

## Defra Group Management Consultancy Framework: Project Engagement Letter

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

[REDACTED]

Engagement details			
Engagement ref #	project_31880		
Extension?	N	DPEL Ref.	N/A
Business Area	Defra group Property		
Project	Workplace and FM24 Project		
Senior Responsible Officer	[REDACTED]		
Supplier	KPMG		
Title	Provision of Business Support Partner Services for the Workplace and Facilities Management Project		
Short description	<p>There is a requirement for the appointment of a Business Support Partner to provide strategic support to the senior governance of the Workplace and Facilities Management Project. (WP&amp;FMP) It is envisaged that The Supplier will provide guidance, review and communications support as well as access to best practice and expert opinion to support the development of strategies and related project products. It is expected that this support will maintain a consistency of knowledge and awareness of the overall project to enable proactive and responsive advice.</p> <p>Defra has identified the requirement for support to develop the OBC with the opportunity, dependent on agreed deliverable completion, to support the re-tender of the existing Facilities Management (FM) contracts/support/development of the Full Business Case. The project will require transition and change management support at this stage of the project and potential to include in future scope. The provision of services for the Full Business Case and Transition will be subject to agreed levels of performance of the supplier, in the OBC support stage, and acceptable pricing.</p> <p>The WP&amp;FMP currently has a small, focused team from Corporate Services Strategy, Defra group Commercial, Defra Group Property (SME's), plus support from the Cabinet Office Complex Transactions Team (CTT), and in future, are developing a more experienced and capable project management team consisting of Civil Servants, (range of levels) independent consultants, and assigned ALB Civil Servants (Stakeholders).</p> <p>As the OBC progresses, there is a requirement to:</p> <ul style="list-style-type: none"> <li>• Provide additional Strategic and Operational consultancy capability linked to the 5 case Treasury approvals process;</li> </ul>		



	<ul style="list-style-type: none"> <li>• Introduce different skill sets as required aligned with OBC requirements;</li> <li>• Introduce additional levels of capability and flexibility; and</li> <li>• Mitigate project risk by providing outcome-based services as determined via the process</li> </ul>	
<b>Engagement start / end date</b>	30 July 2021	31 January 2022
<b>Funding source</b>	Defra group Property	
<b>Expected costs 21/22 – To OBC (WP1)</b>	£491,434	
<b>Expected costs 21/22 – OBC towards FBC (WP2)</b>	£285,484	
<b>Dept. PO reference</b>	TBC.	
<b>Lot #</b>	L1	
<b>Version #</b>	0.2	

#### Approval of Project Engagement Letter

The parties agree that this Project Engagement Letter is governed by: (i) the terms of MCF2 Call Off Terms RM6008; and (ii) the Call Off Order Form for Provision of Defra Group Management Consultancy Support Arrangements - Lot 1 – Contract Reference 28595 - entered into by the Customer and the Supplier dated 25 June 2021 for the provision of Defra Group Management Consultancy Support Arrangements; and (iii) the terms set out in this Project Engagement Letter. Defra Group confirms the availability of funding to support recharge for the services.

Signatures		
Supplier	Business Area	Defra Group Commercial

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
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Supplier contact: [REDACTED]

Business Area contact: [REDACTED]

## General Instructions

### 1. Background

The key drivers for change are as follows:

1. **The current service provider contracts are due to expire in 2024 (covering the Defra office environment, APHA and complex sites).**
2. **Delivery of a compliant service to the entire estate but specifically the APHA science estate.** As one of the top 5 highest risk sites in the country, it is imperative that the APHA science estate is in full compliance with the Control of Substances Hazardous to Health Regulations 2002 (COSHH) and the latest guidance for handling Specified Animal Pathogens Order (SAPO) at the Weybridge site.
3. **Defra Group Property (DgP) wish to use the required procurement to re-define and develop its Intelligent Client Function (ICF) to be able to meet the demands of its stakeholders in the short and long term**
4. **The need to develop and adapt its workplace**
5. **Implementation of property technology as a key enabler to more efficient ways of working, improved processes, agile workspace and assured, transparent real time data.**

### 2. Statement of services

#### Objectives and outcomes to be achieved

The Department of Environment, Food and Rural Affairs (Defra) require external business support services to provide specialist advice and support to the Workplace and Facilities Management Project Outline Business Case delivery and approval; full Business Case development, delivery and approval, and transition support after Contract Award.

This Project Engagement Letter is complemented by a document setting out the approach, plan, and resource profile, from the Supplier, attached below for reference:

The work breaks down support into 3 phases (we have referred to these as "Work Packages"), as outlined below:

- **Work Package 1** covers the period from mid-July to end September 2021 and the planned date for OBC submission and the start of governance and approvals. We

have provided detail of the activity and outputs for each workstream during this phase and a capped fee proposal on a time and materials basis

- **Work Package 2** covers the period of October to January 2022, aligned with your plans for completion of the OBC approvals and the development of the procurement documentation, to support going to market in Q1 2022. We have provided detail of the activity and outputs for each workstream during this phase and a capped fee proposal on a time and materials basis

## Scope

See **Objectives and outcomes to be achieved**, above

### Exclusions

Legal support is not required as this will be provided by the Government Legal Department

### 5.3 Optional Requirements

The Contract will initially be let for the delivery of services required to OBC delivery and approval. However if approval is given for the OBC and funding secured to deliver the FBC then the Contract will be extended in order to ensure consistency of approach. This extension will also be subject to acceptable Supplier performance and acceptable pricing against the forecast for this phase.

### 5.4. Additional Requirements

The Authority may require The Supplier to provide additional support services in areas not listed in the Requirement but may be required to deliver a project of this nature. The Supplier shall therefore have a flexible and available (within short notice) capability that they can draw upon to meet defined work packages for the services required. If the Key Staff cannot be committed to deliver any additional requirements then suitable replacements should be offered for approval by the Authority

### 5.5 Capabilities and Experience

The Supplier shall have and demonstrate the following recognised capabilities and experience:

- Excellent knowledge of Her Majesty's Treasury Green Book and expertise in development of robust business cases that can withstand external review and challenge
- Knowledge of Defra's Vision and Objectives and its ALBs. Knowledge of Defra's stakeholder environment and governance an advantage
- Knowledge of Science Capability in Animal Health (SCAH) programme and transition strategy advantageous due to programme/project. [Department for Environment, Food & Rural Affairs - GOV.UK](https://www.gov.uk/government/organisations/department-for-environment-food-and-rural-affairs)
- Proven ability to build excellent stakeholder relationships to encourage collaboration within tight timescales
- Expert knowledge and experience in Workplace and FM Target Operating Model development and up to date market and supplier knowledge
- Agile and flexible with the ability to respond to urgent requests and challenges

- The ability to add skills and capability as required throughout the project – depth of organisational support to support key staff.

## 5.6 Resource and Key Staff

5.6.1 The Supplier may view the following table as an indication, and subsequently present their proposal as they see fit, and such that it provides value for money, efficiency, but ultimately effectiveness through the right level of competence and capability to support a Programme of this size and complexity.

The envisaged 'fixed' requirement is to provide: (example)

Key Staff	No.	Effort
Director / Partner	1	Project lead, lead client point of contact and quality reviewer ~50%
Managing Consultant	3	To provide: <ul style="list-style-type: none"> <li>i) support to OBC drafting and tracking, including project finance</li> <li>ii) mobilisation of PMO and best practice</li> <li>iii) expert FM and procurement support</li> </ul>
Principal Consultant	3	Experienced consultants to support the above
Senior Consultant	3	To support PMO development and operations and provide analysis for other workstreams above
Consultant	1	To provide support to the PMO
Junior Consultant	0	

### 5.6.2 The Supplier shall

- i) Provide rates for all the Key Staff listed, which can be called off by the Authority as required. The Supplier shall name these Key Staff and commit them to the delivery of the requirement. The Supplier shall ensure that the personnel appointed to the posts of Key Staff shall be suitably qualified, trained, and capable of fulfilling such role, and shall ensure that such personnel remain suitably skilled and experienced to perform their duties during the course of the Contract
- ii) Give notice to the Authority as soon as reasonably possible of the departure of any personnel in the roles of Key Staff and shall use all reasonable endeavours to ensure that an appropriate process of skill and knowledge transfer occurs prior to the departure of any such personnel to ensure continuity of Services and to ensure that the change does not have an adverse impact on The Supplier's performance of the Services. Any such replacement shall be as, or more, qualified and experienced as the original incumbent and fully competent to carry out the tasks assigned to the Key Individual or Key Role whom they have replaced.
- iii) Any requirements detailed in Attachment 3 – Statement of Requirements Contract Reference: 28595 Provision of Defra Group Management Consultancy Support Arrangements.

## Assumptions and dependencies

As detailed in **Objectives and outcomes to be achieved**, above.





To note, however:

- Defra will identify workstream leads and these nominated individuals will provide KPMG with necessary input and support required
- We have assumed timely provision of information and availability from workstreams, and that all data provided by Defra will be structured and of high quality
- We have assumed that TOM and FM workplace strategy workstream will transfer to Defra at the end of Work Package 1 or that a new ownership model for this area of work is agreed, and that any additional work order would be raised outside of this work area.
- A detailed project plan across each Work Package will be developed with you which will include the activities, owners, timelines, assumptions and dependencies.
  - Our overall scope of support is based on the project achieving its target milestone dates (e.g., completion of OBC documentation by end December 2021)
  - Our proposed resource levels and fixed fee are driven by these assumptions and therefore any variance will have a direct impact on the resources and fees charged.

Deliverable	Success Criteria	Indicative Milestone / Date	Owner (who in the delivery team?)
<b>Work Package 1</b>			
<b>• Project Leadership and PMO</b> <ul style="list-style-type: none"> <li>○ Preparation of governance and materials and structures defined and implemented</li> <li>○ Master project plan aligned to MSP</li> <li>○ Risk management procedures implemented</li> <li>○ Agreed mechanisms for regular workstream engagement established</li> <li>○ Stakeholder map and management</li> </ul>	<ul style="list-style-type: none"> <li>○ Project Management Office is operationalised including cadence of meetings and reporting</li> <li>○ Project is successfully managed and implemented in line with agreed milestones for Work Package 1</li> <li>○ Positive stakeholder engagement and feedback on the delivery of the project</li> </ul>	30/09/201	<div style="background-color: black; width: 100px; height: 15px; margin-bottom: 5px;"></div> <div style="background-color: black; width: 100px; height: 15px;"></div>



Deliverable	Success Criteria	Indicative Milestone / Date	Owner (who in the delivery team?)
<b>• Business cases (OBC)</b> <ul style="list-style-type: none"> <li>○ Outline Business Case – Full Document and Supporting Annexes</li> <li>○ OBC Summary Pack – Governance / HMT Presentations preparation</li> </ul>	<ul style="list-style-type: none"> <li>○ Outline Business Case is developed on time, in line with expectations of Defra</li> </ul>	31/12/21	██████████ ██████████
<b>• Target Operating Model</b> <ul style="list-style-type: none"> <li>○ As-is assessment of the current WP&amp;FM TOM</li> <li>○ Vision and scope of Intelligent Client Function (ICF) defined, including critical internal and supplier interfaces, ALB interfaces, and responsibilities</li> <li>○ Vision and scope for a future “Digital FM” model and understanding of current digital landscape in Defra to which this will interface</li> </ul>	<ul style="list-style-type: none"> <li>○ Documented design principles for the future TOM</li> <li>○ ICF interfaces and roles &amp; responsibilities agreed and documented</li> <li>○ High-level TOM for WP&amp;FM is designed and signed-off by Defra</li> </ul>	24/09/21	██████████
<b>• Project Finance</b> <ul style="list-style-type: none"> <li>○ Production of relevant outputs for Spending Review</li> <li>○ Board and stakeholder reporting including HMT</li> <li>○ Finalisation of Finance case</li> </ul>	<ul style="list-style-type: none"> <li>○ OBC Finance Case developed in line with Green Book guidance</li> <li>○ Financial reports are developed to high quality and provide transparency on financial baseline</li> </ul>	30/09/21	██████████ ██████████
<b>Strategic and Economic Case Development</b> <ul style="list-style-type: none"> <li>○ Development of strategic and economic case analysis and text for the OBC document (plus annexes)</li> </ul>	Robust analysis as confirmed via review with Defra economists	31/09/21	██████████



Deliverable	Success Criteria	Indicative Milestone / Date	Owner (who in the delivery team?)
	and Red Review		
<b>Work Package 2</b>			
<ul style="list-style-type: none"> <li>• <b>Project Leadership and PMO Forecasting Workstream</b> <ul style="list-style-type: none"> <li>○ Based on existing forecast working papers built for OBC, we will work with you to prepare an initial specification for the should cost model based on your objectives and requirements for the model.</li> <li>○ Design and assist you to develop the Model based on the initial specification and data provided by you, specifically to include analysis of: FM contractual costs, and Project costs (FM supplier contractual costs plus broader project costs)</li> <li>○ Deliver a draft of the completed Model for your user acceptance testing and then handover a final version of the completed Model</li> <li>○ Provide model end users with training in the operation of the Model</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>○ Delivery of a Should cost model specification</li> </ul>	31/01/22	<div>██████</div> <div>██████</div>
<ul style="list-style-type: none"> <li>• <b>Project Finance and OBC Workstreams</b></li> <li>• Delivery of:               <ul style="list-style-type: none"> <li>○ OBC</li> <li>○ OBC supporting schedules</li> <li>○ updates to financial and economic cost forecasts</li> </ul> </li> <li>• Support preparation of stakeholder briefing packs for both internal and external stakeholders</li> <li>• Support preparation of governance reporting including:               <ul style="list-style-type: none"> <li>○ IAAP</li> <li>○ AO memo</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>○ Delivery of OBC document and associated briefings/ governance reporting</li> </ul>	31/12/21	<div>██████</div> <div>██████████</div>





Deliverable	Success Criteria	Indicative Milestone / Date	Owner (who in the delivery team?)
<ul style="list-style-type: none"> <li>○ RPA</li> <li>○ IPA</li> </ul>			
<b>Strategic and Economic Case Development</b> <ul style="list-style-type: none"> <li>○ Iteration of strategic and economic case analysis and text for the OBC document (plus annexes)</li> </ul>	<ul style="list-style-type: none"> <li>○ Delivery of iterated Economic Case and Strategic Case into the OBC.</li> </ul>	31/12/21	██████████
<b>Internal Capability Development Outcomes</b>			
Project Management capability	Improved capability in Defra PMO resource Successful hand-over of PMO function	Complete by September 21	
Finance	Knowledge transfer through collaborative work with WP & FM Finance and other Subject Matter Experts, through support to Project Finance work in Work Package 2.	Complete by Jan 2022	
<b>Social Value Outcomes</b>			
To be developed as per KPMG bid		Complete by Jan 2022	

### 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.

#### Work Package 1

### Work Package 2 (Estimated)

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Department  
for Environment  
Food & Rural Affairs

			<b>Subtotal</b>	<b>£16,849</b>
			<b>Work Package Cost</b>	<b>£301,658</b>

\*rate graduated to reflect increase from £1,813 to £2,276 from 1 November 2021

#### Rates as per KPMG bid: 9-12 month rate card


<b>Total resource</b>  <u><b>Total days*</b></u> <b>Engagement Length**</b>  *Total days worked across all resources **Total working days in engagement	<b>572.5 days total across all resources for Work Packages 1&amp;2</b>  <b>38 days of Subject Matter Expert time estimated to support Work Package 2.</b>
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#### Business Area's team

The Department's team consists of the following people and their associated role:

SRO –

Workplace and FM24 Project Team - Defra group Property -

Defra group Commercial –

#### 4. Fees

Defra Group will pay the Supplier the Call Off Contract Charges set out below. The total Call Off Contract Charges for the scope of work detailed in this Project Engagement Letter will be a maximum of , inclusive of expenses and excluding VAT. The charges for all Work Packages will be calculated on a time and materials basis in accordance with the Rate Card set out in the Call Off Order Form for Provision of Defra Group Management Consultancy Support Arrangements – Lot 1 (Contract Reference 28595) entered into by the Customer and the Supplier dated 25 June 2021.

Stage	Cost	Due (link to milestone dates)
<b>A - Work Package 1</b>		<b>DD/MM/YY</b>

Stage	Cost	Due (link to milestone dates)
Forecast costs 21/22 – To OBC (WP1)	£491,434	30/09/21
<b>B - Work Package 2</b>		
Forecast costs 21/22 – OBC towards FBC (WP2)	£285,484	31/01/22
<b>Expenses</b>	n/a	n/a
<b>Grand total</b>	£776,918	

### 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.

### 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

Governance and reporting are managed between the lead Department contact, [REDACTED], and the Supplier. At a minimum there will be weekly progress meetings, supplemented upon request by written progress reports.

In support of milestones and deliverables being met, the supplier will provide a milestone completion certificate for review by the Department. This will be reviewed by the lead Department contact, [REDACTED], and agreed prior to payment being released.

### Feedback and satisfaction

As a minimum, update meetings will be held on a weekly basis. These meetings will include project updates and the requirement for The Supplier to provide any ideas for innovation and proposed efficiencies in delivery.

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

Not considered applicable at point of contract signature, any deviation from this will be agreed in writing between the parties.

## 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.

## 6. Legal terms and variations

The parties agree to these additional terms and variations to apply for the purpose of this Project Engagement Letter. These additional terms and variations have not been agreed at the framework level, and any acceptance does not set any precedent for acceptance of such terms and variations for any future call offs.

### 6.1 Independence

- A new clause 34.12 shall be added as follows:

#### **34.12 Independence**

*34.12.1 To ensure that the Supplier is able to comply with applicable auditor independence requirements and applicable Law (including to ensure that the Supplier is not auditing its own work or the output of its own work during a specified period), during the Independence Period the Supplier requires that the Customer notifies the Supplier as soon as possible if:*

- (i) the Customer or any entity of the Cluster cease to be a public agency, commission or other government or public sector body or contracting authority;*
- (ii) the Customer or any entity of the Cluster merge with another agency, commission or other government or public sector body or contracting authority; or*
- (iii) a new government agency, commission or other government or public sector body or contracting authority is merged with the Customer or any entity of the Cluster so that they will also benefit from or otherwise use the Services or any Deliverables.*

*34.12.2 In relation to paragraph 34.12.1, the following defined terms shall apply:*

- (i) "Independence Period" means the earlier to end of:*
  - (a) the period from the date of the Call-Off Contract to the first Confirmation of Clean Audit thereafter; or*



(b) *such shorter period as we may notify to you if we determine (acting reasonably) that such shorter period allows the independence requirements imposed upon us in under applicable Laws to be met.*

(ii) **"Confirmation of Clean Audit"** means confirmation by your external auditor of a full financial year's Clean Audit for a financial year commencing after completion of the Services.

(iii) **"Clean Audit"** means, in relation to your external audit report, that there are no qualifications or matters of emphasis in that report:

(a) *that are related to the implementation Deliverables that have been placed in live use; and*

(b) *which cite subsisting functional or operational issues in those Deliverables referred to in (a) which have resulted in your ability to generate accurate financial statements being compromised.*

## 6.2 Liability

Subject to Clause 37.1 (Unlimited Liability) of MCF2 Call Off Terms RM6008, the Supplier's total aggregate liability, in respect of all other Losses incurred by the Customer under or in connection with this Project Engagement Letter as a result of Defaults by the Supplier shall in no event exceed a sum equal to one hundred and twenty-five per cent of the Call Off Contract Charges payable in connection with this Project Engagement Letter.

## 6.3 Termination Rights

A new clause 43.2 shall be added as follows:

*43.2 The Supplier may terminate this Project Engagement Letter upon such period of written notice as is reasonable in the circumstances if there is a change of law, rule, regulation or professional standard or circumstances arise that would prejudice the Supplier's ability to comply with applicable auditor independence requirements provided that the Supplier shall use reasonable endeavours to mitigate the impact of any such circumstances and seek a work-around solution with the Customer, prior to issuing any notice of termination.*

## 6.4 Assignment and Novation

Clauses 48.2, 48.3 and 48.4 of MCF2 Call Off Terms RM6008 shall not apply to this Project Engagement Letter and the following new clause shall apply:

*48.2 The Customer shall not assign, novate or otherwise dispose of or create any trust in relation to any or all of its rights, obligations or liabilities under this Call Off Contract or any part of it without the prior written consent of the Supplier.*

