



MINISTRY OF DEFENCE

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**DE NEXT GENERATION ESTATE  
CONTRACTS (NGEC): NATIONAL  
AND REGIONAL CAPITAL  
WORKS FRAMEWORKS**

28 January 2011

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**Industry announcement – 28 January 2011**

## **Defence Estates opens up construction opportunities**

The MOD announced today that it will develop six regional capital works frameworks for construction projects valued below £12m and one national framework for higher value projects, more complex projects and cross-region programmes up to a value of £50m, under its Next Generation Estate Contracts (NGEC) programme.

Industry is now invited to submit expressions of interest, marking the start of the procurement process for these new commercial arrangements.

The regional frameworks are designed to demonstrate ever improving value for money in MOD construction projects, and an opportunity for a greater proportion of Small and Medium-sized Enterprises (SMEs) to be involved in the frameworks.

The regional frameworks will cover: Scotland; the North East, North West and Yorkshire and the Humber; the West Midlands and Wales; the East of England and East Midlands; the South East (including London); and the South West.

For each framework the MOD will select a pool of up to five pre-approved suppliers, who will then be asked to submit competitive bids on a project-by-project basis. The framework agreements will run for four years, with the option to extend them for up to a further three years.

Companies expressing an interest in the regional frameworks will need to have had a minimum £20m annual construction turnover in recent years, reflecting the scale of construction projects these companies would need to deliver. These regional frameworks will, however, provide opportunities for SMEs below that threshold to be considered as potential subcontractors.

Estimated total contract values over the four-year period are between £100m and £250m for each of the six regional frameworks, and between £250m and £400m for the national framework. It is expected that all frameworks will be awarded by Autumn 2012.

David Olney, the Deputy Chief Executive of Defence Estates, said: "In these financially challenging times, we are looking to suppliers to deliver value for money. We recognise the potential for smaller enterprises to contribute here, alongside larger national and multinational suppliers. That is why we are opening these commercial opportunities up to a mix of company sizes."

Steve Rice, Head of the NGEC programme, added: "We have consulted widely with the DE customer community, industry and wider Government, and have concluded that we need to widen the scope for suitably experienced companies in the SME category to be involved in smaller construction projects.

"Irrespective of size or specialisation, future suppliers will have to meet MOD's demanding requirements and will need to demonstrate innovation, enough flexibility to meet the evolving requirements of the Armed Forces, and a willingness to make a proactive contribution to energy efficiency."

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Tender adverts for the Capital Works Frameworks will be published in the Defence Contracts Bulletin (DCB) for DCB subscribers, and by early next week (commencing 31 Jan 11) these will be accessible free of charge on the Tender Electronic Daily (TED) service ([ted.europa.eu](http://ted.europa.eu)) under the Official Journal of the European (OJEU).

### **Notes to editors**

1. Defence Estates (DE) is part of the 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. Our work includes providing, supporting and improving: operational units; single living and service family accommodation; training areas and historic military sites. Defence Estates actively manages these to ensure the needs of Defence are met, value for money is achieved, our heritage is protected and to achieve our environmental goals.
3. The estate is worth £15.3bn and spans 240,000 hectares and 45,000 buildings, including barracks, airfields, naval establishments, military training estate, workshops, offices, messes, family housing, 1,300 scheduled monuments, and 289 sites of special scientific interest.
4. Since late 2008 the Next Generation Estate Contracts (NGEC) team has been consulting a wide range of stakeholders, including DE delivery areas, MOD customers, other Government departments, and industry, to review the current arrangements, draw on best practice, and appraise different configurations of commercial arrangements in terms of operational effectiveness and value for money.
5. The European Commission defines "Small and Medium-sized Enterprises" (SMEs) as companies with an employee headcount of below 250 employees and annual turnover of below €50m.
6. At the Pre-Qualification Questionnaire (PQQ) stage in the NGEC procurement process, companies bidding for the national Capital Works Frameworks will need to demonstrate construction turnover of £75m and experience of delivering a construction project worth at least £15m in the last three years, and for the regional frameworks, construction turnover of £20m 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. NGEC is working in line with the OGC Gateway process, running in four stages – initial gate business case, model research, model development, contract procurement and delivery – through to Main Gate approval.

### **Further information**

**Defence internet:**

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

**Defence Estates website:** <http://www.mod.uk/DefenceEstates>

**Official Journal of the European Union (OJEU):**

<http://ted.europa.eu/TED/main/HomePage.do>

**NGEC mailbox:** [dengec@de.mod.uk](mailto:dengec@de.mod.uk)

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