

DPS FRAMEWORK SCHEDULE 4: LETTER OF APPOINTMENT AND CONTRACT TERMS

Part 1: Letter of Appointment

Vivid Economics Ltd
REDACTED

Dear REDACTED,

Contract Reference: CCZZ20A01

Letter of Appointment – Provision of Assessment of the urgency of Actions needed to address Biodiversity Loss Globally

This letter of Appointment dated 17/03/2020, is issued in accordance with the provisions of the DPS Agreement (RM6018) between CCS and the Supplier.

Capitalised terms and expressions used in this letter have the same meanings as in the Contract Terms unless the context otherwise requires.

Order Number:	To be provided post award
From:	HM Treasury
To:	Vivid Economics Ltd REDACTED

Effective Date:	18th March 2020
Expiry Date:	End date of Initial Period 17 th May 2020 End date of Maximum Extension Period 31 st May 2020 Minimum written notice to Supplier in respect of extension: [To be completed at Contract Award]

Services required:	Set out in Section 2, Part B (Specification) of the DPS Agreement and refined by: · the Customer's Project Specification attached at Annex A and the Supplier's Proposal attached at Annex B;
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Key Individuals:	(Supplier) Vivid Economics Ltd REDACTED (Customer) REDACTED
[Guarantor(s)]	Not Applicable

Contract Charges (including any applicable discount(s), but excluding VAT):	Annex 1 - Contract Charges - Contract Terms. 1. For the avoidance of doubt, the total contract value shall not exceed £91,168.00 (excluding VAT) and will be paid on completion of the following deliverables as detailed in the table within Annex 1. 2. The Provider shall add VAT to the Contract Price at the prevailing rate as applicable and the Customer shall pay the VAT to the Provider following its receipt of a valid VAT invoice. 3. Invoices to be submitted in line with milestone payments to be agreed with the Customer. 4. Before payment can be considered, each invoice must include a detailed elemental breakdown of work completed and the associated costs.
Insurance Requirements	Additional public liability insurance to cover all risks in the performance of the Contract, with a minimum limit of £5 million for each individual claim
Liability Requirements	Suppliers limitation of Liability (Clause Error! Reference source not found. of the Contract Terms);
Customer billing address for invoicing:	There will be one payment made upon full successful completion of work and a valid invoice based on the fixed price quoted. Before payment can be considered, the invoice must include a detailed elemental breakdown of work completed and the associated costs. The invoice must include a valid PO number and should be submitted by email to:

	REDACTED
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GDPR	Not Applicable
Alternative and/or additional provisions (including Schedule 8(Additional clauses)):	Not Applicable

FORMATION OF CONTRACT

BY SIGNING AND RETURNING THIS LETTER OF APPOINTMENT (which may be done by electronic means) the Supplier agrees to enter a Contract with the Customer to provide the Services in accordance with the terms of this letter and the Contract Terms.

The Parties hereby acknowledge and agree that they have read this letter and the Contract Terms.

The Parties hereby acknowledge and agree that this Contract shall be formed when the Customer acknowledges (which may be done by electronic means) the receipt of the signed copy of this letter from the Supplier within two (2) Working Days from such receipt

For and on behalf of the Supplier:

For and on behalf of the Customer:

Name and Title: REDACTED

Name and Title: REDACTED

Signature: REDACTED

Signature: REDACTED

Date:

Date:

ANNEX A

Customer Project Specification

1. PURPOSE

- 1.1 In March 2019, a new independent global review was commissioned by HM Treasury, the UK government's economic and finance ministry, on the economics of biodiversity. The objectives of the review are to assess the economic benefits of biodiversity globally, assess the economic costs and risks of biodiversity loss, and identify actions that can simultaneously enhance biodiversity and deliver economic prosperity.
- 1.2 The Review is led by Professor REDACTED – Professor REDACTED of Economics at the University of Cambridge – assisted by a team based at HM Treasury. The Review is supported by an expert Advisory Panel drawn from public policy, science, economics, finance and business.
- 1.3 The purpose of this procurement is to assess the case for the urgency of actions needed to address biodiversity loss globally, based on high-quality, objective and credible evidence and analysis. This evidence and analysis may be used in the REDACTED Review on the Economics of Biodiversity.

2. BACKGROUND TO THE CONTRACTING AUTHORITY

- 2.1 HM Treasury is the government's economic and finance ministry, maintaining control over public spending, setting the direction of the UK's economic policy and working to achieve strong and sustainable economic growth.

3. BACKGROUND TO REQUIREMENT

- 3.1 As set out in Section 1, the REDACTED Review was commissioned by the UK's Chancellor of the Exchequer in March 2019. It is an independent global Review, supported by a team of Civil Servants based in HM Treasury.
- 3.2 The primary audiences for the Review are economic and finance decision makers in the public and private sector. The Review is scheduled for publication in advance of the fifteenth meeting of the Conference of the Parties to the Convention on Biological Diversity (CBD) (COP15), which will be held in Kunming, China, in October 2020. The Review aims to help to shape the international and UK response to biodiversity loss, including the successors to the Aichi Biodiversity Targets, and to inform global action to deliver the Sustainable Development Goals.
- 3.3 The Review's Terms of Reference, Call for Evidence and press releases are all available at: <https://www.gov.uk/government/collections/the-economics-of-biodiversity-the-REDACTED-review>

4. OVERVIEW OF REQUIREMENT

- 4.1 Various reports have demonstrated that biodiversity is declining at a rapid rate due to human actions. An important recent example is the global assessment of the Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES). Biodiversity loss carries significant economic costs and risks. In its latest report, IPBES found that pollinators alone directly contribute \$235-577 billion to global food production annually. The top five global risks were all environmental in the World Economic Forum 2020 Global Risks Report, including biodiversity loss. However, the issue of biodiversity loss in relation to its impact on the economy is still seldom

considered – and often not well understood – by economic and finance decision-makers who are well placed to accelerate international action on global economic issues like biodiversity loss.

- 4.2 In particular, there has still not been a strong case made for the *urgency* of action needed to address biodiversity loss in terms that resonate and are meaningful for economic and finance decision-makers. Important questions remain such as: Do we need to start investing in biodiversity actions, such as conservation and restoration, now, rather than later? Why? What are the risks of delaying action? How would the costs of action change if we delay?
- 4.3 The REDACTED Review is seeking an assessment of the case for urgent action to address biodiversity loss, based on high-quality, objective and credible evidence and analysis. The assessment needs to be global, in line with the scope of the REDACTED Review, but relevant to all scales of governance.

5. DEFINITIONS

Expression or Acronym	Definition
MAC Curve	means Marginal Abatement Cost Curve
IPBES	Intergovernmental Platform on Biodiversity and Ecosystem Services
COP15 & CBD	Conference of the Parties to the Convention on Biological Diversity (CBD) (COP15)

6. SCOPE OF REQUIREMENT

- 6.1 The aim of this work is to assess the urgency of actions required to address biodiversity loss, based on evidence and analysis that may include costs, cost-effectiveness, substitution and irreplaceability. The supplier should select and propose credible approaches based on an evaluation of analytical approaches that could address this question. Some possible approaches to consider are described below. However, bidders are invited to suggest other forms of analysis for the work if they feel they would be more appropriate and credible.
- 6.2 **Costs of delayed action.** The urgency of action could be reflected in terms of the costs of specific actions under different scenarios. This approach would need to consider: What evidence exists to suggest that biodiversity action now would be less costly than action later? Is there evidence that does not support this view? What scenarios could be compared in terms of costs? At what geographic scale and timescale? A relevant example of this approach is the Committee on Climate Change’s 2018 report.

<https://www.gov.uk/government/publications/committee-on-climate-changes-2018-progress-report-government-response>

- 6.3 **Substitution, irreplaceability and option value:** When species go extinct, they cannot be replaced. When ecosystems decline, they cannot always be restored. Some ecosystem services can be substituted through technology but many cannot. Taking this approach, evidence for the urgency of action on biodiversity could be based on the potential for - and costs and benefits of - substitution. This approach would need

to consider: What are the economic costs and risks of losing irreplaceable services that biodiversity supports? How does biodiversity loss affect 'option value' in terms of the possible future values of ecosystem services? Which services can be replaced by technology? Would these technologies have adverse spill-over impacts? If so, what are they, and what are their costs? This approach could draw on Alastair Fitter's 2013 work on ecosystem service substitution which analysed the potential for ecosystem services to be replaced by technological solutions. He found that supporting services / ecological processes and functions were the least amenable to replacement. He found that many other services potentially could be replaced to some extent by technology. However, often the replacement technology relies on unsustainable resource use long term or could lead to perverse outcomes in the wider system. He also pointed out that the full economic case for replacement has rarely been calculated and in some cases the replacement is more expensive than the natural service.

- 6.4 **Cost-effectiveness and biodiversity MAC Curves.** Cost-effectiveness evidence could be used as part of the case for the urgency of action to provide greater weight to the argument to act quickly. Marginal abatement cost curves or MAC curves have been useful to describe the most cost-effective interventions to reduce CO2 emissions to address climate change. A similar approach could be taken to rank actions to address biodiversity loss by cost and effectiveness. This approach could be used to make the case that cost-effective action could already be taken today and that cost is not a reason to delay. This approach would need to consider: How could the costs of action be quantified? How could the relative impact on biodiversity and nature be quantified? How could these biodiversity MAC curves be categorised e.g. by metric of impact, region or sector? This approach could be expanded further to assess the urgency of actions to address biodiversity loss by considering the questions: How would biodiversity MAC curves change if action is delayed? There may be other ways of analysing the level of urgency, based on the cost-effectiveness of biodiversity actions, beyond MAC curves.
- 6.5 The proposal for work should include the proposed approaches to analyse the urgency of action to address biodiversity loss, including methods, outputs and timeline for the analysis. The Supplier is expected to use more than one approach (at least two). The Supplier is expected to indicate the relevant evidence and examples from different parts of the world that the analysis will draw on. The number of approaches and case studies should be stipulated.
- 6.6 This should include publication-ready relevant graphs, graphics and diagrams that will be developed to illustrate the data and analysis.

7. THE REQUIREMENT

- 7.1 The requirement of this work is to assess the economic case for urgent action to tackle biodiversity loss and provide the evidence, examples and graphics to support this case. The Supplier is required to deliver a high-quality report, clearly describing robust evidence and analysis that explores this case.
- 7.2 Requirements of this work are to:
- 7.2.1 Produce high-quality, robust and objective evidence and analysis on the urgency of action to tackle biodiversity loss, based on a strong and credible methodological approaches and clearly framing the economic problem.

- 7.2.2 Compare and contrast the consequences of taking action now with action taken further into the future.
 - 7.2.3 Provide evidence and case studies that are global in scope, and relevant to a wide range of contexts.
 - 7.2.4 Consider a range of analytical methods that approach the issue from a variety of perspectives, and use more than one approach (at least two, preferably more).
 - 7.2.5 Provide publication-ready relevant graphs, graphics and diagrams that will be developed to illustrate the data and analysis.
- 7.3 The final deliverable will be a report that clearly details the findings, including details of the methodological approaches, which should be described in the Supplier's proposal.

8. KEY MILESTONES AND DELIVERABLES

- 8.1 The following Contract milestones/deliverables shall apply:

Milestone/Deliverable	Description	Timeframe or Delivery Date
1	Provide initial document in which they detail the proposed methods, analytical approaches and a brief description of any case studies they intend to explore.	Within 7 days of being awarded the contract
2	The supplier will meet (either in person or by video conferencing) for an inception meeting with the contractor. The contractor will also discuss the interim document and its current direction.	Within 14 days of being awarded the contract
3	The supplier will produce an interim document (roughly 30 pages long), in which they will specify the approach they are taking and outlining any changes from the initial document. They will also outline their current findings and present their work to date. In addition, the supplier will have completed most of the work.	14 April 2020
4	The supplier will produce a fully referenced report with relevant diagrams, graphs and graphics of publication quality. This document is expected to be around 50 pages long.	15 May 2020

9. MANAGEMENT INFORMATION/REPORTING

9.1 The supplier will provide fortnightly progress updates via email after the interim meeting (see 8.1.1).

10. VOLUMES

10.1 The supplier will submit their interim document (see 8.1) in which they specify the approach they are taking and outline any changes from the initial document. This document will also outline current findings and present all work to date. Any interim document will be a near final work, where most of the work has been completed.

10.2 The final fully referenced report, with relevant diagrams, graphs and graphics of publication quality is expected to be the only version of the final document (see 8.1). However, at the discretion of the supplier, they may wish to submit a draft of the final document in advance of the 15 May deadline for feedback.

11. CONTINUOUS IMPROVEMENT

11.1 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 The Greening Government Commitments 2016-2020 commits UK government departments and their agencies to reduce harmful impact on the environment. It includes a requirement to apply [Government Buying Standards](#) (GBS) where necessary to ensure more sustainable procurement. The Treasury is committed to meeting and exceeding the GSB so we ask the supplier consider the relevance of sustainability at all stages of the life cycle in the provision of services, including the consideration of commercial needs, the minimisation of negative impacts, and also the maximisation of positive impacts on society and the environment.

13. QUALITY

- 13.1 The Supplier should state whether they hold any relevant independent security related certification or accreditation (i.e. such as ISO27001) and, where they have, provide documentary evidence of that certification or accreditation, setting out very clearly why it is relevant to this requirement.

14. PRICE

- 14.1 The Contracting Authority's maximum budget for this requirement is £91,666.00, inclusive of extension option but excluding VAT.
- 14.2 Please refer to ANNEX 2 – Contract Charges appended to this Contract.

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.
- 15.2 Potential Provider's staff assigned to the Biodiversity – Evidence on the Urgency of Action work shall have the relevant qualifications and experience to deliver the Contract.
- 15.3 The Supplier 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

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

KPI/SLA	Service Area	KPI/SLA description	Target
1	Delivery Timescale	The supplier will agree methods, approaches and case studies for the analysis and review with the lead officer within 7 days of the contract being awarded. (see 8.1.1)	100%
2	Delivery Timescale	The supplier will provide an interim report that outlines the approach being taken, any changes from the initial document, their current findings and their work to date no later than 14 April 2020. (See 8.1.1)	100%
3	Delivery Timescale	The supplier will provide fortnightly progress updates by email after the interim meeting (see 8.1.1).	80%
4	Delivery Timescale	The supplier will produce a fully referenced report with relevant diagrams, graphs and graphics of publication quality by 15 May 2020.	100%

17. SECURITY AND CONFIDENTIALITY REQUIREMENTS

17.1 Potential Providers must have appropriate IT, physical, personnel and procedural security measures in place to prevent any unauthorised access to, or leakage of the Biodiversity – Evidence on the Urgency of Action data, and to prevent it being shared with any unauthorised third parties.

17.2 IT SECURITY

17.3 The supplier must be accredited with Cyber Essentials prior to contract commencement.
(<https://www.cyberstreetwise.com/cyberessentials/files/requirements.pdf>)

17.4 PHYSICAL SECURITY

17.5 On physical security, Potential Provider are expected to have appropriate physical security measures in place in any data centres (if) used to host the Authority's data and should describe in detail what those measures are.

17.6 PERSONNEL SECURITY

17.7 Potential providers must ensure their staff working on the Assessment of the urgency of actions needed to address Biodiversity loss Globally have been subjected to pre-employment checks which are at least equivalent to the Government Baseline Personnel Security Standard.

17.8 In providing information on the security measures that they have in place Potential Providers are requested to provide as much information they are able to by completing the Statement of Assurance Questionnaire that forms part of the HMG Supplier Assurance Framework and providing that as part of their response. While it is

recognised that suppliers will not be able to answer some of the questions on the questionnaire, they should try to answer as many as they are able to.

<https://www.gov.uk/government/publications/government-supplier-assurance-framework>

- 17.9 Full compliance with the Data Protection Act 1998 is essential, with the Authority being the Data Controller and the Service Provider being the Data Processor. The Authority's preference is that the Service Provider would be able to host the data entirely within the UK, and supported entirely by UK based system admin staff. The Authority might consider hosting with the European Economic Area (EEA) but only where the Service provider is able to provide assurances that all other security requirements can be met, and subject to compliance with the Data Protection Act. Where a Potential Provider is considering proposing a solution in which part of the solution is either (a) hosted outside the UK or (b) supported by system administrator staff based outside the UK, the countries involved must be clearly stated.

18. PAYMENT AND INVOICING

- 18.1 There will be one payment made upon full successful completion of work and a valid invoice based on the fixed price quoted under requirement 14.1.
- 18.2 Before payment can be considered, the invoice must include a detailed elemental breakdown of work completed and the associated costs.
- 18.3 The invoice must include a valid PO number and should be submitted by email to InvoiceQueries@hmtreasury.gov.uk.

19. CONTRACT MANAGEMENT

- 19.1 Upon commencement a date and location of a midway Contract Review will be set. This will assess the current progress of the work being conducted.
- 19.2 The supplier must attend the midway Contract Review.
- 19.3 The midway Contract Review will be either in person, or by using online video conferencing. This supplier will state their preference when the commencement date is set (see 19.1)
- 19.4 Attendance at the midway Contract Review shall be at the Supplier's own expense

20. LOCATION

The Services and Deliverables described within this Statement of Requirements are to be delivered from the Providers premises. For the purposes of the Contract and potential future Contract Management Meetings the location will be: REDACTED

ANNEX B
Supplier Proposal

REDACTED