



Defra Group Management Consultancy Call Off Contract: Project Engagement Letter

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 Consultancies within and subsequent reference number.

Engagement details		
Engagement ref #	DPEL_61547_030	
Extension?	No	DPEL Ref.
Business Area	Collection & Packaging Reforms Programme, Resources and Waste Directorate	
Programme / Project	Deposit Return Scheme	
Senior Responsible Officer	[REDACTED]	
Supplier	Deloitte	
Title	DMO Financial Assessment Support	
Short description	Creating a framework for assessing the financial suitability of proposed DMO providers as part of the license award process	
Summary of Change	<ul style="list-style-type: none"> Creating an assessment framework for financial aspects of DMO proposals 	
Engagement start/end date	Proposed start date 19 Aug 2024	Proposed end date 11 Oct 2024
Consultancy Spend approval reference	[REDACTED]	
Expected costs 24/25	£91,480	
Expected costs 25/26	£0	
Dept. PO reference	Dept. PO reference # (to allow for Defra Group recharge)	
Lot #	Lot 2	
Version #	1.0	

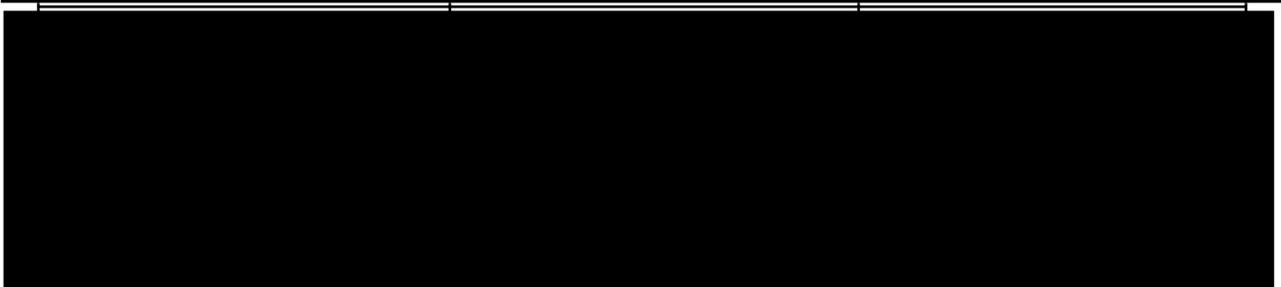
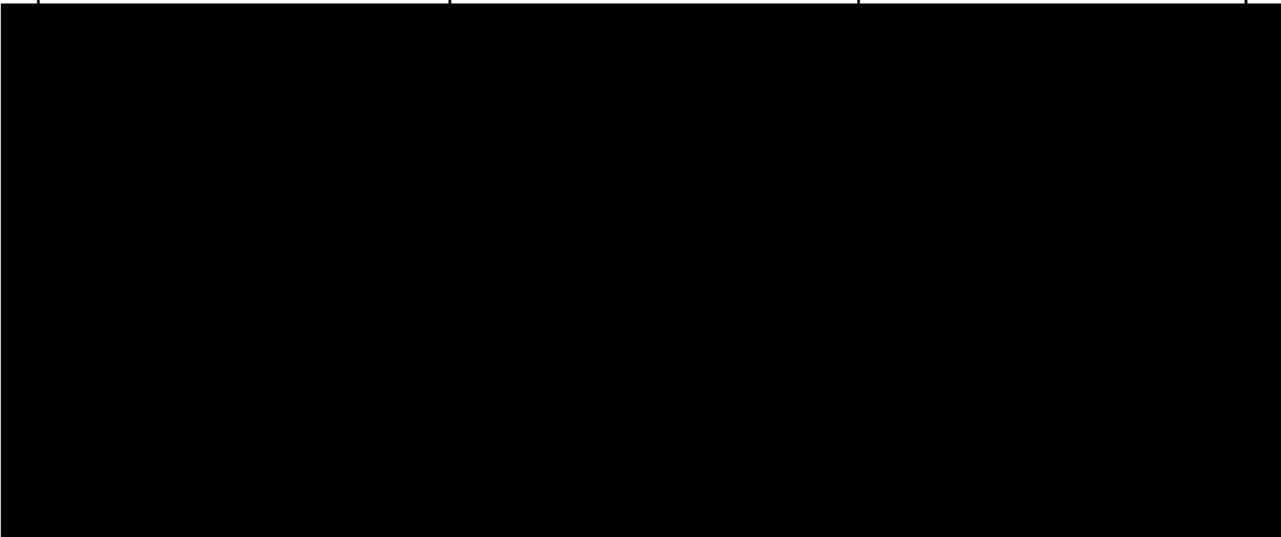


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Approval of Project Engagement Letter

By signing and returning this cover note, Strategic Change Projects accepts the contents of this Project Engagement Letter as being the services required and agrees for Deloitte to provide the services in accordance with the agreed Supplier Proposal under the overarching contract (Lot 2 - Ref 28595), with Defra Group and confirms the availability of funding to support recharge for the services.

Signatures		
Supplier	Business Area	Defra Group Commercial



Supplier engages with Business Area to complete. Once agreed, Supplier signs front page and sends to Business Area	Business Area signs front page and sends to DgC	On approval, DgC signs and returns copy to Business Area and Supplier
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2. Statement of services

Objectives and outcomes to be achieved.

• Objectives / Work Scope

1. Deliver a financial framework that can be used to assess the suitability and viability of DMO proposals as part of the license award process

OUTCOMES

- An agreed set of financial assessments that can be applied to DMO proposals to help determine suitability and viability of the DMO for a license to run DRS services and provide assurance to ministers.
- Template and guidance that evaluators can use as part of the assessment process once DMO proposals are received.



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Scope

Scope:

The work would comprise two key phases:

- **Phase 1: Development of Financial Assessment Framework:**

[Duration - 4 weeks]

This phase would focus on the design of key criteria and questions to be assessed as part of the financial application process. Key activities by week would include:

- **Week 1 – Financial Assessment Scoping:** We would arrange, lead and prepare materials for a **Financial Assessment Scoping Workshop** with key Defra and four nation stakeholders to understand in greater detail the proposed relationship between Defra and the DMO, as well as broader strategic objectives (including requirements for Minister-level assurance) and key areas of financial risk (such as Organisational Maturity, Financial Health, Business Plan and Financing Plan) so that these could be used to drive the design of the Financial Assessment (this will also include considerations regarding requirements for clear assumptions and any applicant-provided assurances on their financial submissions e.g. model audits/financial advisor letters etc.).
- **Week 2 – Framework Development:** Using the outputs of the **Scoping Workshop** we would design a framework for the Financial Assessment of DMO applications, outlining key principles for assessment, agreed financial risk areas, corresponding lines of questioning and an outline of the approach to evaluation of responses, including expectations for high-, medium- and low-quality responses – and what would be expected to provide increased levels of confidence in any proposal.
- **Week 3 – Stakeholder Testing and Refinement:** We would circulate the framework for review by key stakeholders, as well as schedule and hold a Stakeholder Feedback Session with key Defra and four nations stakeholders, to walk through the proposed approach for assessment and evaluation, documenting key areas of feedback as well as proposed responses and amendments to the framework.
- **Week 4 – Refinement and Finalisation of Framework:** The focus for the final week would be to finalise the Assessment Framework, adapting for any key stakeholder comments and amendments as well as internal quality reviews.



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Phase 2 – Development of Financial Assessment Framework document suite:
[Duration – 4 weeks]

- This phase would focus on the production of the assessment template, corresponding detailed evaluation criteria, a guidance document to support evaluators with their assessment of applicant’s submissions.
 - **Week 1 – Strawman document suite testing:** We will present high-level structured products and share with Defra for review to confirm approach. Additionally, we would create a first draft of the evaluation assessment template and key questions, sharing this at the end of the week for review.
 - **Week 2 – Document Suite Development:** We would make adaptations for comments on the strawman review and hold a feedback collation session for the initial draft of the Financial Assessment Template. In parallel we will develop a first draft of the Financial Assessment Document Suite, sharing this for stakeholder review at the end of the week.
 - **Week 3 – Document Suite Finalisation:** We would finalise the Financial Assessment Framework document suite, conducting our internal quality reviews and handing over final deliverables to Defra at the end of the week.

Key milestones and dependencies:

Key Defra and four nation stakeholder inputs will be required by the following milestone dates:

Milestone	To be delivered by
Financial Assessment Scoping Workshop	End of Week 2 (30/08/24)
Stakeholder Feedback Session and receipt of all stakeholder feedback	Mid-Week 3 (04/09/24)
Receipt of Strawman Document Suite feedback	Mid-Week 6 (25/09/24)
Finalisation of Deliverables	End of Week 7 (04/10/24)



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Assumptions and dependencies

Key assumptions:

- This work will be contracted under Lot 2 of our existing Advisory Framework.
- The Supplier will work remotely (including any workshop activity) and travel to Defra sites or Base Location will only be required on an occasional ad hoc basis.
- Defra and four nations personnel will be available as required (including for workshops and feedback sessions) and provide the necessary inputs to the work, particularly with regards to understanding the wider DMO Applicant Assessment approach.
- The deliverables will be co-developed by the Supplier and Defra with draft deliverables stored on Defra SharePoint for joint access and inputs and to allow for the Defra team to provide written feedback. Final versions will require an acceptance email from the Defra lead client stakeholder upon delivery.
- Deliverables will be developed using Defra templates and branding and will not be Deloitte branded.
- The Supplier will act solely on behalf of Defra in carrying out this work and will not provide any service to third party project teams.
- The Supplier will not provide any legal services or opinion as part of this DPEL.
- The Supplier will not create any new financial models as part of this activity.
- This work will be performed under the assumption that Defra will be ultimately responsible for the drafting, legal review, and approval of the Financial Assessment template and guidance.
- Undertaking the Financial Assessment of DMO applicants is not included in the scope and fee of this DPEL but it is agreed that Defra may require support with this activity in a subsequent phase. Should the need arise, the Supplier will work with Defra to agree an appropriate scope and fee estimate.
- Deloitte will not be responsible for ensuring ONS criteria are met, and Defra remains responsible for adhering to constraints regarding ONS classification that will drive the approach to the Financial Assessment of the applicant.
- Defra will provide the DMO TOM for the development of the Financial Assessment Template to enable interpretation and capture of key financial line items and assessment of potential areas of financial risk in the Financial Assessment Framework.
- The resource levels and fee presented for this work assumes:
 - 1 x 2-hour Financial Assessment Scoping Workshop
 - 2 x 1.5-hour Stakeholder Feedback Sessions
 - For each of Phases 1 and 2, a singular round of comments from the agreed stakeholder group prior to finalisation of deliverables
 - 2 x 1-hour Deliverable Presentation Sessions (1x for Phase 1 and 1x for Phase 2)

Risk management.

- Risks will be managed through weekly check ins, Programme Boards and ongoing discussion with Defra senior leadership. A risks and issues log will be developed to capture and monitor the risks.



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Deliverables

Deliverable	Success Criteria	Milestone / Date	Owner (who in the delivery team?)
<p>Phase 1 Deliverable: A short MS PowerPoint report in Defra-branding summarising:</p> <ul style="list-style-type: none"> • Key principles of assessment; • Key areas of financial risk in the model; • Corresponding areas/categories of assessment and high-level lines of questioning; and • Evaluation approach for each proposed category. 	Sign off by DRS programme team	Week 4	██████████ ██████████
<p>Phase 2 Deliverables:</p> <ul style="list-style-type: none"> • An MS Excel Financial Assessment template (in Defra-branding) that outlines RFI questions and forms to populate key financial inputs and assumptions. • An MS PPT Financial Assessment Guidance document outlining the approach to evaluation of each of the RFI questions. 	Sign off by DRS programme team	Week 7	██████████ ██████████

3. Delivery team

The contract is based on a time and materials approach, upon the rates outlined within the table below. There will be a capped total Charge of £98,304 excl. VAT under this DPEL.

Name	Framework Grade	Role	Day Rate	Total days	Total fee
██████████	██████████	██████████ ██████████	██████████	█	██████████
██████████ ██████████	██████████	██████████ ██████████ ██████████	██████████	█	██████████
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Total				█	£91,480



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Total resource

Total days*

Engagement Length**

*Total days worked across all resources

**Total working days in engagement





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Business Area's team

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

4. Fees

Defra Group shall pay the Supplier for approved work completed. The total fees for the scope of work detailed in this Engagement Letter and in subsequent PIDs will be no more than £91,480, inclusive of expenses and excluding VAT.

The use of PIDs to define the deliverables for each targeted package of support will ensure that value for money is achieved.

The Strategic Change Projects PMO team will collate the deliverables, fees and timescales from each PID to ensure that the specialist support provided is aligned to the approved scope, that total expenditure remains within the overall envelope, and that milestone delivery dates are met.

Provide costs for any particular stages of the engagement.

Stage	Cost	Due (link to milestone dates)
Phase 1	£49,152	13/09/24
Phase 2	£42,328	4/10/24
Expenses		
None expected and only in accordance with expenses statement below	n/a	n/a
Grand total	£91,480	

Expenses statement

Defra Group overarching contract rates include expenses for any travel to/from any UK location defined by the Business Area as the base office for the work. Only expenses for travel at the Business Area's request from this base can be charged. If appropriate, define permissible expenses to be charged.

Payment

The Supplier should invoice fees monthly in arrears. Defra Group will reimburse fees monthly on confirmation of approval of work delivered by the Business Area. The Supplier will keep an accurate



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record of time spent by staff in providing the services and provide this information and supporting narrative, if requested.

5. Governance and reporting

- A weekly catch up with the DRS programme team will be established to review progress, risks and costs
- Completion of the time tracker on a weekly basis, to track days worked by our consultants.

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
	Adoption of new WoW					

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 of the engagement will be arranged where the Business Area rates the services provided.

The parties agree that this DPEL is governed by the MCF2 RM6008 Call Off Order Form entered into by the Customer and the Supplier dated 17th May 2021 for the provision of Defra Group Management Consultancy Support Arrangements.

Subject to Clause 37.1 (Unlimited Liability), the Supplier’s total aggregate liability, in respect of all other Losses incurred by the Customer under or in connection with this DPEL as a result of Defaults by the Supplier shall in no event exceed a sum equal to one hundred and twenty-five per cent of the Call Off Contract Charges payable in connection with this DPEL.

Non-disclosure agreements

The overarching MCF2 framework includes NDAs. Insert any additional NDA requirements here.

none

6. Exit management.

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



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See Objectives and Deliverables section.

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.



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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 £100k or DgC Corporate Services Delivery Board if under £100k.
2. Request Form completed by Business Area and submitted to DgC at:
[REDACTED]
3. The form is reviewed by the DgC team around which resource route is most appropriate (e.g. Lots 1/2/3) and may request additional information/edits from the Business Area if required.
4. 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.
5. A Project Engagement Letter is completed by the Business Area with input from the Supplier (with supporting proposals as appropriate) and then finally agreed between the two parties, including evidence of all required approvals either being in place or being progressed (e.g. PO) and forwarded to the DgC for review by the Consultancy Governance Board (CGB). Approval states are:

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

