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Award

MCWP Test Loop Rig - Operation and Maintenance

Ministry of Defence

F15: Voluntary ex ante transparency notice

Notice identifier: 2024/S 000-018402

Procurement identifier (OCID): ocds-h6vhtk-046fe7

Published 14 June 2024, 9:33am

Section I: Contracting authority/entity

I.1) Name and addresses

Ministry of Defence

Bristol

Email

Mark.Marshall120@mod.gov.uk

Country

United Kingdom

Region code

UKK11 - Bristol, City of

Internet address(es)

Main address

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

I.4) Type of the contracting authority

Ministry or any other national or federal authority

I.5) Main activity

Defence

Section II: Object

II.1) Scope of the procurement

II.1.1) Title

MCWP Test Loop Rig - Operation and Maintenance

II.1.2) Main CPV code

- 50800000 - Miscellaneous repair and maintenance services

II.1.3) Type of contract

Services

II.1.4) Short description

The Platform Equipment Delivery Team (PEDT) part of the Ministry of Defence, intends to award a contract to Babcock Integrated Technology Limited (BITL) for the maintenance and operation of the MOD owned Test Loop Rig to be used as part of the certification and acceptance process for Main Circulating Water Pumps.

The MOD owns a single MCWP Test Loop Rig. This rig is used to test all main circulating water pumps across the submarine fleet and every pump, whether newly manufactured or in the repair loop, must use the test loop rig prior to being declared serviceable. The Test Rig has been maintained and operated as part of a complete support contract for the past 14 years: this support contract was awarded without the prior publication of a contract notice in accordance with regulation 16(1)(a)(ii) of the Defence and Security Public Contracts Regulations 2011 for technical reasons and has now expired. It is the intention of the Authority to disaggregate elements of the support contract to allow a competition for the work to be held.

The Authority has identified an enduring requirement for work that cannot be included in the competition – specifically, to maintain and operate the Test Loop Rig - to ensure that support to in-service submarines can be maintained. The Rig is a large and complex structure and is over 30 years old. The Authority will be investigating options and anticipate that the operation and maintenance contract will need to last approximately 3 years.

The security requirements for this contract limit the potential suppliers to UK companies with list X facilities. In addition, all contractors must meet stringent quality requirements (Quality Assurance for Safety in Submarines (SSP25) for all 1st Level work on RN Submarines) - this also applies to maintenance equipment for 1st line components such as the MCWP - as such, the Test Rig must also meet these requirements.

Over the course of the preceding contract, the incumbent Support Partner made significant improvements to the Test Rig which increased efficiency but also added complexity: this would need to be understood by any new operator. Whilst MOD has access to operating manuals the Improvements made by BITL in the PROCESS, ELECTRONICS, SOFTWARE and CONSTRUCTION of the Rig means that it is not possible, at this time, to operate this equipment merely by reading the operating manuals. Indeed, within BITL, only the specialist team at Whetstone are qualified and competent to operate the rig whilst maintaining Quality standards.

Without access to this critical information and knowledge no supplier would be able to perform the contract and deliver the required support solution. The technical knowledge and experience required to update the operating manuals and associated data packs is currently held by SQEP at BITL. None of the team operating the Test Loop rig would be eligible for TUPE considerations so it is unlikely that a new supplier could be found to bid for the management of the Test Loop Rig alone.

Any future contractor or MOD would require a specific training program to be provided by the incumbent Support Partner to ensure the requirements are met. Moreover, the test site is the only known test-site that could meet the requirements – an alternative site would require appraisal to include ground surveys (to confirm that the terrain is suitable to house the test rig and concrete laid underneath i.e. is not subject to subsidence / future fracking sites) as well as a demonstrable ability to install, assemble, calibrate and operate the test rig to meet the exacting standards and requirements of the support contract. This would require significant pre-contract investment that would not be palatable, or commercially viable, for an alternative contractor. Therefore, BITL and only BITL are capable of delivering this requirement.

II.1.6) Information about lots

This contract is divided into lots: No

II.1.7) Total value of the procurement (excluding VAT)

Value excluding VAT: £3,000,000

II.2) Description

II.2.3) Place of performance

NUTS codes

- UKF21 - Leicester

II.2.4) Description of the procurement

Operation, maintenance and storage of MCWP Test Loop Rig and other articles held

II.2.5) Award criteria

Price

II.2.11) Information about options

Options: Yes

Description of options

Contract Extension if required beyond 3 years

II.2.13) Information about European Union Funds

The procurement is related to a project and/or programme financed by European Union funds: No

Section IV. Procedure

IV.1) Description

IV.1.1) Type of procedure

Negotiated procedure without publication of a contract notice

- The products involved are manufactured purely for the purpose of research, experiment, study or development
- The works, supplies or services can be provided only by a particular economic operator for the following reason:
 - absence of competition for technical reasons

Explanation:

The Platform Equipment Delivery Team (PEDT) part of the Ministry of Defence, intends to award a contract to Babcock Integrated Technology Limited (BITL) for the maintenance and operation of the MOD owned Test Loop Rig to be used as part of the certification and acceptance process for Main Circulating Water Pumps. The contract has an estimated total value of £3,000,000 over a duration of 3 years.

In accordance with regulation 4 of The Defence and Security Public Contracts (Amendment) (EU Exit) Regulations 2019 (SI 2019/697) this contract falls to be regulated under the provisions of the Defence and Security Public Contracts Regulations 2011 as amended (in particular by SI 2019/697 and SI 2020/1450). Prior publication of a contract notice in the Official Journal of the European Union is no longer appropriate. It is considered that this contract can be awarded without prior publication of a contract notice in the UK e-notification service in accordance with regulation 16(1)(a)(ii) of the Defence and Security Public Contracts Regulations 2011 for technical reasons.

This is because:

- a. BITL alone possesses the specific technological expertise and knowledge, tools and access to and expertise in the operation of specialist test equipment to carry out and complete final testing of new pumps delivered to MOD ownership.
- b. In particular, the Contractor has exclusive access to the only existing test rig equipment required to conduct testing and re-calibration of the repaired, refurbished and modified MCWP systems to ensure safety requirements are met.

c. Contracting for the requirement with a third party would require the re-positioning installation, assembly and extensive calibration of the test rig equipment, together with support and training from the Contractor therefore losing operational capability for a period of time.

d. The Authority will be reducing its dependence on the Test Rig by 2027 – it is considered that no other economic operator would countenance the financial outlay required to prepare the location or achieve the necessary SQEP for a contract length of 24-36 months.

e. As the Rig is located on a Cavendish/Babcock owned site, access to and from the Rig is solely and exclusively controlled by the Contractor. Commercial sensitivity prevents Babcock allowing competitors to the site and it is not possible to separate the Test Rig from non-PEDT work.

f. BITL alone possesses the specific technological expertise and knowledge, tools and access to and expertise in the operation of specialist test equipment.

g. BITL has exclusive access rights to the equipment.

IV.1.8) Information about the Government Procurement Agreement (GPA)

The procurement is covered by the Government Procurement Agreement: No

Section V. Award of contract/concession

A contract/lot is awarded: Yes

V.2) Award of contract/concession

V.2.1) Date of conclusion of the contract

14 June 2024

V.2.2) Information about tenders

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

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

Babcock International Group

Bristol

Country

United Kingdom

NUTS code

- UKK11 - Bristol, City of

The contractor/concessionaire is an SME

No

V.2.4) Information on value of contract/lot/concession (excluding VAT)

Total value of the contract/lot/concession: £3,000,000

V.2.5) Information about subcontracting

The contract/lot/concession is likely to be subcontracted

Section VI. Complementary information

VI.3) Additional information

The Authority intends to compete a new repair and availability requirement for the provision of support to in-service MCWP which is more extensive in scope in the near future.

VI.4) Procedures for review

VI.4.1) Review body

Platform Equipment Delivery Team

Bristol

Country

United Kingdom