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1. PURPOSE

- 1.1 The purpose of this document is to provide Potential Providers with full details of the Authority's requirements in the form of statement of requirements.
- 1.2 The Authority intends to select a preferred sale agent who will advise on the best method of going to market and coordinate the bid process and draft the heads of terms.

2. BACKGROUND TO THE CONTRACTING AUTHORITY

- 2.1 The National Museum of the Royal Navy, Portsmouth, formerly known as the Royal Naval Museum, is a museum of the history of the Royal Navy located in the Portsmouth Historic Dockyard section of HMNB Portsmouth, Portsmouth, Hampshire, England (located at HM Naval Base (PP66), Portsmouth PO1 3NH).
- 2.2 The Museum Site comprises the Royal Marines Museum and grounds, situated across two parcels of separately-owned freehold estate (owned, respectively, by the Royal Marine Museum Trust ("Marine Trustees") and the Defence Infrastructure Organisation ("DIO")).
- 2.3 On 17 October 2017 it was announced that the Museum was to be closed and relocated within the Maritime Heritage area at HM Naval Base, Portsmouth. This closure became effective from 1 April 2017, with the Museum events venue remaining open for a range of functions, bookings being accepted until 31 December 2018. Final closure is anticipated for December 2019.
- 2.4 The site, located at the southern end of Portsea Island, is owned in those portions indicated on the plan at Annex I. The Marine Trustees own the freehold interest in the North Wing of the main Museum building (shaded blue) and the site of the Eastney Fort East (shaded grey). The major portion of the site, comprising the central section and South Wing of the Museum building, together with land to the front of the Museum including the Memorial Gardens and the current car park facility (all shaded pink) is owned by the DIO. The areas shaded brown are to be retained and must have continual public access. The sports ground area marked in red stripes is not part of the site and is not included.
- 2.5 The North West corner of the site is burdened by a covenant, not to use the area or any part of it for any other purpose other than for Band Concerts, Tattoos or Beating the Retreat (or such other Military activities previously agreed by the Purchaser). There is also a covenant not to erect any structure of any kind on the said area and to use it only as an open grassed area other than with the written consent of the Purchaser.
- 2.6 DIO's ownership is subject to a 50 year lease between the Secretary of State for Defence and the Marine Trustees, containing the usual set of tenant's obligations, including a user restriction restraining use or occupation otherwise than as and for a Royal Marines Museum and related uses and such uses as offices of the Royal Marines Association and such other uses as the landlord may authorise. DIO and the Authority have agreed a proportionate share of the disposal income already and this agreement will be shared with the successful Tender.



- 2.7 There has been a Royal Marine presence on the Museum Site since 1862, with Eastney Barracks built in that year and becoming operational in 1867. The site subsequently became the long term home of the Royal Marines (having originally been built to house the Royal Marine Artillery Division). The barracks, the largest built in the UK after the Royal Artillery Barracks in Woolwich, eventually became surplus to requirements and the Museum Site was sold for residential conversion and development (through the Marine Gate development) in 1993. The Block was converted into 42 superior three bedroom apartments, now known as Gunners Row. The former officers' quarters, now known as Teapot Row, were similarly converted.
- 2.8 The Museum building is the former officers' quarters and mess, and is the principal and most important building within the Eastney Barracks site. It is a Grade II listed building and forms the eastern boundary of the site. It is of substantial Victorian construction, with an imposing central section with balcony colonnades, twin external staircase approach and central stone gabling incorporating a coat of arms.
- 2.9 Internally, the Museum incorporates the centre section, with architectural features, especially in the Mountbatten Room and the North Wing. Various rooms are available for hire, the Mountbatten Room (with a capacity for 300), Minstrels Gallery, Medal room etc. The venue has the potential for a continuing use as an event location for weddings meetings, small conferences etc. The top floor has potential for use as a Manager's flat. The South Wing is in use as offices with a block of garages at the rear. The North and South wings have been altered internally.
- 2.10 The grounds fronting the Museum are grassed and incorporate the Marines Memorial Gardens, with the Eastney Fort East area to the south-east, a scheduled ancient monument that continues to stand but which has not been in use since 1989. There is a car park of 180 spaces to the south, off Eastney Esplanade.
- 2.11 The above-described buildings, areas and features comprising the Site are detailed in various photographs and elevations displayed at Annex II.
- 2.12 The entire site, including the aforementioned residential buildings, form a Conservation Area (No. 17, Eastney Barracks, Southsea), designated by Portsmouth City Council.
- 2.13 The Site contains a number of Listed Buildings and a series of relevant planning conditions and consents apply to the prospective use and development of the Site (details of which Potential Providers are advised to seek from the local planning authority).
- 2.14 In summary it is considered that the proposals which are likely to generate interest for potential purchasers of the Site may include without limit the following (not to the exclusion of those various other possibilities for the site which should also be explored):
- 2.14.1 Residential conversion of the North and South Wings;
 - 2.14.2 A Possible 'boutique' style hotel comprising the whole of the Site;
 - 2.14.3 In connection with Disposal of the Centre Section for an event / conference centre;
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- 2.14.4 Use of the Centre Section as an event location, by a service / military-based charity;
 - 2.14.5 An educational or training centre;
 - 2.14.6 Continued use as a museum;
 - 2.14.7 Office use.
- 2.15 To note, any such proposals will need to take into account the need for continued access to the Memorial Gardens and Yomper by operatives carrying out maintenance. For the avoidance of any doubt, these elements of the site will be excluded from the sale (marked in Annex I by brown shaded areas).

3. BACKGROUND TO REQUIREMENT/OVERVIEW OF REQUIREMENT

- 3.1 The Museum owns the Museum Site jointly alongside the Secretary of State for Defence. The Museum and the Secretary of State are collaborating with a view to maximising returns for both organisations from the disposal of the Museum Site.
- 3.2 This objective shall, first, be promoted by appointing a sales agent who shall identify, assess and evaluate the available strategic options for disposal of the Museum Site, and in turn produce a report detailing their findings from this exercise and making a recommendation as to the strategy to be pursued.
- 3.3 The Museum shall, through its solicitors, then produce a sale pack and contract documentation for the disposal of the Museum Site pursuant to the disposal strategy.
- 3.4 Potential Providers of the Services shall be required to evidence suitable experience and expertise of their proposed team of advisors and provide an outline synopsis of their approach towards identifying, assessing and evaluating the various strategic options for maximising return of value to the Museum and the Secretary of State from disposal of the Museum Site (as further particularised at section 5 below).
- 3.5 This will also entail an explanation as to how the Potential Provider proposes to implement any identified strategy to maximum commercial benefit within the parameters of the Museum and the Secretary of State's respective legal and regulatory duties in connection with the disposal and/or development of the Museum Site (including inter alia pursuant to the Public Contracts Regulations 2015 (as amended), the EU rules on State Aid and the requirement to obtain best value).
- 3.6 Potential Providers will also be required to demonstrate how, in outline, they propose to reflect their recommended strategy for disposal of the Museum Site through bespoke heads of terms for contract with any identified acquirer / developer.



4. DEFINITIONS

Expression or Acronym	Definition
The Museum	Means the National Museum of the Royal Navy
Museum Site / Site	Means the Royal Marines Museum at Eastney Esplanade, Portsmouth, Southsea, PO4 9PX

5. SCOPE OF REQUIREMENT

- 5.1 The Authority will require as part of the initial report:
- 5.1.1 a full cost-benefit analysis of the various options for disposing of the Museum Site for potential residential development, including without limit:
- A simple sale of the land;
- 5.2 In preparing its initial report, the Potential Provider will be expected to bear in mind the Authority’s status as a charity and tailor its proposals to the specific needs of an organisation of that nature.
- 5.3 The initial report will need to set out a guide for implementing a proposed methodology for valuing the Museum Site in order to obtain best value from the preferred method of disposal for the Museum and the Secretary of State (comprising a reliable valuation of the land and identifying the best way of disposing of it in order to realise the maximum feasible valuation).
- 5.4 This methodology shall include a ‘road-map’ for addressing compliance with applicable laws and regulatory regimes, including notably:
- 5.4.1 Compliance with the obligations of the Museum and the Secretary of State pursuant to inter alia their duty of best value, the EU rules on State Aid and the Public Contracts Regulations 2015 (as amended);
 - 5.4.2 Local and national planning rules (noting in particular that the Site sits within a Conservation Area of special historical and architectural interest);
 - 5.4.3 Environmental regulations relevant to the Site;
 - 5.4.4 Charity-related legislation and regulatory requirements (insofar as this is relevant to the Authority);
 - 5.4.5 Rights of local residents to minimum disruption from the carrying out of works;
 - 5.4.6 Encumbrances on the estate, including notably obligations under a covenant pertaining to development in respect of its front portion.
- 5.5 Following presentation of the initial report, the Authority will expect to meet with the Potential Provider with a view to discussing any matters which require clarification and to



submit questions and a round of comments on its contents. The Potential Provider would then need to make appropriate revisions to its final report and to present a full report to the Authority. To note, the Authority reserves the right to discontinue the Process following submission and review of the Potential Provider’s initial report.

- 5.6 The final deliverable will comprise a full report to the Authority, detailing the full findings, conclusions and recommendations in respect of the above elements of the review of strategic options considered, supported by a presentation and ‘Q&A’ session on a date and time following submission of the Report to be specified by the Authority.
- 5.7 Once the report has been finalised, the Authority will expect the Potential Provider to market the Museum Site and the disposal. This is subject to any regulatory requirements which may require a competitive tender process as part of the disposal process. As part of the response to Annex C (Response Guidance), Potential Providers are requested to outline how they propose to maximise the potential from this marketing exercise.
- 5.8 As part of the requirement and the tender evaluation process, the Authority will be interested to see evidence of innovative and bespoke solutions, which have taken into account the specific circumstances of the Museum Site as well as the requirements, restraints and objectives of the Museum (as a registered charity).

6. THE REQUIREMENT

- 6.1 For the provider to formulate a strategy for the disposal of the museum site and to agree a way forward to manage the process, including putting the museum site on the market, coordinating the bid process and draft the Heads of Terms.

7. KEY MILESTONES

- 7.1 To meet the Museum and the Secretary of State’s indicative timetable for delivery of the aforementioned report and recommendations, as set out below (please note that these dates are indicative only and the Museum reserves the right to amend them at any time and/or to terminate the Contract after reviewing the initial report):

Task	Date for completion
Issue of draft Report	21/12/2018
Return of comments / questions from the Museum’s evaluation panel	04/01/2019
Issue of final Report	11/01/2019
Agreement upon formal recommendation for mode of disposal and actions to be taken for implementation	18/01/2019



8. AUTHORITY'S RESPONSIBILITIES

- 8.1 As a registered charity the disposal of the museum site needs to be executed in accordance with Charity Commission Guidance (Charities Act 2011).

9. REPORTING

- 9.1 The provider is to report to the museum's project board through their desired channels.

10. VOLUMES

- 10.1 No previous volumes available.

11. CONTINUOUS IMPROVEMENT

- 11.1 The Supplier will be expected to continually improve the way in which the required Services are to be delivered throughout the Contract duration.
- 11.2 The Supplier should present new ways of working to the Authority during monthly Contract review meetings.
- 11.3 Changes to the way in which the Services are to be delivered must be brought to the Authority's attention and agreed prior to any changes being implemented.

12. SUSTAINABILITY

- 12.1 As a registered charity the authority will look to ensure that the provider is acting in a sustainable manner.

13. QUALITY

- 13.1 The Authority will measure the quality of the provider's delivery by reference to the service levels specified in the call-off contract (Appendix C).

14. PRICE

- 14.1 Entry into the Contract may be subject to budgetary authorisation. Please note, if a Potential Provider's tendered price exceeds the Authority's budget, they will be deemed non-compliant and therefore excluded from the Procurement.
- 14.2 Prices should be inclusive of expenses and exclusive of VAT.

15. STAFF AND CUSTOMER SERVICE

- 15.1 The Authority requires the Potential Provider to provide a sufficient level of resource throughout the duration of the Contract in order to consistently deliver a quality service to all Parties.
- 15.2 Potential Provider's staff assigned to the Contract shall have the relevant qualifications and experience to deliver the Contract.
- 15.3 The Potential Provider shall ensure that staff understand the Authority's vision and objectives and will provide excellent customer service to the Authority throughout the duration of the Contract.

16. SERVICE LEVELS AND PERFORMANCE

The Authority will measure the quality of the Supplier's delivery by:



16.1.1

KPI/SLA	Service Area	KPI/SLA description	Target
1	Report	Report to be completed and received by the Authority on the date stated under paragraph 7.	100%
2	Marketing	The agreed marketing plan is monitored and reviewed monthly.	98%
3	Site Disposal	The Museum Site is disposed of.	98%

16.2 Poor Supplier performance will require early termination of the Contract.

17. SECURITY REQUIREMENTS

17.1 All site visits must be accompanied by a member of NMRN Staff.

18. INTELLECTUAL PROPERTY RIGHTS (IPR)

18.1 Please refer to Appendix E – Non Disclosure Agreement.

19. PAYMENT

19.1 Payment can only be made following satisfactory delivery of pre-agreed certified products and deliverables.

19.2 Before payment can be considered, each invoice must include a detailed elemental breakdown of work completed and the associated costs.

19.3 The Authority procures external services from third parties through the raising of a suitable purchase order, which provides for settlement to be made within 30 days “unless otherwise agreed”.

20. ADDITIONAL INFORMATION

20.1 None available.

21. LOCATION

21.1 The location of the Services will be carried out at Royal Marines’ Museum at Eastney Esplanade, Portsmouth, Southsea PO4 9PX. The initial draft and final reports are to be delivered to the Museum at its registered address at **National Museum of the Royal Navy, HM Naval Base (PP66), Portsmouth, PO1 3NH.**