DPS FRAMEWORK SCHEDULE 4: LETTER OF APPOINTMENT AND CONTRACT TERMS

Part 1: Letter of Appointment

Dear Sir/Madam,

Letter of Appointment

This letter of Appointment dated 28/07/2021 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:	
From:	HMRC ("Customer")
To:	IFF Research Ltd

Effective Date:	28/07/2021
Expiry Date:	End date of Initial Period 28/07/2022 End date of Maximum Extension Period: 28/01/2023 Minimum written notice to Supplier in respect of extension: 1 months

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 and the Supplier's Proposal attached at Annex B; and

Key Individuals:	[redacted] **Information redacted in line with Section 40 of the FIOA**
Guarantor(s)	N/A

Contract Charges (including any applicable discount(s), but excluding VAT):	Total contract value is £130,000. The full Contract Charge breakdown can be found within Annex 1 of Schedule 6 of the Contract.

Insurance Requirements	Additional public liability insurance to cover all risks in the performance of the Contract, with a minimum limit of £5 million for each individual claim Additional employers' liability insurance with a minimum limit of £5 million indemnity Additional professional indemnity insurance adequate to cover all risks in the performance of the Contract with a minimum limit of indemnity of £1 million for each individual claim.
Liability Requirements	**Suppliers limitation of Liability** (Clause 18 of the Contract Terms);
Customer billing address for invoicing:	[redacted] **Information redacted in line with Section 40 of the FIOA**

GDPR	See Contract Terms Schedule 7 (Processing, Personal Data and Data Subjects)
Alternative and/or additional provisions (including Schedule 8(Additional clauses)):	The additional terms which will apply to this contract are as set out within the following annexes at Schedule 8: a. Annex 1: HMRC Mandatory Clauses b. Annex 2: Protection of Information For the avoidance of doubt and contrary to any other provision relating to precedence of terms in this Call-Off Contract, in case of any ambiguity or conflict, the Authority's mandatory terms in Schedule 8 will supersede any other terms in this Call-Off Contract.

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 Supplier:

Name and Title:

[redacted]

Signature:

[redacted]

For and on behalf of the Customer:

Name and Title:

[redacted]

Signature:

[redacted]

Date: [redacted]

Date: [redacted]

Information redacted in line with Section 40 of the FIOA

ANNEX A

Customer Project Specification

Overview of Requirements

1. Introduction

1.1 HM Revenue & Customs (HMRC) requires a supplier from the Research Marketplace agreement (RM6018) to undertake research into the short-term effects of the reform to the off-payroll working rules introduced to the private and third sector in April 2021.

1.2 HMRC intends for this contract to be in place by 2nd August, with final outputs expected by late February 2022

1.3 HMRC will maintain the overall management of the project.

2. Context

2.1. The 'off-payroll working rules'[1] were introduced in 2000 to ensure certain contractors (individuals who work like employees of their client, but through their own limited companies[2] or other intermediaries) pay broadly the same Income Tax and National Insurance Contributions (NICs) as individuals who are directly employed.

2.2. Initially, it was each contractor's responsibility under the off-payroll working rules to determine their own employment status for tax and deduct the relevant taxes and NICs. However, in an effort to mitigate non-compliance with the policy, the Government announced at Budget 2016 its intention to reform the rules to shift the responsibility for determining status from the contractor to the client. If the client determines that the contract falls within the off-payroll working rules, the client or agency that directly pays the contractors intermediary would then be responsible for deducting the relevant Income tax and NICs.[3]

2.3. The reform was applied to 'public authorities'[4] starting on 06 April 2017.

2.4. The Government changed the rules for medium and large sized organisations outside the public sector on 6 April 2021. This was delayed from the original intended start date of 6 April 2020 to help organisations deal with the effects of the pandemic. Small sized organisations outside of the public sector do not have to apply the rules, it remains the contractor's responsibility to determine their own employment status.

[1] These rules are commonly known as 'IR35' as they were first outlined in a Budget press release with the reference 'Inland Revenue 35', in March 1999.
[2] In the context of this policy and research area, these companies are known as 'personal service companies' or PSCs.
[3] In the context of this policy and research area, 'client' and 'end-client' refer to the ultimate recipient of a contractor's services; 'agencies' and 'umbrellas' refer to third parties that supply workers.
[4] A list of the relevant public authorities can be found here.

2.5. During debates for the Finance Act 2020, the Financial Secretary to the Treasury told the House of Commons that research would be conducted 6 months after the implementation of the reform to medium and large sized organisations outside of the public sector.

3. The core objectives of this research project are:

- To understand the effects of the off-payroll working rules reform on the labour market, organisations, and on the way they engage contractors.

This research project must answer the following high-level questions. Further topic areas may be covered and will be discussed with the successful supplier.

- How did the contractor labour market respond to the OPW changes? In particular:
  - Changes in numbers of contractors and methods of engagement from early 2020 to post-April 2021
  - How much of this is due to OPW vs other reasons (EU Exit, Covid) and what drives the choice of method of engagement?
  - Any movement towards overseas outsourcing – if so, why?
- How is the contractor labour market working now? In particular:
  - Client organisations ability to recruit contractors, and OPW's impact on that
  - Trends in fees/contractor remuneration and OPW's impact on that; and
  - Awareness of schemes or structures trying to circumvent the OPW rules.
- How did organisations implement the rules? In particular:
  - Did organisations stop engaging Limited Company contractors? Why?
  - How have organisations made employment status decisions for OPW?
  - What are the admin burdens and costs associated with implementing and operating the OPW rules?
  - Have organisations had disagreements with agencies or contractors about Status Determination Statements?
  - Key challenges with the OPW rules;
  - Client organisation's experience of HMRC's Check Employment Status for Tax (CEST) tool;
  - Assessment of HMRC's guidance and/or education; and
  - Other sources of guidance and advice.

4 Methodology & Scope

4.1 In 2017, research was conducted to assess the early effects of the off-payroll working rules reform in the public sector.[5] The present research project intends to follow a similar design to that research to understand the short-term effects of the reforms for this new population.

4.2 The suppliers methodology must include a mixed-method approach consisting of:

4.2.1 A quantitative survey delivered via computer-assisted telephone interviews lasting 20 minutes.

[5] The final report of this research, and its technical annex, can be found here.

4.2.2 In-depth qualitative interviews, delivered face-to-face, virtually or via the telephone, lasting 45–60 minutes.

4.3 Quantitative fieldwork will be among a randomly selected sample of the organisations directly affected by the reform introduced in April 2021. These are organisations within the private and third sector that meet two of the three following criteria at group-level[6] **and** had engaged with Personal Service Companies (PSCs) at the time of the reform:

4.3.1 An annual turnover of more than £10.2 million;

4.3.2 A balance sheet total of more than £5.1 million; and/or

4.3.3 More than 50 employees.

4.4 The interviews will be conducted among representatives from the business group who are in the most appropriate positions to answer the questions in the survey. In the larger business groups, representatives from both HR/Payroll and Tax may wish to take part in the interview and give their views on the policy area. The supplier must outline how they will ensure the most appropriate individual is interviewed in the business group whilst giving other senior figures the opportunity to feedback their views.

4.5 The qualitative interviews will be among the business group representatives found by the quantitative stage to be most affected by the reform.

4.6 A sample frame of both business groups and the business entities under these groups will be provided by HMRC for the purposes of this research project. The successful suppliers may need to clean this sample frame before contacting potential respondents. The supplier must consider the following when outlining their methodological proposal:

4.6.1 Whilst HMRC will do everything to refine the population frame to only those that meet the criteria outlined at 4.4.1 to 4.4.3, it is likely screening questions will still be required to check eligibility;

4.6.2 HMRC will not be able to provide information regarding whether organisations have engaged with PSCs in the sample frame, this will need to be determined through screening questions at the beginning of the survey;

4.6.3 The sample may not include *third sector organisations* that meet the criteria. Recommendations on how these groups could be captured in the research, if HMRC are unable to provide a sample frame, must be provided;

4.6.4 As stated, HMRC can provide sample frames of both group-level business records and business entity level records. When contacting

[6] This means, where there is more than one business entity within a business group, it is the business group that must meet the criteria *not* each individual entity. This is true for both International business groups as well as UK only business groups.

businesses, it may be that some conduct payroll (and thus status determinations) group-level, whilst others do so at *business entity* level.. This could result in some interviews needing to be conducted in relation to business groups and others in relation to an individual entity. The proportions that conduct payroll in each way is unknown. Therefore, supplier must outline how they propose approaching the sample group to ensure the correct individual is spoken to;

4.6.5 All records in the sample frame will include a business name and address, including postcode. At present it is unknown how many will include a contact name, telephone number and/or email address. For costing purposes, contractors should assume tele-matching will be required for 80% of the sample.

4.7 The supplier must specify target sample sizes within their bid and clearly demonstrate how these targets will be sufficient to provide robust sub-group analyses (for groups such as turnover and employee numbers and, where possible, sector). The successful supplier must meet the targets stated within the bid. As an indication of HMRC's expectations, a minimum of 400 interviews must be conducted at the quantitative stage and a minimum of 30 interviews must be conducted at the qualitative stage. Bidders will be rewarded in their quality criteria score for "Methodology and Scope" if their proposals include larger sample sizes than these minimums with accompanying reasoning as to how these sample sizes will ensure robust and representative results, particularly around what larger sample sizes may mean for additional/more detailed sub-group analysis.

4.8 If the supplier proposes a monetary incentive for participation, these must be given to charity, not to respondents.

5 Timetable

5.1 The timeline provided below is indicative of the timelines expected by HMRC. This timetable will be superseded by the project plan submitted by the supplier in their bid.

5.2 Suppliers may provide minor amendments to the timelines provided below, so long as the bid clearly justifies the need for any amendments and demonstrates that HMRC's objectives will still be met in full. As a minimum, **mainstage quantitative fieldwork must begin at the start of October 2021** and the presentation must be as early as possible in 2022.

Activity	Date
Deadline for queries on ITT	17/06/21
HMRC response to ITT queries	22/06/21
Deadline for suppliers to notify their intention to tender	28/06/21
Deadline for response to ITT	02/07/21

Tender evaluation	02/07/21 – 09/07/21
Deadline for HMRC to notify unsuccessful tenderers	28/07/21
Contract awarded	28/07/21
Set-up meeting	w/c 02/08/21
Drafting of quantitative research materials and advance letters and any pre-testing (cognitive or pilot)	w/c 02/08/21 – 13/09/21
Provision of sample by HMRC	w/c 30/08/21
Opt-out period (conducted by contractor)	16/09/21 – 30/09/21
Quantitative Mainstage Fieldwork	30/09/21 – 12/11/21
Drafting of qualitative research materials (with consideration of interim quantitative findings).	27/09/21 – 26/10/21
Presentation of interim quantitative findings	w/c 18/10/21
Qualitative Mainstage Fieldwork	28/10/21 – 19/11/21
Delivery of interim qualitative findings	08/11/21
Delivery of (1) first draft of the slides for the presentation of final findings, (2) SPSS dataset of quantitative fieldwork results, (3) five randomly selected transcripts from the qualitative fieldwork, and (4) a technical report.	w/c 06/12/21
Presentation of findings	w/c 10/01/22
Delivery of first draft of the research report.	w/c 17/01/22
Final outputs (report, transcripts, and dataset) signed off; project closed.	w/c 21/02/22

5.3 The successful supplier will be expected to attend a set-up meeting in the week commencing 2nd August 2021

6 Length of Contract

6.1 HMRC intends for this contract to be in place by week commencing 2nd August 2021, with final outputs delivered by the end of February 2022.

6.2 The full contract term will be for 12 months with an optional extension period of six months.

6.3 Suppliers are must set out a detailed timetable covering the duration of the research project. The full timetable will be agreed with HMRC following award of the tender and is likely to be subject to minor changes during the lifetime of the contract.

7 HMRC reserves the right to pause or cancel a project at any point, in line with clause 9.8 of the Call-Off Contract.

8 The Supplier must deliver the following outputs:

- A detailed project plan that outlines key dates and milestones and indicates any actions for HMRC, and if substantial changes to this plan later occur, revisions to it.
- Attendance at an initial set-up meeting to further plan the project.
- Draft and final copies of the 'opt-out letters': postal letters inviting potential respondents to (1) opt-out from being contacted further and (2) question the authenticity of the research.
- Draft and final copies of the quantitative surveys and qualitative topic guides used by interviewers.
- Weekly, written progress updates during quantitative and qualitative fieldwork periods.
- Clean datasets of the quantitative surveys' results provided in SPSS format.
- A technical report detailed enough for HMRC to follow to quality assure the data, results, and outputs (including derived variables). To assist in quality assuring the data, this can include the syntax or code used to analyse the data.
- Five randomly-selected transcripts from the qualitative interviews.
- A presentation of interim findings from quantitative fieldwork, with draft and final copies of the slides used. Draft copies may include an initial written summary of the slides' intended structure.
- A finding note of interim findings from qualitative fieldwork, with draft and final copies of the note used. Draft copies may include an initial written summary of the intended structure.
- A presentation of final findings from quantitative and qualitative fieldwork, with draft and final copies of the slides used. Draft copies may include an initial written summary of the slides' intended structure.

- Draft and final copies of a written report that at least includes the findings from the research project, an executive summary, and a technical appendix. Draft copies may include an initial written summary of the report's intended structure.
- All summaries, reports, data outputs (eg tables and graphs) and presentations must be provided in an electronic format, compatible with Microsoft Office applications. All presentations and reports must be concise and written in plain English. They must be of a high (publishable) standard suitable for online publication. HMRC expects all drafts to be complete, to have been proof-read before delivery and for data in the drafts to have been quality assured. HMRC may arrange for any final reports produced to be peer-reviewed, either in-house or externally.
- In accordance with HMRC guidelines, a Welsh service must be offered to those requesting it in either the quantitative or qualitative outputs. The HMRC Welsh Language scheme can be found here:
- https://www.gov.uk/government/organisations/hm-revenue-customs/about/welsh-language-scheme.
- Contractors shall outline any additional costs associated with providing this service within their costs proposal.
- Contractors are also reminded that any research reports to be published on www.gov.uk must meet the accessibility requirements for public sector bodies' publications:
- https://www.gov.uk/guidance/accessibility-requirements-for-public-sector-websites-and-apps#accessibility-standards.
- HMRC will require the final published report to be in PDF or HTML format, which will be confirmed at a later stage
- All datasets must be provided in SPSS format, in which all variables, including derived variables, must be clearly labelled.

9 Quality and Risk Management

9.1 Suppliers must include a project plan and time schedule for the work that identifies the main tasks and key milestones that will be used to monitor progress, indicating clearly where HMRC is expected to contribute.

9.2 Suppliers must include a quality control plan with their proposal, which should demonstrate their internal procedures to assure quality control. In particular, this should include strategies for achieving a high response rate, monitoring of interviewer performance, securing reliable data from respondents, ensuring high standards in data analysis, and ensuring final outputs meet HMRC's needs. Tenderers should provide detail on their quality assurance processes at each stage of the project. In particular this should include the following stages:

a. Development of recruitment and fieldwork materials
b. Fieldwork stage
c. Analysis
d. Reviewing data in the report

9.3 It is the responsibility of the contractor to quality assure the quality of the data. As part of this, as well as reviewing the outputs, HMRC will review a set proportion of the transcripts. If HMRC is not satisfied with the quality of the outputs, then HMRC will expect the contractor to conduct a further full review of all outputs before re-submission. HMRC will review a set proportion of the figures in the outputs. If HMRC deems the level of error to be systemic, then HMRC will expect the contractor to conduct a further full review of all outputs before re-submission. If the contractor plans to utilise subcontractors, the contractor should explicitly state how the data quality for subcontracted processes would still meet the criteria listed above.

9.4 In addition to the above, contractors are expected to outline their quality assurance processes and/or systems for the project in accordance with bid evaluation criterion (Section 16). This should also be accompanied by proposing a named member of the project, at an appropriate level of seniority, who will be responsible for the overall quality of the project and provide, where necessary, written confirmation that quality assurance has been performed.

9.5 Proposals must also include an assessment of the key risks to this project. This should identify the most significant risks to successful completion of the programme of work, assess the degree of risk (likelihood and impact), and set out strategies for mitigating these risks and managing the consequences if problems occur. A risk register template is at Annex C.

10 Expertise and Capability

10.1 HMRC acknowledges that considerable resources are required for the successful delivery of this project to time. It is possible that agencies invited to tender have the skills and ability within their organisation to undertake all or part of this research but do not have sufficient resources required to successfully deliver the whole research requirement. We therefore encourage agencies to collaborate with other suppliers if required to ensure that they are fully capable of undertaking this work.

10.2 HMRC is looking for suppliers who can demonstrate that their proposed team incorporates those with:

10.2.1 Relevant qualifications/training/methodological specialisms;

10.2.2 Delivering high-quality research with businesses about commercially sensitive information;

10.2.3 Designing and delivering large-scale quantitative surveys;

10.2.4 Undertaking qualitative depth interviews with businesses; and

10.2.5 Delivering complex research projects of a similar scope and scale to time, specification and budget.

Any other experience should be highlighted in the bid.

10.3 Proposals must summarise the skills and expertise relevant to this requirement that particular members of staff bring to the team and clearly identify the project manager, with CVs included as an annex.

10.4 The proposal must specify details of which parts (if any) of the project will be sub-contracted, the name of the sub-contractor who will work on the project, their experience of related research, and their responsibilities within the project. If it is proposed to sub-contract any of the work, the same details as those provided by the tenderer should be given about the qualifications, experience and responsibilities of sub-contractor staff involved along with a description of their respective roles and the management arrangements put in place. Ultimately, the successful contractor will be held to account for the performance of any sub-contractor and needs to demonstrate their confidence to successfully manage sub-contractors. This should also be considered for any joint submissions, as the second contractor will be treated as a sub-contractor.

11 Project Management and Contract Administration

11.1 [redacted] is HMRC Manager for this project. They will be responsible for the day to day management of the contract. Once the contract has been awarded, all contact with HMRC concerning the project should be made through them. The research organisation will be required to appoint a contract manager who will act as the principal point of contact for the Department.

11.2 The research organisation will be expected to work closely with the HMRC project manager and through them, with internal customers within HMRC throughout the duration of the contract. They must be kept informed of progress and be involved in key decisions. Proposed changes in project staffing (at all levels) or deviations from the agreed work programme must be discussed and agreed with the project manager in advance. [redacted] is responsible for all decisions that involve funding.

11.3 In costing your tender you should allow for attendance at a minimum of five meetings. These might include the following:

a. Project set-up meeting;

b. Presentation of interim findings from quantitative fieldwork;

c. Informal discussion of interim findings from the qualitative fieldwork;

d. Analysis meeting; and

e. Presentation of final findings.

Information redacted in line with Section 40 of the FIOA

ANNEX B

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Information redacted in line with Section 40 of the FIOA