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VARIATION TO CONTRACT FORM

Contract title	**: Delivery of Official Controls in Approved Establishments in England and Wales (Lots 1-6)**
Contract Reference	**: FS101227**
Variation No	**:18 Date: 10/05/2022**
Between	**: The Food Standards Agency (the Authority) and Eville & Jones (GB) Ltd (the Contractor)**

1. The Contract is varied as follows: Price and Scope

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Variation Overview

Changes in the wider veterinary market, primarily as a result of EU Exit, have led to an increase in the cost of delivering the FSA Delivery of Official Controls (FSADOC) service. In response to these pressures, this contract variation provides an uplift for agreed cost lines for Year 2 and Year 3, totalling a maximum of £5.5m. These additional funds will help the supplier to continue the delivery of this critical service, supporting the ongoing recruitment and retention of key roles in an increasingly challenging market. All additional funding will be paid as a cost pass through, on agreement of this variation via the payment mechanism, subject to the controls in place and within the soft cap limits set out in Annex 1.

The Payments are in consideration of and subject always to the following ongoing terms and obligations (which shall apply in addition to and without limitation of the existing obligations of the Contractor and rights of the Authority set out in the Contract).

The Payments must be used by the contractor solely for the agreed line items and in accordance with the following provisions:

- Full year Profit and Loss, and Resource forecasts with a comparison to the agreed revised costs in the format specified by FSA.
- A full explanation of material variances each month must include:
  - Clear identification of the cost pressures being met by the Contractor.
  - P&L should only cover the managed service contract costs and income (including any variations).
  - Required for both 21/22 and 22/23.
  - Narrative to understand the cost involved without breaching data protection requirement.
- Refreshed version of the current headcount and contracted hours information with salary data without breaching GDPR.
- Full year cash flow forecast for both financial years 21/22 and 22/23 in the format agreed with the Authority.
- The Contractor agrees and acknowledges that full transparency over the expenditure by the Contractor of the Payment (subject to GDPR legislation). This will include, without limitation, a regular and detailed review by the Authority of the Contractors' data on salaries which must be provided to the Authority in accordance with and without limitation to the provisions of Clause 37 (Open Book Accounting) of the Contract.
- The Contractor will fully co-operate with the conduct by the Authority of any review of the Contract and Payment and its impact on the Issue which will be shared with the Authority's Executive Management Team.

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FSA will pay up to the soft cap limit on a cost pass-through basis, with none of the additional costs being included in any profit calculation. If this is expected to be exceeded E&J must notify and provide evidence to FSA who will consider on a case-by-case basis with reference to affordability, VFM and appropriate approvals.

Veterinary Resourcing Model Support

1. E & J will waive any post termination restrictive covenants that may otherwise apply due to the FSA being a customer of E&J
2. E & J will waive any early employee termination penalties that may apply to an OV and that would otherwise apply
3. E & J will support the FSA with any handover of OVs being insourced (up to the agreed 25%)
4. E & J will support the FSA with any internal communications (within E&J) in regard to the insourcing
5. E & J have offered the option for the services of their internal recruitment team (on discounted commercial rates) to support the FSA recruit (TR)NOVs from overseas markets either as part of the insourcing project, or to fill attrition

E & J will seek reasonable assurances from the FSA, including:

1. Any outstanding vehicle lease commitments would be covered in the event that the OV being insourced has a company car, and E & J are unable to reassign it
2. Repayment of outstanding loans that the OV may have at time of leaving E&J (excluding any visa related costs) up to a maximum of £1500.
3. The provision of a minimum of 4 months' notice, before the date at which the insourcing will occur, to enable a smooth handover which may include any direct or indirect resource backfilling (this is aimed at ensuring a smooth transition)
4. The FSA would not try to prevent another E&J group company employing any OV (or any other E&J employee) who applied for a role that was being advertised by the company, or if the employee had already tendered their resignation working on the FSA contract.

Partial Termination for Convenience

This Clause shall replace the existing Clause 8.4 (and related clauses) relating to termination for convenience.

The Authority has the right to terminate any part or parts of this Contract for convenience that will enable the Authority to in source circa 25% (in total, across all lots) Full Time Equivalent Official Veterinarians (based on the tender hours), at any time, and without liability for compensation or damages (save for that detailed in the above 'Veterinary Resourcing Model Support'), and on notice to the Contractor to be served no later than four (4) months prior to the date upon which such partial termination for convenience is to take effect.

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Financial Audit Recommendations

Recommendations to be reviewed and agreed between Eville & Jones and Food Standards Agency. FSA will establish an action plan and timeline for implementation of the agreed recommendations by 30th June 2022 after reasonable consultation with E&J.

Standstill Clause
Paragraph 1.5 of Part B (Employment Exit Provisions) of Schedule 8 (Staff Transfer) of will remain in place [redacted]

2. Words and expressions in this Variation shall be given the meanings given to them in the Contract.

3. The Contract, including any previous Variations, shall remain effective and unaltered except as amended by this Variation.

Signed:

For the Authority		**For the Contractor**	
Signature:	[redacted]	Signature:	[redacted]
Name:	[redacted]	Name:	[redacted]
Title:	Chief Executive	Title:	CEO
Date:	19 MAY 2022	Date:	10th May 2022

PROCUREMENT TEAM ONLY
Update SharePoint & e-sourcing portal with variation number, dates & value, add copy of variation, redact & add to Contracts Finder. Science Only:- Update Teams SERD/SEF Master Spreadsheet

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Annex 1 – Agreed Soft Cap Amounts

Year 2	Validated Agreed Soft Cap Amount £k	Payment Mechanism	Controls
OV & MHI Visa (Year 2 element)	[redacted]	Paid in arrears based on actuals	Evidence of cost and SP numbers must be provided
Pre-deployment	[redacted]	Paid in arrears based on actuals	Evidence of cost and SP numbers must be provided
English Tuition	[redacted]	Paid in arrears based on actuals	Evidence of cost and SP numbers must be provided
RCVS Subscriptions 21/22	[redacted]	Paid in arrears based on actuals as at 23/04/21	Evidence of cost and SP numbers must be provided

Year 3 (to be paid with Year 2 final payment)	Validated Agreed Soft Cap Amount £k	Payment Mechanism	Controls
OV Visa Year 3 (paid upfront)[1]	[redacted]	Based on Actuals	Evidence of cost and SP numbers where available or visa application must be provided. E&J will pass on any refunds for Visas paid by FSA
MHI Visa Year 3 (paid upfront)[2]	[redacted]	Based on Actuals	Evidence of cost and SP numbers where available or visa application must be provided. E&J will pass on any refunds for Visas paid by FSA
Year 2 & 3 Costs Paid in Year 2 Total	**1,490**		

[1] The visa ties the person to E&J GB as the sponsor and to the job of OV as the reason for the visa.
[2] The visa ties the person to E&J GB as the sponsor and to the job of MHI as the reason for the visa.

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Year 3	Agreed Soft Cap Amount £k	Payment Mechanism	Controls [3]
RCVS Subs 22/23	[redacted]	To be paid on actuals at a point in time.	Amount set at start of year, E&J manage new starters and refunds. Evidence of cost and SP numbers must be provided
OV Enhancement	[redacted][4]	Paid as a fixed monthly amount of £[redacted]k with the same verification checks as in 21-22, for May 22 to March 23	Reconciliation mid-year and at end of financial year with reimbursement to FSA if unutilised funds remain
OV Visa Year 3	[redacted]	Paid in arrears based on actuals	Evidence of cost and SP numbers where available or visa application must be provided. E&J will pass on any refunds for Visas paid by FSA.
OV Pre-deployment	[redacted]	Paid monthly in arrears based on actual OV starters	Grant Thornton have validated a fixed pre-deployment cost which will be used to calculate the cost using the number of staff. This would be supported by SP numbers
English Tuition Year 3	[redacted]	Paid in arrears based on actuals	Evidence of cost and SP numbers must be provided
MHI Visas Year 3	[redacted]	Paid in arrears based on actuals	Evidence of cost and SP numbers or visa application must be provided. E&J will pass on any refunds for Visas paid by FSA
MHI Pre-deployment	[redacted]	Paid monthly in arrears based on actual MHIs starters	Grant Thornton have validated a fixed pre-deployment cost which will be used to calculate the cost using the number of staff. This would be supported by SP numbers

[3] Evidence is required that staff continue to work on the FSA contracts such as timesheet hours.
[4] The total agreed cost for OV Enhancement is £[redacted]k, £[redacted]k was paid in April 22, bringing this figure down to £[redacted]k for May 22 to March 23.

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Visa Specialist	[redacted]	Paid monthly with regular review on the allocation to FSA contract	Review allocation to the contract during monthly finance meeting
NMT Costs	[redacted]	Paid in equal, fixed monthly amounts in arrears	Review allocation to the contract during monthly finance meeting
Skilled Worker Visa Statutory Minimum Increase to MHI Rate for staff who started in Y2	[redacted]	Paid in equal monthly amounts in arrears less the impact of leavers	Reviewed during monthly finance meeting using a tracker for staff who started in Y2 using a list of leavers and subsequent replacements
Skilled Worker Visa Statutory Minimum Increase to MHI Rate for staff who started in Y3	[redacted]	Paid monthly in arrears based on actual MHIs starting during Yr3 on a o25 skilled worker visa	Reviewed during monthly finance meeting using a tracker for staff who started in Y3 using a list of leavers and subsequent replacements
Year 3 paid in Year 3 Total	**4,033**		

Total Value of Variation	**5,523**