




Defra Group Management Consultancy Framework: Project Engagement Letter

Completed forms and any queries should be directed to Defra Group Commercial at



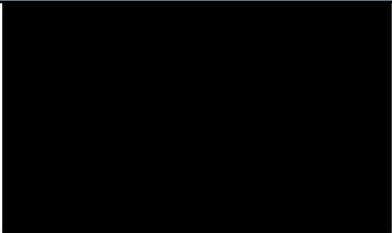







Engagement details					
Engagement ref #	DPEL_61545_004				
Extension?	Y	Extension DPEL Ref.	DPEL_61545_002		
Business Area	Environment Agency: Future Funding				
Programme / Project	Value for money				
Senior Responsible Officer					
Supplier	PA Consulting				
Title	Value chain analysis				
Short description	Following on from phase A and B in which value chain analysis framework and proof-of-concept tools were created for the navigation and water businesses. We now want to build on and test those tools in live examples, through a review of how we spend grant in aid and fisheries rod license charges.				
Engagement start / end date	01/03/22	31 st May 2022			
Funding source	Various in EA – approved by AO				
Expected costs 22/23					
Expected costs 23/24	£0				
Dept. PO reference					
Lot #	Lot 2				
Version #	0.1				



Department
for Environment
Food & Rural Affairs

Approval of Project Engagement Letter

By signing and returning this cover note, the **Environment Agency** accepts the contents of this Project Engagement Letter as being the services required and agrees for **PA Consulting** 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 PA Consulting  	For and on behalf of EA Future Funding  	Defra Group Commercial  Senior Commercial Officer
Apr 20, 2022	Apr 21, 2022	Apr 21, 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: 

Business Area contact 

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.

1. Background

Briefly justify why support is required: A recent Defra/Cabinet Office review found that the Environment Agency have a clearly articulated vision supported by ambitious, outcome focused goals and objectives. There was evidence that the EA delivers value for money in some areas of activity, but that several factors limit delivery of effective outcomes. Value chain analysis is a recommendation arising from that review. VCA has been used previously within the EA to support Spending Reviews and the 2018 Strategic Review of Charges although these have been static, one off uses. Although the Economics team have been using VCA methods since 2015, there is insufficient resource and expertise to deliver internally, to produce dynamic maps that link to our planning and performance processes. Making the most of our income is a fundamental part of the organisation's funding and investment plan. There is an essential need for a coordinated and measurable value for money strategy and business plans to ensure effectiveness and deliver efficiencies. To make better decisions on funding to enable a sustainable future business.

2. Statement of services

Objectives and outcomes to be achieved

State and describe the aims of the engagement:

This builds on the first two phases of the work (reference previous DPEL). To ensure the phase A and B products and tools are built into business planning processes, it was agreed that the VCA mapping would be applied to the following business planning areas to test its applicability in the organisation:

- A review of grant in aid (GiA)
 - Mapping all activities associated with GiA to understand how they contribute to organisational outcomes
 - Embedding the VCA into the tool with associated time recording data and KPIs
 - Apportioning value to the outcome statements to understand which activities are contributing the most valuable outcomes
 - Using the products and tools to support decision making on where GiA funding should be allocated across the organisation
- Fisheries Charging Proposal
 - Mapping activities within Fisheries to link them to overall organisational outcomes

Scope

Define the scope of the services (SMART):

During this phase of the project the following will be undertaken:

Why undertake this project – if you had this data/tool what problem will be solved

- Support the outcomes of the GiA Review to make better decisions on how to allocate funds
- Build a stronger understanding of which activities are linked to GiA funding and highlight areas where money is being spent differently
- Better understanding of how data is being used in the organisation and how this can be improved to support decision making

The aim of the GiA review is to gain a better understanding of where GiA funds are allocated, how they are being spent and where value is being driven out of these activities. The VCA provides the ability to connect activities to organisational outcomes, understand relative cost, apportion value and map these into a dynamic tool to support decision making.

What might the solution look like?

- Testing the approach agreed in Phase B in the GiA Review
- Understand the robustness of the data that exists today to support VCA and business planning
- Build a tool to support decision making within business planning across the business

How might this delivered?

- GiA VCA map is completed linking activities to outcomes
- Proof of concept tool that takes the outputs from the VCA and maps relative cost, funding source and value
- Develop an implementation plan for Part C focusing on the quickest benefit return for the remaining budget.

Assumptions and dependencies

Provide further description of the assumptions and dependencies:

- The programme will be split into phases, with a number of defined stages to ensure usable products are developed at each stage.
- During each phase the required outcomes, deliverables, team and budget will be defined and agreed for the subsequent phase.
- Dependencies - Work will be the foundation for our value for money initiatives, the regulatory review, charge proposals, future spending review bids, financial forecasting, KPI development, outcome and scorecard measure development.
- The products will be produced based on our current management information and we assume areas for improvement and gaps in management information to be identified.

Deliverables

Describe what the supplier will produce:

- More detailed specification
- Summary of material needed to inform work
- Qualitative activity maps (activity, output, outcome)
- Interactive tool (using current data)
- Scenario analysis (efficiency and effectiveness analysis and option consideration)
- Gap analysis on management data
- Gap and issue analysis of outcomes, recommendations of how to improve outcomes
- Recommendations on KPI changes
- Training and capability building of staff
- Approach to quantify and apportion value



- Summary of user journey and how decisions have been improved

Deliverable	Success Criteria	Milestone / Date	Owner (who in the delivery team?)
Phase B – Part 2			
GiA VCA with appropriate data mapped	Qualitative maps identifying activities, outputs, intermediate outcomes, outcomes, impacts and the relationships in between Reviewing existing data and mapping data to GiA, identifying gaps and recommendations on how to resolve	May 22	[REDACTED]
Updated proof of concept tool with GiA VCA	Proof-of-concept updated to reflect GiA VCA using the minimum functional requirements and user interface	May 22	[REDACTED]
Approach to apportioning value in the organisation	Approach to how value is apportioned to outcomes within the organisation to be replicated in other areas	May 22	[REDACTED]
Fisheries VCA Map	Qualitative maps identifying activities, outputs, intermediate outcomes, outcomes, impacts and the relationships in between	May 22	[REDACTED]
Project Stage C (additional stages can be added)			
Capability Assessment	Governance body and sponsor coalition and communications plan developed		
Detailed Scenario analysis	These deliverables to be revised/defined during stage B		
Gap analysis on management data	These deliverables to be revised/defined during stage B		
Gap and issue analysis of outcomes	These deliverables to be revised/defined during stage B		



Deliverable	Success Criteria	Milestone / Date	Owner (who in the delivery team?)
Internal Capability Development Outcomes			
Training and capability building of staff		Throughout – training package developed	
Social Value Outcomes			

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 approval by DgC.

This Project will be undertaken on a time and materials basis.

For the avoidance of doubt time is not of the essence.

3. Delivery team

Phase B delivery team is identified below with new discounted rates for 3-6months as per the framework costs. Variance against original budget identified below.

Name	Role (link to stage/s resource will work on)	Grade	Daily Rate 6-9months	# of days	Cost
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]



Total resource Total days* Engagement Length** <small>*Total days worked across all resources</small> <small>**Total working days in engagement</small>	1.75
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Business Area's team

Outline Business Area staff allocated to support delivery team in completing the engagement including names, roles, responsibilities and any dependencies / scope they will deliver.

Reporting to [REDACTED] supported by [REDACTED].

Small task and finish group, a customer from GiA, a economist, evaluation specialist and colleague from operational part of the business.

4. 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 £155,235, inclusive of expenses and excluding VAT.

Stage	Cost	Due (link to milestone dates)
B (Part 2)		
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	
Expenses		
(Brief details of expenses)		
Grand total	£155,235	

Business Area considerations:

- Are the costs and fees appropriate (costs linked to deliverables, rates and drive value for money)?

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

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 our consultants;
- Weekly flash reports of progress and risks
- Weekly or fortnightly engagement with task and finish group

Key Performance Indicators

KPI	KPI Requirement	Description	Reporting Frequency	Who Measures	Method of Measurement	Performance Target

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

6. Exit management

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

Describe what the supplier will produce upon existing the project engagement:

Notice period

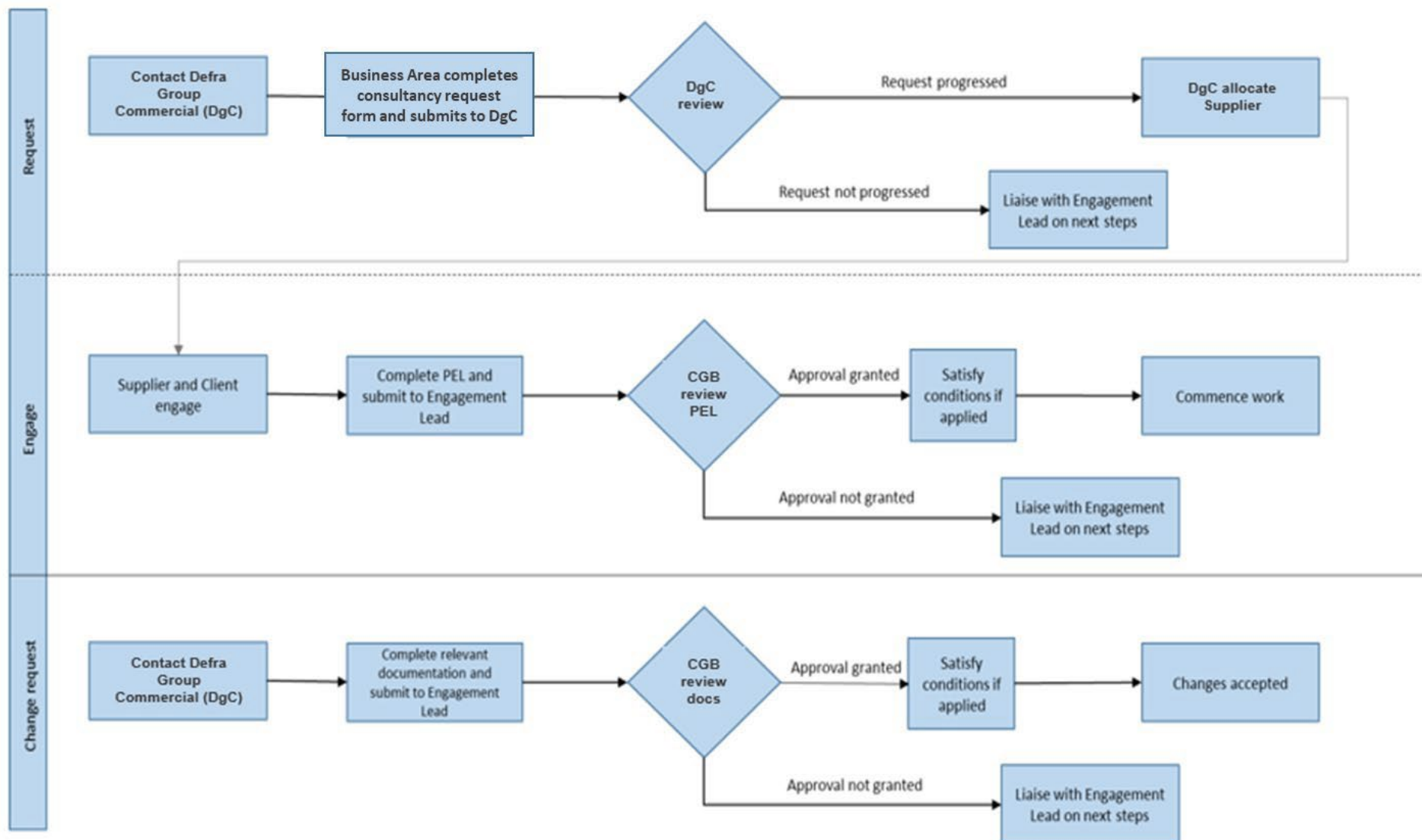
The nature of these engagements require that Defra Group have the ability to terminate an engagement with notice. Defra Group's termination rights for this engagement are marked below.

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:
[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



DPEL_61545_004-FINAL

Final Audit Report

2022-04-21



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