



Defra Group Management Consultancy Framework: Project Engagement Letter

Completed forms and any queries should be directed to Defra Group Commercial at consultancy2@defra.gov.uk

Engagement details			
Engagement ref #	DPEL_61547_014		
Extension?	No	DPEL Ref.	As above
Business Area	Environment Agency (EA)		
Programme / Project	Commercial review of Rye Harbour		
Senior Responsible Officer	[REDACTED]		
Supplier	Deloitte LLP ("Deloitte")		
Title	Commercial harbour review and master plan		
Short description	A review of Rye harbour's asset base and recommendations on how to appropriately develop and manage it.		
Engagement start / end date	03/10/2022	10/12/2022	
Funding source	RDEL		
Expected costs 22/23	£59,813 excluding VAT (plus expenses)		
Expected costs 23/24	£0		
Expected costs 24/25	£0		
Dept. PO reference	Dept. PO reference # (to allow for Defra Group recharge)		
Lot #	Lot 2		
Version #	0.2		



Approval of Project Engagement Letter

By signing and returning this cover note, the Business Area and Customer accepts the contents of this Project Engagement Letter as being the Services required and agrees for Deloitte to provide the Services in accordance with the provisions of the Framework Agreement for the provision of Strategic Consultancy Services (RM6008) dated 04 September 2018 and the Call Off Contract with Commencement Date 26 May 2021 between Defra Group and Deloitte LLP. (Lot 2), with Defra Group and confirms the availability of funding to support recharge for the Services. This Project Engagement Letter is issued in accordance with and incorporates the terms of the above Call Off Contract.

Signatures

16/9/2022	20/9/2022	29/09/2022
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:

[Redacted]

Business Area contact:

[Redacted]

1. Background

The EA is a significant landowner, with several thousand hectares of freehold land. In line with the organisation's strategic plans – specifically the Funding & Investment Plan and Sustainable Navigation Business Plan – the EA is seeking to develop and manage this portfolio in a way that optimises benefits for the EA, its partners, and its customers. The aim of this Engagement is to take a holistic, balanced approach when developing EA assets as it look for the optimum blend of outcomes on any given site. These outcomes include, but are not limited to:

- Statutory / legal
- Operational
- Regulatory
- Sustainability (incl. Net Zero Carbon (NZC), Biodiversity Net Gain (BNG) etc)
- Public health & wellbeing
- Knowledge sharing
- Increasing collaboration & innovation
- EA reputation & influence
- Revenue generation & securing wider investment for the environment
 - Carbon, biodiversity, other ecosystem credits; Renewables & EVs; Domestic / commercial property & related business developments; Leisure / tourism business developments; etc.

Specifically, regarding the EA assets at Rye Harbour, the Agency has resolved to divide the land holding into two separate components:

1. Land that enhances the “maritime offer”
2. The remainder of the land – maximises rental income/value generation subject to planning

Land that enhances the maritime offer may be currently used as boatyard or linked to fishing and may generally be on the riverside of the flood defence. It is acknowledged this land could derive a greater rental return if change of use was granted but the Agency has chosen to retain the maritime offer here as it derives other income streams from this use of the land (mooring fees etc.) and is land that may be flooded. It is acknowledged that this land will not provide optimal rental income and the value of the land will therefore be suppressed.

All the remaining land owned by the Agency at Rye should yield “best value” (maximises rental income, with change of use and long leases to maximise returns to be considered) as a priority but should also consider the benefit to the community, the local authority's vision for Rye Harbour, and the potential to contribute to EA corporate goals (NZC, BNG).

2. Statement of Services

Objectives and outcomes to be achieved

The Estate portfolio in and around Rye Harbour consists of up to 50 individual assets to be included in this review. These assets include residential properties, car parks, a service station, a fishmonger, a car dealership, moorings, a boat yard, a yacht club, and more (a full list of assets will be made available within the first week of the Engagement).

As the EA seek to find the optimal, balanced approach for this site, EA are seeking a consultant to help us to better understand this asset base and how to appropriately develop and manage it.

The requirements of this commission can broadly be described in two parts:

1. Identification of those assets that enhance the ‘maritime offer’ (for example usage of the harbour increases and new and/or improved income streams are established) and those that do not

2. Suggested development options with estimated costs (rough order of magnitude) and potential income which may be achieved on completion of any subsequent development undertaken beyond this Engagement

Scope

The anticipated associated Actions and Supplier Outcomes shall be defined as:

Headline	Action(s)	Outcome(s)
Identification of those assets which directly benefit the 'maritime offer' and those that do not	Co-ordinate with EA colleagues and use experience & expert judgement to determine which assets benefit the maritime offer and which do not	A map and supporting table of our assets that clearly identifies which assets are / could most benefit the maritime offer of the site
Suggested development options with estimated associated costs and income (divided into the two previously mentioned components; those enhancing the 'maritime offer' and all other assets)	Using experience and expertise to suggest how assets could be developed. For assets directly associated with the 'maritime offer' and boating experience of the site, this offer should be maintained or enhanced. Any other assets should look to appropriately maximise income and most efficiently manage the portfolio. This should also include an option to dispose of assets where all reasonable scenarios are uneconomic and where there is no benefit to the maritime offer.	An understanding of which assets to retain, develop, and dispose. Clearly described reasoning for each decision. Clearly understood development options, including costs, potential income & NPV. Divided between the assets that enhance the maritime offer and those that do not.

Acknowledging that the EA is unlikely to have the significant funding required to deliver all development itself, the EA will likely seek and facilitate partners to deliver its development objectives. Whilst this may not greatly affect the recommendations produced by this commission, it is nonetheless important to understand during any considerations and acknowledge in subsequent recommendations.

Approach

A three-phase Supplier approach of *Define, Develop, Deliver* is proposed. These three phases will investigate and address questions as follows:

Phase	Elements of Rye scope addressed in each phase
Define – what do the EA has?	<p>Characterise the harbour, what it offers, and what it could offer, suggesting up to three broad options for development from the marine perspective (note, it is expected development of the harbour will likely reflect the current breadth of the 'maritime offer' it provides, but changes to that offer will be evaluated).</p> <p>Review the assets and determine for each the type of each assets, constraints on use (both physical access by road and water, and planning and consenting limitations)</p>

	<p>Review and characterise the planning constraints applying to Rye Harbour or the Town for assets not located directly on the harbour.</p> <p>Identify other UK harbours that can serve as comparators</p>
Develop – how can the assets be developed to improve income?	<p>Identify up to three options for development, one of which will be the 'preferred' option based on the harbour's characteristics and constraints, comparator harbours, and the EA's goals. The options will be discussed with the EA before the preferred option is selected.</p> <p>For each asset determine if it potentially forms part of the maritime offer of Rye Harbour (this is expected to be largely the same for all three options for development, but a few assets may have different results under different directions of development)</p> <p>Review how assets may be grouped by their common features for development and management purposes, e.g. physical proximity, heritage status, presence of waterfront etc.</p> <p>Identify usage for each asset under the three options for development</p> <p>OUTPUT: summary of options for development, and table and map showing which assets are part of the maritime offer under each option.</p>
Deliver – How can the development options be implemented?	<p>For the preferred option only a harbour development plan, comprising:</p> <p>A prioritised list for developing each asset, based on lease expiry date and the importance of each asset to achieving the overall aims of the EA in respect of Rye Harbour including income generation.</p> <p>Schedule of costings for the EA's required investment in each asset</p> <p>Estimated income (rents and sale proceeds) for each asset</p> <p>A table showing pay off period and NPV (note: the EA to provide the discount rate)</p> <p>A breakdown of the above according to groupings identified in the develop phase</p> <p>Maps illustrating the above</p> <p>A summary of potential development partners who may collaborate with the EA in delivery of the above plan.</p> <p>OUTPUT a report containing all of AECOM's findings and recommendations.</p>

Identifying options for development

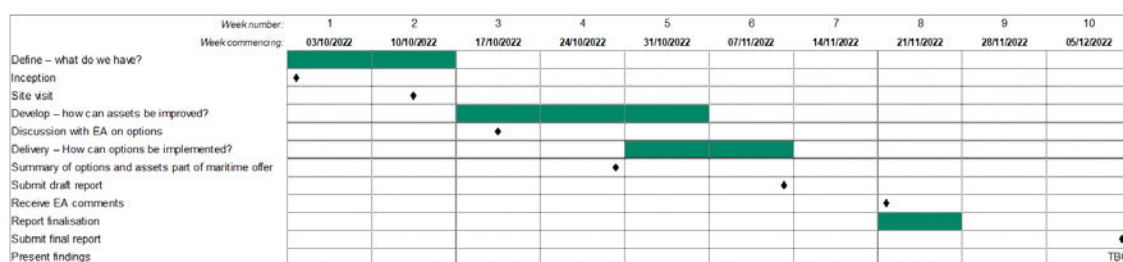
The study will utilise the Supplier, together with AECOM, as approved Subcontractor, team's collective experience, port master planning knowledge, planning and consenting and engineering knowledge to devise options for development. The AECOM team will also leverage the knowledge and ideas of local management within the EA.

Delivery Plan

The plan below assumes a project commencement meeting week beginning 3 October 2022 a final deliverable due by Friday 9 December 2022. Delivery milestones are:

- Inception meeting – week beginning 3 October (week 1)
- Site visit – week beginning 10 October (week 2)
- Options for development (remote meeting - discussion with EA) – around 17 October (week 3)
- Submission of options for development, table and map showing which assets are part of the maritime offer under each direction – by 28 October (end of week 4)
- Submission of draft report – by 11 November (end of week 6)
- Receipt of initial comments from the EA - no later than 21 November (beginning of week 8)
- Submission of revised report – 25 November (end of week 8)
- Receipt of any further comments from the EA – 9 December (end of week 10)

After the report is finalised a presentation will be given to the EA outlining the report findings – location and date to be confirmed.



The above Delivery Plan shall be contingent on this DPEL being signed by all Parties before 3 October 2022.

Assumptions and dependencies

- AECOM (a member of the Deloitte consortium) will be the day-to-day liaison point for the work.
- The Supplier will be responsible for managing and overseeing input from their wider delivery team including any approved Subcontractors (AECOM).
- The Supplier, including wider delivery team, have both the required expertise and the means to resource this project within the short timescales agreed but is limited to the particular scope of this Engagement only.
- The EA will ensure that the necessary resources are made available to work with the selected Supplier and partners in a timely manner and will provide all reasonable input and guidance as required.
- The EA will provide the Supplier with access to all relevant data and artefacts, for example, current commercial contracts which will be treated as Confidential material.
- Subject to approval by EA or as further pre-approved Expenses in this DPEL all work will be done remotely.

Risk management



- Data gathering may take longer than anticipated and restrict full recommendations being reached. The Supplier has allocated a set maximum amount of time for reasonable data gathering and any extension of that activity shall need to be agreed between the Parties on an as-required basis. Where any extension of data gathering activities are required the Supplier reserves the right to additionally charge for such time.
- The high level (long list) of recommendations may require further commercial development to aid delivery.

Deliverables

The Supplier shall produce the following Deliverables:

- A **summary of options (“Outcomes”)** for potential development, and table and map showing which assets are part of the maritime offer under each option.
- A **report containing all of findings and recommendations**, illustrated with maps.

Deliverable	Success Criteria	Milestone / Date	Owner (who in the delivery team?)
Project Stage A			
Options for development	Documented summary of those assets that directly benefit the ‘maritime offer’ and suggested options for development, including a table and map showing all assets including those that are part of the maritime offer under each option	21/10/2022	
Draft report	The report will include the potential development options and all of the documented findings and recommendations – for review	11/11/2022	
Final report and presentation	Final agreed prioritisation and recommendations for next steps	9/12/2022	
Project Stage B (additional stages can be added)			
n/a			
Internal Capability Development Outcomes			
n/a			
Social Value Outcomes			



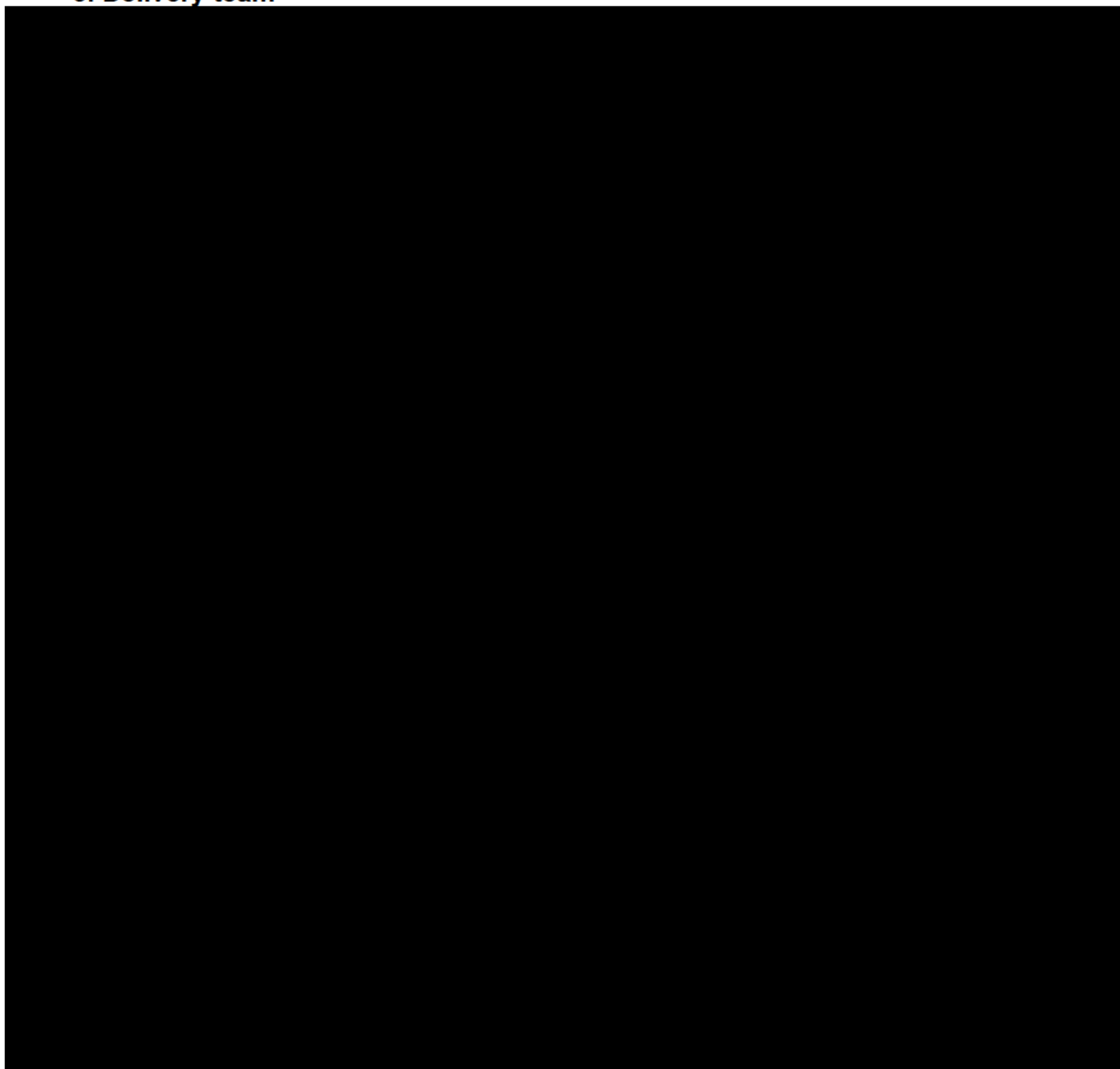
Deliverable	Success Criteria	Milestone / Date	Owner (who in the delivery team?)
n/a			

Limitations on scope and change control

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.

3. Delivery team





Department
for Environment
Food & Rural Affairs

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Stage	Cost	Due (link to milestone dates)
Grand total	£59,813 plus expenses	

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. The base office for this work is assumed to be EA offices in London.

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; and
- Weekly progress update against the agreed activities and deliverables.

Key Performance Indicators –

Business Area and Supplier to agree any specific key performance indicators related to this specific project engagement.

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

It is not expected that there will be a need for any additional NDAs for this project. The overarching MCF2 framework include NDAs.

6. Exit management

The agreed actions and Deliverables by the Supplier for when the Project Engagement Letter ends are as follows:

It is expected that a short review will be undertaken between the Business Area's Team, Supplier and associated delivery partners nearing completion of this work to review the report / write-up of final outputs.

Following this review and agreement of final outputs a project sign-off will be given. See above for the project's KPIs.

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.



Guidance notes:

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:
[REDACTED]
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	<ul style="list-style-type: none"> ▪ DPEL agreed ▪ DPEL signed: Supplier, Dept and CO ▪ Purchase Order number 	<ul style="list-style-type: none"> ▪ Work can start ▪ Supplier can invoice for work