

Defra Group Management Consultancy Framework: Project Engagement Letter

Packaging Extended Producer Responsibility

Completed forms and any queries should be directed to Defra Group Commercial at [Dxxxxx](#)

Engagement details			
Engagement ref #			
Extension?	No	DPEL Ref.	DPEL_61547_010
Business Area	Resources and Waste		
Programme / Project	Collection and Packaging Reforms – Packaging Extended Producer Responsibility		
Senior Responsible Officer	<div></div>		
Supplier	Deloitte LLP		
Title	Development of some aspects of the Target Operating Model (TOM)		
Short description	The TOM contains a Delivery Model Assessment which sets out different work packages for outsourcing. Since the development of the TOM the work requirements have been further fragmented into separate procurement packages. Work is required to understand the interfaces between the work packages and how these can be effectively managed by Defra.		
Engagement start / end date	Proposed start date: 08/06/2022		Proposed end date: 09/08/2022
Funding source	Budget allocation in Resources and Waste		
Expected costs 21/22			
Expected costs 22/23	£90,000 (excluding VAT)		
Expected costs 23/24	£0		
Dept. PO reference	TBC once letter agreed		
Lot #	Lot 2		
Version #	Start at 0.1, 1.0 when approved, increment from 1.0 for Change requests		



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Approval of Project Engagement Letter

By signing and returning this cover note, Resources and Waste 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
or and on behalf of Deloitte LLP <div style="background-color: black; width: 20px; height: 15px; display: inline-block;"></div> Partner <div style="background-color: black; width: 20px; height: 15px; display: inline-block;"></div>	For and on behalf of Resources and Waste <div style="background-color: black; width: 20px; height: 15px; display: inline-block;"></div>	Defra Group Commercial <div style="background-color: black; width: 20px; height: 15px; display: inline-block;"></div>
7 June 2022	8 June 2022	10 June 2022
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

Supplier contact: Deloitte LLP, ,

Business Area contact:

1. Background

In December 2018, the UK Government published the Resources and Waste Strategy, setting out how we will preserve our stock of material resources by minimising waste, promoting resource efficiency, and moving towards a more circular economy. In the Strategy, the UK Government committed to several actions, including the Collection and Packaging Reforms. The Collection and Packaging Reforms comprise three interlinked projects:

- A UK-wide Extended Producer Responsibility Scheme for Packaging (“pEPR”).
- A Deposit Return Scheme for drinks containers in England, Wales, and Northern Ireland (“DRS”).
- Consistency in Household and Business Recycling Collections across England (“Consistency”).

The powers to implement the above reforms are provided by the Environment Act 2021.

This procurement relates to pEPR only.

To administer pEPR a Scheme Administrator (SA) function will be established in an existing public sector body.

In January 2022 Deloitte was appointed to work with Defra to create a Target Operating Model (TOM) setting out the governance arrangements for the SA, the Delivery Model Assessment (DMA), and indicative staff numbers. Due to tight timescales, the TOM was needed by 31 March to support the development of the OBC. The TOM was prepared at a high level to identify the key delivery functions for the scheme, and Defra anticipated that further development would be needed.

The TOM contains a DMA which sets out several different work packages for outsourcing. Since the development of the TOM there has been further work by Defra teams which examines these packages in further detail, considering risks and the supply chain capability, and the work requirements have been further fragmented into separate procurement packages. An initial Commercial Case, for the Outline Business Case, has been prepared which provides further detail of the individual procurement packages anticipated.

The services required

The services as set out in this document expand upon the work undertaken in the TOM to consider the integration of work packages.

2. Statement of services

Objectives and outcomes to be achieved

The objectives of this commission are to:

- Identify the interfaces between delivery functions; and
- Understand the interfaces between potential delivery functions to support the requirements in the procurement process and enable Defra to identify and manage interface risks.

Scope of the services

To enable successful development of procurement strategy, and future contract management, a detailed definition of the boundaries and responsibilities associated with the proposed outsourced packages is required.

Phase 1

The first phase will be the creation of a process map highlighting key anticipated interfaces between delivery functions. This process will be high level and will outline the flow of activities across the delivery functions outlined in the TOM. This process will outline the core process of successful delivery and will not cover exception or failure paths at this point. It will not cover detailed operational processes but will focus on the key processes and responsibilities to enable the outcomes that Defra has identified for the in-house teams and external service providers. These processes will need to include the interfaces between the SA and the digital systems being developed by Defra as well as external suppliers.

For each interface the following needs to be summarised:

- A high-level process map presented illustrating 'swim lanes' for different functional teams, interface handoff points between functional teams and the key activities to be performed by the functional teams;
- The inputs and outputs for each activity in the high-level process map;
- A summary of the challenges and risks associated with the interfaces between parties captured on the high-level process map;
- The potential key performance indicators associated with the interfaces that the external service provider will be responsible for and could be measured against.

Phase 2

Once the high-level process map has been created, and the key interfaces identified, guidance is needed on how the interfaces will be managed. This will include how the end-to-end third-party service provider performance will be handled to ensure that there is consistency, alignment and a collective commercial strategy that delivers Defra's service objectives across the multiple service providers in the operating model.

Deloitte will:

- Identify where third-party service providers could have shared objectives so that shared KPIs can be created, aimed at driving a co-ordinated approach and proposing high level KPIs;
- Comment on the potential operational requirements and provisions that could be included in relevant procurement documents so that third-party service providers are aware of their delivery obligations in relation to the interfaces;
- Identify which third-party service providers are likely to work together (based on the high-level process map) and consider potential economic or operational collaboration provisions for future inclusion in the procurement documentation;
- Identify potential challenges in executing the SA business processes which should be monitored on the risk register or highlighted to the SA team for their management.

At the conclusion of Phase 2, Deloitte will contribute to a 'lessons learned' workshop so that learning points can be shared with Defra to support continuous improvement.



The project excludes commentary on the interfaces within the Digital Delivery Team and focuses solely on the interfaces between digital delivery and the SA functions.

At the end of the delivery of the services in this DPEL the consultant is requested to attend a post project review with [REDACTED] to record lessons learned.

Deloitte will work with the Collection and Packaging team to deliver the following:

- *Phase 1 presentation workshop*
A workshop to brief senior managers (including representatives of the devolved administrations) through the completed high-level process chart.
- *Phase 2 presentation workshop*
A workshop to brief senior managers (including representatives of the devolved administrations) through the Phase 2 report

Programme

The outcome of this commission is needed as soon as practical to inform the procurement strategy (and the early outcomes will feed into the OBC prior to submission to Investment Committee).

- Phase 1 will start 8 June 2022 and will complete by 17 June 2022
- Phase 2 will start 18 June and will complete by 9 August 2022.

Approach to delivery

To meet the challenging timescale, this project shall be delivered in close cooperation with key members of the Defra Collection and Packaging Team and the devolved administrations. Defra will make available a key contact to assist in arranging meetings / collecting any required data or reports.

Weekly meetings between Deloitte and [REDACTED] will be scheduled to review progress and identify any obstacles.

All the work can be completed remotely; Defra does not expect any face-to-face meetings will be required. The Defra team is dispersed, although there is a large contingent in central London, and Defra uses Microsoft Teams for most communications. Deloitte will be required to use Microsoft Teams for communication with Defra teams.

Assumptions and dependencies

The parties:

- Assume the procurement packages that form the basis for the high-level business process map will be as set out in the Commercial Case prepared for the OBC v4 as sent for Red Team review on 17 May 2022;
- Assume key stakeholders will be available in the required timeframes to allow completion of the deliverables and key review sessions to take place;

Deliverables



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- Phase 1 high-level process map
- Phase 2 Report

Deliverables	Success Criteria	Milestone / Date	Owner (who in the Supplier delivery team?)
Project Stage A			
Phase 1 high-level process map	Signed off post Phase 1 workshop	17/06/2022	■
Phase 2 Report	Signed off post Phase 2 workshop	9/08/2022	■
Internal Capability Development Outcomes			
None identified			
Social Value Outcomes			
None identified			

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 in this DPEL. In providing the services detailed in this DPEL, the Supplier will be acting in reliance on information provided by Defra's Business Area representative Sandy Rowden.

The Project Engagement Letter sets out the agreed services 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 approval by DgC.

3. Delivery team

Name	Role (link to stage/s resource will work on)	Grade	Daily rate (excl. VAT)	# of days	Cost (excl. VAT)
■	Oversight & Quality assurance Phase 1 & 2	Partner	£2,744	1	£2,744
■	Engagement Lead Phase 1 & 2	Director	£2,744	6	£16,464
■	Business and commercial analysis (Phase 1 & 2)	Managing Consultant	£1,950	18	£35,100
■	Business and commercial analysis (Phase 1 & 2)	Principal Consultant	£975	6	£5,850



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Name	Role (link to stage/s resource will work on)	Grade	Daily rate (excl. VAT)	# of days	Cost (excl. VAT)
■	Business and commercial analysis (Phase 1 & 2)	Principal Consultant	£975	30	£29,250

Business Area's team

Name	Role	Contact details
■	Commercial Lead	■
■	Head of SA Delivery	■
■	Finance Lead	■

4. Fees

Defra Group will reimburse the Supplier for approved work done according to the table below. The total fees for the additional services as set out in this Engagement DPEL is a Fixed Price of £90,000 inclusive of expenses and excluding VAT.

	Fee	Proposed Date of Invoicing (link to milestone dates)
A		DD/MM/YY
Phase 1 Completion	£30,000	10/06/2022
B		
Phase 2 Completion	£60,000	02/08/2022
Expenses		
Grand total	£90,000	

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

Defra Group will reimburse fees on confirmation of approval of work delivered by the Business Area.

5. Governance and reporting

As part of the Call-Off Contract, the Supplier and Business Area agree to provide reporting on the following:

- Completion of the time tracker on a monthly basis, to track days worked by Deloitte consultants;
- The Supplier to notify the EPR team if any of conflict of interest emerges and explain how this will be managed;

Key Performance Indicators

KPI	KPI Requirement	Description	Reporting Frequency	Who Measures	Method of Measurement	Performance Target
1	Kick off meeting	Project team to arrange kick-off meeting with supplier to discuss all aspects of project delivery	Once, with written summary provided by Supplier after meeting	Defra Project Team	Review of meeting note	Within one week of contract commencing
2	Weekly progress meeting	Weekly meeting with project team to discuss progress, seek input / guidance and raise concerns / risks	Weekly	Supplier	Maintaining a schedule and record of meetings	Unless cancelled by project team, participation from Supplier representatives at all 100% of meetings

Feedback and satisfaction

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.

Non-disclosure agreements

No additional NDAs required.

6. Exit management

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



None other than the provision of the deliverables listed above

Notice period

The nature of these engagements require 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.

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:
CXXX
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

