Developing and Managing Service Level Agreements

Delegates' Pack



Introduction

Critical Initial Steps in Establishing a Service Level Agreement

The establishment of an SLA will differ for each Authority. Circumstances will dictate different steps and various sequences.

However, experience and research by APSE has shown that the following are vital to a successful SLA:

- Following critical initial steps; and
- Using a Development checklist

PART 1

SLA Process: Critical Initial Steps

1. Assess whether an SLA is appropriate.

   Why? What? How?

2. Ensure management commitment

   Management commitment is vital to communicate that the agreement is important and is to be taken seriously.

3. Designate SLA managers

   An SLA requires staff that have the capability, knowledge and dedication to lead the effort in establishing it, and once it has been implemented, to manage it.

4. Provide SLA education

   SLA education needs to be provided. If the parties involved are unfamiliar with SLAs this may create misunderstanding and lack of support.

SLA Process: Scoping

Alternatively, rather than use the "Critical Initial Steps" list you could decide to scope the SLA using the six critical questions of scoping that have been developed.

Question 1 – What is the Business Rationale for doing this?

Question 2 – Have we identified all the relevant stakeholders?

Question 3 – Activities and Processes ?

Question 4 – Capabilities Question?

Question 5 – Impact Question?

Question 6 – Risk Questions?

PART 2

SLA Process: A Development Checklist

Step 1: Assess current services

Step 2: Gather customer feedback

Step 3: Ensure consensus about the agreement

Step 4: Develop the agreement

Step 5: Solicit feedback from reviewers

Step 6: Implement and manage the agreement

Step 7: Evaluate the SLA

Step 1 – Assess Current Services

The *level* of service that can be realistically provided by service providers must be determined. The needs and priorities of customers must be reviewed and clarify.

For both service providers and customers, this assessment process consists of primary activities.

Look within and create a description of services. What could you ask?

Assess your service experience

- How would you characterize your service delivery?
- In what ways has your service delivery been on target?
- In what ways has your service delivery fallen short?
- What aspects of your service delivery need improvement?
- What problems have you experience in your service delivery?
- If you could make any changes to your service, what would it be?

Look within and review the services you currently receive

- What services do you currently receive?
- What aspects of these services are confusing or unclear?
- What services are you not currently receiving that you might like?

Evaluate your service experience

- How would you characterize the service you receive?
- In what ways has your service delivery been on target?
- In what ways has your service delivery fallen short?
- What aspects of the service you've received need improvement?
- What problems or frustrations have you experienced?
- If you could make any changes in the service what would they be?

Step 2: Gather Customer Feedback

Before establishing an SLA, it is valuable to gather feedback from customers so you have first-hand information about customer perceptions and satisfaction.

Customer feedback can be obtained in numerous ways such as:

- Surveys
- Interviews in person or by phone
- Focus Groups
- Facilitated Discussions

In gathering feedback:

- Find out what aspects of your services are most IMPORTANT to you customers? e.g. Timelines, Quality, Responsiveness, Choice
- Ask customers for Specific Examples or Experiences that illustrate their service experience.
- Follow up to learn more about customers' views
- Inform customers about the results of your feedback gathering.

Feedback – Spoken or Written

Best feedback comes from a small number of OPEN-ENDED questions.

Following are excellent questions to use or adopt:

a) How would you describe your satisfaction with (specified services) and what are your reasons for this description?

b) In terms of your needs, what are (service providers) most important services, and how well are they being delivered?

c) How would you describe (service providers) strengths?

d) What do you see as opportunities for improvements?

Step 3 – Ensure Consensus about the Agreement

Why? - Without this SLA likely to be unsuccessful.

- One party may view the SLA as a quick fix, while the other party views it as a long-term relationship - building tool.

- One party may want the SLA to reflect more stringent service levels than those currently provided, while the other party may want to initiate the SLA at the current service levels

- Each party may have expectations about benefits the SLA will deliver that are outside the scope of the SLA.

- Each party may have a different idea of what the SLA document should look like and what should be included in it.

- Each party may expect the other to carry more of the workload in developing the agreement.

How?

- High-level representatives of the two parties to meet, compare views and ensure they have a shared understanding.

Use focus groups; representative groups; pilots.

Step 4 – Develop a draft SLA

Developing a draft SLA is a process of discussion, negotiation, information-gathering and revising the document until it represents the best interests of the two parties.

Advisable for parties to discuss and agree:

- SLA Objectives
- Their background and experience with SLAs
- The directives they have received from their management
- How they will work together to develop the SLA and who will do what
- How often they will meet and how often they will stay in touch between meetings
- What budget dates they will set, and how they will track progress
- When and how they will seek management feedback on the draft
- Develop a proposed structure for the SLA document.
- List the services and service standards to be addressed in the SLA
- Develop the general working of the draft

Keep these points in mind when developing you draft SLA:

- Be sure you know what your organization wants from the SLA.
- Clarify terminology
- Listen carefully
- Ask questions
- Devise options
- Seek opportunities

Step 5 – Solicit Feedback from Reviewers

A draft SLA does not become a final SLA until individuals representing both parties have had an opportunity to review the draft, raise questions and offer suggestions.

In evaluating the draft, it might be appropriate to use some criteria that have been developed. The following criteria maybe helpful

a) Readability

- Does the SLA have a pleasing professional look?
- Is the length of the SLA appropriate to its purpose?
- Is the structure of the SLA easy to follow?
- Do you understand all the information in the SLA?
- Is the information consistent?
- Is the document logical in structure and content?

a) Content

- Is the SLA complete? Are the key service elements and management elements adequately covered?
- Detail appropriate?
- Scope clear?
- Tone?
- Provide a time limit for the review process
- Explain the form the feedback should take.

Step 6: Implement and Manage the Agreement

This final step is divided into a number of activities:

- Finalize the SLA based on reviewer feedback
- Complete pre-implementation activities
- Conduct a pilot (optional but advisable)
- Sign the agreement
- Manage the SLA
- Finalize the SLA

Acting upon the feedback you have received from the other party greatly improves the quality of the SLA for two reasons:

1) Draft SLA has now been reviewed by other party and they have offered their feedback.

2) Opportunity to input into the SLA tends to increase other party's sense of ownership of the SLA and will feel a greater stake in the success of the SLA.

Implementation and management may include:

- Developing tracking mechanisms
- Establish reporting processes and responsibilities
- Prepare Documentation
- Ensure all parties are aware of the agreement and understand its impact on them
- Establish plans for periodic review
- Establish and communicate an implementation plan
- Undertake a pilot if desired

Conducting a Pilot

Be clear about the reasons for running a pilot.

Purpose of pilot may be to:

- Gain experience in meeting the service standard described in the SLA
- Gain feedback about any problems that may exist either in the delivery of services or in the agreement.
- Make adjustments, as needed, either to services or to the SLA

Establish a pilot period

- May vary from 2-3 months for a simple SLA through to 3-6 months for a more complex SLA
- Select a pilot format

In a customer-focused pilot you will select one or two particular services to pilot – this could be with all customers or with one or two specific groups.

Conducting a Pilot

- Establish criteria that can be used to assess the success of the pilot
- Establish methods of gaining written or verbal feedback
- Assess the success of the pilot in meeting the agreed upon criteria

Signing The SLA

Celebrating the completion and signing of the SLA has several benefits:

- Communicates the importance of the effort and recognizes those who have contributed to it.

- Emphasizes the importance of the relationship between the two parties

- If relationship has been problematic, it demonstrates that is now moving forward in a positive, optimistic collaborative frame of mind.

Managing the Agreement

- An SLA must be managed.

- Someone must be selected and identified to manage the SLA. Their responsibilities may include:

  - Serving as a point of contact for problems related to SLA
  - Maintaining on-going contact with the customer
  - Planning and conducting service reviews
  - Co-ordinating and implementing modifications to service delivery and SLA
  - Conducting customer satisfaction surveys
  - Helping two parties meet each other, discuss their concerns, and work together.
  - Keeping management informed of any concerns regarding conformance to the provisions of the SLA
  - Assessing and reporting on how the two parties can further enhance their working relationship.

- Regular meetings are crucial. Tips to help you succeed in this:

  - Keep the meeting focused
  - Under an hour
  - Develop a regular agenda

Sample Agenda

- Review Criteria for SLA and target performance
- Distribute reports on measured performance for the current period
- Discuss outstanding items and progress on action points since previous meetings
- Analyse the problems and impact upon customer
- Negotiate corrective problems for the new or ongoing problems
- Assign necessary resources
- Summarize results from the meeting and distribute them to appropriate parties regardless of their attendance

Step 7: Evaluate the Agreement!

The Key Elements of a SLA Document
Research and guidance in this area:

- "Support Services for Schools" – study by Cambridge Education Associates and supported by LGA and 36 participating LEAs
- "Purchasing Guide for Schools" – Department for Education and Skills Publication
- APSE research and Development Advice.

PART 3

"Support Services for Schools" – Study by CEA and Supported by LGA and 36 LEAs

Here the study examined issues and good practice surrounding:

- Co-ordination of traded services;
- SLA/contract length
- The way in which information about services is presented to schools

Co-Ordination of Traded Services

Department Store Model	High Street Model
Single supplier providing a variety of services: • Located together • Single identity • Shared standards • Operating in common framework *Offers convenience and common standards across services.*	Separate suppliers providing equivalent services: • Each focusing only on one service • Identity specifically designed to suit each service • Setting own standards • Framework tailored to match customer needs *Offers specialisation and flexibility.*

"Support Services for Schools" (continued)

Co-ordination of traded services

Good practice among participating authorities tended to feature many of the following:

- Corporate officer group managing overall process
- Head teachers group providing ideas and feedback
- Use of a single 'portfolio' document to market services
- Clear 'branding' of services as Council/LEA – provided
- Common time-table for trading

APSE knowledge since has shown that some authorities have re-structured former single service DSO's to Facilities Management approach.

"Whatever mechanism used, trading process is most likely to be appropriate and effective if it has been designed in consultation with schools".

SLA Contract Length

- Longer contracts less work for customers
- Good practice likely to be characterized by:
- For all SLAs, consulting about SLA length and where possible, agreeing it on a school-by-school basis;
- For fixed term SLAs, by ensuring easy re-confirmation at end;
- For open-ended SLAs, by including a period of notice to quit which preserves flexibility for schools whilst allowing the provider time needed to make necessary adjustments.

"Support Services for Schools" (Continued)

Way in Which Information Re: Service Is Presented to Schools:

PORTFOLIO emphasis that traded services are part of LEA.

Best practice suggests a portfolio of traded services should include:

- All LEA traded services;
- Full description of both service content and the benefits of buying the service;
- Clear labelling/branding of services as being LEA/Council
- Pricing information to show:
- Specific charges
- Pricing principles and structures
- Service standards
- Clear indication of any co-operation/support required from the school
- Easy to complete response form(s).

"Purchasing Guide for Schools Publication" – Department for Education and Skills

What Makes a Good SLA?

Good SLAs share a number of common features. SLAs should set out in writing:

- ***Names*** – The Service Provider (Supplier) And the Client (E.G. School)
- ***Duration*** of The Agreement – Including Notice for Termination
- ***Services or Goods to Be Provided*** –
- ***Obligations of Both Parties***
- ***Location Where Service Will Be Provided***
- ***Who Will Be Providing the Service?***
- ***Performance Standards/Measurements***
- ***Process for Agreeing Variations***
- ***Complaints/Disputes Resolution***
- ***Expected Frequencies and The Input***
- ***Price for Service and Payment Arrangement***
- ***Authorisation***

"Purchasing Guide for Schools" (Continued)

Duration of SLA

- 1 year or shorter = 'consider longer'
- 1 year to 3 years = 'preferable' 'gives suppliers degree of certainty'
- 3 years or longer = 'may result in inflexibility, however, in some cases schools may benefit'. E.g. catering with initial investment or potential discounts such as insurance, legal advice and ICT support.

Payment Arrangements

- 'Pay as You Use'
- 'Fixed Entitlement' – six days for £3,000
- 'Holding Fees' – unlimited availability if required

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Key Elements of a Service Level Agreement Document

APSE research has shown that to be effective a Service Level Agreement should contain the following six elements:

1) Context setting information

2) Description of services

3) Service standards

4) Service tracking and reporting

5) Periodic review

6) Change process

1 – 3 are the **Service Elements**
4 – 6 are the **Management Elements**

The Function of the Key Elements

1) <u>Context setting information</u>
   - Purpose and scope of the SLA
   - Parties to the SLA
   - Assumptions underlying agreement
   - Organisational profile:
     - Mission Statement
     - Structure to support service, i.e. organisational structure
   - May include Purchasing/Procurement Policy
   - Contact information
   - Summary of SLA.

2) Description of service
   - What services are provided
   - What else could be provided
   - What services are not provided?

3) Service standards
   - Ensures that both parties share a common understanding about the conditions under which (2) will be provided:
     - Suppliers responsibilities
     - Customer responsibilities
     - Basis of charge/schedule of rates/calculation
     - Invoicing arrangements
     - Core times
     - Supervision
     - Staffing/Human Resource issues
     - Payment arrangements

- Staffing/Human Resource Issues:
  - Training and Development
  - Staff details
  - Staff cover
  - Flexibility
  - Cover for staff absence
  - Recruitment and Selection
    - Pre-Appointment
    - Post Appointment
  - Remuneration/Contractual
    - Annual Pay Award
    - Single Status
    - Grading
    - Annual leave
    - Sick pay/Occ. Health/ill health retirement
    - Pension scheme
    - TU membership
    - Disciplinary and Grievance
    - Maternity pay

- Health and Safety

- Legal Issues
  - Full PL and EL Insurance
  - Legal work and costs

- Performance Indicators and Targets

4) Service tracking and reporting

The various means identifying how service effectiveness will be assessed and communicated.

- Surveys
- Inspections
- Frequency
- Reports
- Spot-checks
- Use of Quality Assurance Systems
- Complaints procedure

Who to Contact and When

5) Periodic review
   - What ongoing communication will there be?

6) Change process
   - How do we change SLA?
   - What if we can't agree to change?
     ⇒ Arbitration

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