

# Memorandum of Understanding



## Memorandum of Understanding

### Between

## Commercial Services (Kent County Council) & South East Centre of Excellence

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### **1. Context:**

This memorandum of understanding (MOU) describes the key principles of an agreement between Commercial Services (CS) of Kent County Council and the South East Centre of Excellence (SECE) (known as the parties). It expresses a convergence of will between the parties, indicating an intended common line of action in achieving value for money on procurement (the agreement).

### **2. Objective:**

To establish the means by which:

- CS commodities and services are recognised and promoted by SECE as value for money.
- SECE is assured that the commodities and services represent value for money.
- Assurance of best interests in future collaboration regarding "new" deals.
- Both parties can share commercially sensitive information, appropriate to the agreement.

### **3. Principles:**

#### **3.1. Commodities and Services Trading**

The fundamental principle is demonstrable value for money in all instances of commodities and services available from CS via arrangements with SECE.

The parties will work together to validate that the CS price is the most competitive or at least equal to other suppliers being promoted by SECE.

- In the case of Kent County Supplies (KCS):
  - This will be reviewed at the stock keeping unit (SKU) level.
  - For mutually agreed items, classified as "direct" the KCS net recovery, on new contracts, for goods will be 1%.
  - This will apply where KCS has brokered the contract and has no further direct management overhead associated with those goods.
  - For mutually agreed items, classified as "stock" the KCS gross recovery on goods will reflect the fixed costs incurred in the service.
- For other portfolios, for example Fleet and Energy Management, SECE and CS will individually assess the scope / items and acceptable level of net recovery for inclusion in the agreement.

## Memorandum of Understanding

- The net recovery will reflect the management overhead and be jointly agreed between the parties to be no more than 1%.

### 3.2.Commodities Procurement

The parties will co-operate in an open and transparent manner regarding the data and advantage relating to the procurement of goods and services agreed to be within the scope of the agreement.

- For those goods and services in scope, CS will share with SECE their pricing structures and related recovery levels.
  - This will also be made available to CS customers in a published quarterly summary.
- In addition CS will share with SECE **only**, the terms and conditions associated with those purchasing arrangements that relate specifically to the agreement.
- SECE will share with CS spend and buying information relating to other suppliers (DN: this appears to conflict with 3.4 as it applies to CS).
- The parties agree to notify each other of all future potential tenders and, where agree, will collaborate in the process and negotiation of gaining best advantage for the Authorities via CS.
  - Deals may relate to goods and services for CS trading or leveraging procurement advantage for other South East Authorities, such as those belonging to CBC (Central Buying Consortium).
  - CS will demonstrate how it will achieve best value as a part of the procurement process.

### 3.3.Recompense

In all applicable cases CS will continue to be in receipt of any associated commission or rebate for those goods and services for which it arranges the procurement contract at the levels set out above.

### 3.4.Data

Both parties are fully cognisant of the commercially sensitive nature of the data / information transfer /share within the scope of this agreement.

- CS will give access to all information which SECE requests in order to ascertain that arrangements by CS are best value.
- CS will not divulge or manipulate any information provided by SECE that could present an advantage to either a competitor or associate.
- SECE will not divulge or manipulate any information provided by CS that could present an advantage to either a competitor or associate.

### 3.5.Efficiency

The parties will work together to promote efficiencies that can be directly passed on to the Authorities. For example:

- The reduction of overheads of stores; logistics and order processing
- Achieving excellent procurement within KCS and sharing that with other Authorities.

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Signatories