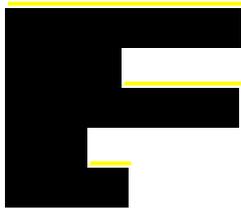


Commissioning Letter



01 August 2018

Dear [REDACTED]

Research and Evaluation Framework Agreement (reference CR150025BIS): Lot 1 Catchment Sensitive Farming (CSF) Commercial Market Study

Thank you for your response to the Specification for the above Commission by Defra (the Customer) through the Research and Evaluation Framework dated 02 January 2016 between (1) Secretary of State for Business, Innovation and Skills; and (2) Eunomia (the Framework Agreement).

- Annexes:
- A. Supplemental Tender dated 26 June 2018
 - B. Specification for Catchment Sensitive Farming (CSF) Commercial Market Study
 - C. Revised Best and Final Offer dated 18 July 2018

Defra accepts your Supplemental Tender (Annex A), submitted in response to our Specification (Annex B), as clarified or modified by the correspondence between us (Annex C).

The Call-Off Terms and Conditions for this Contract are those set out in [Schedule 5] to the Framework.

The agreed total charges are £33,894.00 exclusive of VAT which should be added at the prevailing rate. The agreed invoice schedule is as follows:

| | |
|-----------------|-----------------|
| Phase 1 invoice | 22 October 2018 |
| Phase 2 invoice | 31 January 2019 |

All invoices should be sent to accounts-payable.neg@sscl.gov.uk or Shared Services Connected Limited, PO Box 790, Phoenix House, Celtic Springs Business Park, Newport, Gwent, NP10 8FZ.

You are reminded that any Customer Intellectual Property Rights provided in order to perform the Services will remain the property of the Customer. The following deliverables have been agreed:

| What | When |
|--|---------------------|
| Set-up meeting (London) | W/C 27 August 2018 |
| Phase 1 completed and summary report detailing findings and recommendations submitted | W/C 15 October 2018 |
| Phase 2 completed and summary report detailing findings and recommendations from phase 2 submitted | W/C 21 January 2019 |

The Services Commencement Date is 06 August 2018

The Completion date is 31 January 2019

The Contract may be terminated for convenience by giving 30 days' notice in accordance with clause 38 of the Call-off Terms and Conditions.

The Authority may terminate the Contract by giving not less than 10 days' notice to the Contractor prior to the following date:

- a. 29 October 2018 ("Break Point 1")

Your invoice(s) for this work must include the following information:

Commission number: ECM_52770

The Authorised Representative for this Commission will be [REDACTED] who can be contacted at [REDACTED]

Congratulations on your success in being selected to undertake this Commission.

Yours sincerely

Defra Group Commercial

BY ELECTRONIC AGREEMENT VIA BRAVO OF THIS COMMISSIONING LETTER THE SERVICE PROVIDER AGREES to enter a legally binding contract with the Customer to provide to the Customer the Services specified in this Commissioning Letter and Annexes

incorporating the rights and obligations in the Call-off Terms and Conditions set out in the Framework Agreement

Annex A: Supplemental Tender

Annex B: Specification

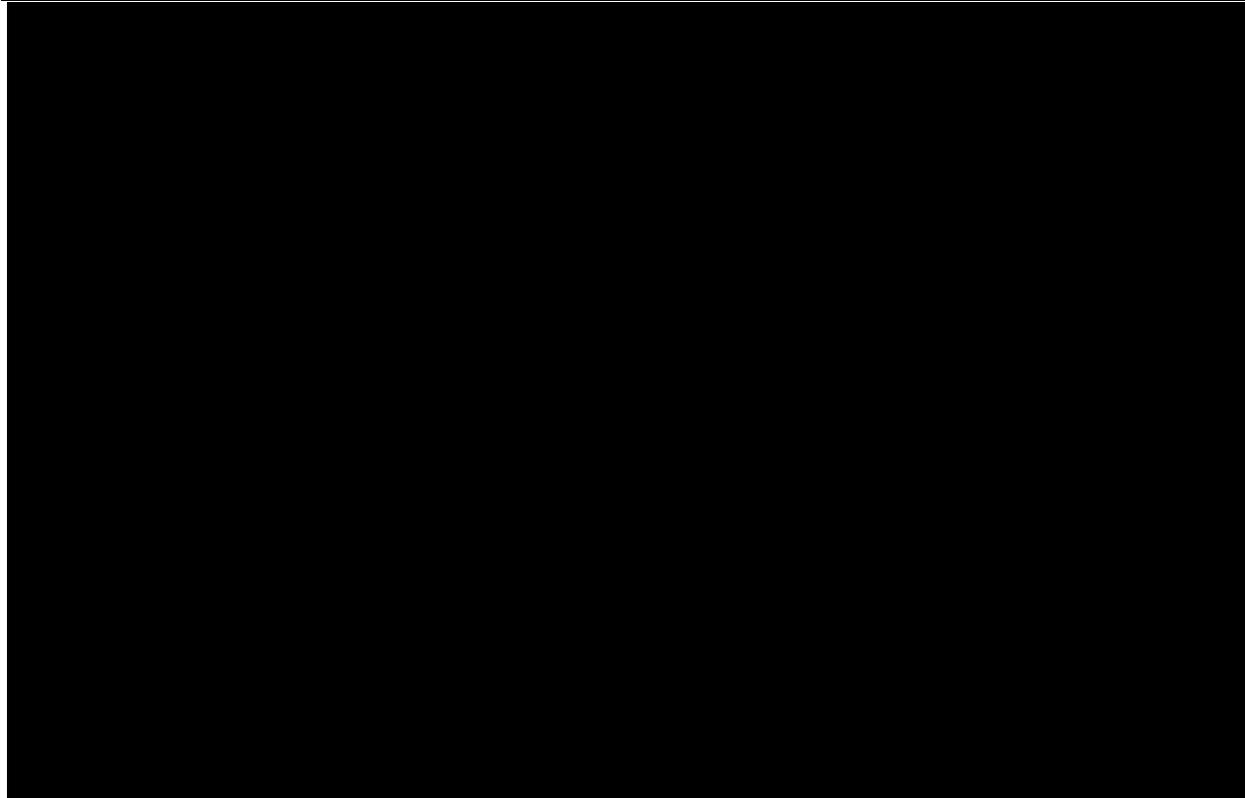
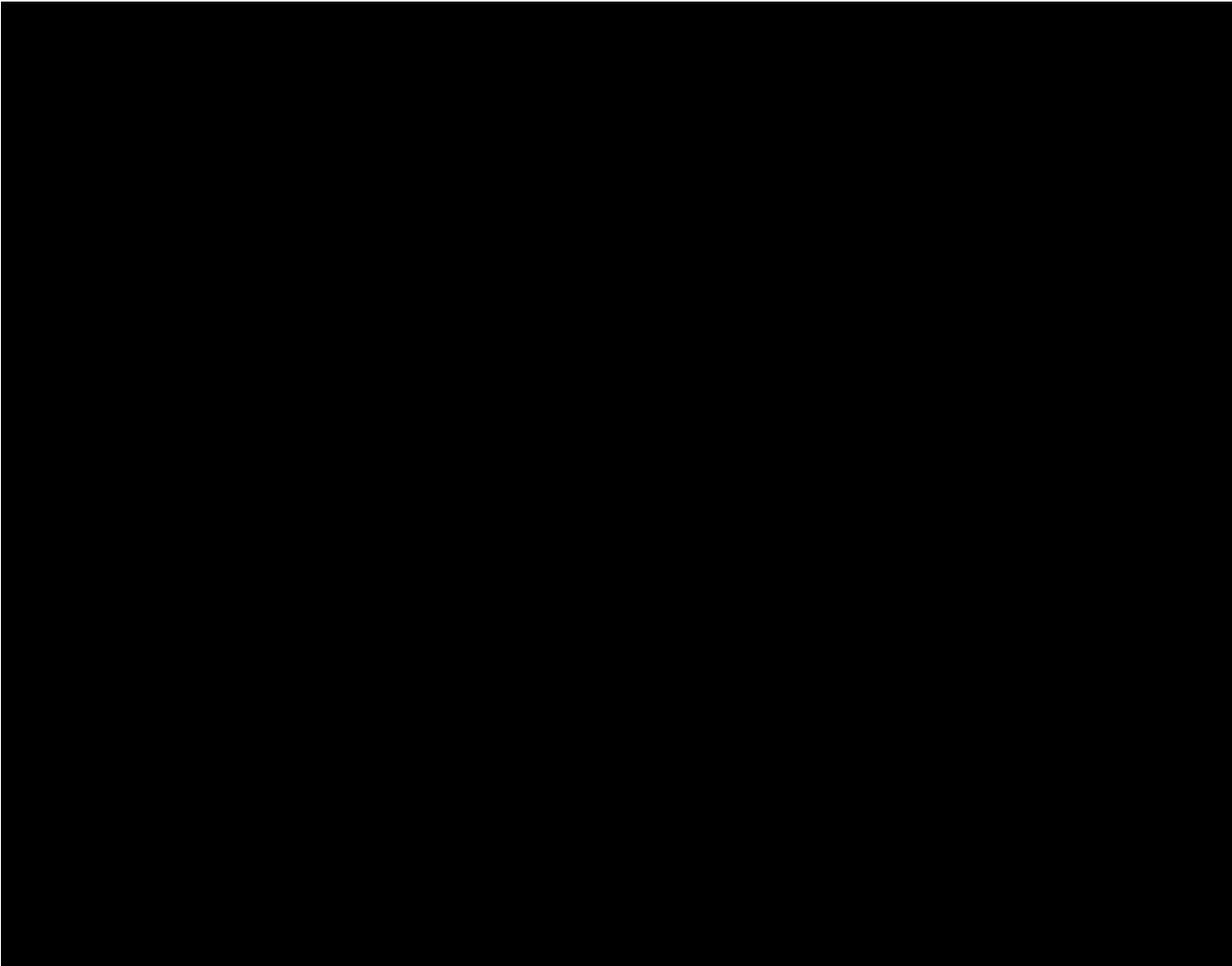
Annex C: Post-tender Clarification

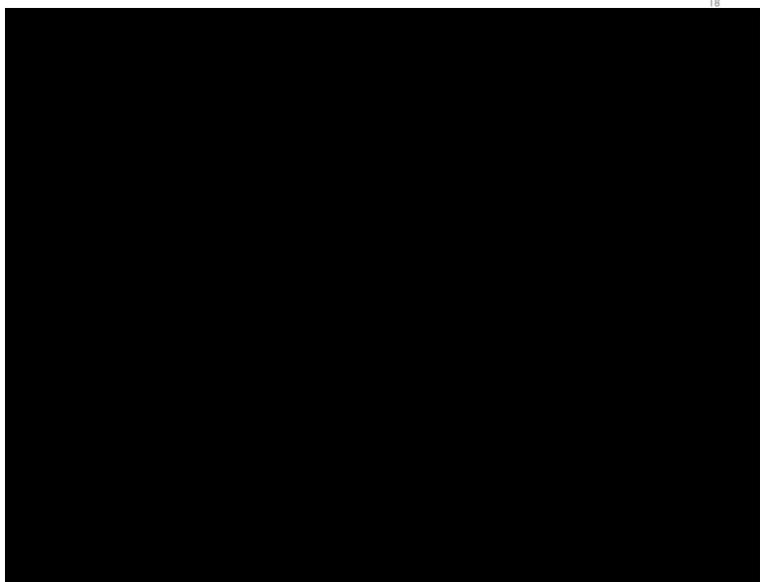
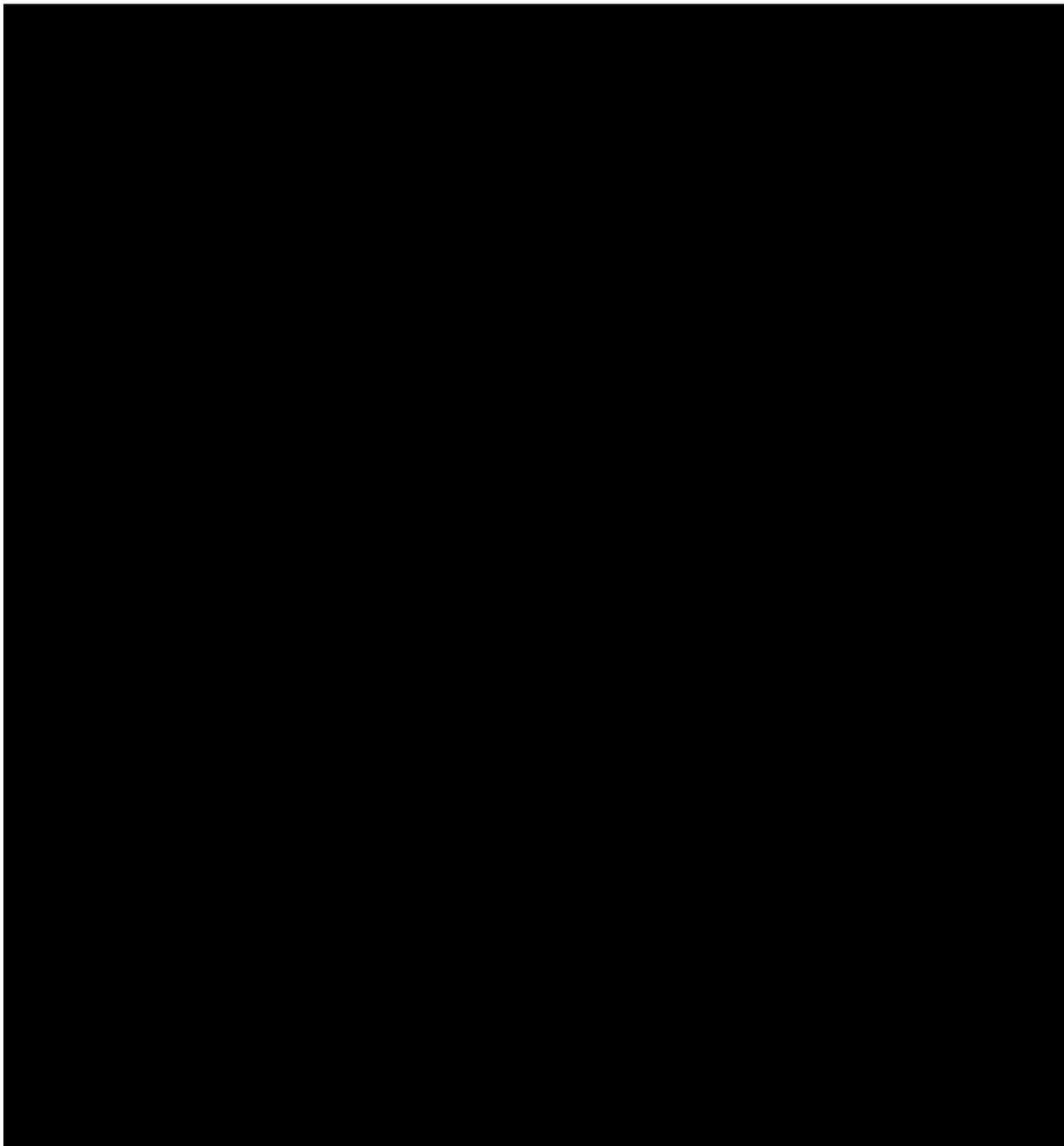
Annex A: Supplemental Tender

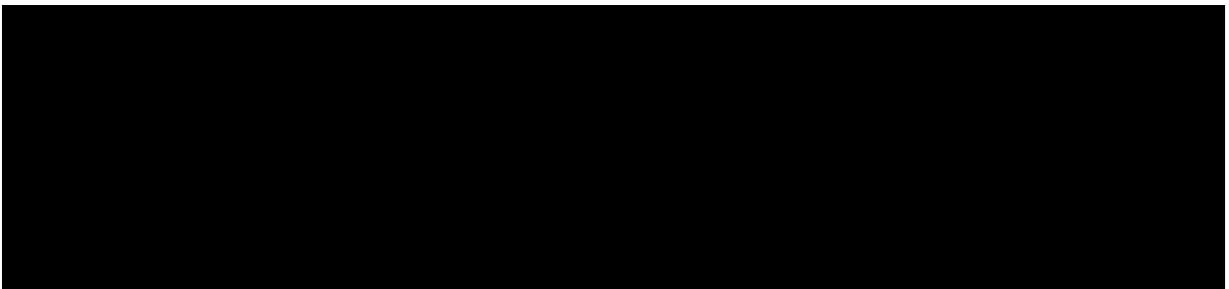
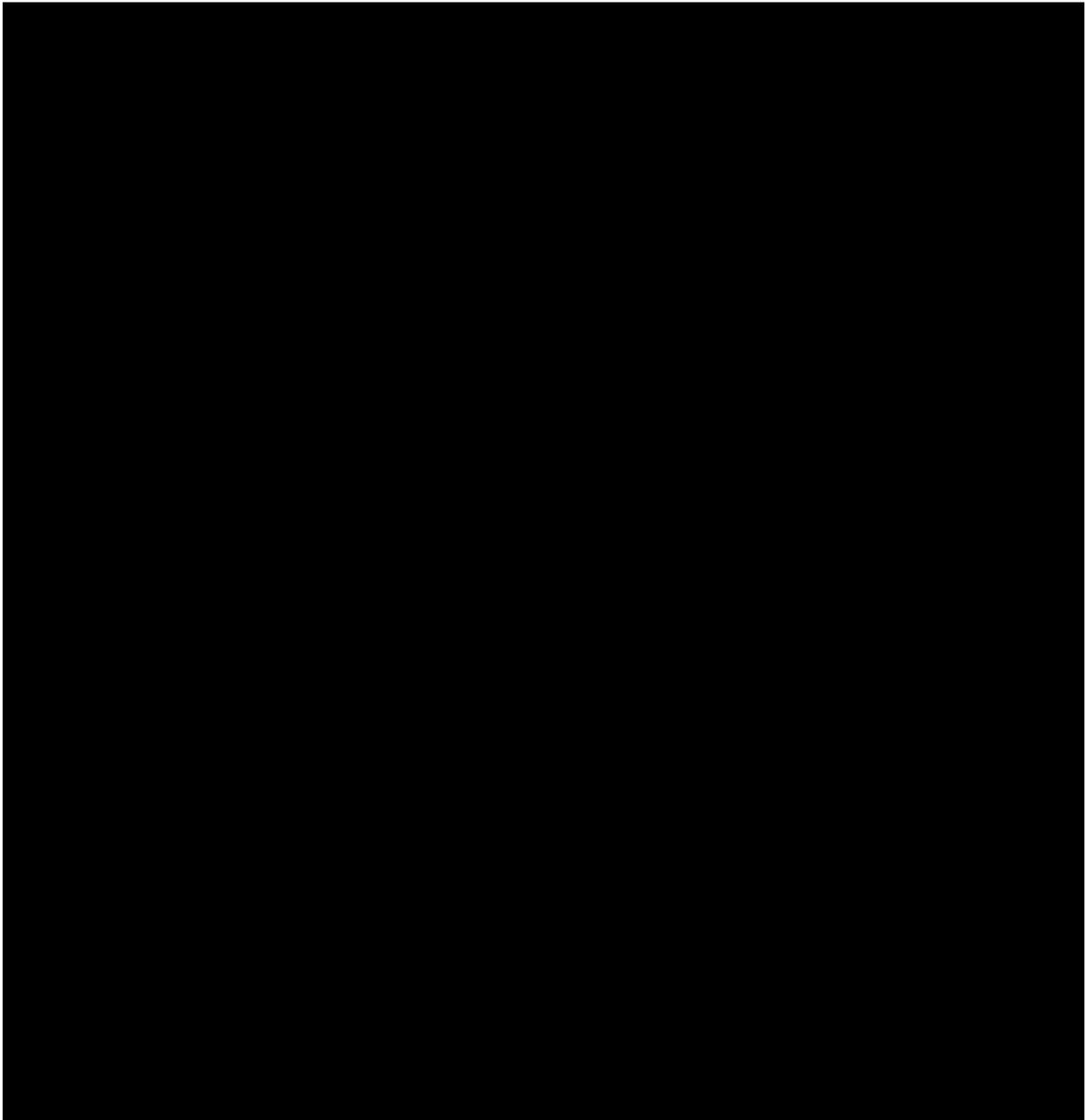
[Redacted]

[Redacted]

[Redacted]

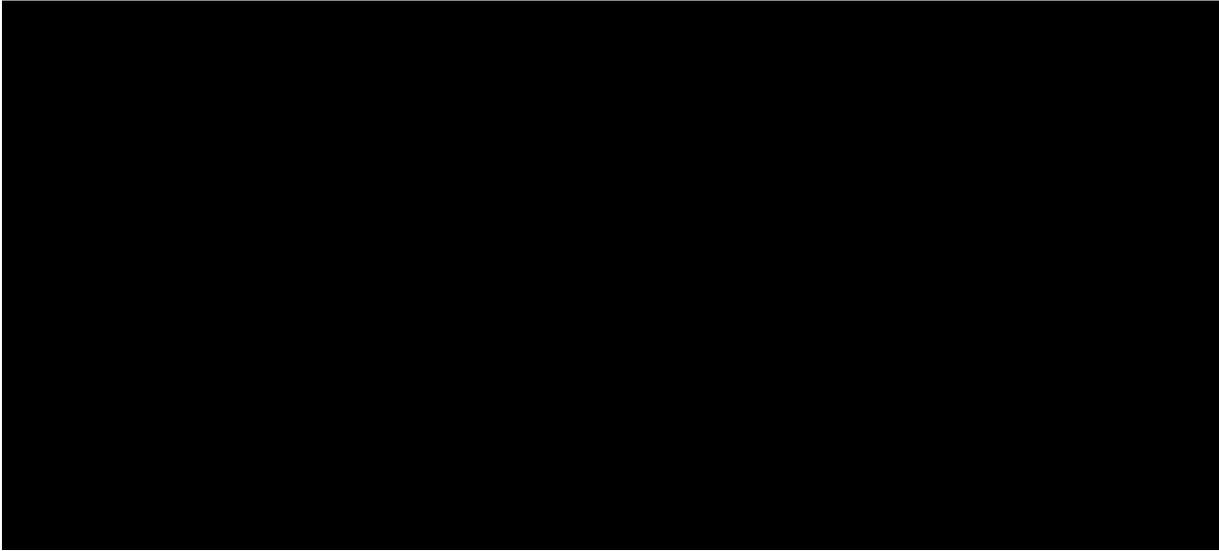


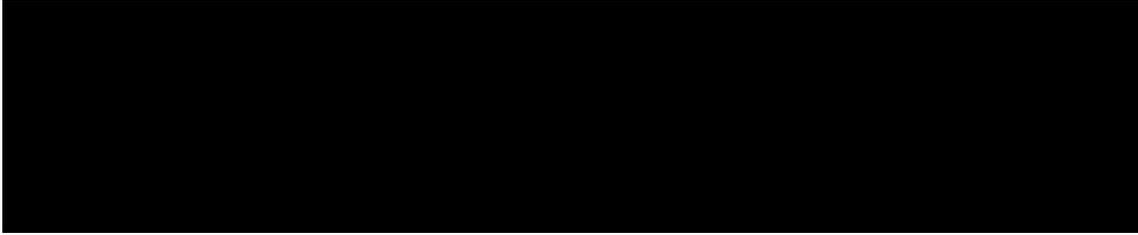




[Redacted]

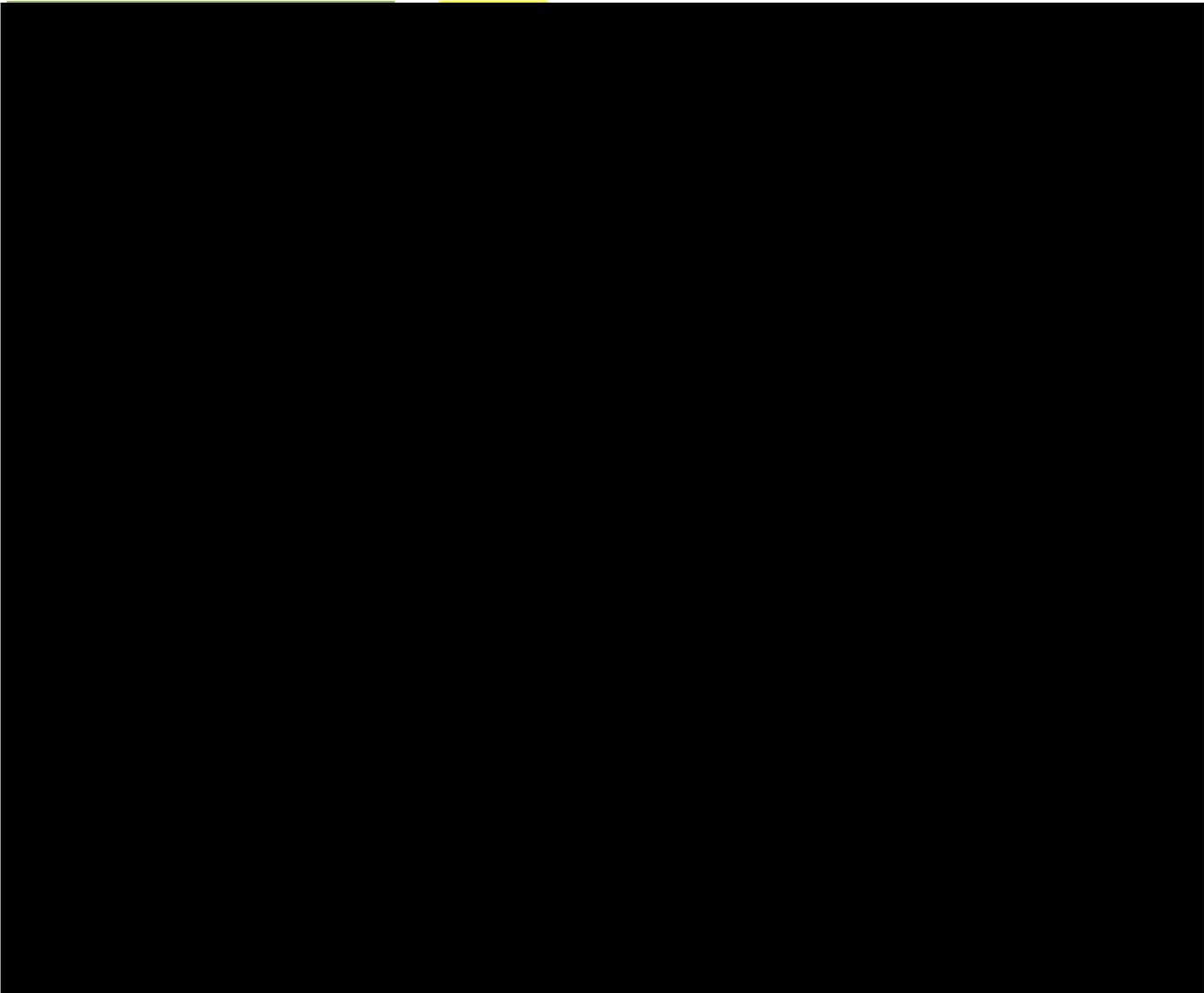
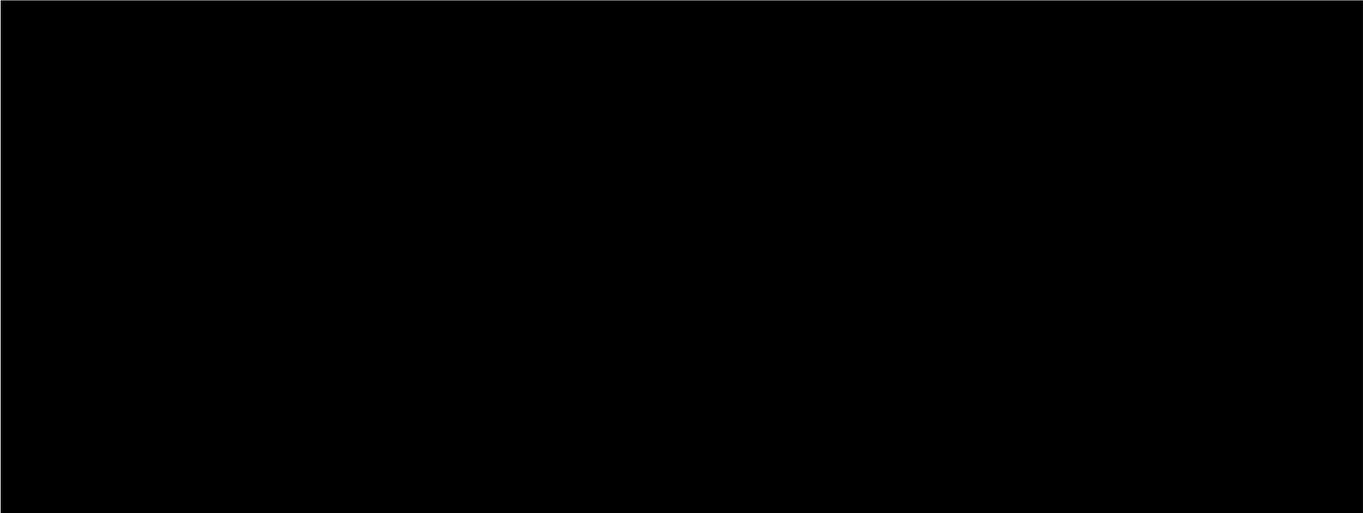
[Redacted]



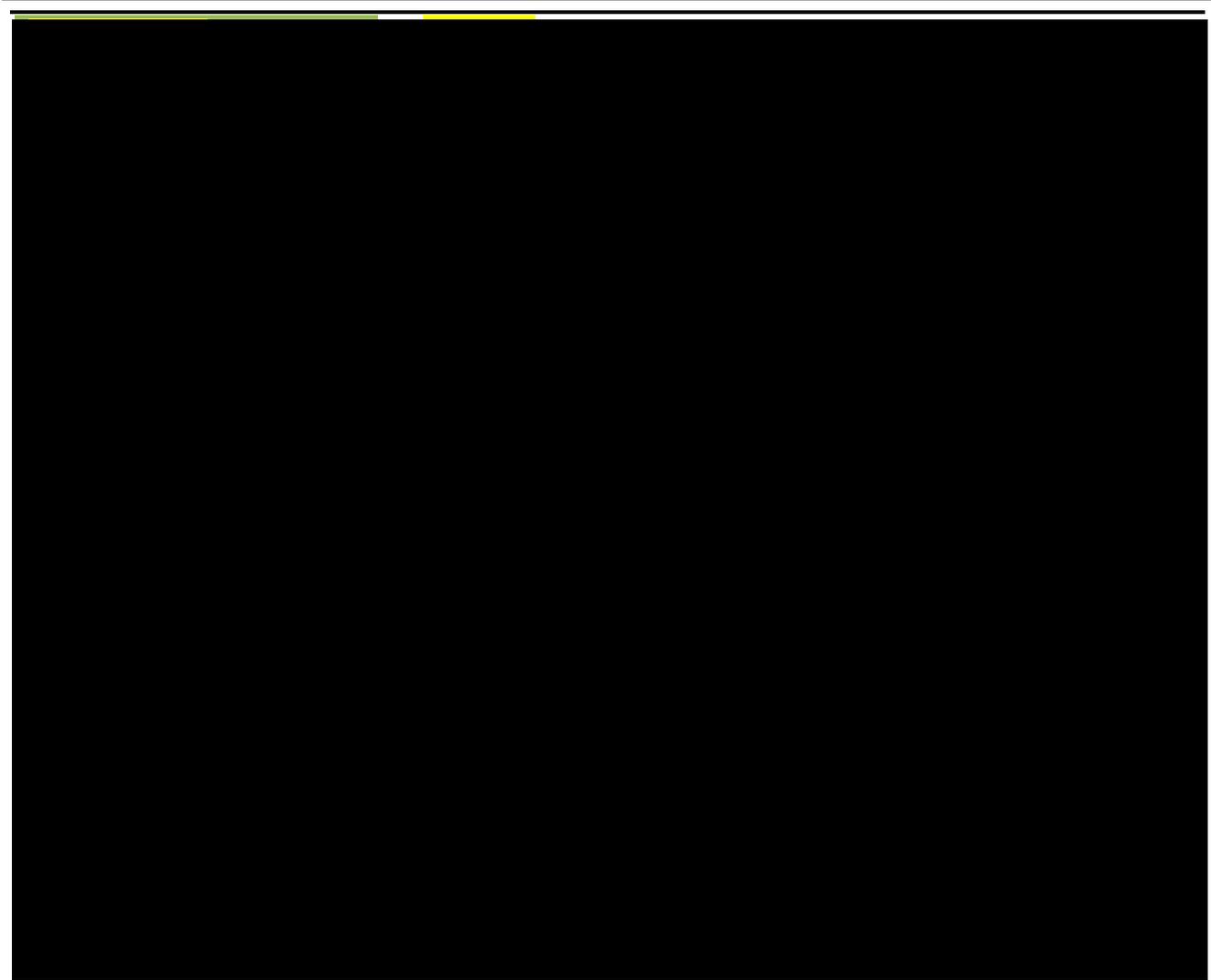




-



[REDACTED]

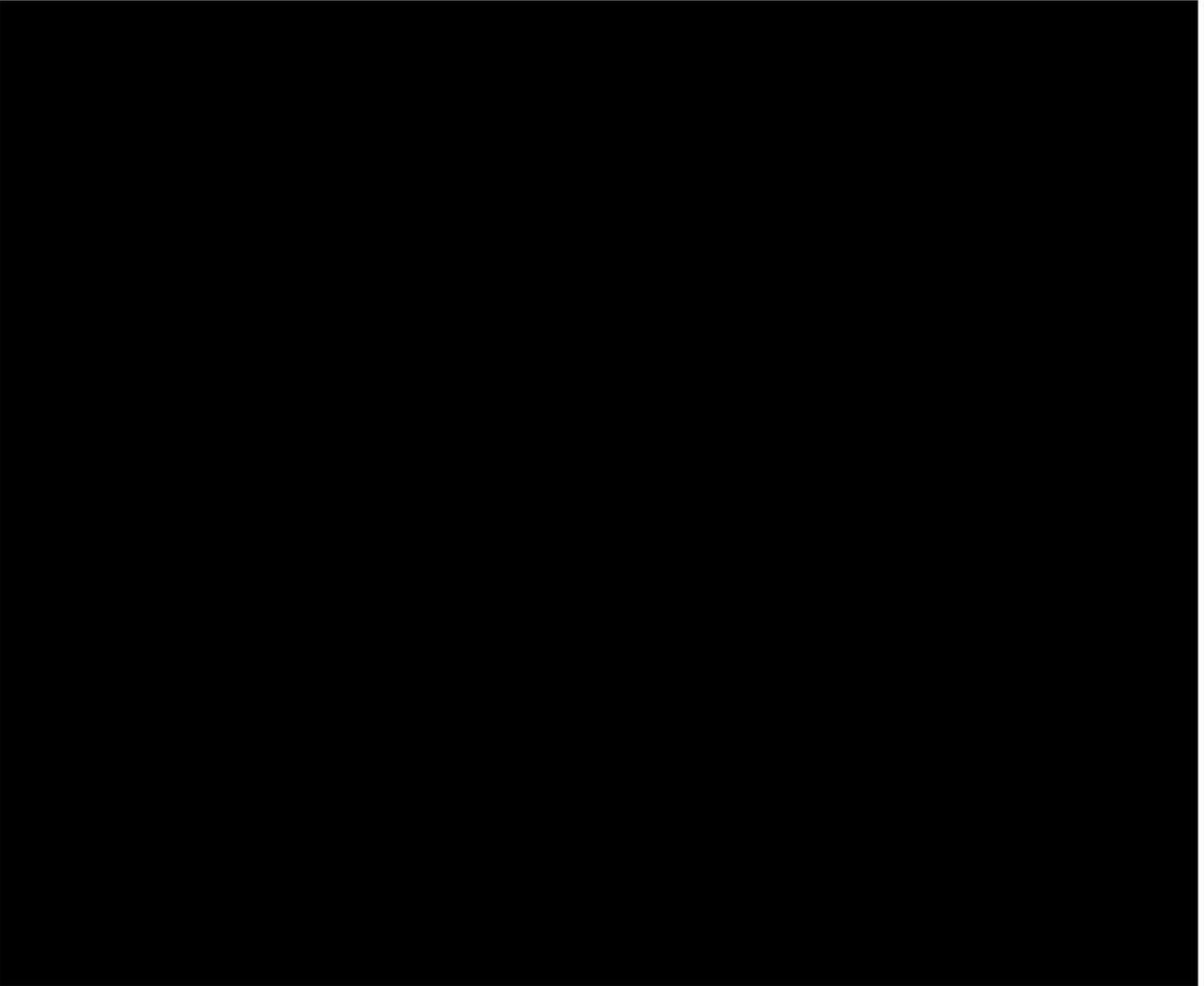
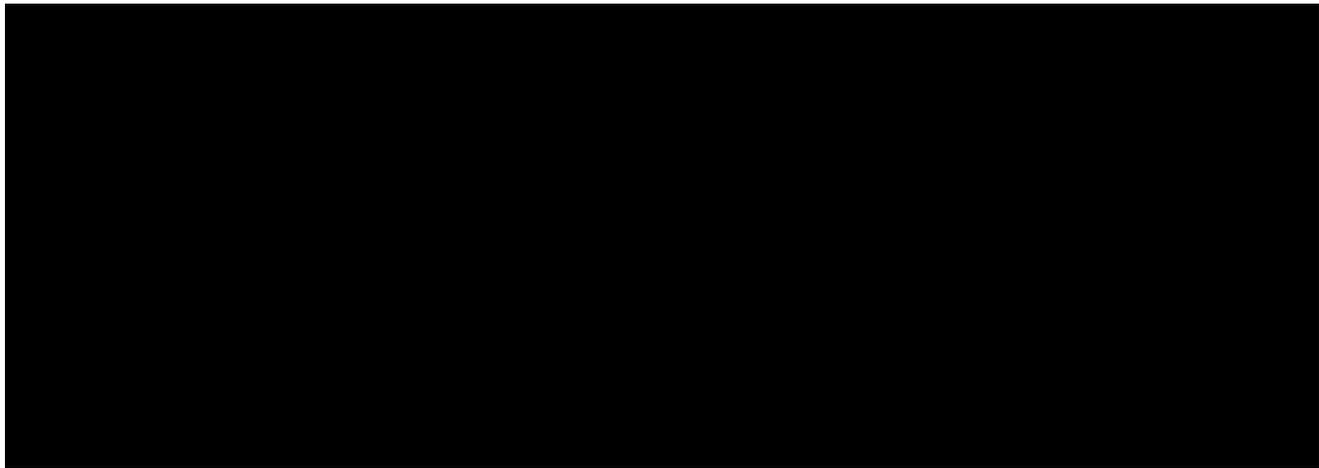


[Redacted]

[Redacted]

[Redacted]

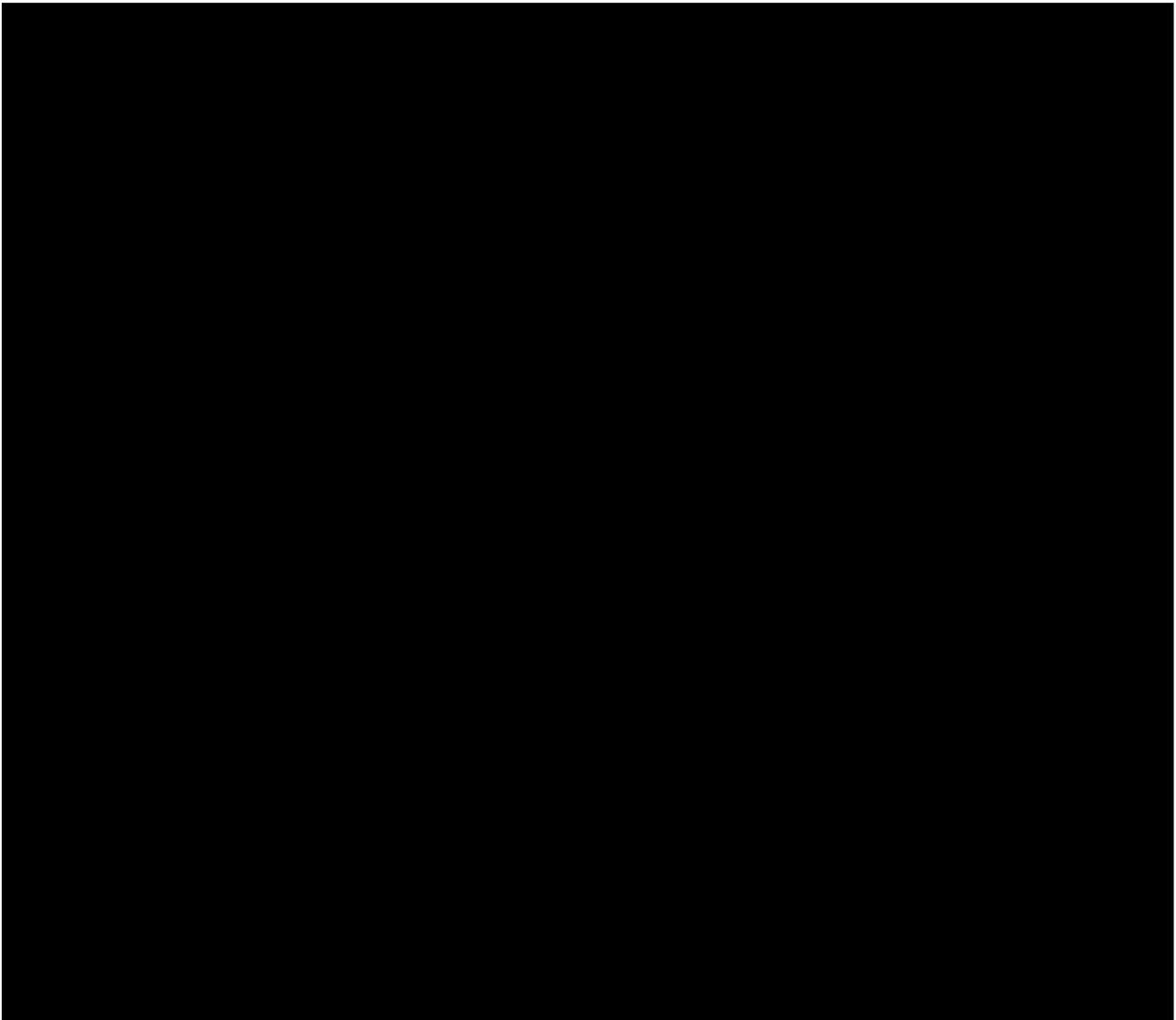
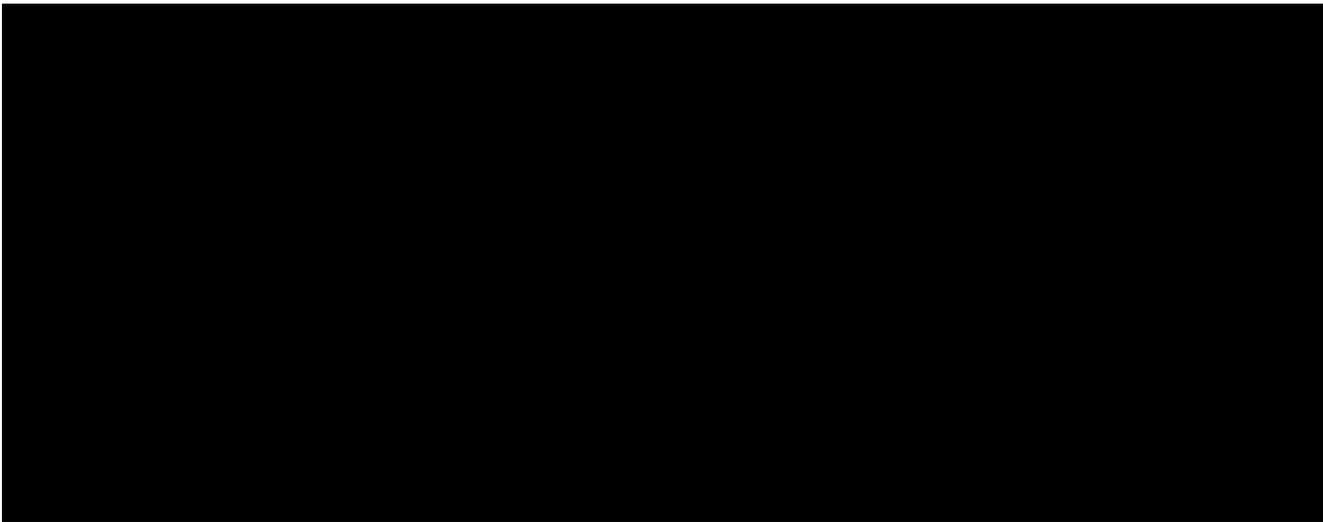
[Redacted]



[REDACTED]

[REDACTED]

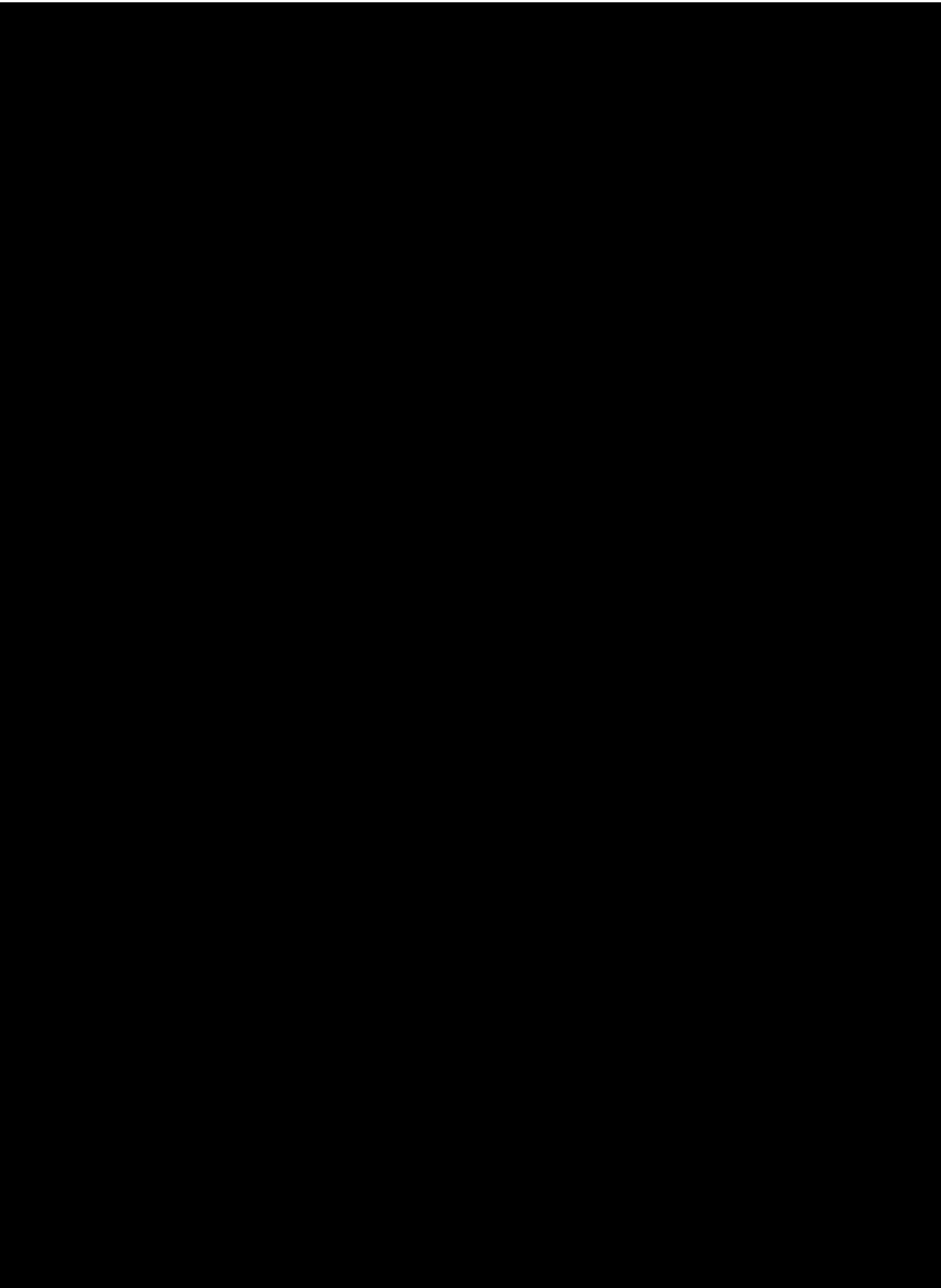
[REDACTED]

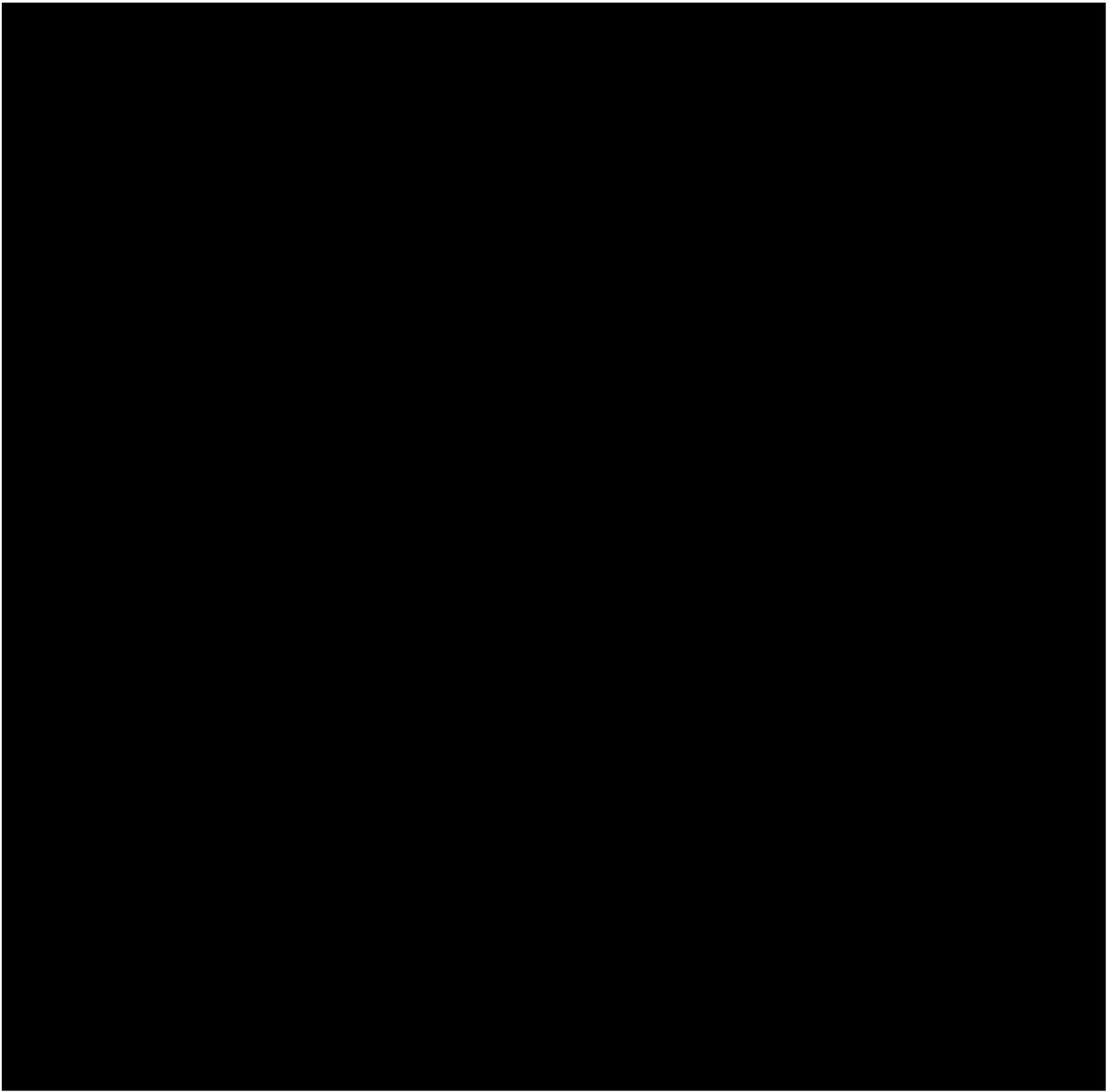


[Redacted]

[Redacted]

[Redacted]





[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

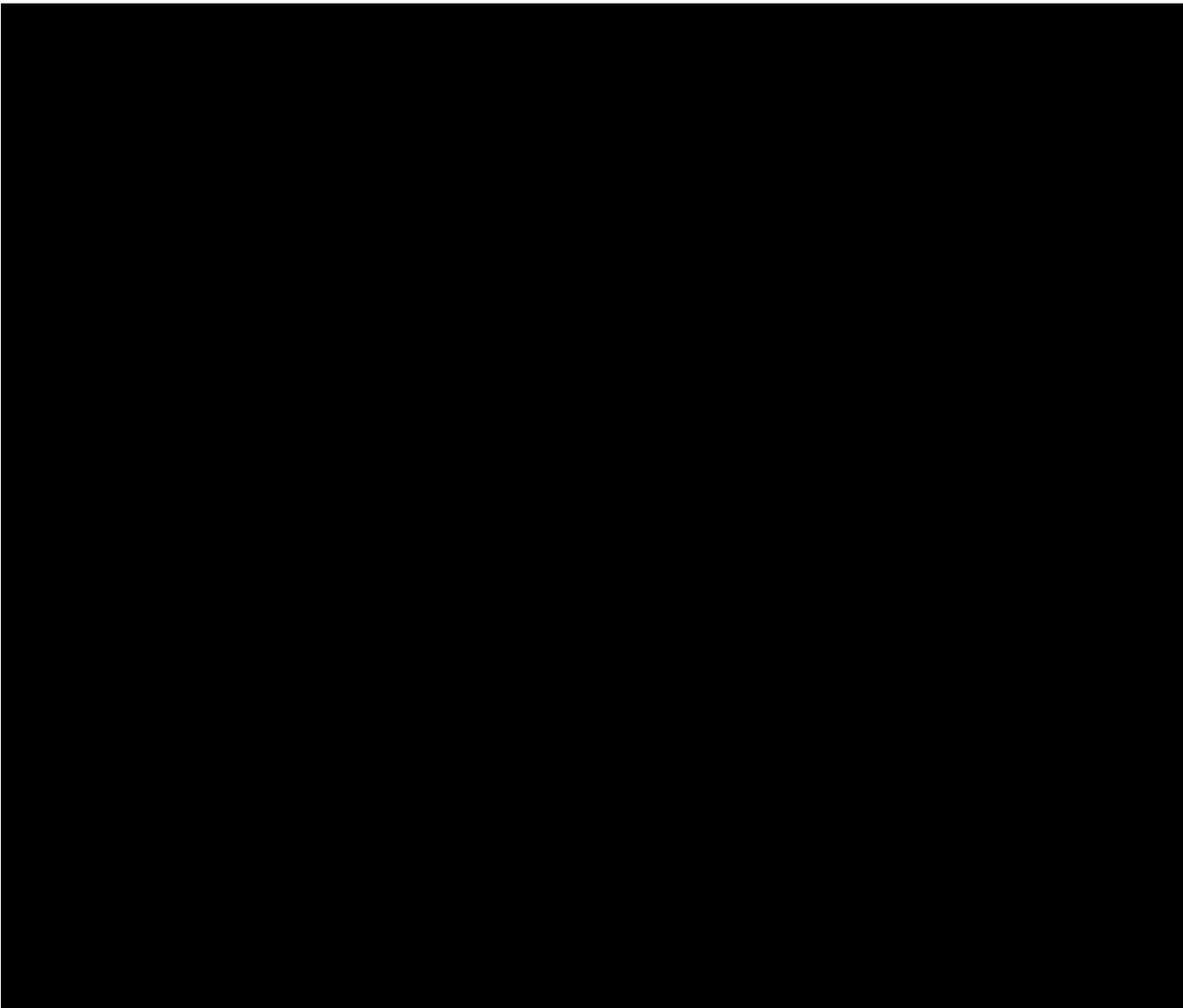
[REDACTED]

[Redacted text block]

[Redacted text block]

[Redacted text block]

[Large redacted text block]



[Redacted]

[Redacted]

[Redacted]

Annex B: Specification

a) Background to Natural England

Natural England is the government's adviser for the natural environment in England, helping to protect England's nature and landscapes for people to enjoy and for the services they provide. Natural England is an executive non-departmental public body, sponsored by the Department for Environment, Food & Rural Affairs (see attached document for link to website for further information).

b) Background to Catchment Sensitive Farming

Catchment Sensitive Farming (CSF) was established in 2006 as a joint partnership between Defra, Environment Agency (EA) and Natural England (NE) to tackle Diffuse Water Pollution from Agriculture (DWPA) using advice to instil long term behavioural change on farm through targeted, non-regulatory advice and incentives. Since 2006 CSF has worked in specific Priority Catchments where agriculture is having significant impact on rivers, lakes and estuaries, engaging with 20,000 farm holdings and advising on over 200,000 mitigation measures to date. Programme evaluation has demonstrated the effectiveness of CSF's approach in reducing pollutant loads and improving water quality. CSF's work also directly leads to a wide range of benefits to farmers including financial savings and improved business resilience. Further information is available at the Catchment Sensitive Farming: reducing agricultural water pollution guidance website detailed in the attached document of web links.

c) Policy context

In July 2015 Ministers asked for a review of the CSF project as part of Defra's commitment to Spending Review 2015 (SR15). The aim of the Review is to establish a future advisory service that works flexibly with the agricultural industry to address improvements to the environment: water, air and soils as well as delivering value for money, delivering more or better whilst living within the spending review settlement which will see grant in aid reduce. As part of this there is a need to consider whether the CSF Project could deliver and expand its current service through working more closely with the commercial sector.

d) Aim and objectives

Aim - To test commercial revenue streams and other partnership opportunities with private sector companies for resourcing CSF products and services.

Objectives

- To assess and test the market for possible commercial opportunities for the CSF initiative in the future.
- Engage with potential commercial interests to understand the ways in which the CSF advice could help influence their operations
- Identify what are the supply chain needs from a future advice service
- Test the appetite for paying for advice
- What sort of advice would farmers be willing to pay for?

e) Requirements

Phase 1 – July-September 2018

Beneficiary analysis –

- Analysis of all potential sectors who could potentially work with CSF in the future (example sectors listed within section f however not limiting)
- What are the supply chain needs from a future advice service?
- What types of business could be interested in working with CSF?
- Size of the potential market?

Within this phase you will need to identify:

- Which sectors currently use advice to address environmental/diffuse pollution issues as part of their current approach
- Potential customers for future partnerships/commercial opportunities who may benefit from offering environmental/diffuse pollution advice
- What sectors have the potential to work with the CSF project in the future

Production of a summary report detailing findings and any recommendations to inform future phases.

Phase 2 – September-November 2018

Value analysis –

- Quantify what are the value of the benefits to business of working with CSF (£ to business bottom line/contribution to social and environmental sustainability objectives)
- building a business case including financial benefits cost ratio for the private market should beneficiaries enter into a commercial relationship with CSF and/or our delivery partners

Within this phase you will need to identify

- What are the financial benefits to businesses in working with CSF?
- Which businesses/sectors benefit indirectly because of the advice CSF is providing (e.g water companies indirectly benefit by reductions in their water processing costs).
- What is the size of this potential market (estimated quantity and associate value plus and non – monetised benefits to be clearly described)

Production of a summary report detailing findings and any recommendations to inform future phases.

Production of a final report at contract end with detailed conclusions addressing each of the tender objectives and recommendations on possible future work.

There will be the option for the Authority to terminate the contract after successful completion of Phase One (“Break Point 1”). The Authority will decide whether to continue onto phase two after giving consideration of progress to date and in particular to whether the

final report adequately identifies the Authority's requirements and provides adequate suggestions for the next development stage.

f) Proposed methods

The CSF's current evaluation report giving more background on the project and the evaluation of the project to date is attached as a separate document.

A baseline Benefits Realisation analysis and examples of the range partnerships in existence with commercial businesses working with CSF can be handed over at the inception meeting which can be used as a baseline for this study.

You will need to consult with a statistical representative cross section of potential sectors, minimum of 10 that CSF could work with including but not limited to:

- Food supply chain – processors, distributors and retailers
- Agricultural stakeholders' e.g NFU, CLA, AHDB, TFA etc.
- Agricultural merchants and feed suppliers,
- Farmer co-operatives and buying groups,
- Farm and forestry contractors,
- Livestock specialists and nutritionals,
- Universities and research institutes,
- Farm assurance schemes,
- Non-Government Organisations
- Water and energy providers
- Others involved or have an interest in the agricultural industry e.g Farming Charities, Bank Managers, Insurance Companies etc.

g) Proposed Milestones

| What | When |
|--|---------------------|
| Set-up meeting (London) | W/C 27 August 2018 |
| Phase 1 completed and summary report detailing findings and recommendations submitted | W/C 15 October 2018 |
| Phase 2 completed and summary report detailing findings and recommendations from phase 2 submitted | W/C 21 January 2019 |

h) Reporting requirements

The winning supplier must provide a summary report for each phase of the project and a final report at contract end with detailed conclusions addressing each of the tender objectives and recommendations on possible future work. Suppliers should be informed that

they may be asked to amend the report to address comments from NE and/or peer reviewers.

Annex C: Revised Best and Final Offer dated 18 July 2018

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]