

## Engagement Letter

### Advice in connection with Financial and Economic Advisor to NHS BSA in relation to NHS BSA's Selection Questionnaire for the provision of Future NHS Workforce Solution

1<sup>st</sup> December 2022

#### Parties to this Engagement Letter

NHS Business Services Authority  
Stella House  
Goldcrest Way  
Newburn Riverside  
Newcastle upon Tyne  
NE15 8NY  
**(NHS BSA, the Client, you)**

Grant Thornton UK LLP  
30 Finsbury Square  
London  
EC2A 1AG  
**(Grant Thornton, we)**

#### 1 Introduction

- 1.1 This Engagement Letter, together with our standard terms and conditions, sets out the basis on which we will undertake our role as economic and financial advisors in relation to your Selection Questionnaire (the **SQ**) for the provision of Future NHS Workforce Solution (the **Purpose**).
- 1.2 We understand that you are expecting eight separate bids from 13 distinct entities which require evaluation. This evaluation should cover each of the four steps set out in the scope below and which can be summarised as:
1. **Compliance review:** confirming that all requirements have been completed as per the instructions in the SQ.
  2. **Ratio analysis:** review of financial ratios submitted and a reconciliation of the financial information back to audited financial statements.
  3. **Qualitative analysis:** assessment of the future outlook of each bidder and their ability to raise finance and manage short term cashflow.

#### 2 Scope of engagement

- 2.1 The services that we expect to perform pursuant to our engagement (the **Services**) are set out below:
- **Step one – Compliance review:** we will conduct a compliance review of the submissions in line with the SQ guidance. This will include assessing the pass / fail responses (including assessment of mitigations) on each consortium and member of the consortium. Where information or bidders are not compliant, we will notify your Financial Evaluation Team such that you can request the corrected / additional information from the bidders if you deem that that appropriate. At the end of this phase, we will notify your Financial Evaluation Team of any bidders that we believe have failed the Compliance checks and the reason for this.
  - **Step two – Ratio analysis:** we will conduct a review of the financial ratios submitted by each bidder in the standard SQ Financial Viability Risk Assessment template. We will score the ratio outcomes in line with your methodology outlined in the SQ to indicate the risk rating of the bidder. We will include a reconciliation back to the bidder's audited financial statements. We have assumed that you will inform us as to whether each entity is a "telecoms or IT" entity and

as such will fall outside of our scope for Step two. In the event that the reconciliation exercise is not possible, we will discuss the options with you and, based on this, may send you a list of additional information to request from bidders, or advise whether mitigations may be required e.g. financial guarantees and / or whether we believe the bid is non-compliant and the reason for this. Where a bidder fails either criteria, we will assess the mitigating factors.

- **Step three – Qualitative analysis:** We will conduct a qualitative assessment against the outcomes of the nine financial ratios analysed in Step two. We will then conduct a qualitative assessment of the bidders' future outlook and their ability to raise finance and manage short term cashflow based on their supplementary written responses. This will focus on whether the bidders' plans for the future (as disclosed to us as part of the SQ submission) may materially impact the nine financial ratios assessed in the SQ. Where we have queries or need further information to support the analysis, we will send you clarifications to raise with the bidders, and will set out additional analysis that we recommend that you undertake.

- 2.2 During the course of the engagement we may show drafts of our report to you and we draw your attention to section 3.5 of the Terms and Conditions. You will bring to our attention any issues in the draft report that you wish to have clarified prior to the report being finalised. A document remains 'draft' for these purposes until it has been signed by a Grant Thornton partner or (either manually or by using an Advanced Electronic Signature such as DocuSign.
- 2.3 Notwithstanding the scope of this engagement, responsibility for management decisions will remain solely with you. The directors should perform a credible independent review of any analysis provided.

### **3 Deliverables**

- 3.1 We will provide you with a report which contains the above analysis for each consortium (and each bidder within the consortium). It will contain details of the scope of our work, the analysis undertaken including any assumptions and the score for each consortium (and bidder within) based on the outcome of the ratio work, and a summary of this across of the consortiums. If required, we will be available to attend the evaluation meeting.

### **4 Timetable**

- 4.1 Our work will take place over three weeks, commencing on 1 December 2022. We will provide you with a draft report by Thursday 15 December; subject to receiving comments by Friday 16 December, we will provide you with a final report on Monday 19 December 2022.
- 4.2 We will work with you to meet this expected timetable but point out that our ability to meet this deadline will be most notably dependent on the availability of your management team and the timeliness and completeness of the information provided.

### **5 Confidentiality, reliance and working documents**

- 5.1 Our reports and related communications including attachments (together, the **Deliverables**) will be addressed to you. We draw your attention to clause 3.4 'Liability to Addressees only' and clause 7.1 'The Addressees' confidentiality obligations' in our Terms and Conditions.
- 5.2 Notwithstanding clause 7.1 'The Addressees' confidentiality obligations' in our Terms and Conditions, we hereby agree that you may disclose our Deliverables to your professional advisers in connection with the Purpose without our prior written consent but in each case strictly on the basis that prior to disclosure you inform such parties that (i) disclosure by them is not permitted without our prior written consent, and (ii) we accept no duty of care nor assume responsibility to any to any person other than the Addressee(s).
- 5.3 We agree that the deliverables may be shared by NHS BSA in connection with its approvals process (which shall include the Strategic Outline Case, Outline Business Case, Full Business Case, and any associated stages of approval) with the Department of Health and Social Care, Cabinet Office, HM Treasury, Infrastructure and Projects Authority, and any of their associated arm's length bodies, in addition to NHS BSA's legal advisor, Hill Dickinson LLP. Such disclosure will inform such parties that (i)

disclosure by them is not permitted without our prior written consent, and (ii) to the fullest extent permitted by law we accept no responsibility or liability to them or to any person other than to the NHS BSA. We accept no duty of care nor assumes any responsibility to any person other than to the NHS BSA. Any third party who chooses to rely upon our work shall do so entirely at their own risk.

## 6 Conflicts of interest and independence

- 6.1 For transparency purposes, whilst we do not believe there to be an actual or perceived conflict of interest, we note that Grant Thornton provides audit and non audit services to NHS entities. We also may provide advisory (non audit) services to the bidders – although not in connection with this matter.
- 6.2 Although these are not deemed to constitute a conflict of interest, to further maintain the independence of the financial and economic advisory process, this engagement will be conducted by a partner and team separate to the teams that provide advisory services to the bidders.
- 6.3 By agreeing to the terms of this letter of engagement you confirm your understanding of the roles that we are undertaking and you consider that there are no conflicts of interest or independence in relation to these roles. Should a conflict of interest or independence arise then this shall be promptly disclosed to the other party and appropriate safeguards discussed. If it is not possible to put appropriate safeguards in place, either party may terminate this engagement.

## 7 Our team

- 7.1 This engagement will be led by Schellion Horn, a Partner in our London office, supported by Chris Mclean, a Partner in GT's debt advisory team. Igor Popovic will be the main point of contact. This team will be supported by others from across Grant Thornton.

Staff Member	Grade	Role
Schellion Horn	Partner	Quality assurance, general oversight of project
Chris Mclean	Partner	Debt Advisory oversight
Igor Popovic	Associate Director	Principal point of contact

## 8 Fees

Our fees for providing the Services will be £70,575 excluding VAT, based on the following assumed level of input and day rates:

Grade	£/day	Days	Total £	Assumptions
Partner				
Director / AD				
Senior Manager				
Manager				
Assistant Manager				
Analyst				
Total				

- 8.1 In the event that the estimates above are expected to be exceeded prior to finalising our engagement, we commit to providing NHS BSA with weekly reports of resources consumed versus planned, with an outline of expected additional costs.
- 8.2 Our fee invoices will be subject to VAT at the appropriate rate and will be payable by NSH BSA.
- 8.3 If applicable, out of pocket expenses, which will include travel expenses, will be added to our fees.
- 8.4 We draw your attention to clauses 4.1, 14.4 and 14.5 of the Terms and Conditions.
- 8.5 For the avoidance of doubt, we would only extend our duty of care or assume responsibility to another party upon such party entering into our reliance letter with us. Reliance will be subject to the completion and approval of Know Your Client and Anti-Money laundering checks on the particular party and the signing and returning of a letter of condition of reliance by that party, countersigned by you, and will incur an additional cost in accordance with our standard charge-out rates.

## **9 Fee assumptions**

- 9.1 In addition to above, our fees are based on the following assumptions:
  - we will have disclosed to us all relevant records and related information, and the information we require will be reliable and will be provided to us without undue delay;
  - we will receive full co-operation from all relevant personnel at, and other professional advisers to, NHS BSA; and
  - we are given appropriate access to all information and people involved in this assignment from the NHS BSA management team we reasonably require in the course of our work.

## **10 Limitation of liability**

- 10.1 We draw your attention to clause 9 'Limitation of liability' in our Terms and Conditions. The limitation of liability referred to in that clause refers to all assignments undertaken by us for you in relation to the Purpose, whether the subject of this Agreement or another engagement letter/agreement.
- 10.2 Some of the Information used in the Services and which will be incorporated into the Deliverables has been provided by third parties. We will not verify the accuracy or completeness of any such Information. There may therefore be errors in such Information which could impact on the content of the Deliverables. No warranty or representation as to the accuracy or completeness of any such Information or of the content of the Deliverables relating to such Information is given nor can any responsibility be accepted for any loss arising therefrom.
- 10.3 You are solely responsible for assessing whether the Services and the results of the Services would meet your specific requirements or fulfil a specific purpose, even if such requirements or purpose are specified by you.

## **11 Data Protection**

- 11.1 We may need to Process Personal Data about you and individuals associated with you (such as clients, staff, trustees and others), which could include the following: personal identification and contact details, employment related information or financial data. We will hold the Personal Data as Data Controller. Our privacy notice on our website ([www.grantthornton.co.uk/en/privacy](http://www.grantthornton.co.uk/en/privacy)) contains further details as to how we may use, process and store Personal Data.

## **12 Terms and conditions**

- 12.1 The detailed Terms and Conditions, version: T&C 04-20 apply to the Services as if they were set out in this Engagement Letter and should be read and understood in conjunction with it as they form an important and integral part of the overall terms of our Agreement.
- 12.2 Please follow this link [T&C 04-20](#) to access the Terms and Conditions. Alternatively refer to the "Terms and conditions" link at the bottom of our website ([www.grantthornton.co.uk](http://www.grantthornton.co.uk)) A hard copy of our Terms and Conditions is available upon request.

**13 Acceptance of terms**

13.1 We should be grateful if you would confirm your instructions by signing and returning a copy of this Letter of Engagement.

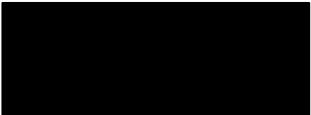


GRANT THORNTON UK LLP

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I accept the terms of this Agreement for and on behalf of NHS Business Services Authority:

Signed: ..... Date: .....



Full Name: John Polson  
Job Title/Role: Senior Commercial Manager  
Date Signed: 02/12/2022