

**SCHEDULE A**  
**FRAMEWORK AGREEMENT SPECIFICATION**

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### **Overview**

The desired service specification output is to provide client authorities with a fully managed service for the purchasing and management of their tail end purchase order spend. This is to encompass the bottom 5-20% of client authority's purchase order spend (These figures are provided as a best practice guide as to what proportion of a client's purchase order spend should be classified as the tail) including medical, non-medical and ad hoc supplies and services. It should include the end to end supply chain management of the authority's tail end spend through one route and the solution should ideally highlight savings to client authority's procurement departments.

The desired output is to reduce internal costs of procuring and managing the tail end spend. Cost savings and/or efficiencies are expected to be achieved for the client authority by the following means; 1) direct savings as a result of purchasing through the tail end management provider and/or 2) indirect savings and efficiencies in processes and reduction of supply chain management through client authorities' procurement departments.

### **Service requirements**

The provision of a fully managed service will include the following service elements which are intended to reflect a typical client authority's tail end management requirement. As such, individual clients may have alternative requirements, which will be detailed at the point of contract call-off:

- Analysis and categorisation by the service provider of client authority's spend. The service provider will perform a spend analysis on the authority's data, and then rank suppliers based on spend. The smaller suppliers starting from the bottom of the list whose business in total adds up to around 5-20% of total client authority's spend and the associated supplies/services purchased from them are nominally identified as the tail.
- The service provider will work with the client authority to identify any spend areas that fall in the nominal tail end that the client authority wishes to exclude from the tail end management service. As such this spend will not be transferred to the provider as part of the tail end management service. The client authority may decide to retain management of part of the tail end spend due to strategic importance or other reasons. Any decision on retention of spend management by the client authority will be at the sole discretion of the client authority.
- Provision of an audit carried out by the service provider to review client authority's tail end spend history over the previous 12 months as a minimum, and assessment of delivery, storage and stocking processes and requirements;

Following the audit, the supplier will present a full review to the client authority including a proposal of how to maximise savings and a report which will outline the

financial implications for the client authority if they were to go ahead with the tail end management service from the particular provider.

- Client authorities have the right, but will not be obliged to, proceed with the service following report from the service provider.
- Provision of medical and non-medical supplies/services including special sourcing for ad hoc requests which may fall into the tail end spend, including; purchasing, storage, consolidation and delivery of such items;
- The services must be supported and maintained throughout the duration of the call-off contract term;
- The offering must include and allow for bespoke purchases to be made in addition to the agreed product portfolio which fall within the tail end of the authority's purchase order spend;
- The services should be able to clearly demonstrate savings against the client authority's current tail end spend portfolio. This may also include any VAT reclaim where appropriate.

## **Quality Assurance**

The service provider must operate a quality management system such as IS EN ISO 9001 or equivalent, and commit to maintain this throughout the life of the Framework Agreement and the period of all Contracts called off from the Framework Agreement.

## **Basic Service Requirements:**

### **Audit:**

The service provider must carry out an audit of client authority's spend history over the previous 12 months as a minimum and provide a proposal based on such assessment including delivery, storage and stocking requirements. As part of the audit, the provider will evaluate the following as a minimum:

- current spend areas in the tail;
- duplications and leakages in spend;
- ordering patterns;
- opportunities for saving;
- Delivery point locations, frequency of deliveries and logistic set up.

## **Saving/efficiency improvement delivery**

The service provider is expected to deliver savings and/or efficiencies to client authority on their tail end spend and is to demonstrate to the client authority how these can be achieved through this route as part of the proposal process. This could include but is not limited to:

## *Direct savings through:*

- Rationalisation/standardisation of products;
- Access to better prices - Increased economies of scale from combining spend on tail management items with other customers;
- Access to bulk buying options/storage;
- Reduction in delivery charges;
- Better deployment of Procurement staff to strategic areas of spend.

## *Indirect savings and process efficiencies through:*

- Single point of contact;
- Greater access to stocked products;
- Reduction in procurement /processing time;
- Consolidation of invoices;
- Reduction in supplier management;
- Reduction in deliveries;
- Reduction in time spent chasing orders;
- Better visibility of spend for reporting purposes.

## **Purchase**

- Bespoke product catalogues must be made available for client authorities and there must be an option to tailor such catalogues on a site-by-site basis if required;
- Provision of an online ordering platform must be available for client authorities to place orders with the service provider.

## **Supplier management**

The service provider is expected to take over supplier management responsibilities from the client authority for all tail end supplies/services, including but not limited to:

- Managing supplier relationships;
- Managing supplier performance;
- Managing day to day activity including supplier communication and query resolution.

## Stock Management

- The service provider must have stocking facilities available to it and must be able to securely stock all supplies as part of the service;
- The service provider should have adequate stocking facilities in order to take advantage of bulk purchasing which client authorities may not be able to take advantage of due to limited storage capacity;
- The service provider may out-source these stocking facilities if required, however any costs associated with this must not be charged to the client authority

## Delivery

- The service provider must be able to offer national delivery of such supplies to client authorities;
- The service provider must have the capacity to provide consolidated deliveries to multiple delivery point locations across multiple sites at goods in or ward level;
- Required supplies must be made available to authorities the next working day following the replenishment request for routine items. Items classed as routine will be agreed between the client's authority and supplier at call off contract award stage.

## Reporting

- Provision of monthly reports including expenditure summary, costs vs. savings, product volumes and usage. Cost transparency is required in order for savings to be tracked and is expected from the service provider.

## Customer Service

- The service provider must provide a dedicated account manager to the client authority's procurement department who will deal with all account reviews, planning and strategies and who will be the lead contact for all matters concerning the account;
- A customer service helpline must be available during normal office hours to support client authorities with any queries. Customer service functions must operate as a minimum from 09:00 until 17:00 Monday to Friday, excluding public holidays.

Customer service calls to the service provider by customers must not be charged at more than a standard call rate (for the avoidance of doubt premium rate telephone numbers must not be used).

## Payment

- Consolidated monthly/quarterly invoicing must be provided across the tail end spend to client authorities;

## Key Performance Indicators

- KPIs and Service Levels are to be agreed locally with each client under the general guidance of this framework agreement. Failure to agree these service levels by both parties will only result in a call-off contract not being established.