



Department  
for Environment  
Food & Rural Affairs

## Defra Group Management Consultancy Call off Contract: Project Engagement Letter

Completed forms and any queries should be directed to Defra Group Commercial (DgC) at [DgCConsultancy@defra.gov.uk](mailto:DgCConsultancy@defra.gov.uk). Please do not complete this form until you have liaised with DgC, and they have allocated you a lot to access Consultancies within and subsequent reference number.

Engagement details			
Engagement ref #	DPEL_61538_027		
Extension?	N	DPEL Ref.	N/A
Business Area	Marine Management Organisation (MMO) – Board and Exec Services Team		
Programme / Project	Board Effectiveness Review		
Senior Responsible Officer	[REDACTED]		
Supplier	KPMG		
Title	Marine Management Organisation (MMO) Externally Facilitated Board Effectiveness Review (BER)		
Short description	The Marine Management Organisation (MMO) is undertaking an externally facilitated Board Effectiveness Review (BER) in line with <a href="#">Cabinet Office guidance</a> . The review seeks to determine how effectively the Board supports the organisation's success, and will assess the board's structure, processes, relationships, and behaviours, providing actionable recommendations for improvement.		
Engagement start / end date	01/02/2025	Presentation to MMO Board to be given 15/05/2025 Engagement to complete by 23/05/2025	
Consultancy Spend approval reference	N/A – Not core Defra and sub £100k		
Expected costs 23/24	N/A		
Expected costs 24/25	£24k		
Expected costs 25/26	£12k		
Dept. PO reference	Once Atamis reference provided		
Lot #	Lot 1		
Version #	0.1		

## Approval of Project Engagement Letter



By signing and returning this cover note, MMO accepts the contents of this Project Engagement Letter as being the services required and agrees for KPMG 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
<div></div>		
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



**Contracting clarifications**

- 1. Clarification that liability is capped with reference to this engagement:**  
Subject to Clause 37.1 (Unlimited Liability), the Supplier’s total aggregate liability, in respect of all other Losses incurred by the Customer under or in connection with this engagement 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 engagement/SOW/work order.
- 2. Clarification concerning altering and sharing Supplier Deliverables**



Notwithstanding any other provision of this Contract, unless required by Applicable Law: the Buyer shall not without the Supplier's prior written consent alter any Supplier branded Deliverable; and if the Buyer intends to disclose any Supplier branded Deliverable to any third party (other than DEFRA or organisations within DEFRA Group), the Buyer shall consult with the Supplier in advance.

## 1. Background

The Marine Management Organisation (MMO) is undertaking an externally facilitated Board Effectiveness Review (BER) in line with [Cabinet Office guidance](#). The review seeks to determine how effectively the Board supports the organisation's success, and will assess the board's structure, processes, relationships, and behaviours, providing actionable recommendations for improvement.

The Cabinet Office overarching principles that should underpin the BER are:

- A BER must provide a robust review of the board's effectiveness - including whether it has the structure, processes, people and performance to deliver. It must consider how it interacts with the executive and stakeholders, and whether respective roles are clear. It must involve feedback and perspectives from outside the board and consider best practice elsewhere;
- A BER should focus on both outcomes and behaviours;
- In deciding the scope of the Review it is recognised that 'no one size fits all' for ALBs. However, ALBs should be comfortable in explaining why they have not complied with this guidance if they deviate from it;
- The department and ALBs board should work together to implement its recommendations; and
- BERs should consider, and be considered by, any ALB review that has been undertaken or is proposed for the body.

## 2. Statement of services

### Objectives and outcomes to be achieved

1. To provide an independent, robust assessment of the MMO Board's effectiveness, including its structure, composition, processes and behaviours
2. To seek assurance that Board members are fully aligned with the organisation's strategic priorities and support the organisation effectively in achieving these
3. To assess the Board's ability to strike an effective balance between its scrutiny, support, challenge, and strategic roles
4. To assess whether the Board has the necessary skills, experience, and diversity to meet current and future challenges, including recommendations for the recruitment pipeline
5. To review the quality of relationships between the Board and its principal stakeholders, categorised as the MMO Chief Executive, the Executive Leadership Team, the Sponsoring Department and Responsible Minister, identifying opportunities to improve these



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6. To determine the appropriate level of involvement by the Executive Leadership Team, which includes the Chief Executive and Sponsoring Department in Board meetings

## Scope

The review will consider the period from 1 April 2024 to present, covering the following key areas:

### 1. Board and Committee Composition, Skills and Structure

- Assess whether the current Board possesses the necessary skills, experience, and diversity to meet the strategic needs of the MMO;
- Provide recommendations for future recruitment to ensure a robust and sustainable pipeline of expertise;
- Evaluate the effectiveness of the Chair's leadership and ability to set the purpose, direction and value of the organisation;
- Provide assurance that the Board and its Committees support the Accounting Officer in meeting the requirements set out within Managing Public Money;
- Clarity of, and leadership given to, the purpose, direction and values of the MMO;
- Assess how effectively the Board utilises and empowers its Committees, including with a review of their Terms of Reference, to enhance Board assurances and quality of discussion;
- Consider how the Chief Executive, who is also the Accounting Officer for the MMO functions as a Board Member;
- Provide assurance that Board meetings are purposeful, productive and align with the organisation's strategic priorities.

### 2. Board Relationships and Culture

- Evaluate the quality of relationships between the Board and its Principal Stakeholders; in particular, relationships with the Chief Executive, Executive Leadership Team (Directors), Sponsoring Department and Responsible Minister;
- Identify opportunities to strengthen collaboration, trust, and mutual understanding among the Board, the Chief Executive and Executive Leadership Team (Directors), ensuring that individuals are empowered, with respect for each others' roles and responsibilities;
- Assess how the Board's relationships and cultural norms compare with other Arm's Length Bodies (ALBs) and/or best practices;
- Evaluate the overarching culture and tone set by the Board and the Chief Executive;
- Seek assurance that the Board communicates with, listens and responds to its organisation and stakeholders.

### 3. Board Responsibilities and Balance of Functions

- Analysis of the Board's performance in its scrutiny, support, and challenge roles, as well as its strategic input;
- Identify areas for improvement in Board focus to maximise its contribution to the MMO's success;
- Seek assurance that Board Members are championing the organisation, advocating for its interests and fostering positive relationships with key stakeholders, both internally and externally;
- Ensure there is a collaborative, solution-orientated culture between Board Members and the Chief Executive which emphasises teamwork, examine if there is appropriate



Board support and guidance for the Chief Executive, particularly in challenging times or when major decisions are required.

#### 4. Role of the Chief Executive, Executive Leadership Team and Sponsoring Department

- Consider if the most beneficial level of involvement in Board Meetings by the Chief Executive, the Executive Leadership Team (Directors), ensuring Directors' time is used effectively;
- Examine the role and level of involvement of the Sponsoring Department in Board meetings;
- Provide guidance on the appropriate balance of Sponsorship engagement to maintain Board independence while ensuring accountability to the Sponsoring Department. This can take account of the Sponsorship Governance to ensure that there is no duplication of capacity, or confusion with the role and responsibilities with the Board.

### Assumptions and dependencies

#### Methodology

The BER will be conducted by an appropriately qualified independent external reviewer. The methodology will be determined in partnership with the appointed supplier and is likely to include the following;

- **Desk based review of key documents** (e.g., previous BERs, Board agendas and minutes, Terms of Reference), including a review of the progress of the implementation of recommendations made in the last BER, which concluded in July 2023;
- **Structured interviews** with Board Members, the MMO Executive Leadership Team, MMO Governance and Accountability Team and the Senior Sponsor, who is the Defra Director of Marine and Fisheries;
- **Attendance** at a Board, or review of session recording where this is not possible;
- Benchmarking against **best practices** in governance;
- Gathering **feedback** from stakeholders, including employees and relevant external partners.

#### Governance and Accountability

**The Chair** will oversee the delivery of the externally facilitated review, ensuring transparency and collaboration from Board Members, the Chief Executive, Executive Directors, employees from within MMO and the sponsoring department.

**The sponsoring department** will provide input into the review's scope while maintaining an appropriate distance from the Board's responsibilities.

#### Post-Review Actions

**The Chair** will ensure that the findings and recommendations are fully considered by the Board and Chief Executive, and that actions arising from the review are implemented through a clear follow-up plan.

Feedback from the BER should inform **appraisals** for the Chair, Board Members and Chief Executive as the person responsible for ensuring delivery of actions relevant to the Executive Leadership Team.

In addition to this, **the business** will ensure the key findings of the Board Effectiveness review are reflected in the Organisation's Annual Report and Accounts.



Risk management

Provide further details of any foreseen risks with this project and how they could be mitigated:

Deliverables

The external reviewer will provide:

**A Report** detailing;

- Key findings on Board effectiveness
- Current strengths and areas of good practice
- Recommendations for improvement
- Prioritised actions and suggested timelines

The report will be made available to the Senior Sponsor, Principal Accounting Office and Responsible Minister upon request

**A presentation** to the Chair, Board and Chief Executive summarising key outcomes and actionable steps.

**A transparent process** to share the honest findings with the MMOB, enabling presentation of the executive summary report, and if required the full report to the Senior Sponsor, Principal Accounting Officer (PAO), and relevant Ministers, if requested and in line with Cabinet Office guidelines.

**Timeline**

The BER must conclude by end April 2025, with the final report and recommendations presented to the Board by 14 May 2025.

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

Name	Role (link to stage/s resource will work on)	Grade	Daily rate	# of days	Cost

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Name	Role (link to stage/s resource will work on)	Grade	Daily rate	# of days	Cost

<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

#### 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 £36,000, 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>
Complete stakeholder interviews, review of documentation and observation of Board meeting		
<b>B (additional stages can be added)</b>		
Complete draft reporting and initial review with the business delivery team. Complete final reporting and present to the Board. Final debrief with SRO / MMO delivery team		
<b>Expenses</b>		
	£-	-
<b>Grand total</b>	£36,000	

#### 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 progress of the project through weekly meetings between the Business Area and Supplier

### **Feedback and satisfaction**

Business Area and Supplier to hold Weekly check-in calls as specified above in '5. Governance and Reporting' for the duration of the engagement.

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**

As per overarching MCF2 framework NDAs.

## **6. Exit management**

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

Upon completion of the work the Supplier will provide the Final report to the Business Area.
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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.

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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	<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>

