



Department
for Environment
Food & Rural Affairs

Defra Group Management Consultancy Call off Contract: Defra Project Engagement Letter (DPEL)

Project Delivery Partner (Lot 3)

Completed forms and any queries should be directed to Defra Group Commercial (DgC) at [REDACTED]. Please do not complete this form until you have liaised with DgC, and they have allocated you a lot to access consultancy services including a DPEL reference number.

Engagement details		
DPEL Reference Number	DPEL_61541_136	
Local Client Reference		
Extension?	N	
Business Area	Strategy, Transformation and Assurance	
Programme / Project	Transformation Target Operating Model Programme	
Senior Responsible Officer for Programme/ Project Business Area	[REDACTED]	
Senior Responsible Officer for DPEL	[REDACTED]	
Supplier	Methods Business & Digital Technology	
Title	P3M3 and Change Management maturity assessment	
Short description	To carry out a P3M3 assessment for the Environment Agency according to the recognised model and also include an assessment of change management maturity.	
Engagement start / end date	Start date 06/01/2025	End date 07/03/2025
Expected costs 24/25	72,206.25	
Expected costs 25/26	£0	
Base location	London – Expenses may be claimed if travel is required outside of base location	
Version #	V1	
Version Date	20/12/2024	



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By signing and returning this cover note, Strategy, Transformation and Assurance accepts the contents of this Project Engagement Letter as being the services required and agrees for Methods Business and Digital Technology to provide the services in accordance with the agreed Supplier Proposal under the overarching contract (Lot 3 - Ref 28595), with Defra Group and confirms the availability of funding to support recharge for the services.

Signatures		
Supplier	Business Area	Defra Group Commercial

Signature and timestamp to be added through electronic signature.

General Instructions

The Engagement Letter describes the services required and provided. When completing the Engagement Letter establish the context, explain why external support is required and distinguish between the objectives, outcomes, scope, and deliverables. The rationale behind the costs should be made evident in the Fees section.
The Business Area considerations are guidance notes for the customer to support their evaluation of the Engagement Letter.

The Engagement will be a fully contracted out service therefore the off-payroll legislation will not apply. A true service will have the following characteristics:

- Delivery is fully outsourced to the supplier, who will have full responsibility for delivering the outcome and the risk of non-delivery sits with the supplier.
- The team is not embedded within your organisation but is engaged, directed, and controlled entirely by the supplier.

It is your responsibility to determine whether your Engagement represents a supply of an outsourced managed service or a supply of resource. The reality of working arrangements should be considered and not just contractual terms.



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1. Background

The Environment Agency's Transformation sub-Group (TsG) (a sub-Group of its Executive Directors Team) has agreed to the Transformation Target Operating Model (T-TOM) Programme which will set up a Portfolio Office and a Centre of Excellence for Project Delivery at an organisational level. This programme is currently in its design phase and has the following vision "We maximise the value for money and achievement of strategic objectives from our corporate investment in change." The scope of the programme is internal initiatives only.

A business case for implementation is in development and will be signed off by TsG. The programme will help to align the Environment Agency with the Government's [Functional Standard for Project Delivery](#). As part of the context for this improvement work, TsG have commissioned an independent maturity assessment for the whole Environment Agency. The EA would like to use the recognised P3M3 model owned by Axelos as part of the suite of best practice guidance: [P3M3 | Portfolio, Programme, & Project Management | Axelos](#).

The P3M3 model doesn't include the discipline of change management which is a key component of Project Delivery. This will be assessed for maturity in a similar way using a tailored approach yet to be agreed. This will be method agnostic but reflect recognised good practice (e.g. Prosci, APMG Change Management etc.)

The assessments will help us baseline the organisation's maturity across relevant Project Delivery disciplines (i.e. P3M and change management), achieve consensus about what maturity level we should be aiming for, and underpin all subsequent improvement work. A recognised issue of internally focused initiatives in the Environment Agency escaping scrutiny by being incorrectly badged as Continuous Improvement should also be investigated within the scope of this work.

There are a number of different portfolios within the Environment Agency some of which sit within the Directorates and some of which have sub portfolios. Evidence via surveys and interviews of key stakeholders will need to be gathered from:

- The Corporate Change Team (which sits in the centre of the organisation in Strategy, Transformation and Assurance (STA) and which is responsible for setting up an organisation level portfolio office/centre of excellence through the Transformation TOM programme
- STA Improvements Portfolio
- Environment and Business (E&B) Improvements Portfolio
- Flood and Coastal Risk Management (FCRM) Improvements Portfolio
- Operations (Ops) Improvement Portfolio
- Incident Management and Resilience Improvements Portfolio

This is not a comprehensive list, and the Corporate Change Team will provide the details of other important stakeholders as required. Methods conducted a P3M3 assessment for the FCRM Improvements Portfolio 2 years ago. It is therefore expected that planned engagement with this part of the business will be streamlined, because the interviews will focus on which recommendations from the previous assessment have been implemented.

Phased delivery, including progress reporting, will help the Corporate Change team to meet their challenging timescales for the design phase of the T-TOM programme. It is desirable for outputs to align language with current organisational drivers where possible such as

- the [Government Efficiency agenda](#)/Value for Money,
- the adoption of a Service-centric approach (recognising and improving end-to-end services through ownership etc.)
- the digital and data agenda, including better management of our pipeline of digital initiatives

The Environment Agency is a complex organisation with multiple portfolios. The assessment, its conclusions and recommendations will need sufficient granularity to drive meaningful improvement work.

2. Statement of services

Objectives and outcomes to be achieved, with each objective linked to the Deliverables section

Objective UID:	Objective	Linked to Deliverable(s)	Outcome(s)
A	Stage A - Jan > Mar 25 To carry out an organisational maturity assessment via a Survey, and Interviews with key stakeholders, for the Environment Agency, based on the best practice Axelos P3M3 framework, to the point of assessing where maturity needs to be addressed across Portfolio, Programme and Project Management, specifically at organisational level and to focus on internal operational change initiatives.	D3 D4 D5 D15 D1 to D7	Survey Completed and results Analysed Interviews with key stakeholder conducted and responses rationalized An assessment of the 7 KPA areas defined by P3M3 providing the necessary gaps in maturity needing to be addressed to achieve the 5 maturity levels. Knowledge transfer of P3M3 maturity assessment for future progress assessment activities understood by EA staff. Outcome: a clear benchmark for organisational maturity. Definition and consensus around the scope of subsequent improvement work for the Environment Agency, under PPM.
B	Stage B - Jan > Mar 25 (parallel to Stage A) To outline, agree and carry out a similar maturity assessment for change management using a blend of recognised change management methodologies	D8 to D10	Create change management maturity surveys and interview questions Gather and analyse data from survey and interview results Assessment of change management maturity and identification of gaps and areas for improvement Outcome: a clear benchmark for organisational maturity. Definition and consensus around the scope of subsequent improvement work for the Environment Agency, under Organisational Change Management

Scope of Services to be provided:

In scope:	The maturity assessments are delivered, assessing and documenting the current state of the organisation in relation to PPPM (Portfolio, Programme and Project Management) and Organisational Change Management only. Methods suggests a maximum of 40 interviewees (10 per week over 4 weeks) to ensure interviews can be scheduled within the agreed timeframes. Interview feedback will be collated and reviewed periodically throughout the process, whereby any additional interviewees may be identified.
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Out of scope:	The programme is focused on internal projects and programmes, the externally facing capital part of EA business (Major Projects and Programme Delivery) is out of scope.

Assumptions and dependencies

Assumptions:	<p>The EA will identify and agree dates for key stakeholders to undertake the surveys and interviews and confirm these within the [REDACTED] of kick-off. Methods will accommodate the dates and times provided by the EA for these activities.</p> <p>Methods will be introduced by the EA to all key stakeholders prior to interviews to help aid engagement.</p> <p>Stage A and Stage B will be harmonised and run concurrently given that they will address a similar cohort of interviewees.</p> <p>The sponsoring body for this work is the Environment Agency's Transformation sub Group.</p>
Dependencies:	<p>The business case for the Transformation Target Operating Model Programme is dependent on the maturity assessments.</p> <p>Linked to this, a dependency on EA resource for surveys, interviews and feedback is critical to delivery and therefore resources will need to be identified and commissioned as soon as possible to ensure adequate planning, preparation and expectation setting.</p> <p>A critical dependency exists for the availability of key stakeholders to undertake the interviews, to provide feedback necessary to proceed with the assessment</p>
Further detail on assumptions and dependencies will be included in the Service Delivery Document (SDD) & updated throughout engagement.	

Risk management

Two layers of risk management shall be considered during this engagement:

- Risk to the service provided by Methods to the Client. These risks shall be recorded and mitigated by Methods team and communicated to the named Point of Contact either through regular governance structure or on an ad-hoc basis should a critical risk be raised.
- Risk to the projects which the Methods team are supporting the Client to deliver will be managed through project level risk processes via the Project Manager. Mitigations will be jointly developed.



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A Methods Service Delivery level risk register will be produced as part of the SDD which will be shared with the Client so that all identified risks can be mitigated/ managed appropriately.

Risks identified at this point to be included:

- There is a risk that there could be challenges with stakeholder availability and/or engagement that could impact timeframes specifically for Surveys and Interviews.
- There is a risk that stakeholders will not be fully transparent or cooperate with Methods
- There is a risk that wider changes on direction could impact the requirements on the DPEL which could impact value of agreed outcomes and deliverables
- There is a risk that the change management maturity assessment takes longer to conduct as it will be tailor-made based on multiple relevant theories, so will require drafting and sign off. Mitigation – ensure sign-off date for change assessment approach is within first 2 weeks of delivery as a minimum to ensure sufficient time for delivery.
- There is a risk that responding to a major incident could affect the timeline due to the availability of employees with incident roles. This risk is accepted and the timeline will be adjusted accordingly in the event of this happening.

3. Deliverables

Service Definition

Unique ID	Deliverable	Date	Success Criteria	Linked objective:
Project Stage A				
D1	Service Definition Document		<p>Approval of the following by client business area:</p> <ul style="list-style-type: none"> Deliverable detail including product descriptions and form DPEL delivery governance arrangements DPEL delivery plan & reporting mechanism Overview of Service for communication to include ways of working <p>Document reviewed and signed off by client business area, confirming that the defined service meets projects requirements, is aligned with, and supports the DPEL outcomes.</p> <p>Iterated throughout assignment period as required.</p>	All

Project Delivery

Unique ID	Deliverable	Date	Success Criteria	Linked objective
D2	Ongoing Reporting		Methods regular highlight reports covering ongoing progress against all deliverables as detailed in the SDD, outlining any upskilling provided & highlighting any blockers, new risks/issues/dependencies for resolution.	All
Workstream 1 PPM Maturity Assessment				
D3	EA Stakeholder Surveys		Surveys conducted (as required) to gather understanding of the current state of organisation PPM maturity	A
D4	EA Stakeholder Interviews		Collation of data to support the Maturity assessment	A
D5	Maturity Assessment		To assess what gaps exist and at what level EA currently sit across the 5 maturity levels of P3M3. Completion of the assessment.	A
D6	CM Alignment		Alignment of CM maturity to P3M3 CM assessment KPA's	A
D7	Benefit benchmarking advice		Advice on benefits benchmarking for project type	A
Workstream 2 Change Management Maturity				
D8	EA Stakeholder Surveys		Surveys conducted (as required) to gather understanding of the current state of organisational CM maturity	B
D9	EA Stakeholder Interviews		Collation of data to support the Maturity assessment	B
D10	Maturity Assessment		To assess what gaps exist and at what level EA currently sit across CM Maturity levels	B



Internal Capability Development Outcomes

Unique ID	Deliverable	Date	Success Criteria	Linked outcome
D11	Knowledge transfer plan and log		Assessment method understood by key EA staff to be able to undertake maturity progress assessments Repository of evidence of knowledge transfer delivered including recipients and documentation (recording of sessions, guidance docs, frameworks etc.)	All

Limitations on scope and change control

Unless instructions to the Supplier are later amended in writing, the work undertaken will be restricted to that set out above. In providing the services detailed above, the Supplier will be acting in reliance on information provided by the Business Area.

The Project Engagement Letter is the agreed contract of work between the Defra Group Business Area and the Supplier and can be varied under the change control process. Any changes to timescales, scope and costs will require consultation with DgC and subsequent relevant approvals.

4. Delivery management

Supplier Delivery Team

The outcomes-based nature of consultancy services provided through Lot 3 (Ref 28595) dictates that the Supplier retains responsibility and authority to provide the delivery team required to meet the contracted outcomes. The Business Area team should manage any performance concerns directly with the Supplier Team in the first instance with escalation, where necessary, through Defra Group Commercial.

The actual resources used in the delivery may be greater or less than that on which the price is based as the work is undertaken at the Supplier's risk. Should factors materialise that impact successful delivery, through factors outside the Supplier's control that warrant an alteration to time or cost, a change control will be made to this document as well as to the Service Definition Document (SDD).

The SDD is the first standard deliverable used to manage the project and provides the delivery team structure alongside more detail on governance, plan and success criteria.



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5. Fees

Defra Group will reimburse the Supplier for approved work done according to the table below. The total fees for the scope of work detailed in this Engagement Letter will be £72,206.25 exclusive of expenses and excluding VAT.

This total represents the agreed fixed price of the Supplier for the successful delivery of the contracted outcomes. The fees are based on the expected delivery team using the set framework rates. DgC review the resources and rates as part of commercial due diligence and sign-off.

Stage	Due (link to milestone dates)	Cost
Checkpoint 1 Stage A Criteria met to trigger payment: Delivery progressing of: D1 to D4, D8,D9		
Project Close – D5, D6, D7, D10, D11 All outcomes achieved. All agreed deliverables handed over.		
Grand Total		£ 72,206.25
Expenses		
Note: Expenses to the base location as determined for each individual assignment should be included in the rates. Expenses up to 10% of the total DPEL value to other locations will be paid in line with the Client Departments Travel and Subsistence policy and must be approved in advance.		

Payment

The Supplier should invoice at project stage milestones set out in section 4. Defra Group will reimburse fees on confirmation of approval of work delivered, by the Business Area.

6. Governance and reporting

Business Area to outline governance and report requirements relevant to the Engagement through Key Performance Indicators below:



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Key Performance Indicators

Business Area and Supplier to agree any specific key performance indicators related to this specific project engagement.

KPI	KPI Requirement	Description	Reporting Frequency	Who Measures	Method of Measurement	Performance Target
1.	Availability of Methods	A named delivery contact or delegate will be available to the client for discussions within and outside of DPEL content during working hours.	Ongoing for duration of DPEL	SRO or delegate, with Methods Assurance	Escalation from client team if expected behaviour is not demonstrated	Measured against DPEL & Methods Lot3 agreement.
2.	Regular checkpoints provided by Methods	Weekly reporting to ascertain delivery progress, key risks/concerns	Weekly	SRO with Methods Assurance	Regular project meetings or telecons	Measured against DPEL deliverables.
3	Delivery of agreed deliverables	These will not be exceeded above agreed tolerance without agreement between all parties	Weekly	SRO or delegate, with Methods Assurance	Regular project meetings or telecons	Measured against DPEL deliverables.

Feedback and satisfaction

Business Area and Supplier to agree regular reporting intervals for the duration of the engagement.

Defra Group reserves the right to hold review meetings during the assignment, discussing what went well, opportunities for improvement on future assignments and similar. This will incorporate any 'Show and Tell' documentation or transferable products that have been produced. A post-engagement quality review must be completed as part of the Engagement sign-off. DgC will contact the Business Area to arrange this and share the feedback with the supplier on a bi-monthly basis.

Non-disclosure agreements

The overarching MCF2 framework includes NDAs.

7. Exit management

The agreed actions and deliverables by the Supplier for when the contract ends are as follows:

Upon exiting the project engagement, the Supplier will provide all final deliverables alongside supporting handover documents. The exit terms are as detailed in the call off contract framework document.

Notice period

The nature of these engagements requires that Defra Group have the ability to terminate an engagement with notice. Defra Group's termination rights for this engagement are marked below.

The minimum notice period for termination is 5 working days regardless of engagement duration.

Supplier Engagement Process



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1. Business Area identifies a potential need for delivery support, initiates a conversation with DgC, confirms which approvals are required for an engagement to occur, e.g. Consultancy Governance Board if over £120k or DgC Corporate Services Delivery Board if under £120k.
2. If over £120k the Spend Control Form must be completed by Business Area and submitted to DgC at:
[REDACTED]
3. Lot / Supplier is selected and briefed on the request by DgC, then introduced to the requesting Business Area for further discussion and confirmation of work to be delivered.
4. A Project Engagement Letter is completed by the Business Area with input from the Supplier (with supporting proposals as appropriate) and support from DgC and then finally agreed between the two parties, including

Approval state	Definition	Permissions
Full approval	<ul style="list-style-type: none"> ▪ DPEL agreed ▪ DPEL signed: Supplier, Dept and DgC ▪ Purchase Order number 	<ul style="list-style-type: none"> ▪ Work can start ▪ Supplier can invoice for work

evidence of all required approvals either being in place or being progressed. Approval states are: