

MOD opens the field for Scottish construction projects

The Defence Infrastructure Organisation (DIO) has reopened the industry competition for its arrangements to deliver construction projects up to £12m in value on the Scottish military estate, and is now encouraging businesses of all sizes to be involved in the procurement process.

Developed under the DIO Next Generation Estate Contracts (NGEC) programme, the Regional Capital Works Framework Scotland has an estimated value of between £100m and £250m, and is designed to generate ever-improving value for money. It will include up to five framework contractors, and DIO will award projects individually by running 'mini-competitions' to identify the most cost-effective provider of design and build work in each instance.

DIO sought initial expressions of interest in this framework in 2011, along with another five UK regional frameworks. It was subsequently decided to await further detail on military rebasing plans emerging from the Strategic Defence and Security Review (SDSR) before proceeding further with procurement, to ensure adequate future demand for construction projects.

It is expected that the framework will be awarded by mid-2014, running for an initial four-year period, with the potential to extend for up to three years. It will operate in parallel to the National Capital Works Framework for higher value and more complex projects worth up to £50m. Potential framework contractors will need to show a minimum turnover of £18m and experience of project-managing construction projects worth over £5m in recent years, reflecting the potential size of project requirements.

DIO will host an industry day at Redford Barracks, Edinburgh, in April for both potential framework contractors and supply chain businesses to provide an overview of UK Defence, the NGEC programme and the scope of the Scotland framework. The event will also provide opportunities for supplier networking.

Steve Rice, Head of the NGEC programme, said:

"Defence rebasing is expected to generate significant changes to estate and infrastructure – including on some Scottish military bases – which will generate new construction requirements. In these financially challenging times we believe this framework model will maximise value for every pound spent on construction, while ensuring that design and build opportunities remain open for a wider range of national and local businesses."

Jon Wooden, NGEC Capital Works Frameworks project manager, said:

"Successful construction projects demand excellent contractors and suppliers. We are determined to identify companies capable of delivering Defence construction projects for Scotland flexibly, sustainably and cost-effectively. We are also keen that smaller and local enterprises with innovative solutions get involved in networking at our industry day."

In support of the UK Government Construction Strategy launched in May 2011, the NGEC Capital Works Frameworks are designed to reduce costs, improve value for money, and will include measures such as: use of project bank accounts, the nec3 form of procurement, more focused performance management, and continuous improvement mechanisms. DIO is also developing more coherent programming of construction projects to provide industry with better visibility of emerging requirements.

The forward plan for the delivery of UK construction projects is determined by the Defence Infrastructure Programme, which balances future requirements against affordability levels, and the MOD's emerging "Footprint Strategy", which is focusing on the optimum geographical solution for meeting those requirements.

A contract notice has been issued to the OJEU (Official Journal of the European Union) Tender Electronic Daily (TED) and the Defence Contracts Online (DCO) websites. It provides further information on the framework, and explains the arrangements for submitting expressions of interest (EOIs), and for potential bidders and supply chain companies to register to attend the industry day. The period for all potential bidders to submit EOIs for this contract ends at 1200 hours on 12 April 2013

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Notes to editors

1. Defence Infrastructure Organisation (DIO) is part of the Ministry of Defence (MOD). It is responsible for managing and maintaining land and properties to meet the current and future needs of the MOD and personnel at home and abroad, and to support current operations.

2. DIO's work includes providing, supporting and improving: facilities for operational units; single living and service family accommodation; training areas and historic military sites. DIO actively manages these to ensure the needs of Defence are met, value for money is achieved, and its heritage is protected, and to achieve its environmental goals.

3. DIO was formed on 1 April 2011 when the former Defence Estates (DE) organisation was brought together with other property and infrastructure functions within the department to form a single organisation. DIO manages the MOD's property infrastructure and ensures strategic management of the Defence estate as a whole.

4. The Next Generation Estate Contracts (NGEC) programme is developing a new suite of contracts for the UK Defence estate, comprising four Regional Prime contracts for hard facilities management, one national and six regional Capital Works Frameworks for construction projects, a National Housing Prime contract, and the National Training Estate Prime contract.

5. The Regional Capital Works Framework Scotland will be used to deliver construction projects valued up to £12m, potentially including some

of the following: offices, messes, accommodation blocks, garages, workshops and other technical facilities, hangars, houses, general and ammunition stores, medical facilities, sports and recreational facilities, teaching and training facilities, armouries, community facilities, and guardrooms.

6. At the Pre-Qualification Questionnaire (PQQ) stage companies bidding for the Scotland framework will need to demonstrate construction turnover of £18m and experience of delivering a construction project worth at least £5m in the last three years. This reflects the scale of construction projects required from the frameworks and the proportion of corporate turnover that these projects would underpin.

7. DIO has already shortlisted bidders for the Regional Framework covering East Midlands and Eastern England and for the National Framework and in June and November 2012 respectively began the tendering process for these. Procurement plans for the other regional frameworks (the North East, North West and Yorkshire and the Humber; the West Midlands and Wales; the South East (including London); and the South West) will be announced in due course.

NGEC programme:

<http://www.mod.uk/DefenceInternet/MicroSite/DIO/WhatWeDo/NextGenerationEstateContracts.htm>

National and Regional Capital Works Frameworks:

<http://www.mod.uk/DefenceInternet/MicroSite/DIO/WhatWeDo/NGEC/RegionalAndNationalCapitalWorksFrameworksProcurement.htm>

NGEC Potential Bidders Directory:

<http://www.mod.uk/DefenceInternet/MicroSite/DIO/OurPublications/CorporateInformation/NgeIndustryDaysAndPotentialBiddersDirectory.htm>