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Ref. FOI 2016/03975

6 May 2016

Dear Sir / Madam,

Thank you for your email of 6 April 2016 requesting the following information:

*"Please can the DIO publish the final version of the Executive Summary vfm study handed to unions earlier this year in regards to the future of the MOD Guard Service and also the final version of the Options Paper"*

I am treating your correspondence as a request for information under the Freedom of Information Act 2000 (FOIA).

A search for the information has now been completed within the Ministry of Defence (MOD) and I can confirm that all the information in scope of your request is held.

The information you have requested can be found at annex A, but some of the information falls entirely within the scope of the absolute exemptions provided for at section 40 (Personal Data) of the FOIA and has been redacted.

Section 40(2) has been applied to some of the information in order to protect personal information as governed by the Data Protection Act 1998. Section 40 is an absolute exemption and there is therefore no requirement to consider the public interest in making a decision to withhold the information.

Section 43 (2) (Commercially Sensitive Information) has also been applied to the financial information has been withheld. Section 43 is a qualified exemption and is subject to public interest testing which means that the information requested can only be withheld if the public interest in doing so outweighs the public interest in disclosure. The balance of public interest was found to be in favour of withholding the information given that, overall, the public interest is best served in not releasing the information as it would breach competitive commercial tendering and for these reasons I have set the level of prejudice against release of the exempted information at the higher level of "would" rather than "would be likely to".

Yours sincerely,

## DIO Secretariat

If you are not satisfied with this response or you wish to complain about any aspect of the handling of your request, then you should contact me in the first instance. If informal resolution is not possible and you are still dissatisfied then you may apply for an independent internal review by contacting the Information Rights Compliance team, 2<sup>nd</sup> Floor, Zone N, MOD Main Building, Whitehall, SW1A 2HB (e-mail [CIO-FOI-IR@mod.uk](mailto:CIO-FOI-IR@mod.uk)). Please note that any request for an internal review must be made within 40 working days of the date on which the attempt to reach informal resolution has come to an end.

If you remain dissatisfied following an internal review, you may take your complaint to the Information Commissioner under the provisions of Section 50 of the Freedom of Information Act. Please note that the Information Commissioner will not investigate your case until the MOD internal review process has been completed. Further details of the role and powers of the Information Commissioner can be found on the Commissioner's website, <http://www.ico.org.uk>.

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15 January 2016

**UNARMED GUARDING VALUE FOR MONEY OPTIONS PAPER**  
**(Executive Summary)**

**ISSUE**

1. A Value for Money (VfM) study was initiated in Oct 15 to investigate the options to ensure that the MOD Guarding Service (MGS) provides a cost effective and quality service for Defence. This paper provides an Executive Summary to the main report.

**RECOMMENDATION**

2. D SD is invited to agree:
  - i. A commercial competition is commenced to ensure MOD is provided with a cost effective and quality service for Unarmed Guarding, which (in accordance with JSP 507) will compare a commercial option with the in-house option,
  - ii. A restricted procurement with an estimated timeline to deliver an In Service Date (ISD) of July 2018 with a fully resourced team,
  - iii. A team of 4.5 x FTE staff to manage the project is established, with 3 x FTE Commercial staff<sup>1</sup> and support from the HR, Communications and Finance functions, and;
  - iv. A team of 2 x FTE staff to produce the 'in-house' option with support from Commercial, HR, Communications, Finance and external security consultancy to deliver to time.
3. And, to note:
  - i. The Do Better (In-house) option has potential savings of an estimated 20-26%, providing all improvements are implemented,
  - ii. The Commercialisation option has potential savings of an estimated 19-26%, depending on length of contract and speed of transition,
  - iii. The review and selection procedures used to determine the long-list, down-selection of options and the evidence under-pinning them, and;
  - iv. The timeline to contract award could be reduced with immediate resourcing of the project team and reduction to the approvals timescale.

**TIMING**

4 Routine. Approval by end Jan 16 is requested to enable the team to be recruited to meet project timescales.

**BACKGROUND**

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<sup>1</sup> As advised by DIO Commercial

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5. The DIO is under a remit to achieve efficiencies across all its activities and assets. As a result, the MGS – both the unarmed guarding delivery activities and the Head Office function – have been reviewed to ascertain the opportunities to improve value for money.

**DISCUSSION**

Objective

6. The VfM study reviewed various options for unarmed guarding and assessed the cost effectiveness, timeliness and quality of service for Defence with the aim of meeting the Single Statement of Need (SSoN) – both now and in future years:

"To provide unarmed guarding services to Defence establishments throughout the UK achieving maximum value for money to the public purse".

7. To enable this the options<sup>2</sup> were assessed against the agreed quality, time and cost Key User Requirements<sup>3</sup> (KURs) to enable the down-selection<sup>4</sup>. From this three options were taken forward.

Options

8. **Do Nothing** - This option would provide a continuation of current work patterns and employment conditions. Although this option was discounted due to not providing VfM, it will be taken forward in accordance with MOD policy, as a benchmark for improvement.

9. **Do Better** - This option would deliver an internal transformation, combining up to ten already-identified operational and employment term changes to reduce the costs of providing an internally-managed comparable service.

10. Whilst the cost efficiencies are impressive (detailed below), the proposed improvements<sup>5</sup> are well known to MGS Management and relate broadly to changes to employees Terms and Conditions (T&Cs). Such changes can take considerable time and resource through MOD processes and, therefore, it is recommended that these proposals are taken forward in parallel with a procurement process to provide a realistic 'in-house' option to compare with Industry.

11. **Commercialisation** - Immediate commercialisation of the unarmed guarding, including Head Office, to the private sector to provide an effective service with greater efficiency. Creating a DIO contract management team to manage the service delivery.

12. The commercialisation option has been assessed following engagement with Industry and is based upon their knowledge of the sector and information provided to them regarding the cost, quality and challenges facing the MGS. Whilst the companies interviewed indicated the potential savings below, these would require testing through a robust procurement process to ensure these could be achieved whilst continuing to deliver the agreed level of service.

Option Title	<b>Do Nothing</b>	<b>Do Better</b>	<b>Full Commercialisation</b>
Annual Cost (16/17 basis)			
Transition Costs (total)			

<sup>2</sup> Para 10 of Report

<sup>3</sup> Para 11 of Report

<sup>4</sup> Para 16 of Report

<sup>5</sup> Para 36 of Report

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On-going Additional Costs (annual)			
Total 5 year costs			
<b>Estimated Savings over five years</b>			
<b>% savings to baseline</b>			

**IMPLICATIONS**

13. Once the recommendations are agreed, the communications and impact on MGS staff will need to be handled appropriately. MGS staff have been made aware of the study and TU representatives have been included as observers throughout.

**NEXT STEPS**

14. The timelines below assume a fully resourced team. Should the SRO agree to the recommendations above, a team<sup>6</sup> of 4.5 x FTE staff would be required to manage the project, with 3 x FTE Commercial staff and support from the HR, Communications and Finance functions. This will enable the team to deliver to the following estimated<sup>7</sup> timeframes, dependent on the procurement method approved at IGBC:

Restricted Procurement

<b>Key Milestone</b>	<b>Start Date</b>
Notification to Proceed	Mid-Jan 16
Initial Gate Business Case to IAC	Oct 16
Issue Advert/Pre Qualification Questionnaire	Feb 17
Issue Invitation To Tender (ITT)	Jul 17
ITT Returned	Aug 17
Issue Main Gate Business Case to IAC	Jan 18
Contract Award	Mar 18
In Service Date	Jul 18

Negotiated Procurement

<b>Key Milestone</b>	<b>Timeframe</b>
Notification to Proceed	Mid-Jan 16
Initial Gate Business Case to MOD IAC	Oct 16
Issue Advert/Pre Qualification Questionnaire	Feb 17
Issue Invitation To Negotiate (ITN)	Aug 17
ITN Returned	May 18
Issue Main Gate Business Case to MOD IAC	Sep 18
Contract Award	Dec 18
In Service Date	Mar 19

15. The immediate agreement to fully resource the team will enable activities to start sooner and reduce the time to contract award. One area that the team is unable to influence is the

<sup>6</sup> Para 49 onwards of Report

<sup>7</sup> Not risk adjusted - will be complete for IGBC

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scrutiny/approval process, which currently is 8 months of the timescale, engagement and agreement with all approval bodies could further reduce the time to contract award. These actions would see the ISD moving to late 2017.

16. In addition, a team would need to be established to develop the 'in-house' option. This team will report into the B2 managing the project to ensure the option adheres to the timescales. The team will comprise 2 x FTE staff with support from Commercial, HR, Communications, Finance and external security consultancy to deliver to time:

<b>Key Milestone</b>	<b>Timeframe (Financial Year)</b>
<b>Proceed</b>	Mid-Jan 16
<b>Input to Initial Gate Business Case</b>	Oct 16
<b>Scope potential improvements &amp; efficiencies</b>	Jan 17
<b>Complete 'In-house' option</b>	May 18 (ITN) or Aug 17 (ITT)
<b>Input to Main Gate Business Case</b>	Sep 18 (ITN) or Jan 18 (ITT)
<b>Commence Improvement &amp; efficiency programme</b>	Dec 18 (ITN) or Mar 18 (ITT)
<b>Complete improvement &amp; efficiency programme</b>	TBC

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