

DPS FRAMEWORK SCHEDULE 4: LETTER OF APPOINTMENT AND CONTRACT TERMS

Part 1: Letter of Appointment

Ministry of Housing, Communities and Local Government

Redacted text

Dear Sirs

Letter of Appointment

This letter of Appointment dated 23/10/2019, 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:	CPD/004/119/119
From:	Ministry of Housing, Communities and Local Government ("Customer")
To:	AMION Consulting Ltd ("Supplier")

Effective Date:	29/10/2019
Expiry Date:	End date of Initial Period: 29/04/2019 six (6) months There will be no option to extend this Contract.

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.
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Key Individuals:	Redacted text
Guarantor(s)	Not Applicable

Contract Charges (including any applicable discount(s), but excluding VAT):	£89,900.00 (ex. VAT)
Insurance Requirements	Redacted text
Liability Requirements	Redacted text
Customer billing address for invoicing:	Redacted text

GDPR	As per the Call-Off Terms and Conditions
Alternative and/or additional provisions (including Schedule 8(Additional clauses)):	Not Applicable.

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:

For and on behalf of the Customer:

Name and Title: **Redacted text**

Name and Title: **Redacted text**

Signature: **Redacted text**

Signature: **Redacted text**

Date: **Redacted text**

Date: **Redacted text**

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 work to develop a framework for estimating the additionality of housing and commercial interventions.

2. Background to the Contracting Authority

- 2.1 The Authority is a ministerial department, supported by twelve (12) agencies and public bodies. It aims to help create great places to live and work right across the country and to back communities to come together and thrive. The Buyer strive to:

- 2.1.1 Ensure people throughout the country have access to affordable and high-quality housing;
- 2.1.2 Provide opportunities for all parts of the country to thrive economically;
- 2.1.3 Build integrated communities;
- 2.1.4 Support effective local government.

- 2.2 Key responsibilities include driving up housing supply; increasing home ownership; devolving powers and budget to boost local growth in England; and supporting strong communities with excellent public services.

- 2.3 This commission links to the Authority's key aim of driving up housing supply, homeownership and local growth.

3. Background to Requirement/Overview of Requirement

- 3.1 This research commission is necessary to inform the economic appraisal of housing and local growth policy options, which contribute to the ministerial priorities of increasing housing supply and home ownership, and also towards creating transformative local growth interventions.

- 3.2 Additionality estimates are an important input to the economic appraisal of housing and local growth policies. They are essential for understanding the net effect of these policies.

- 3.3 The main resources for understanding and assessing additionality are the MHCLG appraisal guidance (MHCLG guidance)¹ and the Homes and Communities Agency Additionality Guide (Homes England guidance)². The outputs of this research will update and potentially replace the current guidance.

- 3.4 Specific details of the research commission are set out in section 5.

¹<https://www.gov.uk/government/publications/department-for-communities-and-local-government-appraisal-guide>

²https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/378177/additionality_guide_2014_full.pdf

4. Definitions

Expression or Acronym	Definition
MHCLG	Ministry of Housing, Communities and Local Government
DfT	Department for Transport
OGD	Other Government Departments
Additionality	A concept that establishes the net – rather than gross – effect of an intervention. Additionality is the extent to which something happens as a result of an intervention that would not have occurred in the absence of the intervention.
Counterfactual or reference case	The set of outcomes that would have occurred if an event did not take place. This involves judgement about the economic, social, and environmental trends or events that are planned or likely to happen over the intervention period, assuming the intervention did not go ahead.
Deadweight	Impacts that would happen even if an intervention did not take place, i.e. not a causal effect of an intervention (non-additional). The quantification of outputs and outcomes in the counterfactual is referred to as deadweight.
Displacement	Where the effect of an intervention crowds out economic activity from other parts of an economy, i.e. not a causal effect of an intervention (non-additional).
Leakage	Where an intervention has an effect outside of its target area. This may increase additionality (if the leakage has a positive effect on wider economic activity) or reduce additionality (if the leakage has a negative effect on wider economic activity).

5. Scope of Requirement

- 5.1 There is currently limited empirical evidence on the additionality of government interventions on house building and commercial development, and currently there is no clear, complete and user friendly framework for forecasting the additionality of specific interventions in practice.
- 5.2 The researcher will be expected to carry out a systematic review of the existing evaluation evidence, business cases and other research evidence and monitoring data (such as Homes England's site by site data). This should, among other things, cover the following points:
- 5.2.1 Quantitative evidence on the scale of additionality;
 - 5.2.2 Whether and how this varies across different types of housing and commercial interventions; and
 - 5.2.3 Any regional differences in additionality across England.
- 5.3 Each of the above should be assessed, where possible, at the level of each component of additionality (i.e. displacement, leakage, substitution and deadweight).
- 5.4 Based on this evidence, the researcher will be expected to set out a clear framework for forecasting the additionality of specific interventions. It may be the case that multiple processes or frameworks are required to reflect different types of housing intervention (e.g. separate frameworks for supply- and demand-side interventions).

5.5 This framework should allow the Authority to assess policies as a whole (e.g. the Housing Infrastructure Fund, Affordable Housing, Local Growth Fund, High street Fund), as well as individual projects within a policy (e.g. financing a single housing site or commercial intervention).

5.6 This research will improve the Authorities understanding of additionality in two ways:

5.6.1 By developing and updating the evidence base on the additional benefits yielded by past interventions; and

5.6.2 Setting out one or more frameworks for forecasting the additionality of specific interventions (at policy or project level).

6. The Requirement

6.1 The Authority will require a series of outputs that directly address the research objectives outlined in section 5.

6.2 The research will culminate in a refreshed, refocused guide on additionality which will consist of a clear statement of the evidence on the additionality of housing and commercial interventions (including quantitative guidance where appropriate) and a standard framework for practitioners to apply in forecasting the additionality of specific interventions. This will be published and used widely across MHCLG, DfT, Homes England, OGDs and Local Authorities.

6.3 Evidence base

6.4 In broad terms the research could proceed as follows:

6.4.1 By reviewing existing literature that is available on the current understanding of additionality and models for assessing additionality. Also what the the pros and cons of each of the models in place;

6.4.2 Desk based collection of relevant data, including historic evaluation studies, other research evidence and business cases for housing and commercial interventions;

6.4.3 Comparison of outcomes in cases where housing and commercial interventions did take place to those where they did not;

6.4.4 Analysis to establish which characteristics of schemes are important in determining the extent to which a housing or commercial intervention has a net positive effect;

6.4.5 Preparation of estimates of additionality for different types of housing intervention (such as affordable housing, infrastructure dependent housing and so on); and

6.4.6 Preparation of estimates of additionality for different types of commercial intervention (offices, leisure, retail, industrial etc.);

6.4.7 Preparation of estimates of regional and locational differences in additionality.

6.5 The researcher could work with MHCLG to access historic business cases which include previous appraisals and compare this to housing/commercial outcomes. Equally they could work with MHCLG's non-departmental public body, Homes England, to access delivery data on housing interventions.

6.6 A framework for forecasting additionality

- 6.7 Based on this evidence, the researcher should develop a standard framework for practitioners to follow in forecasting the additionality of housing and commercial interventions. The framework should consist of a series of practical steps that can be used to arrive at a forecast of additionality. The framework must be sufficiently flexible that it can be applied based on the information that is available in business cases produced before a project begins.
- 6.8 It may be the case that the evidence indicates that the additionality of different types of intervention should be estimated using different approaches. If this is the case, the framework should set out how the practitioner should identify which approach to take and the steps that should be taken in implementing each approach.
- 6.9 While the researcher should use whatever data they deem most appropriate – including historic or international data – the final framework needs to be applicable to housing and commercial interventions in England in the near future. It should be sufficiently general that it can be applied to current interventions as well as future interventions that may be introduced.
- 6.10 It should be emphasised that the framework needs to be a practical tool that can be used to carry out real world appraisals. Where the framework requires practitioners to gather information, the process for doing so should be realistic and clearly set out. For example, a criterion that relates to the number of different land owners on a potential development site must include an explanation of how to gather the relevant ownership information.
- 6.11 The researcher should produce a series of worked examples showing how additionality would be assessed using the framework. These must be based on information that is likely to be available to a practitioner appraising a real business case. They must not assume that any of the components of additionality (deadweight, displacement and so on) have already been quantified.
- 6.12 Notwithstanding the above, the exact form of the framework will be for the researcher to determine in consultation with the Authority.

7. Redacted text

8. Key milestones and Deliverables

8.1 The following Contract milestones/deliverables shall apply:

Milestone/Deliverable	Description	Timeframe or Delivery Date
1	Inception Meeting	Before 31st October 2019
2	First draft submission	Before 20th December 2019
3	Midterm report and Presentation to Steering Board and Appraisal Steering Group	Before 7th February 2020
4	Final Draft	Before 13th March 2020

9. Management Information/Reporting

9.1 The Supplier will be required to provide all outputs in Microsoft Word, in plain English and for these to be quality assured and proof read by the Supplier before submission to the Authority. Reporting is to be delivered in a format agreed by the Authority.

9.2 The Authority will require weekly progress reports throughout the project with regular updates of a risk register, these may be in written form or conducted through teleconference and confirmed via email as necessary.

9.3 The Supplier will provide:

9.3.1 A draft interim report, outlining early findings and proposed form of the additionality framework. This will be required within three (3) months of the contract being awarded.

10. Redacted text

11. Continuous improvement

11.1 The Supplier will be expected to continually improve the way in which the required Services are to be delivered throughout the Contract duration.

11.2 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.

12. Quality

12.1 Contractual outputs should be in line with the professional standards of the Government Economic Service.

13. Price

13.1 The maximum budget for any research proposal is to be £100,000.00 ex. VAT. Any proposals submitted higher than this will be deemed non-compliant.

13.2 Submitted proposals should aim to demonstrate savings against the framework.

13.3 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.

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 Successful Supplier's delivery by:

KPI/SLA	Service Area	KPI/SLA description	Target
1	Communication	Brief progress reports by email against agreed work milestones circulated by the Supplier no later than one working day before progress meetings. Regular discussions via telephone as required. Queries to be responded to within two business days.	100%
2	Project management	All action points from progress meetings circulated and agreed within two (2) days of meeting.	100%
3	Completion of objective (a)	A draft report, outlining early findings and proposed form of the additionality framework, submitted to the Authority within twelve (12) weeks of the contract being awarded.	100%
4	Completion of objective (b)	A presentation to the Steering board and the Appraisal board with the interim report.	100%
6	Completion of objective (c)	A final framework, delivered by 13th March 2020.	100%

16. Security and Confidentiality requirements

- 16.1 The Successful Supplier will be required to securely store data, which may include personal data, in accordance with the Data Protection Act as well all other applicable laws of England and Wales. The Successful Supplier must follow the appropriate requirements for this. Further, where MHCLG data is used this data sharing will be subject to MHCLG's data sharing agreements and data protection policy.
- 16.2 The Successful Supplier will be required to provide assurance in writing to the Authority that all data will be destroyed within a reasonable timeframe from completion of the project.

17. Payment and Invoicing

- 17.1 Invoices must be sent to the following address:
Redacted text
- 17.2 Payment will be made on a monthly basis based upon the time worked during that month.
- 17.3 Before payment can be considered, each invoice must include a detailed elemental breakdown of work completed and the associated costs. This will be confirmed by the Contracting Authority.
- 17.4 Payment shall be made with 30 days of correctly submitted invoice being received as specified above

18. Contract Management

- 18.1 Contract management activities shall be undertaken by the Authority in partnership with the Successful Supplier.
- 18.2 Attendance at Contract Review meetings if required shall be at the Supplier's own expense.

19. Location

- 19.1 The required Services may be completed primarily at the Supplier's own location.

19.2 Any alternative location required to deliver this contract, including but not limited to, meetings or presentations will be agreed with in advance by the Supplier and Contracting Authority.

ANNEX B
Supplier Proposal

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Price Schedule

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