

DPS FRAMEWORK SCHEDULE 4: LETTER OF APPOINTMENT AND CONTRACT TERMS

Part 1: Letter of Appointment

Dear [REDACTED]

Letter of Appointment

This letter of Appointment dated Monday, 6th December 2021, is issued in accordance with the provisions of the DPS Agreement (RM6018) between CCS and the Supplier.

Capitalised terms and expressions used in this letter have the same meanings as in the Contract Terms unless the context otherwise requires.


| | |
|---------------|---|
| Order Number: | PS21150 – Process and Interim Impact Evaluation of the Trade Credit Reinsurance (TCR) Scheme |
| From: | Department for Business, Energy & Industrial Strategy (BEIS) of 1 Victoria Street Westminster, London SW1H 0ET ("Customer") |
| To: | London Economics Ltd, Somerset House, New Wing, Strand, London, United Kingdom, WC2R 1LA ("Supplier") |

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| Effective Date: | Wednesday 8 th December 2021 |
| Expiry Date: | Thursday 31 st March 2022 |

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| Services required: | Set out in Section 2, Part B (Specification) of the DPS Agreement and refined by: the Customer's Project Specification attached at Annex A and the Supplier's Proposal attached at Annex B; and |
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| Key Individuals: | [REDACTED] |
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| Contract Charges (including any applicable discount(s), but excluding VAT): | £195,180.50 excluding VAT. |
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| Insurance Requirements | <p>Additional public liability insurance to cover all risks in the performance of the Contract, with a minimum limit of £5 million for each individual claim</p> <p>Additional employers' liability insurance with a minimum limit of £5 million indemnity</p> <p>Additional professional indemnity insurance adequate to cover all risks in the performance of the Contract with a minimum limit of indemnity of £1 million for each individual claim.</p> |
| Liability Requirements | Suppliers limitation of Liability 18.2 of the Contract Terms); |
| Customer billing address for invoicing: | <p>All invoices should be sent to should be sent to:</p> <p> or Billingham (UKSBS, Queensway House, West Precinct, Billingham, TS23 2NF).</p> |
| GDPR | As per Contract Terms Schedule 7 (Processing, Personal Data and Data Subjects) |

FORMATION OF CONTRACT

BY SIGNING AND RETURNING THIS LETTER OF APPOINTMENT (which may be done by electronic means) the Supplier agrees to enter a Contract with the Customer to provide the Services in accordance with the terms of this letter and the Contract Terms.

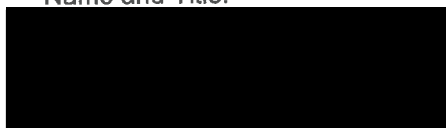
The Parties hereby acknowledge and agree that they have read this letter and the Contract Terms.

The Parties hereby acknowledge and agree that this Contract shall be formed when the Customer acknowledges (which may be done by electronic means) the receipt of the signed copy of this letter from the Supplier within two (2) Working Days from such receipt

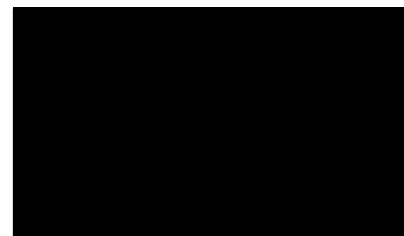
For and on behalf of the Supplier:

For and on behalf of the Customer:

Name and Title:



Name and Title:



Signature:



Signature:

Date:

7 / 12 / 2021

Date:

08/12/2021



ANNEX A

Customer Project Specification

1. Introduction and summary of requirements

Trade Credit Insurance (TCI) plays an important role in supply chains; suppliers offer goods on credit rather than request upfront payment because they can be confident that they will be reimbursed in the event of buyer non-payment (i.e. TCI removes counterparty risk created by asymmetric information). Unlike most other insurance products, the majority of TCI can be withdrawn (or premiums increased) by insurers at any stage if they see that the risk of default has risen. Due to the adverse economic impact of CV-19, insurers are unable to properly scope risk and were likely to take action to minimise their losses by withdrawing cover from many of the buyers that the policyholders trade with. Therefore, without government support, it was feared insurers would have withdrawn around 30% - 50% of TCI (approximately £50bn to £90bn) and therefore, economic activity that is directly and indirectly reliant on TCI would collapse which would exacerbate the current economic downturn. Government is providing the Trade Credit Reinsurance Scheme (TCR), under which government enter into a risk sharing arrangement where government takes 90% of risks and premiums from insurers during the scheme period from 1st April 2020 – 30th June 2021. This ensures that insurers will maintain cover on businesses and can only remove cover if the rationale for doing so is not related to the economic impacts of the pandemic.

Whilst the 'live' Scheme ended on 30th June 2021, insurers will have until December 2023 to finalise and submit any claims through to the scheme during the 'legacy' period. BEIS/HMT will launch a review into the TCI market in summer 2021 to assess the extent to which the market leads to fair outcomes for consumers. The review is expected to conclude by Spring 2022.

In terms of summary of our requirements, the evaluation of the scheme will consist of two key components which we are seeking to commission externally; process and interim impact evaluations:

- Through the **process evaluation**, we will gather qualitative feedback on the effectiveness of the scheme, and key lessons learned; as well as gathering stakeholder views on the effectiveness of the TCI market in normal times and the extent to which it achieves fair outcomes for consumers. We will also survey a representative sample of participating businesses to triangulate views on the scheme. We will ensure that the process evaluation will provide as much evidence and information as possible for the wider review of the TCI market. The process evaluation interim findings will be available from February 2022 with a view to be finalised by Spring 2022.
- **Scoping study/Interim impact evaluation work** is planned to run concurrently as an additional phase alongside the process evaluation so that it can provide an assessment of the required quantitative data for indicative VfM assessments based off of monitoring data provided by insurers and other available data sources. The findings from the interim evaluation will be available within the same timeline as the process evaluation findings become available, with final findings available by Spring 2022 so these can be fed into the wider TCI review.

2. Background

TCI has a systemic role in the UK economy of supporting the provision of credit between businesses as outlined above in the introduction section. The scheme has directly benefitted over half a million businesses, providing certainty to firms across the UK and safeguarding jobs. It protected more than £575 billion of business turnover by providing around £210 billion in insurance cover.

Similar to other CV-19 business support schemes, the TCR scheme aimed to maintain business confidence and provided direct support to economic activity reliant on TCI. Furthermore, the scheme supported economic activity indirectly, through supporting supply chains and enabling TCI policyholders' access to finance.

However, whilst other similar support schemes, such as the Coronavirus Business Interruption Loan Scheme (CBILS family), primarily aim to provide short-term support to firms, the TCR scheme seeks to deliver benefits over the medium to longer term. TCI is not simply about fiscal support to individual firms but maintaining wider supply chains and business confidence in order to preserve the productive capacity of the economy and aid the economic recovery.

TCR was designed as a temporary solution to companies struggling to get insurance cover for transactions because of the pandemic. It ended on 30th June 2021 in the context of a positive outlook for economic recovery in 2021, appetite for new business among participating insurers and the continued success of the vaccine rollout.

3. Aims and Objectives

This project's aims and objectives are to assess the operational effectiveness of the scheme and identify learnings that can be used for future HMG reinsurance schemes. This needs to be prioritised in the running of the scheme and after it is wound down as these learnings will be particularly important for the interim review of the market.

Furthermore, it is very important that both process and impact evaluation work would take into consideration how the interaction between the Covid-19 financial interventions worked out in practice. One of the key challenges in the evaluation work is to tease out individual impacts of the wider government support.

BEIS and HMT are committed to having rigorous evaluation of their interventions. It is important to identify the lessons learnt for any intervention but when we are dealing with such unexpected circumstances caused by this pandemic, it becomes more important that we find out how these interventions worked, what difference they have made and whether they could have handled differently and in what way. It is therefore required that a process evaluation is commissioned to be carried out to address these questions. We will also incorporate an interim impact evaluation to run concurrently as an additional phase alongside the process evaluation so that it can provide an assessment of the required quantitative data for indicative VfM assessments based off of monitoring data provided by insurers and other available data sources.

4 Methodology

A mixed methods approach is most appropriate for **process evaluation**. The methodology will include the following quantitative and qualitative analysis:

- Desk-based research to review of the relevant project documentation: this is to gain a detailed understanding of the scheme, including the rationale and business case, the procedures used to implement the scheme and their aims and objectives
- Scoping consultations with scheme officials from BEIS, HMT and others involved in the design of the scheme: not all of the required information will be written down or available in documents. Therefore, following the review of the documentation, a series of scoping interviews will be held with key stakeholders involved in the design of the scheme to gain a more complete understanding of the processes and their objectives. The document review will take place prior to the stakeholder interviews (and will inform the content covered in the interviews), to ensure that the interviews are collecting additional information and adding value to the process evaluation.
- Analysis of Management Information (MI) and secondary data: monitoring data has been collected from the start of the scheme and will provide detailed information on various aspects of the scheme. This data will be shared with the evaluation contractor. The contractor will also be asked to examine other available data sources as part of their review of the secondary data sources to be in a position to make recommendations for any potential data linking and/or matching for the impact evaluation of the scheme.
- Stakeholder interviews: The process evaluation will involve a comprehensive set of in-depth interviews with key stakeholders in the scheme to provide strategic and operational views on the effectiveness of the processes adopted to deliver the scheme. These will include key contacts from BEIS delivery teams, delivery partners (PwC leads), the ABI main contacts, key representatives from each of the nine insurers of the scheme and those identified as having important sources of information. These interviews will explore a range of key evaluation questions outlined in the key evaluation questions.
- Feedback survey of businesses: the planned process activities outlined above will be complemented with a survey of businesses covered by the scheme. It is crucial we include a representative sample of businesses sufficient in size for meaningful comparisons on key break variables, including but not limited to sector, size and region of the businesses. This survey will also aim to address how to take forward any issues identified for the equality analysis requirements. We are aware of the burden businesses are under and survey fatigue will be at the forefront of our plans for the survey design, particularly considering those businesses from hard hit sectors. We aim to exhaust all the relevant sources to ensure we make use of the already available data/information, eg., the Association of Business Insurers (ABI) would be an important source for this. Furthermore we acknowledge that there will be challenges to overcome around accessing information on protected characteristics from businesses which require careful consideration. The potential bidders will need to have the expertise and the track record on handling these issues in their tender.

For **Scoping study/interim impact evaluation work** strand of this project, we would like contractors to carry out an assessment of the required quantitative data for indicative VfM

assessments based off of monitoring data provided by insurers and other available data sources. This study will require:

- Interrogation of available data sources required to conduct a rigorous final impact evaluation. This exercise will start off with identifying the available data and will include, after fully examining suitability of data sources, proposals for what a fit-for-purpose counterfactual would look like for the final impact evaluation to provide the required economic assessments
- Interim analysis of the existing monitoring data and other data sources for their proposed use in the final impact evaluation work
- A detailed write-up of the findings of this scoping work.

5 Outputs Required

- **A process evaluation report** will be produced at the end of this project to a good quality and our publication standards. The final report will be in BEIS format and will be peer reviewed (through the BEIS peer review group).
- **Clean data sets** from the potential feedback survey(s).
- The analysis of monitoring and other relevant admin and survey data (ie., quantitative data) will be in Excel/CSV format and the process evaluation findings written up in MS Word reports. There will also be slide-packs and presentations as part of the outputs that BEIS will receive as deliverables from the project.
- **Other deliverables** include in-depth interview topic guides and survey data tables.
- **PowerPoint presentation** summarising the key findings as well as providing information on separate aspects of the process evaluation, eg findings from in-depth interviews with stakeholders.

6 Ownership and Publication

BEIS will have the ownership of the outputs and will publish the quality assured/peer reviewed outputs through the Gov.uk website. The finalised evaluation reports will be published as soon as possible after full sign off from BEIS. The survey data will not be published, but BEIS will have access to the data so that this could be used for impact evaluation work (with the relevant permissions to share with an evaluation contractor).

7 Quality Assurance

We are putting together a Steering Group with the key senior policy and analysis officials from BEIS and HMT for this evaluation work to bring together a forum to oversee the delivery of timely and robust evaluation of the TCR scheme. The SG will do this by providing:

- Expert oversight to ensure the evaluation work joins up all the relevant activities and initiatives involved in the TCR Scheme;
- Quality assurance to the Monitoring and Evaluation process of the Scheme funds by scrutinising the evaluation plans and outputs;
- A forum to discuss and critique the approach to and outputs from the evaluation; and advice on evaluation approaches and methodologies, particularly on the broader policy measures;

- An insight to other relevant activity that is going on that the evaluation work could draw off, or link up to.

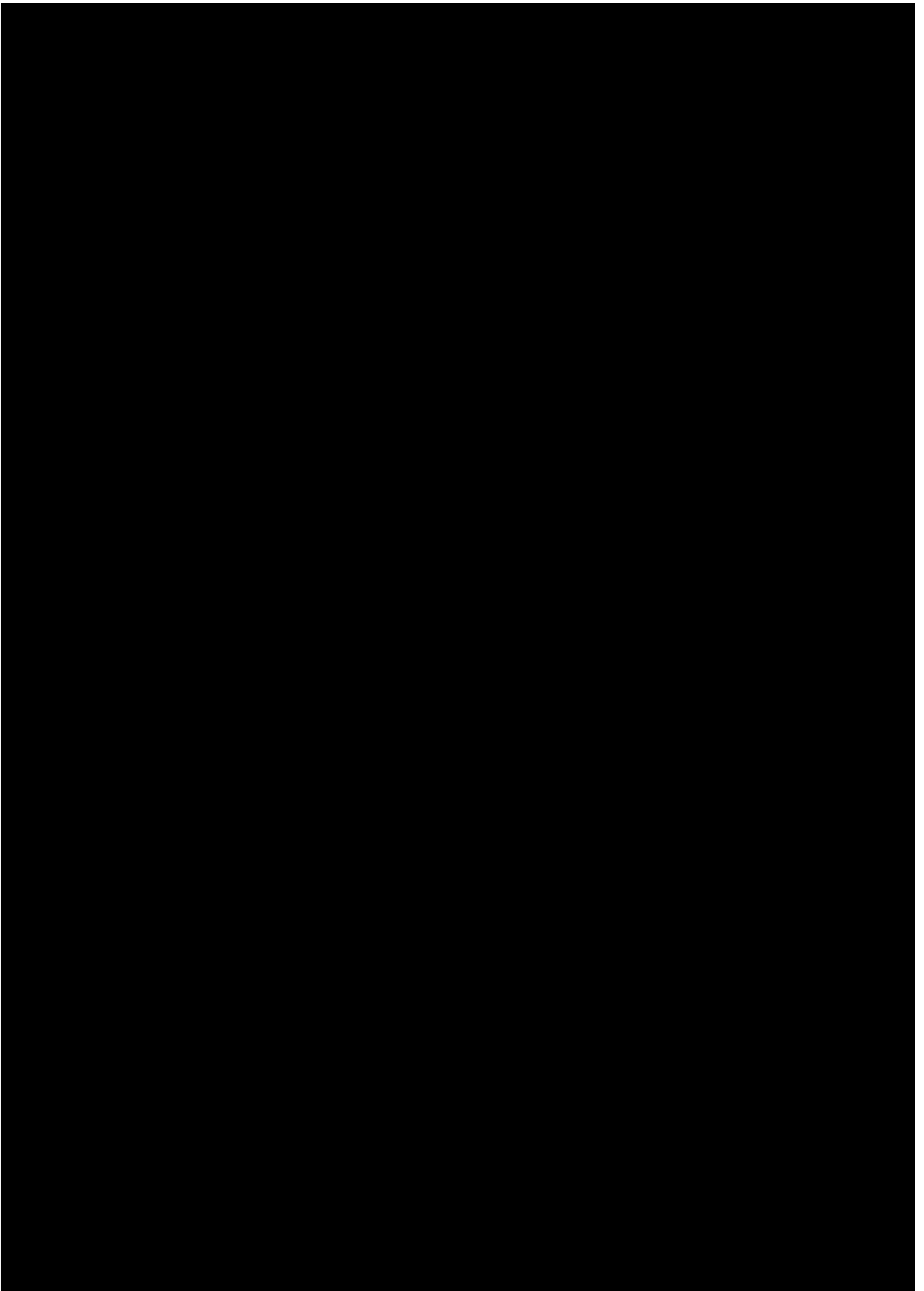


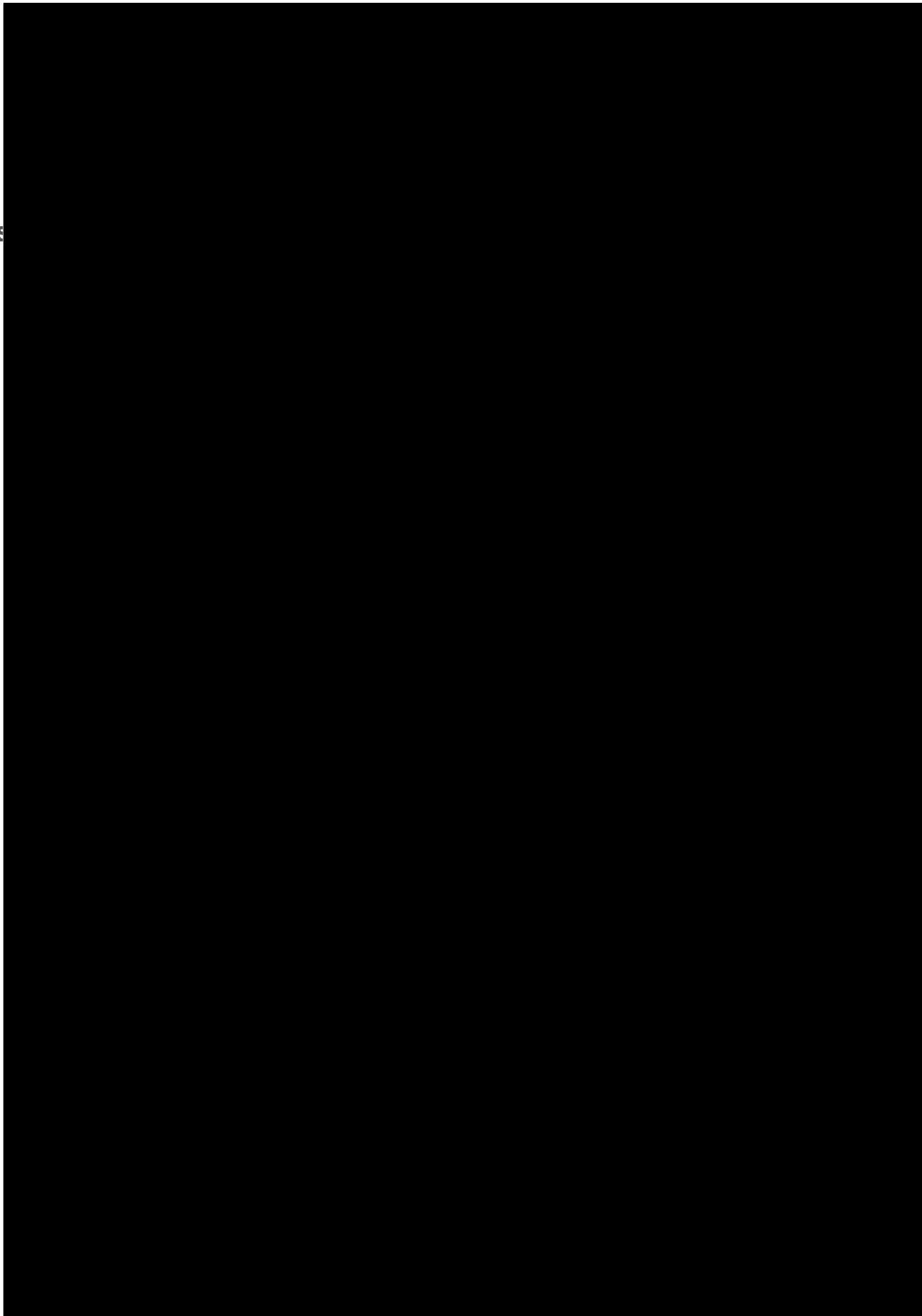
ANNEX B

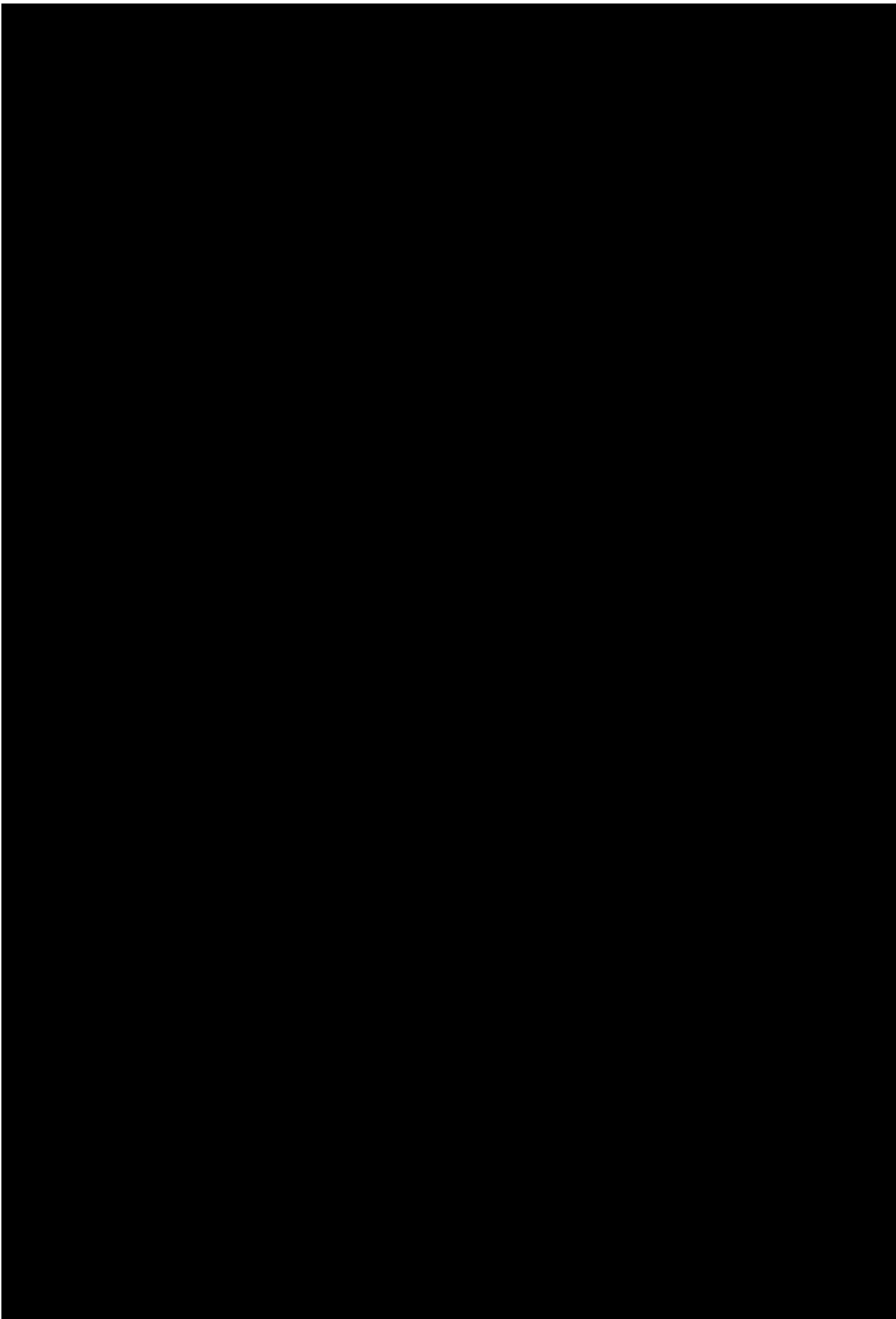
Supplier Proposal

To be determined at Call for Competition stage

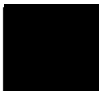


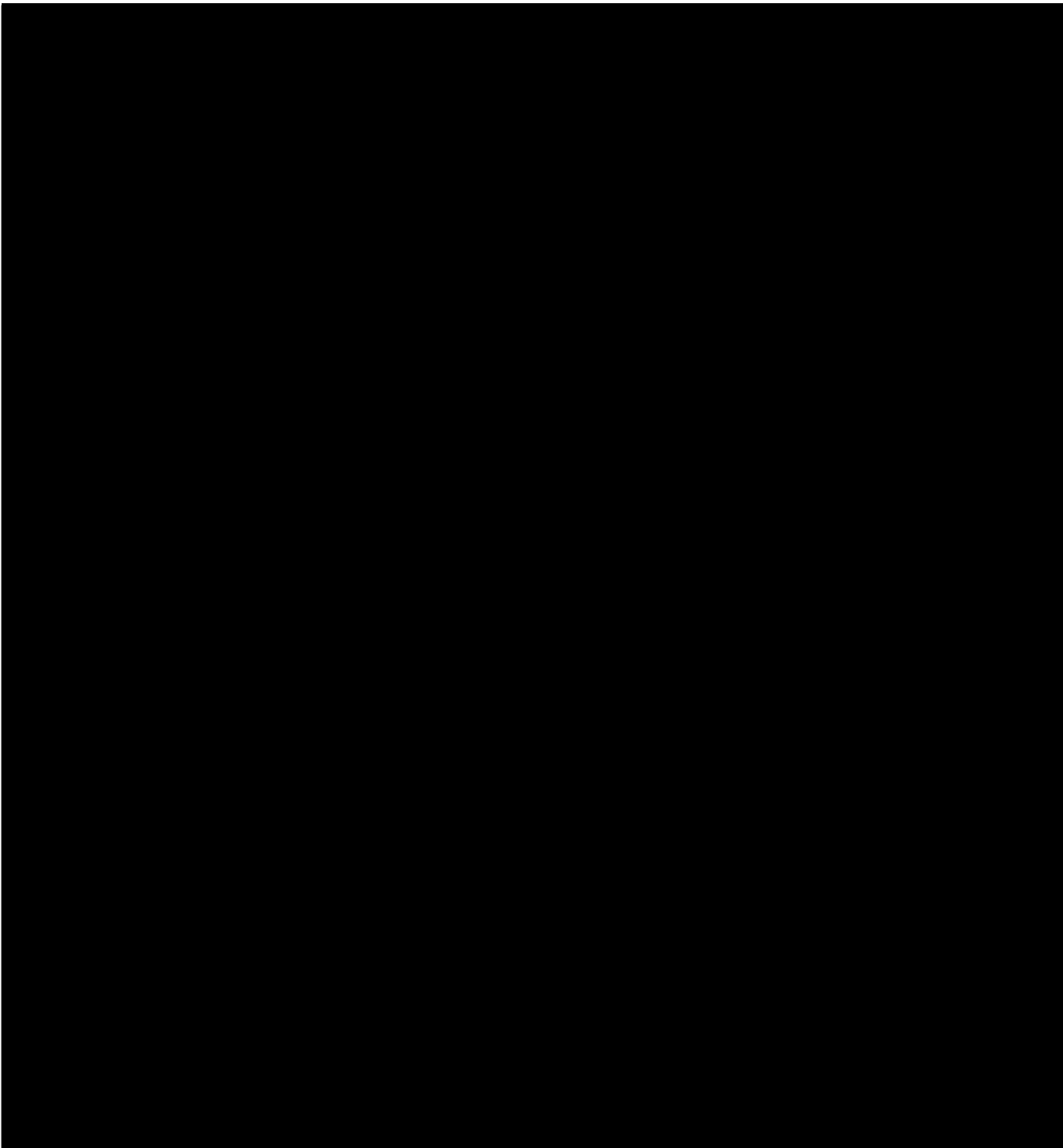




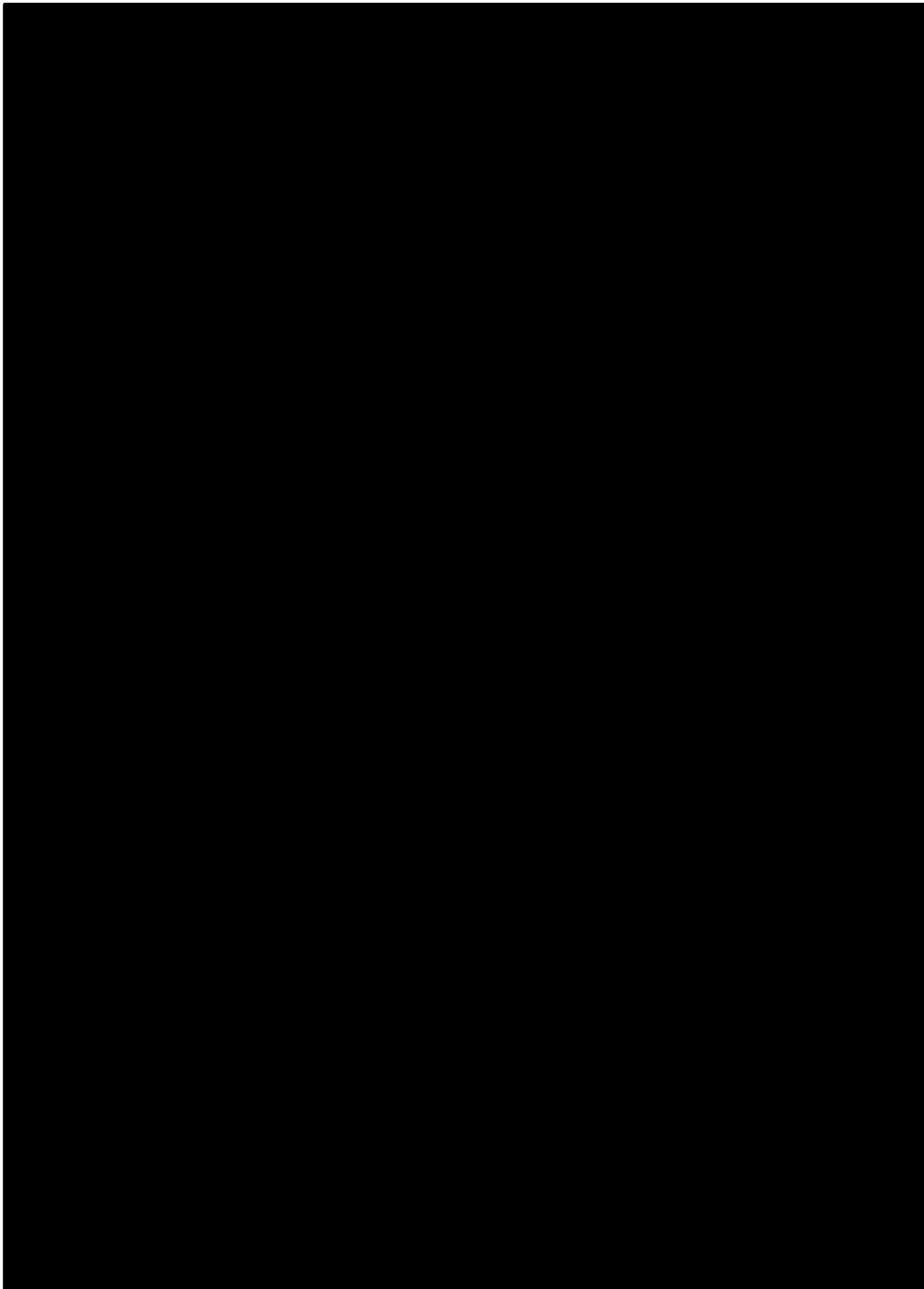




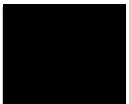
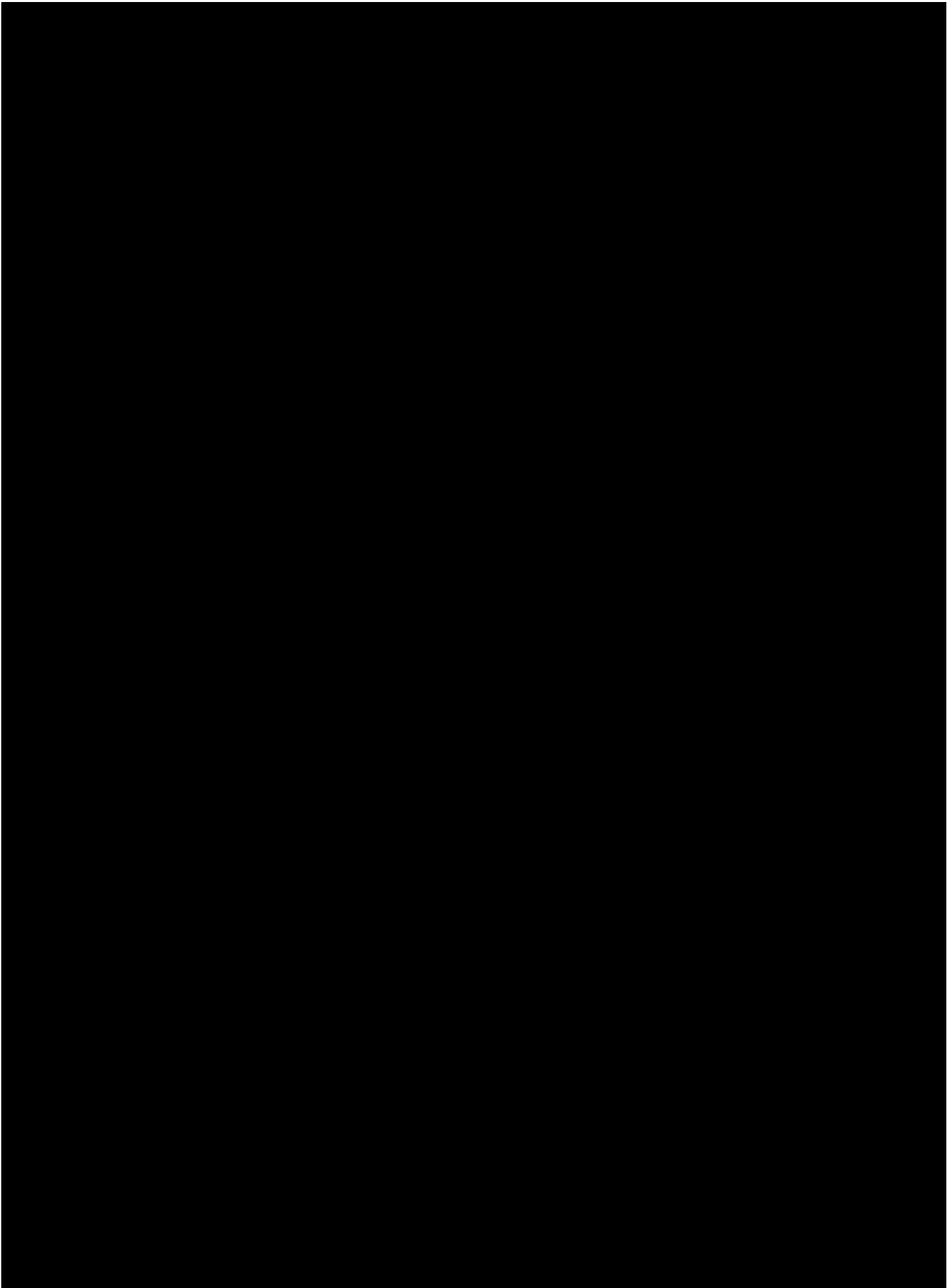


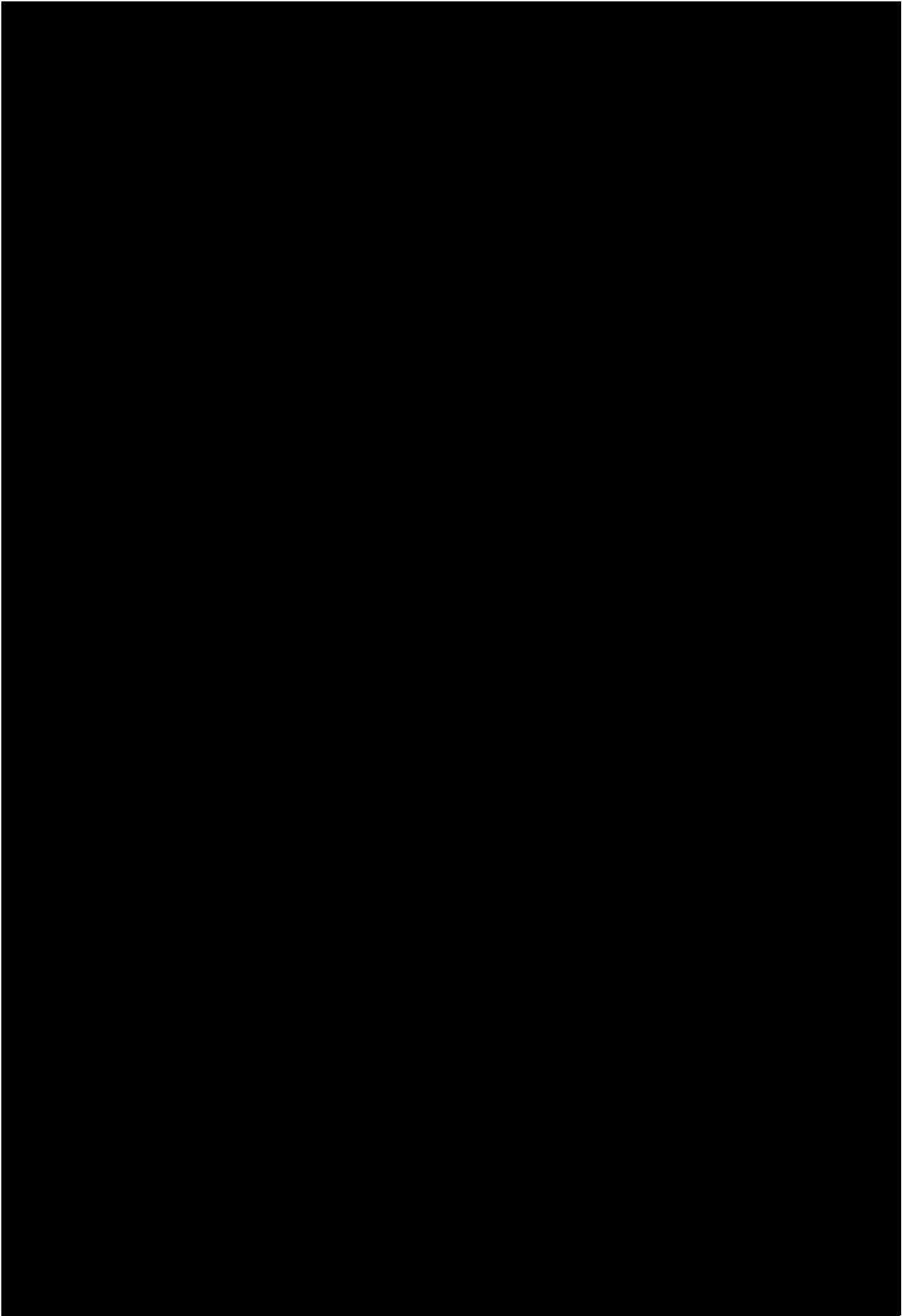


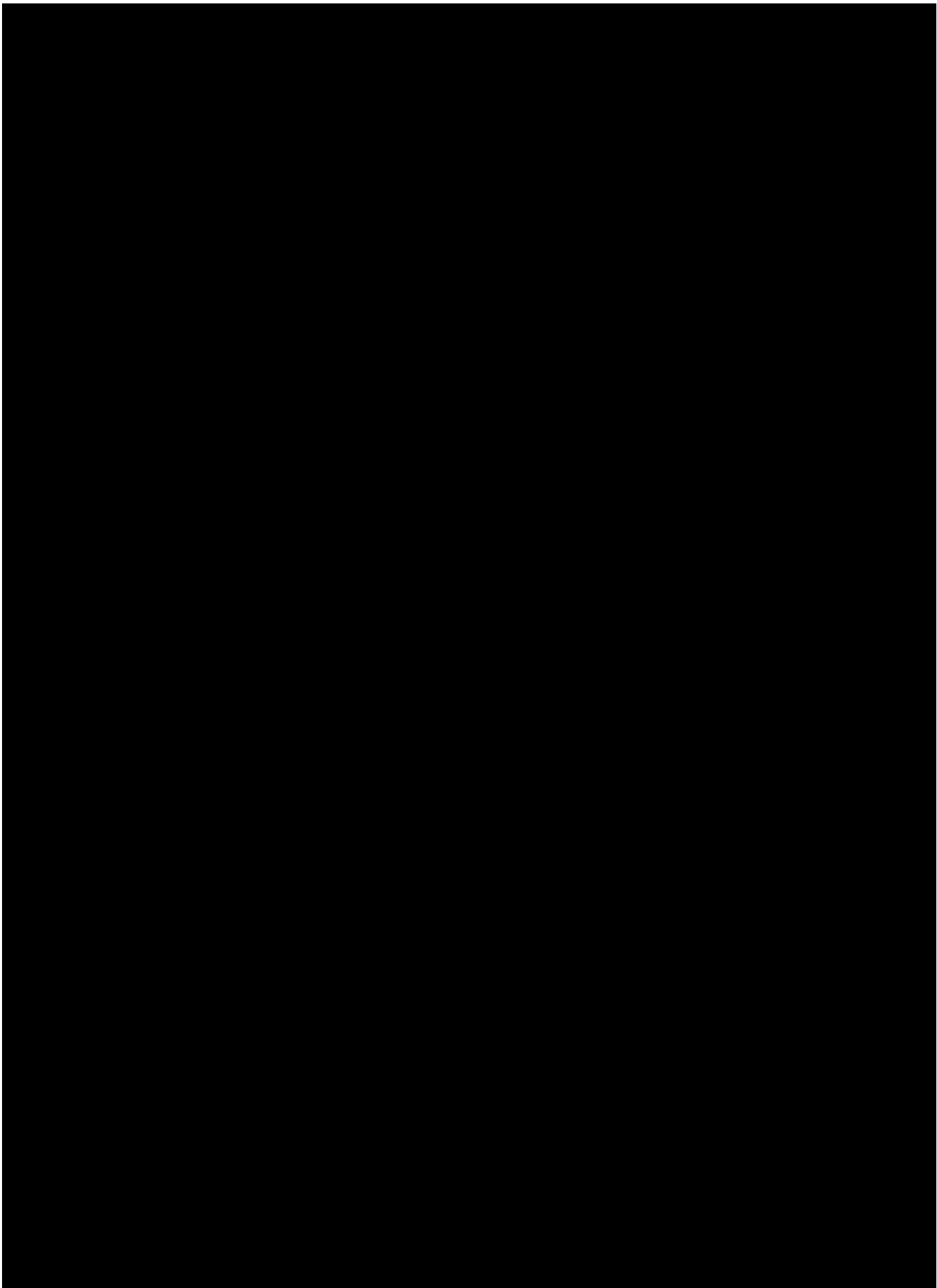


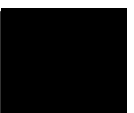
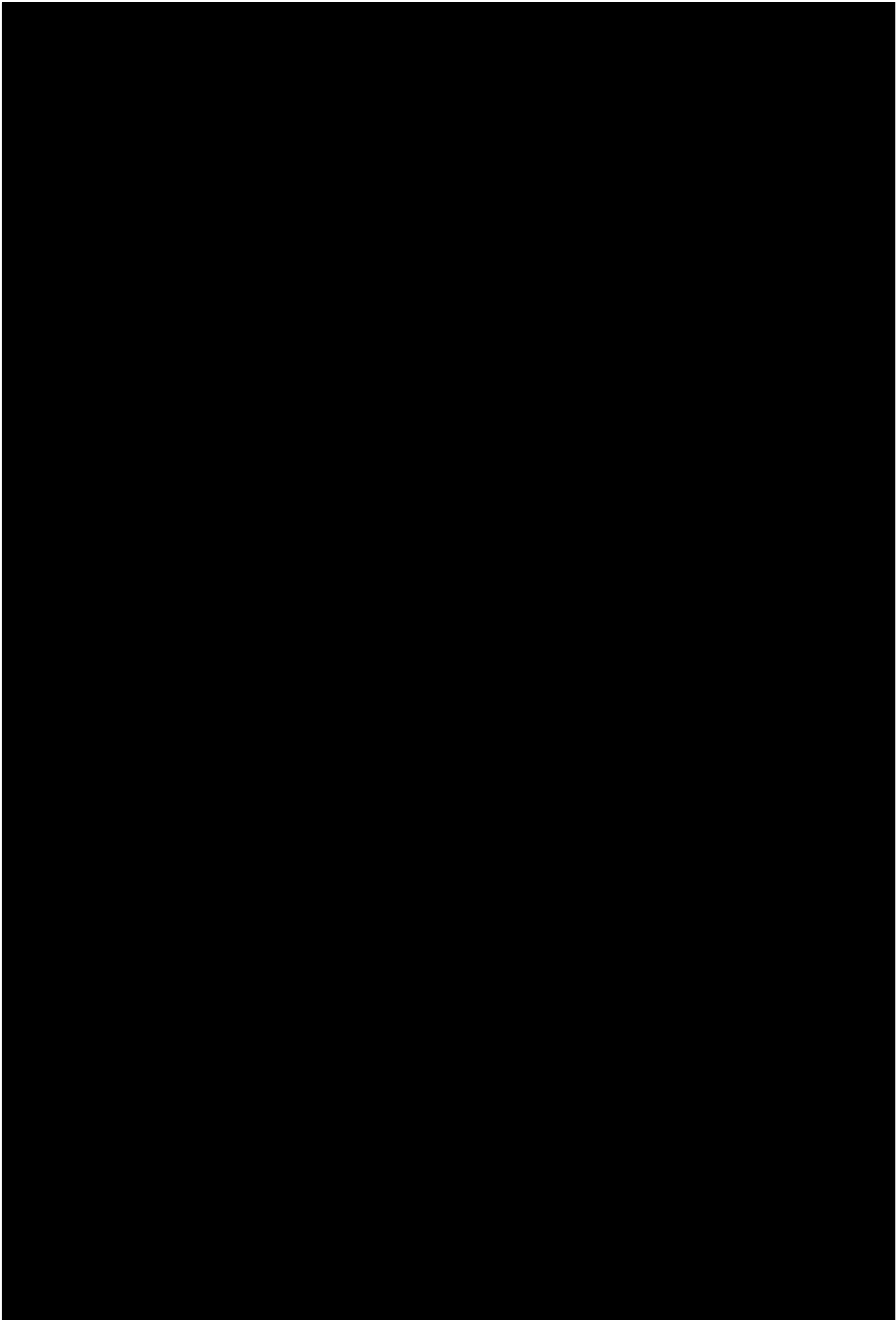


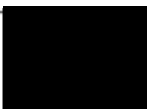
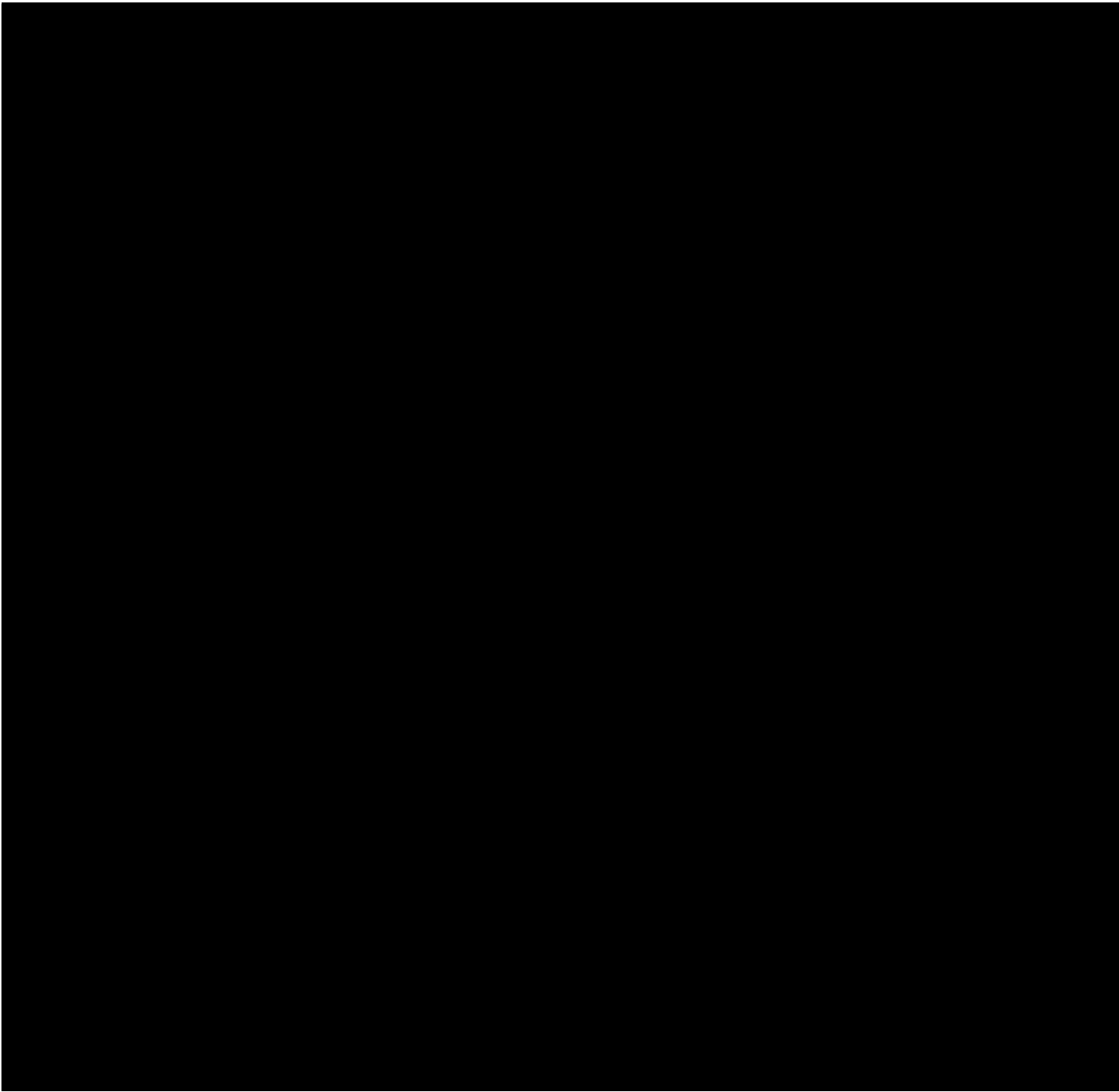


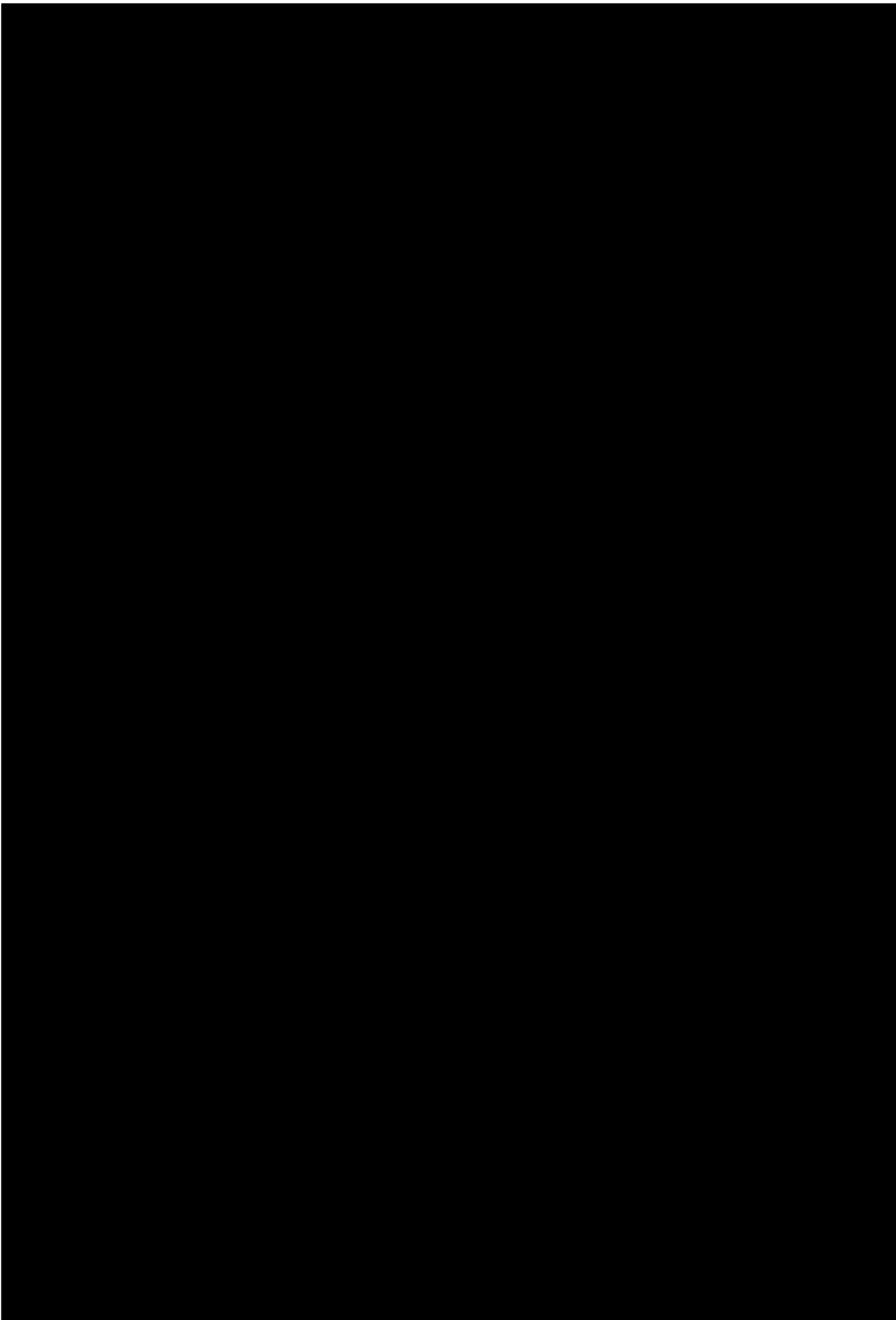


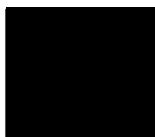
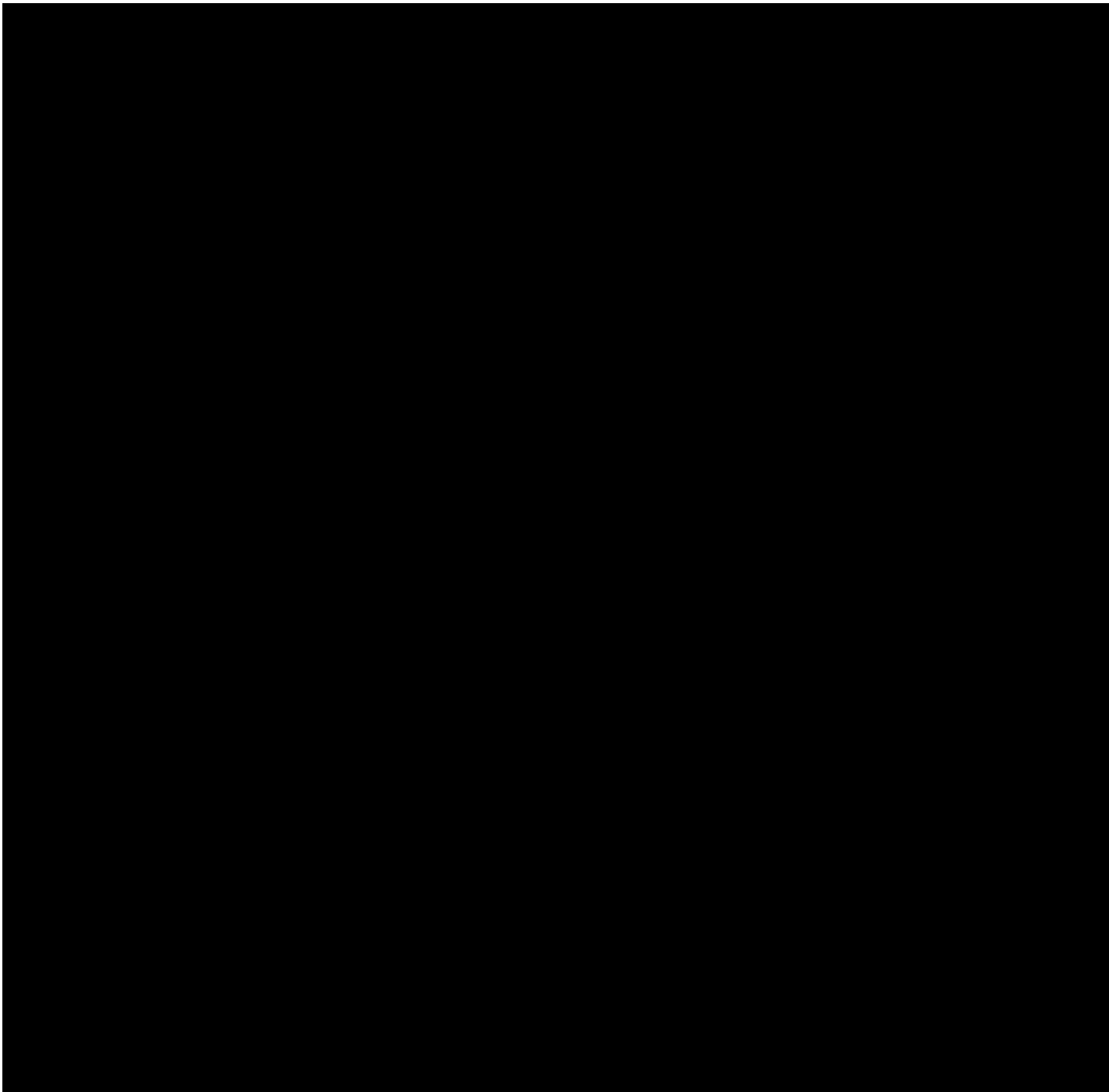




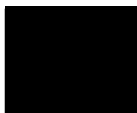
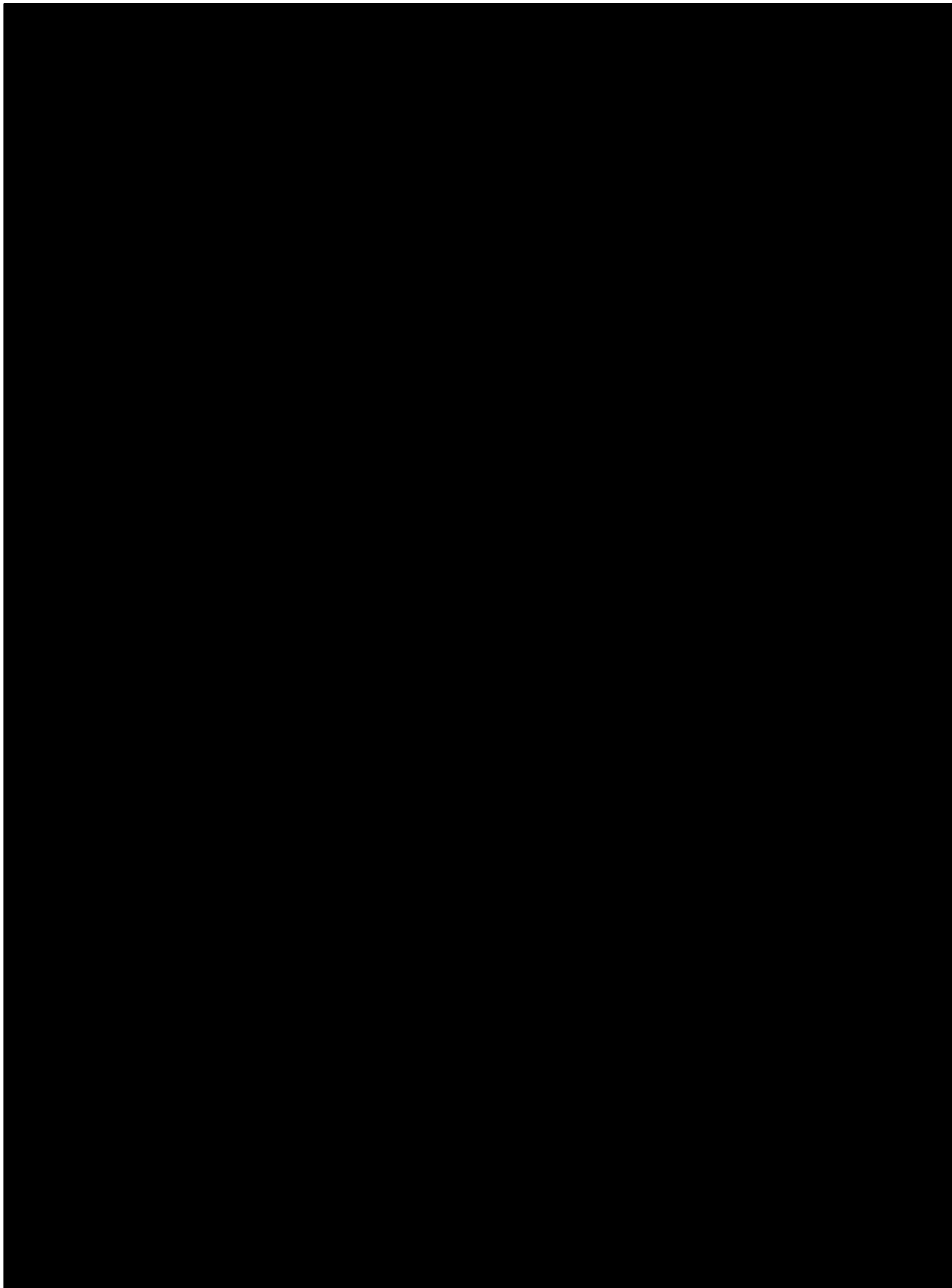


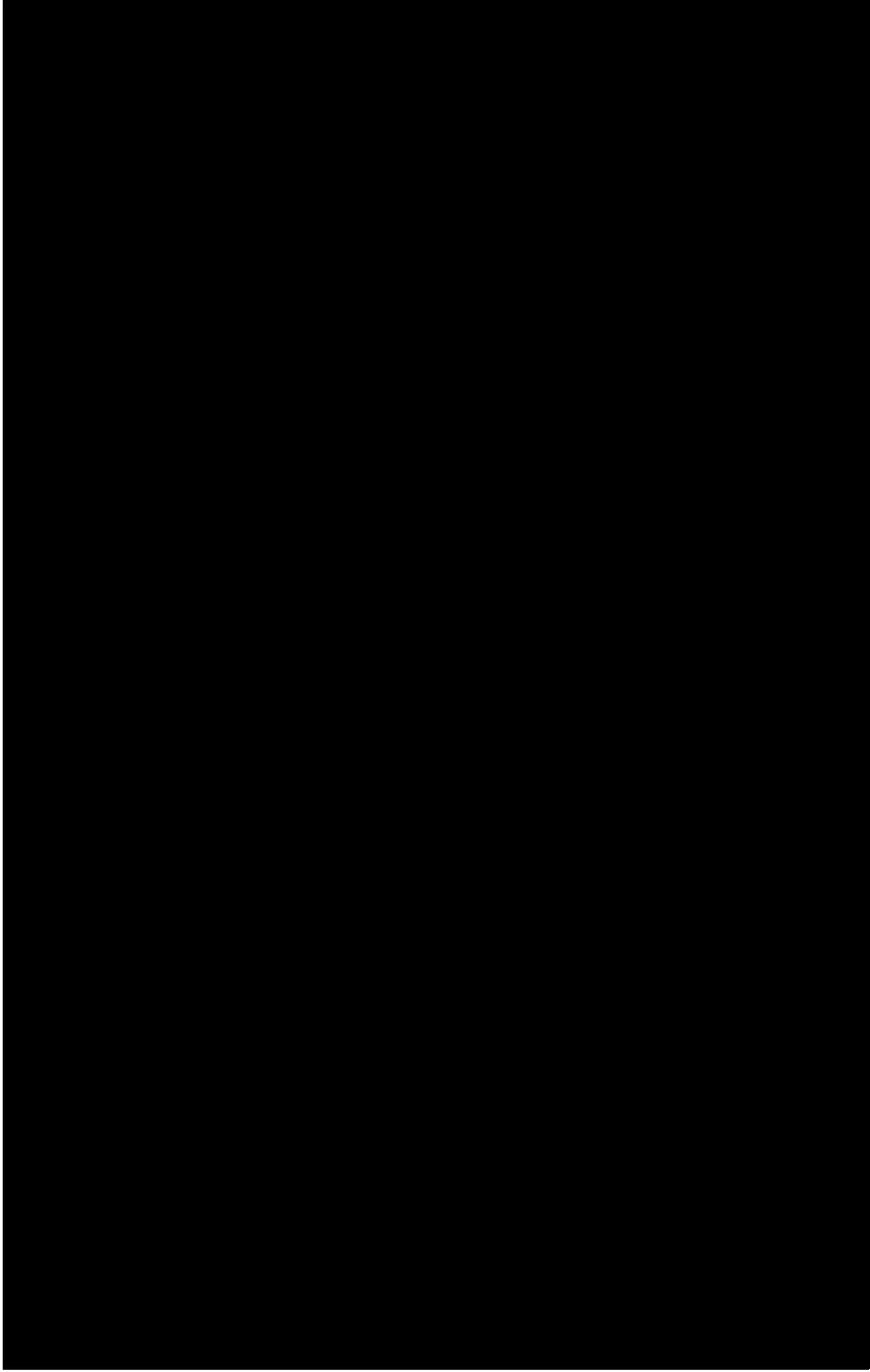


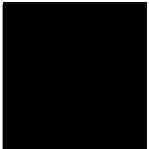
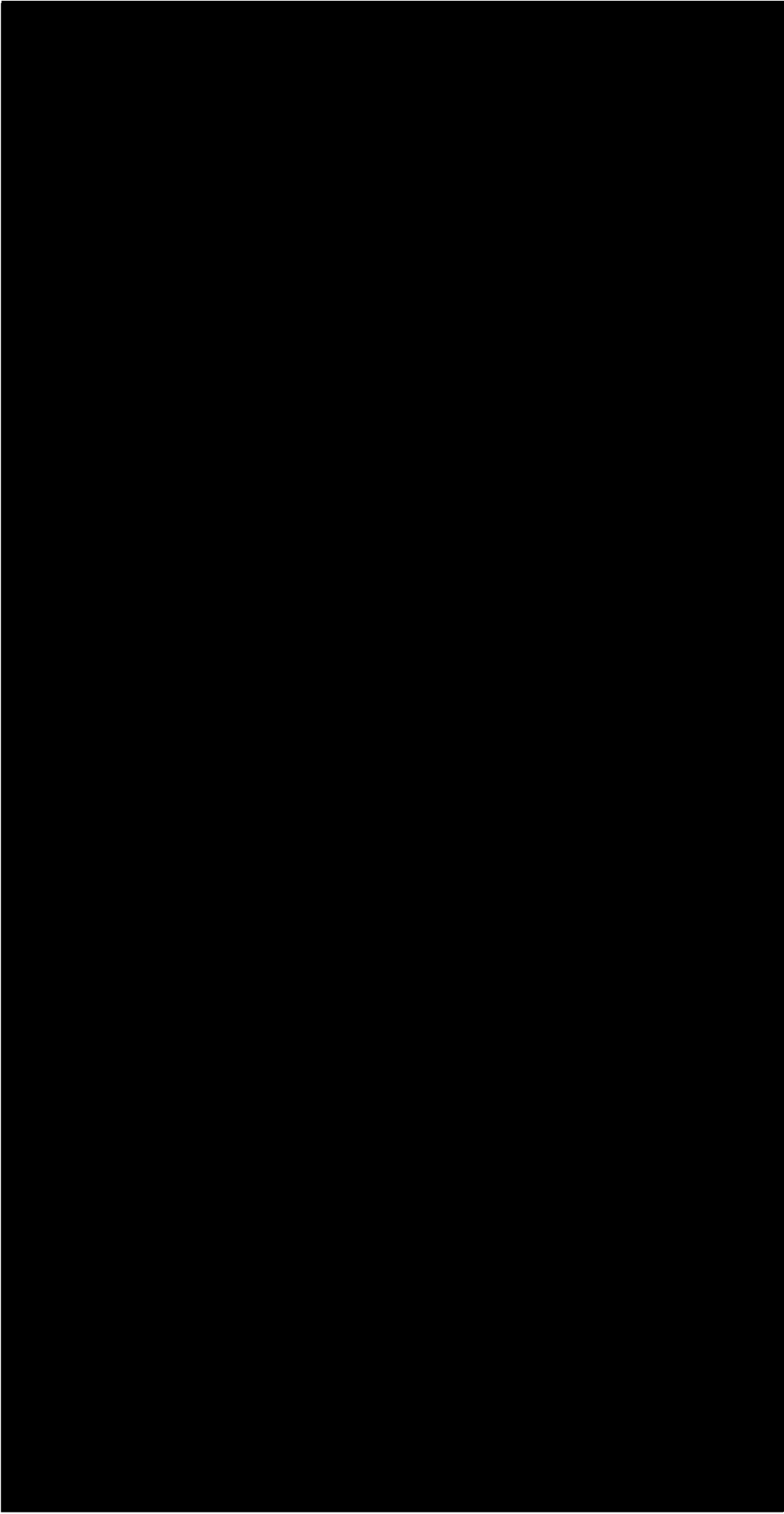




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Part 2: Contract Terms



Contract Terms v6.0

