

ORDER

| | |
|---------------------------|--------------------------------------|
| ORDER NO: SER/0647 | Date of Order: 4 January 2017 |
|---------------------------|--------------------------------------|

(To be quoted on all correspondence relating to this Order)

| | |
|---|---|
| <p>FROM (Customer):</p> <p>Water Services Regulation Authority Centre City Tower 7 Hill Street Birmingham B5 4UA</p> <p>Customer's representative: Ian Bannon</p> <p>T: +44 (0) 121 644 7762 E: ian.bannon@ofwat.gsi.gov.uk</p> | <p>TO (Contractor):</p> <p>CPC Project Services LLP Quality House 5 - 9 Quality Court Chancery Lane London WC2A 1HP</p> <p>Contractor's representative: [REDACTED]</p> <p>T: +44 (0) 207 539 4750 [REDACTED]</p> |
| <p>SERVICES TO BE DELIVERED TO:</p> <p>Ofwat, Centre City Tower, 7 Hill Street, Birmingham, B5 4UA</p> | <p>INVOICE ADDRESS:</p> <p>finance@ofwat.gsi.gov.uk</p> <p>or</p> <p>Finance Team Water Services Regulation Authority Centre City Tower 7 Hill Street Birmingham B4 5UA</p> |
| <p>Any Contract arising from this Order shall be governed by the Call-Off Terms and Conditions as set out in the Ofgem Framework Agreement for Economic, Financial and Related Consultancy Services, between the Gas and Electricity Markets Authority and CPC Project Services LLP with effect from 1 September 2015; the Customer's Invitation to Tender dated 24 November 2016 and clarification paper (attached at Appendix A); the Contractor's tender dated 9 November 2016; and any enhancements thereto and provisions expressly listed herein.</p> | |
| <p>Description of Services Requirement:</p> <p>Programme Management Office (PMO) Centre of Excellence – Project Management (PROC.01.0536)</p> <p>Service Category</p> <p>Economic, Financial and Related Consultancy Services – 6A: Project Management</p> | |

Programme: Compliance & Assurance

Security Requirements

This Contract is subject to the satisfactory completion of Baseline Personal Security Standards clearance. All BPSS verifications should be complete within two weeks of the Contract Commencement Date.

Contract Period

The Commencement Date shall be 11 January 2017.

The Contract end date is expected to be 31 March 2017; unless extended or terminated earlier in accordance with the Contract.

Charges

Charges per Working Day

The table below provides the Charges per Working Day for each grade of Staff involved in the performance of the Services.

| Framework Grade | Maximum Framework Daily rate (£) | Charges per Working Day * (£) for Contract |
|---------------------|----------------------------------|--|
| Partner | £950 | £800 |
| Managing Consultant | £800 | £700 |
| Principal | £700 | £650 |
| Senior Consultant | £650 | £600 |
| Consultant | £550 | £450 |

*A Working Day is based on 8 hours

In line with the Framework Agreement all Charges shall be fixed for the term of the Framework Agreement.

Contract Price

The capped Contract Price for the project is **£84,350** (excluding VAT and travel and accommodation) and the breakdown is attached at Appendix B.

The capped Contract Price payable by the Customer for the project will only be exceeded by agreement between the parties. Such agreement will only be given by the Customer where cost overruns have arisen as

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a result of the work involved being over and above that reasonably anticipated prior to the commencement of the Contract.

Where the resource costs incurred by the Contractor in performing the Services falls below the quotation as set out in Appendix B, the Contractor shall invoice the Customer for the actual value of the Services provided according to the charging structure described in the Order Form.

The Deliverables which satisfactorily address any points raised by the Customer (including points raised on previously submitted first drafts) and their acceptance by the Customer will signify successful completion of that phase of the project.

Any travel and accommodation must be in accordance with Ofwat's standard travel and accommodation rates as attached at Appendix C as updated and amended from time to time. Any agreed travel and accommodation required in connection with the Contract will be reimbursed on acceptance of receipts and where appropriate a mileage log.

The Customer will not pay for:

- Any items which it regards as part of the Contractor's overheads (for example; word-processing, secretarial time, cost of faxes and telephone charges);
- Any expenses not authorised in advance by the Customer's project manager;
- Travelling time unless the Customer's project manager has authorised in advance the payment of travelling time.

The Charges are all inclusive with the sole exceptions of:

- Disbursement for travel and accommodation expenses;
- Value Added Tax.

Key Deliverables and corresponding Delivery Dates

The Contractor is required to provide the following Key Deliverables by the following Deliverable dates:

| Key Deliverables | Delivery Dates |
|---|---------------------|
| 1st draft of How To Guides | By 27 January 2017 |
| Final How To Guides | By 3 February 2017 |
| 1st draft of development of PPM Lifecycle | By 10 February 2017 |
| Final development of PPM Lifecycle | By 24 February 2017 |
| 1st draft of design PPM skills assessment | By 10 March 2017 |
| Final design PPM skills assessment | By 24 March 2017 |

Invoicing and Payment

Payment will be due upon Acceptance by the Customer of the Deliverables in accordance Clause 3 of the schedule 5 Call off terms. Any travel and subsistence claims need to be invoiced monthly in arrears.

| Key Deliverables | Percentage of capped Contract Price excl VAT and travel and accommodation |
|---|--|
| On acceptance of final How To Guides | 33% |
| On acceptance of final development of PPM Lifecycle | 33% |
| On acceptance of final design PPM skills assessment | This payment shall be calculated by deducting the above payment from the total costs, which shall be determined in accordance with the pricing arrangements described above. |

Payment will be made electronically via Banks Automated Clearing Services (BACS). Any payment will be in accordance Clause 3 of the schedule 5 Call off terms.

All invoices shall contain the following information:

- the Order number (as stated above);
- a summary of the Services; and
- the line value; total value excluding Value Added Tax (VAT), the VAT percentage and total value including VAT.

The Customer shall pay the Contractor within thirty (30) calendar days of receipt of a valid invoice, submitted in accordance with the payment profile set out above and the provisions of this Contract.

Invoices must not contain the Contractor's terms and conditions, nor can reference be made to the Contractor's terms and conditions. Invoices with the Contractor's terms and conditions printed on them or referred to therein will not be accepted by the Customer.

Customer's Key Personnel

Ian Bannon – Project Manager

Contractor's Key Personnel

[REDACTED]

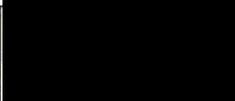
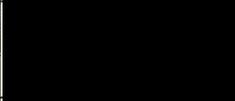
Variation to Contract

Any amendments to the Contract must be agreed in writing in accordance with the provisions of the Variation Form at Appendix 1 of the Schedule 5 – Call off Terms and Conditions.

Formation of Call Off Contract

BY SIGNING AND RETURNING THIS ORDER FORM THE CONTRACTOR AGREES to enter into a legally binding contract with the Customer to provide to the Customer the Services specified in the Order Requirements set out in this Order Form incorporating the rights and obligations in the Call-Off Terms and Conditions set out in the Framework Agreement entered into by the Contractor and the Gas and Electricity Markets Authority effective from 1 September 2015.

For and on behalf of the Contractor:

| | |
|-----------|---|
| Name |  |
| Position |  |
| Signature |  |
| Date | 16.01.2017 |

For and on behalf of the Customer:

| | |
|-----------|---|
| Name | <i>Levent Suer</i> |
| Position | <i>GENERAL COUNSEL, JTO COMPLIANCE & ASSURANCE</i> |
| Signature |  |
| Date | <i>15/1/17</i> |

Appendix A

Clarification – Written Questions and Answers to the ITT Document

| No. | Submitted | Question | Answer | Answered |
|-----|------------------|---|---|------------------|
| 1 | 02/12/2016 12:52 | The requirement to develop a skills assessment framework (section 2.2) refers to providing you with the ability to understand current levels of PPM skills within Ofwat. Could you confirm that the intention of this requirement (and the associated deliverable in section 2.5) is to enable a one-off skills assessment to be undertaken, rather than the provision of an enduring skills assessment capability. Many thanks, | The requirement (and the associated deliverable in section 2.5) is to enable a one-off skills assessment to be undertaken. | 05/12/2016 15:20 |
| 2 | 02/12/2016 15:46 | Q1. Can you please provide: * All documents listed under Section 1.4 of the RfP, with the exception of Business Plan and Forward Programme * OFWAT Governance Framework (including Lifecycle Outline), so we may understand scale of scope. Q2. Please provide details of your current approach to talent management / learning & development. Q3. Please explain the drivers of your proposed timeframe for the engagement including relevant critical milestones in your Corporate Plan. Is there flexibility to extend the schedule? Q4. How much of your own PMO resource will be available to support delivery of the engagement? Q5. Can you please indicate your budget? | Q1. Section 1.4 included in ITT in error. Further information to be provided to successful supplier upon contract commencement. Q2. Ofwat's approach to learning and development is a blended approach of online, face to face learning and we utilise the Civil Service Learning framework. Further information to be provided to successful supplier upon contract commencement. Q3. The timeframe for implementation is driven by the desire to implement the requirements set out in the ITT by the end of the financial year. Q4. A number of PMO resources will be able to support delivery of engagement. The head of PMO centre of excellence will be primarily resourced to assist delivery. Q5. We expect potential Contractors to price appropriately for the work required. | 05/12/2016 17:59 |
| 3 | 03/12/2016 18:53 | In the ITT Document Page 8 Section 1.4 suggests that the following are attached: Programme Health Checks, Review of Programme Boards and PR19 Delivery Model Overview. We cannot find these attachments in the portal - can you please assist/clarify how we might be able to access these as they will greatly assist us in bidding. | Section 1.4 included in ITT in error. Further information to be provided to successful Contractor upon contract commencement. | 05/12/2016 18:00 |
| 4 | 05/12/2016 15:31 | Do you have a preference as to how our response should be presented? i.e. Word format, page limits, etc. | We don't have a preference. Contractors can present their response in whatever way they feel is appropriate. | 06/12/2016 09:30 |

| No. | Submitted | Question | Answer | Answered |
|-----|------------------|--|--|------------------|
| 5 | 05/12/2016 15:47 | <p>1. Would you be amenable to a proposal which changes the order of the first two sets of deliverables whilst adhering to the overall timetable? In our experience it is better to have the PPM Lifecycle complete ahead of producing the How to Guides and we are keen to avoid you having to pay for unnecessary rework. 2. Section 2.2 refers to the development of a PPM lifecycle How to Guides but then later states the requirement as to develop processes and guidance for each element of the programme lifecycle. Could you confirm if the requirement is to develop How to Guides for the programme lifecycle only or also for project and portfolio? 3. Could you confirm that training associated with the deliverables is out of scope for the assignment? 4. Section 1.4 identifies 4 documents as being attached: a. PPM Maturity assessment b. Programme health checks c. Review of programme boards d. PR19 Delivery model overview However only the first of these is attached. Are you able to provide the others? 5. In relation to the skills assessment, is the requirement to deliver the assessment tool only or to undertake the assessment too? If the latter, could you indicate how many people would be required to be assessed?</p> | <p>1. Yes we would be amenable to this. 2. The requirement is to produce how to guides for selected areas of project and portfolio. 3. Training is out of scope of the deliverables. 4. Section 1.4 included in ITT in error. Further information to be provided to successful Contractor upon contract commencement. 5. The requirement is to deliver the skills assessment tool, not undertake the assessment.</p> | 06/12/2016 09:31 |
| 6 | 06/12/2016 12:22 | <p>Please confirm the context for which the PPM Maturity Model Assessment dated July 16 was undertaken i.e. was this completed by Rebekah Eden directly or was it completed using the P3M3 self-assessment model? Can you also confirm the assessment was made across an equal number of stakeholders working at portfolio, programme and project level within Ofwat?</p> | <p>The PPM maturity assessment was undertaken using the P3M3 assessment framework using an equal number of stakeholders.</p> | 07/12/2016 10:13 |
| 7 | 06/12/2016 11:17 | <p>How will the User Guides be distributed? If it is, for example, via the intranet then do you expect the documents' style and format to be optimised for that medium?</p> | <p>We envisage the user guides will be primarily word documents stored on our intranet using our Sharepoint system. User Guides will need to be in Ofwat house style and sufficient time should be allowed for that.</p> | 07/12/2016 10:22 |

| No. | Submitted | Question | Answer | Answered |
|-----|------------------|---|--|------------------|
| 8 | 06/12/2016 18:10 | The ITT requests contractor experience: Change management experience to aid the organisation to embed new ways of working. Which one of the deliverables requires the application of change management skill. E.g. should the PPM Lifecycle design include recommendations and/or plans for embedding the practice? | We feel that an understanding of change management will aid the development of the deliverables in the way that material is developed and presented. IT does not apply to any one specific deliverable. | 07/12/2016 21:33 |
| 9 | 06/12/2016 18:12 | 1) Please would you explain, or provide an example, of how PRINCE2(R) or MSP(R) do not fit the policy environment or where discipline is not tight enough when using these methods. Ref page 7 while these methods are credible, they are not suitable to the policy environment in which we work. Invariably we either end up with individuals wanting to adhere strictly to PRINCE2 methodologies, or do not demonstrate a tight enough discipline when managing their programmes. 2) Also please can you expand on why you would not want individuals to adhere strictly to PRINCE2(R) etc. methods? We have our own experience in this area but clearly we need your perspective. Are there cultural, social or career reasons why adherence to an industry methodology is valued? 3) What would you say are the enablers and barriers to the embedding of the Lifecycle and the guidance that will be written? | 1) We do not feel that strict adherence to these methodologies is appropriate to this organisation as it could restrict our approach to delivery. 2) This is an organisational approach and wish to have a more tailored solution to our environment. 3) This detail will be given during contract commencement. | 07/12/2016 21:34 |
| 10 | 07/12/2016 12:45 | Please could you tell us the names and number of high level stages your PPM lifecycle currently follows? | Initiate, Setup, Execution, Evaluation. | 07/12/2016 21:35 |
| 11 | 07/12/2016 15:00 | Can you please confirm what IT systems and software you currently have in place and if there are any plans to implement new systems in the future? | The main IT system relevant to this piece of work is our sharepoint system, we will use to store the relevant documentation developed. | 08/12/2016 10:33 |
| 12 | 07/12/2016 15:09 | Do you have a tool/system that underpins your processes? If so, what is it? e.g. KeyedIn, JIRA, etc. | We do not have a system. | 08/12/2016 10:34 |
| 13 | 07/12/2016 15:13 | What is the size and shape of the communities in your organisation: Project Management, Programme Management, Portfolio Management, Change Management, Business Analysis and PMO? | The PMO consists of 16 employees. With approx 45 project managers across 7 programmes. | 08/12/2016 10:34 |

Appendix B

Contract Price breakdown

| Key Personnel | Day rates (£) * | Estimated time inputs in Days | Total excluding VAT and travel and accommodation |
|--------------------------------|-----------------|-------------------------------|--|
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| Capped Contract Price £ | | | £84,350 |

*A Working Day is based on 8 hours

Appendix C - Travel and Accommodation rates

Receipts must be submitted with all claims and must be in accordance with these rates

Accommodation:

Paid on actual expenditure within the following prescribed ceilings:

| | |
|-------------------|------|
| London | £165 |
| Elsewhere | £115 |
| Private residence | £25 |

These rates cover a 24 hour period for accommodation only, inclusive of VAT, receipts must be submitted.

Mileage Rates:

25p per mile

A mileage log must be submitted (to/from, mileage/date, to see/purpose)

Rail Travel:

The actual cost of public transport (normally rail) may be reimbursed. Economy Class (second class) rail tickets should be purchased.