual budgetary cycle, that is feasible; deliverable and Value for Money. • Agreeing the tasked and routine Acquirer Activities to be delivered within the Contractor's business plan and implementing plans to enable them to be delivered. • Agreeing sustainability targets and implementing plans to achieve them to support the MOD to meet government sustainability vision and commitments,

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		<p>taking account of energy and materials security and climate change.</p> <ul style="list-style-type: none"> • Documenting and agreeing Head Office's Quality Assurance requirements related to the Acquirer Activities conducted and services provided. • Agreeing regulatory management controls and regulatory management plans, including internal and external regulatory assurance regimes. Reviewing the operation of the Acquirer Activities in accordance with the DE&S's quality management system. • Conducting internal quality assurance audits on its products and services. • Reviewing and agreeing the list of external regulators. • Reviewing internal regulatory management systems and relevant external regulators. • Implementing and maintaining appropriate internal regulatory compliance organisations, processes and tools which effectively interface with those operated by its stakeholders. Conducting internal regulatory compliance audits on its products and services across all levels of the DE&S's organisation.
2.1.2	Demonstrate that Value for Money is achieved in running the Enterprise.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Collecting and analysing data for evidence of delivery of Value for Money including in the procurement and employment of facilities and infrastructure necessary to run the enterprise. • Providing Head Office and / or the Front Line Commands with evidence that demonstrates that Value for Money has been achieved. • Providing Head Office with an annual performance review detailing the performance against the DE&S's business plan.
2.1.3	Manage the environmental impact and environmental risks associated with the activities conducted on behalf of the MOD.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Implementing and maintaining appropriate environmental management organisations, processes and tools to manage environmental impact. • Centrally collecting, collating and analysing information related to environmental accidents and incidents (including near misses) resulting from the DE&S's

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		<p>activities.</p> <ul style="list-style-type: none"> • Disseminating environmental guidance and lessons learned. • Ensuring the compliance of environmental management organisations, processes and tools with current applicable legislation, standards and regulatory requirements taking cognisance of emerging legislation for environmental protection. • Generating evidence to support requests for derogations, disapplications or exemptions from environmental legislation. • Establishing, documenting and operating appropriate internal controls to mitigate risk where derogations, disapplications or exemptions from environmental legislation have been granted.
2.1.4	<p>Manage occupational health and safety risks associated with the activities conducted on behalf of the Authority.</p>	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Implementing and maintaining appropriate health and safety management organisations, processes and tools to manage occupational health and safety within the Contractor. • Centrally collecting, collating and analysing information related to health and safety accidents and incidents (including near misses) resulting from the Contractor's activities. • Disseminating health and safety guidance and lessons learned. • Ensuring the compliance of health and safety management organisations, processes and tools with current applicable legislation, standards and regulatory requirements taking cognisance of emerging legislation for health and safety. • Generating evidence to support requests for derogations, disapplications or exemptions from health and safety legislation. • Establishing, documenting and operating appropriate internal controls to mitigate risk where derogations, disapplications or exemptions from health and safety legislation have been granted.
2.1.5	<p>Manage the security risks associated with its sites and the activities conducted on behalf of</p>	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Implementing and maintaining appropriate security

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	the MOD	<p>management organisations, processes and tools to manage and provide robust and effective security within the Contractor.</p> <ul style="list-style-type: none"> • Centrally collecting, reporting, collating and analysing information related to security breaches and incidents (including near misses) resulting from the Contractor's activities. • Disseminating security guidance and lessons learned. • Ensuring the compliance of security management organisations, processes and tools with current applicable legislation, standards and regulatory requirements taking cognisance of emerging legislation for security. • Developing and maintaining a robust and effective security culture throughout the organisation. • Cooperating with the International Visits Control Office (IVCO) to obtain approval to discuss protectively marked matters with foreign nationals at UK or overseas facilities. • Issuing appropriate security passes and identification cards to authorised personnel operating at its facilities.
2.1.6	Demonstrate continuous and measurable improvement in the delivery of activities conducted on behalf of the MOD.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Collecting and analysing data for evidence of continuous and measurable improvement. • Providing the Head Office with evidence that demonstrates continuous and measurable improvement in the delivery of activities conducted on behalf of Defence.
2.1.7	Integrate Corporate Business Tools with the MOD's systems.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Identifying the integration or hosting requirements associated with each new Corporate Business Tool. • Developing and agreeing with the Head Office a business case demonstrating improved Value for Money where there is a desire to replace existing Corporate Business Tools. • Developing and agreeing an integration plan for each new Corporate Business Tool. • Integrating each new Corporate Business Tool in

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		<p>accordance with the integration plan.</p> <ul style="list-style-type: none"> • Demonstrating that each new Corporate Business Tool is either hosted by the MOD, or where held physically external to the MOD, interoperate with the MOD's technology infrastructure, applications and management information systems.
2.1.8	Maintain the integrity and accuracy of the data contained in Corporate Business Tools.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Developing and agreeing strategies and plans to ensure data integrity and accuracy. • Implementing the agreed data integrity and accuracy strategies and plans and monitoring their effectiveness, taking corrective action where required to address issues and risks.
2.1.9	Implement a certified quality management system covering the scope of the Acquirer Activities.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Understanding the certification requirements to address the scope of Acquirer Activities conducted and services provided. Developing and maintaining a quality management system that satisfies the certification requirements. • Obtaining and maintaining third party certification of the quality management system.
2.1.10	Implement a quality management system that satisfies quality assurance requirements.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Developing and maintaining a quality management system that satisfies quality assurance requirements. • Developing and maintaining certificates of conformity which define how the quality management system satisfies quality assurance requirements.
2.1.11	Implement regulatory management systems covering regulated Acquirer Activities.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Understanding the requirements of external regulators. • Understanding the scope of enterprise services and activities conducted requiring regulatory oversight. • Developing and maintaining regulatory management systems designed to ensure compliance of the range of enterprise services and activities requiring regulatory oversight with requirements imposed by external regulators. • Obtaining and maintaining endorsement from external regulators that the regulatory management systems

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		comply with their requirements.
2.1.12	Ensure that the services it provides are auditable by relevant external regulators	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Developing and agreeing with external regulators a regulatory assurance strategy. • Producing an audit supporting information pack to support external regulators to conduct an audit. • Allowing external regulators with access to sites, personnel and information necessary to conduct audits. • Acting to resolve non-compliances identified as a result of audits conducted by external regulators in accordance with the regulatory management system.
2.1.13	Provide support to prepare the Acquisition System health report.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Agreeing the inputs required to support the production of the Acquisition System health report. • Providing Head Office with inputs to the Acquisition System health report.
2.2	Manage Delivery Resources	
2.2.1	Provide Head Office and Front Line Commands with a workload forecasting service as part of routine business.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Ensuring a DE&S workload forecast covering all tasks within the DE&S's Programme of Work is produced and delivered to the Customers on a monthly basis. • Identifying current resource shortages associated with each Task within the DE&S's Programme of Work and proposed resolutions to the current resource shortages. • Identifying and notifying Head Office and the Front Line Commands of the expected impact of the set of resource shortages on each task.
2.2.2	Develop the skills, capabilities and knowledge of other MOD personnel	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Understanding and agreeing up-skilling Requirements for increasing the skills, knowledge and experience of other MOD personnel • Providing opportunities for other MOD personnel to increase their skills, knowledge and experience as per

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		<p>the agreed up-skilling requirements.</p> <ul style="list-style-type: none"> • Demonstrating the satisfaction of the up-skilling Requirements at the end of the secondment.
2.2.3	Procure all materials and resources necessary to deliver against the Task Orders within the agreed Programme of Work.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Identifying material and resource (including information) requirements. • Identifying and managing opportunities to combine multiple purchases of material and resources to achieve economies of scale and bulk purchase discounts. • Ensuring procured material and resources is of the appropriate specification. • Negotiating with suppliers to obtain Value for Money.
2.2.4	Provide personnel (on loan and/or on secondment) to international defence organisations and foreign governments where requested.	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Understanding and agreeing secondment requirements with host organisations. • Advertising for suitable candidate personnel and down-selecting preferred personnel. • Agreeing the terms of the secondment with the secondee and host organisation in an international secondment agreement. • Providing secondees to the host organisation under the terms of the international secondment agreement. • Re-incorporating the secondee upon their return from the host organisation.
2.2.5	Manage business continuity risks to ensure its ability to conduct activities on behalf of the MOD	<p>This covers routine activities including:</p> <ul style="list-style-type: none"> • Identifying, analysing and managing business continuity issues, risks and opportunities and agreeing business critical activities. • Ensuring the performance, time and cost implications of business continuity risks and opportunities and the ownership of issues, risks and opportunities are understood and agreed by stakeholders. • Escalating business continuity risks to the appropriate internal and external stakeholders to ensure that they are adequately and proportionately managed or

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No.	DE&S Activity	Description
		<p>accepted.</p> <ul style="list-style-type: none"> • Developing and maintaining business continuity policies, strategies and plans addressing the identified business continuity issues, risks and opportunities. • Developing and maintaining incident management and business recovery plans addressing actions to be taken on the occurrence of specific business continuity incidents. • Developing and implementing business continuity exercise plans and schedules, documenting the outcomes of exercises in business continuity exercise reports.

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PART E– REQUIREMENTS FOR WORK PACKAGE 2 AND WORK PACKAGE 3

1. OVERVIEW

1.1 Set out in this Part E, for information purposes only, are the requirements for Work Packages 2 and 3.

2. REQUIREMENTS FOR WORK PACKAGE 2

2.1 Introduction

2.2 This part sets out the requirements for the Fin&MI/IT workpackage.

2.3 The Fin&MI/IT MSP is non-exclusive; DE&S is not committing to the MSP being its sole external provider on all aspects of Fin&MI/IT.

2.4 The requirement is laid out as two Modules: Module A covers the design and implementation of the financial aspects of the DE&S TOM together with the provision of a knowledgeable, skilled and experienced financial workforce that supports the delivery of DE&S outputs; Module B covers the wider MI/IT requirement across the DE&S, including that associated with Finance.

2.5 WP2 is interdependent with WP1 and WP3. WP2 shall support both the requirements of WP1 (eg enabling the provision of project tools or the interim provision of key financial staff to enable world-class project management) and those of WP3 (eg enabling the provision of trusted HR information). However WP2 will itself also be supported in some areas by the other workpackages (eg WP3 will define how finance staff will be best managed across the business.) Hence there will be significant iteration and integration between WP2 and the others.

2.6 In stating a Fin&MI/IT requirement the intention is to select a MSP:

2.6.1 whose understanding of DE&S's requirement will allow them to help inform the adoption of the best possible MI/IT Strategy and best possible set of financial processes to meet the business needs and statutory obligations;

2.6.2 whose resources are shown to be suitably adaptable to meet the demands of the Defence environment and the totality of DE&S business;

2.6.3 who can demonstrate a successful track record of developing solutions in partnership with other stakeholders; and

2.6.4 who is rapidly able to produce the plan for implementation and then support that implementation, including the upskilling of the workforce

2.7 Fin&MI/IT Requirements

2.8 The requirements within the table are nested in a hierarchy, i.e. the requirements WP2-1.1, WP2-1.2 etc sit below and are a level of detail below the requirement WP2-1. The table includes Module A requirements, Module B requirements and requirements applicable to both Modules.

Ser	Requirement	Remarks	Key associated deliverables
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Ser	Requirement	Remarks	Key associated deliverables
Module A – Finance			
WP2-1	In support of WP1, the MSP shall deliver to the DE&S Executive for endorsement the Finance function elements of the TOM.		
WP2-1.1	The MSP shall review with MSP1 the current financial systems, completing a complete gap analysis to inform future robust reporting.	WP1 will lead on the TOM and the work of MSP2 must be coherent with it. Collaboration will be required with MSP1s and the Module B of WP2.	The DE&S TOM endorsed by the DE&S Executive by December 2014. A report for the DE&S Executive with recommendations no later than March 15.
WP2-1.2	The MSP shall review current financial reporting and ad hoc financial MI requests and make recommendations.		One set of taut and realistic financial data that is coherent with the programme of work and can be used if support of numerous MI requirements.
WP2-1.3	The MSP shall conduct a review of financial information required from industry, identifying any current gaps and making recommendations.	This work will be conducted in collaboration with MSP1s.	Ensure that industry is delivering the information as required by DE&S to manage its business effectively.
WP2-1.4	The MSP shall recommend the structure, size and skills required by a finance function to deliver the financial requirements of all DE&S internal and external stakeholders.	To include both finance SMEs and the finance aspects of a project manager's role.	An endorsed structure for finance staff as part of the wider DE&S TOM.
WP2-1.4.1	The MSP shall define the measures of effectiveness for finance staff and in particular the thresholds that identify where personnel do not meet the level of performance required following up-skilling.	MSP3 will have the lead in designing the process by which personnel across the business, who do not meet the required standards, are managed. This requirement supports this.	Measures of effectiveness for finance staff and thresholds of acceptable performance.
WP2-1.4.2	The MSP shall support MSP3 in ensuring that finance staff have taut and measurable objectives.	Collaboration will be required with MSP1 and MSP3.	Six key objectives for finance staff within project teams and the wider supporting finance staff.
WP2-1.4.3	The MSP shall, working with MSP1, conduct a training needs analysis for DE&S staff outside the finance function, developing and implementing a plan to up-skill.		Identify skills gaps and develop a plan to implement closing the skills gaps for non-finance staff. The MSP shall provide a monthly written update brief for the DE&S Management Board.
WP2-1.4.4	The MSP shall support MSP3 in the design of a recognition and reward		Design of a recognition and reward scheme for finance

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Ser	Requirement	Remarks	Key associated deliverables
	system for finance personnel.		staff to be agreed by the DE&S Executive no later than February 2015 to implement in April 2015.
WP2-2	The MSP shall make recommendations for improvements based on the requirements above.	The proposed plan must be coherent with the wider implementation plan for the TOM.	A proposed plan to implement the financial elements of the TOM.
WP2-3	The MSP shall implement the financial elements of the TOM in accordance with the endorsed implementation plan.		
WP2-3.1	The MSP shall improve the quality of prime financial data entered.	To include that from both the finance function and the non-finance function including commercial and project management. The MSP shall identify and give ownership of prime data to staff within DE&S; this may be finance or non financial staff. Hence this requirement must be delivered by working with MSP1.	Reduction in journals being posted by finance function to correct accounting errors. Reduction in off-system spread sheets.
WP2-3.3	The MSP shall deliver the time recording system to ensure taut and realistic hard charging to the FLCs from April 2016.	A time recording system is being purchased by DE&S and will be implemented. Details will be supplied in data room.	All staff completing weekly time recording and DE&S hard charging to FLCs.
WP2-3.3	The MSP shall support the DE&S HR function in recruiting and retaining KSE financial staff.	Collaboration will be required with MSP3.	The MSP will be required to collaborate with the DE&S HR team to recruit and retain financial staff.
WP2-3.3.1	The MSP shall ensure that the DE&S finance staff are suitably qualified and experienced against their grade and responsibility.	The Booz report will be available in the data room. The MSP will have to provide the skills gap analysis, a plan to fill the skills gaps and have a mechanism that defines how success will be measured. Training is likely to be delivered via MSP3.	Ensure that there is adequate finance numbers and skills to support the business. The MSP shall provide a monthly written update brief for the DE&S Management Board.
WP2-3.3.2	The MSP shall provide a plan for succession planning for the next 5 years and beyond.	Collaboration will be required with MSP1 and MSP3.	A succession plan that can be reviewed by the DE&S Executive no later than September 2015.
WP2-3.3.3	The MSP shall support MSP3 in the implementation of a recognition and	The size and current qualification level of the finance function will be	Implementation of a recognition and reward

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Ser	Requirement	Remarks	Key associated deliverables
	reward system for finance personnel.	available in the data room. Current remuneration grade structure and reward details are available in the data room.	scheme for finance staff to be agreed by the DE&S Executive no later than February 2015 to implement in April 2015.
WP2-3.3.4	The MSP shall define the culture and behaviours of the finance function to ensure team working across DE&S.	Collaboration will be required with MSP1 and MSP3. MSP1s will set the requirement for behaviours across the business. MSP3 will design and deliver the interventions required to embed the required behaviours.	Make recommendations to improve the culture and behaviours of the finance function. To promote a team culture rather than silo working.
WP2-4	The MSP shall deliver, on an interim basis and as endorsed by DE&S, suitably knowledgeable, skilled and experienced (KSE) personnel to cover capability and capacity shortfalls in DE&S's finance capability and to provide specialist financial advice.		
WP2-4.1	The MSP shall deliver personnel into current vacant key financial posts with KSE personnel such that DE&S outputs are delivered in the short term.	All staff supplied will be performance managed by the Level 1 Chief Finance Officers (CFOs) for each Domain. To a maximum of 60 critical posts. The approval and final decision of staff selection will remain with DE&S.	Provide extra capability and capacity to fill critical vacant posts.
WP2-4.2	The MSP shall ensure that all staff supplied are to be CIMA/CCAB qualified.	As per WP2-3.1 above	As per WP2-3.1 above.
WP2-4.3	The MSP shall have the ability to access specialist advice on financial issues such as Private Finance Initiatives (PFIs), VAT legislation and accounting standards.	This work will be contracted on a time and materials basis.	This work will be contracted on a time and materials basis on a task by task basis.
WP2-4.4	The MSP shall provide KSE personnel to help lead MSP3's delivery of agreed workforce interventions that seek to embed the TOM.		An embedded TOM.
Module B – Management Information and Information Technology			
WP2-5	In support of WP1, the MSP shall deliver to the DE&S Executive for endorsement the MI/IT elements of the TOM, including an MI/IT Strategy.		
WP2-5.1	The MSP shall deliver to the DE&S Executive for endorsement an MI/IT Strategy.	WP1 will lead on the TOM and the work of MSP2 must be coherent with it.	An endorsed TOM. An MI/IT Strategy.
WP2-5.2	The MSP shall maintain an accurate description of the DE&S MI/IT	Details of current change programme that impact DE&S will	A baseline of MI as part of

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Ser	Requirement	Remarks	Key associated deliverables
	baseline.	be available in the data room.	the TOM.
WP2-5.3	The MSP shall deliver to the DE&S Executive for endorsement an MI/IT governance, Target Architecture and workforce behaviours associated with good management of information for DE&S.	The MSP shall ensure that proposed solutions are compatible with the MOD's wider business requirements and business system interface requirements the stakeholders details of which are available in the data room.	An endorsed MI/IT Governance structure, including change management, architecture and behaviours.
WP2-5.4	The MSP shall identify points of contact and subject matter experts as part of the review / approval process of any MI/IT requirements.	This requirement is part of the wider MI/IT governance structure that must be defined within the MI/IT elements of the TOM.	The MI/IT Governance Structure.
WP2-5.5	The MSP shall ensure that requirements for MI/IT systems and tools generated within the business address the users' needs and are coherent across the organisation.	As above	A defined and coherent set of tools which meet the internal and external MI requirements of the DE&S.
WP2-5.6	The MSP shall support MSP1 in bringing together a coherent set of MI requirements from across DE&S.	MSP1s will define the MI requirements, but should be supported in so doing. MSP2 will then be responsible for ensuring that the IT tools and processes meet these requirements.	Coherent MI requirements
WP2-6	The MSP shall implement the MI/IT elements of the TOM in accordance with the endorsed implementation plan,		
WP2-6.1	The MSP shall implement the endorsed Target Architecture in the TOM.	<p>This shall include but not be limited to:</p> <p>a) the provision of IT options and recommended cost-effective IT solutions that meet the totality of DE&S's MI requirements;</p> <p>b) the delivery of systems and tools including those for:</p> <p>1. project accounting techniques and controls enabling the consolidation of project information to ensure robust internal scrutiny of costs against FLC Command Plan</p>	A defined and coherent set of tools which meet the internal and external reporting requirements of the DE&S and meet the users' needs.

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Ser	Requirement	Remarks	Key associated deliverables
		KPIs/Smart Contract agreements to support key outputs; 2. producing the statutory financial accounts of the new entity; and 3. effective and efficient manage the DE&S workforce.	
WP2-6.2	The MSP shall monitor DE&S 3 rd party spend required to deliver the new systems and tools.	Will be governed by the DE&S Approval's process prior to commitment.	A complete and accurate picture of DE&S IT spend and benefits realised as a result.
WP2-6.3	The MSP shall deliver the processes required for the production of the procurement strategy, investment appraisal and business case as part of the MI/IT governance structure,		A set of processes that ensures MI/IT spend is correctly regulated.
WP2-6.4	The MSP shall deliver the provision of trusted information throughout the DE&S.	This shall include the delivery of the provision of trusted information to customers, suppliers and business partners.	The provision of trusted information to inform business decisions
WP2-6.4.1	The MSP shall deliver improvements to data quality that are benchmarked and thereafter tracked.	An industry recognised measure of data quality should ideally be used. The aspiration is to be world-class in this area.	A routine measure of data quality.
WP2-6.4.2	Working with the other MSPs and the DE&S Executive the MSP shall design a training package to enable an environment where people are information aware and seek to contribute to trusted information across the business.	This should include the development and embedding of practices that create an environment of learning from experience and continuous improvement for MI.	An environment in which MI is prevalent.
WP2-7	The MSP shall deliver, on an interim basis and as endorsed by DE&S, suitably knowledgeable, skilled and experienced (KSE) personnel to cover capability and capacity shortfalls in DE&S's MI/IT capability and to provide specialist financial advice.		
WP2-7.1	The MSP shall deliver subject matter expertise in how best to source and deliver appropriate solutions to MI/IT requirements.	This is an interim capability. Whenever the requirement endures the MSP shall that DE&S grows this in house capability.	The provision of MI/IT subject matter expertise.

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Ser	Requirement	Remarks	Key associated deliverables
WP2-7.2	The MSP shall provide KSE personnel to help lead MSP3's delivery of agreed workforce interventions that seek to embed the TOM.		An embedded TOM.
WP2 requirements common to both Module A and Module B			
WP2-8	The MSP shall ensure that DE&S has grown the in-house skills, capability and capacity to deliver its Fin&MI/IT functions' outputs without the support of an MSP by the end of the Contract term.		
WP2-9	The MSP shall work collaboratively with wider stakeholders and in particular DE&S and the other MSPs.		
WP2-9.1	The MSP shall work collaboratively with DE&S staff, customer staff and other stakeholder organisations in accordance with the principles of BS 11000 (Business Relationship Management).	This will include the future support of Product delivery, finance and HR.	An integrated working environment in which all parties work to common goals.
WP2-9.2	The MSP shall ensure that the activities generated by BS 11000 shall set out how the MSP plans to identify and implement efficiencies in its collaborative working with the other DE&S MSPs.		As above.
WP2-10	The MSP shall provide up to two suitably knowledgeable, skilled and experienced personnel to work as part of a Rainbow Integration Team (aka DE&S and all MSPs) which will carry out the Integrator Role required.	The knowledge, skills and experience required will include: an understanding of change; ability to maintain the trust of the parent company, other MSPs and the DE&S; the ability to see things from different perspectives; the ability to work in, and form, a team; an understanding of DE&S.	A Rainbow Integration Team established no later than December 2014.
WP2-11	The MSP shall provide suitably knowledgeable, skilled and experienced personnel to fulfill central posts within DE&S in support of the DE&S Board	As above.	A RDT established no later than November 2014.
WP2-12	The MSP shall ensure implementation and operation of its design proposals has no adverse impact, near-term or otherwise, on delivery to the MOD's customer organisations.	This must ensure that DE&S normal business is not impacted by the additional burdens of the transformational change activity.	

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2.9 Constraints specific to WP2

2.9.1 The MSP shall take account of the following:

- (A) DE&S expects to continue using the existing DII IT System; any MI output will need to interface with DII.
- (B) A number of back office processes are currently provided by MOD Shared Services; the Authority would only cease to use these facilities if there was benefit to the Defence as a whole and not just benefit to DE&S.
- (C) The future DE&S will continue to use MoD wide policy and process until the freedoms are agreed and revised policy issued.
- (D) All current delegations will remain in place until replaced in time with any freedoms the entity may be granted.
- (E) The month end reporting process including all statutory financial and MI reporting should be completed within five (5) Business Days of the month end.
- (F) CAAS has contracted for a 3 year programme to establish any changes due to the Lord Currie report and to ensure that non competitive contracting is compliant. This programme will also review the project delivery tools.
- (G) DE&S are currently in the process of procuring an Oracle based time management system to support hard charging. This WP shall seek to exploit this should it make good business and financial sense.
- (H) The MSP must ensure interoperability with LCS transformation and associated data systems.
- (I) The MSP must ensure interoperability with the MoD Financial Management Reform – Management Information Project the output of which is to implement the recommendations of the Lord Levene Report. Objectives include providing a simplified Shared Services architecture providing access to quality cross functional MI, reducing operating costs and delivering cash benefits through the exploitation of end to end e-procurement.

3. REQUIREMENTS FOR WORK PACKAGE 3

3.1 Introduction

3.2 This part sets out the requirements for the Human Resources (HR) work package.

3.3 The HR MSP is non-exclusive; DE&S is not committing to the MSP being its sole external provider on all aspects of HR.

3.4 WP3 is interdependent with WP1 and WP2. Whilst noting that the HR MSP shall be delivering a supporting work package to that required from the Project Delivery MSP, there will be significant iteration and integration between the two. There will be similar iteration with the WP2 MSP.

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- 3.5 The HR policies and processes that underpin the management of people in DE&S today are centrally provided by the Civil Service and MOD. These policies, which govern issues such as recruitment, reward, deployment and exit, are generic across the Civil Service and are not optimised to the business needs of DE&S. This central HR provision includes a range of HR shared services for which DE&S is a user, but not a customer in its own right.
- 3.6 As a result of the wider Government Next Generation HR programme, which centralised the majority of HR services and functions, the DE&S currently has only a small, limited, dedicated HR department. As such, DE&S is reliant upon MOD HR Directorate, Armed Forces Personnel Organisations and shared services to support the majority of HR activities; these are depicted in Figure 11. Additionally, within the business areas of DE&S there are a number of individuals conducting quasi HR activity outwith the scope and control of the corporate HR function. It is envisaged that these individuals will need to be drawn back within the scope and control of DE&S Corporate HR. DE&S plans to redevelop a Corporate HR capability to deliver and sustain the required change activity.

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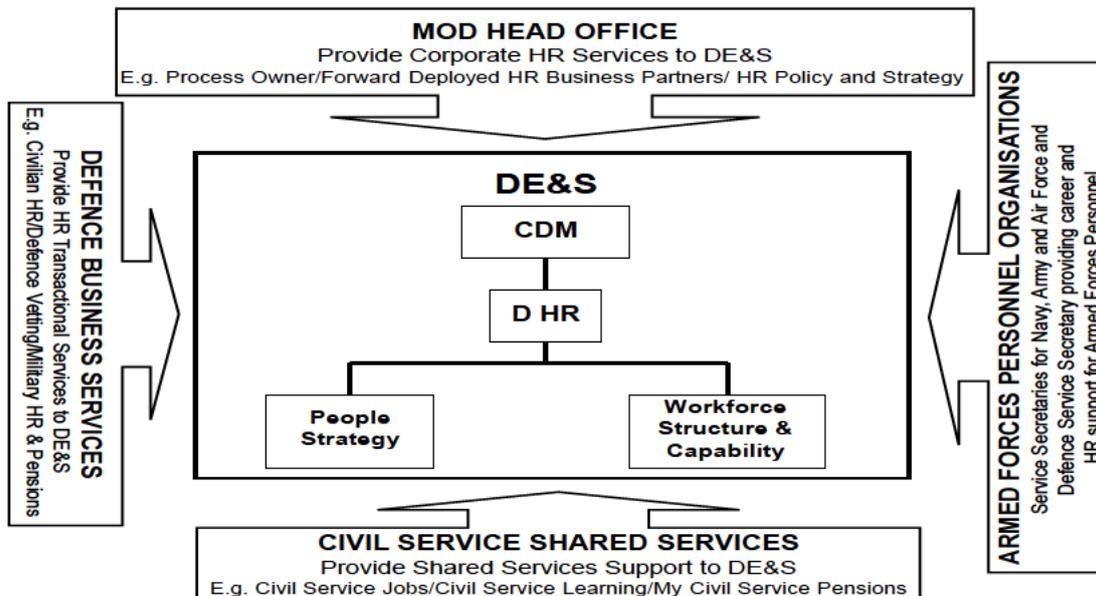


Figure 11 – Corporate HR services provided to DE&S.

- 3.7 As a Bespoke Central Government Trading Entity, DE&S will remain part of the MOD, and as such a Crown body. Its civilian staff will therefore continue to be Civil Servants. Its military staff will continue to be employed within the Armed Services, 'owned' by their respective single Service (Navy, Army or RAF), with their terms of employment governed centrally by the Services. DE&S will operate at arm's length to the MOD with greater freedom than other parts of the MOD and Civil Service to manage its own civilian workforce. Such freedom from current policies has been agreed with MOD Centre, HM Treasury and the Cabinet Office.
- 3.8 DE&S has been given a mandate to establish by April 2017 its own HR model for a professional and energised workforce, with a different culture and changed behaviours from those of today. In particular these should reflect a more commercial and customer focussed approach. The HR model will include an appropriate resourcing system to enable effective deployment of staff, for example a matrix solution underpinned by a bespoke employment proposition to attract the diverse talent required in DE&S.
- 3.9 To enable the achievement of "Match Fitness", DE&S expects to put in place a number of key HR enablers by April 2015, including, but not limited to: a fully resourced HR function; a new reward system; an agreed set of pay strategy principles; new professions with associated grading structures and all employees appropriately aligned; a new approach to military careers within DE&S and customer interfaces; a new resourcing and recruitment system; and a new performance management system along with the required behaviours to make all of this work effectively.
- 3.10 It is envisaged that the HR MSP requirements will be met by a combination of consultancy to develop the change agenda and service delivery through the seeding of senior, high capability individuals in the business to deliver the required changes.
- 3.11 The requirements for the HR MSP can be broadly split into three categories:
- 3.11.1 those associated with the development, implementation and embedding of the HR model;

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- 3.11.2 those associated with the design, establishment and embedding of a dedicated new Corporate HR function within the boundaries of the freedoms and controls given; and
- 3.11.3 those associated with the development of the DE&S workforce, including building capability, and the creation and embedding of a changed culture within the organisation.

All aspects will be coherent with the wider design and implementation of the DE&S TOM.

3.12 HR requirements

- 3.13 The requirements within the table are nested in a hierarchy, i.e. the requirements WP3-1.1, WP3-1.2 etc sit below and are a level of detail below the requirement WP3-1.

Ser	Requirement	Remarks	Key associated Deliverables
WP3-1	In support of WP1, the MSP shall deliver to the DE&S Executive for endorsement the HR model of the TOM.		
WP3-1.1	The MSP shall support the development of a bespoke DE&S HR model for agreement by the DE&S Executive, including policy and process change, that is distinct from the wider MOD and Civil Service and enables the delivery and sustainability of a high performing DE&S, and satisfies the business needs of the DE&S TOM, and is optimised for the scale and nature of DE&S's business.	This must include a thorough review of all extant policy and process that the new DE&S will inherit from the MOD and Civil Service, and develop this into a fit for purpose HR model bespoke to the DE&S TOM that will enable the delivery and sustainability of a high performing DE&S workforce.	An HR Model and the People Strategy.
WP3-1.2	The MSP shall support the development of a robust People Strategy for DE&S, for agreement by the DE&S Executive.	This must include the development of an HR strategy that will set the vision for DE&S HR and workforce management for at least the initial five years of operation, and will be optimised to the TOM, which will require close working with WP1. This must take into consideration, and build upon, the interim People strategy established for DE&S from 01	An HR Model and People Strategy.

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Ser	Requirement	Remarks	Key associated Deliverables
		<p>April 2014.</p> <p>This must take into consideration any policy requirements or constraints placed upon DE&S by MOD or the Cabinet Office, and detailed with the DE&S Framework document.</p>	
WP3-1.3	<p>The MSP shall deliver a DE&S specific employment proposition for agreement by the DE&S Executive (including civilian grading and pay structures) to attract, develop and sustain the diverse skills and talent required in the future organisation for it to achieve best value for the MOD.</p>	<p>This must include the development of an employment proposition that shall be bespoke to the DE&S TOM and allow the effective attraction, development, deployment and sustainment of a diverse highly skilled workforce capable of delivering DE&S outputs.</p> <p>This must take account of the unique demographic of DE&S' skills and enable DE&S to attract talent from the wider population.</p> <p>This must take account of the current MOD pay year being 01 August to 31 July, and achieve implementation of agreed changes for 01 August 2015 and 01 August 2016.</p> <p>This must take into consideration any policy requirements or constraints placed upon DE&S by MOD or the Cabinet Office, and detailed with the DE&S Framework document.</p>	<p>A plan for the implementation of the DE&S Employment Proposition.</p>
WP3-1.3.1	<p>The MSP, in developing the employment proposition, shall deliver a performance</p>	<p>This must include the development and implementation of a new</p>	<p>A plan for the implementation of the DE&S Employment</p>

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Ser	Requirement	Remarks	Key associated Deliverables
	management system and new competence and skills frameworks relevant to the needs of DE&S, including associated behavioural change requirements to ensure successful implementation and embedding of the new system.	<p>employee performance management system, for agreement by the DE&S Executive that allows identification and, where appropriate, recognition of performance that contributes to DE&S meeting or exceeding business objectives, and takes into account the TOM developed by WP1.</p> <p>This must take account of the current DE&S reporting year being 01 April to 31 March, and achieve implementation of agreed changes for 01 April 2015.</p> <p>This must also include the development and implementation of new competence and skills frameworks commensurate to the newly established DE&S functions/ professions.</p> <p>This must also drive correct behaviours from the workforce and management in objectively assessing performance against an agreed set of metrics.</p> <p>This must take into consideration any policy requirements or constraints placed upon DE&S by MOD or the Cabinet Office, and detailed with the DE&S Framework document.</p>	Proposition.
WP3-1.4	The MSP shall design, for agreement by the DE&S	This must include the development, in conjunction	A plan for the implementation of a

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Ser	Requirement	Remarks	Key associated Deliverables
	Executive strategic workforce planning practices, in conjunction with the WP1 MSP, both in terms of skills and capabilities, including the use of Military personnel, in the future organisation.	<p>with WP1, of a strategic workforce planning tool that will allow DE&S to accurately predict and plan resourcing requirements for the short, medium and long term to deliver the agreed programme of work.</p> <p>This must be capable of planning the requirements for both legacy and new projects, and must take into account the TOM.</p> <p>This must be capable of incorporating military personnel, and be adaptable to account for short notice operational deployments or surge requirements.</p>	Strategic Workforce Planning Capability.
WP3-1.5	The MSP shall design, for agreement by the DE&S Executive, personnel sourcing and deployment decision making practices that ensure that DE&S is able to attract, recruit and deploy resources to meet business needs and to deliver operational efficiencies.	<p>This must include the ability for DE&S to determine how it meets resourcing needs, and provide an optimum split between permanent civilian and military personnel, contingent labour and/or technical support to optimise operational efficiencies.</p> <p>This must be aligned to the strategic workforce planning tool.</p> <p>This must take into consideration military personnel, and be compatible with agreements between DE&S and the single services.</p>	A Resourcing Model that allows the timely allocation of resource to output demands.
WP3-1.5.1	The MSP shall design secondment and interchange arrangements with the wider MOD, Civil Service, International Collaborative Partners and Industry so that despite the different	This must include legally compliant secondment agreements for both inward and outward secondments that are capable of utilisation with multiple outside	An endorsed set of arrangements.

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Ser	Requirement	Remarks	Key associated Deliverables
	arrangements within DE&S, personnel can (where appropriate) move between DE&S and other wider organisations.	organisations. This must be developed in order to optimise opportunities for skills transfer between DE&S and other wider organizations.	
WP3-1.6	The MSP shall work with, and develop, the DE&S primary functions/professions to ensure that each of the functions/professions can deliver the required HR policy and process changes.	It is envisaged that under the TOM employees will be assigned to the functions/professions and deployed into delivery projects.	A design for the implementation of the DE&S Employment Proposition.
WP3-1.7	The MSP shall develop and deliver User requirement that captures the systems integration requirements for HR management and associated systems to enable a fully integrated and automated HR and talent management process.	This must include the capture of all necessary system changes and integration requirements that will enable the implementation of the suite of products proposed by the MSP, and agreed by the DE&S Executive.	A user requirement for HR IT.
WP3-1.8	The MSP shall design, in conjunction with the WP1 MSPs, HR practices to support an appropriate resourcing model to enable effective deployment of staff, and foster an environment of continuous improvement, and resultant HR process re-engineering.	This must deliver such appropriate HR practices that will allow efficient and effective resourcing and deployment of staff to the point of need, and is envisaged to be a step change from the current job advertisement and application processes that are currently utilised to resource projects delivering DE&S outputs. This must take into consideration the new organisational structure and operating model, and be designed to optimise these.	A design for the bespoke HR function for DE&S.
WP3-2	The MSP shall implement, roll out and embed the HR model in accordance with the endorsed implementation plan.		
WP3-2.1	The MSP shall implement and embed the agreed employment proposition,	The implementation shall take account of any required Trade Union engagement	An embedded endorsed DE&S Employment

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Ser	Requirement	Remarks	Key associated Deliverables
	including the new performance management arrangements, competence and skills frameworks.	and/or consultation requirements. The MSP shall work with the functions to deliver the new skills frameworks.	Proposition.
WP3-2.2	The MSP shall implement and embed the agreed strategic workforce planning practices.	The implementation shall take account of any required Trade Union engagement and/or consultation requirements.	IOC / FOC for a Strategic Workforce Planning Capability.
WP3-2.3	The MSP shall implement and embed the agreed personnel sourcing and deployment decision making practices	The implementation shall take account of any required Trade Union engagement and/or consultation requirements.	A Resourcing Model that allows the timely allocation of resource to output demands.
WP3-2.4	The MSP shall implement and embed the agreed HR practices.	The implementation shall take account of any required Trade Union engagement and/or consultation requirements.	A bespoke HR function embedded within DE&S.
WP3-3	The MSP shall establish the HR baseline for the DE&S workforce.		
WP3-3.1	The MSP shall plan the migration from the existing DE&S HR baseline to the new employment and HR model for agreement by the DE&S Executive.	This must assist in analysing and understanding the existing baseline. The Plan for the migration must include: Assimilation to the new functions/professions; Assimilation into the new grading and remuneration structures; and Assimilation to the new career management, performance, reporting and position structures.	An HR Model and People Strategy.
WP3-3.2	The MSP shall implement the agreed migration from the existing DE&S HR baseline to the new employment and HR model.	This must ensure that all relative activity is completed to ensure the successful migration of the whole DE&S workforce, including: Assimilation to the new	An HR Model and People Strategy

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Ser	Requirement	Remarks	Key associated Deliverables
		<p>functions/professions;</p> <p>Assimilation into the new grading and remuneration structures;</p> <p>Assimilation to the new career management, performance, reporting and position structures.</p>	
WP3-4	The MSP shall design and present to the DE&S Executive for endorsement the DE&S HR function and its plan for implementation.		
WP3-4.1	<p>The MSP shall support the design of a distinct, dedicated new Corporate HR function within DE&S for agreement by DE&S Executive. This must contain the necessary functional skills DE&S requires to attract, develop and sustain a diverse, high performing workforce.</p>	<p>This must include, but is not limited to, the development of a fully supported proposal for the creation of the optimum HR structure to support the new organisation, and must take into consideration the new organisational structure and TOM proposed by the WP1 MSPs, and agreed by the DE&S Executive.</p> <p>The new HR structure must be capable of supporting the DE&S business to deliver and sustain the transformational change required to achieve “Match Fitness”, and be capable of, and accountable for, delivering continuous improvements in HR policy and process to support the enduring entity.</p> <p>It must also be appropriately balanced with the required size and structure of the “Functions” should a matrix management structure be determined as the basis of the new operating model.</p>	<p>A design for the bespoke HR function for DE&S.</p>

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Ser	Requirement	Remarks	Key associated Deliverables
WP3-4.2	<p>The MSP shall support the development of new relationships with HR Shared Service Providers and wider MOD/Civil Service and Armed Forces HR to establish a high performing HR function that meets future DE&S business needs including, but not limited to:</p> <p>a.Support to re-negotiation of Service Level Agreements or contractual terms and conditions;</p> <p>b.Development of process/system change management and delivery mechanisms.</p>	<p>This must include an assessment of the current arrangements with each of the HR Shared Service providers to determine the appropriateness, and future fit to the developing DE&S HR function and Employment framework, and propose changes where necessary to ensure delivery of the optimum solution.</p> <p>This must also include the development, in conjunction with the Shared Service providers and WP2 MI MSP, the required process and systems changes to deliver the proposed and agreed new HR model.</p> <p>This must take into consideration any constraints placed upon DE&S by MOD or the Cabinet Office, and detailed with the DE&S Framework document.</p>	<p>A design for the bespoke HR function for DE&S.</p> <p>A bespoke HR function embedded within DE&S.</p>
WP3-5	<p>The MSP shall implement the HR function.</p>	<p>This must include the establishment of the new structure, and the alignment, where possible, of the extant DE&S HR team to that structure, and must include any necessary Trade Union engagement and/or consultation as required.</p> <p>This must include the population with MSP personnel, on an interim basis, of any key gaps in the new structure until such time as full time replacements can be sourced.</p>	<p>A bespoke HR function embedded within DE&S.</p>
WP3-6	<p>In support of WP1, the MSP shall deliver to the DE&S Executive for endorsement the workforce behavioural change activities required to support the TOM implementation</p>		

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Ser	Requirement	Remarks	Key associated Deliverables
	plan.		
WP3-6.1	<p>The MSP shall design a programme to identify and then unblock barriers to change at key levels of the organisation for agreement by the DE&S Executive. This must include a mechanism to embed the new ways of working and exploits opportunities for change.</p>	<p>This must take the desired/required culture and behavioural changes specified by the WP1 MSP(s), and embed throughout the DE&S organisation.</p> <p>This must include a programme to work with the DE&S business to firstly understand where there are apparent barriers to change, and then set out the activities and deliverables required to unblock the identified barriers to enable successful delivery of the transformation programme.</p> <p>This must include a programme plan detailing each of the activities, resource requirements and timescales for achievement.</p> <p>This must include a mechanism to embed the new ways of working.</p>	Change barriers identified and unblocked and opportunities exploited.
WP3-6.2	<p>The MSP shall identify appropriate transformational change methods and an executive coaching programme for agreement by the DE&S Executive.</p>	<p>This must include a suite of transformational change methods that are appropriate to the scale and complexity of the DE&S business, and are commensurate to the scale and nature of the proposed change programme.</p> <p>This must be applicable to both civilian and military, and must take into account the different cultures.</p>	An endorsed programme of breakthrough activity.
WP3-6.3	<p>The MSP shall identify a suite of initiatives that support the behavioural and cultural change.</p>		Change barriers identified and unblocked.

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Ser	Requirement	Remarks	Key associated Deliverables
WP3-7	As directed by the endorsed DE&S implementation plan, the MSP shall design and project manage the delivery of the planned set of interventions that seek to embed the TOM, including the associated behavioural change.		
WP3-7.1	The MSP shall implement the agreed transformational change methods and executive coaching programme.	This must implement the transformational change and executive coaching programme agreed by the DE&S Executive.	An endorsed programme of breakthrough activity.
WP3-7.2	The MSP shall work with the WP1 MSPs and DE&S to ensure the necessary behavioural and cultural changes are implemented and embedded in the whole workforce to enable the delivery of the change programme.	<p>This must take account of the agreed TOM for DE&S, including the behavioural and cultural aspects of the design.</p> <p>This must include the development of diverse and inclusive working practices to be implemented and embedded within the organization that shall contribute to DE&S becoming an employer of choice.</p>	Change barriers identified and unblocked.
WP3-7.3	The MSP shall, utilising the requirements from the WP1 MSP, implement the business transformation required to support the organisational design, including, but not limited to, conducting “breakthrough” activities throughout the whole organisation.	<p>This must take the requirements from WP1 agreed by the DE&S Executive and implement and embed the transformational change through the whole DE&S organisation.</p> <p>It is envisaged that the MSP shall need to conduct a form of “Breakthrough” activity with each of the teams within DE&S to implement and embed the required transformational and behavioural/cultural change required, and assist the teams “through the journey of change”.</p>	An endorsed programme of breakthrough activity.
WP3-7.4	The MSP shall design and deliver a programme to identify and then unblock barriers to change at key levels of the organisation for agreement by the DE&S	This must take the desired/required culture and behavioural changes specified by the WP1 MSP(s), and embed throughout the DE&S	Change barriers identified and unblocked and opportunities exploited.

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Ser	Requirement	Remarks	Key associated Deliverables
	Executive. This must include a mechanism to embed the new ways of working and exploits opportunities for change.	<p>organisation.</p> <p>This must include a programme to work with the DE&S business to firstly understand where there are apparent barriers to change, and then set out the activities and deliverables required to unblock the identified barriers to enable successful delivery of the transformation programme.</p> <p>This must include a programme plan detailing each of the activities, resource requirements and timescales for achievement.</p> <p>This must include a mechanism to embed the new ways of working.</p>	
WP3-8	The MSP shall provide, on an interim basis and as endorsed by DE&S, suitably knowledgeable, skilled and experienced (KSE) personnel to cover capability and capacity shortfalls in DE&S's HR function.		
WP3-8.1	The MSP shall inject suitably KSE personnel as required to supplement and augment the incumbent DE&S HR team. This requirement must address both capacity and capability and applies throughout the term of the contract. This resource should include senior HR leaders who are capable of both supporting the design and implementation of the HR function and are also able to meaningfully transfer knowledge and skills to the enduring DE&S HR team.	This must include personnel who are appropriately knowledgeable, skilled and experienced to fill the vacant positions at all levels within the newly designed HR Function until such time as permanent resource is secured, inducted and operating effectively.	KSE staff.
WP3-8.2	The MSP shall provide a Corporate reachback capability to specific related professional experts in areas including, but not limited to, employment Law, psychology and	This must include the ability to draw on wider corporate resources from within the MSP's organisation to deliver specific tasks in specialist disciplines including, but not limited to, employment law,	A Reachback capability.

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Ser	Requirement	Remarks	Key associated Deliverables
	psychometrics.	psychology, and psychometrics.	
WP3-9	The MSP shall, in carrying out the requirements of the contract, ensure effective workforce engagement, including demonstration of compliance with Employee Relations Law.	Legal Requirement. This must specifically assure that DE&S effectively engages its staff, and creates an inclusive working environment.	An HR Model and People Strategy.
WP3-9.1	The MSP, in designing and implementing all of the requirements of the contract, shall provide such sufficient evidence to enable DE&S to demonstrate compliance with its Public Sector Equality Duty obligations under the Equality Act 2010.	Legal Requirement. This must include how DE&S has exercised due regard / serious consideration to the need to improve equality outcomes in decision making processes, and that any potential equality related issues have been mitigated within the decision making process.	An HR Model and People Strategy.
WP3-10	The MSP shall work collaboratively with wider stakeholders and in particular DE&S and the other MSPs.		
WP3-10.1	The MSP shall work collaboratively with DE&S staff, customer staff and other stakeholder organisations in accordance with the principles of BS 11000 (Business Relationship Management).		An integrated working environment in which all parties work to common goals.
WP3-10.2	The MSP shall ensure that the activities generated by BS 11000 shall set out how the MSP plans to identify and implement efficiencies in its collaborative working with the other DE&S MSPs.		As above.

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Ser	Requirement	Remarks	Key associated Deliverables
WP3-11	The MSP shall provide up to two suitably knowledgeable, skilled and experienced personnel to work as part of a Rainbow Integration Team (aka DE&S and all MSPs) which will carry out the Integrator Role required.	The knowledge, skills and experience required will include: an understanding of change; ability to maintain the trust of the parent company, other MSPs and the DE&S; the ability to see things from different perspectives; the ability to work in, and form, a team; an understanding of DE&S.	A Rainbow Integration Team established no later than December 14.
WP3-12	The MSP shall provide suitably knowledgeable, skilled and experienced personnel to fulfill central posts within DE&S in support of the DE&S Board	As above.	A RDT established no later than November 2014.
WP3-13	The MSP shall ensure that DE&S has grown the in-house capability and capacity to deliver its outputs without the support of an MSP by the end of the Contract term.		
WP3-13.1	The MSP shall ensure implementation and operation of its design proposals has no adverse impact, near-term or otherwise, on delivery to the MOD's customer organisations.	This must ensure that DE&S normal business is not impacted by the additional burdens of the transformational change activity.	The provision of sufficient KSE personnel to meet the required outputs of DE&S.
WP3-13.2	The MSP shall maintain a viable Handover Plan throughout the contract period that facilitates effective and efficient handover of its business, either at the end of the contract term or - in the case of failure to perform - during the contract term, to either the DE&S workforce or an alternative MSP.	This must include how the handover will be phased to ensure that DE&S can continue to deliver its normal business during the handover period.	The WP3 handover plan.
WP3-13.3	The MSP shall ensure that the Handover Plan includes guarantees that any Intellectual Property, management systems, information and data, tools and techniques deployed by the MSP in support of DE&S remains embedded in and	This must include the process by which any Intellectual Property, management systems, information and data, tools and techniques required to implement agreed changes is migrated to DE&S	The WP3 handover plan.

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Ser	Requirement	Remarks	Key associated Deliverables
	available to DE&S for its future operation.	ownership. This must detail how the MSP will consider ownership of Intellectual Property, management systems, information and data, tools and techniques during the development and planning phases.	

PART F– GOVERNANCE AND TASKING

1. GOVERNANCE

- 1.1 The Parties intend that the MSP Governance Process set out in Figure 12 below will form the basis of the overarching governance arrangements between the Authority and all MSPs.

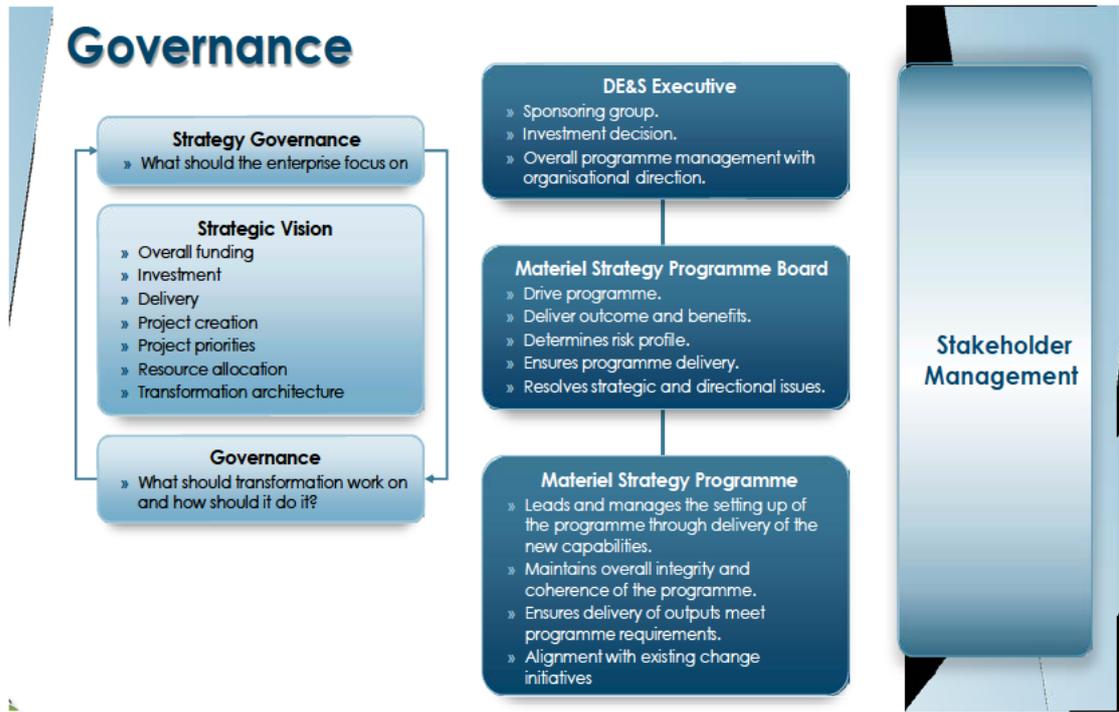
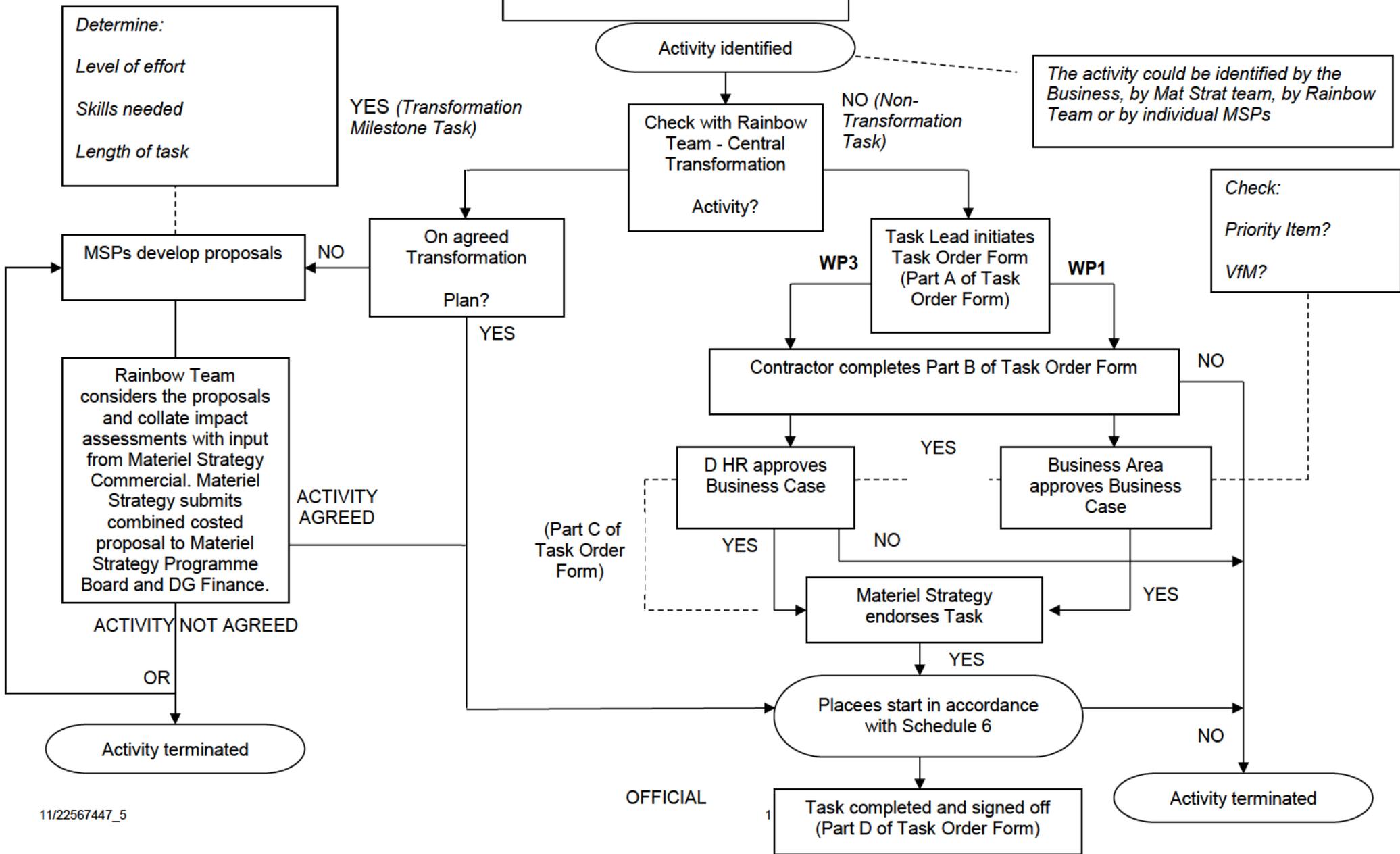


Figure 12 – MSP Governance Process

- 1.2 It is envisaged that the MSP Governance Process may change from time to time during the Term by agreement between the Authority's Representative, the Contractor's Representative and the representatives appointed by other MSPs.
2. **TASKING**
- 2.1 The Parties intend that the MSP Tasking Process attached as the Annex (*MSP Tasking Process*) to this Schedule 1 (*Requirements*) will form the basis for the tasking of Personnel who are placed or provide services under this Contract in addition to those Personnel identified in the Resourcing Plan.
- 2.2 It is envisaged that the MSP Tasking Process may change from time to time during the Term by agreement between the Authority's Representative, the Contractor's Representative and the representatives appointed by other MSPs.

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ANNEX - MSP TASKING PROCESS



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Schedule 2

MANAGED SERVICE PROVIDERS WAYS OF WORKING

1. BACKGROUND

- 1.1 Establishing and sustaining the right culture and associated behaviours from the outset is critical to the overall success of the Materiel Strategy Managed Service Provider (MSP) contracts and effective Relationship Management will be a key enabler for this and for effective project control. Business Relationship Management has been defined by the Partnering Implementation Working Group (PIWG) as *“Taking a joint, consistent and structured approach to managing the MOD, Industry and stakeholder interfaces to enable success and mutual benefit for all parties.”*
- 1.2 Relationship Management is widely recognised as a key enabler for effective control of projects, requiring a co-operative approach based on transparency, openness and mutual respect, as defined in the Defence Values for Acquisition (DVfA).
- 1.3 The table below contains a number of behavioural traits (positive & negative) drawn from the Defence Values for Acquisition, which links directly to the Civil Service Code of Values.

Positive	Negative
Effective listening and taking notice of the opinions of others.	Using knowledge or information as a power lever over others.
Considering the impact of your actions on others.	Talking down to people.
Making decisions having taken all points of view into account.	Automatically resorting to formal communications without attempting resolution via more informal routes.
Being approachable.	Distrusting as a default.
Doing 'best for project'.	Being confrontational.
Keeping promises – do what you say you will.	Taking challenge as a personal criticism.
Accepting constructive challenge in the way it is meant.	Being arrogant and 'knowing it all'.
Not making 'knee-jerk' decisions borne out of emotion.	Being 'dismissive of others' and 'carrying on regardless'.
Working flexibly within a contractual framework.	

- 1.4 Strong commitment from all parties is required to develop an even more co-operative relationship, recognising both the individual responsibilities of the parties and also

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mutual responsibility for each other's success. Continuing emphasis needs to be placed upon achieving, amongst other things, clarity of purpose, joint working, openness, affordability and flexibility. A strong relationship also requires the investment of time.

- 1.5 By having a pre-agreed set of principles, all parties can draw a measure of confidence that they will be able to quickly resolve difficult issues that might otherwise cause friction, and harm the relationship.
- 1.6 The Authority and the Materiel Strategy MSPs have identified five key collaborative principles to maximise the efficiency and effectiveness in delivering the corporate Key Performance Indicators (KPIs). These are:

Collaborative Principles

- 1.6.1 Powerful communication - having the ability to listen and truly understand the messages being communicated, and to articulate clearly, concisely and openly the messages you need others to receive, in a manner appropriate to the situation and the individual.
- 1.6.2 Solution seeking - proactively focusing on timely delivery, driving to meet or exceed quality standards, continually searching for sustainable improvements and finding ways to achieve joint performance objectives.
- 1.6.3 Forward looking - having a clear understanding of the context and relationships between different elements of the business. It is the ability to balance long term direction with short term imperatives. Understanding the implications for your own role, for the team, for your partners, and using this knowledge to define direction.
- 1.6.4 Being comfortable with change - being willing to adapt behaviour and adopt new approaches according to the needs of each specific situation, taking into account the potential risks and impact on processes and people. Demonstrating/promoting creativity, and implementing changes to drive improvement.
- 1.6.5 Relationship building - appreciating the value of working together, maximising effectiveness by working in a positive and supportive way with all colleagues. Making the best of everyone's talents, including all parties who share the common goal. Building trust through openness and honesty.

2. ISSUE MANAGEMENT & RESOLUTION

- 2.1 As in any relationship, collaborative working across DE&S will throw up difficult issues. The aim is to always resolve problems in a professional manner rather than having to resort to formal contract action. However, there will be occasions where agreement cannot be easily reached and it is essential that a clear path for escalation and resolution is defined.
- 2.2 The parties should always aim to resolve issues as and when they arise, at the lowest level. Effective issue resolution will require empowerment of individuals to make the decisions necessary and a flexible, pragmatic approach.
- 2.3 The parties should always aim to resolve problems and issues informally and at the lowest level between the MSPs without the intervention of the Authority.

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- 2.4 In the event that issues cannot be resolved in line with the above principles (i.e. within the confines of the project), escalation will need to be sought.

3. GOVERNANCE

- 3.1 Where issues do occur they will be treated on a case-by-case basis and, in the spirit of a collaborative approach, an element of discretion/flexibility may need to be exercised at times. In all instances the "no-blame" culture is to be respectfully observed and adhered to, and personalising issues should be avoided wherever possible. This means that all parties are expected to step-up to their accountabilities and not look to place the blame elsewhere.
- 3.2 Personnel are to report the issue to the Contractor's Representative. The Contractor's Representative will consult with the management of the area where the issue was first realised. Where an issue cannot be resolved in this manner, the Contractor's Representative will escalate the unresolved issue to the Rainbow Team.
- 3.3 The Contractor's Representative will be responsible for the management of the recorded issue and for the provision of supporting documentation to allow the Rainbow Team to understand and direct action to resolve the issue.

Note: Depending on the nature of the issue, escalation to the Dispute Resolution Procedure should only be invoked as a last resort, as resolving issues at the lowest level can build confidence in the relationship and in the collaboration principles.

- 3.4 The Rainbow Team will include an Authority representative who shall be empowered and have the authority on behalf of the DE&S Executive to chair the meeting and ultimately decide the outcome of the issue resolution. The Authority representative has the option to refer the issue up to DE&S Executive for resolution if they feel the issue could significantly adversely impact the programme.

4. COLLABORATION MEETING

- 4.1 The Contractor shall attend a collaboration meeting or series of meetings arranged with the Authority and the other MSPs ("**Collaboration Meeting**").
- 4.2 The purpose of the Collaboration Meeting shall be to discuss and agree the following governance arrangements, having regard to the principles set out in Paragraphs 1 to 3 (inclusive) of this Schedule 2 (*Managed Service Providers Ways of Working*):
- 4.2.1 the terms of governance for the Rainbow Team;
 - 4.2.2 collaboration provisions; and
 - 4.2.3 the tasking process,

(together, the "**Governance Arrangements**"), which Governance Arrangements shall apply across all MSPs in Work Package 1, Work Package 2 and Work Package 3.

- 4.3 The Governance Arrangements shall be agreed within six (6) months of the Commencement Date.

5. MUTUALITY

- 5.1 The Authority confirms that it will include equivalent obligations to those set out in Paragraphs 1 (*Background*), 2 (*Issue Management & Resolution*), 3 (*Governance*)

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and 4 (*Collaboration Meeting*) of this Schedule 2 (*Managed Service Providers Ways of Working*) in its contracts with the other MSPs to ensure that all MSPs are required to work in the collaborative manner referred to above.

- 5.2 The Authority confirms that its contracts with the other MSPs will also include appropriate confidentiality obligations, on terms which are substantially the same as the terms of this Contract, to ensure the protection of confidential information passing between the MSPs.

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ANNEX – FORM OF REPORTING

Report Date 02 September 2014

MSP Performance Dashboards

Joint MSP Report (Table 1)

Headline Achievements this month

Headline Plans for next month

Issues, Risks and Opportunities

Reference	Item	Issue/Risk/Opp	Prob/Impact	Action	Action Due Date	Owner	Status
1							Green
2							Yellow
3							Red
4							Green

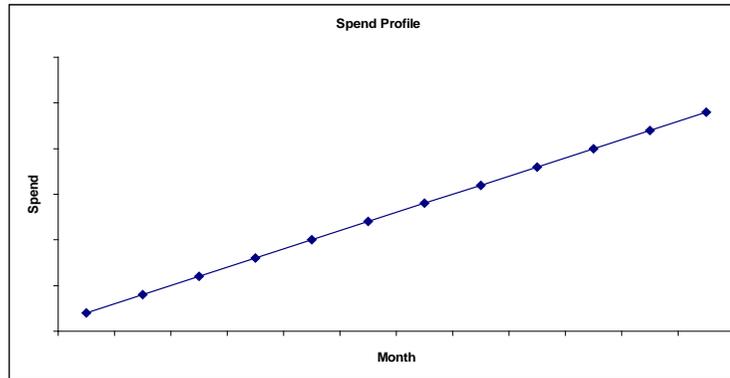
Strategic Transformation Milestones

Milestone	Contractual Delivery Date	Expected Delivery Date	Activities Planned This Month	Activities Achieved This Month	Plans for Next Month	Resources Planned This month	Resources Actually deployed this month	Explanation of variance Activities / Resources
MS1						R/O/S:	R/O/S:	
MS2						R/O/S:	R/O/S:	
MS3						R/O/S:	R/O/S:	
MS4						R/O/S:	R/O/S:	
MS5						R/O/S:	R/O/S:	
MS6						R/O/S:	R/O/S:	
MS7						R/O/S:	R/O/S:	
MS8						R/O/S:	R/O/S:	
MS9						R/O/S:	R/O/S:	
MS10						R/O/S:	R/O/S:	
MS11						R/O/S:	R/O/S:	

Individual MSP Report (Table 2)

Contract Spend

Contract Spend	Planned Base Costs for this month	Actual Base costs this month	Reasons for any Variance
	Planned cumulative spend	Actual Cumulative Spend	



Note: Graph to show predicted vs actual costs

Additional Tasks Placed

Serial number	Task Description	Resources Planned	Actual Resources	Achievement to date
1				
2				
3				
4				
5				

Key achievement for last reporting period

Key Intentions for next reporting period

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SCHEDULE 3

PAYMENT AND INCENTIVE MECHANISM

PART A – SUMMARY OF PAYMENT MECHANISM

1. **OVERVIEW**
- 1.1 The Contractor shall be entitled to:
 - 1.1.1 Base Fees;
 - 1.1.2 Incentive Fees; and
 - 1.1.3 Award Fees.
- 1.2 These fee arrangements have been designed to align the interests of the Contractor and the Authority. Base Fees will, subject to Clause 36.1.4, reimburse the Contractor for costs incurred providing the Services. Incentive Fees and Award Fees will be linked to achievement of the Authority's objectives for DE&S and the Contract Domain.
- 1.3 Base Fees are calculated by reference to the Base Costs for all Personnel, the time they are engaged in the provision of the Services each Month, and other permissible expenses. The Base Costs shall, subject to Paragraph 2.3, be determined:
 - 1.3.1 for Key Personnel, in accordance with the methodology set out in Paragraph 2.2 below, and are set out for each of the Key Personnel from time to time in Table 1 of Annex A (*Costs*) to this Schedule 3 (*Payment and Incentive Mechanism*);
 - 1.3.2 for Other Personnel, in accordance with the methodology set out in Paragraphs 2.2 and 2.2B below, using the information provided by the Contractor pursuant to Paragraph 2.4 of Schedule 6 (*Personnel Arrangements*); and
 - 1.3.3 for Additional Personnel, In-Year Other Personnel and Reachback Personnel, in accordance with Paragraph 2.6 below, using the information provided by the Contractor pursuant to the relevant agreed Task Order and the Rate Card.
- 1.4 Subject to Paragraphs 3.3 and 3.9 below, Incentive Fees are calculated each Quarter by reference to milestones in relation to the DE&S Implementation Plan ("**Milestones**"), which will be assessed Quarterly, and key performance indicators in the DE&S Corporate Plan ("**KPIs**"), which will be assessed annually, and the Maximum Performance Fee. Further details on the calculation of Incentive Fees are set out in Paragraphs 3 (*Incentive Fees*) and 4 (*Milestones and Key Performance Indicators*) below.
- 1.5 Subject to Paragraph 5.2A, Award Fees are calculated every two (2) Quarters by reference to the Authority's assessment of collaborative behaviour by the Contractor by way of awarded points ("**Collaboration Points**") and the MPF. Further details on the calculation of Award Fees are set out in Paragraph 5 (*Award Fees*) below.
- 1.6 Details of the MPF are set out in Part E of this Schedule 3 (*Payment and Incentive Mechanism*).

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2. **BASE FEES**

2.1 Base Fees are calculated by reference to Base Costs for all Personnel, the time they are engaged in the provision of the Services each Month and other permissible expenses in accordance with Paragraph 2.4 below, in order to allow the Contractor to recover its staff costs at cost (including, where accounted for pursuant to Paragraph 2.3, future increases in such costs), with no profit added except as provided in Paragraphs 2.6 and 2.6A below.

2.2 Base Costs for all Key Personnel (including any replacement Key Personnel agreed under Paragraph 4.1 of Schedule 6 (*Personnel Arrangements*)) provided by the Contractor pursuant to this Contract shall be agreed between the Parties before any work is undertaken by them and set out from time to time in Table 1 of Annex A (*Costs*) to this Schedule 3 (*Payment and Incentive Mechanism*). Base Costs for all Other Personnel provided by the Contractor pursuant to this Contract shall be agreed (or deemed agreed in the circumstances set out in Paragraph 2.2B.1) between the Parties in accordance with Paragraph 2.2B. No Base Fees shall be paid in respect of any Key Personnel and Other Personnel in relation to whom Base Costs have not been agreed. Subject to Paragraph 2.2A below, Base Costs for all Key Personnel and Other Personnel are calculated as follows: {actual salary, benefits and employment taxes of the individual} times {a fixed salary multiplier to cover employment on-costs and overheads, which is applied to all Key Personnel and Other Personnel}; plus (where relevant) a {Fixed Subsistence Allowance for any Key Personnel and Other Personnel whose main home is not within 60 miles of MOD's Abbey Wood site}; plus (where relevant) an {Expatriate Allowance for non-UK nationals who relocate to or, where already relocated to the UK and in receipt of an expatriate allowance immediately prior to becoming Key Personnel or Other Personnel, remain relocated in, the UK for the purposes of this Contract}.

So: Base Costs for Key Personnel and Other Personnel = (AS x FSM) + FSA + EA

Where:

AS is the Actual Salary (which shall comprise the line items set out in Part A of Annex A (*Costs*) to this Schedule 3 (*Payment and Incentive Mechanism*));

FSM is the Fixed Salary Multiplier [REDACTED];

FSA (where relevant) is the Fixed Subsistence Allowance (which shall comprise the line items set out in Part B of Annex A (*Costs*) to this Schedule 3 (*Payment and Incentive Mechanism*)); and

EA (where relevant) is the Expatriate Allowance (which shall comprise the line items set out in Part C of Annex A (*Costs*) to this Schedule 3 (*Payment and Incentive Mechanism*)).

2.2A Base Costs may include either or both of the Fixed Subsistence Allowance and Expatriate Allowance but any cost or expense which has been included in either of the Fixed Subsistence Allowance or Expatriate Allowance shall not also be counted in the other.

2.2B The Base Costs of each individual member of Other Personnel provided in accordance with Schedule 6 (*Personnel Arrangements*) shall be calculated by the Contractor in accordance with the methodology set out at Paragraph 2.2 above and notified to the Authority in accordance with Paragraph 2.4 of Schedule 6 (*Personnel Arrangements*), and shall:

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- 2.2B.1 not require the approval of the Authority during the First Contract Period, and will be deemed agreed by it, provided that:
- (A) across that First Contract Period, at least forty five per cent (45%) of the aggregate time in which all Key Personnel and Other Personnel are engaged in the provision of the Services relates to Key Personnel and Other Personnel whose Base Costs do not include an Expatriate Allowance; and
 - (B) the basic pay (as described in the first bullet of Part A (*Actual Salary*) of Annex A (*Costs*) to this Schedule 3 (*Payment and Incentive Mechanism*)) of each individual member of Other Personnel in that First Contract Period does not exceed [REDACTED];
- 2.2B.2 require the prior written approval of the Authority during the First Contract Period where the requirements of Paragraph 2.2B.1 above are not met;
- 2.2B.3 require the prior written approval of the Authority in each Contract Period following the First Contract Period, save that the Base Costs of any Other Personnel who were placed in the First Contract Period and whose Placement is to continue into the following Contract Period shall be deemed approved by the Authority. The Parties acknowledge that it is expected that the basic pay of Other Personnel will in most cases be no higher than the thresholds set out in Paragraph 2.2B.1(B) but that the Authority may approve higher costs in accordance with this Paragraph 2.2B.3.
- 2.2C Wherever the Contractor requires approval of Base Costs for any individual member of Other Personnel pursuant to Paragraph 2.2B, it shall make that request to the Authority's Representative in writing, and include a statement that the Authority must respond to such request for approval within ten (10) Business Days and that if it fails to do so, those Base Costs will be deemed to be agreed in accordance with Paragraph 2.2D below.
- 2.2D The Authority shall respond within ten (10) Business Days of any request by the Contractor for approval of Base Costs of Other Personnel made in accordance with Paragraph 2.2C, and if the Authority does not respond within such ten (10) Business Day period, the Base Costs for Other Personnel for which the Contractor has requested approval will be deemed to be agreed.
- 2.3 Where expressly provided for (in respect of Key Personnel) in Table 1 of Annex A (*Costs*) to this Schedule 3 (*Payment and Incentive Mechanism*) or (in respect of Other Personnel) in the information provided by the Contractor pursuant to Paragraph 2.4 of Schedule 6 (*Personnel Arrangements*) or (in respect of Additional Personnel, In-Year Other Personnel and Reachback Personnel) in the Rate Card or Task Order, Base Costs for Personnel may increase during the Term. In addition, with effect from each anniversary of the Commencement Date, the Base Costs for all Personnel (including any Personnel whose Base Costs increase during the Term in accordance with the foregoing and any Personnel whose Base Costs are agreed in accordance with, and are set out in, the Rate Card or Task Order) shall be increased by an amount required to reflect inflation in the UK over the previous twelve (12) months (as determined by the Consumer Price Index published by the Office for National Statistics for the period that most closely matches that period), provided that:
- 2.3.1 no adjustment shall be made to any Base Costs if the relevant index shows deflation over the relevant period; and
 - 2.3.2 no adjustment shall be made to any Base Costs to the extent the Contractor has made provision for inflation (whether by way of the Consumer Price

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Index or otherwise) in the costs it has proposed pursuant to (in respect of Key Personnel) Table 1 of Annex A (*Costs*) to this Schedule 3 (*Payment and Incentive Mechanism*) or (in respect of Other Personnel) the information provided by the Contractor pursuant to Paragraph 2.4 of Schedule 6 (*Personnel Arrangements*) or (in respect of Additional Personnel, In-Year Other Personnel and Reachback Personnel) the Rate Card and Task Order.

- 2.4 Base Fees are calculated each Month as the aggregate of:
- 2.4.1 the aggregate of the Base Costs for all Personnel engaged in the provision of the Services (noting that any such Personnel who as part of the provision of the Services spend time working on matters which also relate to the Second Domain Contract shall, for the purposes of this Schedule 3 (*Payment and Incentive Mechanism*), still be deemed as engaged in the Services under this Contract, and their time shall not be charged on that Second Domain Contract) that Month, provided that where any Personnel are not engaged in the provision of the Services for any part of that Month the Base Fees for that Month shall only include a proportion of their Base Costs (calculated by reference to the number of Business Days that they are engaged in the provision of the Services as a proportion of the total number of Business Days in that Month);
 - 2.4.2 any expenses incurred by the Personnel engaged in the provision of the Services to the Authority and reimbursable to the Contractor in accordance with Paragraph 5.2.5 of Schedule 6 (*Personnel Arrangements*); and
 - 2.4.3 in the case of Reachback Personnel, such other costs or expenses relating to the provision of the Services to the Authority by them in that Month that have been provided for in the Task Order and are reimbursable to the Contractor in accordance with Paragraph 5.2.6 of Schedule 6 (*Personnel Arrangements*).

For the purposes of this Paragraph 2.4, where any Personnel (other than Reachback Personnel) are working exclusively for the Authority during a Placement Period (as that term is defined in Schedule 6 (*Personnel Arrangements*)), they shall be deemed to be engaged in the provision of the Services throughout that Placement Period (including during any period when they are on holiday or other authorised absence).

- 2.5 Save where (for Key Personnel) the column titled "Anticipated Placement Length" in Annex 2 (*Key Personnel*) to Schedule 6 (*Personnel Arrangements*), or (for Other Personnel) the notification provided under Paragraph 2.4 of Schedule 6 (*Personnel Arrangements*), or (for In-Year Other Personnel and Additional Personnel) the Task Order, provides that the engagement of a member of the Personnel is expected to be less than nine (9) months or where the Authority agrees otherwise (such agreement to not be unreasonably withheld), no Base Fees shall be paid in respect of any Personnel (other than Reachback Personnel) who are removed:
- 2.5.1 at the Contractor's discretion; or
 - 2.5.2 following a direction made by the Authority pursuant to any of Paragraphs 4.3.4 to 4.3.6 of Schedule 6 (*Personnel Arrangements*),

before such Personnel have worked for a continuous period of not less than nine (9) Months. The Contractor shall promptly reimburse any Base Fees that are paid in respect of any Personnel (other than Reachback Personnel) who do not satisfy this condition.

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2.6 Subject to Paragraphs 2.6A and 2.6B, Base Costs for all Additional Personnel, In-Year Other Personnel and Reachback Personnel provided by the Contractor pursuant to this Contract shall, unless agreed otherwise by the Authority, be determined in accordance with the Rate Card and the applicable rate agreed between the Parties through the Task Order before any work is undertaken by them (and no Base Fees shall be paid in respect of any Additional Personnel, In-Year Other Personnel and Reachback Personnel in relation to whom Base Costs have not been agreed), based on the relevant grade or specialism to be placed with the Authority and whether they are an expatriate or UK national. The amounts set out in the Rate Card shall comprise:

2.6.1 in the case of In-Year Other Personnel:

- (A) an allowance for the staff costs of the Contractor in respect of that person, developed in a manner consistent with the methodology and formula set out in respect of Key Personnel and Other Personnel at Paragraph 2.2 above (and the line items in Parts A, B and C of Annex A (*Costs*) to this Schedule 3 (*Payment and Incentive Mechanism*)); and
- (B) an additional amount by way of profit, which shall only be payable where the Contractor places a member of In-Year Other Personnel with the Authority, and the aggregate number of full time equivalent Placees (excluding any Reachback Personnel, any Additional Personnel, and any Placees who are receiving an amount by way of profit in accordance with this Paragraph 2.6.1(B)), including where continuing to do so in accordance with Paragraph 2.6A.4 of Schedule 6 (*Personnel Arrangements*) placed with the Authority at that point in time is [REDACTED] (or such placement would cause it to be [REDACTED]) the number of full time equivalents anticipated for that point in time in the Baseline Resourcing Plan applicable in that Contract Period;

2.6.2 in the case of Additional Personnel:

- (A) an allowance for the staff costs of the Contractor in respect of that person, developed in a manner consistent with the methodology and formula set out in respect of Key Personnel and Other Personnel at Paragraph 2.2 above (and the line items in Parts A, B and C of Annex A (*Costs*) to this Schedule 3 (*Payment and Incentive Mechanism*)); and
- (B) an additional amount by way of profit; and

2.6.3 in the case of Reachback Personnel:

- (A) an allowance for the annual salary costs of the Contractor in respect of that person (consisting of the line items in Part A of Annex A (*Costs*) to this Schedule 3 (*Payment and Incentive Mechanism*)) multiplied by the Fixed Salary Multiplier as established pursuant to Paragraph 2.2 above; and
- (B) an additional amount by way of profit.

2.6A Where the Rate Card cannot be applied to a relevant grade of Additional Personnel, In-Year Other Personnel or Reachback Personnel or a particular specialism is not identified in the Rate Card:

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- 2.6A.1 the costs referred to in Paragraphs 2.6.1(A), 2.6.2(A) and 2.6.3(A) for such Additional Personnel, In-Year Other Personnel and Reachback Personnel (as applicable) shall be determined in accordance with the methodology set out therein; and
- 2.6A.2 (save in the case of In-Year Other Personnel not entitled to an additional amount by way of profit in accordance with 2.6.1(B)) the additional amount by way of profit referred to in Paragraph 2.6 shall be calculated so as to be directly proportionate to the amount of profit attributable to the grade or specialism on the Rate Card with the nearest total costs to those calculated pursuant to Paragraph 2.6A.1.
- 2.6B Where any member of Additional Personnel, In-Year Other Personnel or Reachback Personnel to be provided under a Task Order is employed by or provided through a Sub-contractor, then their Base Costs shall be calculated in a manner consistent with the methodology set out in Paragraph 2.6 and:
- 2.6B.1 where a separate rate card for that Sub-contractor has been approved pursuant to Clause 25 (*Sub-contracts*), using that separate rate card for each such category of Personnel, and agreed via the Task Order; or
- 2.6B.2 otherwise, shall be agreed for each such proposed member of Personnel via the Task Order,
- but in either case shall be no more than the Base Costs would have been, in accordance with the Rate Card, for an equivalent member of Personnel employed by the Contractor.
- 2.7 The Contractor shall calculate and provide a report on the Base Fees for each Month in accordance with the procedures set out in Part C of this Schedule 3 (*Payment and Incentive Mechanism*).
- 2.8 Where any amount required for the calculation of Base Fees is not in pounds sterling, such amount shall be converted into pounds sterling using the exchange rate [REDACTED], and shall apply for the duration of the Term. Where an amount is required for the calculation of Base Fees using an exchange rate that is not included in this Paragraph 2.8, such amount shall be calculated using the General Accounting Rate of Exchange published by the UK Government for the Month in which the Base Fees are calculated.
- 2.9 In addition to the Base Fees set out above, the Contractor shall also be entitled to recover its costs in connection with the mobilisation and demobilisation of Key Personnel and Other Personnel by way of an initial payment on or about the commencement of their Placement ("**Deployment Costs**"). The amount of such Deployment Costs shall be agreed with the Authority prior to the placement of such Key Personnel and Other Personnel, and no Deployment Costs shall be paid in respect of any Key Personnel or Other Personnel in relation to whom Deployment Costs have not been agreed. The Contractor shall be entitled to invoice the Authority for any approved Deployment Costs in accordance with Clause 34 (*Invoicing and Payment*), within one (1) month of the commencement of the placement of such Key Personnel and Other Personnel. The agreed Deployment Costs for the Key Personnel shall be set out from time to time in Table 1 to Annex A (*Costs*) of this Schedule 3 (*Payment and Incentive Mechanism*).

3. INCENTIVE FEES

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3.1 Subject to Paragraph 3.4.1, Incentives Fees can represent up to [REDACTED] of the MPF for the relevant Contract Period, as set out in Part E to this Schedule 3 (*Payment and Incentive Mechanism*).

3.2 Incentive Fees are calculated Quarterly. Where an MPF is referred to in a calculation to be performed for Incentive Fees in any Quarter pursuant to this Schedule 3 (*Payment and Incentive Mechanism*) it shall be a reference to the MPF for the Contract Period (as set out in Part E to this Schedule 3 (*Payment and Incentive Mechanism*)) in which that Quarter is within at the point in time at which the calculation is performed.

3.3 Subject to Paragraphs 3.4, 3.9 and 3.11, Incentive Fees shall be calculated for each Quarter as follows:

In every Quarter:

IF₁ = delivery of Milestones for that Quarter [REDACTED] of MPF);

Only in relation to the Quarter in which the Authority's financial year ends, being 31 March each year:

IF₂ = achievement of KPIs for that financial year within the Contract Domain [REDACTED] of MPF); and

IF₃ = achievement of KPIs for that financial year across DE&S as a whole [REDACTED] of MPF).

3.4 Subject to Paragraph 3.11, IF₁ is calculated:

3.4.1 during the period to (and including) 30 June 2015, for each Quarter as follows:

$$IF_1 = [REDACTED] \times MPF \times ((M_{OT} + (0.5 \times M1_{MTH}) + (0.25 \times M2_{MTH})) / M_N)$$

Where M_{OT} is the total number of Milestones achieved on time during that Quarter;

M1_{MTH} is the total number of Milestones achieved late during that Quarter, up to 28 days after the agreed target date;

M2_{MTH} is the total number of Milestones achieved late during that Quarter, between 28 to 56 days after the agreed target date; and

M_N is the total number of Milestones for that Quarter.

3.4.2 with effect from 1 July 2015, for each Quarter as follows:

$$IF_1 = [REDACTED] \times MPF \times ((M_{OT} + (0.5 \times M1_{MTH}) + (0.25 \times M2_{MTH})) / M_N)$$

Where M_{OT} is the total number of Milestones achieved on time during that Quarter;

M1_{MTH} is the total number of Milestones achieved late during that Quarter, up to 28 days after the agreed target date;

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M_{2MTH} is the total number of Milestones achieved late during that Quarter, between 28 to 56 days after the agreed target date; and

M_N is the total number of Milestones for that Quarter.

- 3.5 Save where the Authority otherwise determines (in its reasonable discretion), where a Milestone is not achieved during a Quarter it shall automatically be deemed to be a Milestone due to be achieved in each subsequent Quarter (until it is achieved), but without any change to the target date for that Milestone for the purposes of calculating how late it is achieved.
- 3.6 The KPIs that will be used to determine IF_2 and IF_3 will give a measure of performance output ranging from Blue (meaning DE&S corporate targets are being exceeded), through Green, Amber or Red (meaning DE&S corporate targets have not been achieved).
- 3.7 Subject to Paragraphs 3.9 and 3.11, IF_2 is calculated in relation to the Quarter in which the Authority's financial year ends, being 31 March each Year, as follows:

$$IF_2 = \blacksquare \times MPF \times ((KPI_{DXB} - KPI_{DXR}) / KPI_{DXN})$$

Where KPI_{DXB} is the total number of KPIs where business performance within the Contract Domain as at the end of the financial year is assessed as Blue;

KPI_{DXR} is the total number of KPIs where business performance within the Contract Domain as at the end of the financial year is assessed as Red; and

KPI_{DXN} is the total number of KPIs against which business performance in the Contract Domain as at the end of the financial year is being measured,

provided that if IF_2 is a negative number, it shall be deemed to be zero (0).

- 3.8 Subject to Paragraphs 3.9 and 3.11, IF_3 is calculated in relation to the Quarter in which the Authority's financial year ends, being 31 March each Year, as follows:

$$IF_3 = \blacksquare \times MPF \times ((KPI_B - KPI_R) / KPI_N)$$

Where KPI_B is the total number of KPIs where business performance across DE&S as a whole as at the end of the financial year is assessed as Blue;

KPI_R is the total number of KPIs where business performance across DE&S as a whole as at the end of the financial year is assessed as Red; and

KPI_N is the total number of KPIs against which business performance across DE&S as a whole as at the end of the financial year is being measured,

provided that if IF_3 is a negative number, it shall be deemed to be zero (0).

- 3.9 No KPIs will be available up to and including 30 June 2015. During this period IF_2 and IF_3 will be zero-rated (and will not give rise to any Incentive Fees).

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- 3.10 The Contractor shall calculate and provide a report on the Incentive Fees for each Quarter in accordance with the procedures set out in Part C of this Schedule 3 (*Payment and Incentive Mechanism*).
- 3.11 The Parties acknowledge that during the Term it may be preferable to amend the weightings applied in the calculation of IF₁, IF₂ and IF₃ in order to alter the distribution of the proportion of MPF that is available for the Incentive Fees in accordance with Paragraph 3.1. The Parties agree to act reasonably in negotiating any amendment to such weightings.

4. MILESTONES AND KEY PERFORMANCE INDICATORS

- 4.1 The Authority's expectation is that:
- 4.1.1 initially the Milestones will relate to construction and agreement of the DE&S "High Level End State" and associated "Implementation Plan" and agreement of KPIs for financial year 2015/16; and
 - 4.1.2 subsequent Milestones will be taken from the "Implementation Plan", which will be maintained as a living document.
- 4.2 The DE&S "High Level End State", the associated "Implementation Plan", the KPIs for financial year 2015/16 (and subsequent years) and all Milestones will be determined from time to time by the DE&S Executive Board.
- 4.3 Milestones for the period from the Commencement Date to the end of the second Quarter are set out in Part D of this Schedule 3 (*Payment and Incentive Mechanism*).
- 4.4 The Authority's expectation is that the KPIs will be those key performance indicators which MOD (Main Building and other Top Level Budget Holders) use to measure DE&S. This will mean that the same measures will be used for both MOD's measurement of DE&S and DE&S's measurement of the Contractor. However, the KPIs will be determined from time to time by the DE&S Executive Board, having consulted with the Contractor and the other MSPs.
- 4.5 The Authority will keep the Contractor informed on the development of Milestones and KPIs during the Term. The Authority's expectation is that Milestones and KPIs will be set annually as part of the arrangements each financial year to update the DE&S Corporate Plan. The Milestones and KPIs will be developed by the Authority in consultation with the Contractor and other MSPs.
- 4.6 For reference only, the current key performance indicators proposed for DE&S for financial year 2014/15 are set out in Part B of this Schedule 3 (*Payment and Incentive Mechanism*).

5. AWARD FEES

- 5.1 Subject to Paragraphs 5.2A and 5.3.1, Award Fees can represent up to [REDACTED] of the MPF for the relevant Contract Period, as set out in Part E to this Schedule 3 (*Payment and Incentive Mechanism*).
- 5.2 Subject to Paragraph 5.2A, Award Fees are calculated every two (2) Quarters. The first period in which Award Fees are available shall commence on the Commencement Date and end at the end of the second Quarter. All subsequent Award Fees will be calculated for the two (2) Quarters immediately following the end of the previous two (2) Quarters.

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- 5.2A No Award Fees shall be available during the two (2) Quarters immediately prior to the Expiry Date and during this period the Award Fees shall be zero (0). Accordingly, during the final Contract Period, the Award Fees may only represent up to [REDACTED] of the MPF for the relevant Contract Period.
- 5.3 Subject to Paragraph 5.2A, Award Fees are calculated (in accordance with Paragraph 5.2 above):
- 5.3.1 at the end of the period to (and including) 30 June 2015:
- $$AF = [REDACTED] \times MPF \times Y / 100$$
- Where Y is a score out of 100 Collaboration Points, which will be judged as follows:
- up to 40 Collaboration Points awarded by senior DE&S employees in the Contract Domain;
 - up to 30 Collaboration Points awarded by the Materiel Strategy team; and
 - up to 30 Collaboration Points awarded by the DE&S Executive Board and DE&S senior management team.
- 5.3.2 with effect from 1 July 2015, at the end of every second Quarter as follows:
- $$AF = [REDACTED] [REDACTED] MPF \times Y / 100$$
- Where Y is a score out of 100 Collaboration Points, which will be judged as follows:
- up to 40 Collaboration Points awarded by senior DE&S employees in the Contract Domain;
 - up to 30 Collaboration Points awarded by the Materiel Strategy team; and
 - up to 30 Collaboration Points awarded by the DE&S Executive Board and DE&S senior management team.
- 5.4 The Authority may (but shall not be required to) inform the Contractor of the identity of the individuals who assess the collaborative behaviour of the Contractor and award Collaboration Points from time to time.
- 5.5 The Authority shall use the Award Fee mechanisms contained in the Collaboration Charter agreed between the Parties in accordance with Milestone "MS1" (as subsequently updated from time to time) in order to assess the collaborative behaviour of the Contractor and award Collaboration Points.
- 5.6 [Not used]
- 5.7 The Authority shall within thirty (30) Business Days of the end of each period of two (2) Quarters in which Award Fees are available provide the Contractor with a summary report of the Collaboration Points awarded to the Contractor in respect of such period, together with a calculation of the Award Fees due in respect of that period (an "**Authority Award Fees Report**").
- 5.8 The Contractor shall be entitled to invoice the Authority for Award Fees referred to in an Authority Award Fees Report in accordance with Clause 34 (*Invoicing and Payment*).

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PART B- KEY PERFORMANCE INDICATORS

1. INTRODUCTION

- 1.1 The KPIs set out in Paragraph 2 of this Part B are those presently proposed by the Authority for financial year 2014/15. As discussed in Part A above, these will not be used in the calculation of the Incentive Fees and are presented for information purposes only. As discussed in Part A above, the KPIs will be developed by the Authority in consultation with the Contractor and other MSPs.
- 1.2 These KPIs are broadly a continuation of current DE&S metrics in order to facilitate comparison with prior year(s) performance and identify whether delivery performance has been maintained during the transition year. They are aligned to the draft Defence Plan 2014 objectives.

2. DE&S KPIS

- 2.1 The KPIs that shall apply to the calculation of IF₃ shall be set in respect of each financial year during the Term and the Contractor shall be bound by such KPIs as issued by the Authority from time to time.
- 2.2 **Corporate Delivery KPIs:**

High-Level Objective		KPIs for DE&S Corporate Plan 2014	
DELIVERY	1. Delivery Performance	1A) Procurement Projects (Performance) * At least 97% of Key User Requirements (KURs) forecast to be met against total KURs approved at the Main Gate (for post Main Gate and pre-ISD projects). <i>i.e. at least 246 KURs out of 253¹</i>	For all Cat. A-C projects
		1B) Procurement Projects (Cost) <u>For post Main-Gate, pre-ISD projects:</u> * Forecast cost growth against total approved Demonstration and Manufacture costs not to exceed +0.4% (0.2% stretch) in-year. <i>i.e. + ██████ against a baseline of ██████¹</i> * A maximum of 15% (10% stretch) of projects forecasting in-year cost growth ≥2.5% against approved Demonstration and Manufacture costs. <i>i.e. maximum of 4 projects out of 28¹</i> <u>For post Initial Gate, pre Main-Gate projects:</u> * Forecast cost growth against total approved Assessment Phase costs not to exceed +5% in-year. <i>i.e. not to exceed ██████ against a baseline of ██████¹</i>	
		1C) Procurement Projects (Time) <u>For post Main-Gate, pre-ISD projects:</u> * Forecast slippage to approved ISD not to exceed an average 0.8 months (0.4 stretch) per project in-year. <i>i.e.</i>	

¹ Note 1: Level of the hard target, based on the 2013/14 Cat A-C population. These will be adjusted once the 2014/15 Cat A-C project population is finalised. It is expected that these Delivery KPIs will be replaced from 2015/16 with a new KPI linked to performance against the combined Command Acquisition Support Plan requirements

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	<p><i>not to exceed 22 months across 28 projects¹</i> <i>* A maximum of 20% (10% stretch) of projects forecasting slippage to the approved ISD ≥3 months. i.e.> maximum of 5 projects out of 28¹</i></p> <p><u>For post Initial Gate, pre Main-Gate projects:</u> <i>* Forecast slippage of approved Assessment Phase durations not to exceed an average of +3 months per project in-year. i.e. not to exceed 66 months across 22 projects¹</i></p>	
	<p>1D) Equipment Support (Performance) <i>* The percentage of SMART Contract metrics in the Availability, Reliability, Sustainability and Safety categories which are reporting Green assessments</i></p>	

2.3 Corporate Transition KPIs:

High-Level Objective		KPIs for DE&S Corporate Plan 2014
TRANSITION	1. Opex Efficiency	<ul style="list-style-type: none"> ▪ Achieve the agreed reduction in total DE&S operating expenditure in line with agreed resource profile in the DE&S Corporate Plan (adjusted where necessary to reflect material changes in the Programme of Work)
	2. Inventory Management	<ul style="list-style-type: none"> ▪ Deliver a 3.8% year-on-year reduction in inventory holdings for each of financial year 2014/15 and financial year 2015/16 ▪ Spend on Inventory Purchases (RMC, excluding fuel) to be no greater than ██████████
	3. Forecast Accuracy	<p>In respect of each of:</p> <ul style="list-style-type: none"> • DE&S operating cost financial envelope; • expenditure on the DE&S agreed Programme of Work (EPP and ESP, as defined in Schedule 1) by Command-facing areas; and • total Expenditure on the DE&S agreed Programme of Work <p>to achieve an in-year outturn within +0%/-1.5% of the ABC14 outcome (adjusted if necessary for any in-year changes to provision) (all bullet points above apply).</p>
	4. Customer Satisfaction	<ul style="list-style-type: none"> ▪ Achieve a mean customer satisfaction score of 7/10, with no customer score below 4/10 (based on a representative sample of DE&S programmes and support activities) and achieve a customer satisfaction response rate of 80%. <i>The approach outlined is indicative at this stage until further work is done on the underlying processes needed to make the metrics measurable.</i>

3. DOMAIN SPECIFIC KPIS

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- 3.1 The KPIs that shall apply to the calculation of IF_2 shall be set in respect of each financial year during the Term and the Contractor shall be bound by such KPIs as issued by the Authority from time to time.

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PART C– MONTHLY AND QUARTERLY REPORTING

1. MONTHLY BASE FEES REPORTS

1.1 The Contractor shall submit a report at the end of each Month, setting out, in a format and level of detail that is reasonably satisfactory to the Authority:

- 1.1.1 details of the Personnel deployed by the Contractor pursuant to the Contract, identifying the individuals concerned and the number of days worked in that Month;
- 1.1.2 details of any expenses incurred by the Personnel deployed by the Contractor pursuant to the Contract and reimbursable to the Contractor in accordance with Paragraph 5.2.5 of Schedule 6 (*Personnel Arrangements*);
- 1.1.3 in the case of Reachback Personnel, details of such other costs or expenses relating to the provision of the Services that have been provided for in the Task Order and are reimbursable to the Contractor in accordance with Paragraph 5.2.6 of Schedule 6 (*Personnel Arrangements*);
- 1.1.4 calculation of the Base Fees for that Month in accordance with the provisions set out in Part A of this Schedule 3 (*Payment and Incentive Mechanism*), together with any Deployment Costs that are reimbursable in respect of that Month in accordance with Paragraph 2.9 of Part A of this Schedule 3 (*Payment and Incentive Mechanism*); and
- 1.1.5 (if required by the Authority) supporting evidence (including, in respect of any expenses being claimed in accordance with Paragraphs 1.1.2 and 1.1.3 above, such evidence as the Authority may reasonably require pursuant to Paragraphs 5.2.5 and 5.2.6 of Schedule 6 (*Personnel Arrangements*)),

(a "**Monthly Base Fees Report**").

1.2 Each Monthly Base Fees Report shall be reviewed by the Authority and the Authority shall respond within ten (10) Business Days as to whether or not it accepts and approves the Monthly Base Fee Report. Where the Authority does not accept and approve the Monthly Base Fee Report, the Authority shall give reasons for such rejection. The Authority shall act reasonably in determining whether or not to accept and approve the Monthly Base Fees Report and, to the extent that the Authority disapproves only a portion of the amounts stated in the Monthly Base Fees Report, the Authority shall approve the remainder of the amounts.

1.3 To the extent that a Monthly Base Fees Report is accepted and approved by the Authority (an "**Approved Monthly Report**") the Contractor shall be entitled to invoice the Authority for the approved Base Fees as referred to in the Approved Monthly Report in accordance with Clause 34 (*Invoicing and Payment*).

1.4 To the extent that a Monthly Base Fees Report is not accepted and approved by the Authority, any matter or matters in dispute shall be determined pursuant to Clause 45 (*Dispute Resolution Procedure*).

1.5 If, following determination of a Dispute in relation to a Monthly Base Fees Report, the Contractor shall be entitled to invoice the Authority for any Base Fees for the Month in relation to which that Monthly Base Fees Report related (the "**relevant Month**"), and (as a consequence of that Dispute) the due date for payment of those Base Fees in accordance with Clause 34 (*Invoicing and Payment*) is later than the date that is thirty (30) Business Days after the end of the relevant Month, then for the purposes of

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Clause 37 (*Interest on Late Payment*) the due date for payment of those Base Fees shall be deemed to be the date that is thirty (30) Business Days after the end of the relevant Month.

2. QUARTERLY PERFORMANCE REPORTS

- 2.1 The Contractor shall submit a report at the end of each Quarter, setting out, in a format and level of detail that is reasonably satisfactory to the Authority:
- 2.1.1 a summary describing the Contractor's overall performance of the Contract in the Quarter, and the benefits which, in the Contractor's opinion, have been realised by the Authority;
 - 2.1.2 which of the Milestones have been achieved on time in the Quarter;
 - 2.1.3 which of the Milestones have been achieved late in the Quarter (and, in each case, the number of days between the date the Milestone was achieved and the target date on which it was due to be achieved);
 - 2.1.4 which of the Milestones due to be achieved during the Quarter have not yet been achieved;
 - 2.1.5 any relevant information that the Contractor is required to provide to the Authority pursuant to the Award Fee mechanisms contained in the Collaboration Charter agreed between the Parties in accordance with Milestone "MS1" (as subsequently updated from time to time) that would assist the Authority in assessing the collaborative behaviour of the Contractor and award Collaboration Points; and
 - 2.1.6 a detailed calculation of the Incentive Fees for that Quarter in accordance with the provisions set out in Part A of this Schedule 3 (*Payment and Incentive Mechanism*);
- (a "**Quarterly Incentive Fees Report**").
- 2.2 Each Quarterly Incentive Fees Report shall be reviewed by the Authority and the Authority shall respond within twenty (20) Business Days as to whether or not it accepts and approves the Quarterly Incentive Fees Report. Where the Authority does not accept and approve the Quarterly Incentive Fees Report, the Authority shall give reasons for such rejection. The Authority shall act reasonably in determining whether or not to accept and approve the Quarterly Incentive Fees Report and, to the extent that the Authority disapproves only a portion of the amounts stated in the Quarterly Incentive Fees Report, the Authority shall approve the remainder of the amounts.
- 2.3 To the extent that a Quarterly Incentive Fees Report is accepted and approved by the Authority (an "**Approved Quarterly Report**") the Contractor shall be entitled to invoice the Authority for the approved Incentive Fees as referred to in the Approved Quarterly Report in accordance with Clause 34 (*Invoicing and Payment*).
- 2.4 To the extent that a Quarterly Incentive Fees Report is not accepted and approved by the Authority, any matter or matters in dispute shall be determined pursuant to Clause 45 (*Dispute Resolution Procedure*).
- 2.5 If, following determination of a Dispute in relation to a Quarterly Incentive Fees Report, the Contractor shall be entitled to invoice the Authority for any Incentive Fees for the Quarter in relation to which that Quarterly Incentive Fees Report related (the

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"relevant Quarter"), and (as a consequence of that Dispute) the due date for payment of those Incentive Fees in accordance with Clause 34 (*Invoicing and Payment*) is later than the date that is thirty (30) Business Days after the end of the relevant Quarter, then for the purposes of Clause 37 (*Interest on Late Payment*) the due date for payment of those Incentive Fees shall be deemed to be the date that is thirty (30) Business Days after the end of the relevant Quarter.

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PART D – FIRST CONTRACT PERIOD MILESTONES

1. INTRODUCTION

1.1 In accordance with Paragraph 4.3 of Part A to this Schedule 3 (*Payment and Incentive Mechanism*), the below Milestones will apply for the First Contract Period.

1.2 Note that Milestones which are stated to be "WP3" are Milestones for the Work Package 3 MSP only and are included for information purposes.

2. MILESTONES

	Milestone	Completion Date	Achievement Criteria
MS1 Joint WP1&3	Agreement of Collaboration Charter that defines the behaviours and ways of working between DE&S, WP1 and WP3 MSPs	16 Jan 2015	<p>The Collaboration Charter shall:</p> <ul style="list-style-type: none"> • Be consistent with the principles of BS11000; • Consist of a short (5-10 pages) written document signed by D Mat Strat and by the most senior representative from each MSP on the Rainbow Team; • Agree how the Award Fee is calculated as per Schedule 3 (<i>Payment and Incentive Mechanism</i>), setting out the steps to achieve Collaboration Points: <ul style="list-style-type: none"> ○ A methodology for assessing the collaborative behaviour (e.g. surveys); ○ A mechanism for approval of the award of collaboration points; ○ Frequency of assessing the collaborative relationship • Include the methods by which the Charter will be governed. <p>Note: Schedule 2 of the Contract - MSPs Ways of Working (See clause 1.4 and Collaborative Principles) supports and informs the intention of this milestone</p> <p>The acceptance authority for this Milestone is the Director Materiel Strategy</p>
	Provision to DE&S Executive of the high level "Match Fit" end-state and plan to achieve it (including high level People model and DE&S	27 March 2015	<p>This deliverable shall consist of a word document, which includes:</p> <ul style="list-style-type: none"> • a description of the high level end state of the organisation to meet the match fit requirements as defined in the DE&S Corporate Plan 2014-2017 including:

	Milestone	Completion Date	Achievement Criteria
<p>MS2 Joint WP1&3</p>	<p>Transformation Plan)</p>		<ul style="list-style-type: none"> • a DE&S Transformation Plan (to a level of definition and length consistent with the draft as issued to the DE&S Board in September 2014) and which shall consist of: <ul style="list-style-type: none"> ○ a description at a high-level of the transformation steps, how these relate to the Transformation Workstreams agreed by the DE&S Executive, and the tangible deliverables that will be delivered to enable the "Match Fit" end-state and how the high-level benefits and tangible deliverables will be measured; ○ a view of the potential benefits (qualitative only at this stage) and the potential ROM costs of each of the transformation steps; ○ an assessment of DE&S readiness for change; ○ indicative Milestones for the period from agreement of the Implementation plans (Milestones 9 (for WP1) and 10 (for WP3)) until March 2017; ○ the identification of potential early transformation activities; ○ the governance arrangements for delivering Transformation. • a People Model which shall consist of: <ul style="list-style-type: none"> ○ the overarching philosophy and framework for how people are managed within DE&S; ○ definition under each of the following five main elements – attract, develop, retain, reward, and deploy; ○ a description of the HR Function Strategy, identifying key priorities and the initial function structure. • a high level description of key WP2 deliverables associated with the delivery of the Transformation Plan and People Model <p>The word document will be supported by PowerPoint presentation material suitable for 1) Senior DE&S Executive and 2) DE&S staff and stakeholders. The word document will be developed and informed through close interaction with CDM, DG Res and DG Commercial (led by the Rainbow Team Leader) and the CoMs (led by the WP1 Domain Chief Operating Officers (COOs)).</p>

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	Milestone	Completion Date	Achievement Criteria
			<ul style="list-style-type: none"> The word document is presented to the Director Materiel Strategy for acceptance who then accepts it as fit for purpose for submission to the DE&S Executive. Note, it is expected that the DE&S Executive will provide timely feedback which will be taken into account as part of Milestones 9 (WP1) and 10 (WP3); The PowerPoint presentation material is presented to the Director Materiel Strategy as part of the initial submission and will consist of material congruent with the word document in terms of content. <p>The acceptance authority for this Milestone is the Director Materiel Strategy</p>
<p>MS3 WP1</p>	<p>Baseline report on DE&S's 'As-Is' business capability maturity</p>	<p>30 April 2015</p>	<p>This deliverable shall:</p> <ul style="list-style-type: none"> cover the full scope of DE&S activities, through appropriate selective sampling as agreed by the Rainbow Team where the relevant information and personnel are available; cover aspects, for example the processes, business tools, skills, organisational culture, that the Rainbow Team deems material to DE&S' business capability; provide a baseline against which improvements can be quantified; have a common approach and format across all domains and functional areas to facilitate easy collation and analysis of results, using a recognised good practice benchmarking methodology; provide a critique of DE&S capacity and capability compared with industry good practice; highlighting potential priority areas for improvement; evidence its findings as far as possible using external benchmarks. <p>This deliverable is to be provided as a Word document (100-300 pages in length), with</p>

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	Milestone	Completion Date	Achievement Criteria
			<p>supporting PowerPoint presentation material suitable for 1) Senior DE&S Executive and 2) DE&S staff and stakeholders.</p> <ul style="list-style-type: none"> • Business engagement on this activity will be led by the COOs in each of the Domains and by the Rainbow Team Leader for the DG Res and DG Commercial areas; • The word document is presented to the Director Materiel Strategy for acceptance who then accepts it as fit for purpose for submission to the DE&S Executive; • The PowerPoint presentation material is presented to the Director Materiel Strategy as part of the initial submission and will consist of material congruent with the word document in terms of content. <p>The acceptance authority for this Milestone is the Director Materiel Strategy</p>
MS4 WP1	Full deployment of WP1 Personnel in accordance with agreed Resourcing Plan for period to 31 Mar 15	31 March 2015	<p>In order to prove the achievement of this Milestone, the MSP shall provide a deployment report. This shall:</p> <ul style="list-style-type: none"> • describe the deployment of MSP personnel specific to the individual provider (including Additional and Reachback Personnel if/when agreed); • show that this deployment has been achieved in accordance with the agreed resourcing plan as contained in Schedule 6 Annex 4); • show that the resourcing mechanisms are in place and have been working effectively to ensure that appropriately competent, skilled and experienced personnel are effectively deployed within the parameters of the defined resource plan. <p>This report shall be provided as a Word or Excel document.</p> <p>The acceptance authority for this Milestone is the Director Materiel Strategy</p>
MS5 WP3	Full deployment of WP3 Personnel in accordance with agreed Resourcing Plan for	31 March	<p>In order to prove the achievement of this milestone, the MSP shall provide a</p>

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	Milestone	Completion Date	Achievement Criteria
	period to 31 Mar 15	2015	<p>deployment report. This shall:</p> <ul style="list-style-type: none"> describe the deployment of MSP personnel specific to the individual provider (including Additional and Reachback Personnel if/when agreed); show that this deployment has been achieved in accordance with the agreed resourcing plan as contained in Schedule 6 Annex 4); show that the resourcing mechanisms are in place and have been working effectively to ensure that appropriately competent, skilled and experienced personnel are effectively deployed within the parameters of the defined resource plan. <p>This report shall be provided as a Word or Excel document.</p> <p>The acceptance authority for this Milestone is the Director Materiel Strategy.</p>
MS6 WP3	Established baseline for DE&S' Talent Maturity and agree target for 2016/17	30 April 2015	<p>The Deliverable shall, but shall not be limited to:</p> <ul style="list-style-type: none"> Describe Talent Management Maturity model and metrics to be used for measurement for 2015/16 as well as initial measures for 2016/17, recognising that they may be refined as the model is developed further; Describe current maturity of Talent Management in DE&S to include outline construct, a framework of measures and highlight potential for improvement to be agreed by DE&S Executive; Include a statement as to how the Contractors standard toolsets will be tailored to best suit DE&S' needs agreed in conjunction with DE&S senior management through the engagement process; Include comparisons with relevant external benchmarks and supports high level "Match Fit" end state;

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	Milestone	Completion Date	Achievement Criteria
			<ul style="list-style-type: none"> Establish and define the outline construct of the Model, including the specified Maturity Levels, current baseline level, and agreed initial target level for 2017; Establish methods and means for capture of data/metrics across the agreed defined key data sets; Include agreed Contract Change documentation (incorporating amendments to Schedule 3 (including Part E) where required) that shall ensure the Regime is established within the construct of the contract and clearly defines definitions and agreed mechanism to define the minimum, target and achieved Maturity levels. <p>The acceptance authority for this Milestone is the Director Materiel Strategy</p>
MS7 WP3	Established baseline for DE&S' HR Model User Satisfaction Maturity and agree target for 2016/17	27 Feb 2015	<p>The Deliverable shall, but shall not be limited to:</p> <ul style="list-style-type: none"> Describe HR Model User Satisfaction Maturity model. This includes initial metrics to be used for measurement, targets for 2015/16 as well as initial measures for 2016/17, recognising that they may be refined as the model is developed further; Include a statement as to how the Contractors standard proprietary model will be tailored to best suit DE&S' needs agreed in conjunction with DE&S senior management through the engagement process; Describe current maturity of HR Model User Satisfaction in DE&S; Establish and define the outline construct of the Model, including the specified Maturity Levels, current baseline level, and agreed initial target level for 2017; Establish methods and means for capture of data/metrics across the defined

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	Milestone	Completion Date	Achievement Criteria
			<p>key data sets;</p> <ul style="list-style-type: none"> • Include agreed Contract Change documentation (incorporating amendments to Schedule 3 (including Part F) where required) that shall ensure the Model is established within the construct of the contract and clearly defines definitions and agreed mechanism to define the minimum, target and achieved Maturity levels. <p>The acceptance authority for this Milestone is the Director Materiel Strategy</p>
MS8 Joint WP1&3	Provision of a report on the DE&S Corporate Plan KPIs and associated targets for FY 2015/16	27 Feb 2015	<p>The delivery of this milestone will be enabled through MSP participation in the formulation of DE&S Corporate Plan KPIs and associated targets and shall take the form of a short report (10-20 pages) which shall contain an initial shared MSP view of:</p> <ul style="list-style-type: none"> • The relevance of the DE&S Corporate Plan KPIs in relation to how they reflect and drive the performance of DE&S in its totality, and any potential opportunities for improving the KPIs and supporting regime; • The DE&S Corporate Plan KPI targets and their associated risks and opportunities; • The adequacy of the supporting information and processes that support KPI & target formulation and their reporting, and; • How the DE&S Corporate Plan KPIs and associated targets could be affected (either positively or negatively) by DE&S Transformation <p>The acceptance authority for this Milestone is the Director Materiel Strategy.</p>
MS9 WP1		30 June 2015	<p>The Implementation Plan shall consist of:</p> <ul style="list-style-type: none"> • a plan which is considered by the DE&S Executive, acting reasonably, to be of sufficient quality for commencement of the proposed transformation activities; • a description of transformation activities to take place in the first period (of at least 12 months) and outline plans for subsequent periods with projected timescales, risks, resource plots, costs, outputs, benefit profiles, dependencies and assumptions;

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	Milestone	Completion Date	Achievement Criteria
	Provision to DE&S Executive of a detailed, costed WP1 Implementation Plan to achieve 'Match Fit' by Mar 17 (to execute Transformation)		<ul style="list-style-type: none"> a supporting cost benefit analysis (both qualitative and quantitative); identification of the relevant 'contract milestones' for the period from delivery of this milestone to March 2017; and description of key WP2 deliverables associated with the delivery of this Implementation Plan <p>The deliverable shall be agreed by the senior representative of each MSP on the Rainbow Team.</p> <p>The deliverable shall be provided as a Word document, with supporting PowerPoint presentation material suitable for 1) Senior DE&S Executive and 2) DE&S staff and stakeholders.</p> <p>The word document will be developed and informed through close interaction with CDM, DG Res and DG Commercial (led by the Rainbow Team Leader) and the CoMs (led by the WP1 Domain COOs). The word document shall then be presented via the Rainbow Team Leader to the DE&S Executive for acceptance. The PowerPoint presentation material is presented as part of the initial submission and will consist of material congruent with the word document in terms of content.</p> <p>The acceptance authority for this Milestone is CDM</p>
MS10 WP3	Provision to the DE&S Executive Board of a detailed, costed WP3 Implementation Plan to achieve 'Match Fit' by Mar 17 (to execute Transformation)	30 June 2015	<p>The Implementation Plan shall consist of:</p> <ul style="list-style-type: none"> a plan which is considered by the DE&S Executive, acting reasonably, to be of sufficient quality for commencement of the proposed transformation activities; a description of transformation activities to take place in the first period and outline plans for subsequent periods with projected timescales; risks, resource plots, costs, outputs, benefit profiles, dependencies and assumptions; a supporting cost benefit analysis (both qualitative and quantitative); identification of the relevant 'contract milestones' for the period from delivery of this milestone to March 2017, and;

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	Milestone	Completion Date	Achievement Criteria
			<ul style="list-style-type: none"> a description of key WP2 deliverables associated with the delivery of this Implementation Plan <p>The deliverable shall be agreed by the senior representative of each MSP on the Rainbow Team.</p> <p>The deliverable shall be provided as a Word document, with supporting PowerPoint presentation material suitable for 1) Senior DE&S Executive and 2) DE&S staff and stakeholders.</p> <p>The word document will be developed and informed through close interaction with CDM, DG Res, DHR, DG Commercial and the CoMs. The word document shall then be presented via the Rainbow Team Leader to the DE&S Executive for acceptance. The PowerPoint presentation material is presented as part of the initial submission and will consist of material congruent with the word document in terms of content.</p> <p>The acceptance authority for this Milestone is CDM</p>
<p>MS11 WP3</p>	<p>Implementation of V1 of revised and improved performance management approach, including revised documentation.</p>	<p>1 April 2015</p>	<p>The deliverable shall establish and define the construct of the DE&S performance management approach, which shall contain:</p> <ul style="list-style-type: none"> a revised performance process, linking individual performance to business objectives and performance, which underpins individual accountability and professionalism; revised performance reporting form and supporting documentation; business, employee and line manager communications material; an identification of the potential system changes to support the implementation of the new process;

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	Milestone	Completion Date	Achievement Criteria
			<ul style="list-style-type: none">options for alignment of individual's pay to performance <p>The deliverable shall propose a sufficiently detailed construct to enable implementation of a first version for the 2015/16 reporting year; and outline high level options for further development of the construct for 2016/17.</p> <p>The acceptance authority for this Milestone is the Director Materiel Strategy</p>

PART E – MAXIMUM PERFORMANCE FEE

1. MAXIMUM PERFORMANCE FEE

Contract Period	Period	Maximum Performance Fee
1	From (and including) the Commencement Date to (and including) the end of the second Quarter (Contract Period 1)	[REDACTED]
2	The four Quarters from (and excluding) the end of Contract Period 1 (Contract Period 2)	[REDACTED]
3	The four Quarters from (and excluding) the end of Contract Period 2 (Contract Period 3)	[REDACTED]
4	The four Quarters from (and excluding) the end of Contract Period 3 (Contract Period 4)	[REDACTED]
+1 (First Extension Period)	The four Quarters from (and excluding) the end of Contract Period 3 (First Extension Period)	[REDACTED]
+2 (Second Extension Period)	The four Quarters from (and excluding) the end of the First Extension Period (Second Extension Period)	[REDACTED]

(Note that as a consequence of Paragraph 5.2A of this Schedule 3 (*Payment and Incentive Mechanism*), in the final Contract Period prior to the Expiry Date, only [REDACTED] of the MPF listed will be available – see Paragraph 1.2, Part F (*Worked Example*)).

1.1 Resource Variations

If, prior to the end of a Contract Period, the Authority and the Contractor are in discussions about agreeing a Resourcing Plan for the next Contract Period such that the aggregate number (calculated as full time equivalents) of Key Personnel, In-Year Other Personnel who are not provided on a profit basis in accordance with Paragraph 2.6.1(B) of Part A to this Schedule 3 (*Payment and Incentive Mechanism*) and Other Personnel to be placed with the Authority in accordance with such Resourcing Plan or any continuing Task Order (as applicable) is proposed to be:

1.1.1 [REDACTED] the number of full time equivalents in the Baseline Resourcing Plan, then the Parties may (but shall not be required to) discuss in good faith whether the Maximum Performance Fees set out in the table above should be increased by reference to the number of full time equivalents who will be [REDACTED] for the following Contract Period; or

1.1.2 [REDACTED] the number of full time equivalents in the Baseline Resourcing Plan, then the Parties may (but shall not be required to) discuss in good faith whether the Maximum Performance Fees set out in the table above should be decreased by reference to the number of full time equivalents who will be [REDACTED] for the following Contract Period.

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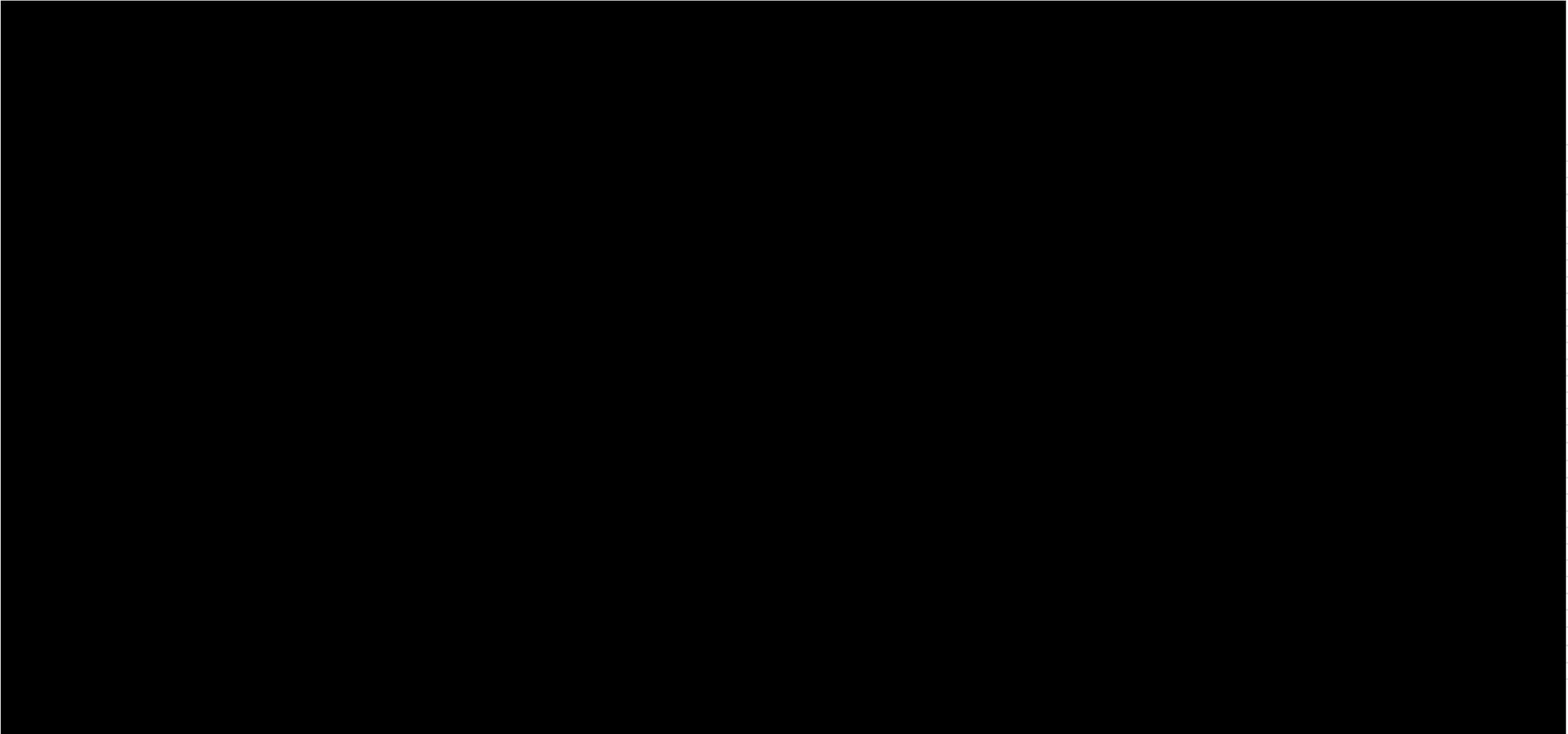
The Parties agree and acknowledge that neither Party has any obligation to agree to any such increase or decrease under this Paragraph 1.1 (*Resource Variations*) to Part E of Schedule 3 (*Payment and Incentive Mechanisms*), and that no such increase or decrease shall be required unless both parties agree that it is appropriate in all the circumstances.

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PART F– WORKED EXAMPLE

- 1.1 A worked example is set out below for illustrative purposes. In the event of a conflict between this Part F (*Worked Example*) and any other provision of this Schedule 3 (*Payment and Incentive Mechanism*), then that other provision shall prevail.



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ANNEX A

COSTS

Table 1 to this Annex A (*Costs*) to Schedule 3 (*Payment and Incentive Mechanism*) sets out the Base Costs for Key Personnel, which shall be comprised of the following:

Part A: Actual Salary (AS):

- Basic pay;
- Employer's pension;
- Employers National Insurance;
- Bonus Payments; and
- Other payments (comprising paid absences, worker compensation liability, social and retirement benefits and tax equalisation for expats).

Part B: Fixed Subsistence Allowance comprising Travel and Subsistence (FSA):

- Travel (but not day-to-day travel to/from the Premises); and
- Accommodation.

Part C: Expatriate Allowance comprising Travel and Subsistence (EA):

- Travel (but not day-to-day travel to/from the Premises); and
- Accommodation

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Table 1: Base Costs for Key Personnel

Base Costs:

Name	Actual Salary					FSM (£)	FSA (£)	EA (£)	Total Base Costs (£) (AS+FSM+EA+FSA)
	Basic (£)	Other benefits (£)	ERS NIC (£)	Pension (£)	Total (AS)				
[REDACTED]	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]			[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]		[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]		[REDACTED]

Deployment Costs:

Name	Deployment (£)
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	
[REDACTED]	[REDACTED]
[REDACTED]	

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ANNEX B
RATE CARD

Day Rates	UK National				US Expats					
	Additional	Reachback	In Year Other (without Profit)	In Year Other (with Profit)	Additional	Reachback - US Local	Reachback - UK Local **	In Year Other (without Profit)	In Year Other (with Profit)	
			Total	Total		Total	Total	Total	Total	Total
Commencement Date - 31 March 2015										
Grade										
Programme Director / Commercial Director										
Programme Manager / Commercial & Procurement										
Senior Project Manager										
Project Manager										
Subject Matter Expert										
Specialist										
Programme & Project Controls & Support										
1 April 2015 - 31 March 2016										
Grade										
Programme Director / Commercial Director										
Programme Manager / Commercial & Procurement										
Senior Project Manager										
Project Manager										
Subject Matter Expert										
Specialist										
Programme & Project Controls & Support										
1 April 2016 - 31 March 2017										
Grade										
Programme Director / Commercial Director										
Programme Manager / Commercial & Procurement										
Senior Project Manager										
Project Manager										
Subject Matter Expert										
Specialist										
Programme & Project Controls & Support										
1 April 2017 - 31 March 2018										
Grade										
Programme Director / Commercial Director										
Programme Manager / Commercial & Procurement										
Senior Project Manager										
Project Manager										
Subject Matter Expert										
Specialist										
Programme & Project Controls & Support										
1 April 2018 - 31 March 2019										
Grade										
Programme Director / Commercial Director										
Programme Manager / Commercial & Procurement										
Senior Project Manager										
Project Manager										
Subject Matter Expert										
Specialist										
Programme & Project Controls & Support										
1 April 2019 - 31 March 2020										
Grade										
Programme Director / Commercial Director										
Programme Manager / Commercial & Procurement										
Senior Project Manager										
Project Manager										
Subject Matter Expert										
Specialist										
Programme & Project Controls & Support										

** Note: Rate does not include travel allowances, which will be estimated within the Task Order

Schedule 4

DISPUTE RESOLUTION PROCEDURE

1. INTERPRETATION AND CONSTRUCTION

1.1 Defined terms in this Dispute Resolution Procedure shall have the meanings given to them in Clause 1.1 (*Definitions*) and, unless the context otherwise requires, the following terms shall have the meanings given below:

"**Adjudicator**" has the meaning given in Rule 5.2;

"**Adjudication Notice**" has the meaning given in Rule 5.3;

"**Consolidation Order**" means an order by a Tribunal that a First-filed Dispute and a Later Dispute be resolved in the same arbitral proceedings;

"**Existing Dispute**" means any Dispute or Related Agreement Dispute;

"**First-filed Dispute**" means any Dispute or Related Agreement Dispute where a Request for Arbitration has been served before a Request for Arbitration has been served in relation to a Later Dispute;

"**Joinder**" means the joining of a party to this Contract or a Related Agreement to an Existing Dispute;

"**Joinder Order**" means an order by a Tribunal that a party to this Contract or a Related Agreement be joined to an Existing Dispute;

"**Later Dispute**" means any Dispute or Related Agreement Dispute where a Request for Arbitration is served after a Request for Arbitration has been served in respect of a First-filed Dispute;

"**LCIA Court**" means the London Court of International Arbitration;

"**LCIA Registrar**" has the meaning given in the LCIA Rules;

"**LCIA Rules**" means the LCIA Rules of Arbitration;

"**Related Agreement**" means the Parent Company Guarantee;

"**Related Agreement Dispute**" means any dispute, claim or difference including any question regarding its existence, validity, interpretation or termination arising out of or in connection with a Related Agreement and any dispute relating to any non-contractual obligations arising out of or in connection with it;

"**Request for Arbitration**" has the meaning given to it in the LCIA Rules;

"**Representatives**" shall mean the Authority's Representative and the Contractor's Representative (as applicable);

"**Representatives' Dispute Notice**" has the meaning given in Rule 3.1;

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"Representatives' Dispute Settlement Agreement" has the meaning given in Rule 3.3;

"Rule" means a paragraph in this Schedule 4 (*Dispute Resolution Procedure*) and the expression **"Rules"** shall be construed accordingly;

"Senior Dispute Notice" has the meaning given in Rule 4.1;

"Senior Representative" means the senior representative of a Party designated by the Contractor's Representative or the Authority's Representative (as applicable) as having authority to meet with the other Party's Senior Representative in accordance with this Dispute Resolution Procedure and the expression "Senior Representatives" shall be construed accordingly;

"Senior Representative Dispute Settlement Agreement" has the meaning given in Rule 4.3; and

"Tribunal" means an arbitral tribunal appointed in respect of an Existing Dispute.

2. **OUTLINE OF THE DISPUTE RESOLUTION PROCEDURE**

2.1 Save as otherwise expressly provided in this Contract, in the event a Dispute arises:

2.1.1 the Parties shall first seek to resolve the Dispute by convening a meeting of the Parties' Representatives, who shall seek to resolve the Dispute in accordance with Rule 3 (*Parties' Representatives*);

2.1.2 if the Parties' Representatives are unable to resolve the Dispute in accordance with a meeting held under Rule 3 (*Parties Representatives*), the Parties shall seek to resolve the Dispute by convening a meeting of the Senior Representatives of the Parties in accordance with Rule 4 (*Senior Representatives*);

2.1.3 if the Senior Representatives are unable to resolve the Dispute in accordance with Rule 4 (*Senior Representatives*) then, subject to Rule 2.1.4, either Party may refer the Dispute to adjudication in accordance with Rule 5 (*Adjudication*) or arbitration in accordance with Rule 6 (*Arbitration*). If the Dispute is referred to adjudication in accordance with Rule 5 (*Adjudication*), then the decision issued in the adjudication shall be binding upon the Parties unless within twenty (20) Business Days of service of the decision, the matter is referred by either Party to arbitration in accordance with Rule 6 (*Arbitration*); and

2.1.4 if the Dispute relates to any matter which the Authority may (in accordance with the terms of this Contract) determine in its sole discretion, then the Parties shall attempt to resolve that Dispute in accordance with Rule 2.1.1 and 2.1.2 but shall not be entitled to refer the Dispute to Adjudication or Arbitration under Rule 2.1.3. For the avoidance of doubt, should the Senior Representatives not be able to agree a Senior Representative Dispute Settlement Agreement for such a Dispute, then the Authority shall determine in its sole discretion that Dispute.

2.2 Notwithstanding any other provision of these Rules, a Party may at any time serve a Request for Arbitration so as to prevent the expiry of any applicable limitation period.

3. **PARTIES' REPRESENTATIVES**

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- 3.1 A Party may refer any Dispute by notice in writing to the other Party (a "**Representatives' Dispute Notice**"). The Representatives' Dispute Notice shall include the following details:
- 3.1.1 the subject matter of the Dispute and the issues to be resolved;
 - 3.1.2 the position the referring Party believes is correct and the referring Party's reasons for that position;
 - 3.1.3 copies of any documents in the referring Party's possession which the referring Party considers to be important and relevant; and
 - 3.1.4 a statement of the determination, remedy or recourse which the referring Party seeks.
- 3.2 The Parties to the Dispute shall procure that the Representatives shall meet during the period within five (5) Business Days from date of service of the Representatives' Dispute Notice, and if necessary shall meet more than once, to seek to resolve the Dispute by agreement.
- 3.3 Any agreement reached by the Representatives which resolves the Dispute must be in writing (which for these purposes shall not include email) and signed by the Representatives (the "**Representatives' Dispute Settlement Agreement**").
- 3.4 If the Representatives do not resolve the Dispute within fifteen (15) Business Days of the date of service of the Representatives' Dispute Notice (or within such further time as the Representatives may agree) then either Party may refer the Dispute to the Senior Representatives in accordance with these Rules.
- 3.5 Unless the Parties otherwise agree in writing, referring expressly to this Rule 3.5, all Representatives' meetings shall be held on a without prejudice basis and all communications prior to and during any such meeting (including any concessions, waivers or agreements (other than a Representatives' Dispute Settlement Agreement, and any evidence required to establish that such Representatives' Dispute Settlement Agreement has been signed) made by a Party in the course of discussions pursuant to this Rule 3.5) and all documents produced for, used in or made available for any such meeting, and which are not otherwise available, known or subject to other obligations of disclosure, are privileged and shall not be disclosable or raised by the Parties in any subsequent Legal Proceedings. Notwithstanding this Rule 3.5, either Party may enforce the terms of a Representatives' Dispute Settlement Agreement and cite evidence of such Representatives' Dispute Settlement Agreement having been signed in any proceedings.

4. **SENIOR REPRESENTATIVES**

- 4.1 If permitted by Rule 3 (*Parties' Representatives*), a Party may refer any Dispute by notice in writing to the other Party (a "**Senior Dispute Notice**"). The Senior Dispute Notice shall include the following details:
- 4.1.1 the subject matter of the Dispute and the issues to be resolved;
 - 4.1.2 the position the referring Party believes is correct and the referring Party's reasons for that position;
 - 4.1.3 copies of any documents in the referring Party's possession which the referring Party considers to be important and relevant; and

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- 4.1.4 a statement of the determination, remedy or recourse which the referring Party seeks.
- 4.2 The Parties shall procure that the Senior Representatives of each Party shall meet during the period within fifteen (15) Business Days from date of service of the Senior Dispute Notice, and if necessary shall meet more than once, to seek to resolve the Dispute by agreement.
- 4.3 Any agreement reached by the Senior Representatives which resolves the Dispute must be in writing (which for these purposes shall not include email) and signed by the Senior Representatives (the "**Senior Representative Dispute Settlement Agreement**").
- 4.4 If the Senior Representatives do not resolve the Dispute within fifteen (15) Business Days of the date of service of the Senior Dispute Notice (or within such further time as the Senior Representatives of the Parties may agree in writing) then, subject to Rule 2.1.4, either Party may refer the Dispute to adjudication or arbitration in accordance with these Rules.
- 4.5 Unless the Parties otherwise agree in writing, referring expressly to this Rule 4.5, all Senior Representatives' meetings shall be held on a without prejudice basis and all communications prior to and during any such meeting (including any concessions, waivers or agreements (other than a Senior Representative Dispute Settlement Agreement and any evidence required to establish that such Senior Representative Dispute Settlement Agreement has been signed) made by a Party in the course of discussions pursuant to this Rule 4.5) and all documents produced for, used in or made available for any such meeting, and which are not otherwise available, known or subject to other obligations of disclosure, are privileged and shall not be disclosable or raised by the Parties in any subsequent Legal Proceedings. Notwithstanding this Rule 4.5, either Party may enforce the terms of a Senior Representative Dispute Settlement Agreement and cite evidence of such Senior Representative Dispute Settlement Agreement having been signed in any proceedings.

5. **ADJUDICATION**

- 5.1 If permitted by Rule 4 (*Senior Representatives*), either Party has the right to refer a Dispute to adjudication under Rule 5 (*Adjudication*) or arbitration under Rule 6 (*Arbitration*). In addition, either Party may commence an arbitration following an adjudication, subject always to the time limit set out in Rule 5.7. If the Party not commencing the adjudication opposes the resolution of the Dispute by adjudication or refuses to participate in the adjudication (including in respect of the appointment of the Adjudicator), then the Dispute shall be resolved by arbitration under Rule 6 (*Arbitration*).
- 5.2 In the event of an adjudication, the selection and appointment of the adjudicator (the "**Adjudicator**") shall be by agreement between the Parties. If a Dispute involves issues arising under more than one area of expertise, the Parties may refer the Dispute to more than one Adjudicator in succession. If there are separate Adjudications relating to the same Dispute, the later Adjudicator shall be bound by the decisions (including reasons) of the previous Adjudicator in so far as is relevant to its area of the Dispute.
- 5.3 A Party may refer a matter to adjudication by serving a notice on the other Party (an "**Adjudication Notice**"). The Adjudication Notice shall include the following details:
- 5.3.1 the subject matter of the Dispute and the issues to be resolved;

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- 5.3.2 the position the referring Party believes is correct and the referring Party's reasons for that position;
 - 5.3.3 the name and details of a proposed Adjudicator;
 - 5.3.4 copies of any documents in the referring Party's possession which the referring Party considers to be important and relevant; and
 - 5.3.5 a statement of the determination, remedy or recourse which the referring Party seeks.
- 5.4 Each Adjudicator, when appointed to resolve a Dispute, shall be required to conduct himself in accordance with the following rules:
- 5.4.1 Within five (5) Business Days of selection in relation to a particular Dispute, the Adjudicator shall require the Parties to submit in writing their respective arguments. The Adjudicator shall, in his absolute discretion, consider whether a hearing is necessary in order to resolve the Dispute.
 - 5.4.2 In any event, the Adjudicator shall provide to both Parties his written decision on the Dispute, within fifteen (15) Business Days of selection (or such other period as the Parties may agree after referral). Unless the Parties otherwise agree, the Adjudicator shall give reasons for his decision.
 - 5.4.3 The Adjudicator's costs of any reference shall be borne as the Adjudicator shall specify or, if not specified, equally by the Parties. Each Party shall bear its own costs arising out of the reference, including the costs and expenses of any witnesses.
 - 5.4.4 The Adjudicator shall be deemed not to be an arbitrator but shall render his decision as an expert and the provisions of the Arbitration Act 1996 and the law relating to arbitration shall not apply to the Adjudicator or his determination or the procedure by which he reached his determination.
 - 5.4.5 The Adjudicator shall act impartially and may take the initiative in ascertaining the facts and the law. The Adjudicator shall have the power to open up, review and revise any certificate, instruction, determination or decision of whatever nature given or made under this Contract with the exception of opinions, certificates, instructions, determinations or decisions of the Authority which are described as being at the Authority's discretion which the Adjudicator shall not be entitled to open up, review or revise.
- 5.5 All information, data or documentation disclosed or delivered by a Party to the Adjudicator in consequence or in connection with his appointment as Adjudicator shall be treated as confidential. The Adjudicator shall not disclose to any person or company any such information, data or documentation and all such information, data or documentation shall remain the property of the Party disclosing or delivering the same and all copies shall be returned to such Party on completion of the Adjudicator's work.
- 5.6 The Adjudicator is not liable for anything done or omitted in the discharge or purported discharge of his functions as Adjudicator unless the act or omission is in bad faith. Any employee or agent of the Adjudicator is similarly protected from liability.
- 5.7 The decision of the Adjudicator shall be binding upon the Parties unless, within twenty (20) Business Days' of service of the decision of the Adjudicator on the Parties, the

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matter referred to Adjudication is, upon the filing of a Request for Arbitration by either Party, referred to arbitration in accordance with Rule 6 (*Arbitration*).

6. **ARBITRATION**

6.1 If permitted by Rule 4 (*Senior Representatives*) or Rule 5 (*Adjudication*), any Dispute shall be referred to and finally resolved by arbitration under the LCIA Rules, which are deemed to be incorporated by reference into this Rule 6 (*Arbitration*).

6.2 There shall be three arbitrators, selected as follows:

6.2.1 The claimant (or claimant parties jointly) shall appoint one arbitrator and the respondent (or respondent parties jointly) shall appoint one arbitrator for appointment by the LCIA Court.

6.2.2 If the claimant or claimant parties or the respondent or respondent parties fail to appoint an arbitrator, an arbitrator shall be appointed on their behalf by the LCIA Court in accordance with the LCIA Rules. In such circumstances, any existing appointment of the arbitrator chosen by the parties on the other side of the proposed arbitration shall be unaffected.

6.2.3 The two arbitrators appointed in accordance with Rule 6.2.1 (and, if necessary, Rule 6.2.2) shall choose the third arbitrator, who shall be chairman of the arbitral tribunal.

6.3 The seat, or legal place, of arbitration shall be London, England.

6.4 The language to be used in the arbitral proceedings shall be English.

6.5 The Parties shall not be entitled to call any individual who was previously appointed as an Adjudicator in connection with any aspect of the Dispute, in accordance with Rule 5 (*Adjudication*), to act as witness in the arbitration.

6.6 All Awards of the Tribunal shall be final and binding on the Parties.

7. **JOINDER AND CONSOLIDATION**

7.1 **Joinder**

7.1.1 After the constitution of a Tribunal in an Existing Dispute, any party to the arbitration may apply to the Tribunal for a Joinder Order provided that such application is also sent to all parties to the Existing Dispute and the party it seeks to join. On hearing such application, the Tribunal may, if it considers it appropriate, make a Joinder Order. Notice of such Joinder Order must be given to all parties to the Existing Dispute, the joined party and the LCIA Registrar.

7.1.2 Each Party to this Contract consents to Joinder in accordance with this Clause (*Joinder*) and agrees to be bound by any award made by the Tribunal in an Existing Dispute to which it is joined even if it chooses not to participate in the proceedings.

7.2 **Consolidation**

7.2.1 Any party to both a First-filed Dispute and Later Dispute may apply to the Tribunal appointed in the First-filed Dispute for a Consolidation Order in

relation to any Later Dispute. That party must also send such application to all parties to the First-filed Dispute and the Later Dispute.

- 7.2.2 The Tribunal appointed in relation to the First-filed Dispute may, if it considers it in the interests of justice and efficiency, make a Consolidation Order on hearing such application.
- 7.2.3 If the Tribunal in the First-filed Dispute makes a Consolidation Order it will immediately, to the exclusion of other Tribunals, have jurisdiction to resolve finally the Later Dispute. The Parties agree that they will be bound by the Consolidation Order and any subsequent orders and awards issued in such circumstances even if they choose not to participate in the proceedings.
- 7.2.4 Notice of the Consolidation Order must be given to any arbitrators already appointed in relation to the Later Dispute and the LCIA Registrar. Any appointment of an arbitrator in relation to the Later Dispute(s) before the date of the Consolidation Order will terminate immediately and the arbitrator will be deemed to be discharged. This termination is without prejudice to the validity of any act done or order made by that arbitrator or by any court in support of that arbitration before that arbitrator's appointment is terminated; his or her entitlement to be paid proper fees and disbursements; and the date when any claim or defence was raised for the purpose of applying any limitation bar or any similar rule or provision.

8. **ONGOING COMPLIANCE**

Subject to Clause 35 (*Disputed Amounts*) and Clause 41 (*Force Majeure*), the Parties shall continue to comply with, observe and perform all their obligations under the Contract regardless of the nature of any Dispute and notwithstanding the referral of a Dispute for resolution and shall give effect forthwith to every decision of the Tribunal delivered under Rule 6 (*Arbitration*).

Schedule 5

TERMINATION PAYMENTS

1. TERMINATION

- 1.1 The Authority may terminate the Contract in accordance with Clause 42 (*Early Termination*):
- 1.1.1 where there is a Contractor Event of Default under Clause 42.2 (*Termination for Contractor Event of Default*);
 - 1.1.2 for any reason on giving reasonable notice under Clause 42.6 (*Voluntary Termination by the Authority*);
 - 1.1.3 where there is a long-term Force Majeure Event under Clause 42.7 (*Termination for Long-Term Force Majeure*); or
 - 1.1.4 following a change of control of the Contractor under Clause 42.8 (*Termination for change of control of Contractor*).
- 1.2 The Contractor may terminate the Contract in accordance with Clause 42 (*Early Termination*):
- 1.2.1 where there is an Authority Event of Default under Clause 42.5 (*Authority Events of Default*); or
 - 1.2.2 where there is a long-term Force Majeure Event under Clause 42.7 (*Termination for Long-Term Force Majeure*).

2. COMPENSATION

Contractor Event of Default

- 2.1 No compensation will be paid to the Contractor in the event of a termination of the Contract by the Authority under Clause 42.2 (*Termination for Contractor Event of Default*) arising from a Contractor Event of Default.

Authority Event of Default

- 2.2 No compensation will be paid to the Authority in the event of a termination of the Contract by the Contractor under Clause 42.5 (*Authority Events of Default*) arising from an Authority Event of Default.

Voluntary Termination

- 2.3 Subject to Paragraph 4, no compensation will be paid to the Contractor in the event of a termination of the Contract by the Authority for any reason under Clause 42.6 (*Voluntary Termination by the Authority*).

Long-Term Force Majeure

- 2.4 Subject to Paragraph 4, no compensation will be paid to the Contractor or the Authority in the event of a termination of the Contract by the Authority or the Contractor (as the case may be) under Clause 42.7 (*Termination for Long-Term Force Majeure*) arising from a Force Majeure Event.

Change of control of Contractor

- 2.5 No compensation will be paid to the Contractor in the event of a termination of the Contract by the Authority under Clause 42.8 (*Termination for change of control of Contractor*) arising from a change of control of the Contractor.

3. EARNED FEES

- 3.1 Following the termination of the Contract by the Authority or the Contractor (as the case may be) for any reason under Clause 42 (*Early Termination*), the Contractor shall be entitled to be paid (in accordance with Clause 43.1 (*Accrued Rights and Obligations and Survivorship*)) any Base Fees for performance of the Services, as well as expenses incurred in accordance with Paragraphs 5.2.5 and, for Reachback Personnel, 5.2.6 of Schedule 6 (*Personnel Arrangements*) (whether or not the Contractor has invoiced the Authority as at the Termination Date).

- 3.2 In the event that the Contract is terminated:

- 3.2.1 by the Contractor under Clause 42.5 (*Authority Events of Default*);
- 3.2.2 by the Authority under Clause 42.6 (*Voluntary Termination by the Authority*);
or
- 3.2.3 by the Authority or the Contractor under Clause 42.7 (*Termination for Long-Term Force Majeure*),

then:

- 3.2.4 the Contractor shall be entitled (in addition to any amounts payable pursuant to Paragraph 3.1 above and Clause 43.1 (*Accrued Rights and Obligations and Survivorship*)) to be paid any Incentive Fees in accordance with Paragraphs 3.4, 3.5 and 3.7 below, and may be paid IF₁ in accordance with Paragraph 3.6 below, in recognition of its contribution towards the achievement of future Milestones (as defined in Schedule 3 (*Payment and Incentive Mechanism*)) that are due to be achieved after the Termination Date; and
- 3.2.5 the Authority shall discuss in good faith whether the Contractor should be entitled (in addition to any amounts to which the Contractor is entitled in accordance with Paragraphs 3.1 and 3.2.4 above and Clause 43.1 (*Accrued Rights and Obligations and Survivorship*)) to be paid any Award Fees in recognition of its contribution towards the achievement of Collaboration Points (as defined in Schedule 3 (*Payment and Incentive Mechanism*)) that are due to be achieved after the Termination Date.
- 3.3 The Parties agree and acknowledge that the Authority has no obligation to agree to (or to make) any payment pursuant to Paragraph 3.2.5 and that no such payment shall be due and payable unless the Authority decides (in its sole discretion) that it is appropriate in all the circumstances.

Calculation of Incentive Fees

- 3.4 In calculating the payment to be made pursuant to Paragraph 3.2.4, the Authority will undertake an interim assessment of progress against each Milestone to be achieved and the performance of the Contractor against each KPI in the relevant Quarter in which the termination of this Contract occurs.

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- 3.5 For each Milestone that has been achieved (as set out in Schedule 3 (*Payment and Incentive Mechanism*)) on the date of termination, IF₁ shall be calculated in accordance with Paragraph 3.4 of Schedule 3 (*Payment and Incentive Mechanism*) (including making adjustments as required by Paragraph 3.4 of Schedule 3 (*Payment and Incentive Mechanism*) for Milestones that have been achieved late but have still been achieved during that Quarter).
- 3.6 If any Milestone has not been achieved (as set out in Schedule 3 (*Payment and Incentive Mechanism*)) on the date of termination, no IF₁ payment shall be automatically payable in respect of such Milestone but the Authority shall discuss in good faith whether the Contractor should be entitled (in addition to any amounts to which the Contractor is entitled in accordance with Paragraphs 3.1 and 3.2.4 above and Clause 43.1 (*Accrued Rights and Obligations and Survivorship*)) to be paid any additional amount in respect of IF₁ in recognition of its contribution towards the achievement of any Milestone that has not been met on the date of termination.
- 3.7 Each KPI shall be assessed on the date of termination and IF₂ and IF₃ shall be calculated in accordance with Paragraphs 3.7 and 3.8 (as applicable) of Schedule 3 (*Payment and Incentive Mechanism*), adjusted so that the amount payable is pro rata to the number of days in the financial year up to but excluding the Termination Date.

4. **ADDITIONAL COSTS**

- 4.1 In the event that the Contract is terminated:
 - 4.1.1 by the Contractor under Clause 42.5 (*Authority Events of Default*);
 - 4.1.2 by the Authority under Clause 42.6 (*Voluntary Termination by the Authority*);
or
 - 4.1.3 by the Authority or the Contractor under Clause 42.7 (*Termination for Long-Term Force Majeure*),

then the Contractor shall be entitled to claim additional costs in accordance with Paragraphs 4.2 and 4.4.

- 4.2 Subject to Paragraph 4.3, the Contractor shall be entitled to be reimbursed the following costs, where incurred in respect of Key Personnel or Other Personnel who are in receipt of Expatriation Allowance or Fixed Subsistence Allowance, provided that they are directly and wholly attributable to the early termination of the Contract in the circumstances set out in Paragraph 4.1:
 - 4.2.1 early termination costs arising under a residential property lease entered into by or on behalf of Key Personnel or Other Personnel in connection with this Contract;
 - 4.2.2 early termination costs arising under a vehicle lease entered into by or on behalf of Key Personnel or Other Personnel in connection with this Contract; and
 - 4.2.3 any primary or high school fees which have been paid, or a commitment entered into to pay, by or on behalf of Key Personnel or Other Personnel, to the extent that they relate to the period immediately following the date of early termination,

(each being an "Early Termination Cost").

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- 4.3 An Early Termination Cost will only be paid where the Authority, acting reasonably, considers that:
- 4.3.1 the Early Termination Cost is demonstrable, auditable and reasonable;
 - 4.3.2 the Contractor, or Contractor Related Party as applicable, has taken reasonable measures to mitigate the extent and the occurrence of the Early Termination Cost; and
 - 4.3.3 no part of the Early Termination Cost being claimed has been recovered through the Base Fees.

For the purposes of this Paragraph 4.3, the Authority may, acting reasonably, require the production of such evidence it considers appropriate from time to time.

- 4.4 In the event of early termination in the circumstances set out in Paragraph 4.1, the Authority shall consider, on a case by case basis, a request by the Contractor for:
- 4.4.1 the early release of any member of Personnel prior to the Termination Date; or
 - 4.4.2 the reimbursement of the Actual Salary (as set out in Part A of Annex A (*Costs*) to Schedule 3 (*Payment and Incentive Mechanism*)) of any member of the Key Personnel for a fixed period (to be no longer than one month) following the Termination Date, provided that that member of the Key Personnel will be and is retained as Personnel under this Contract until at least ten (10) Business Days prior to the Termination Date.
- 4.5 The Parties agree and acknowledge that the Authority has no obligation to agree to (or to make) any payment pursuant to Paragraph 4.4 and that no such payment shall be due and payable unless the Authority decides (in its sole discretion) that it is appropriate in all the circumstances.

Schedule 6

PERSONNEL ARRANGEMENTS

1. DEFINITIONS

In this Schedule 6 (*Personnel Arrangements*) the following words and expressions shall have the following meanings:

"Additional Personnel" means Personnel who are placed with the Authority from time to time pursuant to a request under Paragraph 2.7 of this Schedule 6 (*Personnel Arrangements*);

"Approval" means prior written approval (such approval not to be unreasonably withheld or delayed, provided that it shall be reasonable for the Authority to withhold its approval for any proposal that would increase the cost to the Authority of any arrangements or that would have an adverse effect on the Services) and **"Approve"** or **"Approved"** shall be construed accordingly;

"Deployment Costs" has the meaning given to it in Paragraph 2.9 of Schedule 3 (*Payment and Incentive Mechanism*);

"Employment Contract" means the contract of employment or engagement between the Contractor (or, where relevant, a Sub-contractor or Related Entity of the Contractor) and a Placee;

"In-Year Other Personnel" means Personnel who are placed with the Authority from time to time pursuant to a request under Paragraph 2.6A of this Schedule 6 (*Personnel Arrangements*);

"Key Personnel" means each of the Personnel listed from time to time in Annex 2 (*Key Personnel*) to this Schedule 6 (*Personnel Arrangements*);

"Letter of Placement" means a letter of appointment between the Contractor (or, where relevant, a Sub-contractor or Related Entity of the Contractor) and a Placee in the form as set out in Annex 1 (*Letter of Placement*) to this Schedule 6 (*Personnel Arrangements*) or in such other form as the Authority considers is reasonable having regard to the principles set out in Annex 1 (*Letter of Placement*) to this Schedule 6 (*Personnel Arrangements*), including in particular Paragraph 7 (*Conflicts of Interest*);

"Management Issues" means, in relation to each Placee, all those matters under the relevant Employment Contract requiring action, investigation or decisions by the Contractor (or, where relevant, a Sub-contractor or Related Entity of the Contractor), including: appraisals and performance issues; pay reviews and the award of other payments and benefits under the Employment Contract; periods of annual leave, sick leave or other leave; absence for any other reason; any complaint about the Placee (whether or not that would be dealt with under the disciplinary procedure of the Contractor (or, where relevant, of a Sub-contractor or Related Entity of the Contractor)); any complaint or grievance raised by the Placee (whether or not that would be dealt with under the grievance procedure of the Contractor (or, where relevant, of a Sub-contractor or Related Entity of the Contractor)); termination of employment; and any disciplinary action;

"Other Personnel" means Personnel who are placed with the Authority from time to time pursuant to Paragraph 2.3 of this Schedule 6 (*Personnel Arrangements*);

"Premises" means the Authority's premises at Abbey Wood, Bristol;

"Placee" means an individual who is part of the Personnel (and therefore placed with, working for or providing Services to, the Authority pursuant to the arrangements in this Schedule 6 (*Personnel Arrangements*));

"Placee Services" means the Services to be performed during a Placement Period by a Placee, as agreed between the Authority and the Contractor (or, in the case of Other Personnel, notified to the Authority by the Contractor in accordance with Paragraph 2.4 of this Schedule 6 (*Personnel Arrangements*) and recorded in the relevant Letter of Placement or, in the case of Reachback Personnel, as agreed between the Authority and the Contractor in the relevant Task Order;

"Placement" means, in relation to each Placee, the placement (or in the case of Reachback Personnel, provision of Services) by the Contractor, a Sub-contractor or Related Entity of the Contractor with the Authority;

"Placement Period" means, in relation to each Placee other than Reachback Personnel, the period of a Placement as defined in the relevant Placee's Letter of Placement and, in relation to Reachback Personnel, the period of a Placement agreed in the Task Order ;

"Reachback Capability" means the Contractor's (or a Sub-contractor's or Related Entity of the Contractor's) capability and resources to provide a reachback capability to specific professional experts in areas related to Project Delivery (as defined in Schedule 1 (*Requirements*)) and supplier management;

"Reachback Personnel" means employees of the Contractor (or a Sub-contractor or Related Entity of the Contractor) who provide Services to the Authority pursuant to Reachback Capability requested by the Authority under Paragraph 2.11 of this Schedule 6 (*Personnel Arrangements*);

"Related Entity" means, in relation to the Contractor or any other body corporate, any undertaking that is a group undertaking of that body corporate;

"Required Skills" means the level of skills, knowledge and experience expected from a Placee (which, in relation to Key Personnel, shall be assessed on the basis of the CVs that are provided by the Contractor to the Authority for such Placees prior to the acceptance of them by the Authority as Key Personnel; in relation to Other Personnel, shall be assessed on the basis of the details provided under Paragraph 2.4 of this Schedule 6 (*Personnel Arrangements*); and in relation to In-Year Other Personnel, Additional Personnel and Reachback Personnel, shall be assessed on the basis of the requirements agreed between the Authority and the Contractor in the Task Order); and

"Task Order" means the In-Year Other Personnel, Additional Personnel and Reachback Personnel request form set out in Annex 3 (*Additional Task Order Form*) to this Schedule 6 (*Personnel Arrangements*).

2. PERSONNEL TO BE PLACED WITH THE AUTHORITY

Key Personnel

- 2.1 The Contractor shall place the Key Personnel with the Authority for the Term, starting on the Commencement Date, or such later commencement date or such shorter period as is set out in the columns titled "Anticipated Placement Length" and

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"Commencement Personnel" in Annex 2 (*Key Personnel*) to this Schedule 6 (*Personnel Arrangements*).

- 2.2 The identity of all Placees who are Key Personnel is listed in Annex 2 (*Key Personnel*) to this Schedule 6 (*Personnel Arrangements*). The Base Costs of Key Personnel shall be calculated in accordance with Paragraph 2.2 of Part A of Schedule 3 (*Payment and Incentive Mechanism*) and are listed in Table 1 of Annex A (*Costs*) to Schedule 3 (*Payment and Incentive Mechanism*).

Other Personnel

- 2.3 The Contractor shall place the Other Personnel with the Authority:
- 2.3.1 during the First Contract Period, in accordance with the total full time equivalent requirements set out in the Resourcing Plan for each month, provided that:
- (A) subject to Paragraph 2.3.1(B), in:
- (1) the first two (2) months in that period the Contractor may exceed the total full time equivalent requirements for each month by up to forty per cent (40%); and
- (2) any month in that period other than the first two (2) months, the Contractor may exceed the total full time equivalent requirements for that month by up to twenty five per cent (25%);
- (B) over the course of the First Contract Period the Contractor may only exceed the total cumulative full time equivalent requirements for that First Contract Period by up to fifteen per cent (15%); and
- (C) in any month in that period other than the first two (2) months, the Contractor may provide up to twenty five per cent (25%) less than the full time equivalent requirements for that month; and
- 2.3.2 during each Contract Period after the First Contract Period, in accordance with the full time equivalent requirements of the Resourcing Plan for each month, provided that in any month in that period, the Contractor may provide up to twenty per cent (20%) less than the full time equivalent requirements for that month.
- 2.3A Where any percentage applied to any calculation pursuant to Paragraph 2.3 of this Schedule 6 (*Personnel Arrangements*) produces a fraction, then that number shall be rounded down to the nearest whole number.
- 2.4 The identity of all Placees who are Other Personnel shall be determined by the Contractor, having regard to the Resourcing Plan, the Required Skills and the principles set out in Paragraphs 2.1 and 2.2 of Schedule 3 (*Payment and Incentive Mechanism*). Prior to the commencement of the Placement of any member of the Other Personnel, the Contractor shall notify the Authority, in a form agreed with the Authority, of the following details in respect of that person:
- 2.4.1 their name and a brief description of their skills and qualifications to provide the Services;

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- 2.4.2 their anticipated length of placement, which shall take account of the full time equivalent requirements of the Resourcing Plan;
 - 2.4.3 the scope of services or role they are to undertake; and
 - 2.4.4 their proposed Base Costs and proposed Deployment Costs.
- 2.4A The Parties agree to maintain an up to date list of all Other Personnel undertaking a Placement at any one time.
- 2.5 The Base Costs and Deployment Costs of Other Personnel shall be calculated and agreed in accordance with Paragraphs 2.2, 2.2B and 2.9 of Part A of Schedule 3 (*Payment and Incentive Mechanism*).
- 2.6 Clause 13 (*Variation*) shall apply in relation to any proposed variation of the Resourcing Plan.

In-Year Other Personnel

- 2.6A The Authority may at any time, by issuing a Task Order with Part A completed, request the Contractor to place further Placees with the Authority for the purpose of providing additional support (to the Key Personnel and those Other Personnel agreed in the Resourcing Plan) in transforming and improving DE&S project delivery, and:
- 2.6A.1 the Contractor shall use reasonable endeavours to place any such requested In-Year Other Personnel with the Authority. The Contractor shall return to the Authority the Task Order issued by the Authority under this Paragraph 2.6A with Part B completed, and provide any other information to the Authority in relation to any proposed In-Year Other Personnel as the Authority may reasonably request and consult with the Authority concerning the appointment of any such person;
 - 2.6A.2 the Base Costs and (subject to Paragraph 2.6A.4 below) Placement Period of all Placees who are In-Year Other Personnel (and the level of their skills, knowledge and experience) shall require agreement with the Authority, by the Authority completing and returning to the Contractor the Task Order provided by the Contractor under Paragraph 2.6A.1 above, with Part C completed, prior to the commencement of their Placement;
 - 2.6A.3 the Base Costs of In-Year Other Personnel shall be calculated in accordance with Paragraph 2.6 or 2.6A (as applicable) of Part A of Schedule 3 (*Payment and Incentive Mechanism*); and
 - 2.6A.4 wherever the Placement Period agreed in the Task Order for any member of the In-Year Other Personnel continues past the end of any one Contract Period then if, when agreeing the Resourcing Plan for the following Contract Period, the Parties also agree that such member of In-Year Other Personnel should become part of the Other Personnel for that following Contract Period, the Contractor shall provide the information set out in Paragraph 2.4 of this Schedule 6 (*Personnel Arrangements*) and the Task Order for such member of In-Year Other Personnel shall terminate at the point at which they become Other Personnel. If the Parties cannot or do not agree that that Placee should become part of the Other Personnel for the following Contract Period, that Placee shall continue to be a member of the In-Year Other Personnel in that following Contract Period in accordance with the agreed Task Order (and where the Base Costs in such Task Order include

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an amount by way of profit pursuant to Paragraph 2.6.1(B) of Part A to Schedule 3 (*Payment and Incentive Mechanism*), the Base Costs shall continue to include such amount by way of profit, but where the Base Costs in such Task Order do not include such an amount by way of profit they shall continue to not include such amount by way of profit).

Additional Personnel

- 2.7 The Authority may at any time, by issuing a Task Order with Part A completed, request the Contractor to place additional Placees with the Authority for the purpose of ad-hoc resourcing requirements in relation to the Contract Domain (or elsewhere within DE&S) in order to deliver the capability management and planning support Services identified in requirement WP1-4.1 in the table set out at Paragraph 2 of Part C (*The Requirements – Project Delivery Managed Service Provider*) of Schedule 1 (*Requirements*).
- 2.8 The Contractor shall use reasonable endeavours to place any such requested Additional Personnel with the Authority. The Contractor shall return to the Authority the Task Order issued by the Authority under Paragraph 2.7 above with Part B completed, and provide any other information to the Authority in relation to any proposed Additional Personnel as the Authority may reasonably request and consult with the Authority concerning the appointment of any such person.
- 2.9 The identity, Base Cost and Placement Period of all Placees who are Additional Personnel (and the level of their skills, knowledge and experience) shall require agreement with the Authority, by the Authority completing and returning to the Contractor the Task Order provided by the Contractor under Paragraph 2.8 above, with Part C completed, prior to the commencement of their Placement.
- 2.10 The Base Cost of Additional Personnel shall be calculated in accordance with Paragraphs 2.6 or 2.6A (as applicable) of Part A of Schedule 3 (*Payment and Incentive Mechanism*).

Reachback Capability

- 2.11 The Authority may at any time, by issuing a Task Order with Part A completed, request the Contractor to provide Reachback Capability to support short-term, ad-hoc resourcing requirements (other than requests for In-Year Other Personnel or Additional Personnel).
- 2.12 The Contractor shall use reasonable endeavours to provide any such requested Reachback Capability to the Authority. The Contractor shall return to the Authority the Task Order issued by the Authority under Paragraph 2.11 above with Part B completed, and provide any other such information to the Authority in relation to any proposed Reachback Capability as the Authority may reasonably request and consult with the Authority concerning the appointment of any Reachback Personnel.
- 2.13 The identity, Base Cost and Placement Period of all Placees who are Reachback Personnel (and the level of their skills, knowledge and experience) shall require agreement with the Authority by the Authority completing and returning to the Contractor the Task Order provided by the Contractor under Paragraph 2.12 above, with Part C completed, prior to the commencement of their Placement.
- 2.14 The Base Cost of Reachback Personnel shall be calculated in accordance with Paragraphs 2.6 or 2.6A (as applicable) of Part A of Schedule 3 (*Payment and Incentive Mechanism*).

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- 2.15 Unless agreed otherwise with the Authority, all Placees shall be employees of the Contractor or one of the Related Entities of the Contractor (or, subject to Clause 25 (Sub-Contracts), a Sub-contractor or other entity approved by the Authority through any agreed Sub-contractor arrangements).
- 2.16 Save where the Authority agrees otherwise, and save in respect of Other Personnel in the First Contract Period, all Placees (other than Reachback Personnel) shall be engaged full time and exclusively on the delivery of Placee Services.
- 2.17 Where any Placees (other than In-Year Other Personnel, Additional Personnel or Reachback Personnel) are on annual leave, sick leave, bereavement leave or any other form of authorised absence for more than two (2) Business Days, the Contractor shall procure that (or shall procure that the relevant Related Entity of the Contractor or the relevant Sub-contractor (as applicable) shall procure that) they shall delegate in advance or as soon as reasonably practicable their duties to another Placee. If any such delegation of duties shall be for a period of more than two (2) weeks the Contractor (or, where relevant, a Sub-contractor or Related Entity of the Contractor) shall request the prior Approval of the Authority. All delegations of duties by Placees pursuant to this Paragraph 2.17 shall be notified by the Placee to the Authority's Representative in advance or as soon as reasonably practical (with details of the identity of the Placee to whom such duties have been delegated and the period of delegation). There shall be no additional cost for the Authority in connection with any such delegation.
- 2.18 Where any In-Year Other Personnel, Additional Personnel or Reachback Personnel are on annual leave, sick leave, bereavement leave or any other form of authorised absence for more than such period of time that the Authority considers is likely to materially impact the relevant project, the Contractor shall procure that (or shall procure that the relevant Related Entity of the Contractor or the relevant Sub-contractor (as applicable) shall procure that) they shall discuss with the Authority whether a delegation of their duties to another Placee is required and, where the Authority (acting reasonably) considers that such delegation is required, there shall be no additional cost for the Authority in connection with any such delegation.

3. **TASK ORDERS FOR IN-YEAR OTHER PERSONNEL, ADDITIONAL PERSONNEL AND REACHBACK PERSONNEL**

- 3.1 Individual requests for In-Year Other Personnel, Additional Personnel and Reachback Personnel will be agreed and assigned to the Contractor as Task Orders in accordance with Paragraph 2 (*Personnel to be Placed with the Authority*) as and when required, which will set out the scope and outputs (including periods of review of draft and final documentary deliverables), resourcing (both Contractor and Authority), success criteria, acceptance and cost (including Base Costs and, in respect of Reachback Personnel, expenses in accordance with Paragraph 5.2.6 of this Schedule 6 (*Personnel Arrangements*)), as set out in Annex 3 (*Additional Task Order Form*) to this Schedule 6 (*Personnel Arrangements*)).
- 3.2 Each Task Order will have a designated owner (Task Lead) within the Domain (or the wider programme office as appropriate) who will be responsible for reviewing the performance of the Contractor under the Task Order on a regular basis.
- 3.3 Once the Placement of the In-Year Other Personnel, Additional Personnel or Reachback Personnel is complete in accordance with the Task Order, the Authority shall sign Part D of the Task Order, at which point the Placee shall cease to be a Placee and no further Base Fees or expenses shall be payable in respect of such

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Placee (unless, in the case of In-Year Other Personnel, they become Other Personnel under Paragraph 2.6A.4).

4. **REMOVAL AND REPLACEMENT OF PLACEES**

Contractor right to request Key Personnel Replacement

- 4.1 The Parties agree and acknowledge that the agreement by the Contractor and the Authority of the identity of the Key Personnel is a key element of the Contract. Subject only to the Contractor's right to remove Key Personnel who have been placed for the period set out in the column titled "Anticipated Placement Length" in Annex 2 (*Key Personnel*) to this Schedule 6 (*Personnel Arrangements*) and Paragraph 4.8 (*Contractor right to terminate a Placement for a Placee Grievance*) and the other provisions in this Paragraph 4 (*Removal and Replacement of Placees*) which apply when Key Personnel are required to be replaced, the Contractor only has the right to remove and replace (or, where relevant, to permit a Sub-contractor or a Related Entity of the Contractor to remove and replace) any of the Key Personnel if the Contractor has given the Authority not less than twenty (20) Business Days' prior written notice thereof and the Authority has agreed (acting reasonably) such removal and the appointment of his replacement. If the Contractor wishes to seek the agreement of the Authority to remove and replace any of the Key Personnel pursuant to this Paragraph 4.1, the Contractor shall nominate a replacement with the Required Skills for the role that he is to perform and, subject to compliance with Applicable Law, shall provide the Authority with all such information in relation to the proposed replacement as the Authority may request. The Contractor may not propose Base Costs in relation to any such replacement that is higher than the Base Costs of the Placee who the Contractor is seeking agreement to remove and replace.

Authority right to request Replacement of Placees

- 4.2 The Authority shall have the right to request the Contractor to replace any of the Placees by giving the Contractor not less than forty five (45) Business Days' prior written notice of the Placees (other than Reachback Personnel) who are to be replaced and, in the case of Reachback Personnel, such period of notice as the Authority considers reasonable having regard to the nature of the task to be performed by such Reachback Personnel.

Authority right to terminate Task Orders

- 4.2A The Authority shall have the right to terminate a Task Order in respect of, and request the Contractor to remove, any member of the Additional Personnel or In-Year Other Personnel by giving the Contractor not less than forty five (45) Business Days' prior written notice. The Authority shall have the right to terminate a Task Order in respect of any member of the Reachback Personnel by giving a reasonable period of notice having regard to the length of the Placement Period agreed for such Reachback Personnel.

Authority right to request Removal of Placees

- 4.3 The Authority may by written notice to the Contractor require the removal of any Placee with immediate effect and replacement within twenty (20) Business Days (or such other period as the Authority considers reasonable in respect of Reachback Personnel, having regard to the nature of the task to be performed by such Reachback Personnel) if:

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- 4.3.1 the Placee has become incapable of performing his duties through illness or incapacity for a consecutive period of more than twenty (20) Business Days (or such other period as the Authority considers reasonable in respect of Reachback Personnel, having regard to the nature of the task to be performed by such Reachback Personnel);
 - 4.3.2 the Placee's performance is, in the reasonable opinion of the Authority, unsatisfactory in any material respect or prejudicial to the working relationship of the Authority with the Contractor or with any of the Authority Related Parties;
 - 4.3.3 in the reasonable opinion of the Authority, the Placee does not have the Required Skills;
 - 4.3.4 the Placee acts in a manner which, in the reasonable opinion of the Authority, is materially damaging or potentially materially damaging to the Authority or which is likely to bring the Authority into disrepute;
 - 4.3.5 entitled to do so pursuant to Paragraphs **Error! Reference source not found.**, 2.6, 4.1.1(A) or 4.2.1(A) of Schedule 8 (*COI Compliance Regime*) so as to remove or manage any unfair advantage or conflict of interest relating to the Contractor, or any of its COI Associates or Sub-contractors; or
 - 4.3.6 the Placee fails a drug or alcohol test.
- 4.4 Prior to giving notice under Paragraph 4.3, the Authority shall consult with the Contractor and advise the Contractor of its concerns relating to the Placee.

Authority right to dismiss Placee if employed by the Authority

- 4.5 If at any time during the Term, or following the Expiry Date or Termination Date (as applicable), a Placee or a former Placee is held or alleges to be employed by the Authority or any subsequent contractor of the Authority (except where the Contractor, any Sub-contractor or any Related Entity of the Contractor has made an offer of employment to such employee), at any time, then the Authority may dismiss the Placee on notice and the Contractor (or where relevant, a Sub-contractor or Related Entity of the Contractor) shall offer the Placee re-employment on the terms that applied immediately prior to that dismissal. The Contractor shall indemnify the Authority in full against all Losses arising out of or in connection with the employment or termination of the employment of any such Placee or in connection with any legal proceedings arising out of or in connection with the employment or termination of such Placee.

Contractor right to replace In-Year Other Personnel and Other Personnel

- 4.6 The Contractor shall have the right at any time to remove and replace any of the In-Year Other Personnel or Other Personnel if the relevant Placee has been placed with the Authority for at least nine (9) months or, where shorter, the period set out in the Resourcing Plan or the period notified under Paragraph 2.4 of this Schedule 6 (*Personnel Arrangements*) or the period indicated in the Task Order. If any In-Year Other Personnel or Other Personnel are to be replaced under this Paragraph 4.6 then the Contractor shall give the Authority not less than twenty (20) Business Days' prior written notice thereof (and nominate a replacement in such notice).

Death or termination of employment

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4.7 Where any Placement terminates on the:

4.7.1 death of a Placee; or

4.7.2 termination of the Placee's employment with the Contractor (or, where relevant, a Sub-contractor or Related Entity of the Contractor);

the Contractor shall provide written notice of such termination, and shall nominate a replacement for the Placee, as soon as reasonably possible.

Contractor right to terminate a Placement for a Placee grievance

4.8 The Contractor may terminate any Placement with immediate effect by written notice if the Contractor (or, where relevant, a Sub-contractor or Related Entity of the Contractor) upholds a grievance of the Placee relating to his or her Placement and the Authority refuses or fails to take steps reasonably necessary for resolution of the Placee's grievance.

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4.9 Where any Placee is removed or dismissed or their Placement terminates for any reason in accordance with this Paragraph 4 (*Removal and Replacement of Placees*), (subject to any specific requirements referred to above) the Contractor shall as soon as possible (and in any event within, in the case of Key Personnel, In-Year Other Personnel, Other Personnel and Additional Personnel, twenty (20) Business Days and, in the case of Reachback Personnel, five (5) Business Days, of becoming aware of the need to find a replacement) nominate a replacement for any such Placee with the Required Skills for the role that he is to perform and shall provide the Authority with such information in relation to the proposed replacement as the Authority may reasonably request. The Contractor shall consult with the Authority concerning any such replacement and shall obtain the Authority's prior Approval to the identity and Base Cost for the replacement Key Personnel, Additional Personnel or Reachback Personnel (as applicable) and to the Base Cost for the Other Personnel and In-Year Other Personnel.

4.10 Where any Placee is replaced with another Placee, the Contractor shall procure the completion of any handover that may be required at no charge to the Authority.

4.11 Where any Placee is replaced with another Placee, the replacement Placee shall have the same designation (whether Key Personnel, Other Personnel, In-Year Other Personnel, Additional Personnel or Reachback Personnel) as the Placee he has replaced.

4.12 The Contractor shall indemnify the Authority in full against all Losses arising out of or in connection with any claims or allegations made by any Placee in connection with their removal pursuant to this Paragraph 4 (*Removal and Replacement of Placees*).

4.13 The removal and replacement of any Placee pursuant to this Paragraph 4 (*Removal and Replacement of Placees*) shall not excuse the Contractor from any of its obligations under this Contract.

4.14 The provisions in Paragraph 4.5 and 4.12 of this Schedule 6 (*Personnel Arrangements*) shall survive the termination (for whatever reason) or expiry of this Contract.

5. DUTIES

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- 5.1 The Contractor shall (and shall ensure that any Sub-contractor or Related Entity of the Contractor shall) ensure that each of the Placees (other than Reachback Personnel) shall execute, prior to that Placee commencing his Placement, a Letter of Placement (and a Privilege and Confidentiality Agreement as required by Clause 59B (*Legal Privilege*)). The Contractor shall (and shall ensure that any Sub-contractor or Related Entity of the Contractor shall) procure that each such Placee complies with all the obligations contained in his or her respective Letter of Placement and the Contractor shall enforce such Letter of Placement accordingly.
- 5.2 The Authority shall:
- 5.2.1 ensure that it does not give duties to Placees that conflict with the scope of the services to be performed by such Placee under its Letter of Placement or Task Order (as applicable);
 - 5.2.2 not require any Placee to enter into any arrangement on behalf of the Authority which is outside the normal course of business or his or her normal duties;
 - 5.2.3 not, and shall not require any Placee to, do anything that shall breach his or her Employment Contract (provided a copy of that Employment Contract has been provided to the Authority) and the Authority shall have no authority to vary the terms of that Employment Contract or make any representations to the Placee in relation to the terms of the Employment Contract;
 - 5.2.4 take such steps as may be reasonably requested by the Contractor so as to ensure that the Contractor (or, where relevant, a Sub-contractor or Related Entity of the Contractor) is able to comply with its obligations under the Employment Contracts in respect of working time and holidays;
 - 5.2.5 reimburse the Contractor for expenses incurred by the Placee in the course of providing the Placee Services to the Authority during the Placement Period (provided that such expenses will not include daily travel expenses to and from the Premises), subject to the terms of the Authority's standard policies (including policies on subsistence and travel allowances) applicable to DE&S staff of the equivalent grade to that of the post to which the Placee is placed (and subject always to the production of appropriate evidence of such expenditure and, where relevant, its reimbursement by the Contractor or any Sub-contractor or Related Entity of the Contractor in such manner as the Authority may reasonably specify from time to time); and
 - 5.2.6 reimburse the Contractor for any additional expenses (which are not reimbursable pursuant to Paragraph 5.2.5 above) incurred by, or in respect of Reachback Personnel, and which the Parties have agreed in the Tasking Order should be payable.
- 5.3 The Contractor shall (and, where relevant, shall procure that a Sub-contractor or Related Entity of the Contractor shall):
- 5.3.1 (other than in relation to Reachback Personnel) make each Placee available to the Authority to provide the Placee Services for the Placement Period on an exclusive basis during the Placee's normal working hours under the Employment Contract (save where he or she is unavailable by reason of incapacity or other leave entitlement or authorised absence);

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- 5.3.2 in relation to Reachback Personnel, make the Placee available to the Authority to provide the Reachback Capability identified in and in accordance with the Task Order;
- 5.3.3 provide each Placee with the salary and benefits to which he or she is entitled from time to time under the Employment Contract;
- 5.3.4 account to the appropriate authorities for all income tax, employee's and employer's National Insurance contributions payable in respect of the earnings and benefits paid or provided to each Placee;
- 5.3.5 (other than in relation to Reachback Personnel) notify the Authority of any changes to any Employment Contract that may or does have a material adverse effect on the Placee's ability to perform his or her duties under the Placement;
- 5.3.6 comply with its obligations (express and implied) under the Employment Contracts; and
- 5.3.7 (other than in relation to Reachback Personnel) except where the Contractor obtains the Authority's Approval, not permit or authorise the Placee to carry out duties or provide services other than for the Authority.

6. MANAGEMENT AND REPORTS

- 6.1 The Contractor shall (or, where relevant, shall procure that a Sub-contractor or Related Entity of the Contractor shall) be solely responsible for dealing with any Management Issues concerning each Placee during the Placement Period.
- 6.2 The Contractor shall use all reasonable endeavours to procure that each Placee shall co-operate reasonably with the Authority on day-to-day matters arising in relation to the provision of the Placee Services.
- 6.3 During the Placement Period each Placee will remain subject to the Contractor's (or, where relevant, Sub-contractor's or Related Entity of the Contractor's) grievance and disciplinary procedures in respect of matters occurring during the Placement. The Contractor shall be responsible for the conduct of any grievance or disciplinary proceedings in respect of each Placee.
- 6.4 The Authority shall:
 - 6.4.1 as soon as reasonably practicable, refer any and all Management Issues concerning a Placee (including, for the avoidance of doubt, any issues relating to any alleged failure by the Placee to provide reasonable co-operation in accordance with Paragraph 6.2 above) to the Contractor;
 - 6.4.2 as necessary, co-operate with the Contractor (or, if the employer, the Contractor Related Entity) in providing evidence relating to a Placee for use in relation to any Management Issues, including in relation to any disciplinary procedure;
 - 6.4.3 provide any other reasonable assistance to the Contractor (or, where relevant, a Sub-contractor or Related Entity of the Contractor) in any steps the Contractor (or, where relevant, a Sub-contractor or Related Entity of the Contractor) may take under its grievance or disciplinary procedures in relation to a Placee; and

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- 6.4.4 provide the Contractor (or, where relevant, a Sub-contractor or Related Entity of the Contractor) with all such reasonable assistance, information and documentation as the Contractor (or, where relevant, a Sub-contractor or Related Entity of the Contractor) may reasonably require in order to deal with any Management Issues concerning a Placee, whether under the Contractor's (or, where relevant, a Sub-contractor's or Related Entity of the Contractor's) internal procedures or before any court or tribunal.

7. LEAVE, SICKNESS OR OTHER ABSENCE

- 7.1 During the Placement Period, each Placee will continue to be entitled to annual leave, public/privilege holidays, sick leave and other absence (including compassionate, maternity, paternity or adoption leave) applicable to his employment with the Contractor (or, where relevant, a Sub-contractor or Related Entity of the Contractor) and in accordance with the Employment Contract, and shall remain subject to the Contractor's (or, where relevant, a Sub-contractor's or Related Entity of the Contractor's) approval and notification policies and procedures.
- 7.2 The Contractor shall consult with the Authority before it (or, where relevant, a Sub-contractor or Related Entity of the Contractor) approves any holiday request and shall notify the Authority as soon as reasonably practicable in relation to a Placee's absence from work for any other reason.

8. HEALTH AND SAFETY

- 8.1 The Authority will be responsible for complying with all duties in relation to each Placee's health, safety and welfare as a person providing services on the Premises during the relevant Placement Period.
- 8.2 The Authority will comply with any reasonable request by the Contractor for information relating to the health and safety of any Placee during the Placement Period.
- 8.3 The Contractor shall notify the Authority of any health and safety hazards, risks associated with such hazards, or precautions which should be taken emanating from such risks resulting from work to be performed under this Contract at an Authority site, in accordance with DEFCON 76.

9. NON-SOLICITATION

- 9.1 Between the Commencement Date and the expiry or termination (howsoever caused) of this Contract (the date of such expiry or termination being the "**Relevant Date**"), the Contractor covenants with the Authority that it shall not, and shall procure that no Sub-contractor nor Related Entity of the Contractor shall, unless it has obtained the prior written consent of the Authority, directly or indirectly solicit or entice away or endeavour to solicit or entice away or cause to be solicited or enticed away from the Authority any person:
- 9.1.1 who is, and was, on the first date on which the attempt to solicit or entice away occurs (the "**Solicitation Date**");
- (A) directly or indirectly employed or engaged by the Authority in a commercial, finance, procurement, programme and project management, human resources or engineering capacity; or

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(B) whose departure from the Authority would be reasonably likely to have a material adverse effect on the Authority's operations; and

9.1.2 with whom at any time during the twelve (12) Months prior to the Solicitation Date the Contractor or the applicable Sub-contractor or Related Entity of the Contractor had a material amount of contact; or

9.1.3 in respect of whom the Contractor or the applicable Sub-contractor or Related Entity of the Contractor possessed a material amount of Commercially Confidential Information as at the Solicitation Date,

with a view to inducing that person to leave such employment or engagement (whether or not such person would commit a breach of his contract of employment or engagement by reason of leaving).

9.2 Between the Relevant Date and the expiration of two (2) years from the Relevant Date, the Contractor covenants with the Authority that it shall not, and shall procure that no Sub-contractor nor Related Entity of the Contractor shall, unless it has obtained the prior written consent of the Authority, directly or indirectly solicit or entice away or endeavour to solicit or entice away or cause to be solicited or enticed away from the Authority any person:

9.2.1 who is, and was, immediately prior to the Relevant Date:

(A) directly or indirectly employed or engaged by employed or engaged by the Authority in a commercial, finance, procurement, programme and project management, human resources or engineering capacity; or

(B) whose departure from the Authority would be reasonably likely to have a material adverse effect on the Authority's operations; and

9.2.2 with whom at any time during the twelve (12) Months prior to the Relevant Date the Contractor or applicable Sub-contractor or Related Entity of a Contractor had a material amount of contact; or

9.2.3 in respect of whom the Contractor or the applicable Sub-contractor or Related Entity of the Contractor possessed a material amount of Commercially Confidential Information as at the Relevant Date,

with a view to inducing that person to leave such employment or engagement (whether or not such person would commit a breach of his contract of employment or engagement by reason of leaving).

9.3 Notwithstanding Paragraphs 9.1 and 9.2, any recruitment of any person by the Contractor or a Sub-contractor or any Related Entity of the Contractor as a result of that person independently responding to any general recruitment advertisement by the Contractor or a Sub-contractor or any Related Entity of the Contractor in general or specialist publications shall not constitute a breach of this Contract.

9.4 The provisions in this Paragraph 9 (*Non-Solicitation*) of this Schedule 6 (*Personnel Arrangements*) shall survive the termination (for whatever reason) or expiry of this Contract.

10. LIABILITY AND INDEMNITIES

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- 10.1 Without limiting Clause 64 (*Insurance*), the Contractor expressly acknowledges that each Placee is its (or, where relevant, its Sub-contractor's or Related Entity's) employee and undertakes to (or to procure that its Sub-contractor or Related Entity shall) maintains adequate insurance cover with an office of repute in respect of its liability as an employer. At the request of the Authority, the Contractor agrees to provide (or to procure from each Sub-contractor or Related Entity and to provide) to the Authority evidence, in a form reasonably satisfactory to the Authority, confirming the existence and level of each insurance policy or policies and relevant renewal receipts for inspection by the Authority or its nominee.
- 10.2 The Contractor shall indemnify the Authority in full against all Losses arising out of or in connection with any fault, negligence or improper action of any Placee in connection with the Contract or the Services.
- 10.3 The Authority shall indemnify the Contractor (and, where relevant, Sub-contractors and the Related Entities of the Contractor) in full against any Losses arising out of or in connection with:
- 10.3.1 any claim or allegation by any Placee arising out of or in connection with his or her employment (or the termination thereof) as a direct or indirect result of the acts or omissions of the Authority or the Authority Related Parties;
 - 10.3.2 the negligence or default of the Authority or the Authority Related Parties in respect of obligations under this Contract; or
 - 10.3.3 the proper performance by any Placee in the provision of the Placee Services (to include any claim or allegation by a third party that the Contractor or a Sub-contractor or Related Entity of the Contractor is vicariously liable for the Placee),
- save that the Authority shall not be liable to indemnify the Contractor against Losses incurred or occasioned through the Contractor's (or its Sub-contractor's or Related Entity's) own fault, negligence or improper action or through the fault, negligence or improper action of any of the Placee or other Contractor Related Parties and provided that, before entering into any settlement or compromise with the Placee of any related claim, the Contractor will give (and will procure that the Sub-contractor or the Contractor's Related Entity (where applicable) will give) the Authority an opportunity to defend any such claim or to effect a settlement or compromise of such claim.
- 10.4 Nothing in this Contract shall limit or purport to limit the liability of any Party for death or personal injury caused by the negligence or breach of any of the provisions of this Contract by that Party.
- 10.5 The provisions in this Paragraph 10 (*Liabilities and Indemnities*) of this Schedule 6 (*Personnel Arrangements*):
- 10.5.1 are subject to Clause 65 (*Liability*); and
 - 10.5.2 shall survive the termination (for whatever reason) or expiry of this Contract.

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ANNEX 1

LETTER OF PLACEMENT

Dear [*Name*]

Following our recent discussions I am writing to confirm the terms of your placement by [*name of company*] (the "**Company**") with [The Secretary of State for Defence] (the "**Authority**") as follows:

1. PURPOSE AND PERIOD OF PLACEMENT

1.1 You will be placed with the Authority, working at [*address*] (the "**Premises**") to assist the Authority with [*insert description of duties*] [as described in the schedule attached to this letter] (the "**Services**") (the "**Placement**").

1.2 The period of your Placement will, unless you are notified by us to the contrary, be the period from [*date*] (the "**Commencement Date**") until the earlier of the date on which:

1.2.1 the Company ceases to provide services under the Managed Service Provider agreement made between CH2M Hill International Nuclear Services Ltd and the Authority to help transform and improve DE&S project delivery (the "**Agreement**"); or

1.2.2 the Agreement expires or is terminated (in whole or in part);

(the "**Placement Period**").

1.3 We will notify you as soon as reasonably practicable of the date on which the Placement Period will end.

2. YOUR STATUS

2.1 During the Placement Period:

2.1.1 you will remain the Company's employee;

2.1.2 your employment contract with the Company will remain in full force and effect;

2.1.3 you will continue to be subject to the Company's rules, policies and procedures (including in relation to grievances and disciplinaries); and

2.1.4 your entitlement to remuneration and benefits will remain the same and continue to be provided by the Company.

3. DUTIES

3.1 During the Placement Period, you agree to:

3.1.1 provide the Services to the Authority during your normal working hours, as set out in your employment contract (subject to any restriction or variation required by the Authority having regard to its normal office hours and service requirements and save when absent by reason of incapacity or leave entitlement in accordance with your employment contract or the

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Company's other applicable policies);

- 3.1.2 faithfully and diligently perform the Services with all reasonable and appropriate care and skill and exercise such powers as may from time to time be reasonably required by the Authority;
- 3.1.3 act in accordance with all reasonable instructions of, and comply with all lawful directions given by, the Authority;
- 3.1.4 not, without the prior written approval of the Authority, enter into any contract or arrangement, make any representation, give any warranty, incur any liability, assume any obligation, whether express or implied, of any kind on behalf of the Authority or bind the Authority in any way;
- 3.1.5 comply with all applicable policies and procedures of the Authority, to the extent that copies of the same have been provided to you prior to the commencement of your Placement, or such further or amended policies and procedures as are introduced by the Authority during the Placement Period and copies of which are provided to you; and
- 3.1.6 comply with your obligations (express and implied) under your employment contract.

4. **STANDARDS AND GENERAL PRINCIPLES OF CONDUCT**

- 4.1 During the Placement Period, you agree to observe:
 - 4.1.1 the standards of work and behaviour and general conditions of conduct applicable to Civil Servants as laid down in the Civil Service Code, available from <https://www.gov.uk/government/collections/civil-service-conduct-and-guidance> and Departmental rules, available from the Authority's intranet;
 - 4.1.2 the same rules and conditions as Civil Servants as regards the undertaking of political activities on a national or local basis, available from <https://www.gov.uk/government/collections/civil-service-conduct-and-guidance> and may in certain circumstances be barred from undertaking such activities; and
 - 4.1.3 as regards outside activities, the following general principles applicable to Authority staff:
 - (A) no member of staff may engage at any time in private activity which would require attendance during working hours or in any way impair his/her usefulness as a public servant;
 - (B) no member of staff may engage in any occupation which might in any way conflict with the interests of the Authority or be inconsistent with his/her position as a public servant. Special care should be taken when attending outside seminars and conferences as his/her status within the Authority may convey official endorsement of his/her views;
 - (C) no member of staff may communicate with the public or media, publish material or submit material with the intention or likelihood of publication or otherwise release material, in any medium, which is in

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any way connected with work undertaken by him or her in connection with the Authority.

- 4.2 It is a condition of the Placement that you will not engage in any activity, occupation or undertaking as detailed in paragraph 4.1.3 without first obtaining the written consent of the Authority.

5. LEAVE, SICKNESS OR OTHER ABSENCE

- 5.1 During the Placement Period, you will continue to be entitled to annual leave, public holidays, sick leave and other absence (including compassionate, maternity, paternity or adoption leave) applicable to your employment with the Company and in accordance with your employment contract, and shall remain subject to the Company's approval and notification policies and procedures.

- 5.2 If you are on annual leave, sick leave, bereavement leave or any other form of authorised absence for more than two (2) working days, you will delegate your duties to another suitable employee of the Company who is on a placement with the Authority and notify the Authority in advance (or if not reasonably practicable, as soon as reasonably possible) of such delegation, giving details of the identity of the individual to whom your duties are being delegated and the period of the delegation. You will notify the Company in advance if the duration of your absence is, or is likely to be, more than two (2) weeks.

6. CONFIDENTIALITY

- 6.1 During the Placement Period, you will continue to observe the duty of confidentiality you owe to the Company and you will observe the duty of confidentiality and the rules relating to conflicts of interest as set out in the Authority's Departmental rules and paragraph 7 below.

- 6.2 Save in so far as such information is already in the public domain and save in the proper performance of your duties during the Placement Period, you agree not at any time for whatever reason, whether directly or indirectly, to:

6.2.1 use for your own or another's advantage; or

6.2.2 reveal to any person, firm, company or organisation (including the Company and its officers, employees, agents or any other third party) (and shall use all reasonable endeavours to prevent the unauthorised use or disclosure of);

any Confidential Information, which you may create, receive, obtain or develop during the Placement Period without the prior written approval of the Authority. All such Confidential Information shall remain the property of the Authority; or

6.2.3 make any record (whether on paper, computer memory, disc or otherwise) containing Confidential Information or make a copy of any such record relating to the Authority or use such records (or allow them to be used) other than for the benefit of the Authority. All such records (and any copies of them) shall be the property of the Authority. You shall hand them over to the Authority's Representative at the request of the Authority at any time during the Placement Period.

- 6.3 For the purposes of paragraph 6.2:

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6.3.1 **"Confidential Information"** means all and any information, whether or not recorded, relating to the business, products, affairs and finances of the Authority or of any Related Entity of the Authority which you (or, where the context so requires, another person) have obtained by virtue of your Placement and which the Authority or any Related Entity of the Authority regards as confidential or in respect of which the Authority or any Related Entity of the Authority is bound by an obligation of confidence to any third party (including to suppliers, clients, customers, agents, distributors, shareholders or management), including technical data and know-how; all and any information relating to business methods, plans, future strategy and finances; all and any information relating to research or development projects or both; all and any information concerning the curriculum vitae, remuneration details, work-related experience, attributes and other personal information concerning those employed or engaged by the Authority or any Related Entity of the Authority; all and any information relating to lists and details of suppliers and prospective suppliers including their identities, business requirements and contractual negotiations and arrangements with the Authority or any Related Entity of the Authority; all and any trade secrets, secret formulae, processes, inventions, design, know-how, technical specification and other technical information in relation to the creation, production or supply of any past, present or future product or service of the Authority or any Related Entity of the Authority, including all and any information relating to the working of any product, process, invention, improvement or development carried on or used by the Authority or any Related Entity of the Authority and information concerning the intellectual property portfolio and strategy of the Authority or of any Related Entity of the Authority, but excluding any information which is part of your own stock in trade; is readily ascertainable to persons not connected with the Authority or any Related Entity of the Authority without significant expenditure of labour, skill or money; or which becomes available to the public generally other than by reason of a breach by you of your obligations under this letter.

6.4 For the purposes of paragraphs 6.3, 12 and 13:

6.4.1 **"Related Entity"** means in relation to:

- (A) the Authority, any subsidiary or subsidiary undertaking (as those terms are defined by Sections 1159 and 1162 of the Companies Act 2006 as amended or re-enacted from time to time) of the Authority and any department, office, body or agency of the UK Government or the Crown; and
- (B) in relation to the Company, any undertaking that is a group undertaking of that body corporate.

6.5 Upon the termination (howsoever arising) or expiry of your Placement you shall:

6.5.1 deliver up to the Authority any documents, samples, specifications, plans, drawings, software, hardware, records (as referred to in paragraph 6.2.3 above) or any other property of any nature (or any copies of any of them) whether tangible or intangible which belong to the Authority or otherwise relate to the business or affairs of the Authority and which is in your possession, custody, care or control;

6.5.2 irretrievably delete any information relating to the business or the affairs of the Authority stored in any medium or media which is within your

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possession, custody, care or control having first ensured that the Authority has retained a copy of that information; and

6.5.3 confirm in writing and produce such evidence as is reasonably required by the Authority to prove compliance with the obligations contained in this paragraph 6.5.

6.6 The restrictions in this paragraph 6 will not apply to any disclosure authorised by the Authority's Representative or required by applicable law, or to prevent you making a protected disclosure within the meaning of section 43A of the Employment Rights Act 1996.

7. **CONFLICTS OF INTEREST**

7.1 Where you consider that your work for the Authority could give rise to an actual or potential conflict of interest between your duties for the Authority and for the Company or any company in which you hold any office, you will immediately bring this to the attention of the Authority and the Company and withdraw from any further discussion or work relating to the project at issue.

7.2 The Authority does not object to you holding private investments. If, however, a shareholding raises a question of a possible conflict with your Placement to the Authority, you must consult with the Company, who will consult with the Authority about you dealing with or retaining such shareholding.

7.3 You acknowledge that you have been provided with a copy of the Contractor's COI Management Process and the general restrictions applicable to you as a Placee pursuant to Paragraphs 2 (*General Restrictions Applying to Personnel*) and 3 (*Information Barrier*) of Schedule 8 (*COI Management Process*) to the Agreement and you agree you will be bound by them.

8. **OFFICIAL SECRETS ACTS**

8.1 You will sign a statement that you understand the Official Secrets Act 1911 - 1989 will apply to you both during the Placement Period and following its termination (howsoever arising) or expiry.

9. **SECURITY**

9.1 You will, at all times, comply with:

9.1.1 all relevant applicable laws in respect of security; and

9.1.2 all decisions, requirements, regulations, orders, instructions, directions or rules of the Authority relating to security including any modification, extension or replacement thereof in force.

10. **INTELLECTUAL PROPERTY**

10.1 Subject to the terms of the Agreement (and any terms governing the ownership and licensing of intellectual property agreed pursuant thereto) the Authority shall be the legal and beneficial owner of all IPR created by you in the course of you providing the Services.

10.2 To the extent that any IPR that are to be owned by the Authority pursuant to paragraph 10.1 does not vest automatically in the Authority, you shall hold such IPR

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on trust for the Authority, and will immediately upon request by the Authority assign all such IPR to the Authority or its nominee (as legal and beneficial owner) with Full Title Guarantee to the fullest extent permitted by applicable law.

10.3 You hereby irrevocably and unconditionally waive all moral rights under the Copyright, Designs and Patents Act 1988 and any analogous or similar rights in any other jurisdiction that you may have in any existing or future works prepared in connection with performing the Services.

10.4 You shall at the Authority's reasonable cost and expense promptly execute all documents and do all acts as may, in the reasonable opinion of the Authority, be necessary to give effect to the terms of this paragraph 10.

10.5 Where any IPR arise outside the course of your work for the Authority you must comply with all and any obligations of confidence to the Authority or obligations under the Official Secrets Act 1989.

10.6 For the purposes of this paragraph 10:

10.6.1 "**IPR**" means all trade marks, logos, get-up, trade and business names, domain names, patents, copyright (including copyright in computer programs), database rights, design rights, registered designs, utility models, semi-conductor topography rights, inventions (whether patentable or not), know-how, moral rights, confidential information and all other intellectual property and rights of a similar or corresponding nature in any part of the world, whether or not registered or capable of registration, in respect of such rights which are registrable the right to apply for registration and any and all applications for registration and any renewals or extensions of any of the foregoing rights; and

10.6.2 "**Full Title Guarantee**" means with the benefit of the implied covenants set out in Part 1 of the Law of Property (Miscellaneous Provisions) Act 1994 when a disposition is expressed to be made with full title guarantee.

11. DATA PROTECTION

11.1 You hereby consent to the Authority processing data relating to you for legal, administrative and management purposes and in particular to the processing of any "sensitive personal data" (as defined in the Data Protection Act 1998) relating to you including, as appropriate:

11.1.1 information about your mental health or condition in order to monitor sickness absence;

11.1.2 your racial or ethnic origin or religious or similar beliefs in order to monitor compliance with the equal opportunities legislation; and

11.1.3 information relating to any criminal proceedings in which you have, or are alleged to have, been involved for insurance purposes and to comply with legal requirements and obligations to third parties.

11.2 You hereby consent to the Authority making such information available to regulatory authorities, governmental or quasi-governmental organisations and potential purchasers of any business or assets of the Authority.

12. NON-SOLICITATION

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12.1 Between the Commencement Date and its termination (howsoever arising) or expiry (such termination or expiry being the "**Relevant Date**"), you covenant with the Authority (for the benefit of itself and any Related Entity of the Authority) that you shall not unless you have obtained the prior written consent of the Authority, directly or indirectly solicit or entice away or endeavour to solicit or entice away or cause to be solicited or enticed away from the Authority any person:

12.1.1 who is, and was, on the first date on which the attempt to solicit or entice away occurs (the "**Solicitation Date**");

(A) directly or indirectly employed or engaged by the Authority in a commercial, finance, procurement, programme and project management, or engineering capacity; or

(B) whose departure from the Authority would be reasonably likely to have a material adverse effect on the Authority's operations; and

12.1.2 with whom at any time during the twelve (12) months prior to the Solicitation Date you had a material amount of contact; or

12.1.3 in respect of whom you possessed a material amount of Commercially Confidential Information as at the Solicitation Date;

with a view to inducing that person to leave such employment or engagement (whether or not such person would commit a breach of his contract of employment or engagement by reason of leaving).

12.2 Between the Relevant Date and the expiration of twelve (12) months from the Relevant Date, you covenant with the Authority (for the benefit of itself and any Related Entity of the Authority) that you shall not unless you have obtained the prior written consent of the Authority, directly or indirectly solicit or entice away or endeavour to solicit or entice away or cause to be solicited or enticed away from the Authority any person:

12.2.1 who is, and was, immediately prior to the Relevant Date:

(A) directly or indirectly employed or engaged by employed or engaged by the Authority in a commercial, finance, procurement, programme and project management, or engineering capacity; or

(B) whose departure from the Authority would be reasonably likely to have a material adverse effect on the Authority's operations; and

12.2.2 with whom at any time during the twelve (12) months prior to the Relevant Date you had a material amount of contact; or

12.2.3 in respect of whom you possessed a material amount of Commercially Confidential Information as at the Relevant Date;

with a view to inducing that person to leave such employment or engagement (whether or not such person would commit a breach of his contract of employment or engagement by reason of leaving).

12.3 For the purposes of this paragraph 12:

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- 12.3.1 **"Commercially Confidential Information"** means all and any information concerning the curriculum vitae, remuneration details, work-related experience, attributes and other personal information concerning those employed or engaged by the Authority but excluding any information which becomes available to the public generally other than by reason of a breach by you of your obligations under this letter.

13. BUSINESS APPOINTMENT RULES

Should you, at the end of the Placement Period or within two years of that date, wish to enter into any arrangement whereby you would supply your services directly or indirectly to any person in return for remuneration other than under your employment with the Company or any of its Related Entities, you will be required to give the Authority notice of such interest and obtain the Authority's prior written approval to such employment in accordance with the Business Appointment Rules for Civil servants contained in Section 4.3, Annex A of the Civil Service Management Code.

14. LEGAL ADVICE

You will sign and comply with the requirements of a Privilege and Confidentiality Agreement in the form required by the Authority in order to protect the privilege and confidentiality of legal advice provided to the Authority that may be seen by you (or which you may otherwise become aware of) during your Placement.

15. SURVIVAL

- 15.1 You will continue to be bound by the obligations in paragraphs 6, 10, 12 and 13 following the termination (howsoever arising) or expiry of your Placement.

Please acknowledge your acceptance of and agreement to the terms and conditions of this letter by signing, dating and returning to us the enclosed duplicate of this letter no later than [date].

Yours sincerely

[Name]

For and on behalf of [Company]

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**[SCHEDULE
DESCRIPTION OF SERVICES]**

ANNEX 3
TASK ORDER FORM

Part A – Requirement			
Work Order ID:		Date:	
Task Lead:	[Domain]01	Overarching Task No:	Task 1
Task Order Title:			
Nature of Task:	[Additional Personnel / Reachback Service / In-Year Other Personnel]		
Requirement(s):	[Must include a requirement for knowledge transfer]		
Scope / Role:	[Area(s) of DE&S business impacted]		
Key Deliverables:	-		
Acceptance Criteria:			
Acceptance Authority:			
Timescale/ Required Completion Date:			
Other information (incl links to other task orders)	[e.g. any constraints within which this task needs to comply]		

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Part B – Overview of Contractors Proposal			
Proposal:	[Including how work will be conducted, main activities, risks, assumptions, how knowledge transfer will take place etc]		
Anticipated Placement Period:			
Applicable Rate(s) (from Rate Card)			
Reimbursable Expenses	[See Paragraph 5.2.6 of Schedule 6]		
Applicable Profit (from Rate Card)			
Grades, Skills and Names (where known) of intended Places:	[Including any or all of In-Year Other Personnel, Additional Personnel and any Reachback Personnel, and detailing Required Skills]		
GFA Required:	[Including whether any specific accommodation on the premises and IT required, information to be provided by the authority, and by when]		
Conflict of Interest:	[Amendments required in order to ensure compliance with Schedule 8 (COI Compliance Regime)]		
Part C – Authorisation			
Approved Business Case Reference:			
Contractor Lead:		Date Authorised:	
Project Lead:		Date Authorised:	
Mat Strat Endorsed:		Date Endorsed:	
Commercial Endorsed:		Date Endorsed:	
Part D – Acceptance			

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Project Lead:		Date Completed:	
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ANNEX 4
RESOURCING PLAN

Month / Period	Nov '14	Dec '14	Jan '15	Feb '15	Mar '15	Apr '15	May '15	Jun '15	Jul '15	Aug '15	Sep '15	Oct '15	Nov '15	Dec '15	Jan '16	Feb '16	Mar '16	Apr '16	May '16	Jun '16	Jul '16	Aug '16	
Key Personnel	2.5	5	6	6	6	6	6	6	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Other Personnel	0.5	7	17	21	22	23	19	17	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31
TOTAL FTE	3	12	23	27	28	29	25	23	36														

Month / Period	Sep '16	Oct '16	Nov '16	Dec '16	Jan '17	Feb '17	Mar '17	Apr '17	May '17	Jun '17	Jul '17	Aug '17	Sep '17	Oct '17	Nov '17	Dec '17	Jan '18	Feb '18	Mar '18	Apr '18	May '18	Jun '18	Jul '18	
Key Personnel	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Other Personnel	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31
TOTAL FTE	36																							

Month / Period	Aug '18	Sep '18	Oct '18	Nov '18	Dec '18	Jan '19	Feb '19	Mar '19	Apr '19	May '19	Jun '19	Jul '19	Aug '19	Sep '19	Oct '19	Nov '17	Dec '17	Jan '18	Feb '20	Mar '20	Apr '20	May '20	
Key Personnel	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	2.5
Other Personnel	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	31	15.5
TOTAL FTE	36	18																					

Schedule 7
INSURANCES

1. THIRD PARTY PUBLIC AND PRODUCTS LIABILITY INSURANCE

1.1 Insured

Contractor.

1.2 Interest

To indemnify the Insured in respect of all sums which the Insured shall become legally liable to pay as damages, including claimant's costs and expenses, in respect of accidental:

1.2.1 death or bodily injury to or sickness, illness or disease contracted by any person;

1.2.2 loss of or damage to property;

happening during the Period of Insurance and arising out of or in connection with the Contract or Services.

1.3 Limit of indemnity

1.3.1 Subject to Paragraph 1.3.2 below, [REDACTED] in respect of any one occurrence, the number of occurrences being unlimited.

1.3.2 In respect of products and pollution liability, [REDACTED] in any one occurrence and in the aggregate per annum.

1.4 Territorial limits

Worldwide.

1.5 Period of insurance

From the date of this Contract for the duration of the Contract and renewable on an annual basis unless agreed otherwise between the Parties.

1.6 Cover features and extensions

1.6.1 Waiver of subrogation and claims for contributory negligence against the Authority, its employees, servants and agents.

1.6.2 Indemnity to principals clause.

1.7 Principal exclusions

1.7.1 War and related perils.

1.7.2 Nuclear and radioactive risks.

1.7.3 Liability for death, illness, disease or bodily injury sustained by employees of the Insured during the course of their employment.

- 1.7.4 Liability arising out of the use of mechanically-propelled vehicles whilst required to be compulsorily insured by legislation in respect of such vehicles.
- 1.7.5 Liability in respect of predetermined penalties or liquidated damages imposed under any contract entered into by the Insured.
- 1.7.6 Liability arising out of technical or professional advice other than in respect of death or bodily injury to persons or damage to third party property.
- 1.7.7 Liability arising from the ownership, possession or use of any aircraft or marine vessel.
- 1.7.8 Liability arising from seepage and pollution unless caused by a sudden, unintended and unexpected occurrence.

1.8 Maximum deductible threshold

Not to exceed [REDACTED] for each and every third party property damage claim (personal injury claims to be paid in full).

2. PROFESSIONAL INDEMNITY INSURANCE

2.1 Insured

2.2 Contractor.

2.3 Interest

To indemnify the Insured for all sums which the Insured shall become legally liable to pay (including claimants costs and expenses) as a result of claims first made against the Insured during the Period of Insurance by reason of any negligent act, error or omission arising out of or in connection with the Contract or Services.

2.4 Limit of Indemnity

[REDACTED] in respect of any one claim and in the aggregate per annum.

2.5 Territorial limits

Worldwide.

2.6 Period of insurance

From the date of this Contract for the duration of the Contract and renewable on an annual basis unless agreed otherwise between the Parties and a period of two (2) Years following the expiry date or the termination date whichever occurs earlier.

2.7 Cover features and extensions

Retroactive cover to apply to any claims made policy wording and retroactive date to be no later than the date of this Contract.

2.8 Principal exclusions

2.8.1 War and related perils

2.8.2 Nuclear and radioactive risks

2.9 **Maximum deductible threshold**

Not to exceed [REDACTED] each and every claim.

3. **UNITED KINGDOM COMPULSORY INSURANCES**

The Contractor is required to meet its UK and any other relevant statutory insurance obligations in full, including employer's liability insurance and motor third party liability insurance. Insurances are required to comply with all statutory requirements (save where a more onerous provision is required in this Schedule 7 (*Insurances*)).

Schedule 8

COI COMPLIANCE REGIME

1. CONFLICTS OF INTEREST

- 1.1 The Contractor acknowledges and agrees that its performance of the Services pursuant to this Contract could result in either or both:
- 1.1.1 the Contractor holding Commercially Confidential Information that could give rise to the Contractor, or any of its COI Associates, (whether alone, in a consortium, or otherwise) receiving, or potentially receiving an unfair advantage in relation to the tendering process for any Domain Contract; or
 - 1.1.2 a potential or actual conflict of interest arising due to: (i) the Contractor's provision of the Services pursuant to this Contract; and (ii) its, or any of its COI Associates', interest (whether alone, in a consortium, or otherwise) in any Domain Contract,
- (any such Domain Contract, where an unfair advantage or potential unfair advantage or potential or actual conflict of interest arises, being a "**Conflicting Project**").
- 1.2 The Contractor warrants, as at the date hereof, that the processes set out in Section 2 and Section 3 of this Schedule 8 (*COI Compliance Regime*) (the "**COI Management Process**") are sufficient such that the Contractor, and its COI Associates, will not receive an unfair advantage in relation to any Conflicting Project and otherwise are sufficient to manage any potential or actual conflict of interest that it or any of its COI Associates may have.
- 1.3 The Contractor warrants, as at the date hereof, that all material details of any potential or actual unfair advantage or potential or actual conflict of interest that it has in relation to any Conflicting Project, as at the date hereof, are disclosed in Annex 1 (*Disclosed Projects*) to this Schedule 8 (*COI Compliance Regime*).
- 1.4 The obligations in relation to the COI Management Process shall apply, inter alia, to all Conflicting Projects set out in Annex 1 (*Disclosed Projects*) to this Schedule 8 and the Contractor also acknowledges that, from time to time (and subject to Paragraph 1.12 of this Schedule 8 (*COI Compliance Regime*)), the Authority may impose additional requirements in relation to such Conflicting Projects and any new Conflicting Projects in accordance with the provisions of this Section 1 of Schedule 8 (*COI Compliance Regime*).
- 1.5 Without prejudice to Clause 20.3, the Contractor undertakes to:
- 1.5.1 continually monitor its business, and the business of its COI Associates, throughout the Term in order to determine whether Commercially Confidential Information passing between the Authority and the Contractor or any Contractor Related Parties during the Term is material, or may be material, to a Conflicting Project;
 - 1.5.2 notify the Authority in writing of any change in circumstances or information not previously disclosed to the Authority which leads to a Conflicting Project coming into, or potentially coming into, existence (or which is material in relation to any Conflicting Project that already exists), including where any Placee or former Placee who then is subject to Paragraph 2.3 of this Schedule 8 (*COI Compliance Regime*) becomes involved in a Conflicting Project, as soon as it becomes aware of such change or information, whether through the monitoring process set out in Paragraph 1.5.1 of this Schedule 8 (*COI Compliance Regime*) or otherwise; and
 - 1.5.3 within 10 Business Days (unless otherwise agreed by the Parties) of the date on which the Authority receives written notification from the Contractor under Paragraph 1.5.2 of this

Schedule 8 (*COI Compliance Regime*), provide the Authority with a written report setting out:

- (A) full details of the Conflicting Project, and the change in circumstances or information not previously disclosed to the Authority which has led to such Conflicting Project coming into, or potentially coming into, existence (or which is material in relation to any Conflicting Project that already exists); and
- (B) whether, in the opinion of the Contractor (acting reasonably), the COI Management Process remains sufficient such that the Contractor, and its COI Associates, will not receive an unfair advantage in relation to such Conflicting Project and otherwise remain sufficient to manage any potential or actual conflict of interest that it or any COI Associate may have.

1.6 Where the Contractor considers that the COI Management Process is sufficient to avoid any unfair advantage in relation to any Conflicting Project and to manage any potential or actual conflict of interest, within ten (10) Business Days (unless otherwise agreed by the Parties) of the date on which the Authority receives the written report from the Contractor in accordance with Paragraph 1.5.3 of this Schedule 8 (*COI Compliance Regime*), the Authority shall provide the Contractor with a written notice stating that it considers (acting in its absolute discretion) that:

- 1.6.1 the COI Management Process (in its current form) is such that the Contractor, and its COI Associates, will not receive an unfair advantage in relation to such Conflicting Project and otherwise remains sufficient to manage any potential or actual conflict of interest;
- 1.6.2 the COI Management Process (in its current form) is not able to remove an unfair advantage received by the Contractor, or any of its COI Associates, in relation to such Conflicting Project or otherwise is not sufficient to manage any potential or actual conflict of interest but that the COI Management Process may be able to do so in an amended form; or
- 1.6.3 the COI Management Process (whether in its current form or in an amended form) is not able to remove an unfair advantage received by the Contractor, or any of its COI Associates, in relation to such Conflicting Project or otherwise is not sufficient to manage any potential or actual conflict of interest.

If at any time the Authority otherwise becomes aware of any change in circumstances or information not previously disclosed by the Contractor that MOD determines in its sole discretion should be or (if known by the Contractor) should have been notified to the Authority in accordance with Paragraph 1.5.2 of this Schedule 8 (*COI Compliance Regime*), the Authority may provide the Contractor with a written notice in accordance with Paragraph 1.6.1, 1.6.2 or 1.6.3 above.

1.7 Where the Conflicting Project relates to a bid for or the entry into a new Domain Contract, this Paragraph 1.7 of this Schedule 8 (*COI Compliance Regime*) shall apply.

1.7.1 Where:

- (A) the Contractor or COI Associate has expressed an interest in a Domain Contract;
- (B) it is in the Authority's sole opinion of benefit to the Authority that the Contractor or COI Associate should bid for or enter into that Domain Contract; and
- (C) the Authority considers that any conflict of interest arising from the Contractor or COI Associate bidding for or entering into that Domain Contract is not material or can be managed,

the Authority may, in its sole discretion, permit the Contractor or COI Associate to continue to bid for or enter into that Domain Contract.

- 1.7.2 In the event that the Authority does permit the Contractor or COI Associate to bid for or enter into a Domain Contract, the Authority may require the Contractor and any relevant COI Associate to enter into a Compliance Agreement prior to the commencement of any competitive tendering or the award of any contract, and in the event of any failure by the Contractor or a COI Associate to comply with any such Compliance Agreement or requirement then the Authority may (without limitation to any remedies which may be available under the Compliance Agreement or otherwise) exercise any of the rights set out in Paragraph 4.1 of this Schedule 8 (*COI Compliance Regime*).
- 1.8 In the event that an entity that is already a party to (or is competing for or proposing to enter into) any Domain Contract becomes a COI Associate, the Authority may require the Contractor and the relevant COI Associate to enter into a Compliance Agreement as soon as is practical, and in the event of any failure by the Contractor or the relevant COI Associate to comply with any such Compliance Agreement or requirement the Authority may (without limitation to any remedies which may be available under the Compliance Agreement or otherwise) enforce its rights under Paragraph 4.1 of this Schedule 8 (*COI Compliance Regime*).
- 1.9 Where: (i) the Contractor does not provide confirmation in accordance with Paragraph 1.5.3(B) of this Schedule 8 (*COI Compliance Regime*) that the COI Management Processes remain sufficient such that the Contractor, and its COI Associates, will not receive an unfair advantage in relation to such Conflicting Project and otherwise remains sufficient to manage any potential or actual conflict of interest that it or any of its COI Associates may have; or (ii) the Authority gives notice in accordance with Paragraph 1.6.2 of this Schedule 8 (*COI Compliance Regime*) that it considers that the COI Management Process (in its current form) is not able to remove an unfair advantage received by the Contractor, or any of its COI Associates, in relation to such Conflicting Project or otherwise is not sufficient to manage any potential or actual conflict of interest; then the Contractor or the Authority may, by written notice to the other Party, propose a meeting between the Parties within five (5) Business Days (unless otherwise agreed by the Parties) of the date of such notice to discuss what changes could be made to the COI Management Process to satisfy the Authority (acting in its sole discretion) that the Contractor, and its COI Associates, will not receive an unfair advantage in relation to such Conflicting Project and that the COI Management Process will otherwise be sufficient to manage any potential or actual conflict of interest. The Contractor shall (and shall procure that its COI Associates shall) comply with any agreed amended COI Management Processes.
- 1.10 Where: (i) in accordance with Paragraph 1.6.3 of this Schedule 8 (*COI Compliance Regime*), the Authority considers that the COI Management Process (whether in its current form or in an amended form) is not able to remove or manage an unfair advantage received by the Contractor, or any of its COI Associates, in relation to such Conflicting Project or otherwise is not sufficient to manage any potential or actual conflict of interest; or (ii) the Contractor will not or cannot agree the changes to the COI Management Process required by the Authority in accordance with Paragraph 1.9 of this Schedule 8 (*COI Compliance Regime*) so as to remove or manage any unfair advantage received by the Contractor, or any of its COI Associates, in relation to such Conflicting Project or otherwise ensure that the COI Management Process will be sufficient to manage any potential or actual conflict of interest; then (without prejudice to any other remedies available pursuant to this Contract (including termination) or at law), the Authority shall be entitled, by notice in writing to the Contractor, to:
- 1.10.1 require that the Contractor do any one or more of the following:
- (A) remove and replace any of the Places in accordance with Paragraph 4.3 of Schedule 6 (*Personnel Arrangements*);
 - (B) not tender or re-tender, and procure that its COI Associates shall not tender or re-tender, for that Conflicting Project; and (where relevant)
 - (C) as soon as reasonably possible (and in any event within ten (10) Business Days (unless otherwise agreed by the Parties) of the date of the written notice):

- (1) withdraw from tendering or re-tendering for that Conflicting Project or procure that its COI Associates shall withdraw from tendering or re-tendering for that Conflicting Project; or (where relevant)
- (2) terminate or withdraw from the relevant Domain Contract or procure that its COI Associates shall terminate or withdraw from the relevant Domain Contract; or

1.10.2 if the Contractor fails to comply with the Authority's requirements under Paragraph 1.10.1 above, terminate this Contract with immediate effect.

- 1.11 The Authority's decision as to whether or not to require any remedy or remedies under Paragraph 1.10 of this Schedule 8 (*COI Compliance Regime*) shall be taken at the Authority's sole discretion. No compensation shall be payable by the Authority to the Contractor or any of its COI Associates as a consequence of any remedy or remedies that the Authority may require under Paragraph 1.10 of this Schedule 8 (*COI Compliance Regime*) (save that the Authority shall make payment for any service correctly rendered under a Domain Contract up to the date on which a notice was given under Paragraph **Error! Reference source not found.**(2) of this Schedule 8 (*COI Compliance Regime*).
- 1.12 For the avoidance of doubt, the remedy or remedies under Paragraph 1.10 of this Schedule 8 (*COI Compliance Regime*) shall only apply to Conflicting Projects set out in Annex 1 (*Disclosed Projects*) to this Schedule 8 (*COI Compliance Regime*) if and to the extent that there is a change in circumstances or information not previously disclosed to the Authority that is (or, if known by the Contractor, should be or have been) notified to the Authority in accordance with Paragraph 1.5.2 of this Schedule 8 (*COI Compliance Regime*).

2. GENERAL RESTRICTIONS APPLYING TO PERSONNEL

- 2.1 The Contractor shall ensure that all Personnel use Authority Commercially Confidential Information solely for the performance of the Services and in accordance with the terms set out in this Contract. In particular, the Contractor shall ensure that the Personnel do not disclose, or allow access to any of Authority Commercially Confidential Information not in the public domain to any person (including Contractor Related Parties) who is not a Placee except to the extent required by this Contract or Applicable Law.
- 2.2 The Contractor shall ensure that the Personnel do not receive any information not in the public domain from any of the Contractor Related Parties (or any officer, employee, representative, agent or adviser of the Contractor's COI Associates) who are or have been involved in the performance of an existing contract, or in tendering for a new contract, relating to any Conflicting Project (all such persons being "**Conflicted Persons**"), except to the extent required for the performance of the Contractor's obligations under the COI Management Process.
- 2.3 The Contractor shall ensure that the following restrictions are fully implemented and applied to the Personnel:
- 2.3.1 none of the Personnel (other than Reachback Personnel) shall be involved during their Placement in the performance of an existing contract, or in tendering for a new contract, relating to any Conflicting Project;
 - 2.3.2 where the Contractor (or a Contractor Related Party) wishes to involve Reachback Personnel in the performance of an existing contract, or in tendering for a new contract, relating to any Conflicting Project, they will seek the Authority's prior written consent (to be given having regard to the principles set out in the Agreement and this Schedule 8 (*COI Compliance Regime*));
 - 2.3.3 none of the Key Personnel shall be involved, during their Placement, and for a period of two (2) years from their ceasing to be a Placee (but only to the extent that the individual would

be precluded from participation having regard to the principles and processes reflected in the Business Appointment Rules),, in the performance of an existing contract, or in tendering for a new contract, relating to any Conflicting Project;

- 2.3.4 each Placee (and any other person to whom disclosure of Authority Commercially Confidential Information is made by or on behalf of the Contractor or any of the Contractor Related Parties) is aware of and observes the obligations of the Contractor under this Contract (including the COI Management Process) and is subject to enforceable undertakings in favour of the Contractor under which he or she can be required to comply with such obligations.
- 2.4 The Contractor shall:
- 2.4.1 procure that each Placee complies with obligations in substantially the form set out in Paragraph 7 (*Conflicts of Interest*) of Annex 1 (*Letter of Placement*) to Schedule 6 (*Personnel Arrangements*), whether or not they have entered into a Letter of Placement; and
- 2.4.2 where a Placee identifies to the Contractor (directly or through that Placee's employer) that he or she considers that his or her work for the Authority could give rise to an actual or potential conflict of interest between his or her duties for the Authority and for the Contractor (directly or through that Placee's employer) or any company in which he or she holds any office or employment, the Contractor shall immediately bring this to the attention of the Authority and instruct the Placee to withdraw from any further discussion or work relating to the project at issue or this Contract until the Authority has made a determination under Paragraph 2.5 of this Schedule 8 (*COI Compliance Regime*); and
- 2.4.3 where a Placee identifies to the Contractor (directly or through that Placee's employer) that he or she considers that his or her private investment raises a question of a possible conflict with his or her Placement, the Contractor will immediately bring this to the attention of the Authority and Paragraph 2.6 shall apply.
- 2.5 Where the Contractor gives notice to the Authority under Paragraph 2.4.2, the Authority shall be entitled, having regard to the COI Management Process and the Contractor's obligations under this Contract, to require the Contractor to remove or replace such Placee from either or both of the Conflicting Project and this Contract with immediate effect.
- 2.6 Where the Contractor gives notice to the Authority under Paragraph 2.4.3, the Authority shall, having regard to the COI Management Process and the Contractor's obligations under this Contract, be entitled to request that the Contractor requests that such Placee does not deal with the relevant private investment or the Authority shall be entitled to require the Contractor to remove or replace such Placee from this Contract in accordance with Paragraph 4.3 of Schedule 6 (*Personnel Arrangements*).
- 2.7 Where there is a change in the role of a Placee and such change causes a personal conflict of interest to arise, the Contractor shall procure that the Placee promptly notifies the Contractor (directly or through that Placee's employer) and the Contractor shall promptly notify the Authority of such change and provide details of the personal conflict of interest. The Authority shall, having regard to the COI Management Process and the Contractor's obligations under this Contract, be entitled to require the Contractor to remove or replace such Placee from either or both of the Conflicting Project and this Contract with immediate effect.
3. **INFORMATION BARRIER**
- 3.1 The Contractor shall ensure, in accordance with this Paragraph 3 of Schedule 8 (*COI Compliance Regime*), that the Personnel are separated from, and that an effective information barrier is put in place with all Contractor Related Parties who are not Placees.

- 3.2 The Contractor shall ensure that the Personnel take all decisions in connection with the Services completely independently from Conflicted Persons.
- 3.2A Nothing in this Schedule 8 (*COI Compliance Regime*) shall prevent the Contractor from following its corporate governance arrangements required to review and approve its involvement in any aspect of the Services (including the provision of Additional Personnel or Reachback Personnel), provided that such arrangements do not require disclosure of Commercially Confidential Information (or any information in relation to a Conflicting Project) to any person that would give rise to an unfair advantage to the Contractor or any of its COI Associates in relation to any Conflicting Project and do not otherwise give rise to any potential or actual conflict of interest (other than a conflict that the Authority has confirmed in writing that the COI Management Process is sufficient to manage).
- 3.3 Where Personnel require contact with Contractor Related Parties for reasons relating to them as individuals, such as periodic performance reviews, the Contractor shall ensure that such contact is with Contractor Related Parties who are not Conflicted Persons.
- 3.4 The information barrier referred to in Paragraph 3.1 of this Schedule 8 (*COI Compliance Regime*) shall include the following elements:
- 3.4.1 all Personnel shall be notified of the restrictions set out in Sections 2 and 3 of this Schedule 8 (*COI Compliance Regime*);
- 3.4.2 all contact between the Personnel and Conflicted Persons shall be fully recorded in a standard and computable format;
- 3.4.3 (save to the extent that Personnel use the Authority's equipment and systems), secure and separate electronic workspaces for the production, storage and filing of all electronic documents and communications that are sent, received or generated (or otherwise worked on) by Personnel in connection with the Services shall be established which are not accessible by Contractor Related Parties (other than Personnel);
- 3.4.4 (save to the extent that Personnel use the Authority's storage and filing space), a secure and separate storage and filing space for all hard copy documents and communications that are sent, received or generated (or otherwise worked on) by Personnel in connection with the Services shall be established which is not accessible by Contractor Related Parties (other than Personnel);
- 3.4.5 all documents and communications that are sent, received or generated (or otherwise worked on) by Personnel in connection with the Services shall be marked as "confidential and subject to an information barrier" if there is any risk that they may be accessed by any Contractor Related Party who is not a Placee;
- 3.4.6 all electronic documents that are sent, received or generated (or otherwise worked on) by Personnel in connection with the Services and contain Authority Commercially Confidential Information shall be encrypted and password protected (and marked as "confidential and subject to an information barrier") if there is any risk that they may be accessed by any Contractor Related Party who is not a Placee; and
- 3.4.7 all Personnel shall be notified that any breach by them of the COI Management Process could lead to the imposition of disciplinary sanctions by the Contractor.
- 3.5 If required by the Authority, the Contractor shall ensure that arrangements are in place in relation to any Conflicting Project that are equivalent to those required by this Section 3 of Schedule 8 (*COI Compliance Regime*) (*mutatis mutandis*).
- 3.6 If it is proposed that any Personnel will not work full time at the Authority's premises, then the Contractor and Authority shall (prior to the commencement of any such Placement) agree how the

arrangements required by the COI Management Process should be adapted and any practical arrangements put in place in order to ensure that the objectives of the COI Management Process are achieved.

4. BREACH OF COI MANAGEMENT PROCESS

4.1 Without prejudice to any other remedies available pursuant to this Contract (including termination) or at law, following a breach of the COI Management Process or a breach of a Compliance Agreement or a failure to enter into a Compliance Agreement (as referred to in Paragraph 1.7.2 of this Schedule 8 (*COI Compliance Regime*)) by the Contractor, the Authority shall be entitled, by notice in writing to the Contractor, to:

4.1.1 require that the Contractor do any one or more of the following:

- (A) remove and replace any of the Placees in accordance with Paragraph 4.3 of Schedule 6 (*Personnel Arrangements*);
- (B) not tender or re-tender, and procure that its COI Associates shall not tender or re-tender, for any Conflicting Project; and (where relevant)
- (C) as soon as reasonably possible (and in any event within ten (10) Business Days (unless otherwise agreed by the Parties) of the date of the written notice):
 - (1) withdraw from tendering or re-tendering for any Conflicting Project or procure that its COI Associates shall withdraw from tendering or re-tendering for that Conflicting Project; or (where relevant)
 - (2) terminate or withdraw from any Domain Contract or procure that its COI Associates shall terminate or withdraw from the relevant Domain Contract; or

4.1.2 subject to Clause 42.2.1(G), terminate this Contract.

4.2 Without prejudice to any other remedies available pursuant to this Contract or at law, following a breach of an Agreed Sub-contractor Compliance Agreement or a failure to enter into an Agreed Sub-contractor Compliance Agreement by any Sub-contractor, the Authority shall be entitled, by notice in writing to the Contractor, to:

4.2.1 require that the Contractor do any one or more of the following:

- (A) remove and replace any of the Placees provided by the Sub-contractor in accordance with Paragraph 4.3 of Schedule 6 (*Personnel Arrangements*);
- (B) procure that the Sub-contractor, or any relevant associated entity of the Sub-contractor (as defined in the Agreed Sub-contractor Compliance Agreement), shall not tender or re-tender for any Conflicting Project;
- (C) terminate the relevant Sub-contract; and (where relevant)
- (D) as soon as reasonably possible (and in any event within ten (10) Business Days (unless otherwise agreed by the Parties) of the date of the written notice) shall procure that the Sub-contractor, or any relevant associated entity of the Sub-contractor (as defined in the Agreed Sub-contractor Compliance Agreement), shall:
 - (1) withdraw from tendering or re-tendering for any Conflicting Project; or (where relevant)

(2) terminate or withdraw from any Domain Contract; and

- 4.2.2 if the Contractor fails to comply with the Authority's requirements under Paragraph 4.2.1 above, terminate this Contract.
- 4.3 In deciding whether or not to exercise one or more of its rights under Paragraphs 4.1 or 4.1.1 of this Schedule 8 (*COI Compliance Regime*), the Authority shall take into account the relevant circumstances and seek to act reasonably and proportionately to the nature of any breach and the extent to which any such breach is inadvertent, the result of decisions of isolated individuals or a deliberate act of the Contractor or Key Personnel (or, where relevant, a Sub-contractor). No compensation shall be payable by the Authority to the Contractor or any of its COI Associates or any Sub-contractor as a consequence of any remedy or remedies that the Authority may require under Paragraphs 4.1 or 4.1.1 of this Schedule 8 (*COI Compliance Regime*) (save that the Authority shall make payment for any service correctly rendered under a Domain Contract up to the date on which a notice was given under Paragraphs 4.1.1(C) and 4.2.1(D) of this Schedule 8 (*COI Compliance Regime*)).

5. MONITORING AND COMPLIANCE

- 5.1 The Contractor shall be proactive in monitoring the performance of its obligations under Section 1 of this Schedule 8 (*COI Compliance Regime*) and the COI Management Process and shall raise any concerns with the Authority immediately. In particular, the Contractor shall notify the Authority in the event of any breach of Section 1 of this Schedule 8 (*COI Compliance Regime*) or the COI Management Process as soon as possible after becoming aware of such breach.
- 5.2 At all times (and without prejudice to the generality of Paragraph 5.1 above):
- 5.2.1 the Key Personnel shall designate one of their number (and shall notify the Authority in writing of such designation) to monitor and ensure compliance by all Personnel with the COI Management Process; and
- 5.2.2 the Contractor shall designate an equivalent Contractor Related Party (and notify the Authority in writing of such designation) to monitor and ensure compliance by the Contractor with its obligations in Section 1 of this Schedule 8 (*COI Compliance Regime*) and to monitor and ensure compliance by all Contractor Related Parties (other than Personnel) with the COI Management Process.
- 5.3 The Contractor shall demonstrate its compliance with its obligations in Section 1 of this Schedule 8 (*COI Compliance Regime*) and the COI Management Process whenever requested by the Authority and in such manner as is reasonably requested by the Authority having regard to Part V (*Contract Management*) of this Contract and the Governance Arrangements to be agreed in accordance with Schedule 2 (*Managed Service Providers Ways of Working*).
- 5.4 The Authority (or a representative nominated by the Authority) shall have the right to audit the Contractor's compliance with its obligations under Section 1 of this Schedule 8 (*COI Compliance Regime*) and the COI Management Process and, subject to Clause 27.10 (*Authority Co-operation*), the Contractor shall provide all reasonable access and assistance to enable the Authority (or its nominated representative) to do so.

6. SURVIVAL OF CERTAIN TERMS

- 6.1 The provisions of Paragraphs 1.11, 1.12, 2.1, 2.3.3, 4.1, 4.2, 4.3, 5.3, 5.4 and this Paragraph 6.1 of this Schedule 8 (*COI Compliance Regime*) shall survive the termination (for whatever reason) or expiry of this Contract.
- 6.2 The provisions of Paragraphs 4.1 and 4.2 of this Schedule 8 (*COI Compliance Regime*) shall survive the termination (for whatever reason) or expiry of this Contract for a period of eighteen (18) months.

ANNEX 1

DISCLOSED PROJECTS

No.	Project Title	Party	Counterparty	Project Description	Additional Requirements
CONTRACTOR					
1.	Submarine Operations Centre	CH2M HILL International Nuclear Services Ltd.	MOD	Providing Portfolio, Programme and Project Management capability and non-transactional Commercial and Financial project support	No additional requirements arise in relation to this project. The requirements of Schedule 8 (<i>COI Compliance Regime</i>) are sufficient to manage any actual or potential unfair advantage or conflict of interest.
2.	CPC (Core Production Capability)	CH2M HILL International Nuclear Services Ltd.	Rolls-Royce Marine Power Operations Limited	CH2M HILL is assisting Rolls-Royce in Derby with respect to programme management of the Core Production Capability programme dealing with the new infrastructure facilities required for the new nuclear reactor for the next generation of nuclear submarines	No additional requirements arise in relation to this project. The requirements of Schedule 8 (<i>COI Compliance Regime</i>) are sufficient to manage any actual or potential unfair advantage or conflict of interest.
3.	Barrow Submarine Facilities & Infrastructure	CH2M HILL International Nuclear Services Ltd.	BAE Systems Marine Limited	CH2M HILL are working as part of an integrated project team providing professional services to BAES Marine in Barrow in connection with the Barrow Site Redevelopment Project	No additional requirements arise in relation to this project. The requirements of Schedule 8 (<i>COI Compliance Regime</i>) are sufficient to manage any actual or potential unfair advantage or conflict of interest.
4.	Design work at Scotstoun	Halcrow Group Ltd. (a wholly owned subsidiary of CH2M HILL Companies, Ltd.)	BAE Systems Marine Limited	Halcrow Group is contracted to provide design assistance related to the redevelopment of Scotstoun facilities	No additional requirements arise in relation to this project. The requirements of Schedule 8 (<i>COI Compliance Regime</i>) are sufficient to manage any actual or potential unfair advantage or conflict of interest.

No.	Project Title	Party	Counterparty	Project Description	Additional Requirements
5.	AWE Integrated Personnel	CH2M HILL International Nuclear Services Ltd	AWE plc	CH2M HILL has a small number of personnel working as part of an integrated team at AWE.	No additional requirements arise in relation to this project. The requirements of Schedule 8 (<i>COI Compliance Regime</i>) are sufficient to manage any actual or potential unfair advantage or conflict of interest.
6.	Framework agreement with DIO	Halcrow Group Limited	Authority (DIO)	Various contracts under a framework agreement with DIO	No additional requirements arise in relation to this project. The requirements of Schedule 8 (<i>COI Compliance Regime</i>) are sufficient to manage any actual or potential unfair advantage or conflict of interest.
SUB-CONTRACTORS - BMT HI-Q SIGMA LTD					
7.	Land Equipment Operating Centre	BMT HI-Q Sigma Ltd via a sub-contract to Atkins Ltd.	Authority	Programme and Project Management Support to the Land Equipment OC Combat Tracks Group	No additional requirements arise in relation to this project. The requirements of the Agreed Sub-contractor Compliance Agreement are sufficient to manage any actual or potential unfair advantage or conflict of interest.
8.	ISTAR OC Special Projects	BMT HI-Q Sigma Ltd	Authority	Specialist Engineering support to the ISTAR OC Special Projects	No additional requirements arise in relation to this project. The requirements of the Agreed Sub-contractor Compliance Agreement are sufficient to manage any actual or potential unfair advantage or conflict of interest.
9.	ISTAR OC Force Protection	BMT HI-Q Sigma Ltd	Authority	Programme and Project Management Support to the ISTAR OC Force Protection	No additional requirements arise in relation to this project. The requirements of the Agreed Sub-contractor Compliance Agreement are sufficient to manage any actual or potential unfair advantage or conflict of interest.

No.	Project Title	Party	Counterparty	Project Description	Additional Requirements
10.	CAAS costing support	BMT Hi-Q Sigma Ltd via a sub-contract to KPMG LLP	Authority	Costing support to CAAS	No additional requirements arise in relation to this project. The requirements of the Agreed Sub-contractor Compliance Agreement are sufficient to manage any actual or potential unfair advantage or conflict of interest.
11.	Submarine Dismantling Project	BMT HI-Q Sigma Ltd	Authority	Programme and Project Management Support to the Submarine Operating Centre Submarine Dismantling Project	No additional requirements arise in relation to this project. The requirements of the Agreed Sub-contractor Compliance Agreement are sufficient to manage any actual or potential unfair advantage or conflict of interest.
12.	Subs OC ISM Team	BMT Hi-Q Sigma Ltd via a sub-contrac with BMT Defence Services Limited who in turn are contracted to Babcock International Group PLC	Authority	Project Management Support to the Subs OC ISM Team	No additional requirements arise in relation to this project. The requirements of the Agreed Sub-contractor Compliance Agreement are sufficient to manage any actual or potential unfair advantage or conflict of interest.
13.	Ships Operating Centre Combat System Change Programme	BMT Hi-Q Sigma Ltd	Authority	Programme and Project Management Support to the Ships Operating Centre Combat System Change Programme	No additional requirements arise in relation to this project. The requirements of the Agreed Sub-contractor Compliance Agreement are sufficient to manage any actual or potential unfair advantage or conflict of interest.

No.	Project Title	Party	Counterparty	Project Description	Additional Requirements
14.	Submarine Operating Centre Future Submarine Programme	BMT Hi-Q Sigma Ltd	Authority	Costing support to the Submarine Operating Centre Future Submarine Programme	No additional requirements arise in relation to this project. The requirements of the Agreed Sub-contractor Compliance Agreement are sufficient to manage any actual or potential unfair advantage or conflict of interest.
15.	Ships Operating Centre	BMT Hi-Q Sigma Ltd	Authority	P3M Advice to the Ships Operating Centre	No additional requirements arise in relation to this project. The requirements of the Agreed Sub-contractor Compliance Agreement are sufficient to manage any actual or potential unfair advantage or conflict of interest.
16.	Ships Operating Centre T26 Programme	BMT Hi-Q Sigma Ltd	Authority	Costing Support to the Ships Operating Centre T26 Programme	No additional requirements arise in relation to this project. The requirements of the Agreed Sub-contractor Compliance Agreement are sufficient to manage any actual or potential unfair advantage or conflict of interest.
17.	Type 26 Programme	BMT Hi-Q Sigma Ltd	BAE Systems Surface Ships Limited	Risk and Project Planning Support to BAE on the Type 26 Programme	No additional requirements arise in relation to this project. The requirements of the Agreed Sub-contractor Compliance Agreement are sufficient to manage any actual or potential unfair advantage or conflict of interest.
18.	Naval Design Partnership Programme	BMT Hi-Q Sigma Ltd via a subcontract with BMT Defence Services Limited (BMT DSL) who in turn have a contract with MOD	Authority	Costing support relating to the Naval Design Partnership Programme activities	No additional requirements arise in relation to this project. The requirements of the Agreed Sub-contractor Compliance Agreement are sufficient to manage any actual or potential unfair advantage or conflict of interest.

No.	Project Title	Party	Counterparty	Project Description	Additional Requirements
19.	Combat system GFX Support to T26 Approving Authority	BMT Hi-Q Sigma Ltd via a subcontract with BMT Defence Services Limited (BMT DSL) who in turn have a contract with MOD	Authority	Combat system GFX Support to T26 Approving Authority	No additional requirements arise in relation to this project. The requirements of the Agreed Sub-contractor Compliance Agreement are sufficient to manage any actual or potential unfair advantage or conflict of interest.
20.	Submarine Operations Centre	Rhead Group Limited	Authority	Provision of Governance, P3M, business case management and IT tools expertise	No additional requirements arise in relation to this project. The requirements of the Agreed Sub-contractor Compliance Agreement are sufficient to manage any actual or potential unfair advantage or conflict of interest.
21.	Army Director General Capability Transformation Programme	Rhead Group Limited	Authority and Niteworks	Programme management support to the Army Director General Capability Transformation Programme	No additional requirements arise in relation to this project. The requirements of the Agreed Sub-contractor Compliance Agreement are sufficient to manage any actual or potential unfair advantage or conflict of interest.
22.	Type 26 Programme	Rhead Group via Morson Group Limited	BAE Systems Surface Ships Limited	Planning and scheduling support to BAE Marine	No additional requirements arise in relation to this project. The requirements of the Agreed Sub-contractor Compliance Agreement are sufficient to manage any actual or potential unfair advantage or conflict of interest.

No.	Project Title	Party	Counterparty	Project Description	Additional Requirements
23.	CPC (Core Production Capability)	Rhead Group via CH2M Hill International Nuclear Services Ltd.	Rolls-Royce Marine Power Operations Limited	Provision of risk, planning and project controls as part of the CH2M Hill team assisting Rolls-Royce in Derby with respect to programme management of the Core Production Capability programme dealing with the new infrastructure facilities required for the new nuclear reactor for the next generation of nuclear submarines	No additional requirements arise in relation to this project. The requirements of the Agreed Sub-contractor Compliance Agreement are sufficient to manage any actual or potential unfair advantage or conflict of interest.
24.	QEC Build Project	Rhead Group via Morson Group Limited	BAE Systems Marine Limited	Project controls support to QEC project	No additional requirements arise in relation to this project. The requirements of the Agreed Sub-contractor Compliance Agreement are sufficient to manage any actual or potential unfair advantage or conflict of interest.
25.	Barrow Submarine Facilities & Infrastructure	Rhead Group via CH2M Hill International Nuclear Services Ltd.	BAE Systems Marine Limited	Provision of risk, governance and project management support to CH2M Hill as part of an integrated project team providing professional services to BAE Systems Marine in Barrow in connection with the Barrow Site Redevelopment Project	No additional requirements arise in relation to this project. The requirements of the Agreed Sub-contractor Compliance Agreement are sufficient to manage any actual or potential unfair advantage or conflict of interest.
SUB-CONTRACTORS – BUSINESS 2 BUSINESS PPM LTD					
				No conflicts to disclose on the date of this Contract.	
SUB-CONTRACTORS – ACT 1 SERVICES LIMITED, TRADING AS AGILE 1					
				No conflicts to disclose on the date of this Contract.	

Schedule 9

SECURITY ASPECTS LETTER AND PDAL

PART A - Security Aspects Letter



MINISTRY OF DEFENCE

Defence Equipment & Support
Materiel Strategy Team MOD Abbey Wood Maple 0c, #2056
Bristol
BS34 8JH
Tel:
Email

For the personal attention of:

Dear

CONTRACT NO: [●] – MATERIEL STRATEGY PROCUREMENT OF MANAGED SERVICE PROVIDER WORK PACKAGE 1 (PROJECT DELIVERY): UK BRISTOL DEFENCE SERVICES

DATE OF CONTRACT: [●] OCTOBER 2014

1. On behalf of the Secretary of State for Defence, I hereby give you notice that for the purpose of the Security Clause included in the above contract, the contract will necessitate access to classified information and material at the level of **UK SECRET and above**¹ and may also require access to third party/international classified information and material at the level of **CONFIDENTIAL and above** including national caveated information and material to which access restrictions apply. Such information being designated as "**SECRET Matter**".
2. In addition to the above, the contract will necessitate access to classified information and material up to **UK OFFICIAL-SENSITIVE** and may also require access to third party/international **RESTRICTED** levels.
3. As required, the Authority shall provide the Contractor with a detailed Security Aspects Letter identifying the specific classifications of the aspects of individual projects it will be engaged on.
4. A copy of the *Memorandum on Security for Contractors*, which outlines the main security measures required to safeguard classified information and material is at *Annex 1* to this schedule. Also attached at Annex 2 is a copy of the Security Clause for *Contracts Involving the Release of Reportable OFFICIAL and OFFICIAL-SENSITIVE Information to UK Contractors*.

¹ and legacy classified information and material at CONFIDENTIAL level.

OFFICIAL

5. Your particular attention is drawn to the paragraphs in the Memorandum concerning personnel access to classified information and material, and should you need to disclose information and material marked up to TOP SECRET to other members of your firm you should seek advice from the Contracting Authority (MoD Project Officer). The number of such other individuals should however be restricted to the fewest possible, and they should not in any case be allowed access to information marked up to TOP SECRET level until they have been approved by the Contracting Authority (MoD Project Officer), have a "need-to-know" and been granted an appropriate personnel security clearance.

Will you please confirm that:

- The above definition of the SECRET Matter is understood.
- Measures can, and will, be taken to safeguard the SECRET Matter and other classifications.

6. If you have any difficulty either in interpreting the definition of the SECRET Matter or in safeguarding it, or in any other respect, will you please let me know immediately.

7. Any access to information and material on MoD premises that may be needed will be in accordance with MoD security regulations under the direction of the MoD Project Officer.

Yours faithfully

Copy via DII email to:
DES Infra-Security Advice Centre (MULTIUSER)
DBR-DefSy-STInd
ISS DSAS-ACC-TM2-TL (MULTIUSER)r



Ministry
of Defence

MEMORANDUM OF SECURITY FOR MOD CONTRACTORS

V2 – APRIL 2014

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Introduction

1. This Memorandum outlines the security precautions and requirements which must be taken by companies who are required to access or hold MoD classified information and material at the SECRET or above level; or who are taking part in tender exercise or contract negotiations where classified information and material at that level and may be required to be held.
2. To facilitate their tender, this Memorandum also provides guidance to un-cleared contractors who are invited to tender for a contract that will require access to classified information and material at the SECRET or above level on the minimum security requirements that they will be required to apply should a contract involving such information and material be placed with the company. The award of such a contract will require the contractor to be granted a Facility Security Clearance before the contract can be formally awarded.
3. Definitions of classifications are set out at Para 16.

Security Advice

4. During pre-contract negotiations or the life of a contract that involves MoD classified information and material at the SECRET or above level, general security enquiries or clarification on the requirements detailed in this Memorandum, should be addressed to the MoD DE&S Defence Equipment & Support – Infra Security Advice Centre (DE&S SAC)

DE&S Security Advice Centre
MoD Abbey Wood
Poplar-1, #2004,
Abbeywood
Bristol
BS34 8JH

Tel: 030 67934378

Fax: 030 67934925

<mailto:desinfra-securityadvicecentre@mod.uk>.

5. DE&S-SAC is responsible for undertaking the security implementation aspects of industrial security including overseeing the security aspects of defence contracts involving MoD classified information and material at the SECRET or above level undertaken by MoD contractors.
6. Officers of the DE&S, in their capacity as Advisers on security in industry, visit a contractor who has received his or her first contract (and intermittently thereafter) involving MoD classified information and material at SECRET or above level as soon as possible after the contract has been placed. They inform the contractor on the security measures which must be taken to safeguard the "SECRET Matter" of the contract in accordance with the obligations imposed by DEFCON 659A. Advisers have no powers to visit or inform a contractor until a contract at SECRET or above level has been let.
7. It should be noted that the level of advice and support provided will be limited until the "SECRET Matter" of the contract has been notified to the contractor.
8. Contractors undertaking MoD contracts involving MoD classified information and material at the level of OFFICIAL-SENSITIVE should contact their MoD contracting authority in the first instance for security advice.

OFFICIAL

Conditions of Contracts Relating to Security²

9. There are two contract conditions which relate to security. These are:

DEFCON 531 - Disclosure of Information

DEFCON 659A - Security Measures

10. DEFCON 659A is applicable only to those contracts which involve the disclosure to contractors of MoD classified information and material, SECRET or TOP SECRET.

11. This Memorandum is primarily concerned with setting out the details of the requirements on those contractors who are required to handle work, which is subject to DEFCON 659A, however, some of the information contained will also be applicable to those companies who are only handling MoD classified information and material at the OFFICIAL-SENSITIVE level.

DEFCON 531 (Disclosure of Information)

12. All Government contracts are subject to DEFCON 531 covers any information and requires the contractor to safeguard information provided to it by the MoD and to ensure that it's employees are aware of their responsibilities for such safeguards before they receive the information. There is a mutual obligation to treat in confidence all information disclosed in connection with or under the contract.

DEFCON 659A (Security Measures)

13. Contracts which involve MoD classified information and material at SECRET or above level are subject to DEFCON 659A which advises the contractor of necessary security precautions/requirements. Amongst other things DEFCON 659A draws attention to the terms of the Official Secrets Act 1911-1989 and obliges the contractor:

- a. to allow only individuals approved by the MoD and with a valid "need to know" to have access to the "SECRET Matter";
- b. to safeguard the "SECRET Matter" strictly at all times to the standard prescribed;
- c. to make sure that employees with access to the "SECRET Matter" are aware of and observe the security obligations imposed on the contractor and to report any default on their part;
- d. not to award subcontracts involving disclosure of "SECRET Matter" without the MoD's written consent, and to include security conditions as defined in Appendix to DEFCON 659A;
- e. to allow the MoD to inspect the contractor's security arrangements;
- f. to allow no information in any form whatever to be published, or circulated except as necessary for the work, without the MoD's written consent.

² DECONS 531 & 659A can be found on the DE&S AOF Commercial Toolkit at:
<http://aof.uwh.diif.r.mil.uk/aofcontent/tactical/toolkit/index.htm>

14. DEFCON 659A contractually obligates the contractor to be compliant with the security requirements contained in the UK Governments national security regulations contained in the Security Policy Framework (SPF), issued by the Cabinet Office. All Government contractors handling classified information and material must be aware of their security obligations under the SPF. A version of extracts from SPF is available at [Security Policy Framework | Cabinet Office](#). Those companies who are awarded contracts which require them to hold SECRET or above classified information and material at one or more of their facilities (referred to as List X or a Facility Security Clearance (FSC)), will be required to register with the DE&S SAC via the address below for access to the full version of the SPF. <mailto:desinfra-securityadvicecentre@mod.uk>

15. If the contract involves the processing or holding of classified information of any level on an Electronic Information System, the advice of the MoD Defence Security & Assurance Services (DSAS) must be sought before any classified information is placed on the Electronic Information System <mailto:cio-dsas-industrycontactpoint@mod.uk>

Protective markings

16. Whenever it is important to national security to safeguard material or information, one of the following protective markings will be used:

OFFICIAL-SENSITIVE

Asset Value - consequence of compromise The compromise of assets marked OFFICIAL-SENSITIVE would be likely to:

- adversely affect diplomatic relations
- cause substantial distress to individuals
- make it more difficult to maintain the operational effectiveness or security of UK or allied forces
- cause financial loss or loss of earning potential to, or facilitate improper gain or advantage for, individuals or companies
- prejudice the investigation or facilitate the commission of crime
- breach proper undertakings to maintain the confidence of information provided by third parties
- impede the effective development or operation of government policies
- breach statutory restrictions on the disclosure of information (except the Data Protection Act - which can be addressed by other impact statements and/or the e-Government Security Framework)
- disadvantage government in commercial or policy negotiations with others
- undermine the proper management of the public sector and its operations.

Level of protection

The level of protection provided for assets marked OFFICIAL should:

- promote discretion in order to avoid unauthorised access.

**Baseline objectives
Storage and control**

For the storage and control of OFFICIAL assets do everything possible to:

- make accidental compromise or damage unlikely during storage, handling, use, processing, transmission or transport
- deter deliberate compromise or opportunist attack
- dispose of or destroy in a manner to make reconstruction unlikely.

Information assets:

- Handle, use and transmit with care
- Take basic precautions against accidental compromise or opportunist attack.

Physical assets:

- Control, use and transport with care
- Take basic precautions against accidental compromise or opportunist attack.

**Baseline objectives
disposal and destruction**

Information assets:

- Make reconstitution unlikely.

Physical assets:

- Dispose of with care or destroy to make reconstitution unlikely.

Access requirements

In addition to a 'need to know' access to classified information and material at the level of OFFICIAL-SENSITIVE requires individuals to have satisfied the requirements of the Baseline Personnel Security Standard (BPSS).

Application requirements

The handling caveat OFFICIAL-SENSITIVE should only be applied to OFFICIAL assets containing additional sensitivity so that additional procedural and handling requirements can be applied to enforce the 'need-to-know':.

Telephone

OFFICIAL and OFFICIAL-SENSITIVE information may be discussed on all types of telephone within the UK, but **not** with (or within) earshot) of unauthorised persons.

SECRET

OFFICIAL

**Asset Value -
consequence of
compromise**

The compromise of assets marked **SECRET** would be likely to:

- raise international tension
- seriously damage relations with friendly governments
- threaten life directly or seriously prejudice public order or individual security or liberty
- cause serious damage to the operational effectiveness or security of UK or allied forces
- cause serious damage to the continuing effectiveness of highly valuable security or intelligence operations
- cause substantial material damage to national finances or economic and commercial interests.

**Level
of protection**

The level of protection provided for assets marked **SECRET** should:

- make unauthorised access highly unlikely
- ensure that actual or attempted compromise will be detected and make it highly likely that those responsible will be identified.

**Baseline
objectives
- storage and
control**

For the storage and control of assets marked **SECRET**, do everything possible to:

- make accidental compromise or damage highly unlikely during storage, handling, use, processing, transmission or transport
- limit knowledge of planned movement of physical assets
- offer a degree of resistance to deliberate compromise by a professional or violent attack
- detect actual or attempted compromise and help identify those responsible
- dispose of or destroy in a manner to make retrieval or reconstruction highly unlikely and prevent identification of constituent parts.

Information assets:

- Handle, use and transmit to minimise the chance of accidental compromise
- Offer a degree of resistance to deliberate compromise by a professional attack
- Where possible, detect actual or attempted compromise and help identify those responsible.

Physical assets:

- Control, use and transport to minimise the possibility of accidental compromise
- Offer a degree of resistance to deliberate compromise

OFFICIAL

- by a professional attack
- Limit knowledge of planned movements
- Detect actual or attempted compromise and help identify those responsible.

Baseline objectives - Disposal and destruction

Information assets:

- Make retrieval or reconstitution highly unlikely
- Detect actual or attempted compromise and help identify those responsible.

Physical assets:

- Make reconstitution highly unlikely
- Prevent identification of constituent parts
- Detect actual or attempted compromise and help identify those responsible.

Access requirements

For occasional access to assets marked **SECRET** the following level of clearance is required:

- a Baseline Standard (BPSS).

For regular access to assets marked **SECRET** the following level of clearance is required:

- Security Check

Application requirements

The protective marking **SECRET** should only be applied to sensitive assets which relate to the following areas of activity:

- National Security
- International relations
- Defence
- Public order and civil rights
- Economic interests.

TOP SECRET

Asset Value - consequence of compromise

The compromise of assets marked **TOP SECRET** would be likely to:

- threaten directly the internal stability of the UK or friendly countries
- lead directly to widespread loss of life
- cause exceptionally grave damage to the effectiveness or security of UK or allied forces
- cause exceptionally grave damage to the continuing

effectiveness of extremely valuable security or intelligence operations

- cause exceptionally grave damage to relations with friendly governments
- cause severe long term damage to the UK economy.

Level of protection

The level of protection provided for asset marked **TOP SECRET** should:

- ensure that there is no unauthorised access
- ensure that actual or attempted compromise will be detected and those responsible will be identified.

Baseline objectives – storage and control

For the storage and control of assets marked **TOP SECRET** do everything possible to:

- prevent accidental compromise or damage during storage, handling, use, processing, transmission or transport
- strictly limit knowledge of planned movement of physical assets to those with 'need to know'
- offer a degree of resistance against compromise by a sustained and sophisticated or violent attack
- detect actual or attempted compromise and make it likely that those responsible will be identified
- dispose of or destroy in a manner to prevent reconstruction or identification of constituent parts.

Information assets:

- Handle, use and transmit to prevent accidental compromise
- Offer a degree of resistance to compromise by a sustained and sophisticated attack
- Where possible detect actual or attempted compromise and make it likely that those responsible will be identified.

Physical assets:

- Control, use and transport to take every possible precaution against accidental damage
- Offer a degree of resistance to deliberate compromise by a sustained and sophisticated attack
- Strictly limit knowledge of planned movements to those with a 'need to know'.
- Detect actual or attempted compromise and make it likely that those responsible will be identified.

Baseline objectives - Disposal and destruction

Information assets:

- Do everything necessary to prevent retrieval or reconstitution
- Detect actual or attempted compromise and make it

likely that those responsible will be identified.

Physical assets:

- Do everything necessary to prevent retrieval
- Prevent identification of constituent parts
- Detect actual or attempted compromise and make it likely that those responsible will be identified.

Access requirements

For access to assets marked **TOP SECRET** the following level of clearance is required:

- Developed Vetting (DV) for regular access
- In some cases a Security Check (SC) may be sufficient for supervised or occasional / limited access.

Application requirements

The protective marking **TOP SECRET** should only be applied to sensitive assets which relate to the following areas of activity:

- National Security
- International relations
- Defence
- Public order and civil rights
- Economic interests.

Atomic and national caveat (UK EYES only OR Discretion) markings

17. Documents which bear the restrictive markings ATOMIC or UK EYES ONLY or DISCRETION in conjunction with classification, require special treatment as regards their handling, custody and who can have access to them. Contractors in receipt of this type of information should seek guidance on their protection from the DE&S SAC in the first instance or their MoD Contracting Authority.

Security grading

18. Documents concerned with a classified tender or contract may be originated by the contractor themselves. These should be graded in accordance with the definition of information to be given security protection.

19. Documents should be graded according to the sensitivity of their own content and not according to the grading of other documents to which they may refer. Mere reference to classified document does not itself necessarily warrant a classification. Security is not enhanced by over-grading and cases of doubt should be referred to the Technical or Contracting Authority.

Personnel security

Need to know

20. Disclosure of MoD classified information and material must be strictly in accordance with the "need to know" principle. It must be confined to those members

of your staff whose access to the information is essential for the preparation of the tender or execution of the contract.

Authority for Access

21. Any individual requiring access to UK MoD classified information and material at the level of OFFICIAL-SENSITIVE or above must, as a minimum, be subject to the HMG Baseline Personnel Security Standard (BPSS). Further information on the BPSS is available at [Security Policy Framework | Cabinet Office](#). A BPSS is not acceptable for access to classified information and material CONFIDENTIAL or above provided to the UK by a foreign government or International Organisation such as NATO.

22. For access to foreign government or International Organisation classified information and material at the level of CONFIDENTIAL or above or more sensitive to MoD classified information and material, additional security controls, referred to as National Security Vetting (NSV) will need to be applied. If this is the case, security clearance must be sought from the Defence Business Service-National Security Vetting (DBS-NSV) organisation. The level of authority for access will be defined by those responsible for the issue of the tender for contract or contracting authority.

23. List X facilities will be able to sponsor requests for National Security Vetting themselves; companies or facilities not on List X will need to arrange for their requests for NSV to be sponsored by their Contracting Authority or other pre-defined MoD authority.

24. Information on the operation of NSV for MoD contractors is available at [Ministry of Defence | About Defence | What we do | Security and Intelligence | DBS National Security Vetting](#).

Document security

Definition

25. The word "document" is used to cover any form of recorded information; including written and electronic media or classified material.

Recording of Classified Documents

29. The receipt, circulation, despatch and disposal of documents marked as SECRET and above, whatever their origin must be recorded in such a way that the whereabouts of a document, and each copy of it can readily be determined. In the event of such a document being created within the Company, this should be recorded in a similar way to those received from outside, being initially recorded as "incoming" at the point where it is created. The registers in which the records are maintained should aim to conform to the layout indicated below.

Documents-in Register

26. Columns for:
- Date of receipt
 - Received from
 - Originator if different from column ii
 - Date of documents
 - Reference No.
 - Copy No (where appropriate)
 - Title or Subject

- Protective marking
- Where held
- Date receipt sent (where appropriate)
- Date of spot check.

Documents-out Register

28. Columns for:

- Date of despatch
- Addressee
- Date of document
- Reference No.
- Copy No (where appropriate)
- Title or subject
- Protective marking
- Receipt No
- Date receipt returned

Transmission within Company Premises

29. Transmission of classified information documents within a company's premises must be safeguarded to ensure that no unauthorised person has access. Documents should be passed from one building to another in sealed envelopes or locked cases or boxes.

Transmission Outside Company Premises within UK

30 General instructions for the marking of envelopes containing documents protectively marked SECRET or above are as follows:

- Both inner and outer envelopes should bear a company stamp that clearly indicates the full address of the office from which it was sent.
- The document reference number and date of origin should be indicated on the inner envelope.
- Outer envelopes should be clearly addressed to a person, company or branch of a Government Department. For the MoD, it is essential that the branch, room number and full address of the building are also included: failure to include these details will cause considerable delays and may result in a breach of security. There must be no mention of the security classification on the outer envelope.
- Inner envelopes, similarly addressed, should be marked with the security protective marking.
- National caveat markings must not appear on either the inner or the outer envelopes containing documents so marked. The inner envelope, which must carry the documents protective marking but not the national caveat, should be addressed to an individual who is known to be permitted to have access to the contents, using the format:

EXCLUSIVE TO

31. Classified documents should be sent by post as follows:

OFFICIAL-SENSITIVE

By ordinary post in a single envelope which should bear no security protective marking. No receipt necessary.

SECRET

By Parcelforce 24 hour service under double cover, both covers being addressed to the intended recipient. The inner cover only should be marked SECRET. A receipt form bearing only the date and reference number of the document should be enclosed with a request that it signed and returned immediately to the sender. If this receipt is not returned within 10 days, enquiries should be made of the addressee.

TOP SECRET

By hand of Defence Courier only.

There are special rules governing the transmission of documents marked ATOMIC. Instructions will be issued as necessary by the Technical Authority.

Transmission Overseas

No classified documents may be transmitted overseas without the prior approval of the Contracting Authority. If approval is given the documents must be forwarded to the Contracting Authority for transmission through official Government channels. To identify to the overseas recipient that the material is owned by the UK the classification contained on documents to be sent overseas must be pre-fixed "UK".

Removal of Documents from Company Premises

32. Classified documents may occasionally have to be taken off the premises for meetings in the UK. A record of the documents should be kept in the Company and used to check the documents when they are returned.

33. Classified documents taken off the premises must be carried in a locked brief case bearing a label with the Company's address and telephone number in case of loss.

34. Persons taking classified documents off the premises should be informed that they must keep the documents under their personal care at all times, must never read them in a public place (e.g. a restaurant or railway carriage must never leave them, even in a locked briefcase, in an unattended car or public place or entrust them to the safe custody of a member of the public; that they have an obligation to safeguard the documents and are liable to prosecution under the OSA if they handle them carelessly.

If the documents are lost they must immediately report the fact to the Company.

35. No classified document may be taken overseas without the prior approval of the Authority and DES Infra Security.

Destruction

36. Classified waste must be segregated and stored under secure conditions and its collection and destruction by burning or crosscut shredding must be carried out under supervision. Arrangements can often be made to return protectively marked waste to the Authority for destruction.

Telephone conversations

37. Classified information and material at the level of OFFICIAL and OFFICIAL-SENSITIVE information may be discussed on fixed and mobile types of telephone within the UK, but **not** with (or within) earshot) of unauthorised persons. However SECRET and TOP SECRET must **not** be discussed on the telephone at all.

E-mail

38. OFFICIAL and OFFICIAL-SENSITIVE information may be emailed to UK recipients over the internet when it is known that the recipient is aware of and can comply with the applicable Security Conditions. However, OFFICIAL-SENSITIVE information may be emailed only where there is a strong business need to do so and only with the prior approval of the Authority, and subject to any explicit limitations that it shall require. Such limitations including any regarding publication and further circulation shall be clearly identified in the covering email. Classified information and material at the level of SECRET and TOP SECRET must **not** be passed over the internet unless appropriately encrypted.

Physical Security

39. The physical security measures required at a company's premises will depend upon the nature and classification of the work. Safes or steel cupboards / filing cabinets to an approved standard will be required for storing classified documents and appropriate hardware. The DE&S Security Adviser should be consulted about the approved containers.

Additional precautions which may be necessary include:

- (a). provision of segregated areas for carrying out classified work;
- (b). 24 hour guard patrols or the provision of monitored alarm systems are required for work which is classified SECRET or above.
- (c). modification of perimeter defences including security of windows and doors.

Storage within Company Premises

40. When not in use MoD classified information and material SECRET or above must be locked in approved security containers or when the size renders this impracticable in a room or area which has been given adequate protection to make it secure. All OFFICIAL-SENSITIVE marked material including documents, media and other material must be physically secured to prevent unauthorised access. It is recommended as a minimum that OFFICIAL SENSITIVE material is placed in a lockable room, cabinets, drawers or safe and the keys/combinations are subject to a level of control.

41. No indication of the security grading of the contents should appear on the outside of the container. Occasional inspections should be made to ensure that the rules contained in this Memorandum for safeguarding of classified documents are being observed.

Security of Keys and Combination Lock Settings

42. Security keys are those which operate the locks fitted to:-

- (a). security containers for the storage or circulation of protectively marked documents;
- (b). doors of secure rooms or areas.

43. Only persons authorised to have access to classified information and material protected by a particular security key should have access to security key(s).

44. When not in use, security keys should be kept in a container with a combination lock. When this is not possible and security keys have to be taken off the company's premises, they must never be carried loose in a pocket or handbag but must always be on a key ring attached to a chain, and must never leave the possession of the owner. The keys themselves should bear no marking or label which could indicate the premises where they are used.

45. Security keys must never be taken out of the United Kingdom.

46. Combination locks should be set by, and knowledge of the setting should be confined to, those members of staff who have authorised access to the contents of the container. A written record of each setting, for use in an emergency, should be held in a sealed envelope in a secure container of at least equivalent security standard. Only staff with authorised access to the contents of the container should have access to the record of re-setting. Except for such a record, combination settings must NEVER be written down.

Keys

47. If a security key is lost or if there is reason to suspect that an authorised person may have access to a key, the following action must be taken forthwith:

- a. clear the container and ensure that it remains cleared until such time that a new lock has been fitted.
- b. investigate the circumstances of the loss;
- c. where the investigation reveals that the classified material protected by the key may have been compromised, the JSyCC should be contacted immediately (See para 55).

Security Breaches

Loss and Incident Reporting

48. Any security incident involving any MoD owned, processed or generated information must be immediately reported to the MoD Defence Industry Warning, Advice and Reporting Point (WARP), within the Joint Security Co-ordination Centre (JSyCC). This will assist the JSyCC in formulating a formal information security reporting process and the management of any associated risks, impact analysis and upward reporting to the MoD's Chief Information Officer (CIO) and, as appropriate, the company concerned. The MoD WARP will also advise the contractor what further action is required to be undertaken.

JSyCC WARP Contact Details

49. Contact details for the JSyCC Warp are:

Email: For those with access to the RLI: CIO-DSAS-JSyCCOperations

Email: For those without access to the RLI: CIO-DSAS-JSyCCOperations@mod.uk

Telephone: Working Hours: 030 677 021 187

Out of Hours/Duty Officer Phone: 07768 558863

Fax: 01480 446328

Mail: Joint Security Co-ordination Centre (JSyCC), 007 Bazalgette Pavilion, RAF Wyton, Huntingdon, Cambs PE28 2EA

Further Advice

50. Further advice on the content of this Memorandum may be obtained from the DE&S SAC via the points of contact details at paragraph 4 above.

(CLASSIFIED AS APPROPRIATE)

ANNEX 2 - SECURITY CLAUSE FOR CONTRACTS INVOLVING THE RELEASE OF REPORTABLE OFFICIAL AND OFFICIAL-SENSITIVE INFORMATION TO UK CONTRACTORS

Reportable OFFICIAL and OFFICIAL- SENSITIVE Security Condition for UK Contracts

Definitions

1. The term "Authority" means a Ministry of Defence (MOD) official acting on behalf of the Secretary of State for Defence.

Security Grading

2. The Authority shall issue a Security Aspects Letter which shall define the OFFICIAL-SENSITIVE and Reportable OFFICIAL information that is furnished to the Contractor, or which is to be developed by it, under this Contract. The Contractor shall mark all OFFICIAL-SENSITIVE documents which it originates or copies during the Contract clearly with the OFFICIAL-SENSITIVE classification. However, the Contractor is not required to mark information/material related to the contract which is only OFFICIAL.

Official Secrets Acts

3. The Contractor's attention is drawn to the provisions of the Official Secrets Acts 1911-1989 in general, and to the provisions of Section 2 of the Official Secrets Act 1911 (as amended by the Act of 1989) in particular. The Contractor shall take all reasonable steps to make sure that all individuals employed on any work in connection with the Contract (including sub-contractors) have notice that these statutory provisions, or any others provided by the Authority, apply to them and shall continue so to apply after the completion or earlier termination of the Contract.

Protection of Reportable OFFICIAL and OFFICIAL- SENSITIVE Information

4. The Contractor shall protect Reportable OFFICIAL and OFFICIAL-SENSITIVE information provided to it or generated by it in accordance with the requirements detailed in this Security Condition and any other conditions that may be specified by the Authority. The Contractor shall take all reasonable steps to prevent the loss or compromise of the information or from deliberate or opportunist attack.

5. Reportable OFFICIAL and OFFICIAL-SENSITIVE information shall be protected in a manner to avoid unauthorised access. The Contractor shall take all reasonable steps to prevent the loss or compromise of the information or from deliberate or opportunist attack.

6. All OFFICIAL-SENSITIVE material including documents, media and other material shall be physically secured to prevent unauthorised access. When not in use OFFICIAL-SENSITIVE documents/material shall be stored under lock and key. As a minimum, when not in use, OFFICIAL-SENSITIVE material shall be stored in a lockable room, cabinets, drawers or safe and the keys/combinations are themselves to be subject to a level of physical security and control.

7. Disclosure of OFFICIAL-SENSITIVE information shall be strictly in accordance with the "need to know" principle. Except with the written consent of the Authority, the Contractor shall not disclose any of the classified aspects of the Contract detailed in the Security Aspects Letter other than to a person directly employed by the Contractor or sub-Contractor, or Service Provider.

8. Any samples, patterns, specifications, plans, drawings or any other documents issued by or on behalf of the Authority for the purposes of the Contract remain the property of the

Authority and shall be returned on completion of the Contract or, if directed by the Authority, destroyed in accordance with paragraph 31.

Access

9. Access to Reportable OFFICIAL and OFFICIAL-SENSITIVE information shall be confined to those individuals who have a “need-to-know”, have been made aware of the requirement to protect the information and whose access is essential for the purpose of his or her duties.

10. The Contractor shall ensure that all individuals having access to OFFICIAL-SENSITIVE information have undergone basic recruitment checks. Contractors shall apply the requirements of HMG Baseline Personnel Security Standard (BPSS) for all individuals having access to OFFICIAL-SENSITIVE information. Further details and the full requirements of the BPSS can be found at the Gov.UK website at:
<https://www.gov.uk/government/publications/security-policy-framework>.

Hard Copy Distribution of Information

11. Reportable OFFICIAL and OFFICIAL-SENSITIVE documents shall be distributed, both within and outside company premises in such a way as to make sure that no unauthorised person has access. It may be sent by ordinary post or Commercial Couriers in a single envelope. The words Reportable OFFICIAL or OFFICIAL-SENSITIVE shall not appear on the envelope. The envelope should bear a stamp or details that clearly indicates the full address of the office from which it was sent.

12. Advice on the distribution of OFFICIAL-SENSITIVE documents abroad or any other general advice including the distribution of OFFICIAL-SENSITIVE hardware shall be sought from the Authority.

Electronic Communication, Telephony and Facsimile Services

13. Reportable OFFICIAL information may be emailed unencrypted to recipients over the internet when it is known that the recipient has been made aware of and can comply with the requirements of these Security Conditions. OFFICIAL-SENSITIVE information shall normally be transmitted over the internet encrypted using a Foundation Grade or equivalent product. Information about Foundation Grade products and the CESG Commercial Product Assurance scheme is available at: <http://www.cesg.gov.uk/servicecatalogue/Product-Assurance/Pages/Product-Assurance.aspx>.

Exceptionally, in urgent cases, OFFICIAL-SENSITIVE information may be emailed unencrypted over the internet where there is a strong business need to do so and only with the prior approval of the Authority.

14. OFFICIAL-SENSITIVE information shall only be sent when it is known that the recipient has been made aware of and can comply with the requirements of these Security Conditions and subject to any explicit limitations that the authority shall require. Such limitations including any regarding publication, further circulation or other handling instructions shall be clearly identified in the email sent with the material.

15. OFFICIAL-SENSITIVE information may be discussed on fixed and mobile types of telephone within the UK, but not with (or within) earshot of unauthorised persons.

16. OFFICIAL-SENSITIVE information may be faxed to UK recipients.

OFFICIAL

17. Reportable OFFICIAL information may be discussed with and faxed to recipients located overseas.

Use of Information Systems

18. The detailed functions that must be provided by an IT system to satisfy the minimum requirements described below cannot be described here; it is for the implementers to identify possible means of attack and ensure proportionate security mitigations are applied to prevent a successful attack.

19. As a general rule, any communication path between an unauthorised user and the data can be used to carry out an attack on the system or be used to compromise or ex-filtrate data.

20. The following describes the minimum security requirements for processing and accessing OFFICIAL-SENSITIVE information on IT systems.

- a. Access Physical access to all hardware elements of the IT system is to be strictly controlled. The principle of “least privilege” will be applied to System Administrators. Users of the IT System -Administrators should not conduct ‘standard’ User functions using their privileged accounts.
- b. Identification and Authentication (ID&A). All systems shall have the following functionality:
 - (1) Up-to-date lists of authorised users.
 - (2) Positive identification of all users at the start of each processing session.
- c. Passwords. Passwords are part of most ID&A, Security Measures. Passwords shall be ‘strong’ using an appropriate method to achieve this, for example including numeric and “special” characters (if permitted by the system) as well as alphabetic characters.
- d. Internal Access Control. All systems shall have internal Access Controls to prevent unauthorised users from accessing or modifying the data.
- e. Data Transmission. Unless the Authority authorises otherwise, OFFICIAL-SENSITIVE information shall be transmitted or accessed electronically (e.g. point to point computer links) via a public network like the Internet, using a Foundation Grade product or equivalent as described in paragraph 13 above,
- f. Security Accounting and Audit. Security relevant events fall into two categories, namely legitimate events and violations.
 1. The following events shall always be recorded:
 - (a) All log on attempts whether successful or failed,
 - (b) Log off (including time out where applicable),
 - (c) The creation, deletion or alteration of access rights and privileges,
 - (d) The creation, deletion or alteration of passwords,
 - (2) For each of the events listed above, the following information is to be recorded:
 - (e) Type of event,
 - (f) User ID,

(g) Date & Time,

(h) Device ID,

The accounting records shall have a facility to provide the System Manager with a hard copy of all or selected activity. There shall also be a facility for the records to be printed in an easily readable form. All security records are to be inaccessible to users without a need to know.

If the operating system is unable to provide this then the equipment shall be protected by physical means when not in use i.e. locked away or the hard drive removed and locked away.

g. Integrity & Availability. The following supporting measures shall be implemented:

1. Provide general protection against normally foreseeable accidents/mishaps and known recurrent problems (e.g. viruses and power supply variations),
2. Defined Business Contingency Plan,
3. Data backup with local storage,
4. Anti Virus Software (Implementation, with updates, of an acceptable industry standard Anti-virus software),
5. Operating systems, applications and firmware should be supported,
6. Patching of Operating Systems and Applications used shall be in line with the manufacturers recommended schedule. If patches cannot be applied an understanding of the resulting risk will be documented,

h. Logon Banners Wherever possible, a "Logon Banner" shall be provided to summarise the requirements for access to a system which may be needed to institute legal action in case of any breach occurring.

A suggested format for the text (depending on national legal requirements) could be:

"Unauthorised access to this computer system may constitute a criminal offence"

i. Unattended Terminals. Users are to be automatically logged off the system if their terminals have been inactive for some predetermined period of time, or systems must activate a password protected screen saver after 15 minutes of inactivity, to prevent an attacker making use of an unattended terminal.

j. Internet Connections. Computer systems shall not be connected direct to the Internet or 'untrusted' systems unless protected by a firewall (a software based personal firewall is the minimum) which is acceptable to the Authority's Principal Security Advisor.

k. Disposal Before IT storage media (e.g. disks) are disposed of, an erasure product shall be used to overwrite the data. This is a more thorough process than deletion of files, which does not remove the data.

Laptops

21. Laptops holding any MOD supplied or contractor generated Reportable OFFICIAL and OFFICIAL-SENSITIVE information are to be encrypted using a Foundation Grade product or equivalent as described in paragraph 13 above.

22. Unencrypted laptops not on a secure site³ are to be recalled and only used or stored in an appropriately secure location until further notice or until approved full encryption is installed. Where the encryption policy cannot be met a Risk Balance Case that fully explains why the policy cannot be complied with and the mitigation plan, which should explain any limitations on the use of the system, is to be submitted to the Authority for consideration. Unencrypted laptops and drives containing personal data are not to be taken outside of secure sites. For the avoidance of doubt the term “drives” includes all removable, recordable media (e.g. memory sticks, compact flash, recordable optical media e.g. CDs and DVDs), floppy discs and external hard drives.

23. Any token, touch memory device or password(s) associated with the encryption package is to be kept separate from the machine whenever the machine is not in use, left unattended or in transit.

24. Portable CIS devices are not to be left unattended in any public location. They are not to be left unattended in any motor vehicles either in view or in the boot or luggage compartment at any time. When the vehicle is being driven the CIS is to be secured out of sight in the glove compartment, boot or luggage compartment as appropriate to deter opportunist theft.

Loss and Incident Reporting

25. The contractor shall immediately report any loss or otherwise compromise of Reportable OFFICIAL and OFFICIAL-SENSITIVE information to the Authority.

26. Any security incident involving any MOD owned, processed, or contractor generated Reportable OFFICIAL or OFFICIAL-SENSITIVE information defined in the contract Security Aspects Letter shall be immediately reported to the MOD Defence Industry Warning, Advice and Reporting Point (WARP), within the Joint Security Co-ordination Centre (JSyCC). This will assist the JSyCC in formulating a formal information security reporting process and the management of any associated risks, impact analysis and upward reporting to the MOD’s Chief Information Officer (CIO) and, as appropriate, the company concerned. The MOD WARP will also advise the contractor what further action is required to be undertaken.

JSyCC WARP Contact Details

Email: For those with access to the RLI: CIO-DSAS-JSyCCOperations

Email: For those without access to the RLI: CIO-DSAS-JSyCCOperations@mod.uk

Telephone: Working Hours: 030 677 021 187

Out of Hours/Duty Officer Phone: 07768 558863

Fax: 01480 446328

Mail: Joint Security Co-ordination Centre (JSyCC), X007 Bazalgette Pavilion, RAF Wyton, Huntingdon, Cambs PE28 2EA.

Sub-Contracts

27. The Contractor may Sub-contract any elements of this Contract to Sub-contractors within the United Kingdom notifying the Authority. When sub-contracting to a Sub-contractor located in the UK the Contractor shall ensure that these Security Conditions shall be incorporated within the Sub-contract document. The prior approval of the Authority shall be obtained should the Contractor wish to Sub-contract any Reportable OFFICIAL or OFFICIAL-SENSITIVE elements of the Contract to a Sub-contractor located in another country. The first page of Appendix 5 (MOD Form 1686 (F1686)) of the Security Policy

³ Secure Sites are defined as either Government premises or a secured office on the contractor premises.

Framework Contractual Process chapter is to be used for seeking such approval. The MOD Form 1686 form can be found at Appendix 5 at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/299557/Contractual_Process.pdf

If the Sub-contract is approved, the Authority shall provide the Contractor with the security conditions that shall be incorporated within the Sub-contract document.

Publicity Material

28. Contractors wishing to release any publicity material or display hardware that arises from this contract shall seek the prior approval of the Authority. Publicity material includes open publication in the contractor's publicity literature or website or through the media; displays at exhibitions in any country; lectures or symposia; scientific or technical papers, or any other occasion where members of the general public may have access to the information even if organised or sponsored by the MOD, Services or any other government department.

Private Venture

29. Any defence related Private Venture derived from the activities of this Contract are to be formally assessed by the Authority for determination of its appropriate classification. Contractors are to submit a definitive product specification to DBR-DefSy(S&T/Ind) for PV Security Grading in accordance with the requirement detailed at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/300050/pv_grading_flyer_apr14.pdf

Promotions and Potential Export Sales

30. Contractors wishing to promote, demonstrate, sell or export any material that may lead to the release of information or equipment classified OFFICIAL-SENSITIVE (including classified tactics, training or doctrine related to an OFFICIAL-SENSITIVE equipment) are to obtain the prior approval of the Authority utilising the MOD Form 680 process, as identified at: <https://www.gov.uk/mod-f680-applications>.

Destruction

31. As soon as no longer required, Reportable OFFICIAL and OFFICIAL-SENSITIVE information/material shall be destroyed in such a way as to make reconstitution unlikely, for example, by burning, shredding or tearing into small pieces. Advice shall be sought from the Authority when information/material cannot be destroyed or, unless already authorised by the Authority, when its retention is considered by the Contractor to be necessary or desirable. Unwanted OFFICIAL-SENSITIVE information/material which cannot be destroyed in such a way shall be returned to the Authority.

Interpretation/Guidance

32. Advice regarding the interpretation of the above requirements should be sought from the Authority.

33. Further requirements, advice and guidance for the protection of MOD information at the level of Reportable OFFICIAL and OFFICIAL-SENSITIVE may be found in Industry Security Notices at: <https://www.gov.uk/government/publications/industry-security-notices-isns>

Audit

34. Where considered necessary by the Authority, the Contractor shall provide evidence of compliance with this Security Condition and/or permit the inspection of the Contractors processes and facilities by representatives of the Authority to ensure compliance with these requirements.

PART B – Personal Security Aspects Letter



MINISTRY OF DEFENCE

PERSONAL DATA ASPECTS LETTER

Defence Equipment & Support

Materiel Strategy Team

MOD Abbey Wood

Maple 0c, #2056

Bristol

BS34 8JH

Tel:

Email

For the personal attention of: (Name of Company Data Controller)

Dear Sir/ Madam

CONTRACT NO: 0002 – MATERIEL STRATEGY PROCUREMENT OF MANAGED SERVICE PROVIDER WORK PACKAGE 1 (PROJECT DELIVERY): UK BRISTOL DEFENCE SERVICES

DATE OF CONTRACT: [•] OCTOBER 2014

1. On behalf of the Secretary of State for Defence, I hereby give you notice that the Privacy Impact Assessment conducted has identified that this contract involves the requirement to handle MOD personal data. This data is subject to the provisions of the Data Protection Act 1998,⁴ the Data Handling Review,⁵

⁴http://www.opsi.gov.uk/acts/acts1998/ukpga_19980029_en_1

⁵http://www.cabinetoffice.gov.uk/reports/data_handling.aspx

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and Security Policy Framework.⁶ Your attention is also drawn to the specific aspects of personal data handling set out in Industry Security Notice 2010/01⁷ which must be fully implemented.

2. Will you please confirm that:

a. This definition of the personal data aspects of the above contract has been brought to the attention of the person directly responsible for the protection of data in this contract.

b. The definition is fully understood.

c. Measures can, and will, be taken to protect the personal data.

d. Any problems in meeting these requirements will be notified to MOD immediately.

Yours faithfully,

Copy to:

CIO-Advisor

⁶<http://www.cabinetoffice.gov.uk/spf.aspx>

⁷<http://www.mod.uk/DefenceInternet/AboutDefence/CorporatePublications/SecurityandIntelligencePublications/ISS/IndustrySecurityNoticesisns.htm>

Part C – Personal Data Particulars

PERSONAL DATA PARTICULARS

DEFFORM 532
Edn 06/10

This Form forms part of the Contract and must be completed and attached to each Contract containing DEFCON 532B.

Data Controller	<p>The Data Controller is the Secretary of State for Defence (the Authority).</p> <p>The Personal Data will be provided by: DE&S Director HR Team, Poplar 0 #2030, MOD Abbey Wood, BS34 8JH POC Mark Tabbener email DESHRCOEPeopleAcqIssues@mod.uk Tel 07889 744393</p>
Data Processor	<p>The Data Processor is the Contractor.</p> <p>The Personal Data will be processed at: Poplar 0 #2030, MOD Abbey Wood, Bristol, BS34 8JH. The Contractor's Data Point of Contact shall be Dee Edwards - Security Controller Europe.</p>
Data Subjects	<p>The Personal Data to be processed under the Contract concern the following Data Subjects or categories of Data Subjects: All DE&S employees (including, but not limited to, Civilian (permanent & temporary), Military & Contingent Labour)</p>
Categories of Data	<p>The Personal Data to be processed under the Contract concern the following categories of data: All elements of personal data required to benchmark existing business capability, and to develop and implement a new DE&S Model</p>
Special Categories of data (if appropriate)	<p>The Personal Data to be processed under the Contract concern the following special categories of data: There is a possibility that Sensitive Personal Data relevant to all protected characteristic groups (as defined within the Equality Act 2010) may need to be shared, but this will be managed on a case by case basis.</p>
Processing operations	<p>The Personal Data to be processed under the Contract will be subject to the following basic Processing activities: The data shall be stored, analysed, verified, corrected using established processes and utilised in the development and implementation of new tools, systems and processes, including conducting of Equality Analysis in the</p>

	development of policy, to ensure that DE&S complies with the Public Sector Equality Duty (PSED) to have due regard to the effects, both positive and negative, on protected characteristic groups when decision making.
Special Technical and organisational Measures	The following special technical and organisational measures to safeguard the Personal Data are required for the performance of this Contract: The data shall only be stored on MOD information systems at MOD sites, and shall not be transported between MOD locations using portable data devices. Until such time as a secure system related data transfer process is established the data shall be stored on MOD provided encrypted memory stick, which shall be securely held by DE&S employees until such time as data is required by the Contractor, with at least one back up copy taken at regular intervals on a different MOD provided encrypted memory stick. The data contained on the memory stick shall be passed to the Contractor at the point it is required, and a log shall be kept of all such transfers. As soon as there is no longer a need for each data set, that data set will be deleted permanently. Additionally, where personal or sensitive personal data is used for testing purposes, that data set shall be anonymised by an appropriate DE&S employee prior to being released to the Contractor.
Instructions for Disposal of Personal Data	The Disposal Instructions for the Personal Data to be processed under the Contract are as follows (where Disposal Instructions are available at the commencement of Contract): All data processed under this contract shall, when no longer required, be disposed of in accordance with JSP 440 (MOD Manual of Security), and any portable storage devices will be destroyed in accordance with JSP 440 part 8.
Date from which Personal Data is to be Processed	Where the date from which the Personal Data will be processed is different from the Contract commencement date this should be specified here: Commencement Date.

Schedule 10

CONTRACT PERIOD LIABILITY CAP

Contract Period	Period	Contract Period Liability Cap
1	From (and including) the Commencement Date to (and including) the end of the second Quarter (Contract Period 1)	████████████████████
2	The four Quarters from (and excluding) the end of Contract Period 1 (Contract Period 2)	████████████████████
3	The four Quarters from (and excluding) the end of Contract Period 2 (Contract Period 3)	████████████████████
4	The four Quarters from (and excluding) the end of Contract Period 3 (Contract Period 4)	████████████████████
+1 (first extension period)	The four Quarters from (and excluding) the end of Contract Period 3 (First Extension Period)	████████████████████
+2 (second extension period)	The four Quarters from (and excluding) the end of the First Extension Period (Second Extension Period)	████████████████████

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Schedule 12

COMMERCIALLY SENSITIVE INFORMATION

1. **SCHEDULE 3 (PAYMENT AND INCENTIVE MECHANISM)**
 - 1.1 Monetary amounts for threshold for approval (in First Contract Period) / expectation (in subsequent Contract Periods) for Other Personnel.
 - 1.2 KPIs and Milestones to the extent that they identify monetary amounts and the exchange rate.
 - 1.3 Maximum Performance Fee monetary amounts.
 - 1.4 The percentage weightings applying to any of the Incentive Fees.
 - 1.5 The percentage threshold below which
 - 1.6 FSM.
 - 1.7 Percentage amount whereby an adjustment may be made to the Maximum Performance Fee (Part E) and below which In-Year Other Personnel provided without profit (Paragraph 2.6.1(B)).
 - 1.8 Annex A (*Costs*) - Actual Salary monetary amounts and names of individuals.
 - 1.9 Annex B (*Rate Card*) - monetary amounts.
2. **SCHEDULE 6 (PERSONNEL ARRANGEMENTS)**
 - 2.1 Signed (or related drafts) of letters issued under Paragraph 2.4 to the extent that they identify named individuals or monetary amounts.
 - 2.2 Annex 1: Letter(s) of Placement: All signed Letters of Placement.
 - 2.3 Annex 2: Key Personnel Lists.
 - 2.4 Annex 3: Task Orders (or related drafts) to the extent that they identify named individuals or monetary amounts.
3. **SCHEDULE 7 (INSURANCES)**
 - 3.1 Any monetary amounts.
4. **SCHEDULE 10 (CONTRACT PERIOD LIABILITY CAP)**
 - 4.1 Any monetary amounts.
5. **SCHEDULE 11 (PARENT COMPANY GUARANTEE)**
 - 5.1 Template and signed PCG terms and conditions, including any Schedules.
6. **INVOICES**
 - 6.1 Invoices issued under the Contract.

SCHEDULE 13

APPROVED SUB-CONTRACTS

1. RHEAD GROUP LIMITED

- 1.1 Sub-contractor: Rhead Group Limited (Company Number 1890057), Ashford House, Eden Road, Walsgrave Triangle Business Park, Coventry CV2 2TB.
- 1.2 Services to be provided: The potential services to be provided by Rhead Group would be to support the Contractor and provide enhanced capacity in:
- 1.2.1 Domain and programme specific expertise;
 - 1.2.2 P3M;
 - 1.2.3 Programme and Project Governance and Assurance;
 - 1.2.4 Project Controls Including Earned Value Management and Planning;
 - 1.2.5 Risk Management and Analysis;
 - 1.2.6 Performance Reporting and Analysis; and
 - 1.2.7 other services that may be agreed from time to time with the Authority in respect of a specific tasking order
- 1.3 Material terms of the proposed Sub-contract: The proposed sub contract with Rhead Group will be largely back to back with the head contract such that reimbursement and incentives are clearly aligned with those that the Contractor has with the Authority. Subject to detailed discussions with Rhead Group currently known variances (to be approved by the Authority where material) are:
- 1.3.1 Schedule 7 (*Insurances*), figures are yet to be agreed;
 - 1.3.2 Schedule 10 (*Contract Period Liability Cap*), figures are yet to be agreed; and
 - 1.3.3 the Contractor will not require a Parent Company Guarantee from Rhead Group.
- 1.4 We would also require Rhead Group to comply with Clause 20.4.2 and Schedule 8 (*COI Compliance Regime*) prior to the Placement of any of their Personnel.
- 1.5 The methodology for the calculation of Base Costs for any Personnel provided through Rhead Group Limited shall require the approval of the Authority on a case by case basis.
- 1.6 Any other details known to the Contractor which the Authority shall reasonably require: None.

2. BMT HI-Q SIGMA LTD

- 2.1 Sub-contractor: BMT Hi-Q Sigma Ltd (Company Number 2158796), Bath Office, 5 Riverside Court, Lower Bristol Road, Bath, BA2 3DZ.
- 2.2 Services to be provided: The potential services to be provided by BMT Hi-Q Sigma would be to support the Contractor and provide enhanced capacity in:
- 2.2.1 Domain and programme specific expertise;

- 2.2.2 P3M;
 - 2.2.3 Programme Management/Planning;
 - 2.2.4 Project Governance;
 - 2.2.5 Project Controls;
 - 2.2.6 Risk Management and Assurance;
 - 2.2.7 Performance Reporting/Analysis;
 - 2.2.8 Programme Baseline Changes;
 - 2.2.9 Risk Analysis and Management; and
 - 2.2.10 other services that may be agreed from time to time with the Authority in respect of a specific tasking order.
- 2.3 Material terms of the proposed Sub-contract: The proposed sub contract with BMT Hi-Q Sigma will be largely back to back with the head contract such that reimbursement and incentives are clearly aligned with those that the Contractor has with the Authority. Subject to detailed discussions with BMT Hi-Q Sigma currently known variances (to be approved by the Authority where material) are:
- 2.3.1 Schedule 7 Insurances, figures are yet to be agreed;
 - 2.3.2 Schedule 10 Contract Period Liability Cap, figures are yet to be agreed; and
 - 2.3.3 the Contractor will not require a Parent Company Guarantee from BMT Hi-Q Sigma.
- 2.4 We would also require BMT Hi-Q Sigma to comply with Clause 20.4.2 and Schedule 8 (*COI Compliance Regime*) prior to the Placement of any of their Personnel.
- 2.5 The methodology for the calculation of Base Costs for any Personnel provided through BMT Hi-Q Sigma shall require the approval of the Authority on a case by case basis.
- 2.6 Any other details known to the Contractor which the Authority shall reasonably require: None.
3. **B2B PARTNERING PERFORMANCE MANAGEMENT LTD**
- 3.1 Sub-contractor: B2B Partnering Performance Management Ltd (Company Number 06534981), Chapel Hall Welsh, Row Nantwich, Cheshire CW5 5EX UK.
- 3.2 Services to be provided: The potential services to be provided by B2B would be to support the Contractor and provide enhanced capacity in:
- 3.2.1 Facilitating an agreed collaboration plan with the Contractor and the Authority, and between the key interfaces;
 - 3.2.2 Establishing the current level of collaboration maturity and assisting to identify and implement improvement/transformation plans;
 - 3.2.3 Developing a model to measure relationships with internal stakeholders and contractors and with the Authority's major suppliers;
 - 3.2.4 Developing behavioural skills;

- 3.2.5 Providing coaching and mentoring training to transfer skills and know how;
 - 3.2.6 Facilitating the approach to certify the relationship to BS11000; and
 - 3.2.7 other services that may be agreed from time to time with the Authority in respect of a specific tasking order.
- 3.3 Material terms of the proposed Sub-contract: It is envisaged that B2B's involvement would be on an ad hoc basis and as such it would be the Contractor's intention to contract with B2B on the basis of a simple tasking agreement. We would ensure that B2B have legally required insurances and would flow down the Security Aspects Letter and Personal Disclosure Aspects Letter. We would also require B2B to comply with Clause 20.4.2 and Schedule 8 (*COI Compliance Regime*) prior to the Placement of any of their Personnel.
- 3.4 The methodology for the calculation of Base Costs for any Personnel provided through BMT shall require the approval of the Authority on a case by case basis.
- 3.5 Any other details known to the Contractor which the Authority shall reasonably require: None.
4. **ACT 1 SERVICES LIMITED**
- 4.1 Sub-contractor: ACT 1 Services Limited, trading as Agile 1 (Company No 6417126), 3rd Floor, 111 Buckingham Palace Road, London, SW1W 0SR.
- 4.2 Services to be provided: An enabling contract to facilitate the provision of contract personnel to be managed by the Contractor.
- 4.3 The employer of, and methodology for the calculation of Base Costs for, any Personnel provided through ACT 1 Services Limited shall require the approval of the Authority on a case by case basis.
- 4.4 Material terms of the proposed Sub-contract: Agile 1 is the Contractor's preferred supplier for contract personnel and as such the Contractor has a service agreement with Agile 1 which reflects standard industry terms. In relation to the COI Compliance Regime, Agile 1 will not enter into a compliance agreement under Clause 20.4.2. Individuals employed through this route will sign Letter of Placements which align with the confidentiality, security, and personal disclosure arrangements under this Contract. No other terms of this Contract will be flowed down to the Sub-contract.
- 4.5 Any other details known to the Contractor which the Authority shall reasonably require: None.

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Schedule 14

PRIVILEGE AND CONFIDENTIALITY AGREEMENT

..... 20**

SECRETARY OF STATE FOR DEFENCE

and

[●]

**PRIVILEGE AND CONFIDENTIALITY
AGREEMENT**

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THIS AGREEMENT is dated

20[**]

BETWEEN:

- (1) **SECRETARY OF STATE FOR DEFENCE** (the "**Disclosing Party**");
- (2) [●] (the "**Recipient**").

BACKGROUND

- (A) On [17 November 2014] the Disclosing Party and [●] (the "**Contractor**") entered into a contract in relation to the appointment of the Contractor as a Managed Service Provider (the "**Contract**").
- (B) The Recipient is an employee of the Contractor engaged in performing the services required under the Contract.
- (C) The Parties recognise that in undertaking these services in accordance with the provisions of the Contract, there may be benefits in sharing the Disclosing Party's Legal Advice.
- (D) The Disclosing Party wishes to ensure that the Recipient maintains the confidentiality and legal privilege of the Disclosing Party's Legal Advice. The parties have agreed to comply with the following terms in connection with the use and disclosure of Legal Advice.

AGREED TERMS

1. DEFINITIONS AND INTERPRETATION

- 1.1 The following definitions and rules of interpretation in this clause apply in this agreement:

"**Legal Advice**" shall be information provided to the Disclosing Party which is either legal advice obtained from the Government Legal Service or legal advice taken from a barrister or law firm instructed by the Government Legal Service on behalf of the Disclosing Party, which is marked as legally privileged or is clearly identifiable as having originated from the Government Legal Service or from the barrister or law firm instructed by the Government Legal Service (in all cases however recorded or preserved), and disclosed or made available (whether directly or indirectly) by the Disclosing Party or its officers, employees, representatives or agents to the Recipient and provided that the Legal Advice is disclosed for the Purpose.

"**Purpose**" means to enable the Recipient to undertake the activities and services as required by the Contract.

2. OBLIGATIONS

- 2.1 On about the date of this agreement, the Disclosing Party shall pay to the Recipient one (1) pound in consideration of the performance by the Recipient of its obligations under this agreement.
- 2.2 The Recipient acknowledges and agrees that all Legal Advice is to be treated as legally privileged and that it will therefore handle that Legal Advice on the basis that the legal privilege belongs to the Disclosing Party and that the disclosure of Legal Advice by the Disclosing Party does not amount to a waiver of legal privilege.
- 2.3 The Recipient shall immediately return to the Disclosing Party any information provided to the Authority which is either legal advice obtained from Government Legal Services or legal advice taken from a barrister or a law firm instructed by the Authority (in both cases however recorded or preserved), which the Recipient receives or in any way whatsoever obtains access to and which has not been made available to it directly by, or with the authorisation of, the Disclosing Party, or its employees, officers, representatives or advisers.
- 2.4 The Recipient shall not seek separate legal advice to challenge or review the Legal Advice.
- 2.5 The Recipient acknowledges that in the course of receiving Legal Advice the Recipient may have a potential or actual conflict of interest and agrees that if the Recipient becomes aware of

a potential or actual conflict of interest in relation to the Legal Advice being given, the Recipient shall promptly notify the Disclosing Party of the potential or actual conflict of interest.

2.6 Without prejudice to any duties of confidentiality or restrictions on disclosure pursuant to the Contract, including under clause 59 (*Confidentiality*), Part XII (*Security*), Schedule 8 (*Conflicts of Interest*) or the Letter of Placement (as defined in the Contract), the Recipient shall keep the Disclosing Party's Legal Advice confidential and, except with the prior written consent of the Disclosing Party, shall:

2.6.1 not use or exploit the Legal Advice in any way except for the Purpose; or

2.6.2 not disclose or make available the Legal Advice in whole or in part to any third party (including to the Contractor, or any sub-contractor, employee, agent or representative of the Contractor), except as expressly permitted by this agreement;

2.6.3 not copy, reduce to writing or otherwise record the Legal Advice except as strictly necessary for the Purpose (and any such copies, reductions to writing and records shall be the property of the Disclosing Party); and

2.6.4 not use, reproduce, transform, or store the Legal Advice in an externally accessible computer or electronic information retrieval system or transmit it in any form or by any means whatsoever outside of the usual place of its performance of services pursuant to the Contract.

2.7 The Recipient may disclose Legal Advice only to the extent required by law, by any governmental or other regulatory authority or by a court or other authority of competent jurisdiction provided that, to the extent it is legally permitted to do so, it gives the Disclosing Party as much notice of such disclosure as possible and, where notice of disclosure is not prohibited and is given in accordance with this clause, it takes into account the reasonable requests of the Disclosing Party in relation to the content of such disclosure.

3. RETURN OF INFORMATION

3.1 At the request of the Disclosing Party, and in any event upon the cessation of the Recipient's provision of services under the Contract, the Recipient shall promptly:

3.1.1 destroy or return to the Disclosing Party all documents and materials (and any copies) containing, reflecting, incorporating, or based on the Disclosing Party's Legal Advice in its possession or control; and

3.1.2 certify in writing to the Disclosing Party that it has complied with the requirements of this clause 3.

4. RESERVATION OF RIGHTS AND ACKNOWLEDGEMENT

4.1 The Disclosing Party reserves all rights in its Legal Advice. No rights in respect of the Legal Advice are granted to the Recipient and no obligations are imposed on the Disclosing Party in respect of the Legal Advice, and nothing in this Contract shall be construed or implied as obliging the Authority to disclose any legal advice. The Recipient agrees and acknowledges that the Legal Advice shall be and remain for the exclusive benefit and in the exclusive interests of the Disclosing Party and the Government Legal Services and any other legal advisers to the Authority shall not owe any duty of care to and neither shall any duty of care be deemed to arise in favour of the Recipient by reason of such Legal Advice being disclosed or otherwise made available to the Recipient.

4.2 The Recipient acknowledges that, without prejudice to any other rights and remedies it may have, the Disclosing Party shall be entitled to the granting of equitable relief (including without limitation injunctive relief) concerning any threatened or actual breach of any of the provisions of this agreement.

5. TERM AND TERMINATION

5.1 The obligations of each party shall continue until six (6) years from the Recipient ceasing to perform services under the Contract.

5.2 Termination of this agreement shall not affect any accrued rights or remedies to which the Disclosing Party is entitled.

6. **ENTIRE AGREEMENT AND VARIATION**

6.1 This agreement (and the documents referred to in it) constitutes the whole agreement between the parties and supersedes all previous agreements between the parties relating to its subject matter. Each party acknowledges that, in entering into this agreement, it has not relied on, and shall have no right or remedy in respect of, any statement, representation, assurance or warranty (whether made negligently or innocently) other than as expressly set out in this agreement. Nothing in this clause shall limit or exclude any liability for fraud or for fraudulent misrepresentation.

6.2 No variation of this agreement shall be effective unless it is in writing and signed by each of the parties (or their authorised representatives).

7. **NO WAIVER**

Failure to exercise, or any delay in exercising, any right or remedy provided under this agreement or by law shall not constitute a waiver of that or any other right or remedy, nor shall it preclude or restrict any further exercise of that or any other right or remedy.

8. **GOVERNING LAW AND JURISDICTION**

8.1 This agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales.

8.2 The parties irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this agreement or its subject matter or formation (including non-contractual disputes or claims).

THIS AGREEMENT has been entered into on the date stated at the beginning of it.

Signed by _____)
for and on behalf of the **DISCLOSING**)
PARTY)

Signed by _____)
the **RECIPIENT**)