

Audit Committee, 21 November 2017

Risks from contracts without a service level agreement in place

Executive summary and recommendations

Introduction

At the September meeting, a paper was presented to the Committee identifying HCPC's contracts with an expected value over £100k, noting whether the contract includes an SLA and, if so, whether the SLA is being actively managed.

The Committee asked the Executive to return in November with an assessment of the risk arising from the contracts that do not have an SLA in place.

The analysis shows that there are some significant contracts for which an SLA would be appropriate but we do not currently have an SLA. In all but one of the listed cases we are either in the process of moving to a framework agreement including an SLA, or we plan to do that within the next year, so the risk arising from not having an SLA in place is low.

We do promote the use of SLAs within contracts through procurement support to budget holders.

Decision

The Committee is asked to note the paper.

Resource implications

None

Financial implications

None directly

Appendices

Appendix 1: Risk assessment for contracts without an SLA in place

Appendix 2: Further information on contracts previously listed as having SLA in place but not in use

Date of paper

9 November 2017

Appendix 1: Risk assessment for contracts without an SLA in place

Supplier	Service	Spend 2016-17 £000	Dept	SLA?	SLA in use?	Comments	Risk assessment
CLSH MANAGEMENT LIMITED	405 Kennington Road lease	£734	OFS	NO	NO	SLA not relevant	n/a
IBM (OPTEVIA LIMITED)	Registration Project	£510	PRO	NO	NO	This service is qualitative rather than quantitative so less suitable for an SLA. Service is actively managed and each output reviewed before acceptance	n/a
PARAGON GROUP UK LTD	FTP bundle printing services	£309	FTP	NO	NO	The FTP and Comms printing services are being retendered under a framework agreement a new supplier covering both services is expected to be in place by the end of the financial year. The contract will include an SLA.	Low risk for remaining period until new contract with SLA in place
PURBROOKS LTD	Design and printing Services	£71	COM	NO	NO		
BUXTON BUILDING CONTRACTORS LIMITED	186 KPR refurbishment project	£0	PRO	NO	NO	SLA not relevant for this contract. Contract is being closely managed by our quantity surveyors	n/a
GORDON YATES	Temporary staff & recruitment services	£173	HUM	NO	NO	We use several different agencies for temporary staff and recruitment, and we use competition between the agencies to promote good service. Within the next year we plan to move some services to framework agreement(s) which would have an SLA, but we may need to continue to use specialist agencies for specific roles, sometimes on a one off basis	Low risk due to competitive market for these services and ability to stop using a poorly performing supplier
LAW ABSOLUTE		£215	HUM	NO	NO		
SPRING TECHNOLOGY		£175	HUM	NO	NO		
COVENT GARDEN BUREAU		£130	HUM	NO	NO		
HIRE GROUND LTD (TEMPORARY)		£154	HUM	NO	NO		

Supplier	Service	Spend 2016-17 £000	Dept	SLA?	SLA in use?	Comments	Risk assessment
APOLLO CLEANING SERVICES LTD	Offices Cleaning Services	£150	OFS	YES	YES	SLA is in place. This contract is being actively managed and is performing satisfactorily with weekly service meetings	n/a
WHITELAW & CHRISTOPHIDES JOINT VENTURE	Lease for 33 Stannary Street Units 1, 3, 7 & 8	£107	OFS	NO	NO	SLA not relevant	n/a
ROYAL MAIL	Postal Services - Delivery & Collection	£101	OFS	NO	NO	Within the next year we plan to move postal services onto a framework agreement which would have an SLA	Low risk for remaining period until new contract with SLA in place
POSTURE PEOPLE LIMITED	Office Furniture	£28	OFS	NO	NO	Not an ongoing service contract so SLA not relevant. Goods are reviewed before acceptance	n/a
WORLDPAY (UK) LTD (GATESHEAD)	Merchant Services	£89	FIN	NO	NO	This service is being retendered and a new supplier is expected to be in place by the end of the financial year, including an SLA	Low risk for remaining period until new contract with SLA in place
ETC VENUES LIMITED	Venue services for meetings	£42	FTP	NO	NO	This service would be appropriate for an SLA	Low risk We should plan to incorporate an SLA in any contract for future business, although use of external venues expected to decline on completion of the 186 KPR refurbishment project
LOCKTON COMPANIES	Insurance services	£64	FIN	NO	NO	This service is qualitative rather than quantitative so less suitable for an SLA. Service is actively managed and each output reviewed before acceptance	n/a
STUDIO CALLAGHAN	Architectural services	£116	PRO	NO	NO	This service is qualitative rather than quantitative so less suitable for an SLA. Service is actively managed and each output reviewed before acceptance	n/a

Supplier	Service	Spend 2016-17 £000	Dept	SLA?	SLA in use?	Comments	Risk assessment
ADARE INTERNATIONAL LIMITED	Web site design and support	£62	PRO	NO	NO	This service is qualitative rather than quantitative so less suitable for an SLA. Service is actively managed and each output reviewed before acceptance	n/a
GRANT THORNTON	Internal audit	£64	SEC	NO	NO	This service is qualitative rather than quantitative so less suitable for an SLA. Service is actively managed and each output reviewed before acceptance	n/a

Appendix 2: Further information on contracts previously listed as having an SLA in place but not in use

Supplier	Service	Spend in 2016-17 £000	Dept	SLA?	SLA in use?	Comments
BYTES SOFTWARE SERVICES LTD	Software licensing and third-party provider MS licensing Adobe licensing Barracuda licensing Flex - Intranet platform, inclusive of helpdesk access	£233	ITD	YES	NO	Software licensing and third-party provider. Bytes only act as reseller; they do not directly provide any support and thus have no SLAs. Support contracts that we do procure through them will have SLAs on a contract-by-contract basis, as follows.
EUROPA PRINT & MAILING SOLUTIONS LTD	Printing & Mailing solutions	£276	REG	YES	NO	Contracts now ended and service transferred to Xerox, where SLA is in use
EUROPA PRINT & MAILING SOLUTIONS LTD (POSTAGE)	Printing & Mailing solutions – postage charges	£120	REG	YES	NO	
RACKSPACE LTD	Virtual infrastructure	£260	ITD	YES	YES	We do have an SLA that is managed with regular meetings
PITNEY BOWES - PURCHASE POWER	Franking machine services and supplies, and delivery services via Royal Mail	£243	OFS	YES (IRO franking m/c supplies)	YES	SLA for franking machine is actively managed. Mailing services provided through Royal Mail processed by Pitney Bowes are satisfactory
ENERGYSYS LIMITED (previously DIGITAL STEPS LIMITED)	Support for NetRegulate	£179	ITD	YES	YES	The service levels refer to fault fix and are managed when faults are raised
CHARTER UK LTD	Support for Case Management System	£86	ITD	YES	YES	The service levels refer to fault fix and are managed when faults are raised
INSIGHT DIRECT (UK) LIMITED	Software licensing and third-party provider	£42	ITD	YES	NO	Software licensing and third-party provider. Insight only act as reseller; they do not directly provide any support and thus have no SLAs. Support contracts that we do procure through them will have SLAs on a contract-by-contract basis, as follows.

Supplier	Service	Spend in 2016-17 £000	Dept	SLA?	SLA in use?	Comments
ALTERNATIVE NETWORKS LTD (DAISY)	Telephony providers	£109	ITD	YES	YES	The service levels refer to fault fix and are managed when faults are raised
SOFTCAT LIMITED	Software licensing and third-party provider	£62	ITD	YES	NO	Software licensing and third-party provider. Softcat only act as reseller; they do not directly provide any support and thus have no SLAs. Support contracts that we do procure through them will have SLAs on a contract-by-contract basis, as follows.
IKHOFI LTD	Provision of Coffee machines, and maintenance services on all the 4 buildings	£71	OFS	YES	YES	SLA is in use
EXPONENTIAL-E LTD	Internet providers; TAs (target availability). Functionally identical.	£70	ITD	YES	YES	The service is managed against availability, latency and packet loss
ORACLE CORPORATION UK LTD	Support for Netregulate infrastructure	£93	ITD	YES	YES	The service levels refer to fault fix and are managed when faults are raised
XEROX UK LTD (PRINTING)	Printing & Mailing solutions	£2	REG	YES	YES	SLA is in use.