DATE

File reference: XXXX

NAME OF PROJECT OUTLINE BUSINESS CASE – CAT B

Executive Summary

The NAME OF TEAM delivers c. NUMBER OF DELIVERABLES to provide operational and training capability for multiple end users across Defence.

The CUSTOMER has their support activities performed under the existing 'In Service Support' (ISS) Contracts which are due to expire DATE. This project seeks to re-assess the market to ensure continued Value for Money (VfM) under new seven (XXXX) year' contracts, 'In Service Support YEAR - YEAR' (ISS DATE), to ensure ongoing delivery of the enduring capability provided by NAME OF DEPARTMENT DELIVERABLES.

Approval is sought to enable a competitive negotiated commercial process to take place, so that contracts can be awarded effective DATE. Failure to deliver in-service support will lead to loss of operational capability across Defence. The project is high volume, but low risk and low technical complexity.

Issue

1. Approval for the project to begin a competitive negotiated procurement exercise, to allow NAME OF OTHER DEPARTMENT 1 to re-test the market to ensure that VfM is delivered and ongoing in-service support to the NAME OF DEPARTMENT DELIVERABLEs CUSTOMER is provided following expiry of the existing contracts on DATE.

Timing

2. Routine. Approval is required by DATE (NAME OF OTHER DEPARTMENT 1), DATE (NAME OF OTHER DEPARTMENT 2) and DATE (NAME OF OTHER DEPARTMENT 3), to maintain the critical path to Contract Award and mitigate the risk of the CUSTOMER becoming unsupported.

Recommendation(s)

3. The Approving Authority is invited to **approve:**

    a. Progression to a zero-cost assessment phase with formal industrial engagement through release of the Contract Notice, DPQQ and subsequent ITN documentation.

4. The Approving Authority is also invited to **note**:

    a. The Control Total (CT) allocated to provision of in-service support from DATE to DATE is £XXXX including VAT (Annex A), split as follows:

Category £XXXX	Total	Funded by NAME OF OTHER DEPARTMENT 3	Funded by NAME OF OTHER DEPARTMENT 4	Funded by NAME OF OTHER DEPARTMENT 5
RDEL	XXXX	XXXX	XXXX	XXXX
CDEL	XXXX	XXXX	XXXX	XXXX
RMC	XXXX	XXXX	XXXX	XXXX

Table 1: ISS DATE Control Total

b. The FBC is planned to be submitted in DATE.

c. The forecast cost is £ XXXX (Annex A), giving a delta of £ XXXX. This will be managed via a Limit of Liability (LoL) and market engagement will be at the LoL level so that if the agreed provision is not increased there will be no risk of legal action.

Project Phase	Estimated Cost (£XXXX)		
	10%	50%	90%
Estimate at previous phases (SOC)	N/A	N/A	N/A
Actual costs at previous phases (SOC)	N/A	N/A	N/A
Estimate requested for current phase (OBC)	0	0	0
Estimate requested to deliver project (FBC)	XXXX	XXXX	XXXX

Table 2: 10/50/90% confidence levels for the cost of the project phases

d. An affordable FBC will be presented. The affordability challenge will be addressed via several routes:

i. A bid to increase agreed provision in PCR 1-DATE; or
ii. Using the framework arrangement within the contract so the number of DELIVERABLE supported can be tailored; and/or
iii. Utilising FLC underspends via Review Note; and
iv. Introducing efficiencies within the contract; and
v. running the competition to achieve the best VfM.

e. The schedule to Contract Award at Annex D has been baselined and an SRA has been conducted which indicates a X% pre-mitigated and X% post mitigated chance of delivery to schedule. Post mitigation, the SRA has indicated project end dates (including Project Evaluation) as:

i. 10% = DATE
ii. 50% = DATE
iii. 90% = DATE

f. The Key User Requirements at Annex B will be met by the recommended option.

g. The significant risks to delivery at Annex G centre around affordability. All relevant risks have been incorporated into the cost models and schedule presented. However, there is no intention to spend beyond the agreed provision and an affordable FBC will be presented.

Strategic Case

5. The NAME OF OTHER DEPARTMENT 3, NAME OF OTHER DEPARTMENT 4, and NAME OF OTHER DEPARTMENT 5 require a highly available and reliable capability to deliver endorsed Defence Tasks. The DELIVERABLEs CUSTOMER delivers against operational and training Statement of Need(s) and Key User Requirements (KURs) (Annex B). This provides a timely provision of available DELIVERABLEs, along with the ability to respond to increasing demands, which sits at the heart of improving platform availability.

6. The DELIVERABLEs CUSTOMER is comprised of c.NUMBER OF DELIVERABLEs, ranging in complexity from DELIVERABLEs, to NUMBER PXXXX DELIVERABLES. From DATE to DATE, DELIVERABLEs have been supported by the DELIVERABLEs In Service Support (ISS) contracts. The ISS contracts separates the DELIVERABLEs into NUMBER OF separate 'lots' based on user need and location, and is currently delivered by NUMBER service providers (Annex C). The support delivered includes but is not limited to:

- Scheduled preventative maintenance;
- Reactive maintenance, defect rectification, and repair;
- Mid Life Upgrades;
- Replacement and/or replenishment of existing DELIVERABLE with DELIVERABLEs;
- On-site support;
- Supply of spares;
- Post Design Services (PDS);
- Testing and trials;
- Configuration, obsolescence, and documentation management.

7. Learning from Experience (LfE) was conducted on the ISS contract, and the most significant points incorporated into the proposed ISS DATE design, specifically:

- Lot structure and allocation – fewer lots with amended DELIVERABLE allocation (Annex H);
- Tasking processes – easier process with increased opportunity for automation;
- Key Performance Indicators (KPIs) and Performance Management – introduction of two amended and two additional KPIs to deliver increased contract performance, with financial redress and incentivisation added to contract (Annex H);
- Increased clarity of wording in each of the Statement of Technical Requirements (SOTR) and Tariff items.

8. The LfE incorporated delivers two key objectives: to incorporate changed operational needs, and to create efficiencies in the administrative end-to-end processes. A full logic model is included at Annex F.

9. The changed operational needs reflect changes to the DELIVERABLEs in-scope (detailed in the DELIVERABLEs Matrix). Whilst some DELIVERABLEs have been disposed since YEAR, DELIVERABLEs have been acquired since the introduction of ISS with in-service support provided via design, manufacture and initial support contracts with the Original Equipment Manufacturer (OEM). The policy of DELIVERABLEs Team is that post acquisition contract, these DELIVERABLEs will be subsumed into the overarching support solution at time of contract renewal; as a result, support currently provided by five additional contracts is also in scope of ISS DATE (Annex C).

10. Failure to provide in-service support to all DELIVERABLEs will result in lapsed safety cases, which in turn will lead to a rapid and progressive withdrawal from service, and therefore inability to deliver KURs and endorsed Defence Tasks. It is therefore proposed, after conducting a full options appraisal (see 'Economic Case'), that a new contract for NUMBER OF years is awarded to replace ISS, to be known as the DELIVERABLEs In Service Support YEAR – YEAR (ISS DATE) Contract.

11. The schedule has factored in both time and resource implications to conduct the tender process. The schedule is now fully baselined (Annex D) and the lessons learned from previous DELIVERABLEs projects have enabled accurate resource allocation. The DELIVERABLES project controls assurance community has reviewed this schedule and provided their assurance against it.

12. The project falls within the DEPARTMENT Strategy Refresh and as such, represents a substantial opportunity over the next NUMBER years to support and develop the UK's healthy capacity in DELIVERABLE and refit / repair. There is a clear interface with the strategic objectives of the DEPARTMENT Strategy YEAR and the potential to deliver on cross-government industrial policy, which is being tracked by the DEPARTMENT Office.

Economic Case

13. The Project Team undertook a full options analysis, including evaluating the historic approach to DELIVERABLEs In Service Support Contracts and funding for the contract. The options presented in Table 2 were considered, and are detailed in Annex E.

Option	**Summary**
(1) Do Nothing	Allow ISS to lapse leaving all DELIVERABLEs unsupported and KURs undelivered.
(2) Extend Existing Contracts (Business As Usual)	Extend existing contracts to continue to deliver KURs. KURs only partially delivered as acquisitions since ISS are not included. VfM is not achieved; some contractors may not accept invitation to extend contract; no opportunity for new suppliers; known issues persist. There is no Commercial justification to extend beyond 7 years without risking a legal challenge.
(3) Mirror ISS	Create new contract based on ISS. KURs only partially delivered as acquisitions since ISS are not included. Known issues persist.
(4) Do Minimum – Evolve ISS **Recommended Option**	Gather LfE to improve ISS contract to eradicate known issues and make more efficient. Incorporate new acquisitions to deliver

	against all KURs. Remove DELIVERABLE disposed of post ISS.
(5) Fully Re-Write ISS	Develop a completely new contract ignoring all aspects of ISS that currently work well. This option creates a strong risk that the work will not be complete prior to DATE, leaving KURs at risk of being unsupported. This is the riskiest and most expensive option.
(6) Contract for Availability	Develop elements of the ISS contract to include contracting for availability, instead of using a framework agreement. KURs are delivered. However, there is a strong risk that the Control Total is breached due to the volume of DELIVERABLEs being maintained. This drives risk and hence cost into an industrial base not used to managing that throughput, and because a significant minority of our CUSTOMER (e.g. STAFF DELIVERABLEs) would not benefit from an availability-type contract because they are used on an ad-hoc basis and therefore do not have true availability metrics.

Table 3: ISS DATE Options

Commercial Case

14. A Commercial Strategy has been prepared and should be read in conjunction with this Outline Business Case. Summary points are provided in this section.

15. ISS DATE is largely a continuation of current arrangements, supporting DELIVERABLEs which in most cases have been in service for a number of years. There is only a need to re-approve because NAME OF OTHER DEPARTMENT 1 needs to re-test the market to validate VfM, particularly in the light of wider economic and market turbulence since YEAR.

16. The Defence Sourcing Portal (DSP) was used to publish an open invitation to an Industry Day held at LOCATION on DATE, which was attended by over 70 representatives of c. 30 suppliers.

17. A Market Survey Questionnaire (MSQ) was also distributed to incumbent suppliers during DATE.

18. The Industry Day and MSQ had two purposes:

a. To generate interest in the procurement;
b. To gather LfE from ISS to consider for inclusion in ISS DATE.

19. As some of DELIVERABLEs carry munitions, this procurement falls within the scope of the Defence and Security Public Contracts Regulations YEAR (DSPCR YEAR). To allow for face-to-face discussion and clarification of each Tenderers' proposal, the Competitive Negotiated procedure, under DSPCR YEAR, will be utilised.

20. The Competitive Negotiated procedure will help to ensure the NAME OF DEPARTMENT's technical requirement is met and will secure best VfM as the contract will be awarded through fair and open competition and advertised in the Defence Contracts Bulletin (DCB) and the Defence Sourcing Portal (DSP).

21. A Dynamic Pre-Qualification Questionnaire (DPQQ) will be used to down-select from those expressing interest through DSP to go forward to ITN. The DPQQ will be used

to look at basic capability and financial health of the participants. All interested parties will be listed in the resulting Full Business Case (FBC).

22. At ITN, a Most Economically Advantageous Tender (MEAT) evaluation using the VfM Index (including up to two rounds of negotiation) will be used to decide winners of each respective lot. The MEAT evaluation will be based on technical competency, firm price tariff items and spares, and hourly rates for unplanned activity.

23. A Lot Allocation Mechanism will then be used to award Lots in order of priority and to ensure that NAME OF DEPARTMENT is not exposed to potential providers over-committing themselves. It is anticipated that there will be a minimum of 3 and a maximum of 9 successful bidders who will be invited to enter a contract with the NAME OF DEPARTMENT.

24. **Risk:** A full project risk identification and analysis has been carried out for this procurement. This includes commercial risks and will continue to be updated and refined as the procurement progresses. The Risk and Complexity (RCA) Matrix for ISS DATE highlights the minimal level of technical and commercial risk. All risks have been recorded in the Risks and Issues Register and on ARM (Annex G).

Financial Case

25. A cost modelling exercise has been undertaken to determine affordability. The exercise was conducted by SQEP within the DELIVERABLEs team, creating the cost model from the lowest level of data available, as shown in figure 1:

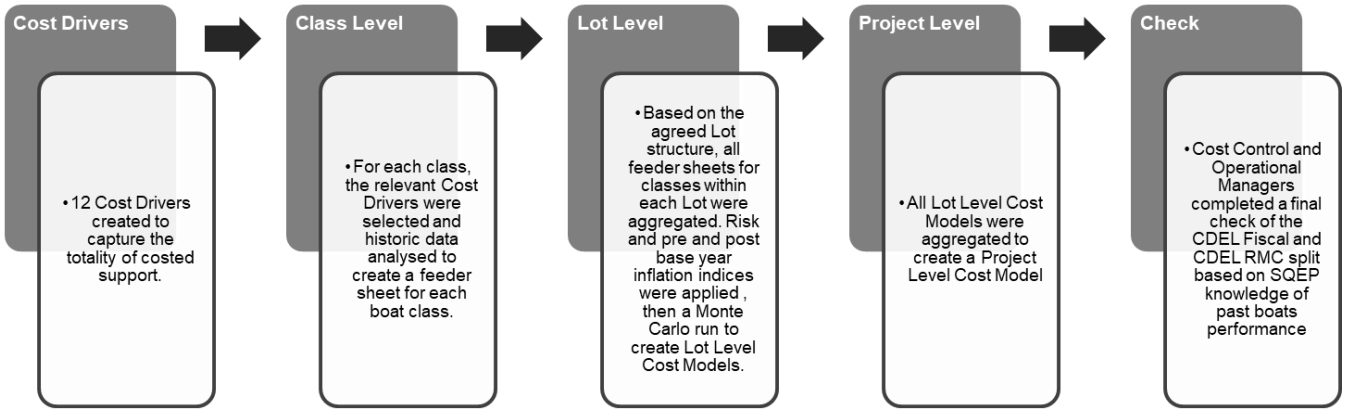

Figure 1: Creation of the ISS DATE Cost Model

26. The affordability challenge in this OBC is a result of several DELIVERABLEs requiring Out of Service Date (OSD) extensions as replacement DELIVERABLEs projects have not been implemented by ORGANISATION Dev, whilst capability requirement remains enduring. This has been highlighted in a note to ORGANISATION Command. Subsequent detailed cost modelling has highlighted a total shortfall of £ XXXX against CT (table 3). This affordability challenge will be addressed by a bid to increase CT allocated to ISS DATE via PCR1-DATE, being progressed currently. If this PCR uplift is implemented, it is expected that an affordable FBC will then be presented.

Category (£XXXX)	Control Total	Cost Model	Shortfall
RDEL	XXXX	XXXX	XXXX

CDEL	XXXX	XXXX	XXXX

RMC	XXXX	XXXX	XXXX

Table 4: Control Total versus Cost Model

27. If PCR1-DATE is unable to be implemented or is not implemented in time to support an FBC approval, the proposed contracting strategy is for a framework contract which does not guarantee any throughput. As a result, throughput and scope of in-service support activity can be tailored to meet budget, with the short duration of typical activities giving an option to take advantage of in-year underspends from elsewhere within FLCs (to be approved via Review Note or standalone Business Case as required).

28. The Cost Model has been reviewed at high level by the DELIVERABLES Cost Assurance Group (CAG). Final costs will be confirmed, verified and validated, in the Full Business Case after the competition has concluded.

29. The affordability analysis for the Limit of Liability (LoL) of ISS DATE is set out in Table 4 below (inclusive of RMC). The breakdown per FLC can be found in Annex A.iii.

Year		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**Total**
FY		**DATE**	**DATE**	**DATE**	**DATE**	**DATE**	**DATE**	**DATE**	
Forecast Cost at 50% Confidence (at P50 value)	**CDEL**	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
	RDEL	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
	Total	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Provision (ABC24 Outcome)	**CDEL**	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
	RDEL	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
	Total	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Variance (Negative represents excess in provision)	**CDEL**	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
	RDEL	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
	Total	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX

Table 5 – Affordability Table

30. **Commitment**. The table below confirms no commitment has been made at this stage.

	TLB Committed DEL	**DATE**	**DATE**	**DATE**	**DATE**	**DATE**	**DATE**	**DATE**	**DATE**	**DATE**	**DATE**
RDEL	Additional commitment RDEL (£ XXXX)	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
CDEL	Additional commitment CDEL (£XXXX)	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX

31. **FOREX**. There is no FOREX exposure as bid prices provided by suppliers will be in GBP.

32. **VAT and accounting treatment**. Assumptions applied in the cost model have been confirmed by the ORGANISATION Tax Team (Financial Accounting Tax Enabling Team / ORGANISATION Fin FA-Tax1a).

33. **Contingent Liability.** The DELIVERABLEs team are in the process of conducting a Contingent Liability risk assessment, however, the team does not anticipate there being a Contingent Liability at this time, or for a Contingent Liability to be presented in the FBC.

34. The associated Raw Materials and Consumables (RMC) and Single Use Military Inventory (SUMI) cost of £XXXX is included within the affordability table.

35. **Private Sector Support (PSS).** An assessment has been conducted and no Private Sector Support is anticipated in the ISS DATE contract.

Management Case

36. **Programme Governance.** ISS DATE will follow the prescribed route for funding and approval arrangements relevant to a Category B project in accordance with JSP655.

37. **Programme Milestones.** The four programme milestones are OBC, FBC, IOC and FOC with definitions and criteria detailed in Table 5 below:

Milestone	Definition	Criteria
OBC	Outline Business Case approved	All PEAP artifacts assured; Approvals achieved relevant to Cat B project.
FBC	Full Business Case approved	DPQQ and ITN complete and preferred tenderers selected; All PEAP artifacts assured; Approvals achieved relevant to Cat B project
IOC	ISS DATE Contract Award	All contract signatures received from suppliers and contract live on CP&F.
FOC	ISS DATE Contract Begins	All transition work complete (including industry-to-industry TUPE); Procurement and commercial strategies agreed; MI and reporting in place.

Table 6: Programme Milestones

38. **Risk.** Risks and Issues associated with the project are captured in Annex G. The most significant risks are:

a. Resource. There is insufficient resource in the team to successfully deliver the project and some key posts, such as Requirements Manager and Risk Manager, are still gapped. The risk is being mitigated by utilising PDP contractor resource and drawing upon subject matter expertise from the Risk Management resource pool. During the contract, care is being taken to ensure that any process engineering does not impact on the Operational Management team's capacity to manage the contract.

b. Affordability. Significant effort has been made to achieve affordability and mitigate risks accordingly. However, inflation above the expected level leading to increased contractor costs may still mean a further increase in affordability pressure once all bids have been received at ITN/FBC stage.

c. Contract Termination. If the contract is terminated by NAME OF DEPARTMENT or at short notice by the provider due to, for example, insolvency, there needs to be a mechanism in the contract for DELIVERABLEs to remain supported. Work is underway to address how this mechanism will work in practice.

d. General Election. The date of the General Election poses a risk to the project schedule if key decision points cannot be completed (for example, NAME OF OTHER DEPARTMENT 3 approval of OBC and FBC).

39. **Operating Model.** The contract will not greatly change the principles of the DELIVERABLEs Team's operating model. However, fewer lots and improved processes may result in a decreased administration burden across the team.

40. **Performance Measurements.** The revised KPIs used in this contract are designed to deliver increased performance from suppliers, together with improved performance measurements. Changing the way that data is collected from suppliers and handled internally will result in improved performance reporting, and new Management Information allowing trend analysis and further evolution of the way that In Service Support is delivered by the team.

41. **Learning from Experience.** LfE has been undertaken during project initiation. Evaluation will continue to be completed post OBC approval and prior to FBC submission.

42. **Schedule.** The project schedule was baselined on DATE and is included at Annex D.

43. A high-level version of the schedule is shown in Figure 2. **Note:** The next approval point is for FBC in DATE.

REDACTED

44. **Schedule Risk Analysis (SRA):** An SRA has been conducted which indicates a 17% pre-mitigated and 43% post mitigated chance of delivery to schedule. Post Contract Award, the schedule will be managed on a Level of Effort basis in accordance with Project Controls tailoring appropriate to service delivery.

45. The schedule assumes contract start date will be no later than DATE, driven by the dependency of the current ISS contract expiration date of DATE. A fallback plan is included in the Commercial Strategy in the case that this is not achieved.

Presentation and Handling

46. ISS DATE is unlikely to attract any significant political or media interest directly if the programme proceeds to plan as it continues to deliver what previous contracts have delivered.

47. As this programme is being delivered under DSPCR YEAR, there is significant potential for positive messaging as this programme supports the DEPARTMENT Strategy and UK industrial and SME capability for the next seven years. This opportunity will be managed in collaboration with the DEPARTMENT Office.

48. However, failure of the programme would mean a withdrawal of DELIVERABLEs and this could attract significant media interest as this would result in:

a. Loss of capabilities provided by the DELIVERABLEs CUSTOMER;

b. Consequential loss of capabilities provided by all ORGANISATION DELIVERABLES. DELIVERABLEs are a fundamental part of DELIVERABLES' Safety Case, and additionally provide waterborne escorts of CASD.

49. The provision of both STAFFs and Adventurous Training capabilities are emotive issues for the general public, and deliver specific benefit to the military, particularly around recruitment and retention:

a. STAFF DELIVERABLEs provide the equipment to deliver to two national youth organisations: STAFFs and the Combined STAFF. Both provide opportunities for young people to grow and develop. These organisations act as a breeding ground for the next generation of recruits.

b. Adventurous Training DELIVERABLEs provide the equipment to deliver experiences to improve physical and mental robustness, allowing existing defence staff to stay fit and learn new skills. This provision is a key part of recruitment and retention of Army and ORGANISATION personnel at a period when both recruitment and retention is challenging.

50. There has been a significant historic investment in acquiring and maintaining the CUSTOMER of DELIVERABLEs supported by ISS DATE, so failing to fully utilise the CUSTOMER will not present VfM for the taxpayer.

51. If funding for DELIVERABLEs is removed, there would be a resultant cost to decommission and / or dispose of DELIVERABLEs in good working order. Media interest may question why Defence is reducing capability at a time of global volatility.

Signature Block:

Date	Title	Signature
DATE	NAME NAME OF OTHER DEPARTMENT 1 DELIVERABLES – DELIVERABLEs Team Leader	
DATE	NAME (SRO) ORGANISATION	**Via email**

Stakeholder Endorsements

Date	Title	Signature
DATE	NAME Acquisition Group Leader	
DATE	NAME ISS Team Leader	**Via email**
DATE	NAME DELIVERY ORGANISATION DELIVERABLES Commercial Group Lead	**Via Email**
DATE	NAME DELIVERABLEs Lead Engineer	

DATE	NAME Finance Lead	**Via email**
DATE	NAME Project Controls Lead	

Annexes:

A. Cost Model
B. Key User Requirements
C. Existing Lots and Contract Providers, plus Contracts not in scope of ISS
D. Baselined Schedule
E. Options Analysis
F. Outcomes
G. Risk and Issues Register
H. ISS DATE Design

Annex A - Cost Model

A.i – Control Total (excluding RMC)

Row Labels	Sum of DATE	Sum of DATE	Sum of DATE	Sum of DATE	Sum of DATE	Sum of DATE	Sum of DATE		Totals
P9	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Fiscal Capital DEL	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
S9	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Fiscal Capital DEL	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Non-Ringfenced RDEL	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
S9	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Fiscal Capital DEL	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Non-Ringfenced RDEL	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
S9	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Fiscal Capital DEL	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Non-Ringfenced RDEL	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
S9	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Non-Ringfenced RDEL	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
S9	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Fiscal Capital DEL	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Non-Ringfenced RDEL	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
S9	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Fiscal Capital DEL	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Non-Ringfenced RDEL	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
S9	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Fiscal Capital DEL	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Non-Ringfenced RDEL	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
Grand Total	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX

RMC figure

Annex B - Key User Requirements

Single Statement of User Need

The User requires a DELIVERABLEs In-Service Support **capability for maintaining** (Operate, Diagnose, Maintain and Repair) and **updating the material state, design intent, safety, environmental compliance, operational effectiveness, and availability** of small DELIVERABLEs across defence – current and future. The capability must be **compliant with the Support Services Envelope and with ORGANISATION Engineering Strategy and Policy**. It must also be safe, limit its impact on the environment and protect the security of sensitive information and material.

Key User Requirements

KUR	User Requirement
KUR1 **Availability**	The DELIVERABLEs In-Service Support (ISS) capability requires each platform and its associated equipment to meet its availability and reliability requirements specified in CONEMP/User Statements of Need (SoN).
KUR 2 **Operate, Maintain, Diagnose & Repair**	The ISS capability shall provide planned Operate, Diagnose, Maintain and Repair (ODMR) to enable each platform and its associated equipment to be available and ready within the operational notice to support defined defence tasks as per SoN or equivalent globally.
KUR 3 **Operate, Maintain, Diagnose & Repair**	The ISS capability shall provide reactive ODMR to enable each platform and its associated equipment to be available and ready within the operational notice to support defined defence tasks as per SoN or equivalent globally.
KUR 4 **Support Solutions Envelope Compliance**	The ISS capability shall have a Support Solutions Envelope (SSE) Compliant through life support solution for the capability.
KUR 5 **Safety & Environment Management, Legislation & Policy**	The ISS capability shall require all output to be effectively safety managed and adhere to UK National and International recognised Policy, Legislation and Conventions.
KUR 6 **TLM**	The ISS capability shall support through life capability management.

Annex C - Existing Lots and Contract Providers, plus Contracts not in scope of ISS

DELIVERABLEs currently supported by the following ISS Lots and other contracts will be supported by ISS DATE. This includes the entirety of the extant NAME OF DEPARTMENT DELIVERABLEs CUSTOMER.

Contract Type	ISS Lot	Lot or Contract Name	Current Provider
In Service Support	1	Overseas DELIVERABLEs	COMPANY 1
In Service Support	2	ORGANISATION / CUSTOMER DELIVERABLEs	COMPANY 5
In Service Support	3	CUSTOMER DELIVERABLEs	COMPANY 5
In Service Support	4		Specialised Technology
In Service Support	5	CUSTOMER DELIVERABLEs	COMPANY 7
In Service Support	6	ORGANISATION 2 DELIVERABLEs	COMPANY 5
In Service Support	7	Second Line Training DELIVERABLEs	COMPANY 1
In Service Support	8	LOCATION DELIVERABLEs	LOCATION
In Service Support	9	Fourth Line Training DELIVERABLEs (CCF/SCC)	COMPANY 1
In Service Support	10	CUSTOMER LOCATION DELIVERABLEs	COMPANY 5
In Service Support	11	Support DELIVERABLEs	Specialised Technology
In Service Support	N/A	Work DELIVERABLEs	COMPANY 5
Acquisition	N/A	Design, Build and In-Service Support of DELIVERABLEs / DELIVERABLEs In-Service Support	COMPANY 4 UK
Acquisition	N/A	Design, Build and In-Service Support of DELIVERABLE	COMPANY 2
Acquisition	N/A	Acquisition Contract (not in scope of ISS DATE)	COMPANY 6
Acquisition	N/A	DELIVERABLES – Build and In-Service Support DELIVERABLE	COMPANY 1
Acquisition	N/A	DELIVERABLES/0001 – Provision of and In-Service Support of DELIVERABLE for NAME OF OTHER DEPARTMENT 2 / DELIVERABLES – Provision of and In-Service Support of DELIVERABLE for JFC (LOCATIONS)	COMPANY 1 (LOCATION) and COMPANY 2 (LOCATION)
Acquisition	N/A	CUSTOMER DELIVERABLE (subsumed into Lots 1 and 3)	Specialised Technology

Annex D - Baselined Schedule

REDACTED

Schedule Risk Analysis

REDACTED

Annex E - Options Analysis

The Project Team undertook a full options analysis, including evaluating the historic approach to the In Service Support Contracts and funding for the contract.

Options were evaluated against the project SMART objective and Critical Success Factors as defined in JSP507.

Critical Success Factors (extract from JSP507)

Critical Success Factor	Description
Strategic fit and meets business needs	How well the option: • meets the agreed spending objectives, related business needs and service requirements • provides holistic fit and synergy with other strategies, programmes and projects
Potential Value for Money	How well the option: • optimises social value (social, economic and environmental), in terms of the potential costs, benefits and risks
Supplier capacity and capability	How well the option: • matches the ability of potential suppliers to deliver the required services ¨ appeals to the supply side
Potential affordability	How well the option: • can be financed from available funds ¨ aligns with sourcing constraints
Potential achievability	How well the option: • is likely to be delivered given an organisation's ability to respond to the changes required • matches the level of available skills required for successful delivery

SMART Objective

Contract suppliers to deliver in service support to the DELIVERABLEs CUSTOMER starting DATE and ending DATE to deliver all KURs of Front Line Commands.

Summary

Option		**1. Do Nothing**	**2. Extend ISS**	**3. Mirror ISS**	**4. Do Minimum - Evolve ISS**	**5. Re-write ISS**	**6. Contract For Availability**
SMART Objective	1. Contract	R	R	R	G	R	A
Critical Success Factors	Strategic Fit	R	R	R	G	G	A
	Value for Money	R	R	A	G	A	R
	Supplier Capacity	R	A	G	G	A	A
	Affordability	R	R	A	A	A	R
	Achievability	R	A	A	A	R	A
Summary		**Do Not Take Forward**	**Take Forward**	**Take Forward**	**Preferred Way Forward**	**Take Forward**	**Take Forward**

Analysis of Options against KURs

	KUR1	KUR2	KUR3	KUR4	KUR5	KUR6	Rationale
1. Do Nothing	N	N	N	N	N	N	Support for CUSTOMER lapses DATE
2. Extend ISS	N	N	N	N	N	N	REDACTED
3. Mirror ISS	N	N	N	N	N	N	REDACTED
4. Evolve ISS	Y	Y	Y	Y	Y	Y	
5. Re-write ISS	Y	Y	Y	Y	Y	Y	
6. Contract for Availability	Y	Y	Y	Y	Y	Y	This option delivers more than KURs request, representing inefficient VfM

Analysis of Options taken forward

Option			**2. Extend ISS** Extend existing contracts to continue to deliver KURs. KURs only partially delivered as acquisitions since ISS are not included. VfM is not achieved; some contractors may not accept invitation to extend contract; no opportunity for new suppliers; known issues persist. There is no Commercial justification to extend beyond X years without risking a legal challenge.
SMART Objective	1. Contract	R	Does not deliver the full contract as an extension will not be approved for X years. However, it could work as an interim solution. Not all KURs are delivered (Annex C).
Critical Success Factors	Strategic Fit	R	KURs are only partially delivered as new DELIVERABLE have come into scope of ISS DATE that were not in ISS (Annex C). There are some known issues (captured in LfE) within the ISS contract which impair delivery and so extending the contract will not address the known issues.
	Value for Money	R	This option does not include running a competition to test the market for VfM, and there is a risk that suppliers may inflate their costs under this option. There is also no Commercially justifiable rationale to extend the contract beyond the current X year contract without risking a legal challenge. New suppliers are excluded.
	Supplier Capacity	A	Some existing contractors already have difficulties in delivering the ISS contract. This option assumes that all existing suppliers will accept an invitation for the contract to be extended, which may not be the case. There is no opportunity for new providers to take part in this contract which is significant within the DELIVERABLEs sector.
	Affordability	R	Due to the risks of inflated costs, this option is unlikely to be affordable. This is a short-term and expensive solution which will be resource-hungry to implement. Longer-term, the ISS contract will still need to be renegotiated, so duplication of effort will occur under this option.
	Achievability	A	This option is achievable, but there is no commercial justification to extend ISS, increasing the risk of a successful legal challenge.
Summary		**Not Recommended**	

Option			**3. Mirror ISS** Create new contract based on ISS. KURs only partially delivered as acquisitions since ISS are not included. Known issues persist.
SMART Objective	1. Contract	R	This option partially meets SMART objective #1. Not all KURs are met as new acquisitions since ISS are not included (Annex C). Underlying the KURs in Annex C are the detailed requirements which include individual DELIVERABLE as named in the DELIVERABLEs Matrix (refer to supporting documentation). In ISS there are NUMBER OF DELIVERABLE which are currently supported that will not be part of ISS DATE. Additionally, there are 481 DELIVERABLE that have been acquired since ISS. To mirror ISS would therefore result in an incorrect number and mix of DELIVERABLEs supported and as such, current KURs would not be met.
Critical Success Factors	Strategic Fit	R	DELIVERABLEs are partly supported to deliver KURs, but LfE is not incorporated into the contract meaning that known issues persist and the opportunities to improve service for end users is not delivered.
	Value for Money	A	VfM will be partially achieved through market engagement. However, LfE will not be leveraged fully, so contract improvements

			with the potential to deliver efficiencies will not be implemented. Time taken to collect LfE will be wasted.
	Supplier Capacity	G	The market will be tested during a competition whereby suppliers will be able to bid for the Lots and evaluated against their bids.
	Affordability	A	Issues arise around the DELIVERABLEs currently not in scope of ISS (Annex C). Additional funding would need to be secured to cover these DELIVERABLE.
	Achievability	A	The ISS contract does not cover a number of current DELIVERABLE (Annex C), meaning that several contracts would need to be written in addition to ISS, increasing effort and schedule.
Summary		**Not Recommended**	

Option		**4. Do Minimum - Evolve ISS** Gather LfE to improve ISS contract to eradicate known issues and make more efficient. Incorporate new acquisitions to deliver against all KURs.	
SMART Objective	1. Contract	G	This option delivers SMART objective #1.
Critical Success Factors	Strategic Fit	G	ISS i sevolved to incorporate all DELIVERABLE that were out of scope in ISS (Annex C) in order to deliver across all KURs. LfE is incorporated into the contract to resolve known issues within the ISS contract, delivering an improved service to end users.
	Value for Money	G	The competition element of this option allows for VfM to be delivered. Additionally, incorporating LfE allows for identified efficiencies to be written into the contract. An opportunity has been identified (and tested within the DELIVERABLEs In Service Support Contract) to evolve KPIs and introduce Service Credits and Incentive Payments which are not included in the current ISS contract. This means that the contract performance can be improved. A further opportunity has been identified to restructure and reduce the number of Lots within ISS, which could also help to deliver further VfM.
	Supplier Capacity	G	Industry engagement has taken place and indicates that there is sufficient interest to run a competition aligned to this option. The competition will allow for all suppliers to bid and be evaluated for suitability.
	Affordability	A	Whilst there is a deficit between Cost Model and Control Total, the framework structure of the contract means that affordability can be achieved.
	Achievability	A	Given the timeframe of this project, the schedule is acknowledged to be very tight. There are some resource gaps within the team, but these are currently filled with Equinox resource and task based resourcing support. Where SQEP is unavailable within the team to create new performance monitoring software, this has been sourced and booked from the Digital and Data Reserves team.
Summary		**Recommended**	

Option		**5. Re-write ISS** Develop a completely new contract ignoring all the aspects of ISS that currently work well. This option creates a big risk that the work will not be complete prior to DATE, leaving KURs at risk of being unsupported. This is the riskiest and most expensive option.	
SMART Objective	1. Contract	R	This option does not deliver SMART objective #1. There is insufficient resource or time available to complete contract award by DATE.

Critical Success Factors	Strategic Fit	G	A completely new contract delivers against all KURs. This option has the opportunity for KURs to be reassessed and a 'perfect fit' contract developed and delivered.
	Value for Money	A	Given the timeframe, there will be insufficient time to run a meaningful competition. This option ignores the LfE that has already been captured and starts afresh.
	Supplier Capacity	A	Market engagement to date has focussed on the current ISS and proposed structure of ISS DATE which has been well received. A fully re-written contract would need to be tested with the market to ascertain its attractiveness.
	Affordability	A	ISS is largely successful. A full re-write would be time consuming and not effective use of team resources. A new cost model would need to be developed which carries the risk of not achieving affordability under the existing Control Total which is based on ISS.
	Achievability	R	Fully re-writing ISS may deliver improved performance, but the trade-off will be achieving the contract in the timeframe necessary. It will therefore result in a temporary loss of operational capability during the period between contracts.
Summary		**Not Recommended**	

Option		**6. Contract For Availability** Develop elements of the ISS contract to include contracting for availability, instead of using a framework agreement. KURs are delivered. Cost is not controlled and there is a strong risk that the Control Total is breached.	
SMART Objective	1. Contract	A	This option will require a re-write of KURs to uplift them to contract for availability – but this is not what the FLCs have indicated they require. The effort needed does not match available resource availability and so the contract will not be able to be delivered by DATE.
Critical Success Factors	Strategic Fit	A	This option delivers against the KURs, but also risks 'over-delivering' as KURs do not specify availability on a DELIVERABLE-by-DELIVERABLE basis.
	Value for Money	R	Changing operational demands require flexibility in DELIVERABLE availability, however, in this option, the contract would be based on having ALL DELIVERABLE available, meaning that NAME OF DEPARTMENT is paying for services it doesn't need. A number of DELIVERABLE (for example, STAFF DELIVERABLEs) are used on an ad-hoc basis and do not have true availability metrics. The Control Total is based on a flexible framework contract, so contracting for availability would result in a significant increase that is not affordable, due to the volume of DELIVERABLEs being maintained. This drives risk and hence cost into an industrial base not used to managing that throughput.
	Supplier Capacity	A	There is a risk that contracting for availability becomes an 'unknown risk'. Suppliers could be disinclined to bid for a contract where availability KPIs are non-negotiable. Conversely, suppliers may be more inclined to bid for a contract that guarantees throughput.
	Affordability	R	The current framework contract allows for affordability decisions to be made on a daily, monthly and yearly basis. This option removes the flexibility to make decisions based on combined objectives of operational need and affordability.
	Achievability	A	This option is largely achievable, but will require additional resource to further understand the availability that might be required – KURs would need to be revisited.
Summary		**Not Recommended**	

Annex F – Logic Model

REDACTED

Annex G - Risk and Issues Register

REDACTED

The top 5 risks for the project are as follows:

Risk	Current	Target	Detail	Mitigation
Operations Team Capacity (Resource)			Changes to processes (specifically revised KPIs) may result in increased workload for Operations Team.	'As is' and 'to be' process mapping has been completed and opportunities for automation explored. TEAM NAME has been identified and tasked with creation of tool to begin to automate more processes.
Affordability			Contract may not be affordable.	Please refer to paragraphs 25-26 above.
Contract Termination			Providers may be unable to deliver the contract as a result of poor performance, or insolvency.	Contract includes mechanism to terminate contract for variety of reasons including poor performance. DPQQ and ITN will include checks on solvency and ability to deliver contract. KPI measurement will indicate any decline in performance in time for further mitigating action to be put in place, but if a contractor should become unable to deliver the contract at short notice, this still presents a risk to capability.
General Election			The imminent General Election and result could mean that NAME OF OTHER DEPARTMENT 3 approvals are delayed, or that the competition timeframe needs to be amended.	Election date is now known so schedule can be adapted to work around pre-election period rules. Guidance is being sought on obtaining out of committee approvals to achieve the schedule.
Incomplete data and/or knowledge			The cost model is based on Cost Drivers selected by SQEP within the team and based on historic activity. However, historic activity is not necessarily an accurate indication of future activity.	Risk has been applied to the Cost Model to mitigate this risk.

Annex H – ISS DATE Design

Introduction

Using LfE and the team's considerable SQEP, market knowledge and understanding of operational priorities, the structure, naming convention, prioritisation and content of each lot was determined.

Design of the Lot Structure

The process began with representatives from Engineering and Operations agreeing the content of each lot, on a quantity basis, using LfE and information held within the DMR. The outputs were captured in the Matrix and ratified by representatives from all other functions (Acquisitions, Finance, Commercial, Security, and Safety) at a workshop held on DATE.

It was also agreed that the following items would be incorporated into ISS DATE Lots:

- REDACTED

The following will remain outside of the scope of ISS DATE:

- REDACTED

Objectives of the proposed design were captured as follows:

- Reduction in Lots will result in reduction in administrative burden around contract awards and management
- Better distribution within lots will improve user experience
- Lots renamed to adhere to current naming conventions (for example, removing reference to location and MAB details)
- Lots put in priority order of operational importance and numbered accordingly to improve clarity around internal processes

Final Lot Structure:

1. ORGANISATION 1
2. ORGANISATION 2
3. CUSTOMER
4. Overseas
5. Work
6. ORGANISATION 3
7. UK Operations
8. Support and Training

Lot Allocation Mechanism

Principles will apply to the Lot Allocation Mechanism based on NAME OF DEPARTMENT contractual requirements and replicate what worked well when awarding the ISS contract:

- Contractors may bid on any number of Lots.
- Lots will be awarded from highest (1) to lowest (10) rank.
- Contractors cannot win a combination of Lots that exceed a percentage 50% of their annual turnover, without some further guarantee.

Additional principles based on LfE from ISS will apply:

- The order of precedence has been divided into four tiers.
- Lots 1,2, 3 are tier 1; Lot 4 is tier 2; Lots 5, 6, 7, 8 are tier 3; and Lot 9 is tier 4.
- Each tier attracts a different number of points (tier 1 = 10; tier 2 = 6; tier 3 = 5; tier 4 = 1)
- Contractors can only win one Lot in tier 1.
- Contractors can only win Lots of a total value of 21 points.
- Ambition: If a contractor turns down the offer of a Lot Contract, they automatically become ineligible to accept any alternative lots – CLS to review full tender pack and advise if we can use this clause.

Contract Performance

LfE was gathered from ISS and the In Service Support Contract (ISS). The ISS contract took a novel approach to KPIs, to allow the Operations Team to use the contract more actively to monitor contract performance than is possible in ISS.

KPIs for ISS DATE are therefore divided into 3 elements based on the ISS contract:

- Element 1: What we want suppliers to deliver
- Element 2: How we'll measure the overall performance of the contract
- Element 3: Incentivisation and Redress within the contract

As worked well on the ISS contract, Service Credits and Incentive payments will apply to specific KPIs, based on contractual and agreed delivery dates.

A further element of KPIs relates to the mandated inclusion of Social Values performance measures within the contract:

- Element 4: Social Values

Social Values will be evaluated as part of both DPQQ and ITN during contract placement and will be monitored under the contract as an element which is distinct from Elements 1,2, and 3. There will not be any financial redress linked to Element 4 of the Social Values, but this KPI will be linked to performance with associated action plans.

Contract Performance KPIs with associated elements 1-3

REDACTED