Department for Environment Food & Rural Affairs

Defra Group Management Consultancy Framework: Project Engagement Letter

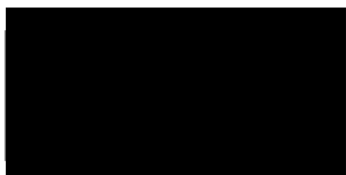Completed forms and any queries should be directed to Defra Group Commercial at █████████████████

Engagement details			
Engagement ref #	DPEL_61545_002		
Extension?	N	DPEL Ref.	N/A
Business Area	Environment Agency: Future Funding		
Programme / Project	Value for money		
Senior Responsible Officer	████████████		
Supplier	PA Consulting		
Title	Value chain analysis		
Short description	To produce a dynamic tool for our business using value chain analysis to show the flow of 'income – activity – output – outcome'. And overlay with the management information to enable better decisions on how we make the best use of our resources.		
Engagement start / end date	4/10/21		May 2022
Funding source	Various in EA		
Expected costs 21/22	£225k		
Expected costs 22/23	£Total Engagement Costs (to be less than approved funds)		
Expected costs 23/24	£Total Engagement Costs (to be less than approved funds)		
Dept. PO reference	TBC		
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**
By: _____ *Signature*	By:_____ *Signature*	By ████ *Signature*
or and on behalf of PA Consulting ████ Member of PA's Management Group	For and on behalf of EA Future Funding ████ Future Funding Manager	Defra Group Commercial ████ Defra Group Commercial Category Lead (Consultancy)
4/10/21	**04/10.21**	**06/10/21**
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: ████

Department
for Environment
Food & Rural Affairs

General Instructions

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: Working with a task and finish group and engaging staff from across the organisation, the objectives and outcomes are to:
- map how current E&B activities and their associated costs and funding streams link to outcomes.
- analyse the relationships between the activities, outputs and outcomes
- Identify gaps or issues in our management data and set out options to resolve
- Identify opportunities for efficiency to use our resources to best effect
- Understand better how to flex resource, free up capacity and improve prioritisation
- Support development of improved and more relevant KPIs to enhance the focus on our priorities and drive the right behaviours
- Support development of better descriptions and definitions outcomes that can be used both for internal purposes and with external groups (government, partners, customers, investors)
- Develop an understanding of how effective our activities are at delivering the desired outcomes, informing and providing evidence to justify changes in those activities
- Ensure that the products and tools developed are built into our business processes (planning, allocations, time recording, performance...), updated yearly and are regularly used. Ensure ownership for each business area and/or outcomes map, and each part of the map
- Ensure we develop the capability of staff to understand, use and maintain these tools

Scope

Department
for Environment
Food & Rural Affairs

Define the scope of the services *(SMART):* **The programme will:**
- Start with looking at the water, waste and navigation businesses. Navigation will be progressed more quickly to test approaches and demonstrate outputs.
- We will follow the agile principle of early and continuous viable delivery.
- Develop the maps by business area first. Then consider from outcome perspective to get cross functional/outcome driven maps.
- Outputs/recommendations are likely to identify gaps in management information (type or quality) and/or lead to improvements needed in our outcome definitions, outcome metrics, KPIs, time recording process.

During Part A of the project the following will be undertaken:

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

- Undertake a short analysis of contemporary operating environment, including EA operating model, through appropriate lenses that you wish to report on
- Conduct collaborative key stakeholder meetings to ensure buy-in to the project and review their needs and sources of data
- Confirm requirements and drivers, initiate capture and assessment of risks, assumptions and uncertainties, initiate knowledge management system

What might the solution look like?

- Identify possible bespoke/product or hybrid solutions that meet the developing need of the project.
- Identify data sources, gaps and further analysis requirements

How might this delivered?

- Develop at least one high level value chain for Navigation
- Develop an implementation plan for Part B focusing on the quickest benefit return for the remaining budget.

Key outputs of this phase will be a strategic set of requirements, a high level value chain of Navigation and proposed data model and a potential solution.

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)

- Quantitative maps (allocate costs to activities using combination of SOP and team estimates)
- 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

Deliverable	Success Criteria	Milestone / Date	Owner (who in the delivery team?)
Project Stage A			
Agree scope/internal approval		Sep 21	
Engage consultants		Oct 21	█████
Qualitative activity map for Navigation	To be defined at mobilisation	Nov 21	█████
Set of requirements and success criteria for the project	To be defined at mobilisation	Nov 21	█████
Proposed solution	To be defined at mobilisation	Nov 21	█████
Data model	To be defined at mobilisation	Nov 21	█████
Develop stage B plan	To be defined at mobilisation	Nov 21	█████
Project Stage B (additional stages can be added)			
Quantitative activity maps for Water and Waste	These deliverables to be revised/defined during stage A	Jan 22 – Mar 22	TBA at end of stage A.
Scenario analysis	These deliverables to be revised/defined during stage A	Mar 22 – May 22	TBA at end of stage A.
Gap analysis on management data	These deliverables to be revised/defined during stage A	By Apr 22	TBA at end of stage A.
Gap and issue analysis of outcomes	These deliverables to be revised/defined during stage A	By Apr 22	TBA at end of stage A.
Recommendations on KPI changes	These deliverables to be revised/defined during stage A	By Apr 22	TBA at end of stage A.
Project Stage C (additional stages can be added)			

Department
for Environment
Food & Rural Affairs

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

Business Area / Supplier to supplement with any additional areas, as deemed appropriate.

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 material basis.

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

3. Delivery team

Provide details of the agreed team members including their roles and responsibilities during the project.

Name	Role (link to stage/s resource will work on)	Grade	Daily rate	# of days	Cost
███	Partner and overall lead	Partner	██	█	██
███	Data Management expert	Managing Consultant	██	█	██
███	Value chain lead	Managing Consultant	██	█	██

[Department for Environment Food & Rural Affairs logo]

Name	Role (link to stage/s resource will work on)	Grade	Daily rate	# of days	Cost
███████████	Solution Lead	Principal Consultant	███	██	████
████████	Data Analyst	Analyst	███	██	████
				██	████

███
███████████████████████

Total resource **Total days*** **Engagement Length**** *Total days worked across all resources **Total working days in engagement		██

Business Area's team

███████████████████████████████████████
███████████████████████
█████████████████
██

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 up to a maximum of £225,000, inclusive of expenses and excluding VAT.

Stage	Cost	Due (link to milestone dates)
A		**DD/MM/YY**
Deliverables as list in Project stage A above.	████	12/11/21
B (additional stages can be added)		
Deliverables as agreed in Project Stage B	███	1/2/22
Expenses		
	£0	
Grand total	£225,000	

Business Area considerations:

Department
for Environment
Food & Rural Affairs

- 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

The overarching MCF2 framework include NDAs.

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:

Department
for Environment
Food & Rural Affairs

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:

   ██████████████

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	- DPEL agreed - DPEL signed: Supplier, Dept and CO - Purchase Order number	- Work can start - Supplier can invoice for work

Department
for Environment
Food & Rural Affairs

Request

| Contact Defra Group Commercial (DgC) | → | Business Area completes consultancy request form and submits to DgC | → | DgC review |

- Request progressed → DgC allocate Supplier
- Request not progressed → Liaise with Engagement Lead on next steps

Engage

| Supplier and Client engage | → | Complete PEL and submit to Engagement Lead | → | CGB review PEL |

- Approval granted → Satisfy conditions if applied → Commence work
- Approval not granted → Liaise with Engagement Lead on next steps

Change request

| Contact Defra Group Commercial (DgC) | → | Complete relevant documentation and submit to Engagement Lead | → | CGB review docs |

- Approval granted → Satisfy conditions if applied → Changes accepted
- Approval not granted → Liaise with Engagement Lead on next steps