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Contract

Banknote Print

BANK OF ENGLAND

F20: Modification notice

Notice identifier: 2024/S 000-013490

Procurement identifier (OCID): ocds-h6vhtk-045533

Published 25 April 2024, 3:42pm

Section I: Contracting authority/entity

I.1) Name and addresses

BANK OF ENGLAND

Threadneedle Street

LONDON

EC2R8AH

Email

fm.contracts@bankofengland.co.uk

Country

United Kingdom

Region code

UKI31 - Camden and City of London

Justification for not providing organisation identifier

Not on any register

Internet address(es)

Main address

<https://www.bankofengland.co.uk>

Section II: Object

II.1) Scope of the procurement

II.1.1) Title

Banknote Print

II.1.2) Main CPV code

- 22430000 - Banknotes

II.1.3) Type of contract

Supplies

II.2) Description

II.2.2) Additional CPV code(s)

- 42900000 - Miscellaneous general and special-purpose machinery
- 50530000 - Repair and maintenance services of machinery

II.2.3) Place of performance

NUTS codes

- UK - United Kingdom

II.2.4) Description of the procurement at the time of conclusion of the contract:

This is a multi year contract to print Bank of England banknotes.

II.2.7) Duration of the contract, framework agreement, dynamic purchasing system or concession

End date

29 February 2028

Section IV. Procedure

IV.2) Administrative information

IV.2.1) Contract award notice concerning this contract

Notice number: [2014/S 228-402498](#)

Section V. Award of contract/concession

Contract No

CON/1000063

V.2) Award of contract/concession

V.2.1) Date of conclusion of the contract/concession award decision:

29 September 2014

V.2.2) Information about tenders

The contract/concession has been awarded to a group of economic operators: No

V.2.3) Name and address of the contractor/concessionaire

De La Rue PLC

Hampshire

Country

United Kingdom

NUTS code

- UKJ - South East (England)

Companies House

03834125

The contractor/concessionaire is an SME

No

V.2.4) Information on value of the contract/lot/concession (at the time of conclusion of the contract;excluding VAT)

Total value of the procurement: £500,000,000

Section VI. Complementary information

VI.4) Procedures for review

VI.4.1) Review body

The High Court

The Royal Courts of Justice, The Strand

London

WC2A 2LL

Country

United Kingdom

Section VII: Modifications to the contract/concession

VII.1) Description of the procurement after the modifications

VII.1.1) Main CPV code

- 22430000 - Banknotes

VII.1.2) Additional CPV code(s)

- 42900000 - Miscellaneous general and special-purpose machinery
- 50530000 - Repair and maintenance services of machinery

VII.1.3) Place of performance

NUTS code

- UKI - London

VII.1.4) Description of the procurement:

The Contracting Authority is responsible for ensuring security and continuity of the supply of high quality banknotes. The Contracting Authority entered into a contract for the supply of banknotes to be printed throughout the term of the contract at its premises at Debden in Essex, initially using the existing equipment currently located there. The site is a high security environment and all individuals working on site must be security cleared. The supplier will manage all aspects of banknote production from sourcing many of the

banknote components through to single note inspection of finished banknotes. The Contracting Authority places significant importance on the supplier meeting the technical specifications for the banknotes and implementing robust quality management and security processes. The contract provides for the introduction of new banknote designs during the course of the contract. The supplier is required to ensure that the printing machinery at the Debden premises continues to be fit for purpose throughout the term of the contract. This will involve the replacement and/or refurbishment of most of the printing machinery at an early stage of the contract. The supplier will also be expected to maintain the machinery through the lifetime of the contract. The contract also includes facilities maintenance and other property related services required at the Debden premises.

The Contracting Authority continues to review new security features, including the potential for alternative banknote substrates. The supplier will need to accommodate any change of features or substrate that might be required at any stage from the start of the contract.

In contingency scenarios, where the Debden site becomes inoperable, the Contracting Authority may require its banknotes to be printed at the supplier's own printing works or an alternative site approved by the authority.

VII.1.5) Duration of the contract, framework agreement, dynamic purchasing system or concession

End date

29 February 2028

VII.1.6) Information on value of the contract/lot/concession (excluding VAT)

Total value of the contract/lot/concession:

£500,000,000

VII.1.7) Name and address of the contractor/concessionaire

De La Rue PLC

Hampshire

Country

United Kingdom

NUTS code

- UKJ - South East (England)

Companies House

03834125

The contractor/concessionaire is an SME

No

VII.2) Information about modifications

VII.2.1) Description of the modifications

Nature and extent of the modifications (with indication of possible earlier changes to the contract):

As a long-term, complex and variable contract a number of previous amendments have already been made. These concerned the specific requirements for the roll-out of new polymer notes for each denomination, improvements to working practices, changes to the contractual mechanisms for third party printing undertaken by the contractor and the exercising of the pre-existing contract extension option.

This variation provides for:

- a reduction in sterling printing capacity provided under the contract,
- a reduction in the amount of third party printing required to be undertaken by the contractor, and
- miscellaneous changes linked to the overall reduced printing capacity provided under the contract.

VII.2.2) Reasons for modification

Need for modification brought about by circumstances which a diligent contracting authority/entity could not foresee.

Description of the circumstances which rendered the modification necessary and explanation of the unforeseen nature of these circumstances:

Forecast banknote printing volumes for the remainder of the contract term have reduced by circa 75% since the contract was entered into in 2014. Unless modified, sterling printing requirements would account for only ~10-20% of the Bank's funded print capacity over the next 5 years. This decrease in printing requirements is due to a number of factors, including:

- (a) Forecast cash payment volumes decreasing significantly since 2014;
- (b) The longer circulation life of the current polymer banknotes; and
- (c) Additional printing undertaken to meet a spike in demand for cash during the Covid pandemic leading to lower future orders now that demand has eased.

In addition, the coalescence of urgent printing requirements globally during the Covid pandemic has resulted in a depressed third-party printing market.

The circumstances outlined above could not have been foreseen at the time the contract was entered into. Failure to make the highlighted changes to the contract would result in the low utilisation of valuable publicly owned assets, a risk to continuity for a contract of strategic national importance and would not represent value for money in the public interest.

Taking into account the impact of the variations, the latest estimate of contract value still sits within the original published range of GBP 200 million and GBP 500 million.

VII.2.3) Increase in price

Updated total contract value before the modifications (taking into account possible earlier contract modifications, price adaptations and average inflation)

Value excluding VAT: £500,000,000

Total contract value after the modifications

Value excluding VAT: £500,000,000