

DPS FRAMEWORK SCHEDULE 4: LETTER OF APPOINTMENT AND CONTRACT TERMS

Part 1: Letter of Appointment

Adroit Economics Ltd
31 Finchley Road,
Hale, Altrincham,
WA15 9RE

Dear Sirs,

Letter of Appointment

This letter of Appointment dated Monday 23rd August 2021, 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:	CCMK21A04
From:	Ministry of Housing, Communities & Local Government REDACTED ("Customer")
To:	Adroit Economics Ltd REDACTED

Effective Date:	Monday 23 rd August 2021
Expiry Date:	The initial term of contract shall be for twelve (12) months, from Monday 23 rd of August 2021 to Monday 15 th August 2022. There is an option to extend for a further twelve (12) month period.. Minimum written notice to Supplier in respect of extension: 4 weeks

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.
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Key Individuals:	For the Customer REDACTED For the Supplier REDACTED
[Guarantor(s)]	N/A

Contract Charges (including any applicable discount(s), but excluding VAT):	As per Attachment 4. All roles and Rates will remain firm for the duration of the Contract and any extension period.
Insurance Requirements	No additional insurance required.
Liability Requirements	Supplier's limitation of Liability (Clause 18 of RM6018 Call Off Contract Terms.
Customer billing address for invoicing:	REDACTED

GDPR	As per Contract Terms Schedule 7 Processing, Personal Data and Data Subjects
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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 Customer:

Name and Title: **REDACTED**

Signature:

REDACTED

Date: 07/09/2021

For and on behalf of the Supplier:

Signature: **REDACTED**

Date:31/08/2021

ANNEX A

Customer Project Specification

1. PURPOSE

- 1.1. The Ministry of Housing, Communities and Local Government (MHCLG) (hereafter referred to as The Authority) wishes to commission a cost benefit analysis based research study to appraise the options for the updated Decent Homes Standard (DHS2) to support Part 2 of the review. The policy options will be identified and supplied by the Authority

2. BACKGROUND TO THE CONTRACTING AUTHORITY

- 2.1. In November 2020, Government published a 'Charter for Social Housing Residents: Social Housing White Paper' that sets out to rebalance the relationship between social landlords and residents. As part of a package of measures to raise the standard of social housing, the Authority are reviewing the Decent Homes Standard (DHS) during 2021 and 2022.
- 2.2. The Decent Homes Standard sets a minimum quality standard that no social home should fall below

3. BACKGROUND TO REQUIREMENT/OVERVIEW OF REQUIREMENT

- 3.1. The Charter for Social Housing Residents: Social Housing White Paper (SHWP) published on 17 November 2020 sets out to raise the standard of social housing and meet the aspirations of residents through the country today and in the future. The Authority has committed to review the Decent Homes Standard (DHS) to ensure it is delivering what is required for safety and decency now. The SHWP is available here <https://www.gov.uk/government/publications/the-charter-for-social-housing-residents-social-housing-white-paper>.
- 3.2. The SHWP followed the Social Housing Green Paper: A New Deal for Social Housing that was published in August 2018. It asked whether changes were needed to the Decent Homes Standard (DHS). Respondents told us it does not reflect present day concerns, including on energy efficiency or safety. Consultation responses are available here <https://www.gov.uk/government/consultations/a-new-deal-for-social-housing>.

- 3.3. Since 2001, the DHS has played a key role in setting the minimum quality that social homes should be. The DHS sets out four criteria for evaluating decency – it requires that homes are free of serious hazards, are in a reasonable state or repair, have reasonably modern facilities and services such as kitchens and bathrooms and have efficient heating and effective insulation. During consultation events, the Authority heard that the DHS is no longer fully effective
- 3.4. The Regulator of Social Housing (RSH) requires that social rented homes are maintained by landlords to at least the quality set out by the DHS. Good progress has been made on ensuring homes meet the Standard. The proportion of social homes classified as non-decent reduced from 20% in 2010 to 12% in 2019.
- 3.5. The review will be in two parts. As a first step (Part 1), the Authority will consider the case for change and begin to develop policy options for further appraisal. Part 1 of the review began in February 2021 and will conclude in autumn 2021.
- 3.6. If the evidence demonstrates that the Authority needs to revise the DHS, the Authority will then need to consider the strategic, economic and management case for new criteria as a second stage (Part 2) of the review. The Authority are seeking a supplier to support the DHS review during Part 2 of the review only.
- 3.7. If during Part 1 of the review we do not consider the criteria within the DHS needs changing, the supplier will be asked to appraise the existing standard, to enable Government to publish a refreshed document.
- 3.8. A key interdependency is the Government review of the Health and Housing Safety Rating System (HHSRS) that was launched in October 2020. Further information about the review is available at <https://www.gov.uk/government/publications/housing-health-and-safety-rating-system-outcomes-of-the-scoping-review>.

4. DEFINITIONS

Expression or Acronym	Definition
DHS	Decent Homes Standard
UDHS	Updated Decent Homes Standard
HHSRS	Health and Housing Safety Rating System
MHCLG	Ministry of Housing, Communities and Local Government
RSH	Regulator of Social Housing
SHWP	Social Housing White Paper

5. SCOPE OF REQUIREMENT

- 5.1. In scope is an economic assessment of policy relating to the four DHS criteria. These being:
 - 5.1.1. Statutory minimum standard for housing
 - 5.1.2. Reasonable state of repair
 - 5.1.3. Modern facilities and services
 - 5.1.4. Thermal comfort
- 5.2. We are happy to consider a bid from a provider with relevant experience in cost-benefit analysis, willingness to pay studies and technical expertise in buildings. Alternatively, we would also welcome bids from a lead organisation with experience in one of these areas who would then sub-contract the other parts to a partner organisation or organisations.
- 5.3. The update of the tables in Annex A of the Standard could be undertaken by the supplier or they could consider sub-commissioning this to a body with suitable technical expertise.
- 5.4. The supplier should be fully familiar with HM Treasury Green Book criteria.
- 5.5. We expect there to be a maximum of five policy options to consider under each criterion, but there might be fewer.
- 5.6. To allow for a degree of fluidity, some contingency should be built into the contract to allow for change, either to respond to valid considerations and challenges raised during Part 1 of the review or allowing the review to respond to new and emerging Government priorities.

6. THE REQUIREMENT

6.1. **Objective 1:** To provide cost-benefit analysis on proposed amendments to DHS criterion (a) current statutory minimum standard for housing.

- 6.1.1. This criterion requires homes to be free of Category 1 hazards as agreed by the Housing Health and Safety Rating System (HHSRS). The policy subject to analysis will be supplied by the Authority. There will be a maximum of five policy options to compare.
- 6.1.2. The policy options in scope under this criterion will be decided during Part 1 of the review. For illustration, the types of policy options might, for example, include broadening the criteria to include less serious hazards or including hazards in common areas.
- 6.1.3. For each policy option supplied by the Authority, the supplier will:
- work with MHCLG to define the policy counterfactual;
 - to model the counterfactual using the most relevant data source available;
 - work with MHCLG to define the appraisal period and profile the analysis over time;
 - work with MHCLG to define the main groups impacted by these policies, for example, landlords, tenants and wider society;
 - agree key assumptions with MHCLG;
 - provide costs, including capital costs (including installation and reinstallation of measures), operating costs, hidden costs, familiarisation and administration costs to be incurred by main stakeholder groups that should be monetised and discounted in line with HM Treasury's Green Book and any relevant supplementary guidance;
 - identify and monetise benefits accrued by main stakeholder groups that should be monetised and discounted in line with HM Treasury's Green Book and any relevant supplementary guidance;
 - to estimate a net present value over the agreed appraisal period

6.2.

Objective 2: To provide cost-benefit analysis on proposed amendments to DHS criterion (b) reasonable state of repair.

- 6.2.1. The policy subject to analysis will be supplied by the Authority. There will be a maximum of five policy options to compare.
- 6.2.2. The policy options in scope under this criterion will be decided during Part 1 of the review. For illustration, the types of policy options might, for example, include expanding or shortening the list of building components.
- 6.2.3. For each policy option supplied by the Authority, the supplier will:

- work with MHCLG to define the policy counterfactual;
- to model the counterfactual using the most relevant data source available;
- work with MHCLG to define the appraisal period and profile the analysis over time;
- work with MHCLG to define the main groups impacted by these policies, for example, landlords, tenants and wider society;
- agree key assumptions with MHCLG;
- provide costs, including capital costs (including installation and reinstallation of measures), operating costs, hidden costs, familiarisation and administration costs to be incurred by main stakeholder groups that should be monetised and discounted in line with HM Treasury's Green Book and any relevant supplementary guidance;
- identify and monetise benefits accrued by main stakeholder groups that should be monetised and discounted in line with HM Treasury's Green Book and any relevant supplementary guidance;
- to estimate a net present value over the agreed appraisal period.

6.3. **Objective 3:** To provide cost-benefit analysis on proposed amendments to DHS criterion (c) modern facilities and service.

- 6.3.1. The policy options to analyse will be supplied by the Authority. There will be a maximum of five policy options to compare.
- 6.3.2. The policy options in scope under this criterion will be decided during Part 1 of the review. For illustration, the types of policy options might, for example, include security measures so that space around dwellings becomes safe and welcoming, changes to ensure homes can be adapted for older or disabled residents and measures to encourage environmentally friendly behaviours, such as recycling facilities and bicycle storage.
- 6.3.3. For each policy option supplied by the Authority, the supplier will:

- work with MHCLG to define the policy counterfactual;
- to model the counterfactual using the most relevant data source available;
- work with MHCLG to define the appraisal period and profile the analysis over time;

- work with MHCLG to define the main groups impacted by these policies, for example, landlords, tenants and wider society;
- agree key assumptions with MHCLG;
- provide costs, including capital costs (including installation and reinstallation of measures), operating costs, hidden costs, familiarisation and administration costs to be incurred by main stakeholder groups that should be monetised and discounted in line with HM Treasury's Green Book and any relevant supplementary guidance;
- identify and monetise benefits accrued by main stakeholder groups that should be monetised and discounted in line with HM Treasury's Green Book and any relevant supplementary guidance;
- To estimate a net present value over the agreed appraisal period.

6.4. **Objective 4:** To provide cost-benefit analysis on proposed amendments to DHS criterion (d) reasonable degree of thermal comfort.

- 6.4.1. The policy options to analyse will be supplied by the Authority. There will be a maximum of five policy options to compare.
- 6.4.2. The policy options in scope under this criterion will be decided during Part 1 of the review. For illustration, the types of policy options might, for example, include a new energy efficiency or heat decarbonisation ambition.
- 6.4.3. For each policy option supplied by the Authority, the supplier will:

- work with MHCLG to define the policy counterfactual;
- to model the counterfactual using the most relevant data source available;
- work with MHCLG to define the appraisal period and profile the analysis over time;
- work with MHCLG to define the main groups impacted by these policies, for example, landlords, tenants and wider society;
- agree key assumptions with MHCLG;
- provide costs, including capital costs (including installation and reinstallation of measures), operating costs, hidden costs, familiarisation and administration costs to be incurred by main stakeholder groups that should be monetised and discounted

in line with HM Treasury's Green Book and any relevant supplementary guidance;

- identify and monetise benefits accrued by main stakeholder groups that should be monetised and discounted in line with HM Treasury's Green Book and any relevant supplementary guidance;
- To estimate a net present value over the agreed appraisal period.

6.5. **Objective 5:** Where necessary and proportionate, the supplier should be able to undertake further research to enable monetisation of additional societal impacts, for example, 'willingness to pay' studies. A 'willingness to pay' study would capture the value social housing residents would place on interventions, particularly around environmental and estate improvements, where there is limited scope for impacts to be monetised.

6.6. **Objective 6:** To review (or to engage with a subject expert in a consortium partnership or as a subcontractor) and (if required) to update the tables contained within Annex A of the Decent Homes Standard titled Table 1: Component lifetimes used in the disrepair criterion and Table 2: Definition of poor condition used in disrepair criterion.

6.7. **Objective 7:** As far as is possible, the supplier should aim to draw together the analysis across the different criteria to give a view of the impact of the new standard as a whole. Where possible, this should take account of overlaps. Where practical a draft final report drawing together the analysis to estimate a net-present value of the final policy proposals as a whole. Format and timing of outputs for objective 7 will depend upon the outputs for objectives 1 to 6 and will be agreed between the Department and the contractor following the completion of these stages. ***The feasibility of this objective can be further explored with the Authority once contracts have been awarded.***

7. Key milestones and Deliverables

7.1. The following Contract milestones/deliverables shall apply:

Milestone/ Deliverable	Description	Timeframe or Delivery Date
Interim Draft Proposal Report	Supplier to provide a written interim draft proposal on scope and method across objectives 1 to 6 to be submitted to the Authority. This proposal should include the supplier's approach to quality assuring the work. These documents should be presented on supplier stationary. This document will not be published.	16 August 2021
Final written proposal on scope and method	Supplier to provide a written proposal on scope and method across objectives 1 to 6 to be submitted to the Authority. This proposal should include the supplier's approach to quality assuring the work. These documents should be presented on supplier stationary. This document will not be published.	06 September 2021

Supplier to provide a written proposal on scope and method across objectives 1 to 6 to be submitted to the Authority. This proposal should include the supplier's approach to quality assuring the work. These documents should be presented on supplier stationary. This document will not be published.	06 September 2021
Whilst the work is progressing, the supplier should provide update on progress with a written progress report. This document	04 November 2021

should be presented on supplier stationery. This document will not be published.	
A draft final report incorporating the findings of objectives 1-6. This document should be presented on supplier stationery. This document will not be published.	08 March 2022
Further to suggestions for refinement by the Authority, a final report on objectives 1-6 will be required. This document should be presented on supplier stationery. The final report will be shared with the Decent Homes Review Sounding Board and other interested internal and external stakeholders.	04 April 2022
A presentation of findings to the Decent Homes Review Sounding Board	April 2022 (date TBC)

8. MANAGEMENT INFORMATION/reporting

- 8.1. Throughout the Contract, regular progress meetings will be required between the Supplier and the Customer, plus other meetings as necessary (e.g. with Decent Homes Review Sounding Board). The Supplier will be expected to take on board feedback from the Authority.
- 8.2. Contract Management Arrangements:
 - 8.2.1. MHCLG Contract Manager: To be confirmed at Contract Award
 - 8.2.2. MHCLG Analytical Consultant: To be confirmed at Contract Award
 - 8.2.3. Frequency of meetings are to be every six weeks
 - 8.2.4. Meetings to be undertaken using the Microsoft Teams function
 - 8.2.5. Reports to be delivered using Microsoft Office products

9. VOLUMES

- 9.1. The contract will terminate upon completion of the final presentation of findings to the Decent Homes Review Sounding Board.

10. CONTINUOUS IMPROVEMENT

- 10.1. The Supplier will be expected to continually improve the way in which the required Services are to be delivered throughout the Contract duration.
- 10.2. The Supplier should present new ways of working to the Authority during Contract review meetings.
- 10.3. 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.

11. SUSTAINABILITY

- 11.1. There are no sustainability considerations that Potential Suppliers need to include in their submissions.

12. QUALITY

- 12.1. The final report to be shared with the Decent Homes Review Sounding Board and other interested internal and external stakeholders must be of publishable quality.
- 12.2. All written reports provided to the Authority should be of a high quality and presented on supplier stationery.
- 12.3. The cost-benefit analysis must be fully compliant with HM Treasury Green Book and any relevant supplementary guidance.
- 12.4. The technical updates must be based on the most up to date available information of component life-times.

13. PRICE

- 13.1. Prices are to be submitted via the e-Sourcing Suite Attachment 4 – Price Schedule excluding VAT and including all other expenses relating to Contract delivery.

- 13.2. The budget for this requirement is £200,000.00 (excluding VAT) and this includes any extension options. Any spend above this amount will require extra budgetary approval.
- 13.3. Potential Bidders are asked to submit their most competitive capped costs to deliver the requirement within the budget.

14. STAFF AND CUSTOMER SERVICE

- 14.1. The Supplier shall provide a sufficient level of resource throughout the duration of the Contract in order to consistently deliver a quality service.
- 14.2. The Supplier's staff assigned to the Contract shall have the relevant qualifications and experience to deliver the Contract to the required standard.
- 14.3. 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.

15. SERVICE LEVELS AND PERFORMANCE

- 15.1. The Authority will measure the quality of the Supplier's delivery by the following:

KPI/SLA	Service Area	KPI/SLA description	Target
	Delivery timescales	The Supplier shall adhere to the timescales/project plans unless otherwise agreed by the Authority.	
	Service provision	The Supplier shall ensure that the services provided meet the requirements in section 7.	
	Quality	The Supplier shall use suitable quality assurance processes throughout the contract as agreed with the	

		Authority at the start of the contract.	
	Adhering to guidance	The Supplier shall adhere to the Authority's branding, data security and other guidance, (to be provided to the successful Supplier upon appointment).	
	Reporting	The Supplier shall provide spend data and other reporting in a format agreed by the Authority.	
	Meetings	The Supplier shall meet with the Authority within 5 working days of a request and be available via telephone/email. Suitable materials and/or presentations shall be prepared for the meetings. Meeting notes shall be provided no later than 3 working days after the meeting.	95%

15.2. If any of the deliverables fail to meet the agreed quality service levels and performance we reserve the right to consider early termination of the contract.

16. SECURITY AND CONFIDENTIALITY REQUIREMENTS

- 16.1. It should be noted that should the Supplier be required to attend meetings at 2 Marsham Street, photo ID is required and bags and people are scanned.
- 16.2. The Authority will remain as data controller and will own the Intellectual Property and Publishing Rights for the analysis findings. At the end of the project, and when requested throughout its duration, any additional project materials must be shared with the Authority, including anonymised transcripts from the interviews and focus groups.
- 16.3. The supplier must comply with all current GDPR regulations in its delivery of the services.

17. PAYMENT AND INVOICING

- 17.1. The payment method for this Call-Off Contract is by bank transfer. The Authority will pay the Supplier within 30 days of receipt of a valid invoice.
- 17.2. Payment can only be made following satisfactory delivery of pre-agreed certified products and deliverables. These products and deliverables must be agreed between the Authority and the Supplier as part of contract discussions once a preferred supplier has been appointed.
- 17.3. Before payment can be considered, each invoice must include a detailed elemental breakdown of work completed and the associated costs.
- 17.4. Invoices should be submitted to: **REDACTED**
- 17.5. All invoices must be specific to charges agreed at the end of each month/milestone. Other information such as: Purchase Order number, project reference, period of work, and number of days worked, invoiced amount, VAT shall also be included on each invoice.

18. CONTRACT MANAGEMENT

- 18.1. The Supplier will be expected to attend meetings at each agreed review point, or if there are particular issues that need to be addressed.
- 18.2. At each review point, the Authority will assess whether outputs meet satisfactory standards before the work can proceed to the next stage. The dates of these review points will be set and agreed between the Authority and the Supplier once in post.
- 18.3. There will be a final review once all outputs have been completed, at which the Decent Homes Review Sounding Board will assess overall progress including the final report.

18.4. Attendance at Contract Review meetings shall be at the Supplier's own expense.

19. LOCATION

19.1. The location of the Services will be carried out at remotely whilst COVID-19 restrictions remain in place. This may be reviewed, and the services carried out at the Authority's London Office **REDACTED**

**Part 2: Contract Terms – Provided as a separate document
(Attachment 5b)**



Contract Terms v6.0