

## **Crown Commercial Service**

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### **Call Off Order Form for Management Consultancy Services**

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**FRAMEWORK SCHEDULE 4**

**CALL OFF ORDER FORM**

**UKEF Financial Reporting Changes Phases 3 and 4**

**Project 1161**

**MCF2 - Lot 4 Strategic Consultancy Services**

## PART 1 – CALL OFF ORDER FORM

### SECTION A

This Call Off Order Form is issued in accordance with the provisions of "Management Consultancy Framework Two ("the Framework Agreement")" for the provision of UKEF Financial Reporting Changes Phases 3 and 4 dated 03.09.2021.

The Supplier agrees to supply the Services specified below on and subject to the terms of this Call Off Contract.

For the avoidance of doubt this Call Off Contract consists of the terms set out in this Template Call Off Order Form and the Call Off Terms.

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| Order Number | <b>Project_1161</b>   |
| From         | <b>UK Export Finance<br/>1 Horse Guards Road<br/>Westminster<br/>London<br/>SW1A 2HQ</b><br><br><b>("CUSTOMER")</b> |
| To           | <b>PricewaterhouseCoopers LLP<br/>1 Embankment Place<br/>London<br/>WC2N 6RH</b><br><br><b>("SUPPLIER")</b>         |
| Date         | 03.09.2021<br><br><b>("DATE")</b>   |

### SECTION B

#### 1. CALL OFF CONTRACT PERIOD

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| <b>1.1.</b> | <b>Commencement Date:</b> 03/09/2021   |
| <b>1.2.</b> | <b>Expiry Date:</b><br><br>End date of Initial Period: 03/09/2024<br><br>End date of Extension Period: 03/09/2025<br><br>Minimum written notice to Supplier in respect of extension: 1 month |

## 2. SERVICES

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| <b>2.1</b> | <b>Services required:</b><br><br>For the full Specification of Requirements see Annex 1 to this Call Off Order Form. |
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## 3. PROJECT PLAN

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| <b>3.1.</b> | <b>Project Plan:</b><br><br>For the Project Plan see Annex 2 to this Call Off Order Form.<br><br>The Project Plan details how the supplier will deliver the Phase 3 Milestones and the indicative plan for delivery of Phase 4 Milestones.<br><br>The Parties acknowledge that the Project Plan and milestones detailed in Annex 2 for Phase 3 will be refined and agreed through discussion between the Customer and Delivery Partner prior to the commencement of the activities in respect of Phase 3. As part of this the Customer and Supplier will agree critical dependencies, milestone dates and resourcing requirements.<br>The Parties also acknowledge that the Project Plan and milestones for Phase 4 are likely to change to incorporate the outputs from the Design phase and approved business case. |
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## 4. CONTRACT PERFORMANCE

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| <b>4.1.</b> | <b>Standards:</b><br><br>Cyber Essentials Plus on systems that will process information relevant to this Call Off Contract. However, we do not envisage being defined as a “data processor” in Phase 3 of this programme, and we will reconsider this position following the outcome of the design phase. |
| <b>4.2</b>  | <b>Service Levels/Service Credits:</b><br><br>Not applied   |
| <b>4.3</b>  | <b>Critical Service Level Failure:</b><br><br>Not applied   |
| <b>4.4</b>  | <b>Performance Monitoring:</b><br><br>Not applied   |
| <b>4.5</b>  | <b>Period for providing Rectification Plan:</b><br><br>As in Clause 39.2.1(a) of the Call Off Terms   |

## 5. PERSONNEL

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| <b>5.1</b> | <p><b>Key Personnel:</b></p> <p>Supplier Representative: [this text is redacted]</p> <p>Customer Representative: [this text is redacted]</p> <p>Other Key Personnel:</p> <p>Supplier Key Personnel:</p> <ul style="list-style-type: none"> <li>• [this text is redacted]</li> </ul> <p>We retain the rights to change the proposed delivery resources subject to the activities required through design and depending on the capability of the business teams. Any changes will be discussed and agreed in advance with UKEF programme director and Sponsor.</p> <p>UKEF Key Personnel:</p> <p>[this text is redacted]</p> |
| <b>5.2</b> | <p><b>Relevant Convictions</b> (Clause 28.2 of the Call Off Terms):</p> <p>Not applicable</p>  |

## 6. PAYMENT

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| <b>6.1</b> | <p><b>Call Off Contract Charges</b> (including any applicable discount(s), but excluding VAT):</p> <p>Contract charges for Phase 3 and rate card for Phase 4 are as defined in the Call Off Terms Schedule 3 and included in Annex 3 to this Call Off Order Form.</p>  |
| <b>6.2</b> | <p><b>Payment terms/profile</b> (including method of payment e.g. Government Procurement Card (GPC) or BACS):</p> <p>Payment will be made by BACS.</p> <p>Payment to be made upon satisfactory completion of milestones as set out in the Milestone Plan and Dates as defined in section 2.1.</p> <p>Invoices to be submitted within 10 days of the end of each month</p> <p>Payment will be made within 30 days of receipt of approved invoice</p> <p>See section 6.4 below for what to include within each invoice. Additionally, a breakdown of the tasks carried out and hours worked must be provided for approval before each invoice is paid.</p> |
| <b>6.3</b> | <p><b>Reimbursable Expenses:</b></p> <p>Not applicable unless specifically agreed with UKEF in advance of incurring.</p>   |
| <b>6.4</b> | <p><b>Customer billing address</b> (paragraph 7.6 of Call Off Schedule 3 (Call Off Contract Charges, Payment and Invoicing)):</p> <p><b>Send your invoices by email</b></p> <p>All invoices must be emailed to <a href="mailto:UKEF.InvoicingTeam@ukexportfinance.gov.uk">UKEF.InvoicingTeam@ukexportfinance.gov.uk</a> as a PDF to ensure you are paid as quickly as possible.</p>  |

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|            | <p><b>Make sure your invoices are sent in the following format</b></p> <ul style="list-style-type: none"> <li>• Invoices must quote a valid PO number – invoices without a PO will be returned to Suppliers to be resubmitted.</li> <li>• PO numbers must be printed.</li> <li>• Invoices must be a PDF attachment.</li> <li>• One invoice per attachment. If you need to submit multiple invoices on one email, please ensure each attachment is separate.</li> </ul> <p><b>Make sure each invoice includes this information:</b></p> <ul style="list-style-type: none"> <li>• An invoice number</li> <li>• An invoice date</li> <li>• VAT registration number (where applicable)</li> <li>• Your Company address and contact details</li> <li>• A valid UKEF Purchase Order number printed on it</li> <li>• Company bank details</li> </ul> |
| <b>6.5</b> | <p><b>Call Off Contract Charges fixed for</b> (paragraph 8.2 of Schedule 3 (Call Off Contract Charges, Payment and Invoicing)):</p> <p>The duration of this Call Off Contract and any Extensions / Contract Change Notices to this Call Off Contract are fixed for Phase 3 together with the rate card for Phase 3 and 4.</p>   |
| <b>6.6</b> | <p><b>Supplier periodic assessment of Call Off Contract Charges</b> (paragraph 9.2 of Call Off Schedule 3 (Call Off Contract Charges, Payment and Invoicing)) will be carried out on:</p> <p>Not Applied</p>  |
| <b>6.7</b> | <p><b>Supplier request for increase in the Call Off Contract Charges</b> (paragraph 10 of Call Off Schedule 3 (Call Off Contract Charges, Payment and Invoicing)):</p> <p>The actual cost for delivering each Milestone in Phase 3 cannot be higher than the corresponding costs shown in Annexe 3. This cost breakdown assumes that the agreed dependencies on each milestone are fully met by UKEF. These will be defined at Milestone Plan and Dates as part of section 2.1.</p> <p>For Phase 4 the rate card shown in Annex 3 is applicable but cost will be underpinned by the Business Case and outcome from Phase 3.</p>   |

## 7. LIABILITY AND INSURANCE

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| <b>7.1</b> | <b>Estimated Year 1 Call Off Contract Charges:</b> |
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|            | <p>The timelines for Year 1 Call Off Contract refer to the elapsed time between September 2021 and September 2022. During this time, the Supplier will focus on two phases of work:</p> <ul style="list-style-type: none"> <li>• Phase 3 due to commence in September 21 with a target end-date of January 22 and a capped fee of £2.9m, and</li> <li>• Phase 4 is estimated to commence in January 22 (but subject to Phase 3 deliverables being sign off by the Customer) until September 22 and is estimated (based on effort and Supplier rates provided) to be circa £2.7m.</li> </ul> <p>Total estimated Year 1 fees will be £5.6m</p> |
| <b>7.2</b> | <p><b>Supplier's limitation of Liability</b></p> <p>See Clause 37.2.1 of the Call Off Terms</p> <p>In line with section 7.1, the total liability should be capped to Phase 3 as individual Order Form with the default position of 125%. This is estimated to be £3.6m.</p>  |
| <b>7.3</b> | <p><b>Insurance</b> (Clause 38.3 of the Call Off Terms):</p> <p>Clause 38 of the Call Off Terms applies.</p> <p>The Supplier must, at its own cost, obtain and maintain the following minimum insurances for the duration of the Call Off Contract:</p> <ul style="list-style-type: none"> <li>- Professional Indemnity insurance; and</li> <li>- Employers' Liability insurance,</li> </ul> <p>in sufficient sums (£5,000,000 minimum for each insurance) to discharge any liability the Supplier may incur in the performance of its obligations under the Call Off Contract.</p>  |

## 8. TERMINATION AND EXIT

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| <b>8.1</b> | <p><b>Termination on material Default</b> (Clause 42.2 of the Call Off Terms):</p> <p>As in Clause 42.2.1(c) of the Call Off Terms.</p>  |
| <b>8.2</b> | <p><b>Termination without cause notice period</b> (Clause 42.7 of the Call Off Terms):</p> <p>Clause 42.7 of the Call Off Terms applies.</p>   |
| <b>8.3</b> | <p><b>Undisputed Sums Limit:</b></p> <p>As in Clause 43.1.1 of the Call Off Terms.</p>   |
| <b>8.4</b> | <p><b>Exit Management:</b></p> <p>Clause 42 of the Call Off Terms applies.</p> <p>Exit Management as defined in the Call Off Terms Schedule 9.</p>   |
| <b>8.5</b> | <p><b>Additional Termination Provisions</b></p> <p>42.11 Termination due to non-commencement of a Phase 4 Milestone</p> <p>In the event that the Customer does not Approve or cannot agree with the Supplier a Phase 4 Milestone plan in accordance with Clause 23.3 (as that term is defined in Clause 23.3), the</p> |

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|  | <p>Customer shall be entitled to terminate this Call Off Contract with immediate effect by issuing a Termination Notice to the Supplier.</p> <p>New Clause 46.3A</p> <p>46.3A Consequences of termination under Clauses 42.11 (Termination due to non-commencement of a Phase 4 Milestone)</p> <p>Where the Customer terminates this Call Off Contract under Clause 42.11 (Termination due to non-commencement of a Milestone), the Customer shall not be liable to pay any costs incurred or monies committed by the Supplier in relation to any un-Approved Milestone unless the Customer has expressly agreed to such costs or monies being incurred.</p> |
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## 9. SUPPLIER INFORMATION

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| <b>9.1</b> | <b>Supplier's inspection of Sites, Customer Property and Customer Assets:</b><br>Not required |
| <b>9.2</b> | <b>Commercially Sensitive Information:</b><br>Not applicable                                  |

## 10. OTHER CALL OFF REQUIREMENTS

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| <b>10.1</b> | <p><b>Recitals</b> (in preamble to the Call Off Terms):</p> <p>Recitals B to E</p> <p>Recital C - date of issue of the Statement of Requirements: 28/05/2021</p> <p>Recital D - date of receipt of Call Off Tender: 28/06/2021</p>  |
| <b>10.2</b> | <b>Call Off Guarantee (Clause 4 of the Call Off Terms):</b> Not required  |
| <b>10.3</b> | <p><b>Security:</b></p> <p>Long Form Security requirements as defined in the call of terms schedule 7 apply subject to the changes to clauses 6.2, 6.3 &amp; 7.1 of the Long Form security requirements which are required to enable the supplier to comply with its regulatory requirements shall be agreed between the supplier and customer with 15 working days of contract commencement and will take precedence.</p> <p>Security Policy for the purpose of Annex 1 of Schedule 8 to the Call Off Terms.</p> <p>The supplier must have Cyber Essentials Plus on systems that will process client specific information relevant to this Call Off Contract. This together with any additional data security measures will be defined as part of the work package order in Section 2.1.</p> |



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|             | <p>Supplier's staff (and sub-contractors) working on the Programme must have a valid security clearance (SC level and above) to the extent they have access to client specific UKEF data or are seeking access to UKEF offices.</p> <p>Security clearance is required to be confirmed before staff commence work on the Programme, however there may be exceptions whereby staff can start in advance of the full SC clearance having being completed. This will be assessed on a case-by-case basis as it will depend on the role, the level of access to systems required for the role, and the criticality of the programme, amongst other factors.</p> <p>Exceptions for an individual to start in advance of the full SC clearance having been complete, as stated in the previous paragraph, will only be granted on the understanding that they have applied for SC clearance and are waiting for their clearance to be confirmed. If such an exception is granted and that individual subsequently fails their SC clearance, they would be immediately removed from this project and a full investigation undertaken to understand the access they have had to UKEF information and systems.</p> <p>The Supplier will be solely responsible for the cost of obtaining the required security clearance for its staff and sub-contractors. This requires a minimum of three (and ideally five) years UK residence. If required, the Customer will sponsor the Delivery Partner's staff and sub-contractors for Security Clearance.</p> <p>Supplier Security Representative: [this text is redacted]</p> <p>Customer Security Representative: [this text is redacted]</p> |
| <b>10.4</b> | <p><b>ICT Policy:</b></p> <ul style="list-style-type: none"> <li>The supplier, to the extent we are working on UKEF systems, the supplier must comply with the IT Policies found in Appendix 2 and Appendix 3 to this Call Off Order Form: "Appendix 2 - Information Security Risk Management Policy 2021: and "Appendix 3 - Security Framework Policy 2021".</li> </ul> <p>The supplier must attend a remote briefing of approximately 30-45 minutes from UKEF's security team.</p>   |
| <b>10.5</b> | <b>NOT USED</b>  |
| <b>10.6</b> | <p><b>Business Continuity &amp; Disaster Recovery:</b></p> <p>Schedule 8 applies for information provided and hosted by the Customer's systems. However, for its own systems the Supplier will have in place and maintain business continuity processes which are independently certified to the International Standard for Business Continuity management (ISO 22301) or equivalent. The Supplier will provide evidence of such certification to the Customer upon request.</p>   |
| <b>10.7</b> | <b>NOT USED</b>  |

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| <b>10.8</b>  | <b>Protection of Customer Data</b> (Clause 35.2.3 of the Call Off Terms)<br>In addition, the Supplier must supply all Customer Data to the Customer through the Customer's SharePoint   |
| <b>10.9</b>  | <b>Notices</b> (Clause 56.6 of the Call Off Terms):<br><br><b>Customer's postal address:</b><br>Director of Legal and Compliance<br>UK Export Finance<br>1 Horse Guards Road<br>Westminster<br>London<br>SW1A 2HQ<br><br><b>Designated contacts:</b><br>[this text is redacted]<br><br><b>Supplier's postal address and email address:</b><br>PricewaterhouseCoopers LLP<br>1 Embankment Place<br>London<br>WC2N 6RH<br><br><b>Designated contact details:</b><br>[this text is redacted] |
| <b>10.10</b> | <b>Transparency Reports</b><br>Not applicable   |
| <b>10.11</b> | <b>Alternative and/or Additional Clauses</b><br>The supplier agrees to Department for International Trade publishing KPIs on behalf of UKEF as per the requirement by Cabinet Office. KPIs to be published shall be agreed with the supplier and UKEF within 30 working days before due.  |
| <b>10.12</b> | <b>Call Off Tender:</b><br>For the full Call Off Tender see Annex 4 to this Call Off Order Form.  |
| <b>10.13</b> | <b>Publicity and Branding</b><br>Not applicable.  |
| <b>10.14</b> | <b>Staff Transfer</b><br>Call Off Terms Schedule 10: Staff Transfer, Part C (No Transfer of Employees at Commencement of Services) and Part D (Employment Exis Provisions) apply.   |
| <b>10.15</b> | <b>Processing Data</b>  |

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|  | <p>In accordance with Call Off Schedule 17</p> <p>The contact details of the Customer Data Protection Officer is:<br/>[this text is redacted]</p> <p>The contact details of the Suppliers Data Protection Officer is:<br/>[this text is redacted]</p> |
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| Contract Reference:  | Project_1161   |
| Date:  | 03.09.2021   |
| Description Of Authorised Processing / Subject Matter of the Processing            | For the Supplier to conduct delivery of Phase 3: design package, then once approved by the Customer, to implement from the design a complete programme of work for the Customer.     |
| Identity of the Controller and Processor   | The Parties acknowledge that for the purposes of the Data Protection Legislation, the Customer is the Controller, and the Contractor is the Processor.                               |
| Use of Personal Data   | Managing the obligations under the Call Off Contract, including exit management, and other associated activities.  |
| Duration of the processing   | For the duration of the Call Off Contract.   |
| Nature and purposes of the processing  | The purpose is to design and implement a programme of work regarding the Customer's financial reporting changes to enable them to be compliant with IFRS 9 and IFRS 17 Standards.    |
| Type of Personal Data  | <ul style="list-style-type: none"> <li>• Full name</li> <li>• Job Title</li> <li>• Workplace address</li> <li>• Workplace Phone Number</li> <li>• Workplace email address</li> </ul> |
| Categories of Data Subject   | <ul style="list-style-type: none"> <li>• Individuals who have signed contracts identified by the Supplier</li> </ul>   |
| Plan for return and destruction of the data once the processing is complete UNLESS | Data (which contains the Personal Data) shall be destroyed by the Supplier on the  |

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| requirement under union or member state law to preserve that type of data | expiry or earlier termination of the Call Off Contract.  |
| <b>10.16</b>  | <p><b>10.16 Milestone Change - Clause 23.3</b></p> <p>The following are the Customer's changes to Clause 23 of the Contract.</p> <p><b>23.3 Milestone Change</b></p> <p>23.3.1 The Supplier acknowledges that the Customer is under no obligation to proceed with any Milestone for Phase 4 (each a "Phase 4 Milestone").</p> <p>23.3.2 Prior to the commencement of each Phase 4 Milestone, the Supplier shall submit, and the Customer shall review the Supplier's proposed changes to the relevant Phase 4 Milestone, Milestone Payment and any Deliverable due under that Milestone (the "Milestone Proposal").</p> <p>23.3.3 The Supplier shall provide the Customer with such additional information as the Customer shall reasonably require to enable it to undertake its review of the Milestone Proposal. For Phase 3 we will agree in advance the Customer reviewer, define the exit criteria and dependencies associated with each milestone in the work package order as per Section 2.1.</p> <p>23.3.4 The Customer shall Approve the Milestone Proposal where it is satisfied that:</p> <ul style="list-style-type: none"> <li>(a) that the Customer has the budget for the relevant Milestone Payment (and such budget may be subject to such internal check points and approvals as the Customer considers necessary);</li> <li>(b) that the Milestone Payment offers the Customer value for money; and</li> <li>(c) that the Deliverables have been validated.</li> </ul> <p>23.3.5 The Customer shall consult with the Supplier but may impose such conditions on the Milestone Proposal as the Customer considers appropriate.</p> <p>23.3.6 Where the Customer Approves the Milestone proposal the Customer shall submit a Variation Form to the Supplier with the revised Programme Plan and any conditions the Customer considers necessary attached. The parties shall agree the Variation in accordance with Clause 23.1 but the Customer shall not be entitled to request an Impact Assessment.</p> <p>23.3.7 Where the Customer does not Approve the Milestone Proposal or the Supplier does not sign the Variation Form the Customer may terminate this Call Off Contract in accordance with Clause 42.11.</p> <p>23.3.8 The Supplier undertakes any work and incurs any costs in respect of a Milestone that has not been Approved at its own risk and the Customer shall not be liable for any Supplier costs that arise in respect of a Milestone that is not Approved by the Customer.</p> |

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|  | <p><b>Termination Provisions</b></p> <p>42.11 Termination due to non-commencement of a Phase 4 Milestone</p> <p>In the event that the Customer does not Approve a Phase 4 Milestone in accordance with Clause 23.3 (as that term is defined in Clause 23.3), the Customer shall be entitled to terminate this Call Off Contract with immediate effect by issuing a Termination Notice to the Supplier.</p>  |
|  | <p>New Clause 46.3A</p> <p>46.3A Consequences of termination under Clauses 42.11 (Termination due to non-commencement of a Phase 4 Milestone)</p> <p>Where the Customer terminates this Call Off Contract under Clause 42.11 (Termination due to non-commencement of a Milestone), the Customer shall not be liable to pay any costs incurred or monies committed by the Supplier in relation to any un-Approved Milestone unless the Customer has expressly agreed to such costs or monies being incurred.</p> |

## FORMATION OF CALL OFF CONTRACT

**BY SIGNING AND RETURNING THIS CALL OFF ORDER FORM** (which may be done by electronic means) the Supplier agrees to enter a Call Off Contract with the Customer to provide the Services in accordance with the terms Call Off Order Form and the Call Off Terms.

The Parties hereby acknowledge and agree that they have read the Call Off Order Form and the Call Off Terms and by signing below agree to be bound by this Call Off Contract.

In accordance with paragraph 7 of Framework Schedule 5 (Call Off Procedure), the Parties hereby acknowledge and agree that this Call Off Contract shall be formed when the Customer acknowledges (which may be done by electronic means) the receipt of the signed copy of the Call Off Order Form from the Supplier within two (2) Working Days from such receipt.

### For and on behalf of the Supplier:

|                |                         |
|----------------|-------------------------|
| Name and Title | [this text is redacted] |
| Signature      | [this text is redacted] |
| Date           | 03.09.2021              |

### For and on behalf of the Customer:

|                |                         |
|----------------|-------------------------|
| Name and Title | [this text is redacted] |
| Signature      | [this text is redacted] |
| Date           | 03.09.2021              |

## **Annex 1 – Specification of Requirements**

### **1. PURPOSE**

**1.1 UK Export Finance (UKEF) (the Customer) is seeking an experienced Delivery Partner with a broad range of capabilities and experience to assist with a project to ensure compliance with two financial standards IFRS 9 and IFRS 17 (collectively referred to as the Standards). The Delivery Partner will design a programme to help the Customer implement the Standards and then assist the Customer in implementing the programme (the Programme). UKEF are running a procurement for a single Delivery Partner to deliver all of the work outlined in this Specification of Requirements – Schedule 07. However, under the RM6008 Management Consultancy Framework terms, the Delivery Partner may sub-contract the delivery of some of these requirements. Any planned sub-contractors should be identified in the procurement response, Schedule 01.**

The Customer is offering a contract for an initial term of 3 years which will have a maximum budget available of £8.5 million (exclusive of VAT). There will be an option for the Customer to extend the Contract for 1 year where the maximum budget for that extension will be £1 million (exclusive of VAT). The Contract is not intended to be exclusive and there will be no minimum spend guaranteed. This is in part to reflect the possibility of changes in Customer funding levels through the maximum 3+1 years of the Contract.

### **2. BACKGROUND TO THE CUSTOMER**

**2.1 The Customer is the UK's Export Credit Agency. The Customer lends money, either to exporters or directly to their buyers, to help ensure that no viable UK export fails for lack of finance. The Customer also provide insurance for exporters (for example against buyer default on an export). More information is available at**

Ø <https://www.gov.uk/government/organisations/uk-export-finance>

Ø <https://www.gov.uk/government/collections/our-products>;

Ø <https://www.gov.uk/government/organisations/uk-export-finance/about>.

**2.2 The Customer is a Ministerial Department and has been in operation for over 100 years. The Customer is strategically aligned with the Department for International Trade. Most of its business is in developing markets (e.g. South America, the Middle East or China) and often are longer term projects for which it can be hard to find mainstream funding.**

**2.3 The Customer operates under a HM Treasury (HMT) consent which requires the Customer to operate at no net cost to the taxpayer. The Customer has successfully delivered this mandate and last year (2019-2020) the Customer provided £4.4bn of support to 339 companies to export to 69 countries. The Customer was also named Export Credit Agency of the year by Global Trade Review and Trade Finance Global. The Customer currently employs about 360 people and has been granted additional funding to expand that headcount to closer to 560 by April 2022.**

**2.4 The Department for International Trade (DIT) is procuring this requirement on behalf of the Customer.**

### 3. BACKGROUND TO THE REQUIREMENT

3.1 The Customer, like all Public sector bodies, is required to apply International Financial Reporting Standards (IFRS)<sup>[1]</sup> when preparing its **Annual Report and Accounts** (which are then audited by the National Audit Office, (NAO)). Currently, the Customer applies IAS 39 and IFRS 4 to account for the Department's portfolio of products. However, these standards have been replaced and the Customer will soon be required to adopt two new accounting standards: IFRS 9 Financial Instruments<sup>[2]</sup> and IFRS 17 Insurance Contracts (the Standards). The adoption of the Standards is mandatory and will have a significant impact on the Customer.

3.2 HMT will set a date by which all of Government will have to comply with the Standards. This may change but, at the moment, the Customer will be expected to comply with the Standards in the 2023/24 Financial year. This will mean understanding the implications sufficiently to submit the Main Estimate in Autumn 2022. This may seem a way off, however, the experience from Banks and Insurance Companies who have implemented these changes is that at least 18-24 months is likely to be required to make these changes. Therefore, the Customer is seeking a Delivery Partner now to help it implement the Standards to this deadline.

3.3 The Customer has been working towards achieving compliance with the Standards for two years, in a phased approach as follows:

Ø Phase 1 – impact assessment. The aim of this phase was to undertake an impact assessment to identify the implications of complying with the two Standards and the changes required. Following a competitive procurement KMG were appointed to undertake this work. Phase 1 closed in 2019.

Ø Phase 2 – technical papers. This phase involves the development and approval of technical accountancy and risk papers concluding on the key decisions that UKEF needs to make across the four relevant areas of the Standards. Each technical paper covers the analysis or assessment with reference to the Standards and FReM, regulatory guidance and industry best practice, the conclusion i.e. technical decisions made, any judgements made in reaching the technical decisions, all supporting rationale and key next steps (including areas for further analysis required to affirm those decisions). Following a competitive procurement, Phase 2 is being delivered with KPMG.

The Technical Papers produced in Phase 2 are signed off by the Customer's Project Board, the Customer's Executive Committee, the NAO and finally the Customer's Audit Committee. To date, the Audit Committee has approved 13 of the 17 papers on IFRS 9. Two papers are now no longer needed, and the remainder are currently waiting for approval from NAO before being submitted to the Audit Committee. The papers which have been signed off by the Audit Committee are included in the Data Room.

When the initial impact assessment was undertaken in Phase 1, the assumption was that most of the Customer's contracts were not Insurance and so its compliance requirements for IFRS 17 could be quite limited. The intention was for this assumption to be tested in Phase 2 and the detailed work commissioned from KPMG has shown that it is likely that full compliance of IFRS 17 will be required. Phase 2 has therefore been extended to include the production of additional papers to provide an equivalent policy and methodology framework for IFRS 17.



These papers will be produced by KPMG and will follow the same approval process as for the original Phase 2 papers. This is discussed further in section 6.

Tenderers are invited to propose their response to this ITFC drawing on the technical papers produced in Phase 2 which are contained in the Data Room. However, if Tenderers wish to propose a different policy framework or methodology to that approved in Phase 2 then they are free to do so. The Customer will consider the implications of this in evaluating the Tender responses and will then discuss with the selected Delivery Partner.

Ø Phase 3 – procurement of a Delivery Partner and design of the programme. This procurement is part of Phase 3 which covers the procurement of the Delivery Partner to deliver the remainder of the FRC programme (i.e. Phase 3 and Phase 4). The Delivery Partner will be responsible for the provision of all the skill sets and resource (excluding software purchase) required to comply with the Standards. This will include (but without limitation) Programme Management, Financial Reporting and Accounting advice, Data Analysis, Risk advice (including actuarial if needed) and changes to IT systems. It also includes the production of an initial design for the programme i.e. what the Customer will need to achieve, and an appraisal of the options for doing so. The skills and experience required are described in more detail in section 7 and the requirements for the programme design are in section 8 (the Programme Design).

Ø Phase 4 – programme delivery. The programme design produced in Phase 3 will be considered by the Customer and if approved will form the basis for Phase 4 – the delivery of the programme. During this procurement the Delivery Partner will have given an outline of their recommended approach to achieving compliance with the Standards through their responses to the tender evaluation questions in Section 5 of this ITFC and the Pricing Schedule. This indicative set of milestones and costings will be refined through the Programme Design. The Customer and the Delivery Partner will then contract for the milestones through the milestone revision process set out in the Commercial Arrangements - Section 9 of this Specification of Requirements.

#### **4. DATA ROOM**

**4.1** The Customer has created a Data Room to support this procurement containing documents produced during Phase 2.

**4.2** The Data Room is provided to assist Tenderers however no liability is accepted for the accuracy of the material in the Data Room. Tenderers must use their own professional judgement in assessing the contents of the Data Room and producing their Tenders. During the clarification questions phase of the procurement Tenderers are welcome to request that additional documents be added to the Data Room, and this will be considered by the Customer.

**4.3** In order to gain access to the Data Room the Tenderer must submit a signed Non-Disclosure Agreement (Appendix 3) via the online Jaggaer e-sourcing platform messaging function, along with the email address/es of the individuals who will require access. The Authority will then respond with access.

## **5 THE IMPLEMENTATION OF THE STANDARDS**

**5.1 To assist Tenderers in responding to this procurement, the Customer has produced its own summary of the work which is likely to be required in Phase 4 to implement the Standards. This is mainly based upon the Customer's understanding of the technical papers produced in phase 2. This is not however intended to be a definitive or complete summary. Tenderers should use their professional judgement and the information in the data room to form their own conclusions to ensure compliance to the Standards and delivery of the Programme to time.**

**5.2 The Customer considers that the work required to implement the Standards is likely to fall into 6 areas:**

### **A. Credit Risk/Actuarial Modelling**

**5.3 Complying with the Standards will require the development of new risk/actuarial and economic models. The Customer has an expert in house team, who have developed its current risk models, but they will require significant additional capacity and expertise from the Delivery Partner. For example, the Customer's existing Expected Loss process and modelling will need to be accommodated by the new Expected Credit Loss model, which is required for IFRS 9 compliance. The Customer will also need to develop models for the effect of macro-economic factors on obligor level default probability, accepting that it may be possible to purchase and adapt off the shelf models.**

### **B. Data**

**5.4 The Customer will need to develop new processes and systems to be able to store, monitor accuracy and completeness of and report on the data needed to demonstrate compliance with the Standards. This data must be captured for each financial instrument and will include the maturity data for modification and changes in cash flow estimates.**

### **C. System Changes**

**5.5 All of the changes involved in compliance with and reporting under the Standards will translate into requirements for new software and IT system changes. Attached as Appendix 5 is an illustration of the systems it is believed may be impacted by adopting the Standards. New software may also be required e.g. to generate MacroEconomic scenarios and/or to replace the current General Ledger. This new software will need to be procured separately as it cannot be sourced through this procurement due to the scope of the MCF 2 Framework, also attached as Appendix 5 is a copy of the Customer's IT Strategy. The Customer's IT Strategy includes several relevant principles:**

**Ø the FRC programme is seen as an opportunity to both achieve compliance and address outstanding technical debt and legacy issues. E.g. we have a number of End User Developments (EUDs) which are key to the business. It would be beneficial to move these into systems and away from developments in (for example) Excel. However, the priority is to achieve compliance with the Standards, and this must take precedence over desirable but non-essential improvements in relation to the outstanding / existing issues mentioned above. Compliance with the Standards should however be achieved through efficient systems and processes.**

**Ø the Customer's Strategy is to automate wherever possible and link systems (using our API Manager MuleSoft) so that data flows automatically and without the need for manual re keying.**

Salesforce is the Customer's core system, and it is creating an end-to-end case management system in it. Parts of the FRC changes may therefore involve, as an example, linking systems into Salesforce.

Ø The IT Strategy sets out a preference to buy off the shelf solutions or customise robust platforms rather than develop our own software wherever possible.

#### **D. Process, controls, and governance**

**5.6** The Delivery Partner will need to assist the Customer with designing new and modifying current policies (including those developed in Phase 2), processes and procedures which comply with the Standards and best practice as appropriate. These will need to be developed with the Customer and will need to be properly documented using an appropriate methodology. Training will also need to be provided to the Customer's staff and stakeholders (e.g. Executive Committee, board members) in the application of the Standards to UKEF and how to apply the policies, processes and procedures. Examples of the new policies, processes and procedures are included in Appendices 4 and 6 and would include how new products are tracked and assessed.

#### **E. Technical Accounting Support, Financial Reporting and disclosures**

**5.7** The Customer will require support to produce its transitional Annual Report and Accounts in compliance with the Standards and the public sector financial reporting requirements. The Customer will therefore require a Delivery Partner who can support with:

Ø Producing accounting policies. The Delivery Partner will need to be able to produce updated accounting policies relevant for the compliance to the Standards.

Ø Producing the appropriate disclosure Notes in the Annual Accounts. As a minimum, these will need to be compliant bespoke templates.

Ø Drafting any new / updated IFRS 9 and IFRS 17 technical papers should they be required following further work on the design (and delivery) phases. The Delivery Partner will need to be able to draft these.

#### **F. Testing**

**5.8** The Customer will require a robust test plan including a full dry run for financial reporting purposes. Ideally, we would like dry runs to be taking place at least 6 months prior to the go live date – currently understood to be April 2023.

#### **G. Change Management and post implementation support**

**5.8** The Customer will require change management support in order to help the Customer adopt the new Standards. This will include effective change methods to embed and upskill the Customer's people as well as on-going consultancy support as issues arrive. This support will need to continue post go live in 2023 potentially up to the maximum contract end date.

## **6 IFRS 17 TECHNICAL PAPERS**

**6.1** The impact assessment undertaken in Phase 1 generated an assumption that the majority of the Customer's products were not primarily Insurance and therefore compliance

with IFRS 17 could be relatively light touch. Further analysis in Phase 2 has shown that, in reality, many of the Customer's contracts do contain an element of Insurance and therefore full compliance with IFRS 17 is likely to be required.

**6.2** As the working assumption was that full compliance with IFRS 17 would not be required, the Customer has a much less detailed understanding of the work involved in complying with IFRS 17. The Customer has therefore concluded that a further technical evaluation of the implications of adopting IFRS 17 (referred to as "the IFRS 17 Technical Papers") is required. This will be needed to input into the Programme Design. The Customer has therefore commissioned KPMG to undertake this work as part of Phase 2. It is believed this work will take 4-6 months to complete and so it is hoped that substantial progress will have been made prior to the commencement of the Programme Design. Depending on who the successful Delivery Partner is under this procurement a handover of this work will be planned.

**6.3** The IFRS 17 Technical Papers are likely to include an impact assessment and the delivery of a suite of technical papers as follows.

The IFRS 17 impact assessment will have:

- a. a technical and financial impact assessment for key judgements, risk model changes, accounting policy choices and reporting requirements. The technical impact assessment will support the operational assessment in identifying the data requirements and data gaps.
- b. The operational impact assessment will provide a gap analysis between your current and future state focussing on the changes in processes, data, systems and people as a result of the IFRS 17 requirements.
- b) Delivery of IFRS 17 papers detailing the requirements of the Standard, including key technical decisions (based on full investigation of evidence), impacts and judgements, along with any appropriate conclusions and recommendations

## **7 THE OVERARCHING REQUIREMENTS**

### **Introduction**

**7.1** The Customer requires the Delivery Partner to provide the skills, capability and resources necessary to support the Customer in achieving compliance with the Standards. The Customer's understanding of what will be involved in complying with the Standards is set out in sections 5 and 6 and the associated Appendices. The Customer has set out the skills, capability and resources the Customer believes are needed in this section. However, as noted in paragraph 5.1, the Customer is expecting Tenderers to apply their own judgement in deciding whether they can assist in the delivery of the Programme needed to ensure compliance with the Standards). The requirements in this section should therefore be seen as minimum requirements and the Delivery Partner should be prepared to deliver (or subcontract) any additional skills required to deliver the Programme.

**Requirements in relation to the Delivery Partners staff working on the Programme**

**7.2** The Customer expects that the Delivery Partner will:

- a) only provide staff (and sub-contractors) to work on the Programme who have a valid security clearance (SC level and above). Security clearance is required to be confirmed before staff commence work on the Programme. The Delivery Partner will be solely responsible for the cost of obtaining the required security clearance for its staff and sub-contractors. This requires a minimum of three (and ideally five) years UK residence. If required, the Customer will sponsor the Delivery Partner's staff and sub-contractors for Security Clearance,
- b) ensure that all staff and sub-contractors working on the Programme have sufficient skills and experience for the role they are expected to perform in the Programme and supervise them to ensure they are operating in accordance with industry best practice. The expectation is that the Delivery Partner programme team will be led at partner (or equivalent) level and will have senior representation across the workstreams.
- c) be able to supply sufficient staff to meet the Customer's needs in delivering the Programme. The Delivery Partner shall be able to respond flexibly to the changing needs of the Programme and be prepared to rapidly re-shape the staff mix supplied to the Customer if necessary to meet the requirements of the Programme. The Delivery Partner shall maintain a Business Continuity Plan detailing how an impact on its ability to provide staff would be addressed. The Delivery Partner shall be prepared to engage additional sub-contractors if necessary, in accordance with paragraph 9.1c below.
- d) The Delivery Partner may be required to offer on-going support in the implementation of the Standards to the Customer in the form of a Managed Service. If required, this will be agreed between the Customer and the Delivery Partner. Any such support would be provided under this Contract and would not exceed the maximum contract duration.

#### **Account management**

**7.3 The Customer is expecting a high standard of customer care from the Delivery Partner. The Delivery Partner shall:**

- a) identify a single point of contact within the Delivery Partner's staff for this Contract who shall be the main contact for the Customer (the Account Manager).
- b) the Account Manager shall be included as key personnel in section 5.1 of the Call-Off Order form.
- c) not change the Account Manager without the Customer's agreement.
- d) ensure the Account Manager responds to Customer communications within three working days.
- e) identify a senior individual – at partner level – to act as Relationship Partner. The role of the Relationship Partner is to resolve issues raised by the Customer. This would include relationship between the Customer and Delivery Partners staff including, if necessary, the removal of the Delivery Partners staff. The Relationship Partner shall be available for a weekly call with the Customer.

#### **Collaboration**

**7.4 The policies, procedures, ways of working and changes to IT Systems created through this Programme will be used by the Customer for many years to come. It is vital therefore that**

the Customer's staff are fully involved in the development and design of the programme and their views are taken into account. The Delivery Partner will therefore:

- a) be flexible in its approach, will focus on tailoring its approach (in all senses, from technical application to communication methods) to meet the needs of the Customer and work in an open collaborative way with the Customer, with a shared sense of endeavour,
- b) follow a "user centred design" approach – especially to the development of the IT system changes. The Delivery Partner should have demonstrable experience of user centred design with evidence of their employment of these techniques leading to a high level of engagement by Customer users in both the design/delivery of the solution they provided and a high level of adoption by customer users post go live.

#### **Knowledge Transfer**

**7.5** An objective for the Programme for the Customer is to improve the skill levels and knowledge of its internal team. The Customer wishes to reach a point where it can successfully apply the Standards and prepare its Annual Report and Accounts in accordance with the Standards without assistance from the Delivery Partner. The Customer expects the Delivery Partner to maximise the potential for knowledge transfer to the Customer's staff and other stakeholders including in terms of understanding of the Standards, the development and maintenance of the Risk/Actuarial/Valuation models underpinning the new accounts and the development and configuration of the IT systems which support them. The successful Delivery Partner will:

- a) be able to demonstrate a proven track record of successfully transferring knowledge (upskilling) customer staff.
- b) provide a comprehensive plan during the Programme Design for how they will invest the time to apply these skills to upskill the Customer's staff, sensitive to the Customer's own resource constraints; and
- c) the successful Delivery Partner shall ensure that for each completed IT system or model change they will provide a comprehensive description of the technical configuration work undertaken (including the logical data model, designs and integrations) sufficient that the Customer's staff can maintain and develop that system in the future.
- d) Process maps and procedures shall be produced for key tasks supporting the preparation of the Customer's Annual Report and Accounts and the Customer's staff shall be trained in the new process maps and procedures.

#### **Overarching IFRS 9 and 17 capabilities**

##### **7.6 The Delivery Partner shall:**

- a) be able to evidence a significant track record of successful implementing IFRS 9 and advising on IFRS 17 in comparable organisations in the Export Credit Agency, Banking or Insurance sectors. This should include the undertaking of all elements of the Programme i.e. Programme Management, Finance, Risk, IT and Data.

b) have detailed knowledge of the Export Credit Agency, Banking and Insurance sectors and how these organisations have approached the Standards.

c) commit to working with the Customer over the duration of the Programme and will be able to invest their ideas and experience. The Customer expects the Delivery Partner to be able to demonstrate how their experience will assist the Customer in successfully implementing the Programme in an effective manner. This will include helping the Customer to avoid mistakes others have made and adapting processes, tools, techniques and systems it has already developed to help the Customer successfully implement the Programme in a reduced time and at a reduced cost.

#### **Programme and Project Management**

**7.7** The Customer will be providing a Programme Manager and Project Manager to work on the Programme. However, the Delivery Partner will be expected to provide the majority of the Programme and Project Management. The role of the Customer's Programme Manager and Project Manager will predominantly be to co-ordinate the input of the Customer staff into the programme, provide a single point of contact for the Programme and to liaise with the Customer's Portfolio Management Office and Governance structures.

**7.8** The Customer therefore requires that the Delivery Partner will:

a) in addition to having successfully implemented the Standards in similar organisations, have a track record of successfully delivering complex multi-year transformations. The Delivery Partner should be able to demonstrate proven methodologies and learning from these complex transformations which will assist the Customer in delivering the Programme.

b) be able to supply sufficient staff with appropriate qualifications (e.g. Managing Successful Programmes, Agile and Change Management Practitioner) and experience to support the Customer in the delivery of the Programme.

c) produce and maintain a programme plan for the Programme (based on the Programme Design approved by the Customer, see section 8). Manage the projects within the Programme such that the Programme is delivered in accordance with the Programme Plan and to time, cost and quality subject to appropriate change control and governance.

d) create and run a Programme Management Office to manage the projects within the Programme. The Programme Management Office will use an established best practice methodology to track budget, resources (including forecast time and actual time spent on the programme) manage risks and issues generated within the Programme and track and manage dependencies both within the Programme and with the Customer's broader Portfolio of programmes and projects. The Programme Management Office will provide reporting and shall supply information to the Customer's Portfolio Management Office in the format and at the time required by the Customer. The best practice methodology for managing the Programme shall be based upon and consistent with the Customer's Change Management Framework (attached as Appendix 7).

e) assist the Customer with the Change Management, Communications and Training needed to successfully embed the Programme into the Customer Organisation.

f) contract manage all sub-contractors and manage their input into the Programme providing assurance to the Customer on the quality of their input.

g) in the event of illness or a vacancy, supply additional staff to cover the Customer's Programme and Project Manager as required.

#### **Risk requirements**

**7.9** The Delivery Partner shall supply staff to work with the Customer on the risk modelling required to implement the Standards. The Customer's in house Risk team working on the Programme comprises The Delivery Partner shall provide a deep understanding of data and business in the Customer's sector (insurance / ECA); credit default and loss data; macroeconomic data; and experience of working with multiple discrete datasets of variable consistency. The Delivery Partner shall provide staff (and where appropriate sub-contractors) with experience of:

- 1. Software and systems.** In adapting the Customer's risk management processes and modelling, the Customer is very likely to need system and software upgrades. For example: IFRS9 requires generation of macroeconomic scenarios, which could well be obtained from proprietary software; and the increased simulation activity required for multiple scenarios and risk segments may mean the Customer needs to upgrade its portfolio risk modelling infrastructure. The Delivery Partner shall advise on necessary and cost-effective system and software change and assist in their implementation.
- 2. Risk management process and governance.** Changes to the Customer's risk management approach, particularly its quantitative modelling, will need to be embedded within business decisions, such as provisioning and pricing. The Delivery Partner assist the Customer in achieving a balance between quantitative and qualitative evidence, and any changes to governance and decision-making process that requires.

#### **Finance Requirements**

**7.10** The Delivery Partner shall supply staff to work with the Customer on the technical Accounting changes required to implement the Standards. The Delivery Partner shall provide staff (and where appropriate sub-contractors) with:

- a) Extensive IFRS 9 and 17 knowledge and experience:** derived from performing similar IFRS 9 and IFRS 17 work including full implementation projects from a range of entities.
- b) Deep industry knowledge** through other advisory engagements, audits and IFRS 9 and IFRS 17 committees, technical working groups or similar.
- c) Extensive insight** into evolving and emerging IFRS 9 and IFRS 17 accounting practice.
- d) Extensive contacts** to the industry (including the public sector) and/or regulators with an ability to tap into that network to confirm best / market practice.
- e) Assigned staff** to the Contract must be CCAB-qualified accountants and have relevant skills and experience to deliver the Contract, including any other specialist qualifications (e.g. public sector accounting, credit and risk-related experience);
- f) Experience** in developing and delivering bespoke IFRS 9 and IFRS 17 training to technical and non-technical audiences

#### **IT and System Changes Requirements.**



**7.11** Complying with the Standards will require significant changes to our IT Systems. The full extent of the required changes will not be known until the Programme Design is complete and in fact it will change during implementation of Phase 4. However, the Customer has outlined the current understanding in sections 5 and 6 and associated Appendices.

**7.12** The vast majority of the IT resource required will need to come from the Delivery Partner. However, the Customer's internal IT Team will be able to assist in the Programme and the requirement for this resource should be identified in the Programme Design. The Delivery Partner may also need to co-operate with other external organisations working with the Customer. The Customer will also be offering an internal secondment within its IT Teams in order to support the Delivery Partner with the IT implementation. If a secondee can be successfully identified, this secondee will act as a single point of contact on the IT side of the Programme for the Customer's IT Team. They will assist the Delivery Partner in understanding our IT systems and coordinate input from their colleagues in the Customer's IT Teams.

**7.13** The Delivery Partner therefore shall:

- a) provide sufficient qualified resource to deliver the IT changes required to comply with the Standards. For the avoidance of doubt, these resources shall include (but without limitation): Business Analysts, User Researchers, UX Designers, Technical and Enterprise Architects, Solution Designers, Developers, Testers and experts in IT Infrastructure,
- b) be able to access (either from their staff or through sub-contracting) staff with knowledge in the key systems the Customer's uses (as described in IT Architecture in the Data Room) including (but without limitation) Salesforce, ACBS, Coda, Cognos, PRISM, reporting tools (such as PowerBI),
- c) advise the Customer on the requirements for any additional software needed to deliver the Programme. Assist the Customer in the procurement of such additional software and its installation,
- d) when fulfilling the requirements under this procurement, have regard to the Customer's IT Strategy (attached as Appendix 5). Including, for example, the Customer's preference for using customisable platforms rather than building its own software and that Salesforce is its core system,
- e) as far as reasonably practicable, follow the Customer's Software Development Lifecycle (copy in the Data Room). In particular, the Delivery Partner shall follow the Customer's process and procedures in relation to change and release management,
- f) submit proposals for evaluation by the Customer's Design Authority at the appropriate time and incorporate their feedback,

#### **Data Analytics skills**

**7.14** In delivering the requirements listed above the Delivery Partner will need to be able to provide staff (and where appropriate sub-contractors) skilled in data analytical techniques. Where possible data analytics should be aligned with the software used by the Customer, if it is necessary to deploy different software analytics tools to those currently used by the Customer this should be agreed with the Customer through their Design Authority. Data governance controls must be in accordance with the DAMA data governance framework and the data control used by the customer. Where necessary, to complete the implementation of the Standards, the Delivery Partner may be required to supply external Data Sets.

## **Assurance Partner**

**7.15** The Customer intends to secure an independent organisation or organisations to act as an Assurance Partner. The role of the Assurance Partner is to assist the Customer in validating and signing off the acceptance criteria for Milestones under this Contract. The Delivery Partner shall fully and constructively engage with the Assurance Partner. For the avoidance of doubt (and without limitation) this shall include outlining the underlying methodology of risk models and answering promptly questions asked by the Assurance Partner. The Customer shall ensure that the Assurance Partner respects any Intellectual Property vested in the Delivery partner under the Contract

## **8 REQUIREMENTS FOR THE PROGRAMME DESIGN**

**8.1** As a first step towards delivering the Programme, the Customer requires the Delivery Partner to work with the Customer to produce a Programme Design. The objective for the Programme Design is to identify the different options for delivering the Programme and (through the Customer's Governance process) select an approach. The Programme Design will identify risks and issues associated with the delivery of the Programme and possible mitigations. It will also provide a Business Case for the Programme including a cost based around Milestone payments – see section 9 below. The Programme Design will be a collaboration between the Customer and the Delivery Partner in line with the principles in paragraph 7.4.

**8.2** The Milestones for Phase 3: the Programme Design are:

- a) An options appraisal of the different options for delivering the programme i.e. different sequences of projects or tranches as possible Programme Plans.
- b) Analysis of each proposed Programme Plan and an assessment of delivery risk and cost.
- c) Based on the above a detailed business case for the programme and advice on a preferred option for the Programme Design.
- d) For the preferred Programme Design a detailed delivery plan, outlining the key actions required, including relevant path choices that UKEF will need to make within the programme.
- e) For the preferred option, a blueprint for programme delivery, programme structure (projects and workstreams) roles and responsibilities within the programme and programme governance.

Payment for Phase 3 will be issued on a milestone payment basis against each Milestone outlined above (A-E), following successful completion of each Milestone once accepted by the Customer in writing.

These Milestones are discussed in more detail below.

An options appraisal of the different options for delivering the programme i.e. different sequences of projects or tranches as possible Programme Plans

**8.3** The Delivery Partner is required to identify the totality of the tasks which are likely to be required in order to deliver the Programme and achieve compliance with the Standards. The Delivery Partner should group the tasks into sensible projects and the projects into tranches

or workstreams. The picture on IFRS 17 will still be emerging as the IFRS Technical Papers are produced in parallel with the Programme Design. The Delivery Partner will therefore have to produce the best set of options based on the available information. It is therefore accepted that the Programme Design will have to be updated as the IFRS 17 Technical Papers work is concluded.

**Analysis of each proposed Programme Plan and an assessment of delivery risk and cost.**

**8.4** The Delivery Partner shall produce an options appraisal for each proposed Programme Plan. This should cover (inter alia) the differences in cost between the Programme Plans, the level of interdependency between the projects in the plan and how this could be managed, the level of delivery risk in the option and the required input from the Customer in delivering the option. The costing for each option shall be referenceable back to the Milestone Plan (see section 9) submitted as part of this procurement i.e. changes should be clearly identifiable.

**Based on the above a detailed business case for the programme and advice on a preferred option for the Programme Design**

**8.5** The Delivery Partner shall combine the work above into a Business Case. The Business case shall comply with the Customer's own standards for Business cases which are based on the HM Treasury 5 case business model and set out in the Change Management Framework. It should be of the level of detail required for an Outline Business Case. The Business Case shall recommend a preferred Programme Plan and the Delivery Partner shall assist in the presentation of the Business Case to the Customer's governance bodies. The Business Case shall include an Executive Summary, including the rationale for the recommendation.

**For the preferred option, a blueprint for programme delivery, programme structure (projects and workstreams) roles and responsibilities within the programme and programme governance**

**8.6** Based on the preferred option for the Programme Design, the Delivery Partner shall produce a programme mandate. This should be in line with an established programme management methodology (e.g. MSP) and the Customer's Change Management Framework. This shall include a blueprint for programme delivery, programme structure (projects and workstreams) roles and responsibilities within the programme. The Delivery Partner shall also advise on the governance structures for the Programme.

## **9 COMMERCIAL ARRANGEMENTS**

### **Pricing for work**

**9.1** The Delivery Partner will recommend the optimum blend of resources to deliver a piece of work (called a Milestone in this document), in order to give the Customer best value. This does not necessarily mean using the lowest cost resources, but the Customer is expecting "partner oversight" and other overheads to either be invested or only included as chargeable if these resources are demonstrably adding value. Without prejudice to the generality of this requirement the Delivery Partner will:

**a) if required, provide a written explanation of the rationale behind their recommended resource blend and will adjust their resource requirements and/or the proposed deliverables as required by the Customer, acting reasonably. This written explanation shall include:**

- i) a breakdown of effort (by resource type and days) estimated to be required to achieve the Milestone,
  - ii) the deliverable each combination of resources will be accountable for delivering,
  - iii) the assumptions made in proposing the resource blend,
  - iv) the inputs the Delivery Partner has assumed the Customer will provide,
  - v) alternative options considered for delivering the Milestone,
  - vi) the risks and issues associated with the proposed blend and any alternatives,
- b) as required, work alongside the Customer's staff in joint teams,
  - c) if required, engage sub-contractors for particular pieces of work if, in the reasonable opinion of the Customer, this will deliver better value to the Customer
  - d) as noted above, all staff designated to work on the Services must have valid security clearance (SC level) before commencing work on the Services. The Customer's preference is therefore for on shore delivery however if there are significant advantages to the Customer, offshore working can be discussed on a case-by-case basis.

## **Commercial Arrangements**

**9.2** As explained in section 1, this Contract is intended to be non-exclusive. This means that the Customer is not prohibited from engaging other organisations to work on implementing the Standards if it considers this will produce better value and quality.

**9.3** The Customer is also not committing to any guaranteed minimum spend through the Contract. The maximum Contract spend is £8.5m (exclusive of VAT) over 3 years with an option to extend the Contract by 1 year. The maximum budget for the 1-year extension is £1m (exclusive of VAT). The £8.5m initial budget is based on the impact assessment undertaken in phase 1 adjusted to reflect the increased amount of work needed for IFRS 17. However, it is hoped that the actual cost will be less. The £1m/1 year Contract extension is to allow for a contingency and for post implementation work.

**9.4** Although the maximum Contract value is set at £9.5m, the Customer is not committing to any guaranteed spend beyond the Programme Design (Phase 3). This is because over the term of the potentially four-year Contract, the funding position of the Customer may change. Equally, if the Customer and the Delivery Partner failed to agree a revised Milestone cost the Customer is not committed to proceed. That said, compliance with the Standards is currently mandatory for the Customer and HM Treasury have provided significant funding already to progress the programme. Therefore, although the Customer cannot guarantee spend or exclusivity, the Customer envisages working with the Delivery Partner to deliver the Programme over the coming years.

**9.5** The payment mechanism in Management Consultancy Framework 2 is milestones and payment will be strictly linked to the delivery of Milestones. Phase 3 milestones are listed above in Section 8.2 of this Specification of Requirements. The value of the Milestone payments for Phase 3 will be determined by the fixed prices submitted by the successful tenderer in the Pricing Schedule, tab B01.

**9.6** The Customer considers that asking the Delivery Partner to agree a fixed price for Phase 4 at this stage would place significant risk on the Delivery Partner and that this would be reflected in higher prices for the Customer. At this stage, given the uncertainty around IFRS 17, even the number of Milestones is not known. Also, once the IFRS 17 Technical Papers and the Programme Design have been completed the Delivery Partner may recommend changes in the approach to the Milestones. The Customer is therefore testing pricing for Phase 4 under a rate card pricing mechanism. The Delivery Partner is bound by the rates applied at tender stage submitted within the B02 tab of the Pricing Schedule. The rates applied during Phase 4 contract delivery cannot exceed the rates submitted in the B02 tab of the Pricing Schedule agreed at Contract Signature. Upon the Customer commissioning Phase 4 of the Contract, the Milestones will be refined through discussion between the Customer and Delivery Partner prior to the commencement of each Milestone.

**9.7** The Customer is therefore asking Tenderers to set out in quality question A09 an initial explanation of how it would deliver the Programme. As explained in the question, the response should clearly delineate the Milestones and the proposed content for each Milestone. The response should also describe the deliverables from each Milestone and how these join together to deliver compliance with the Standards.

**9.8** In the Pricing Schedule, Tenderers must provide costs for each Milestone so that Milestones Payments can be commissioned for Phase 3 of the contract. For Phase 3, these must be entered into the B01 tab of the Pricing Schedule and will be evaluated as part of the Total Cost for this Phase. For the Phase 4, these must be entered into the Total Contract Cost tab of the Pricing Schedule and will not be evaluated (aside from Programme Design which will be evaluated as outlined for Phase 3).

**9.9** Tenderers may identify any number of Milestones (Starting with the Programme Design as Milestone 1), but the Milestones entered in Appendix 2 must be identical to the Tenderers response to question A09. Milestones Payments should be based on a capped estimate basis although this can be reviewed before delivery commences through the revision process described below. The total value for all of the indicative Milestone Payments must not exceed the initial Call-Off Contract value - £8.5m. The Tenderers response to quality question A09 must therefore be capable of being delivered within this sum.

**9.10** The fixed milestone costs entered into the Pricing Schedule will be included in the Call-Off Contract as the baseline Milestone Payments. However, the Customer is not committed to funding the contract beyond Phase 3: The Programme Design. There is no minimum spend in this Call-Off Contract.

**9.11** At the end of the Programme Design Phase, the Delivery Partner will provide the Customer with a proposed plan for the Programme (see section 8 above). This Programme Plan will be considered through the Customer's governance and, once approved, will form the basis for the delivery of the Programme (the Programme Plan). The Programme Plan will contain a refinement of the proposed Milestones included in response to question A09 and the indicative Milestones.

**9.12** The revised proposed Milestone Payments included in the Programme Plan will be based upon the proposal submitted in response to question A09 and the indicative Milestone Payment in Appendix 2 of the Tender. The Delivery Partner shall provide the Customer with a clear explanation for any changes to the indicative Milestones or the indicative Milestone Payments and a breakdown of the costs that make up the revised proposed Milestone Payment.

**9.13** The revised Milestone Payment will be based on the maximum rate cards submitted in the Pricing Schedule Appendix 2, tab B02. There is no opportunity during the term of the Call-Off Contract to increase the rate cards submitted in Appendix 2. The revised Milestone Payment will comply with the Customer's requirements set out in paragraph 9.1 (Pricing for Work) above and the Delivery Partners response to quality question A09. Each Milestone will be approved by the Customer in accordance with the terms of the Call-Off Contract. If the Customer extends the Call-Off Contract then, in its discretion, further additional indicative Milestones can be added to the Call-Off Contract.

## **10. KEY MILESTONES**

**10.1** Tenderers should note the Customer requirement that the Tenderer provides outline Milestones for the Call-Off Contract in its response to question A09.

## **11. CUSTOMER'S RESPONSIBILITIES**

**11.1** The Customer's responsibilities should initially be identified in the response to questions A08 and A09 in the ITFC response document. The Customer's responsibilities will further be articulated during the Programme Design see section 8 above.

## **12. REPORTING**

**12.1** The reporting arrangements under the Call-Off Contract are outlined in the Account Management section above (paragraph 7.3).

## **13. CONTINUOUS IMPROVEMENT**

**13.1** The Delivery Partner will be expected to continually improve the way in which the required Services are to be delivered throughout the Call-Off Contract duration.

**13.2** The Delivery Partner should present benchmarking and continuous improvement measures (as outlined in Clauses 19 and 26 of the Call-Off Contract) to the Customer during monthly Call-Off Contract review meetings.

**13.3** Changes to the way in which the Services are to be delivered must be brought to the Customer's attention and agreed prior to any changes being implemented.

## **14. SERVICE LEVELS AND PERFORMANCE**

**14.1** The Customer will measure the quality of the Delivery Partner's Service delivery against the agreed Programme Plan and agreed Milestones. Each payment will be linked to the achievement of the specified Milestones.

**14.2** The criteria for measuring quality will be agreed between the parties post contract award in the form of Key Performance Indicators (KPIs).

**14.3** There are transparency obligations within our contracts meaning we will be required to publish the three most significant KPIs from this contract, as decided by us as the Authority. This will require us to share the three most significant KPIs from this contract, as decided by us as the Authority, with Cabinet Office quarterly, including a quarterly performance rating. These will be published at a website address which will be shared with the successful tenderer. The information we intend to submit for publication each quarter, including:

- **KPI Information**

- Quarterly Rating
- Comments

will be shared with the successful tenderer for confirmation of their acceptance for publication, prior to sharing with Cabinet Office for publication.

#### **14. SECURITY REQUIREMENTS**

14.1 The security requirements are outlined in paragraph 7.2 above and the Call-Off Contract.

14.2 The Supplier must supply all Customer Data to the Customer through the Customer's SharePoint

#### **15. PAYMENT**

15.1 Payment will be made strictly on completion of the Milestones – Please see the section on commercial arrangements (section 9 above).

#### **16. BASE LOCATION**

16.1 In the light of the current Covid-19 pandemic the base location of where the Services will be carried out will be agreed between the parties prior to the commencement of the Programme Design and will reflect relevant government advice applicable at the time.

## **Annex 2 – Project Plan**

[this text is redacted]



The Project Plan for Phase 3 (“Proposed Design Phase – Phase 3”) is a visual excerpt from the full Call Off Tender, A08. For a full description of the Project Plan for Phase 3 see the full Call Off Tender.

The Project Plan for Phase 4 (“Proposed Delivery Phase – Phase 4”) is a visual excerpt from the full Call Off Tender, A09. For a full description of the Project Plan for Phase 4 see the full Call Off Tender.

## **Annex 3 – Call Off Contract Charges**

### **Phase 3:**

The maximum cost for Phase 3 of the project is as follows:

[this text is redacted]

The Milestones referenced above for Phase 3 (and their deliverables) are defined in the in the full Call Off Tender.

The actual final cost for the delivery of each milestone will be determined by the actual number of days worked by the resources named (or agreed substitutes) above in delivering the milestones.

The Supplier will account to the Customer at the end of each milestone for the actual number of days worked in delivering that Milestone, by providing a breakdown of the actual number of days worked in delivering that Milestone to UKEF alongside the supplier's invoice. In doing so the Supplier will demonstrate adherence to the pricing principles set out in Section 9 of Annex 1, the Specification of Requirements.

The actual cost for delivering each Milestone cannot be higher than the corresponding costs shown above for each Milestone. This assumes that the agreed dependencies on each milestone are fully met by UKEF. These will be defined at each workstream as part of the *Milestone Plan and Dates* referred in section 2.1.

#### **Phase 4:**

The Rate Card for Phase 4 of the project is as follows:

[this text is redacted]

The actual final cost for the delivery of each milestone in Phase 4 shall be determined in accordance with the provisions of clause 23.3 in the Call Off Terms (paragraph 10.16 in this Call Off Order Form). The Customer is not committing to any spend in Phase 4 and the provisions of clauses 42.11 and 46.3A shall apply in the event that the Customer does not wish to proceed with a Phase 4 milestone.