

Appendix C: Model service level agreement suitable for use in a Local Government Council

SERVICE LEVEL AGREEMENT

SERVICE LEVEL AGREEMENT FOR THE CORPORATE PROCUREMENT SERVICE

1 The parties

This service level agreement is between the **X Department** (the 'client') and the **Corporate Procurement Service (CPS)** of the Department of the Chief Executive (the 'service provider').

2 Effective dates

This service level agreement is effective from '**date**' to '**date**'.

It will be reviewed no later than '**date**'.

3 Coverage

The service will be provided to all departments in all locations within the geographical boundaries of the '**specify the name of the council**'.

4 Services to be provided

- A mechanism for governing and approving category management for procurement for the council.
- A method of simplifying and standardising Procurement and Payments processes.
- Standardisation of Benefit Realisation methodology into a common agreed approach of measurement and reporting.
- Development and Management of Category Strategies for procurement activity within Category A, B, C and C1 McClelland definitions.
- Strategic procurement for every £ of non-labour spend
- Strategic sourcing
- Pre-market intelligence
- Directing joint virtual matrix teams in making procurement decisions.
- Category strategies for every Proclass 3 category
- Carrying out accountable, competitive and open tendering procedures in accordance with the spirit of the EU Treaty.
- Low value contract advertising in the National web portal.
- Interpretation and adoption of European Procurement Legislation.
- Jointly preparing Tender evaluation criteria in VMTs.

- Carrying out Post-tender clarifications.
- De-briefing unsuccessful suppliers.
- Downstream Supplier relationship management strategies within VMTs
- Providing a benefits tracking tool for hard benefits and measuring and reporting on same.
- Creating and managing KPIs and KPIs relating to the procurement service.
- Assisting in business process re-engineering to maximise procurement savings and quality of service.
- Managing and ensuring compliance with the Proactis e-procurement system.
- Producing and managing a CSR strategy which accords with corporate objectives. This includes equalities, sustainability, the environment, health and safety, ethical procurement, Sarbanes-Oxley, prompt payment, support for local SMEs.
- Creating category-based user intelligence groups to gather feedback from customers and stakeholders.
- Managing the service within the resources and budgets allocated.
- Procuring on the basis of most economically advantageous procurement including whole-life costs.
- Creating a communications strategy that will keep all customers and stakeholders suitably informed at all times.

5 Service availability

CPS Staff will provide the service from Monday to Friday, from 08:30 to 17:00 hrs throughout the year, with the exception of Council public holidays.

6 Duties and Responsibilities of both parties

- Commit to contributing to the governance arrangements.
- Commit to contributing to the development of each Category Management Strategy and attending the relevant category management meetings on a regular basis.
- Commit to a single approach to benefit realisation and the reporting requirements of the procurement service.
- Provide appropriate levels of data to assist in creating category strategies.
- Commit to achieving high quality Source-to-Pay processes within the departments and the organisation.
- Continually develop and improve the efficiency of working arrangements within the Procurement Service and the client's own resource base.
- Strive to exceed The Procurement Service's Standards.
- Commit to an annual review of the partnership and performance measures covered in this agreement.
- Provision of resource to assist in category strategy design and delivery of agreed procurement projects.

7 Performance measurement

The following are the key performance indicators that will be used to measure performance within the service level agreement:

Key performance indicators:

Measure Type	Measure Definition	Method	Frequency
KPI	1. Total Savings Achieved Year on Year	Benefits tracking model	Quarterly
KPI	2. Customer Satisfaction Survey	On-line surveys	Annual

KPI	3. Supplier Satisfaction Survey	On-line surveys with top 50 by spend suppliers	Annual
KPI	4. % procurement spend that is channelled through a collaborative contract	Insert details	Quarterly
KPI	5(a) & 5(b) Spend with contracted suppliers (on contract)	Insert details	Quarterly
KPI	6. % of KPIs that show improvement since previous report	Manual calculation	Quarterly
KPI	7(a) % of procurement officers who hold the professional procurement qualification, Member of Chartered Institute of Purchasing and Supply (MCIPS)	Manual calculation	Quarterly
KPI	7(b) % of procurement officers with an appropriate procurement qualification	Manual calculation	Quarterly
KPI	7(c) % of procurement spend actively influenced by a procurement professionals	Financial Information System (FIS)	Quarterly
KPI	8. % procurement staff undertaking formal training	Manual calculation	Quarterly
KPI	9. E-procurement spend penetration	Various Reports	Monthly
FI	1. Average Process Cost	FIS	Six-monthly
FI	2. Total Cost of Resources in Procurement Dept	FIS revenue budget	Quarterly
FI	3. Number of Procurement Staff	Manual calculation	Quarterly
FI	4. Procurement Department Spend per professionally qualified staff	Manual calculation	Quarterly
FI	5. Procurement Department Cost per £ of spend	FIS and FIS revenue budget	Quarterly
FI	6. Average Spend per contracted supplier	Insert details	Quarterly
FI	7. Average Invoice Value	e-proc IT system	Quarterly
FI	8. % Private Sector suppliers with a formal contract agreement	Manual calculation	Annual
FI	9. % Third Sector suppliers with a formal contract agreement	Manual calculation	Annual
FI	10. % spend with SMEs	Insert details	Six-monthly

KPI is key performance indicator
FI is Financial indicator

8 Performance review

Strategic Review Meetings between the client and the service provider will be held every six months to review the service.

Performance will be monitored by the client as follows:

- monthly operational meetings.

Performance will be monitored by the service provider as follows:

- monthly operational meetings. Reportage.

9 Varying the contract

Contract variations will be accommodated wherever possible. These can be initiated by either the client or the service provider and are subject to discussion, agreement, re-costing, risk assessment, change control procedures and a period of notice no shorter than two working weeks from the inception of the request for the change.

Any contract variation will be reflected in either an amendment to the service level agreement or in a separate variation order, and authorised by both parties.

10 Resolving issues

Any issues or complaints that arise between the client and the service provider will be handled locally with a view to achieving an amicable resolution.

Should the client continue to be dissatisfied, an approved complaints procedure should be followed.

Where issues cannot be settled satisfactorily, in an agreed timeframe, they can be referred to the Support Services Review Board for further consideration and, as appropriate, resolution.

11 Fees

The Annual Fee is a contribution to the costs of running the procurement service which is borne by all departments and is based on the projections of spend under the management of the procurement service. Payments are recharged annually, at the end of each financial year. The final figure may be adjusted at the end of each financial year to meet any variances reflecting over or underspends. The Fee will be reviewed on an annual basis.

Where any additional services are required by, or result from, the actions of, customers, and extra costs are incurred by the procurement service, the customer will be required to reimburse the procurement service for the costs involved. Where appropriate, an estimate of these costs will be provided and customer agreement obtained before proceeding to instruct the service provider.

12 Agreement and signatures

Agreed and signed on behalf of:
(the Customer)

Signature.....

Name (printed).....

Position.....

Dated

Agreed and signed on behalf of: The Procurement Service

Signature

Name (printed).....

Position

Dated