



Cabinet Office

OFFICIAL SENSITIVE - COMMERCIAL

EU Exit Implementation Capability Unit

External support

Project Engagement Letter – Lot 1, 2 and 3

Completed forms and any queries should be directed to [fst-consultancy@cabinetoffice.gov.uk](mailto:fst-consultancy@cabinetoffice.gov.uk)

COVID 19 Response – Project Engagement Letter		
Engagement ref #	090C	
CCS Salesforce ref#	630985	
Extension?	N	Ref
Department / Area	Department for Business, Energy and Industrial Strategy	
Supplier	PA Consulting	
Title	Market Analysis for the Vaccines Taskforce	
Engagement start / end date	27/07/20	07/08/20
Funding source	Department /	
Expected costs 19/20	£0	
Expected costs 20/21	£39,700	
Dept. PO reference	Purchase Order [REDACTED]	
Lot #	Lot 2	
Version #	0.2	

By signing and returning this cover note, BEIS the contents of this Engagement Letter as being the services required and agrees for PA Consulting to provide the services in accordance with the Statement of Work under the overarching contract (Lot 1 / 2 - Ref CCCC18A29, Lot 3 - Ref CCCC18B08) with the Cabinet Office and confirms the availability of funding to support recharge for the services

Signatures		
Supplier	Department	Cabinet Office / EUEICU
By: [REDACTED]	By: [REDACTED]	By: [REDACTED] Signature
For and on behalf of PA Consulting [REDACTED] Member of PA's Management Group	For and on behalf of Department for Business, Energy and Industrial Strategy [REDACTED] Director of Vaccines Taskforce	Cabinet Office / EUEICU [REDACTED] Commercial Head of EU Exit External Support Team
26 July 2020	6 August 2020	07/08/2020



Supplier engages with Department to complete. Once agreed, Supplier signs front page and sends to Department	Department signs front page and sends to EUEICU	On approval, EUEICU signs and returns copy to Department and Supplier
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Supplier contact [REDACTED]

Department contact: [REDACTED]

### General instructions

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

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

## 1. Background

The objective of the VTF is to vaccinate the [appropriate] UK population against COVID-19 as soon as practicable to prevent serious disease and death and help restore and protect the UK's economic growth. A core strategic tenet designed to realise this objective is to take a portfolio approach to secure UK access to the most promising vaccine candidates.

The private sector will not make this investment without very significant government funding, because public pressure will prevent them from pricing at a level which would make the risks worthwhile. Some pharma companies are promising to supply vaccines on a non-profit basis if governments cover the risks of investment. Other smaller biotech companies are taking a more aggressive approach to pricing.

HMG is committing at risk funding to build a portfolio of up to 12 different vaccine candidates (in addition to University of Oxford and Imperial College London). The Vaccines Taskforce experts, including [REDACTED] will select vaccine candidates from the UK and internationally, based on their expertise and experience, after undertaking due diligence.

The candidates selected will be diversified by technological approach (modality), target antigen, and potentially the type of immune response generated - to avoid correlated risks of failure - in order to ensure the UK has the best chance of securing access to a successful vaccine as quickly as possible.

The selected candidates will be funded with the desired outcome of producing a vaccine effective against Covid-19. The agreements will vary in nature and structure from supplier to supplier, however most will be Direct Award contracts. Unless relevant exemptions are identified, Direct Awards usually breach state aid and procurement legislation.

The exact funding sought for each candidate will depend on the deal agreed. Funding could cover costs for clinical trials and/or manufacturing. In some instances major multinational vaccine companies do not need the UK's manufacturing/fill and finish or clinical trial capability, and in those cases the government's ability to secure access to the vaccine will be directly related to its ability to pay the going price, unless other negotiation levers can be identified.

To comply with state aid legislation it is helpful to prove:

- That HMG is acting as any other rational economic actor within the market.
- The wider context and / or the prevailing market conditions at the time of the procurements that justify HMG's actions.



- How other significant operators or buyers within the same market are procuring similar goods and services to ensure HMG's actions align with other operators and are not abnormal or unusual within this context.
- Evidence that the goods and services we are purchasing from a supplier are within market price ranges and costings, so that a direct award to any one supplier does not result in significant profits or mark-ups beyond those one might usually accept within a competitive landscape.

## 2. Statement of services

### Objectives and outcomes to be achieved

Due to the multiple Direct Award funding arrangements that are planned with vaccine suppliers over the next few weeks, the VTF require market research that explores and details the features of the market for Covid-19 vaccine products and therapeutics.

### Scope

Following discussion, we understand that you require a quick review of publicly available information to better understand how other countries are striking commercial deals and pricing around COVID-19 vaccines. This work will also provide some initial analysis to inform early state aid considerations.

We will undertake a short review of precedent relating to COVID-19 vaccines. We will focus on seeking to collect information in two areas:

1. **Contractual basis.** Understand the broad contractual mechanisms other countries are seeking to acquire vaccines, and whether similar contractual arrangements, including at-risk funding, are being adopted. Previous health events may also provide some further precedent, which could also be considered.
2. **Pricing benchmarks.** Where possible, collect benchmark values that characterise these contracts e.g. value per dose, cost categories funded and any other support. This will include understanding where commercial contracts have been agreed alongside State aid support to reflect the fact that a large proportion of EU countries have used the temporary framework to provide short term funding for vaccine manufacturing and R&D.

Given we will rely upon publicly available information and the constrained timing for the work, we will focus on trawling for precedent across global markets. Our initial focus will be on Europe and the US and we will cover Asian and the Middle East markets to the extent that the time available allows. This will include key vaccine purchasing alliances in addition to standalone commercial agreements between nations and vaccine suppliers. Should initial work determine that limited information is available across initial focus areas, we could seek to reprioritise markets in the remaining time available and agree this with you via our regular discussions.

We will focus on primary sources of information, such as published documents by governments, regulators or industry. We will not seek to search through uncorroborated media or other sources such as blogs.

The findings of this exercise will be summarised in a short slide deck. This will comprise a summary table and backing information, which will include references to the sources used.. For each market we would include a slide setting out key sources and further detail and pertinent information discovered.

We understand you have a tight deadline and require delivery within two weeks of the project kick off. Given the limited time available, we will provide verbal progress updates every two days, to ensure there is some time to amend our approach – particularly should information not be readily available.



**Assumptions and dependencies**

Our work is based on the following assumptions:

- **Available benchmarks.** We will focus on publicly available information, noting that it is unclear how much is available at this stage.
- **Time available.** The project will be constrained by the very limited time you have available. This could limit the overall robustness of the work and the quantity of markets/literature considered.
- **Use of the analysis.** Given the constraints outlined, the work will provide only an initial set of benchmark information, which will need to be used with caution. We will set out clearly in our report any proposed limitations on the use of the information. Specifically, we would urge that the information is not used in isolation to strike commercial deals. Rather it provides some limited information which will need to be triangulated against future top-down analysis, bottom-up costing and work with industry experts.
- **Report branding.** We understand that the analysis will need to be under BEIS branding at this stage, given it will be information for your work. Ultimately BEIS will need to take ownership of underlying assumptions and data.
- **State aid.** This piece of analysis will not be a state aid assessment, but focus on contributing to the body of evidence that could be used to make a MEOP argument. We do not anticipate that this information will on its own provide sufficient underpinning for such an assessment.
- **Other benchmarks.** Given the time available, we will not consider other comparable benchmarks; such as drawing parallels with venture capital or supply chain consolidation. This may be something you want to consider downstream.

**Deliverables**

The findings of this exercise will be summarised in a short slide deck. This will comprise a summary table and backing information, which will include references to the sources used. For each market we would include a slide setting out key sources and further detail and pertinent information discovered.

Deliverable	Milestone / Date	Owner (who in the delivery team?)
<b>Stage A</b>		
Summary slide deck	07/08/2020	██████
<b>Stage B</b> (additional stages can be added)		

**Limitations on scope and change control**

Unless instructions to the Supplier are later amended in writing, the work undertaken will be restricted to that set out above. In providing the services detailed above, the Supplier will be acting in reliance on information provided by the Department.



The Engagement Letter is the agreed contract of work between the Cabinet Office, Department and Supplier and can be varied under the change control process. Any changes to timescales, scope and costs will require approval by EUEICU.

### 3. Delivery team

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



<b>Total resource</b>	<b>25</b>
<b><u>Total days*</u> Engagement Length**</b>	<b>10</b>
*Total days worked across all resources **Total working days in engagement	

### Department's team



### 4. Fees

The Department will reimburse the Supplier for approved work done according to the table below. The total fees for the scope of work detailed in this Engagement Letter will be £39,700, inclusive of expenses and excluding VAT. We have assumed that we would not purchase data from any 3rd party data providers at this stage.



Stage	Cost	Due (link to milestone dates)
<b>A</b>		<b>DD/MM/YY</b>
Submission of summary slide deck	£ 39,700	07/08/20
<b>B (additional stages can be added)</b>		
	£	
<b>Expenses</b>		
None anticipated	£	
<b>Grand total</b>	£	

*Departmental considerations:*

- Are the costs and fees appropriate (costs linked to deliverables, rates and drive value for money)?

**Expenses statement**

The Cabinet Office overarching contract rates include expenses for any travel to/from any UK location defined by the Department as the base office for the work. Only expenses for travel at departmental request from this base can be charged. If appropriate, define permissible expenses to be charged.

**Payment**

The Supplier should invoice fees monthly in arrears. VAT will be added to fees at the prevailing rate. The Department will reimburse fees monthly on confirmation of approval of work. The Supplier will keep an accurate record of time spent by staff in providing the services and provide this information and supporting narrative, if requested.

**5. Governance and reporting**

The PA team will be led by [REDACTED] Chief Economist, who will be responsible for quality assurance of all deliverables.

Our core team will be [REDACTED] and a second consultant (tbc) who will be fulltime for the 2 week duration of this work. Additional oversight will be provided by our subject matter experts [REDACTED] and [REDACTED].

[REDACTED] will remain as the point for any commercial or contractual issues.

We propose establishing reporting meetings every two days between the BEIS project team and the PA team to discuss progress and to appropriately manage any emerging risks or issues. [REDACTED] and [REDACTED] can both be contacted at any time.

As part of the Call-Off Contract, the Supplier and Department agree to provide reporting on the following:

- Completion of the time tracker on a monthly basis, to track days worked by our consultants;

**Feedback and satisfaction**

We propose establishing reporting meetings every two days.



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The Cabinet Office reserves the right to hold a review meetings during the assignment, discussing what went well, opportunities for improvement on future assignments and similar. This will incorporate any 'Show and Tell' documentation or transferable products that have been produced.

A post-engagement quality review of the engagement will be arranged where client departments rate the services provided.

**Non-disclosure agreements**

The overarching MCF / MCF2 frameworks and Cabinet Office contracts include NDAs

**Notice period**

The nature of these engagements require that the Department / Cabinet Office have the ability to terminate an engagement with notice. The Department or the Cabinet Office's termination rights for this engagement are marked below.

The minimum notice period for termination is 5 working days regardless of engagement duration.

Where the Department or the Cabinet Office terminate an engagement, agreed costs incurred to the end of the notice period will be reimbursed.



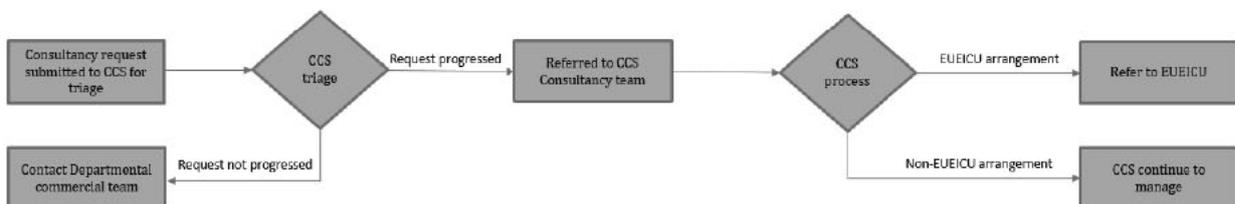
1. Department identifies a potential need for delivery support, initiates a conversation with EUEICU, confirms which approvals are required for an engagement to occur
2. Request Form completed by department and submitted to EUEICU at:  
[fst-consultancy@cabinetoffice.gov.uk](mailto:fst-consultancy@cabinetoffice.gov.uk)
3. The form is reviewed by the EUEICU team re which resource route is most appropriate (e.g. Clearing Hub, Lots 1/2/3), and may request additional information/edits from department if required
4. Lot / Supplier is selected and briefed on the request by EUEICU, then introduced to the requesting department for further discussion and confirmation of work to be delivered
5. An Engagement Letter is completed by the supplier and agreed with department, including evidence of all required approvals either being in place or being progressed (e.g. PO) and forwarded to the EUEICU for review by Approvals Board. Approval states are:

Approval state	Definition	Permissions
Full approval	<ul style="list-style-type: none"> <li>▪ PEL agreed</li> <li>▪ PEL signed: Supplier, Dept and CO</li> <li>▪ Purchase Order number</li> </ul>	<ul style="list-style-type: none"> <li>▪ Work can start</li> <li>▪ Supplier can invoice for work</li> </ul>
Approval in principle	<ul style="list-style-type: none"> <li>▪ Confident PEL is on track or PEL agreed</li> <li>▪ Reliable confirmation from Dept that internal approvals / funding in place as no PO number</li> </ul>	<ul style="list-style-type: none"> <li>▪ CO gives supplier permission to work at risk if they choose</li> <li>▪ Dept required to complete Full approval ASAP</li> <li>▪ Supplier can't invoice until Full approval</li> </ul>

### COVID-19 Consultancy Request Process

Before progressing a request customer should discuss the available options with their Departmental Commercial team

Requests emailed to [Info@crowncommercial.gov.uk](mailto:Info@crowncommercial.gov.uk) and title COVID-19 CONSULTANCY REQUEST  
 Contact EUEICU at [fst-consultancy@cabinetoffice.gov.uk](mailto:fst-consultancy@cabinetoffice.gov.uk)  
 When referring cases to EUEICU, title "COVID-19 – DEPT – SALESFORCE REF"  
 EUEICU to share weekly tracker updates with CCS





EUEICU Commissioning Process

