

**United Kingdom-London: Repair and maintenance services of military vehicles**

OJ S 246/2013 19/12/2013

Contract notice

Services

**Directive 2009/81/EC****Section I: Contracting authority/entity**

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**I.1. Name and addresses**

Official name: DE&amp;S Commercial, C&amp;C

Postal address: 3-M-49 MOD Main Building, Horse Guards Avenue

Town: London

Postal code: SW1A 2HB

Country: United Kingdom

Contact person: BSG Commercial Team

E-mail: [hocf-bsg-dsg-transaction@mod.uk](mailto:hocf-bsg-dsg-transaction@mod.uk)**Additional information can be obtained from:**

the abovementioned address

**Specifications and additional documents (including documents for competitive dialogue and a dynamic purchasing system) can be obtained from:**

the abovementioned address

**Tenders or requests to participate must be submitted:** the abovementioned address**I.2. Type of the contracting authority**

Ministry or any other national or federal authority, including their regional or local subdivisions

**I.3. Main activity**

Defence

**I.4. Contract award on behalf of other contracting authorities/entities**

The contracting authority is purchasing on behalf of other contracting authorities: no

**Section II: Object of the contract**

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**II.1. Description****II.1.1. Title attributed to the contract by the contracting authority**

Sale of the Defence Support Group and Land Equipment Service Provision and Transformation Contract (hereinafter referred to as the Service Provision Contract - SPC).

**II.1.2. Type of contract and place of performance or delivery**

Services

Service category No 3: Defence services, military defence services and civil defence services

NUTS code UK United Kingdom

**II.1.3. Information about framework agreement****II.1.4. Information about framework agreement****II.1.5. Short description of the contract or purchase(s)**

Repair and maintenance services of military vehicles. Repair and maintenance services of

firearms and ammunition. Repair and maintenance services of weapons and weapon systems. Fleet management, repair and maintenance services. Repair and maintenance services of military vehicles.

The MOD is seeking Expressions of Interest from companies or consortia interested in purchasing the Land Business of the Defence Support Group (DSG), structured as below. DSG is a Trading Fund wholly owned by the UK Secretary of State for Defence. It carries out repair and overhaul of the Army's armoured vehicles and light weapons, and also provides services directly to the front line across the majority of land platforms through in-barracks support.

DSG operates today from eight main sites across the UK, including the headquarters in Andover, with additional "in-theatre" presence in Camp Bastion, Afghanistan.

DSG has been operating as an 'arms-length' organisation from the core MOD for a number of years, including whilst under its previous forms of the Army Base Repair Organisation (ABRO) and the Defence Aviation Repair Agency (DARA).

The British Armed Forces (predominantly the Army) are the primary customer for DSG and the long-term vision for DSG is a transformed organisation with greater technical capabilities, introduced post sale, able to perform a more intelligent equipment management and support role than is currently the case.

Since DSG supports capabilities which remain very important to the MOD, a new SPC will be put in place such that a newly formed company (New DSG) can continue to deliver its range of services post sale to the MOD.

The proposed structure of the transaction is the transfer of a substantial part of the operations, functions and assets of DSG Trading Fund to New DSG, the sale of a majority voting shareholding or all of the shares in New DSG to a purchaser and the parallel award of the SPC to New DSG for provision of services back to MOD. If the MOD decides to retain a minority shareholding in New DSG, the purchaser and the MOD will enter into a shareholders' agreement relating to New DSG.

Subject to maintaining any specific militarily essential assets, people and capabilities and as necessary at specific locations, the New DSG business could comprise: the SPC providing the services to the MOD as described below; other services to the MOD (potentially Strategic Support Supplier (SSS) / fleet management services) and (potentially) commercial services to other government or non government customers.

It is intended that under the SPC, New DSG will provide the following nominated requirements for Land platforms and equipment to the MOD:

- Maintenance, Repair & Overhaul: levels 1 – 3: Inspections, repair and service activity (predominantly for A & B vehicles) including the provision of non-routine activities and mobile support for units of all three services and Other Government Departments.
- Maintenance, Repair & Overhaul: Level 4: Depth repair and overhaul activities (both routine and non-routine) necessary to ensure capability, structural integrity and operational safety of vehicles.
- Receipt, Inspection, Issue & Storage (RIIS): Provision of resources to fulfil the requirement for RIIS activities for stored equipments, including in-storage maintenance, for vehicles, other equipment and inventory.
- Training Uplift Fleet: The end-to-end management and support of the Army's Training Uplift Fleet at specific UK locations
- Inventory & Repair Management: Provision of inventory and repair management services for nominated requirements, including the procurement (either as agent of the MOD or as principal) of spares and other items for use either by New DSG in the performance of the SPC and other contracts for the MOD or for use by other MOD customers.
- Power Pack Regeneration Facility Personnel: Provision of Sponsored Reserve personnel

able to conduct in theatre power-pack regeneration as directed by the in-theatre support chain of command.

— Light Weapons Strategic Support Supplier (LW SSS): Provision of an availability service for in-scope weapons.

— Army HQ Fleet Management: Support to Army HQ Fleet Management activity and development of evidence based recommendations for the optimisation of the Army's equipment fleets and delivery of cost efficiencies across the Army.

#### **II.1.6. CPV code(s)**

50630000 Repair and maintenance services of military vehicles, 50620000 Repair and maintenance services of firearms and ammunition, 50840000 Repair and maintenance services of weapons and weapon systems, 50111000 Fleet management, repair and maintenance services

#### **II.1.7. Information about subcontracting**

The tenderer has to indicate in the tender any share of the contract it may intend to subcontract to third parties and any proposed subcontractor, as well as the subject-matter of the subcontracts for which they are proposed

The tenderer has to indicate any change occurring at the level of subcontractors during the execution of the contract

The contracting authority/entity may oblige the successful tenderer to award all or certain subcontracts through the procedure set out in Title III of Directive 2009/81/EC

#### **II.1.8. Lots**

This contract is divided into lots: no

#### **II.1.9. Information about variants**

Variants will be accepted: yes

### **II.2. Scope of the procurement**

#### **II.2.1. Total quantity or scope**

Estimated SPC value of GBP 110M - GBP 340M per annum inclusive of the options detailed below but subject to variance depending on VfM and the development of detailed transformational plans.

#### **II.2.2. Information about options**

Options: yes

Description of options: Requirement Options

Potentially Nominated Requirements

The MOD intends to progress from traditional support arrangements for Land Equipment, as currently delivered by DSG, to Strategic Support Supplier (SSS) arrangements in which the supplier will be responsible for delivering equipment availability. There are options for New DSG to provide SSS services for appropriate A vehicles (AV SSS) and for identified B vehicles (BV SSS). The scope of activity of New DSG will be increased from the nominated requirements listed above to enable New DSG to have the required level of control, including provision of design services. Approval to implement each of these SSS arrangements will only be given following:

— The submission of detailed transformation plans to the SSS arrangements which are accepted by the MOD

— Demonstration that the SSS arrangement will deliver value for money (VfM) for Defence and is affordable

It is expected that the implementation of SSS will be phased and New DSG will be required to demonstrate the delivery of VfM from each phase of the implementation, before approval is given for the next phase. The phasing and the process under which the terms, scope, price and means of delivering SSS arrangements (and related aspects) will be detailed in the SPC and developed during the negotiation of the SPC.

If New DSG does not receive approval for its SSS proposals, then it will continue to deliver equipment support through current arrangements on a basis applicable to New DSG.

#### Further Opportunities

MOD intends to compete other work relating to Land equipment, potentially including the provision of further SSS arrangements and major equipment upgrade programmes. New DSG will be able to bid in these competitions subject to meeting relevant selection criteria.

#### Duration Option

There will be 5 x 12 month options to extend the contract (at the MOD's discretion) beyond the original contract duration. For avoidance of doubt the original duration of the SPC is 120 months, with 5 x 12 month options which potentially extend the duration to 180 months

#### Future Opportunities – Support To Operations (STO)

With the Level 1-4 MRO, Inventory and Fleet Management knowledge and experience gained under the Land platforms “Nominated Requirements”, New DSG, though subject to IP and ITAR constraints, may be requested to support future joint operations, akin to the deployed regeneration and redeployment capabilities under the existing DSG Op HERRICK ESS/EHRF arrangements.

New DSG's ability to cover the range of equipments, including any legislative restrictions associated with these equipments, would see New DSG as a potential capability provider, subject to Permanent Joint Headquarters confirmation/tasking of future operations and New DSG's capability and capacity to undertake an unspecified operational requirement.

Subject to confirmation, generic STO requirements may be:

- The ability to provide a cost effective In Theatre vehicle/equipment/platform/weapon system regeneration capability up to Level 4 repair for the in depth support to an internationally deployed force,
- Provision of Suitable Qualified and Experienced Personnel to meet the In Theatre deployment, servicing, repair and regeneration timescales, as directed by the joint force support command,
- Support the Army Headquarters Fleet Management activities to ensure associated vehicle /equipment/platform/weapon systems are delivered to and recovered from the end user in a known condition and correctly accounted for, and
- Provision of informed input to the operational planning cycle to enable the most effective use of contracted support to equipment capability on future operations.

### **II.2.3. Information about renewals**

This contract is subject to renewal: no

### **II.3. Duration of the contract or time limit for completion**

Duration in months: 180 (from the award of the contract)

## **Section III: Legal, economic, financial and technical information**

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### **III.1. Conditions related to the contract**

#### **III.1.1. Deposits and guarantees required**

Bank and/or Parent Company Guarantees and/or other guarantees of performance, payment and financial capacity may be required.

**III.1.2. Main financing conditions and payment arrangements and/or reference to the relevant provisions governing them**

Conditions relating to financing and payment will be specified in the contractual documentation.

**III.1.3. Legal form to be taken by the group of economic operators to whom the contract is to be awarded**

If a group of economic operators submits a bid, the group must nominate a lead organisation to deal with the MOD. The MOD will require the group to form a legal entity before entering into the contracts.

**III.1.4. Other particular conditions to which the performance of the contract is subject, in particular with regard to security of supply and security of information**

New DSG will be required to handle a limited amount of 'Secret matter' in order to fulfil the requirements of the SPC. Some of this information is subject to the 'national eyes only' restrictions. Access to this information will therefore be limited to members of New DSG staff involved in the execution of the contract who have a personal Security Clearance and are nationals of the United Kingdom (UK).

The highest level of classified Materiel under the SPC is 'Secret UK Eyes Only' (SUKEO). Certain elements of the Secret matter will also require some personnel to be Codeword cleared which will impose additional conditions.

Such restrictions will be applied on the basis of Article 346(1)(a) of the TFEU which permits the United Kingdom to withhold information where disclosure is considered to be contrary to the essential interests of its security. Any resulting contract will therefore include specific provisions which restrict access to sensitive material. These restrictions will not exceed what is strictly necessary and appropriate to protect these essential interests and will not preclude non-UK registered Potential Providers from being invited to negotiate or being awarded the contract for the overall requirement. However, New DSG must only involve UK nationals with appropriate clearances in the execution of particular aspects of the contract which will be advised during the Invitation to Negotiate stage of the procurement.

In accordance with Regulations 25(2)(m) and 25(5) of the UK's Defence and Security Public Contract Regulations 2011 (Article 42(1)(j) of Directive 2009/81/EC), Potential Providers must also demonstrate as part of the Pre Qualification process the ability to process, store and transmit classified information at SUKEO level by describing the required Facility Security Clearance (FSC) granted by its National or Designated Security Authority under the relevant national rules. For UK suppliers, FSC means 'List X' status. Potential Providers must also provide similar evidence of their sub-contractors' ability to handle classified information at this level of protection, where they are relying on sub-contractors to provide significant capability or capacity. Potential Purchasers that do not possess the required FSC, should be aware that it can take between 10-12 weeks for Provisional List X status. The MOD will verify the information you give in reply to these questions with your own National or Designated Security Authority. Personal Security Clearance could take around 8 weeks to be granted but can take longer in some cases. Potential Providers should also be aware that some material may be subject to the US Government's International Traffic in Arms Regulations (ITAR).

Potential Providers who do not yet hold the required security clearance and are successful at the PQQ stage will be required to start the process to obtain such clearances immediately upon their down-selection and the clearances must be in place no later than three months from the date on which they were down selected. Subsequent failure to obtain the required clearances can result in the removal of that bidder from the competition

In additions the contract documents will include the following:

(a) provisions which the MOD considers necessary for the protection of the essential security

interests of the United Kingdom, which may include a special share;  
(b) provisions to manage the risk of conflicts of interest between the purchaser (and undertakings associated with the purchaser) and New DSG's functions under the SPC. This may include special procedures where the purchaser (or undertakings associated with the purchaser) wish to tender for contracts or sub-contracts awarded by New DSG; and  
(c) provisions designed to prevent the mis-use of information derived from New DSG's procurement activities on behalf of the MOD.

The MOD reserves the right to amend any condition related to security of information to reflect any changes in national law or government policy. If any contract documents are accompanied by a Security Aspects Letter, the MOD reserves the right to amend the terms of the Security Aspects Letter to reflect any changes in national law or government policy whether in respect of the applicable protective marking scheme, specific protective markings given, the aspects to which any protective marking applies or otherwise.

### **III.1.5. Information about security clearance**

Candidates which do not yet hold security clearance may obtain such clearance until:  
24.5.2014

## **III.2. Conditions for participation**

### **III.2.1. Personal situation**

#### **Criteria regarding the personal situation of economic operators (that may lead to their exclusion) including requirements relating to enrolment on professional or trade registers**

List and brief description of conditions: The Authority will apply all the offences listed in Article 39(1) of Directive 2009/81/EC (implemented as Regulation 23(1) of the Defence and Security Public Contract Regulations (DSPCR) 2011 in the UK) and all of the professional misconducts listed at Article 39(2) of Directive 2009/81/EC (see also Regulation 23(2) in the DSPCR 2011) to the decision of whether a Candidate is eligible to be invited to tender.

A full list of the Regulation 23(1) and 23(2) criteria are at <http://www.contracts.mod.uk/delta/project/reasonsForExclusion.html#dspr>

Candidates will be required to sign a declaration confirming whether they do or do not have any of the listed criteria as part of the pre-qualification process.

Candidates who have been convicted of any of the offences under Article 39(1) are ineligible and will not be selected to bid, unless there are overriding requirements in the general interest (including defence and security factors) for doing so.

Candidates who are guilty of any of the offences, circumstances or misconduct under Article 39(2) may be excluded from being selected to bid at the discretion of the Authority.

In addition to the above the MOD will apply all the offences listed in Regulation 23(4) of the Defence and Security Public Contract Regulations (DSPCR) 2011 to the decision of whether a Potential Purchaser is eligible to be invited to tender.

#### **Criteria regarding the personal situation of subcontractors (that may lead to their rejection) including requirements relating to enrolment on professional or trade registers**

List and brief description of conditions: Responses from Material Sub Contractors (sub contractors that are best placed to answer a project question in the PQQ) should be reflected in the PQQ responses.

### **III.2.2. Economic and financial ability**

#### **Criteria regarding the economic and financial standing of economic operators (that may lead to their exclusion)**

List and brief description of conditions: (a) Appropriate statements from the economic operator's bankers or where appropriate, evidence of relevant professional risk indemnity insurance

(b) The presentation of balance-sheets or extracts from the balance-sheets, where publication of the balance-sheet is required under the law of the country in which the economic operator is established

(c) where appropriate, a statement, covering the 3 previous financial years of the economic operator, of: (i) the overall turnover of the business of the economic operator; and (ii) where appropriate, the turnover in respect of the work, works, goods or services which are of a similar type to the subject matter of the contract.

The following additional financial information will be required for pre qualification in accordance with Regulation 24 of the DSPCR 2011:

— Alternative means of demonstrating financial status (if trading less than a year)

— 2 years of certified audited accounts in statutory form, including profit and loss account and balance sheet.

The MOD will request this information through a formal pre-qualification questionnaire which will be issued to parties that respond to this contract notice expressing an interest.

In addition to the above the MOD also reserves the right to request any additional information which it considers necessary in order to demonstrate that the Potential Provider has sufficient economic and financial resources to deliver the SPC.

**Criteria regarding the economic and financial standing of subcontractors (that may lead to their rejection)**

List and brief description of conditions: Press searches and an independent financial assessment obtained from a reputable credit rating organization will be utilised as part of the process.

Minimum level(s) of standards possibly required: Minimum standards are detailed in the PQQ Evaluation Plan

**III.2.3. Technical and/or professional capacity**

**Criteria regarding the technical and/or professional ability of economic operators (that may lead to their exclusion)**

List and brief description of conditions:

(a) in the case of a supply contract requiring the siting or installation of goods, a services contract or a works contract, the economic operator's technical ability, taking into account in particular that economic operator's skills, efficiency, experience and reliability

(c) a statement of the principal goods sold or services provided by the supplier or the services provider in the past five years, or during a shorter period if necessary, and: (i) the dates on which the goods were sold or the services provided; (ii) the consideration received; (iii) the identity of the person to whom the goods were sold or the service were provided; (iv) any certificate issued or countersigned by that person confirming the details of the contract for those goods sold or services provided; and (v) where - (a)that person was not a contracting authority, and (b)the certificate referred to in sub-paragraph (c)(iv) is not available, any declaration by the economic operator attesting the details of the goods sold or services provided

(e) a statement of the economic operator's: (i) technical facilities; (ii) measures for ensuring quality; (iii) study and research facilities; and (iv) internal rules regarding intellectual property

(f) a check carried out by the contracting authority or on its behalf by a competent official body of the member State in which the economic operator is established: (i) on the technical capacity of the economic operator; and (ii) if relevant, on the economic operator's study and research facilities and quality control measures

- (j) a description of the tools, material, technical equipment, staff numbers, know-how and sources of supply (with an indication of their geographical location when it is outside the territory of the EU) available to the economic operator to perform the contract, cope with any additional needs required by the contracting authority as a result of a crisis or carry out the maintenance, modernisation or adaptation of the goods covered by the contract
- (m) in the case of contracts involving, entailing or containing classified information, evidence of the ability to process, store and transmit such information at the level of protection required by the contracting authority

The MOD will request the information listed above and other information through a formal pre-qualification questionnaire.

**Criteria regarding the technical and/or professional ability of subcontractors (that may lead to their rejection)**

List and brief description of conditions:

Sub contractors responses are expected to be provided in the Responses to the PQQ

Minimum level(s) of standards possibly required

Minimum standards are detailed in the PQQ Evaluation Plan

**III.2.4. Information about reserved contracts**

**III.3. Conditions specific to services contracts**

**III.3.1. Information about a particular profession**

Execution of the service is reserved to a particular profession: no

**III.3.2. Information about staff responsible for the performance of the contract**

Obligation to indicate the names and professional qualifications of the staff assigned to performing the contract: no

**Section IV: Procedure**

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**IV.1. Type of procedure**

**IV.1.1. Type of procedure**

Negotiated

**IV.1.2. Information about the limits on the number of candidates to be invited**

Envisaged minimum number 3

Objective criteria for choosing the limited number of candidates: Potential providers must read this set of instructions and the PQQ Guidance Document, the Information Document, and the PQQ Evaluation Plan and follow the process to respond to this opportunity.

The information and / or documents for this opportunity are available on [www.contracts.mod.uk](http://www.contracts.mod.uk). You must register on this site to respond, if you are already registered you will not need to register again, simply use your existing username and password. Please note there is a password reminder link on the homepage.

Potential Providers must log in, go to the Response Manager and add the following Access Code: W2B665F6WT. Please ensure you follow any instruction provided to you.

The deadline for submitting your response(s) is 31.1.2014 00:00. Please ensure that you allow yourself plenty of time when responding to this invite prior to the closing date and time, especially if you have been asked to upload documents.

If you experience any difficulties please refer to the online Frequently Asked Questions (FAQ's) or the User Guides or contact the MOD DCO Helpdesk by emailing [support@contracts.mod.uk](mailto:support@contracts.mod.uk)

Interested parties are required to complete the Pre Qualification Questionnaire (PQQ) to provide information that allows the MOD to evaluate the tenderer's capacities and capabilities against the selection criteria set out at Sections III.2.1), III.2.2) and III.2.3) of this Contract Notice.

The MOD will use the PQQ response to create a shortlist of tenderers who:

- (1) are eligible to participate under Section III.2.1) of this Contract Notice; and
- (2) fulfil any minimum standards under Sections III.2.2) and III.2.3) of this Contract Notice; and

Full details of the method for choosing the tenderers will be set out in the Evaluation Plan, available to those that follow the Access Code above and the PQQ Guidance documents which will be provided following expressions of interest.

Whilst MOD is intending to reduce the number of economic operators during the negotiation phase, it retains the right not to do so.

#### **IV.1.3. Information about reduction of the number of solutions or tenders during negotiation or dialogue**

Recourse to staged procedure to gradually reduce the number of solutions to be discussed or tenders to be negotiated yes

#### **IV.2. Award criteria**

##### **IV.2.1. Award criteria**

The most economically advantageous tender in terms of Price is not the only award criterion and all criteria are stated only in the procurement documents

##### **IV.2.2. Information about electronic auction**

An electronic auction has been used: no

#### **IV.3. Administrative information**

##### **IV.3.1. File reference number attributed by the contracting authority**

LECOM/1006

##### **IV.3.2. Previous publication concerning this procedure**

###### **Prior information notice**

Notice number in the OJ S: [2013/S 133-230317](#) of 11.7.2013

###### **Other previous publications**

Notice number in the OJ S: [2013/S 212-367951](#) of 31.10.2013

##### **IV.3.3. Conditions for obtaining specifications and additional documents or descriptive document**

##### **IV.3.4. Time limit for receipt of tenders or requests to participate**

31.1.2014 - 23:59

##### **IV.3.5. Estimated date of dispatch of invitations to tender or to participate to selected candidates**

##### **IV.3.6. Languages in which tenders or requests to participate may be submitted**

English.

#### **Section VI: Complementary information**

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##### **VI.1. Information about recurrence**

This is a recurrent procurement: no

## **VI.2. Information about European Union funds**

The procurement is related to a project and/or programme financed by European Union funds:  
no

## **VI.3. Additional information**

The MOD intends to use the AWARD software to assist in the management of the tender evaluation.

Suppliers interested in working with the Ministry of Defence should register on the MOD Supplier Information Database (SID) Register, available at [www.contracts.mod.uk](http://www.contracts.mod.uk)  
The MOD SID is a database of active and potential suppliers available to all MOD and UK Defence procurement personnel, and is the main supplier database of MOD Procurement organisations. Please note: the registration and publication of a company profile on the MOD SID does not mean or imply that the supplier has in any way been vetted or approved by the MOD. Suppliers wishing to compete for advertised MOD contracts must respond to any specific call for competition by submitting a separate expression of interest in accordance with the instructions of the purchasing organisation.

Advertising Regime OJEU:- This contract opportunity is published in the Official Journal of the European Union (OJEU), the MoD Defence Contracts Bulletin and [www.contracts.mod.uk](http://www.contracts.mod.uk)

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## **VI.4. Procedures for review**

### **VI.4.1. Review body**

### **VI.4.2. Review procedure**

### **VI.4.3. Service from which information about the review procedure may be obtained**

## **VI.5. Date of dispatch of this notice**

17.12.2013