



## Defra Group Management Consultancy Framework: Project Engagement Letter

### Supply Chain Review – Deposit Return Scheme

Completed forms and any queries should be directed to Defra Group Commercial at [REDACTED]

Engagement details			
Engagement ref #	DPEL_61539_001		
Extension?	N	DPEL Ref.	Not applicable
Business Area	Resources and Waste		
Programme / Project	Collection and Packaging Reforms – Deposit Return Scheme		
Senior Responsible Officer	[REDACTED]		
Supplier			
Title	Supply Chain Review – Deposit Return Scheme		
Short description	Supply Chain Review		
Engagement start / end date	Proposed start date 29/09/21		Proposed end date 29/12/2022
Funding source	Budget allocation in Resources and Waste		
Expected costs 21/22	£30,000		
Expected costs 22/23	£0		
Expected costs 23/24	£0		
Dept. PO reference	TBC once letter agreed		
Lot #	Lot 1		
Version #	Start at 0.1, 1.0 when approved, increment from 1.0 for Change requests		



Department  
for Environment  
Food & Rural Affairs

## Approval of Project Engagement Letter

By signing and returning this cover note, Resources and Waste 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 agreed Supplier Proposal under the overarching contract (Lot 1 - 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: <i>Signature</i>	By:	By:
or and on behalf of Deloitte  Director	For and on behalf of Resources and Waste  Deputy Head, Resources and Waste	Defra Group Commercial  Category Manager for Professional Services (Consultancy)
28/09/2021	28/09/2021	28/09/2021
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:

## 1. Background

In December 2018, the UK Government published the Resources and Waste Strategy, setting out how we will preserve our stock of material resources by minimising waste, promoting resource efficiency, and moving towards a more circular economy. In the Strategy, the UK Government committed to several actions, including the Collection and Packaging Reforms. The Collection and Packaging Reforms comprise three interlinked projects:

- A UK-wide Extended Producer Responsibility Scheme for Packaging (“EPR”).
- A Deposit Return Scheme for drinks containers in England, Wales, and Northern Ireland (“DRS”).
- Consistency in Household and Business Recycling Collections across England (“Consistency”).

The powers to implement the above reforms are provided by the Environment Bill which we anticipate will receive Royal Assent in November this year.

### **This procurement relates to a supply chain review for DRS only**

In 2019 Defra launched the consultation on introducing a deposit return scheme (DRS) for drinks containers in England, in conjunction with the Welsh Government and the Department of Agriculture, Environment and Rural Affairs in Northern Ireland. A second consultation was held in 2021 setting out final proposals for the scheme. Under a DRS, producers will be obliged to place a redeemable deposit on in-scope drinks containers that they place on the market. The deposit value will be added on top of the price of the drink. The deposit will be refunded to consumers when they return empty drinks containers.

It is anticipated that Defra will appoint a Scheme Administrator, referred to as a Deposit Management Organisation (DMO) to manage to establish and manage the DRS. We anticipate that we will appoint the [REDACTED].

It will be for the DMO to design the DRS and procure the necessary infrastructure. However, if there are delays in mobilisation, this will impact on the achievement of the scheme in line with Government objectives and prejudice the achievement of targets for recycling.

We anticipate that there will be a mixture of manual return points, where drinks consumers and return empty containers are returned ‘over the counter’ mainly in retail outlets, and reverse vending machines (RVMs) which are automated machines that utilise advanced technology to identify, sort, collect and process used beverage containers.

It will be for the DMO to determine how many RVMs are needed. We understand that Scotland, which is currently designing an independent scheme, is proposing to have 3,021 RVMs (therefore one for every 1.2m people). If England, Wales, and Northern Ireland have the same proportions the DMO will need to procure and install 51,000 RVMs. Our current modelling suggests that between 36,000 and 51,000 RVM’s will be required. The scheme could commence with a lower number of RVMs and gradually increase numbers however a reasonable number would need to be installed initially (envisaged at least half) to enable the scheme to function effectively and not unduly restrict people in returning containers.

The ability to design, procure and have the RVMs delivered is likely to be key to the success of the scheme and therefore Defra is keen to understand more about the supply chain risks. This is of relevance as, the Single-Use Plastics Directive requires EU member states to collect 77% of single-use plastic bottles placed on the market by weight by 2025, and 90% by 2029. It is therefore likely that European countries will be either implementing or extending DRS in this period.

Defra consulted on two options for the size of drinks containers to be captured by a DRS: either an ‘all-in’ DRS, which includes all sizes of drinks containers up to 3l, or an ‘on the go’ (OTG) DRS, which focuses on smaller containers up to 750ml in size to target littering in particular. Where glass is collected the RVM will break this into pieces (but not crush) to increase capacity.

The aim of this project is to research and closely examine and appraise the potential RVM supply market and the logistics. RVMs. The research shall include:

- The current supply chain capacity in the UK and worldwide
- Importing and logistical restrictions
- Installation skills
- The frequency of planned and reactive maintenance and the skills needed to undertake this

The report will provide Defra with a comprehensive description of the supply chain logistics and risk considerations associated with the supply of RVMs.

## 2. Statement of services

### Objectives and outcomes to be achieved

Understanding the RVM supply will enable Defra to:

- Review the current programme and explain any challenges/ potential delays to Government and stakeholders.
- Understand the supply risks.
- Challenge the bids submitted by prospective DMO organisations to ensure their timescales are robust and credible; and
- Liaise with the Green Jobs scheme to provide information on the labour resources skills needed for the supply, installation, and subsequent maintenance.

### Scope

The supplier will be requested to undertake the following activities 1-4, to support Stage 1 of the supply chain review for RVMs. Stage 1 is intended to provide a high-level overview of the key RVM supply chain issues and identify additional information required to achieve the stated objectives and outcomes.

1. Assist Defra in understanding:
  - a) The supply chain for the hardware and software necessary to install and operate the RVM's as part of a DRS.
  - b) The production levels of RVMs. How many are currently produced on an annual basis and what is the typical time from placing an order to installation and commissioning.
  - c) What are the key components and risks of a supply chain interruption?
  - d) What are the issues any new manufacturer will face in trying to break into this market?
  - e) Key risks to supply.
2. Identify the major companies currently involved in producing DRS hardware and any associated and essential software.
3. Identify key characteristics of the companies currently supplying RVMs, including:
  - a) Market share
  - b) Longevity in this area
  - c) Other country customers
  - d) Typical site locations served
  - e) Any other pertinent characteristics, frequency of maintenance and the qualifications/ accreditations needed by the maintenance engineers.



4. For the supply chain more generally to identify risks and potential capacity to accommodate roll out in England, Wales and Northern Ireland in the timescales indicated and closely review and appraise other aspects of the market, including supply, logistics, potential demand for RVMs and, if these require importing, any import restrictions/concerns;

Stage 2 of the supply chain review for RVMs (not subject to this DPEL) is expected to require additional analysis to provide greater detail in respect of the findings of Stage 1 and include the following activities. Stage 2 activities will be discussed and agreed at the completion of Stage 1.

5. Provision of examples of other countries users ownership/leasing and maintenance arrangements for RVMs;
6. Identification of RVMs options including but not limited to:
  - a) enabled monitoring, including credit card and phone apps.
  - b) electrics only
  - c) IT capability

\*RVM IT options include manufacturing, installation, dependencies, and timescales associated with each option.

7. Frequency of maintenance and the qualifications/accreditations needed by the maintenance engineers.
8. Additional analysis to provide greater detail in respect of the findings of Stage 1, where relevant.

### Assumptions and dependencies

For this study please assume that the DRS scheme will be for all sizes of drinks containers up to 3l and some RVMs will need to manage deposits of glass as well as plastic and aluminum.

**The Supplier will base their analysis largely on desktop research of publicly available information and their understanding of the RVM supply market and global DRS schemes. Where possible, the Supplier will engage with RVM manufacturer to supplement or validate its research.**

### Deliverables

Information in relation to points 1-4 above.  
Report

Deliverable	Success Criteria	Milestone / Date	Owner (who in the delivery team?)
<b>Project Stage A</b>			
Draft report to be provided to the Defra DRS team in presentation to enable discussion. This will be held on Teams (no attendance at	Document addressing points 1-4 above to enable discussion	November 2021	



Deliverable	Success Criteria	Milestone / Date	Owner (who in the delivery team?)
offices required and is anticipated to take 2 hours)			
Final report	Summary of the information collated	December 2021	
<b>Internal Capability Development Outcomes</b>			
None identified			
<b>Social Value Outcomes</b>			
None identified			

### 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

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 (excl. VAT)	# of days	Cost (excl. VAT)
	Project Responsibility and Quality Assurance – Activities 1-4	Director / Partner			
	Project Oversight – Activities 1-4	Director / Partner			
	DRS SME – Activities 1-4	Managing Consultant			
	Project Manager – Activities 1-4	Senior Consultant			

<b>Total resource</b> <b>Total days*</b> <b>Engagement Length**</b>  <small>*Total days worked across all resources</small> <small>**Total working days in engagement</small>	
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### Business Area's team



Name	Role	Contact details
[REDACTED]	Commercial manager	[REDACTED] [REDACTED]
[REDACTED]	Project manager	[REDACTED]
[REDACTED]	Technical support	[REDACTED]

#### 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 £30,000 inclusive of expenses and excluding VAT.

Provide costs for any particular stages to the engagement.

Stage	Cost	Due (link to milestone dates)
<b>A</b>		<b>DD/MM/YY</b>
Outline details of outputs/deliverables required to initiate invoice and payment thereof	£ value to pay	
<b>B (additional stages can be added)</b>		
Outline details of outputs/deliverables required to initiate invoice and payment thereof	£ value to pay	
<b>Expenses</b>		
(Brief details of expenses)	£	
<b>Grand total</b>	£	

#### *Business Area considerations:*

- 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:



Department  
for Environment  
Food & Rural Affairs

- Completion of the time tracker on a monthly basis, to track days worked by our consultants;
- The Supplier to notify the EPR team if any of conflict of interest emerges and explain how this will be managed

### Key Performance Indicators

No additional KPIs required.

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

No additional NDAs required.

## 6. Exit management

**The agreed actions and deliverables by the Supplier for when the contract ends are as follows:**

None other than the provision of the deliverables listed above
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### 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:  
[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"> <li>▪ DPEL agreed</li> <li>▪ DPEL signed: Supplier, Dept and CO</li> <li>▪ Purchase Order number</li> </ul>	<ul style="list-style-type: none"> <li>▪ Work can start</li> <li>▪ Supplier can invoice for work</li> </ul>

