

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_010	
Extension?	No	DPEL Ref.
Business Area	Biosecurity, Borders, and Trade Programme (BBTP)	
Programme / Project	Border Target Operating Model (TOM)	
Senior Responsible Officer	[REDACTED]	
Supplier	McKinsey & Company, Inc. United Kingdom	
Title	Target Operating Model Analytical Assurance	
Short description	Review of analytical processes and underlying assumptions underpinning the estimates for import volumes, checking volumes, infrastructure requirements, resourcing requirements and costs to business associated with the new Border TOM. Preliminary identification of key decisions that are impacted by the findings of the TOM modelling.	
Engagement start / end date	24 April 2023	5 May 2023 (inclusive)
Consultancy Spend approval reference		
Expected costs 23/24	£10,000	
Expected costs 24/25	£0	
Expected costs 25/26	£0	
Dept. PO reference	Dept. PO reference # (to allow for Defra Group recharge)	
Lot #	Lot 1 (Strategic Consultancy)	
Version #	0.1	

Approval of Project Engagement Letter

By signing and returning this cover note, the Biosecurity, Borders and Trade Programme accepts the contents of this Project Engagement Letter as being the services required and agrees for McKinsey & Company, Inc. United Kingdom to provide the services in accordance with the agreed Supplier Proposal under the overarching contract (Lot [1 - Ref 28595), with Defra Group and confirms the availability of funding to support recharge for the services.



Signatures

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

Defra seeks to obtain assurance of the analytical processes and assumptions behind the TOM estimates via commissioning external expertise to undertake a deep dive with Defra analysts to review the work which underpins the TOM.



McKinsey will work with analysts to jointly explore the TOM work and the adequacy of the data sets and confirm whether/where differences in approach to data and analysis would have arisen and whether/where they have identified any errors or omissions in the analysis.

Scope

First week – confidence assessment of analysis

- Review data source robustness, and identify any information or data gaps
- Review assumptions and methodology behind TOM modelling
- Conduct interviews with key insight stakeholders (e.g., Defra analysts, other relevant staff or department leadership) to understand underlying assumptions and methodology
- Schedule interviews with senior Defra stakeholders on the big decisions required and implications / how the analysis will be used
- Review conclusions derived from Defra analysis, identifying any gaps or potential risks

Second week – finalise report and presentation for meeting with BBTP

- Draft report with perspectives on level of confidence of existing analyses conducted by Defra analysts
- Outline suggested remedial action to be undertaken to enhance confidence in analysis
- Complete interviews with senior Defra stakeholders on the big decisions required and implications / how the analysis will be used
- Identify key decisions that are dependent on the TOM modelling, e.g., choices related to resourcing or infrastructure
- Prepare supporting materials for final presentation to the Defra BBTP Senior Leadership Team

Assumptions and dependencies

As the source data itself cannot be shared, assumption that discussions with analysts will allow sufficient insight to complete the work.

Risk management

Risk that Defra officials will not have sufficient capacity to fully engage. Can be mitigated via senior steer that this work is to provide critical validation to TOM estimates and should be prioritised and aligning project timing with availability of analytical resource.

Deliverables

1. A presentation of consultant's findings to the Defra BBTP Senior Leadership Team (senior officials from Defra Animal and Plant Health and Welfare may also request to attend).
2. A concise report (not more than 10 pages) which would identify where consultant would have taken a similar approach and where it would have taken a different approach to analysis, and implications for overall confidence. The report should also highlight where large uncertainty has outsized consequences and make recommendations on how to increase confidence and reduce potential risks.
3. A preliminary list of decisions that are impacted by the findings of the TOM modelling.



Deliverable	Success Criteria	Milestone / Date	Owner (who in the delivery team?)
Project Stage A			
Project report, not to exceed 10 pages		5 May	
List of key decisions impacted by the findings on the Target Operating Model		5 May	
Presentation of findings to senior Defra officials		5 May	
Project Stage B (additional stages can be added)			
Internal Capability Development Outcomes			
Social Value Outcomes			

Limitations on scope and change control

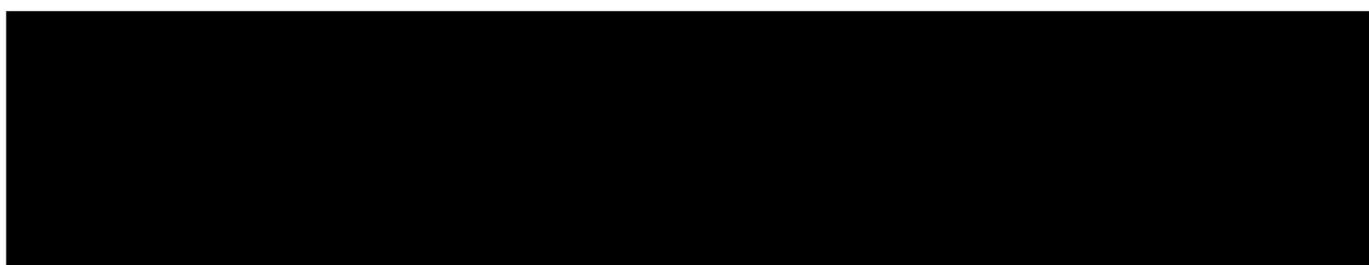
Defra analysts will discuss the data sources with McKinsey. The terms of the data sharing agreement under which Defra obtains unpublished Customs data from HMRC do not permit any onward sharing.

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.

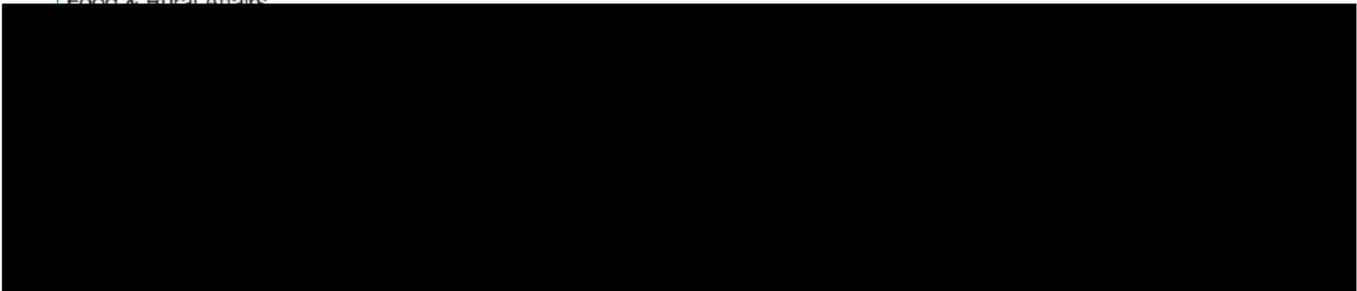
3. Delivery team

Provide details of the agreed team members including their roles and responsibilities during the project.





Department
for Environment
Food & Rural Affairs



Total resource <div style="text-align: center;"> <u>Total days*</u> Engagement Length** </div>	
*Total days worked across all resources **Total working days in engagement	

Business Area's team

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 [REDACTED] inclusive of expenses and excluding VAT.

Provide costs for any particular stages to the engagement.

Stage	Cost	Due (link to milestone dates)
A		DD/MM/YY
<ul style="list-style-type: none"> Project report, not to exceed 10 pages List of key decisions impacted by the findings on the Target Operating Model Presentation of findings to senior Defra officials 		05/05/23
B (additional stages can be added)		
Expenses		
Included within fixed fee		
Grand total		05/05/23

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

The project will not last more than two weeks. Any governance issues should be raised with [REDACTED]

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:
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

