

# NGEC: evolving the commercial landscape of the defence estate

DE's NGEc team taking questions at an industry day

*Next Generation Estate Contracts is a Defence Estates programme to develop the most cost-effective mix of estate contract models to meet the future needs of Defence. Here, Walter Scott of the NGEc team at Defence Estates, tells MOD DCB more.*

Later this year, Defence Estates will invite companies of all sizes and specialisations from across the UK to submit expressions of interest (EOIs) in the first tranche of future military estate contracts.

These are challenging times for public sector procurement, not least on the government estate. Alongside future funding issues, DE's Next Generation Estates Contract (NGEC) team is plugged in to work on future government estate management, the Strategic Defence and Security Review (SDSR), sustainable development, and opportunities for SMEs.

Against the backdrop of these wider influences, the team is making good progress. In June, the Chief Scientific Adviser signalled his approval for the proposed new arrangements, namely four Regional Prime Contracts, one national Housing Prime Contract, one national Training Estate Prime Contract, and Core Works Frameworks. Functional Frameworks for single living accommodation and airfield pavements remain a possibility should future demand justify it.

NGEC is now developing the technical specifications and terms and conditions of the individual contracts, informed in part by the May/June 2010 industry focus groups with representatives from more than 60 companies. Flexibility is central to this; the future contracts are being designed to be adaptable to evolving requirements, such as the geographical relocation of military units.

However, while industry engagement remains a key NGEc principle, it has been decided to postpone any future industry events until after this autumn's SDSR announcement, when the outcomes for the defence estate are better defined, and more detail on future requirements can be provided.

Sustainability is another central issue. The recent OGC Energy Efficiency Code provides guidance for facilities management. It also informs our approach to incentivising suppliers in energy efficiency and carbon reduction. And across the wider agenda, NGEc is weaving performance on such issues as water, waste, biodiversity, community engagement, and so forth into the new contract terms and conditions.

Contractors will be central to establishing best practice in estate sustainability. The Cabinet Office has recently emphasised the importance of working with contractors, and harnessing private sector innovation to achieve results. To this end, NGEc has reconvened its industry focus group on sustainability and energy for further discussions, and is now developing performance criteria.

*"DE's NGEc team is plugged in to work on future government estate management, the SDSR, sustainable development, and opportunities for SMEs"*

During contract development the team is also looking to open up opportunities to local suppliers and SMEs. This applies particularly in Core Works Frameworks, but also where possible in Prime Contract supply chains. The shape of the future Core Works Frameworks will be announced soon.

Customers and MOD staff are important to the programme's success and the NGEc team recognises the importance of maintaining internal awareness. That is why from late October 2010, as contract development reaches completion, NGEc is planning to run regional roadshows for MOD staff at six sites around the country.

During the contract development stage of the programme, Steve Rice, Head of the NGEc programme, commented: "The most challenging aspect of NGEc is to try and bring all of the best aspects of the existing contracts together. In environments of fairly major change, putting in place contracts that can cope with lots of uncertainty is also quite a challenge."

## Sustainability and the NGEc programme

The MOD is looking to industry to help generate ideas that will ensure the UK's Armed Forces are able to live, work and train on a sustainable defence estate for many years into the future.

It is vital that the defence estate – which includes military training facilities across the UK and beyond – is managed in a way that combines statutory compliance with appropriate stewardship, cost savings and long-term value for money.

With this in mind, the sustainability agenda for future suppliers is proving to be an integral part of the NGEc programme.

NGEC is developing new commercial arrangements for defence facilities management, new-build projects, and management of training estate and military housing. Its recent industry focus group on sustainability and energy included discussion on encouraging MOD suppliers to deliver low-carbon measures on the UK defence estate, and achieving other sustainability targets, including for water, waste, heritage and biodiversity.

*Ideas emerging from the discussions include:*

- Using the new MOD energy management system to deliver continuous improvement in line with Carbon Trust recommendations;
- Using 'gainshare' to drive reductions in waste to landfill; and
- Encouraging contractors to dedicate one in every 100 hours worked to community projects.

Mark Grant, Head of NGEc contract development, said: "Supporting our Armed Forces is the top priority for Defence Estates. We must meet a range of statutory sustainability requirements and we are determined to ensure that our whole defence estate – particularly military training facilities – can continue to support operational output as efficiently as possible."

*"Responsible stewardship of the nation's defence estate is vital to delivering better value for money. That is why we are putting sustainable development at the heart of these new contracts, and looking for future suppliers who are prepared to invest and innovate to reduce consumption and waste on the defence estate, in return for a share of the savings."*

DE is now developing the structure and terms of the individual new contracts. This includes converting the sustainability and energy focus group's ideas into a framework for evaluating its future suppliers' sustainability performance, and developing processes for prioritising estate maintenance tasks against sustainable development themes. Publication of the focus group's ideas follows a meeting on 20 July 2010 of senior Whitehall ministers with major government estate contractors to discuss industry's role towards achieving public sector carbon targets.

This meeting marked the launch of the Energy Efficiency Code – a voluntary commitment for central government and Facilities Management (FM) contractors to work in partnership to identify and deliver energy savings for the mutual benefit of both parties. The Code is a commitment at a high level in departments and FM industry to work together to support delivery of the Prime Minister's commitment to reduce central government carbon emissions by ten per cent in 12 months.

## Further information

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