

## 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 #	DPEL_61545_011		
Extension?	N	DPEL Ref.	N/A
Business Area	Environment Agency		
Programme / Project	EA VfM Efficiency Review		
Senior Responsible Officer	[REDACTED]		
Supplier	PA Consulting		
Title	VfM Efficiency Review Process and Toolkit set-up		
Short description	<p>Following a Value for Money (VfM) Review in spring 2021 by the Cabinet Office, the EA has been working on Value for Money (VfM) to implement the recommendations from the Review. The EA now needs to continue to demonstrate VfM and is mindful of the current economic situation and pressure on government spending. As directed by EDT we need to develop an organisation-wide approach for identifying, assessing and prioritising efficiencies to yield productivity improvements (noncashable benefits) and cost savings (cashable benefits). The EA does not currently have the tools or resources in-house to be able to take a consistent view across current change programmes to compare relative efficiencies and identify new efficiencies that could be implemented, at the speed at which we need to do this. We therefore need to employ a consultant to support us.</p> <p>During this 8 week programme we will be working with PA Consulting to:</p> <ol style="list-style-type: none"> <li>1. Determine and set-up a common approach to assess VfM and potential efficiencies across the EA via a VfM toolkit</li> <li>2. Utilise the common approach to assess EA highlighted efficiencies through four internal EA business boards.</li> <li>3. Develop a prioritised programme of efficiencies.</li> </ol>		
Engagement start / end date	04/11/2022	12/01/2023	
Funding source	RDEL		
Consultancy Spend approval reference	F/2223/0651		





## 1. Background

Recent economic events, including COVID-19 and Brexit, have had a profound effect on the UK, and the size and shape of public institutions required to support the public. Furthermore, with the recent change of government, there will likely be further scrutiny of public sector expenditure and a drive to achieve efficiencies across all major government departments.

The Environment Agency (EA) is seeking to set-up a Value for Money (VfM) workstream across the organisation in order to provide a robust organisational-wide approach to highlight, compare and assess efficiency opportunities. The EA is seeking support to set up a VfM process across all of its internal business boards, to develop a supporting VfM toolkit, and to help the internal boards use these approaches to assess and prioritise opportunities.

## 2. Statement of services

### Objectives and outcomes to be achieved

To support the development of an organisational-wide approach for identifying, assessing and prioritising efficiencies, the desired outcomes of this project are to:

- Engage and empower the whole EA by working through the Business Boards (x4) to own the VfM programme for their areas of the organisation
- Help build an enduring capability through VfM process and toolkits, alongside knowledge transfer
- Identify the right efficiencies that build confidence in there being a robust VfM approach and narrative that delivers cashable and non-cashable benefits

Therefore, the overall objectives of this project are to:

1. Determine and set-up a common approach to assess VfM and potential efficiencies across the EA.
2. Utilise the common approach to assess EA highlighted efficiencies through four internal EA business boards
3. Provide an initial output showing an organisational view of the assessed efficiencies

### Scope

The scope of the work consists of three phases (8 weeks – excluding 2 weeks over the Christmas period):

Phase 1: Project start up and initiation (1 week) 12.5% of budget

Phase 2: Develop and adapt a VfM process and toolkit (3 week) 37.5% of budget

Phase 3: Support initial assessment of opportunities (4 week) 50% of budget

#### **Phase 1: Project start up and initiation**

The objective of this phase is to establish a joint VfM team to ensure effective implementation of process and tools. This will underpin the production of a comprehensive narrative about VfM across the EA, and provide greater clarity on the proposed outcomes and approach to value for money.

The key activities during this phase include:

- Develop a project plan with timeline, milestones and outputs.
- Work with EA to set up and agree governance and stakeholder engagement approach.
- Identify a shared vision and ambition for efficiencies.
- Review existing work including your GiA review, ALB review, VfM draft framework and Continuous Improvement milestones.
- Review and understand your strategic priorities & focus areas.

#### **Phase 2: Develop and adapt a VfM process and toolkit**

The objective of this phase is to set up a VfM process that is underpinned by a clear methodology that the EA can adopt to capture improvements, shape opportunities and deliver efficiency savings, driven by information from Business Boards. This will also include a VfM toolkit that provides a consistent and reusable approach to identify, prioritise, manage, track & monitor efficiencies. The use across the EA of the VfM process, and supporting toolkit, will be clearly set out and communicated to the EA.

The key activities during this phase include:

- Develop an efficiency strategy and a clear efficiency methodology.
- Propose an implementation approach for short, medium and long-term opportunities.

- Develop a supporting toolkit including opportunity templates, relevant efficiency levers, efficiency priority matrix, and if appropriate, an efficiency visualisation tool.
- Develop an approach to track and monitor efficiencies.

### Phase 3: Support initial assessment of efficiency opportunities

The objective of this phase is to develop a prioritised programme of efficiencies (existing and new) that can be implemented in the short, medium, and long term & deliver cashable and non-cashable benefits. This will contain a proposed 5 year programme of actions that will be embedded into the EA. Key activities required are:

- Review opportunities and assess using VfM process and toolkit (designed and implemented from Phase 2).
- Work with key stakeholders to develop a draft list of efficiency opportunities.
- Develop a programme of actions and agree this with key stakeholders from the EA.

### Risks

- Availability of EA resources and other stakeholders to the programme.
- Acceptance and buy-in of approach from internal EA boards.
- Availability of supporting data and information.
- Ability to build / obtain consensus on overall evaluation approach.






### Assumptions and dependencies

- A list of efficiency opportunities that are identified by the Executive Director Team (EDT)
- A list of efficiency opportunities identified by each Business Boards (assuming they differ from EDT list).
- Provision of other relevant documents from EA.
- Stakeholders available for workshops.
- Access to supporting documents that provide additional narrative for EA efficiency opportunities.
- Availability of project manager to provide ongoing support, including scheduling stakeholder meeting and providing timely access to key stakeholders for reviewing and approving content.
- Access to information and data regarding efficiency opportunities.

### Deliverables

- Joint team efficiency approach document
- VfM Process description.
- VfM Toolkit consisting of opportunity templates, cost reduction methodology including a selection of cost reduction levers, efficiency definitions, efficiency prioritisation matrix, an efficiencies visualization tool (if appropriate), an efficiency heatmap diagram and supporting training modules (max 3 knowledge share sessions).
- EA Efficiency Output Summary.

Deliverable	Success Criteria	Milestone / Date	Owner (who in the delivery team?)
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Joint Team Efficiency	Document clearly setting out approach and process for establishing a joint VfM team, including approach for developing a comprehensive and	30 <sup>th</sup> November 2022	
<b>Deliverable</b>	<b>Success Criteria</b>	<b>Milestone / Date</b>	<b>Owner (who in the delivery team?)</b>
Approach Document	regularly updated narrative about VfM in the EA, their outcomes and the approach to value for money.		
VfM Process Description	Clearly set out process and methodology that effectively captures improvements, opportunities and efficiency savings applied to opportunities identified by Business Boards	30 <sup>th</sup> November 2022	
VfM Toolkit	Toolkit that is tailored and appropriate for EA that can be used consistently across the EA that identifies, prioritises and manages efficiencies	30 <sup>th</sup> November 2022	
EA Efficiency Output Summary	Prioritised list of quantified efficiencies that is split between short, medium and long term, and cashable and non-cashable benefits	13 <sup>th</sup> January 2022	
<b>Internal Capability Development Outcomes</b>			
Training and capability building of staff	Continuous engagement and involvement of key stakeholders throughout delivery to ensure effective capability of staff.	Throughout – training package developed	
<b>Social Value Outcomes</b>			

### Limitations on scope and change control

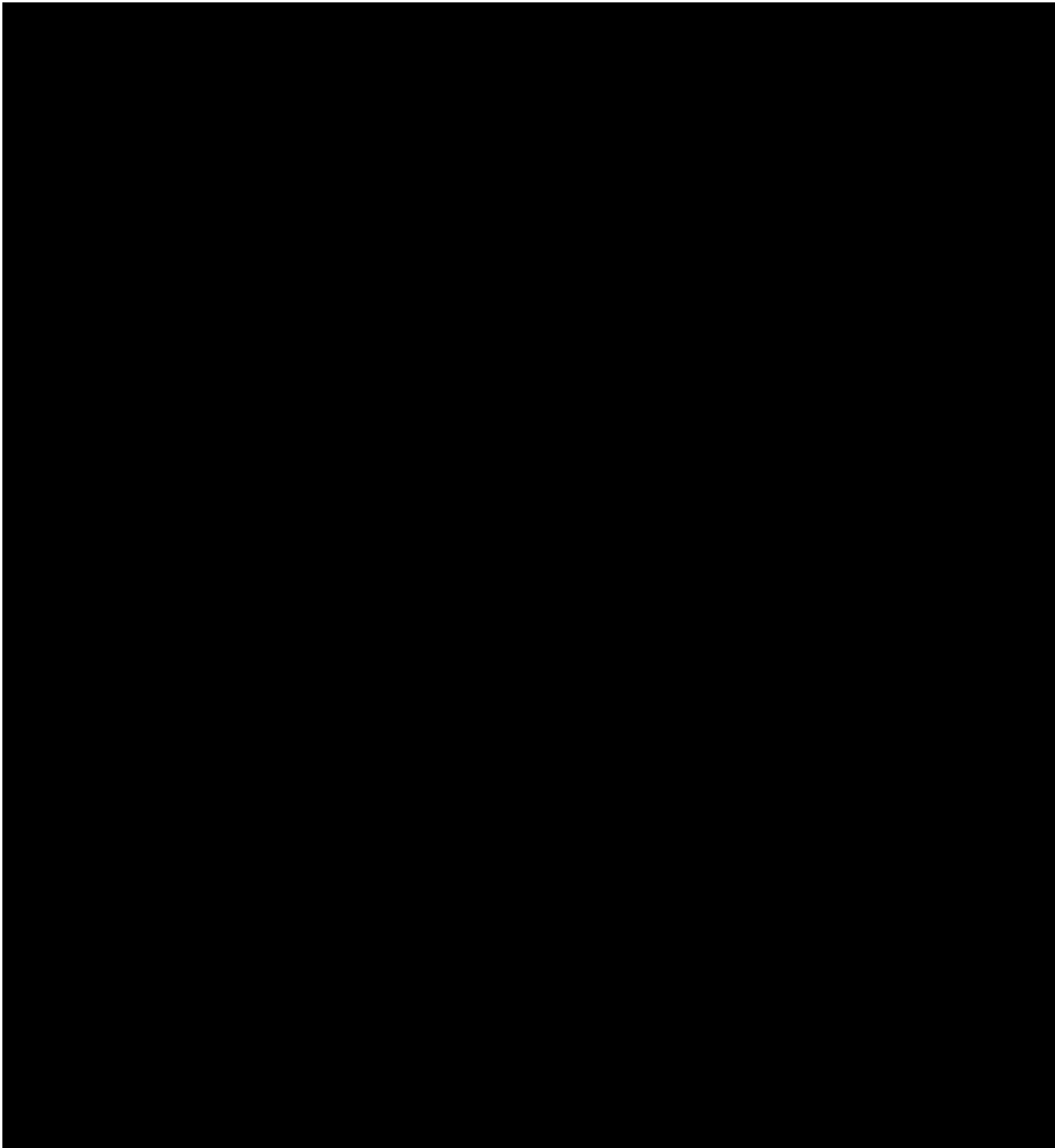
Unless instructions to the Supplier are later amended in writing, the work undertaken will be restricted to that set out above. In providing the services detailed above, the Supplier will be acting in reliance on information provided by the Business Area.

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.

This Project will be undertaken on a time and materials basis to a capped ceiling of £236,840.

For the avoidance of doubt time is not of the essence. **3.**

### Delivery team



**Business Area's team**

-	[Redacted]
I	[Redacted]



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 £236,840, inclusive of expenses and excluding VAT. This payment will be charged monthly to align with key deliverables as follows:

100

### Expenses statement

## Payment

Defra Project Engagement Letter V 1.0

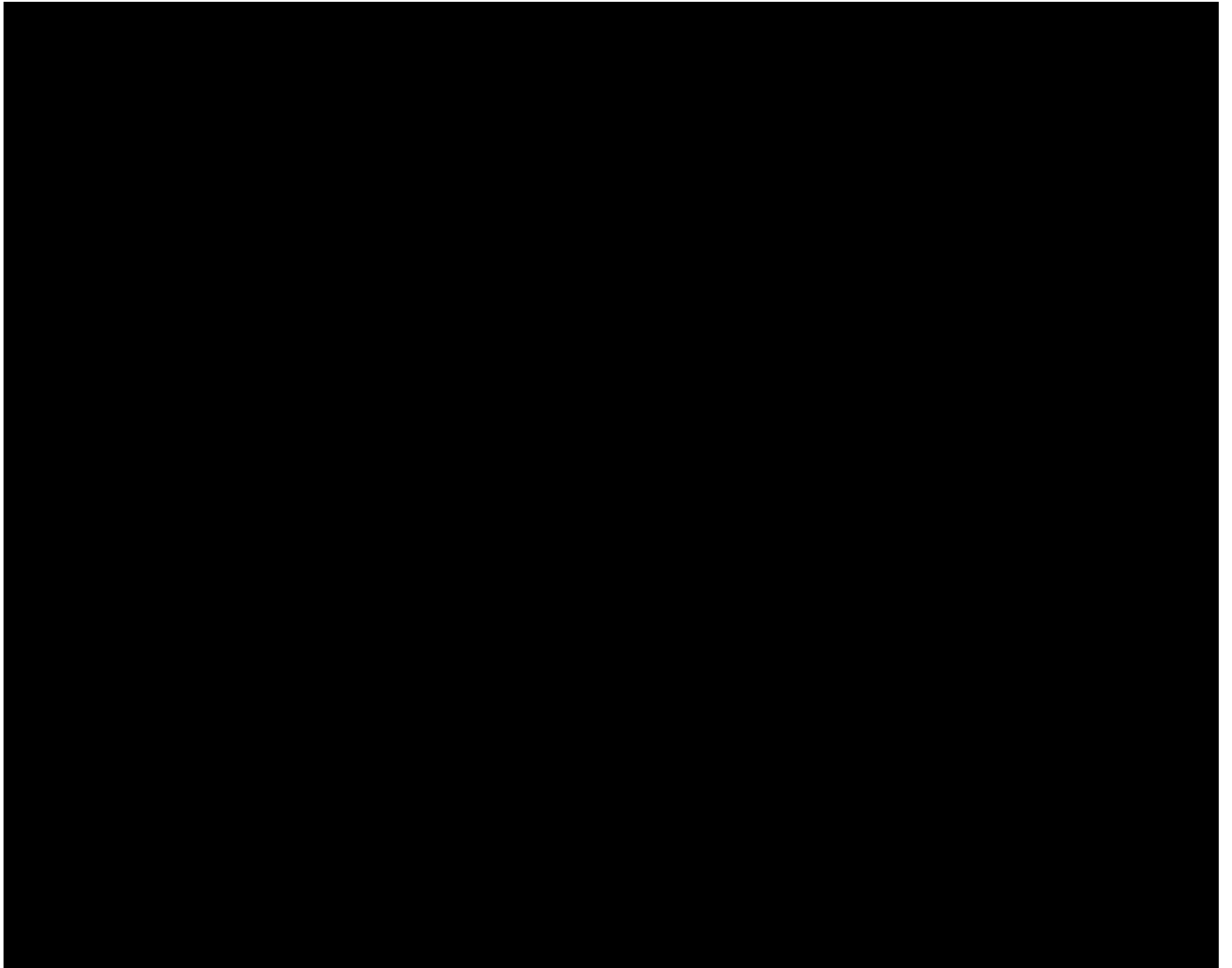


## 5. Governance and reporting

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
- Midway Gate review to assess progress against outputs on the w/c 27<sup>th</sup> of November

## Key Performance Indicators



### 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

N/A. The overarching MCF2 framework include relevant NDAs.

## 6. Exit management

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

Upon exit, the supplier will:

- Provide a handover note setting out the location of all final deliverables

- Undertake a (minimum) 1 hour handover meeting with the Defra team
- Provide a final summary of hours worked and associated invoices

## 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. [REDACTED] 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>



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