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Award

## **Corporate Services Modernisation Phase 2 DP**

Ministry of Defence

UK5: Transparency notice - Procurement Act 2023 - [view information about notice types](#)

Notice identifier: 2025/S 000-011049

Procurement identifier (OCID): ocds-h6vhtk-04f842 ([view related notices](#))

Published 25 March 2025, 10:22am

### **Scope**

### **Reference**

712537452

### **Description**

The CSM Portfolio has been initiated with the aim of delivering efficient and effective HR, Finance and Commercial Shared Services in line with the Government Shared Service Strategy (GSSS). This was established to encourage greater collaboration, help reform government and to play a part in emphasising interoperability across government, in line with global industry standards. The CSM Portfolio is nearing the end of its initial phase of discovery and design work ("Phase 1"). The Phase 1 contract was previously awarded to KPMG LLP following a call-off competition under the Authority's Digital and IT Professional Services framework agreement. However, there were elements of the Authority's detailed design requirement (e.g. for Defence HR Services,) which were not included in Phase 1 due to the complexity of high-level design work required to amalgamate various Civilian and Military systems and associated processes. This has led to the Authority needing to place this interim six-month contract with KPMG LLP via direct award to complete the detailed design stage before commencing the Transformation and Implementation phase of the programme. Currently, it is the Authority's intention that this

Transformation and Implementation phase will be procured via one or more contracts following competitive procurement exercises.

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## **Contract 1. CSM Phase 2 Delivery Partner**

### **Supplier**

- [KPMG LLP](#)

### **Contract value**

- £800,000 excluding VAT
- £9,600,000 including VAT

Above the relevant threshold

### **Earliest date the contract will be signed**

25 April 2025

### **Contract dates (estimated)**

- 1 May 2025 to 31 October 2025
- 6 months

## **Main procurement category**

Services

## **CPV classifications**

- 72510000 - Computer-related management services

## **Contract locations**

- UK - United Kingdom

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## **Other information**

### **Conflicts assessment prepared/revised**

Yes

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## **Procedure**

### **Procedure type**

Direct award

### **Direct award justification**

Switching to direct award

The Corporate Services Modernisation (CSM) team, part of the Ministry of Defence ("the Authority") intends to award a six (6) month contract to KPMG LLP valued at up to £8M excluding VAT to complete detailed design to enable progression to the Transformation and Implementation phase of the Authority's CSM programme.

The CSM Portfolio has been initiated with the aim of delivering efficient and effective HR, Finance and Commercial Shared Services in line with the Government Shared Service Strategy (GSSS). This was established to encourage greater collaboration, help reform government and to play a part in emphasising interoperability across government, in line with global industry standards. The CSM Portfolio is nearing the end of its initial phase of discovery and design work ("Phase 1"). The Phase 1 contract was previously awarded to KPMG LLP following a call-off competition under the Authority's Digital and IT Professional Services framework agreement. However, there were elements of the Authority's detailed design requirement (e.g. for Defence HR Services,) which were not included in Phase 1 due to the complexity of high-level design work required to amalgamate various Civilian and Military systems and associated processes. This has led to the Authority needing to place this interim six-month contract with KPMG LLP via direct award to complete the detailed design stage before commencing the Transformation and Implementation phase of the programme. Currently, it is the Authority's intention that this Transformation and Implementation phase will be procured via one or more contracts following competitive procurement exercises.

It is considered that a direct award to KPMG LLP for this six-month contract is lawful in accordance with section 41 and paragraphs 6 (Technical Reasons) and 7 (Extension of Existing Goods and Services) of Schedule 5 of the Procurement Act 2023 for the following reasons.

To attempt to change supplier now would result in the Authority receiving partial detailed designs that would be different from and incompatible with the existing designs produced by KPMG LLP. This would in turn result in disproportionate technical difficulties in operation and/or maintenance of the complete CSM design solution when it came to delivering the Transformation and Implementation phase.

In practical terms, appointing an alternative supplier utilising a different design methodology to complete the design phase of the CSM Portfolio would result in the production of differing design solutions for the various elements of the same future operating system. The impact of the differing design solutions would be that any future Transformation and Implementation supplier would either be unable to implement the solution design in totality, or the difference/incompatibility between designs would result in disproportionate technical difficulties when attempting to implement the designs during the implementation phase of the programme. This would ultimately result in a future operating system that would not meet the Authority's objective requirements and would be unfit for purpose. Consequently, to retain and maintain compatibility with the designs produced to date this interim six-month contract must be awarded to this particular economic operator.

In addition, to attempt to re-compete the entire CSM design requirement at this stage would result in a substantial and unacceptable impact on progress along the Authority's critical path alignment with which is vital to maintain MOD's corporate services systems and capabilities.

At a market engagement event held during September 2024 attendees made clear that in order to competitively price the Transformation and Implementation phase of the CSM Portfolio the future solution must be fully designed. This short interim six-month contract provides potential Transformation and Implementation phase bidders with an important degree of certainty that all designs have been completed and assured prior to the Transformation and Implementation phase being procured.

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## Supplier

### KPMG LLP

- Companies House: OC301540

15 Canada Square

London

E14 5GL

United Kingdom

Email: [susan.koksal100@mod.gov.uk](mailto:susan.koksal100@mod.gov.uk)

Region: UKI42 - Tower Hamlets

Small or medium-sized enterprise (SME): No

Voluntary, community or social enterprise (VCSE): No

Contract 1. CSM Phase 2 Delivery Partner

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## Contracting authority

### Ministry of Defence

- Public Procurement Organisation Number: PHVX-4316-ZVGZ

Whitehall

London

SW1A 2HB

United Kingdom

Contact name: Susan Koksai

Email: [susan.koksai100@mod.gov.uk](mailto:susan.koksai100@mod.gov.uk)

Website: <https://www.gov.uk/government/organisations/ministry-of-defence>

Region: UKI32 - Westminster

Organisation type: Public authority - central government