



Defra Group Management Consultancy Framework: Project Engagement Letter

Completed forms and any queries should be directed to Defra Group Commercial at



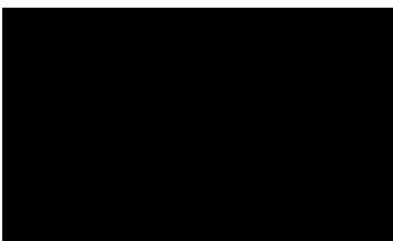
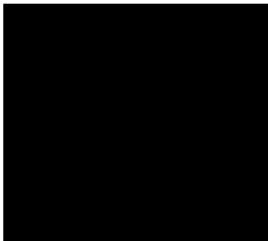
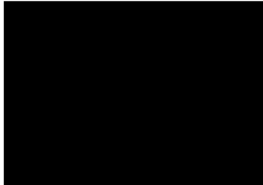



Engagement details			
Engagement ref #	DPEL_61539_005		
Extension?	N	DPEL Ref.	N/A
Business Area	Food Farming and Biosecurity Directorate		
Programme / Project	BCP Operations Cost Charging		
Senior Responsible Officer			
Supplier	Deloitte		
Title	BBT Programme-Imports BCP Operations Cost Charging		
Short description	The purpose of this consultancy is to urgently consider options for cost recovery and articulate clearly the potential economic impact and associated risks to the UK's food and other supply chains.		
Engagement start / end date	Proposed start date 06/12/21		Proposed end date 31 /01/22
Funding source	DEFRA		
Expected costs 21/22	£97,900		
Dept. PO reference	Dept. PO reference # (to allow for Defra Group recharge)		
Lot #	Lot 1 /		
Version #	0.1		

Approval of Project Engagement Letter



Department
for Environment
Food & Rural Affairs

By signing and returning this cover note, Food Farming and Biosecurity Directorate accepts the contents of this Project Engagement Letter as being the services required and agrees for Deloitte to provide the services in accordance with the agreed Supplier Proposal under the overarching contract (Lot 1 / 2 / 3 - Ref 28595), with Defra Group and confirms the availability of funding to support recharge for the services.

Signatures		
Supplier	Business Area	Defra Group Commercial
		
 Partner	For and on behalf of Defra Biosecurity, Borders and Trade Programme  Deputy Director, EU-GB Imports Delivery	Defra Group Commercial  Category Officer for Professional Services
06/12/21	04/12/21	06/12/2021
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

Supplier contact: 

Business Area contact: 

General Instructions

The Engagement Letter describes the services required and provided. When completing the Engagement Letter establish the context, explain why external support is required and distinguish between the objectives, outcomes, scope and deliverables. The rationale behind the costs should be made evident in the Fees section.

The Business Area considerations are guidance notes for the customer to support their evaluation of the Engagement Letter.

1. Background

Physical checks at Border Control Posts (BCPs) for Sanitary and Phytosanitary imports from the EU will commence from 1 July 2022.

Currently imports from non-EU countries are checked at privately operated BCPs with the costs levied on the importer. However, for the new EU checks Defra owned and operated BCPs have been built in Kent with public funds to support the busy short straits routes. The Government still expects Defra's costs of running operations (approx. £44m p/a) to be recovered and the Spending Round settlement is predicated on realising that expectation. HMRC will also recover their operational costs for their inland site activity. Defra operations costs are primarily for inspection support services; there are separate charges for Inspection services made by the inspection agencies.

Defra needs to quickly establish a cost recovery regime. The purpose of this consultancy is to urgently consider options for cost recovery and articulate clearly the potential economic impact and associated risks to the UK's food and other supply chains. Ministers have asked for advice on this issue urgently so it will need to be undertaken in a short time frame.

Some scoping work on the options for cost recovery has been undertaken by HMG over the past year, which should fully inform this work. But as we get closer to the point at border controls on imports are introduced, the options available for recovering the costs whilst at the same time managing the deleterious impact of those additional costs on traders will become more critical. A legally privileged and confidential paper on the subject is attached

The consulting team will work alongside the respective Defra and BPDG teams and a range of other stakeholders both within Government and outside. It is expected that a report with options and a recommendation will be presented to [REDACTED], Director of the Biosecurity Borders and Trade Programme within 6 weeks from the commencement of the work (expected to be 29 November 2021 at the latest).

2. Statement of services

Objectives and outcomes to be achieved

The first outputs (within 5 working days of commencement) will be an analysis of Defra and BPDG's work undertaken so far; a clearly defined scope statement for the commission; and a delivery schedule with milestones to deliver a report within 6 weeks; Indication of the project team, relevant experience and roles/contributions will also be clearly set out in this first phase of work.

Scope

Define the scope of the services (*SMART*):

This DPEL outlines the agreement of scope for Workpackage 1 outlined below:

Workpackage 1:

Deloitte will support the BCP programme and undertake the following activities:

- a) Review of cross government work done to date on charging in relation to SPS checks and associated costs
- b) Discovery work across HMG to articulate Defra options and establish a recommended approach to charging for ancillary services
- c) Research and recommendations on options for a range of charges for ancillary and other services direct to traders
- d) Peer review of assessment of charging levels by commercial ports and EU (provided by the BCP client team) and expansion of this to become an evidential basis to inform charging levels.

An initial report will be produced by 11/12/21 to provide indicative approaches based on initial analysis undertaken. Subsequent to this further analysis, review and stakeholder engagement will be undertaken to refine and revise the report and ensure that the recommendations and analysis findings are robust and appropriate.

A final report completing the analysis and recommendations in full will be produced by 7/1/22.

Whilst we will review and challenge where appropriate the base information provided on operational costs and commercial charging information, given the short timeframes we will work in good faith that these data sets are accurate and our subsequent analysis and recommendations will assume that this data is valid and inclusive of all operational costs. We will be unable to undertake detailed further data gathering on operational costs bases and as such will rely upon the data provided by the BCP programme in this regard.

As part of this DPEL we will work with BCP programme to further define and scope Work Package 2(outlined below). However delivery of this work will be subject to further agreement and commission of an additional DPEL prior to commencement.

Whilst not included for delivery under the scope of this DPEL Workpackage 2 is outlined below:

Workpackage 2 (subject to further definition and agreement)

- a) Research and report on the likely economic impact of charges to EU-GB traders for inspections and ancillary services at BCPs, focusing on POAO, Plants and Plant products (food supply)
- b) The wider economic impacts this might have on the sustainability of those businesses/sectors
- c) Research and report on the risk this might create to the UK's food supply

Assumptions and dependencies

Provide further description of the assumptions and dependencies:

Deliverables

Describe what the supplier will produce:



Deliverable	Success Criteria	Milestone / Date	Owner (who in the delivery team?)
Project Stage A			
Report/review of cross government work done to date on charging in relation to SPS checks and associated costs	Report provided at end of week one.	6/12/21	[REDACTED]
Discovery work across HMG to articulate Defra options and establish a recommended approach to charging for ancillary services. Research and recommendations on options for a range of charges for ancillary and other services direct to traders. Using the current data available from Cabinet Office and other sources on commercial port charges, validate Cabinet Office analysis on commercial port and EU charging. Use validated results as evidence base to inform Defra charging levels.	initial findings report prior to ministerial meeting expected 13 December	Initial Draft 11/12/21 Final Report 07/01/22	[REDACTED]
Project Stage B (additional stages can be added)			
Internal Capability Development Outcomes			
BBTP team briefed on outputs of research and recommendations	BBTP team able to take any outstanding issues forwards	0701/21	[REDACTED]
Social Value Outcomes			

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.

3. Delivery team



Department
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Food & Rural Affairs

Name	Role (link to stage/s resource will work on)	Grade	Daily rate	# of days	Cost
[REDACTED]	Engagement Management	Director	[REDACTED]	1	[REDACTED]
[REDACTED]	Managing Partner	Partner	[REDACTED]	1	[REDACTED]
[REDACTED]	Ports SME	Director	[REDACTED]	1	[REDACTED]
[REDACTED]	Senior Analyst	Managing Consultant	[REDACTED]	1	[REDACTED]
[REDACTED]	Analyst	Principal Consultant	[REDACTED]	1	[REDACTED]
[REDACTED]	Engagement Lead	Managing Consultant	[REDACTED]	1	[REDACTED]
TBC	Economic Analyst WP2	Principal Consultant	[REDACTED]	1	[REDACTED]

Work package 2 will be subject to spend controls and approvals and the rates will be reviewed periodically to ensure they are in line with the relevant discounts and any discounts will be applied as appropriate.

Total resource	57
<u>Total days*</u> Engagement Length**	21
*Total days worked across all resources **Total working days in engagement	

Business Area's team

[REDACTED] – Project lead [REDACTED] [REDACTED]
[REDACTED] – Project support [REDACTED] [REDACTED]
[REDACTED] – Commercial lead
[REDACTED] – Infrastructure SME

4. Fees

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 £97,900 inclusive of expenses and excluding VAT.

Stage	Cost	Due (link to milestone dates)
A		DD/MM/YY
Work Package 1 report (initial draft & finalised report)	£ £97,900	Initial Report 11/12/21 Final Report 07/01/22
B (additional stages can be added)		
Expenses		
No additional expenses will be charged	£0	
Grand total	£97,900	

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. The Supplier will keep an accurate record of time spent by staff in providing the services and provide this information and supporting narrative, if requested.

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 progress reporting.

Key Performance Indicators

KPI	KPI Requirement	Description	Reporting Frequency	Who Measures	Method of Measurement	Performance Target
1						

Feedback and satisfaction

A weekly progress meeting will be held to track delivery.

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

The overarching MCF2 framework include NDAs. Insert any additional NDA requirements here.

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:
consultancy2@defra.gov.uk
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

