

SCHEDULE 2 TO CONSORTIUM AGREEMENT**ESPO SERVICES**

The ESPO Services are those services that are/shall be provided through ESPO to Member Authorities and Customers comprising of:

- A. **'Existing ESPO Core Services'**: Those services that are guaranteed to be provided to Member Authorities (and are currently available from the date of this Agreement).
- B. **'Additional ESPO Services'**: Those services that may be provided to Member Authorities and Customers (and which are currently available from the date of this Agreement) at an additional cost agreed with the commissioning Member Authority (or Authorities) or Customer. This creates a commercial opportunity to provide the Additional ESPO Services to Customers on a subscription basis.
- C. **'Developing ESPO Services'**: Those services that are not currently available to Member Authorities or Customers but are recognised as being desirable to be provided through ESPO to them at a later date (subject to agreement on funding and delivery timescales). Again, this creates a commercial opportunity to provide the Developing ESPO Services to Customers on a subscription basis.

A. EXISTING ESPO CORE SERVICES**1. Catalogue**

- 1.1 A catalogue service providing access to a comprehensive range of goods and services.
- 1.2 The catalogue service includes commodity items held in stock and delivered through ESPO and other items for which the orders and invoices are managed through ESPO but are delivered directly by suppliers.
- 1.3 Electronic trading and transaction requirements and Member Authorities' electronic catalogue requirements are understood and supported wherever possible.

2. Energy

- 2.1 Procurement of energy – subject to a 'charge per meter reference point' for Member Authorities and Customers.

- 2.2 Setting up contracts and pricing negotiations and facilitate the provision of detailed electronic transaction data to enable Member Authorities and Customers to automate the production of management information.
- 2.3 Provision of an energy bill validation service.

3. Frameworks and Public Contracts

- 3.1 The frameworks service including local, regional and national frameworks where appropriate, and the co-ordination of these arrangements with other purchasing bodies, comprising of:
 - (a) Frameworks where negotiation and strategic contract management (but not call off contracts) is led by ESPO on behalf of Member Authorities and Customers;
 - (b) Frameworks negotiated and set up for an individual Member Authority (or group of Member Authorities) or Customers which are strategically managed through ESPO and offered to other Member Authorities and Customers where requested;
 - (c) Consultancy (i.e. ESPO identifying the most appropriate framework arrangement available to Member Authorities and Customers negotiated by another public sector purchasing body);
 - (d) Frameworks where ESPO has involvement in the development and negotiation on behalf of Pro5 or other collaborative arrangement (e.g. with GPS);
 - (e) Strategic contract management (that is, the management by ESPO of a supplier's individual framework agreement via regular supplier relationship meetings as appropriate having regard to the nature of the framework in question); and
 - (f) Managing agreed core lists and catalogues as required.
- 3.2 The negotiating and setting up of public contracts for individual Member Authorities (or group of Member Authorities).

Member Authorities have agreed that the provision of the Existing ESPO Core Services will be based on the following Key Principles:

Key Principles
<ul style="list-style-type: none"> • Insofar as is reasonable, ESPO will seek to prioritise members requests for procurement support over other competing priorities • Trading services will achieve a minimum of 3.5% return on resources employed (before the subsidy for knowledge-based support) • Traded services will be competitive and cost effective • Frameworks will enable Member Authorities and Customers to reduce the costs of purchasing goods and/or services and procurement – ESPO frameworks will aim to be the ‘best in class’ in terms of cost and quality. • Where Member Authorities and Customers choose to participate in framework contracts, they make and honour a commitment to make use of those contracts to maximise value (unless there are legal reasons not to do so) • ESPO will work with other public sector buying organisations to avoid the duplication of contracts and frameworks • ESPO will provide a 'best deals' service, signposting the Member Authorities and Customers to the most appropriate procurement solution

For ESPO cost implications for ‘Core Services’ see Table D1.

B. ADDITIONAL ESPO SERVICES

1.1 Additional Services will comprise of (a) ‘**Consulting**’ and (b) ‘**Major Projects**’ services.

1.2 The service offering shall include:

- (a) **Ongoing Support:** Where Member Authorities or Customers requires additional ‘*business as usual*’ support through ESPO (such as general category management knowledge and experience); and
- (b) **Specific Professional Support** – Where Member Authorities or Customers require additional procurement support services for a specific procurement

exercise and/or for other project based work (such as specialist procurement support such as outsourcing advisory or strategic commissioning).

- (c) **Conducting multi-customer mini-competitions** under existing frameworks to get best value from committed volume.

1.3 The Additional Services would provide Member Authorities (and Customers) with access to skilled procurement professionals at a lower cost than may be charged by an employment agency or professional services firm.

Member Authorities have agreed that the provision of the Additional ESPO Core Services will be based on the following Key Principles:

Key Principles
<ul style="list-style-type: none"> • Differential pricing that will benefit Member Authorities (and Customers) • Continuous development of expertise and experience through supporting procurement initiatives • Supporting the improvement and efficiency agendas of Member Authorities (and Customers) • Enhancing specialist professional support required by Member Authorities (and Customers) • Enhancing the procurement capabilities within Member Authorities (and Customers) • Developing greater focus across specialist professional support / category expertise

C. DEVELOPING ESPO SERVICES

The following Developing ESPO Services are those that are not currently available to Member Authorities (and Customers) but are currently recognised as being desirable to be provided to them at a later date where required (subject to agreement on funding and delivery timescales).

1 Training and Development

- 1.1 Provision and co-ordination of training and development (using a range of techniques including shadowing) to enhance procurement expertise.
- 1.2 The subject areas offered shall be subject to an agreed programme of training and development approved by SOG.
- 1.3 Wherever possible, ESPO will make use of the expertise and resources available across the Member Authorities,

2 Market Intelligence

- 2.1 Provision of market intelligence focusing on the public and private sector, local government and key, high-profile spend areas (e.g. adult social care).
- 2.2 Market intelligence will take the form of various media, including the facilitation of Member Authority 'group forums' for the dissemination and the collaborative sharing of information. Intelligence should support effective decision making and risk management.
- 2.3 In order to ensure continued competitiveness current framework and catalogue pricing would be benchmarked against alternative sources through SOG to identify the best deals available to Member Authorities and Customers, regardless of whether or not the services procured through ESPO are through the most cost effective supplier.

The Member Authorities have agreed that the provision of the Developing ESPO Services will be based on the following Key Principles:

Key Principles
<ul style="list-style-type: none"> • Differential pricing will benefit Member Authorities (and Customers) • Continuously developing expertise and experience through supporting procurement initiatives of Member Authorities (and Customers) • Supporting the improvement and efficiency agendas of Member Authorities (and Customers) • Through the commitment of Member Authorities, the collective buying power of ESPO will be increased and enhanced • Enhancing the specialist professional support required by Member Authorities (and Customers)

Key Principles
<ul style="list-style-type: none">• Enhancing procurement capabilities within Member Authorities (and Customers); and• Developing greater focus across specialist professional support / category expertise.

D. SUMMARY OF THE ESPO SERVICE OFFERING

This table below (D1) summarises the difference between the ESPO services offered through ESPO to Member Authorities and to Customers:

Table D1.

ESPO Services	Member Authorities	Customers	ESPO Cost Implications
A. Existing ESPO Core Services			
1. Catalogue	Access to Catalogue	Access to Catalogue	Catalogue Sales – generate a margin between the buy price. ESPO does not operate multiple pricing policies so members pay same as non members. However members receive surplus. Catalogue production costs are recovered by a charge to suppliers per page of catalogue advertising space.
2. Energy	Energy procurement, managing contracts and bill validation service	Energy procurement, managing contracts and bill validation service	Energy – fixed on-cost per meter ref point. Again applies to all. Members receive surplus after deduction of overhead costs (at cost)
3. Frameworks and Public Contracts	Existing and new frameworks let and managed Public contracts let for individual member authorities (or group of member authorities)	Existing and new frameworks let and managed	Public contracts – on a fee/ rebate basis as agreed with the individual member authority (or group of member authorities)
B. Additional ESPO Services			

ESPO Services	Member Authorities	Customers	ESPO Cost Implications
1. On-Going Support	ESPO consultancy resources at cost whenever required.	Only offered to Customers on a subscription basis and subject to available resources	Dual charging policy i.e. members at cost, non members – small profit.
2. Specific Professional Support	ESPO consultancy resources at cost whenever required.	Only offered to Customers on a subscription basis subject to available resources	Dual charging policy i.e. members at cost, non members – small profit.
C. Developing ESPO Services			
1. Training and Development	Regular curriculum and training	Only to be offered to Customers on a subscription basis and subject to available resources.	Budgeted from trading account. Charge to non members (proposed)
2. Market Intelligence	Regular production and dissemination.	Only to be offered to Customers on a subscription basis and subject to available resources.	Budgeted from trading account. Charge to non members (proposed)

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