

## Consult 18: Multidisciplinary Consultancy Services Service Level Agreement (SLA) (Order Form)

### Framework details

Title: Consult 18: Multidisciplinary Consultancy Services  
 Reference: **SBS/17/SG/ZMC/9266**  
 Framework Duration: 3<sup>rd</sup> July 2018  
 Framework End Date: 2<sup>nd</sup> July 2022 (extended 6 months until 2<sup>nd</sup> Jan 23)  
 NHS SBS Contacts: [Redacted]

### Service Level Agreement details

This Service Level Agreement (SLA) is between the following parties and in accordance with the Terms and Conditions of the Framework Agreement.

Period of the Service Level Agreement (SLA)	Effective Date	1 <sup>st</sup> October 2022	Expiry Date	30 <sup>th</sup> September 2024 (with 2 x 12-month extension periods permitted)
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Unless otherwise agreed by both parties, this SLA will remain in force until the expiry date agreed above. If no extension/renewal is agreed and the customer continues to access the supplier's services, the terms of this agreement shall apply on a rolling basis until the overarching Framework expiry date.

### Supplier SLA Signature panel

The "Supplier"	
Name of Supplier	Ernst & Young
NHS SBS Supplier Reference #	[Redacted]
Name of Supplier Authorised Signatory	Partner
Job Title of Supplier Authorised Signatory	[Redacted]
Address of Supplier	[Redacted]
Signature of Authorised Signatory	[Redacted]
Date of Signature	[Redacted]

### Customer SLA Signature panel

The "Customer"	
Name of Customer	Defra
Name of Customer Authorised Signatory	[Redacted]
Job Title	Senior Commercial Officer
Contact Details email	[Redacted]
Contact Details phone	[Redacted]
Address of Customer	[Redacted]
Signature of Customer Authorised Signatory	[Redacted]
Date of Signature	[Redacted]

This service level agreement shall remain in force regardless of any change of organisational structure to the above named authority and shall be applicable to any successor organisations as agreed by both parties.

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[nsbs.nhsbusinessservices@nhs.net](mailto:nsbs.nhsbusinessservices@nhs.net)

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### 1. Agreement Overview

This Agreement represents a Service Level Agreement ("SLA" or "Agreement") between **Ernst & Young** and **Defra** for the provision of Multidisciplinary Consultancy Services. This Agreement remains valid until superseded by a revised agreement mutually endorsed by both parties. This Agreement outlines the parameters for all Consult 18: Multidisciplinary Consultancy Services covered as they are mutually understood by the primary stakeholders.

The Framework terms and conditions (including the specification of service) will apply in all instances, unless specifically agreed otherwise by both parties within this document.

### 2. Goals & Objectives

The **purpose** of this Agreement is to ensure that the proper elements and commitments are in place to provide consistent C Consult 18: Multidisciplinary Consultancy Services to the Customer by the Supplier. The **goal** of this Agreement is to obtain mutual agreement for Multidisciplinary Consultancy Services provision between the Supplier and Customer.

The **objectives** of this Agreement are to:

- Provide clear reference to service ownership, accountability, roles and/or responsibilities.
- Present a clear, concise and measurable description of service provision to the customer.

### 3. Stakeholders

The primary stakeholders from the Supplier and the Customer will be responsible for the day-to-date management of the Agreement and the delivery of the service. If different from the Authorised Signatory details listed on page 1 of this Agreement, please provide the names of the **primary stakeholders** associated with this SLA.

**Multidisciplinary Consultancy Services Supplier Contact:** [REDACTED]

**Multidisciplinary Consultancy Services Customer Contact:** [REDACTED]

### 4. Periodic Review

This Agreement is valid from the **Effective Date** outlined herein and is valid until the **Expiry Date** as agreed.

## 5. Service Requirements

### A. Services Provided

Please detail the service(s) that will be provided by the Supplier to the Customer

**Lot: 6**

#### Background to the requirement

##### Project background

The Authority is looking for a supplier to continue to provide to Defra the services of a Financial Adviser for the Thames Tideway Tunnel (TTT) project.

The overall outcome required from the financial adviser is that the Defra TTT team can provide Ministers with high-quality, sound advice on the progress of the TTT project, the risk of calls on the GSP, recommended courses of action, and the financial and other implications (including for taxpayers' interests) that takes account of the interests of Thames Water's customers and UK taxpayers.

The financial adviser will work closely with and report to the TTT Project team within Defra, managed and led by a Deputy Project Director, Government lawyers, and the Infrastructure and Projects Authority. The financial adviser will also be working closely with Defra's other external advisers in relation to the GSP, including but not limited to legal advisers, insurance advisers and Defra's Technical Adviser.

Thames Tideway Tunnel project

The Thames Tideway Tunnel (TTT) is a huge private sector project, costing over £4 billion, and is being financed and delivered by Bazalgette Ltd (trading as Tideway).

London's Victorian sewerage network lacks the capacity to meet the city's modern-day needs, meaning that during heavy rainfall events the network can discharge raw, untreated sewage into the tidal Thames. The TTT Project is modernising London's sewerage system and will deliver environmental and economic benefits to the UK's capital for generations. The project has been designed to help manage the problem of untreated sewage overflowing from the capital's sewers via combined sewer overflows (CSOs) and is intended (once completed) to enable the UK to meet the requirements of the Urban Waste Water Treatment Directive (UWWTD).

The TTT is a major new 'super' sewer, which is 25km long, and will intercept, store and transfer sewage waste away from the River Thames. Starting in Acton, West London, and the tunnel will travel through the heart of London at depths of between 30 and 60 metres, using gravity to transfer waste eastwards. The project is split into three sections across 24 construction sites, East, Central and West with a different joint venture delivering each section and is due for completion in 2025. The tunnel has been designed to operate in conjunction with the Lee Tunnel and Beckton sewage treatment works. Thames Water sewerage customers are paying for the tunnel through their bills. Government will only contribute if certain high impact, low likelihood events occur to trigger the Government's contingent financial support package ('the GSP').

Despite the impact of Covid-19, the project is just under 80% complete. Costs have risen above the original forecast [REDACTED] The tunnelling phase is expected to be complete in 2023 when the testing and commissioning stage will commence.

The Government Support Package

Government has provided a package of contingent financial support to the TTT, known as the Government Support Package (GSP). This was done to enable the project to attract private sector finance at a cost that is reasonable to customers. The GSP has been designed to cover low probability, high impact risks which the market cannot bear at a reasonable cost to customers or at all.

The GSP provides support in the following five areas:

- supplemental compensation (SCA) to cover risks that exceed the level of insurance the commercial market is able to provide and where any of the agreed insurances becomes unavailable as a result of market events;
- a market disruption facility (MDF), where Government agrees to lend the infrastructure provider money on commercial terms, should the debt capital markets become unavailable;

- a contingent equity agreement (CESA), where if costs escalate beyond a pre-agreed (remote) threshold and the infrastructure provider is unable to provide further equity, Government can inject equity in return for a stake in the project (Government can also choose to discontinue the GSP instead);
- a special administration agreement (SAOA), whereby if the infrastructure provider is in special administration for more than 18 months, the Government either has to offer to purchase the entire share capital in the infrastructure provider or to discontinue the GSP; and
- a discontinuation agreement (DA), under which the terms of compensation after a government-imposed discontinuation are set out.
- Contracts giving effect to the GSP were signed by Government and Tideway on the 24th of August 2015. The GSP will remain in place until the project is finished and accepted by the operator.

## **Customer Objective**

### **Scope of requirement**

The financial consultants' role will be to advise Defra on:

- the financial risks that any financial, commercial, or operational decisions by Tideway pose to the taxpayer and Government's interests under the GSP;
- the quarterly financial reporting arising from the Liaison Agreement by Tideway and Thames Water to the Liaison Committee, and provision of written and oral briefing on the same to Defra ahead of each Liaison Committee meeting;
- the regular reporting under the Finance Documents and provision of written and oral briefing on the same to Defra;
- the regular reporting under the Shareholders Direct Agreement (SDA) and provision of written and oral briefing on the same to Defra;
- any Security Trust and Inter-creditor Deed (STID) Proposals received by Government and advice on the financial implications and associated risks;
- the exercise of Government's rights and obligations under the Finance Documents;
- the validity of any predicted overrun identified by Tideway and financial aspects of the mitigation plan prepared by Tideway;
- the financial implications and risks in relation to:
  - o any variation submitted by Tideway or Thames Water under the Liaison Agreement;
  - o any proposed amendments to the project documents, the GSP or the Finance Documents;
  - o any dispute under the dispute resolution procedures in the GSP or the Liaison Agreement;
  - o any "remedy event" or "failure event" under the Discontinuation Agreement (including whether such event has occurred) and any proposed remediation plan;
  - o any breaches by the project parties of the GSP or any project documents or Finance Documents;
  - o the alliance and incentive regime for the TTT project;
  - o any decisions on reserved matters under the SDA;
  - o any project completion plan submitted by Tideway under the SDA;
  - o any report received from the Independent Technical Assessor (ITA) under the ITA Deed; and
  - o Government's rights and obligations under the GSP, the Finance Documents and Liaison Agreement;
- whether the risk of a call on the GSP has increased and confirmation as to whether any defined key risk indicators or escalation triggers have been met in respect of the SCA, MDF, DA, SAOA or CESA;
- whether a market disruption event has occurred and whether the market has resumed under the MDF;
- the value of equity where Government commits to contributing equity under the CESA and associated ongoing valuations;
- whether certain breaches, defaults or other events have a material adverse effect on any right or liability of the Government under the GSP or the ability of Government to perform its obligations under the GSP or have the effect of materially increasing the likelihood of a call under the GSP;
- any actions or steps the Government could take to reduce the risk of call on the GSP and the costs, benefits and risks of different courses of action. The consultants will be expected to work with the Defra Technical Adviser (DTA), other internal and external advisers (including the IPA), particularly in analysing any mitigation plan that Tideway may be required to produce, and to provide any financial modelling required;
- where a call on the GSP arises, general financial implications and particular steps to reduce Government exposure;
- the risks associated with any hedging (of interest rates, inflation and/or currency) transactions (entry into or termination of) proposed by Tideway and management of the Government's associated exposure under the GSP;

- the compliance of Tideway's financing with the financing principles in the DA;
  - where there is a possibility of a discontinuation trigger arising, advice on what alternatives there might be, the feasibility of completing the TTT project and likely scale of investment needed to complete the TTT project, analysis of likely hedging breakage costs, analysis of likely compensation payable, development of cost-benefit case for discontinuation and alternative solutions (working in particular with Defra economists);
  - the actual compensation amounts owing to Tideway under the DA following a discontinuation of the GSP;
  - Government's ongoing payment obligations under the DA following a discontinuation, including assistance with amounts due to Tideway;
  - the risks of Tideway going into Special Administration, including risks to Tideway's investment grade rating, likely investor behaviour, as well as on appropriate mitigation measures and responses, and, if Tideway is placed in Special Administration, on factors to take into account in deciding whether Government should make an offer to purchase Tideway (including the appropriate value and conditions of such offer) or discontinue the GSP;
  - any internal governance reports and documentation that may be required in relation to any of the above;
- and
- any other issue, event, right, obligation or information in relation to the TTT project for which Defra requires financial advice.

Defra expects the consultants to demonstrate the following for the purposes of this role:

- an understanding of the UK water and waste water sector (direct experience of projects in the regulated utility sector would be an advantage), including the broad contractual, statutory and regulatory frameworks governing the TTT project;
- an understanding of the financial and commercial issues raised by the GSP, in the context of the TTT project, and the policy issues involved;
- the skills, experience and knowledge to advise and negotiate effectively on very large scale and complex project financing structures;
- the skills, experience and knowledge to advise effectively on very large construction projects, including complex incentive and alliancing structures with multiple contractors;
- the ability to advise on finance documents and the interaction with the GSP;
- knowledge of utility whole business securitisations and associated financing principles, including relevant rating agency criteria;
- the ability to advise on the potential implications of any amendment, waiver and consent proposal requests to be made under finance documents and any associated increased risks of a call under the GSP;
- detailed level of understanding and experience of hedging transactions, particularly in complex major infrastructure projects;
- the ability to work efficiently to tight timescales in pressurised circumstances to deliver quality outputs, and to work collaboratively with Defra's in-house lawyers, policy officials from Defra, the IPA, and Ofwat, as well as Defra's external commercial legal, insurance and technical advisers;
- strong business and commercial management experience including the ability to build and maintain a correctly balanced team, taking into account skills, expertise and delivery (at the appropriate level), and managing-out any conflicts of interest;
- the ability to work on a high-profile project with a high degree of confidentiality;
- a robust team structure, matching the right individuals with the appropriate skills and including a process to ensure resilience of the team and access to the necessary skills and experience not covered by core advisers; and
- the ability to communicate succinctly both orally and in writing at all levels up to board level, within Government and with external advisers and stakeholders.

## B. Business Hours

Suppliers are required to provide and operate a single point of contact through which the Customer can contact the Supplier



## C. DBS

The Customer should detail the level of DBS check requirement

BPSS

## D. Price/Rates

Total Estimated Contract Value: up to a maximum of £200,000 over four years. This contract will be based on times & materials and outcomes provided by the Contract Manager. As per the framework agreement, the rates are inclusive of; all travel expenses and subsistence, all technical staff and staff involved in secretarial, accountancy, administrative or other supporting duties, overheads and postage, delivery of documents, telephone calls and similar incidental expenses. The Maximum Day Rates are based on a Working Day consisting of eight (8) hours (excluding breaks) and shall be inclusive of travel & related expenses to the Base Location. The Supplier shall not charge for any more than eight (8) working hours in one day.

Should any additional travel or expenses be required outside of the base location, they must be approved beforehand by the Contract Manager and in line with the Defra Travel Policy. Anything not approved will be rejected and unpaid.

Please provide details of the agreed pricing, based on

Supplier Name	Service Lot	Lot Number	Job Title	Weighting (%)	Maximum Day Rate (£) – Ex VAT
EY	Finance	Lot 6	Partner/ Director/ Accountant	5	██████████
EY	Finance	Lot 6	Managing Consultant / Associate Director	8	██████████
EY	Finance	Lot 6	Management Accountant	8	██████████
EY	Finance	Lot 6	Principal Accountant	8	██████████
EY	Finance	Lot 6	Senior Accountant	4	██████████
EY	Finance	Lot 6	Accountant	4	██████████
EY	Finance	Lot 6	Junior Accountant	3	██████████

Rates will be fixed for the first two years and over the life of the contract are subject to an increase in line with CPI index up to a maximum of 2%, if agreed with the contract manager and commercial.

#### E. Sub-contracting

Subcontracting of services by Suppliers is allowed, both to Framework suppliers and to non-Framework suppliers. Any Supplier sub-contracting will be fully responsible for ensuring standards are maintained in line with the framework and this SLA.

N/A

#### F. Management Information (MI)

Suppliers should provide Management Information as standard on a monthly basis. Customers should detail any additional management information required and the frequency of provision here.

In review meetings with the contract manager

#### G. Invoicing

Please detail any specific invoicing requirements here

Invoices can be submitted upon confirmation of satisfactory completion of the work set out monthly, by the contract manager.

The invoices must include the purchase order number (to be supplied) and should be submitted to ██████████

#### H. Complaints/Escalation Procedure

The standard procedure is detailed below

In the first instance, the Customer and Supplier should work together and attempt to resolve any issues locally. Should this approach fail to result in a satisfactory outcome for the Customer, the issue should be escalated to NHS SBS. NHS SBS will then attempt to resolve the issue to the satisfaction of the Customer. Should this approach not result in a satisfactory outcome, the Customer may decide to terminate the Service Level Agreement.

#### **I. Audit Process**

Please detail any Customer audit requirements

Customer does not wish to conduct an onsite audit due to the short sprint of this work, however the work and process may be audited by the NAO at any given time.

#### **J. Termination**

The standard procedure is detailed below

Persistent failure by the Contractor to meet the agreed service levels as specified within the SLA may lead to the Contract being terminated or alternative Contractor(s) being appointed by the Customer to maintain levels of service

Prior to termination the complaints and escalation procedure should be followed to attempt to resolve any issue. Should suitable resolution not be achieved, the Customer will be allowed to terminate the SLA immediately.

### **6. Other Requirements – Key performance Indicators**

Please list and agree the key requirements of the service



**A. Variation to Standard Specification**

Please list any agreed variations to the specification of requirements

None

**B. Other Specific Requirements**

Please list any agreed other agreed requirements

None

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