

Defra Group Management Consultancy Call off Contract: Project Engagement Letter













Completed forms and any queries should be directed to Defra Group Commercial (DgC) at [REDACTED]. 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_61540_012				
Extension?	N	DPEL Ref.			
Business Area	Biosecurity, Borders and Trade Programme				
Programme / Project	Border Target Operating Model (TOM)				
Senior Responsible Officer	[REDACTED]				
Supplier	McKinsey & Company, Inc. United Kingdom				
Title	Supporting enhancement of the TOM model				
Short description	Provide enhancements to Defra's existing TOM analytical model. To include mapping perspectives of stakeholders who rely on the model, obtaining input from Defra analysts. To scope, build and test a refreshed analytical model. To hand model over to Defra for future use.				
Engagement start / end date	22/05/2023	16/06/2023			
Consultancy Spend approval reference	CGB Approved 24/05/2023				
Expected costs 23/24	£300,000				
Expected costs 24/25	£0				
Expected costs 25/26	£0				
Dept. PO reference	TBC				
Lot #	Lot 1 (Strategic Consultancy)				
Version #	0.1				

Approval of Project Engagement Letter

By signing and returning this cover note, Borders, Biosecurity and Trade Programme accepts the contents of this Project Engagement Letter as being the services required and agrees for McKinsey and Company, Inc. United Kingdom to provide the services in accordance with the agreed Supplier Proposal under the overarching contract ([REDACTED]), 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: _____ <i>Signature</i>	By:  _____ <i>Signature</i>
For and on behalf of McKinsey & Company, Inc. United Kingdom  	For and on behalf of Biosecurity, Borders and Trade Programme  	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

1. Background

The Target Operating Model will establish a new risk-based and proportionate regime for import health controls on regulated goods from all trade partners which enter Great Britain. Significant infrastructure and resourcing from government will be required to implement the controls established under the TOM, and it is essential to have confidence in the accuracy of the analysis and estimates which will underpin the decision to proceed with this infrastructure and resource. There is a reputational risk to government if, after several delays, the infrastructure and resource provided to deliver the TOM are a mismatch with actual trade flows and check volumes.

2. Statement of services

Objectives and outcomes to be achieved

McKinsey, working alongside Defra analysts and with input from the key Defra stakeholders who rely upon the model's inputs to make decisions on infrastructure and resourcing requirements, to

develop an improved iteration of the TOM data model and to hand this over to Defra analysts for use and ongoing maintenance.

An integrated model of animal products, plants/plant products and live animal checks, with:

- i. Range of uncertainty based on sensitivities built in
- ii. Central assumption control panel to allow dynamic modelling of the impact of policy changes
- iii. Time-based and geographical variation
- iv. Translation into FTE requirements to inform PHA and APHA resourcing decisions
- v. Easy-to-use outputs for other relevant HMG departments

Scope

A 4-week project to scope, design and produce an improved version of the TOM data analytical model. The enhancements to the model will increase Defra decision makers' confidence that they are making TOM delivery decisions based on the best analysis that can be produced from the available data.

Assumptions and dependencies

Senior Defra sponsorship of the effort that will allow Defra stakeholders and other HMG stakeholders to make time for the project team (to include 2 meetings with BBTP leadership – first at mid-project, second at final Steering Committee).

Access to policy, operational, economic advisors in Defra to input on assumptions.

Future owners of the modelling from Defra (minimum 1 full-time analyst with a line manager) to collaborate on the model development, to ensure knowledge transfer and to conduct handover.

Access to Defra's existing data and models on animal products, plants and plant products, non-tariff measures and resourcing.

Approval from HMRC and APHA (and other government departments/arms' length bodies where necessary) to share input data that is used in the modelling – noting the sole purpose of the data's use will be for the modelling

Access to Costain to translate the modelling outputs into infrastructure capacity requirements and test infrastructure assumptions during the project.

Risk management

Available analytical resource from Defra will not be sufficient to support McKinsey's work.
Engage with analysts before project commences to ensure that this work is prioritised, and request SCS-level contact to ensure that high priority of this work is communicated from above.

APHA and HMRC will not grant McKinsey full access to the data they seek.
APHA is an executive agency of Defra and should comply if Defra requests them to share their resource modelling data. Ask APHW plant health analysts to line up with APHA and ensure that data is provided. McKinsey is permitted to hold Official Sensitive (non-personally identifiable information) data from HMRC and McKinsey is under NDA with HMRC. APHW analysts to reach out to them about whether McKinsey can have access to data, given cross-HMG interest in ensuring Defra gets its resourcing and infrastructure for SPS controls right.



McKinsey will require access to wider Defra policy, operational and economic expertise as they develop their model. BBTP and APHW are working at capacity to deliver final TOM for publication and will have limited bandwidth to engage with McKinsey.

Clear steer required from BBTP SCS that the McKinsey work is a high priority for the Directorate considering the critical decisions which follow the work. Early engagement with seniors to explain task / confirm availability and liaise with McKinsey to help them make the right connections.

Deliverables

Describe what the supplier will produce:

Deliverable	Success Criteria	Milestone / Date	Owner (who in the delivery team?)
Project Stage A			
Preliminary model built, with further refinements to be made outlined		02/06/2023	
Initial findings presented at mid-project update		02/06/2023	
Next steps for project team and Defra colleagues to complete project		02/06/2023	
Project Stage B			
Final model handed over to working team owner		16/06/2023	
QA plan to maintain model moving forward		16/06/2023	
Report summarising key findings		16/06/2023	
Internal Capability Development Outcomes			
Ongoing sharing of knowledge and best practices to ensure capability building to be followed by full handover of model to Defra working team owner	Defra analysts and decision makers understand the revised model, its improvements and how to utilise/maintain it	16/06/2023	
Social Value Outcomes			

Limitations on scope and change control

Business Area / Supplier to supplement with any additional areas, as deemed appropriate.

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.

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	# of days	Cost
██████████	All stage gates	Consultant			
██████████	All stage gates	Consultant			
██████████	All stage gates	Consultant			
██████████	All stage gates	Consultant			
██████████	All stage gates	Partner			

<p>Total resource</p> <p><u>Total days*</u> Engagement Length**</p> <p>*Total days worked across all resources</p> <p>**Total working days in engagement</p>	
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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 £300,000, inclusive of expenses and excluding VAT.

Stage	Cost	Due (link to milestone dates)
A		DD/MM/YY
<ul style="list-style-type: none"> Preliminary model built, with further refinements to be made outlined Initial findings presented at mid-project update Next steps for project team and Defra colleagues to complete project 		02/06/23



Stage	Cost	Due (link to milestone dates)
B (additional stages can be added)		
<ul style="list-style-type: none"> Final model handed over to working team owner QA plan to maintain model moving forward Report summarising key findings 	£300,000	16/06/23
Expenses		
Included within fixed fee		
Grand total	£300,000	16/06/23

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. DEFRA has followed all relevant procurement laws in entering into this Project Engagement Letter. Subject to any applicable public procurement laws, DEFRA agrees that the services provided under this Project Engagement Letter will not prohibit McKinsey in participating in any future procurement carried out by DEFRA and that DEFRA will act in a transparent and proportionate manner not to favour or disadvantage McKinsey in any such procurement

5. Governance and reporting

Project duration is only four weeks, and there will be both an update meeting after two weeks and a full presentation and report to Defra seniors at the project's completion.

██████████ will maintain regular contact with McKinsey to resolve any minor engagement and governance issues.

Key Performance Indicators

Business Area and Supplier to agree any specific key performance indicators related to this specific project engagement.

KPI	KPI Requirement	Description	Reporting Frequency	Who Measures	Method of Measurement	Performance Target

Feedback and satisfaction

Defra and McKinsey to arrange weekly 90-minute discussion to update on progress and address any roadblocks.

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

It is not expected that there will be a need for any additional NDAs for this project. The overarching MCF2 framework includes NDAs.

6. Exit management

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

Describe what the supplier will produce upon existing the project engagement:

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:
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"> ▪ DPEL agreed ▪ DPEL signed: Supplier, Dept and CO ▪ Purchase Order number 	<ul style="list-style-type: none"> ▪ Work can start ▪ Supplier can invoice for work

