



Procurement Policy Note – Contracting for Value - Model Services Contract

Action Note 04/14

3 March 2014

Issue

1. The Crown Commercial Service and the Government Legal Service have developed a substantially revised set of model terms and conditions for major services contracts that are published for use by Government departments and many other public sector organisations.
2. The new Model Services Contract is now live on the Crown Commercial Service web page:
<https://ccs.cabinetoffice.gov.uk/about-government-procurement-service/contracting-value-model-services-contract>

Timing

3. Immediate.

Dissemination and Scope

4. The contents of this Action Note apply to all Central Government Departments including their Executive Agencies and Non Departmental Public Bodies (In-Scope Organisations). Please circulate this document within your organisation, drawing it to the attention of those with a purchasing role.

Action

5. All In-Scope Organisations should adopt the new Model Services Contract and use it as the basis of the draft contract for all procurements for IT and BPO services where the likely contract value (over the whole of the intended contract term) is £10m or more.
6. The Model Services Contract is designed as a template for the type of services procurements which will typically require some form of formal dialogue with potential suppliers, for example clarifying the scope of existing arrangements or desired service outcomes, or ensuring that there is a commercially attractive balance of risk and reward.
7. In-Scope Organisations should always seek appropriate legal advice in the context of their specific procurements.
8. The model will be subject to ongoing continuous improvement and we value feedback on its use in practice; In-Scope Organisations are encouraged to share their experiences in using the model and should do so via the Service Desk as set out at paragraph 9 below.



Contact

9. Enquiries about this Action Note should be directed to the Service Desk 0845 000 4999 servicedesk@cabinet-office.gsi.gov.uk.

Background

10. The model has been developed for services contracts with a value over £10m. It replaces the widely used but out-of-date 'OGC Model ICT Contract' version '2.3', and reflects current Government priorities and recommended ways of doing business.
11. The model is suitable for use with the range of business services that Government purchases and in particular contains applicable provisions for contracts for Business Process Outsourcing ("BPO") and/or IT delivery services. Use of the model will aid delivery assurance and reduce administration, legal costs and negotiation time.
12. The model was provided to stakeholders in Government and in industry as an 'Exposure Draft' in July 2013 and a large number of review comments were received. These have been taken into account in the development of the new model.
13. A set of guidance notes on the use of the model are being developed and we expect these to be available during the summer of 2014.