

PART ONE

Contract Management Policy, Practice and Procedure

The Council is aware that it has an obligation to ensure contracts are effectively managed so as to offer good service delivery which demonstrates value for money to the residents of Warwick district Council.

This policy and procedure has been developed to assist officers in managing relationships with contractors and providing a structure for reporting compliance to Senior Managers, Members and all other key stakeholders.

Our Commitment

With effective contract management critical to the success of any service arrangement all contracts will be subject to robust performance monitoring with good relationship management at the centre.

Monitoring arrangements will continue to be strengthened; the importance of meaningful indicators will be highlighted, evidencing improvements through sustainable outcomes will be built upon and demonstrable continuous improvement will become a core requirement of all contracts.

Meanwhile focus will be placed on developing the skills required for a consistent approach to contract and relationship management. The results from monitoring arrangements and our relationships with suppliers will act as a measurement of the effectiveness of the procurement function and inform future procurement decisions.

The Council recognises the importance of strong client-contractor relationships and that these are critical to the success of partnership working and service delivery. As a starting point a relevant officer will take on the formal role of Contract Manager to offer a primary point of contact to the contractor, internal officers, Senior Managers, Members and all other stakeholders.

In support an appropriate member from the Senior Management Team will be appointed to oversee any significant contracts and attend at minimum a quarterly performance meeting. The Council recognises that demonstrating a top level interest is likely to result in a more dedicated service delivery.

It also highlights the Council's commitment to partnership working at a senior level whilst ensuring Contract Managers are fully supported.

Contract Management Practice and Procedure

To manage the contract effectively, Contract Managers will balance a positive working relationship with robust performance monitoring to ensure all work is completed within the requirements of the contract as a minimum.

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Contract Management Principles

Robust contract management will support improved service delivery through continuous improvement in the quality of goods, works and services delivered to or on behalf of the Council. Through good contract management we will:

- Maintain a valuable source of information concerning the effectiveness and quality of services being provided
- Regularly review the strength of the working relationship between the Council and contractor
- Offer a preventative function to support the avoidance of failures in service delivery
- Ensure that contracts are known and understood by all those who will be involved in their management. Make sure that adequate resource is identified and appointed well before award of contracts and that there is an effective handover or transition from sourcing to contract management.
- Be clear about accountability, roles and responsibilities. Ensure contract ownership, management processes and governance mechanisms are clear with defined roles and responsibilities at appropriate levels of seniority. Make sure contracts have a documented Contract Management Plan.
- Establish and use strong governance arrangements to manage risk and enable strategic oversight; ensure that governance structures are proportionate to size and risk of contracts, are suitably empowered and support the business outcomes and objectives. Ensure appropriate business continuity and contingency plans are in place.

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- Adopt a differentiated approach based on risk; distinguish between tactical and strategic contracts, direct the most/strongest resource to contracts where the risks and rewards are highest. Consider a 'self-managing' approach with exception reporting for lower risk contracts.
- Manage contracts for business/public service outcomes; the owners of the required outcomes should be accountable for successful contract performance and should work closely with commercial staff to manage contracts. Focus on successful outcomes and take account of public service and accountability obligations and risks.
- Accept that change will happen and plan for it; develop flexible approaches to change through joint working with suppliers; accept that change will affect both parties during the contract life, but control costs with robust change control mechanisms. Ensure that senior level assurance and controls are in place to prevent changes from altering the strategic intent of the contract.
- Measure and report on performance and use KPIs and data efficiently to incentivise good performance; administer contracts proactively and efficiently, making maximum use of benchmarking and performance measurement data. Use a balanced scorecard to measure 'hard' data such as KPI performance alongside 'soft' measures e.g. customer satisfaction and relationship management, with a focus on achievement of outcomes. React quickly to issues when they arise. Ensure KPIs and incentives are appropriate and proportionate to the contract. Challenge KPIs and incentives regularly and ensure a mechanism to change and evolve them through the life of the contract.
- Drive continuous improvement, value for money and capture innovation; actively use contract tools and provisions to leverage the relationship, continually drive value for money and seek out and implement innovative ideas for improvement.
- Adopt and encourage mature commercial behaviours; understand what drives suppliers behaviour and know how to assess profit vs. excess profit; be open and receptive to ideas, explore and use appropriate commercial structures (e.g. alliances), but remain competent and robust in protecting Warwick District Council's commercial position and driving value for money.

1. Contract Management Procedure

A. Tender Stage

The contractual terms and conditions and specification will come directly from the tender process and will form the basis for what is to be monitored. At minimum initial priorities and measurable outcomes will be identified and encapsulated in the tender documents. However, it is recognised that providing tenderers with details of the anticipated frequency and level of detail likely to be

required throughout the life of the contract can manage expectations and offer support in preparing a bid.

B. Pre-Contract Meeting

The Contract Management stage of the procurement and commissioning cycle will be initiated by a 'pre-contract' meeting between representatives of both the Council and contractor. From this point the Council and contractor can agree the monitoring arrangements and a regular meeting schedule. It is recommended that the frequency of meetings is relative to the complexity of the contract or service to be delivered. A positive working relationship can also begin to develop, leading to a partnership approach as appropriate.

C. Monitoring Arrangements

Ensuring outcomes and cost control within the project schedule will be key objectives of the contract monitoring. The tender as submitted should supplement the contract to ensure that any added value which was proposed in the tender over and above the original specification is included in the contract monitoring procedures. Milestones may also be identified in a way which is relevant and proportional. As a general principle only data which is required and meaningful is to be measured.

D. Reviewing Monitoring Reports

The Contract Manager will review the contractor's reports to determine that outcomes and cost are in line with the contract schedule. Regular reporting will enable the Contract Manager to oversee the work and its progress, whilst maintaining a positive dialogue with the contractor is vital should there be any unperceived gaps in reporting. Contractors will be encouraged to approach the Contract Manager should they identify any obstacles enabling both the Contract Manager and contractor to act promptly with any corrective action taken as applicable.

E. Requests for Information

The Contract Manager will respond to the contractor's requests for information in a timely manner to avoid unnecessary confusion and project delays.

F. Risk Management

Risk Management principles will run through the full procurement and commissioning cycle. Carefully managing risk throughout the process will support the Council and contractor in identifying and managing any events that may have an adverse effect on the contract and its outcome.

G. Payment

Contract Managers will be continually involved in the payment process and will liaise with the relevant Financial Services Officer to ensure services remain within budget and to confirm the correct processes are used.

H. Changes to Contract

Non-material changes to the contract may be necessary to match expectations of the Council and the contractor. Contract amendments should be in writing and approved by the relevant director or committee following consultation with Procurement, Finance, Legal and HR as appropriate.

2. Purpose of Contract & Supplier Management

The function of Contract & Supplier Management is to:

- ensure a contract is successfully executed
- provide a formalised method of monitoring supplier performance against contract requirements
- ensure that there is clarity of the roles and responsibilities by all parties relating to contract and supplier management
- monitor overall compliance by all parties to the terms of the agreement and contract, refining and improving KPIs, SLAs and service delivery through honest, open communication between the supplier and the Council, delivering improvements to both parties
- improve and develop relationships with key supplier representatives based on mutual trust and understanding, open communications and a joint approach to managing delivery
- realise estimated and planned savings through continuous monitoring of spend
- identify potential additional savings and benefits through proactive contract and supplier management
- co-ordinate the supply chain
- provide a focus for development of initiatives / innovation
- deliver learning and knowledge transfer
- drive continual improvement

Priorities

Priority areas to achieve contract and supplier management objectives include the:

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- Implementation of a standardised agenda, minutes and action notes template for managing and documenting supplier meetings consistently across all commodity areas.
- Incorporation of a mechanism to review council performance and feedback within review meetings.
- Introduction of management meetings with identified key suppliers for each category, with an aim of continuous improvement in the execution of contracts.
- Regular review of both contract performance and supplier performance through structured joint and service-inclusive meetings to improve output, savings and knowledge, and to reduce risk
- Encouragement of prime contractors to engage with local suppliers and SME's through the inclusion of Community Benefit / Sustainability clauses, and early engagement in commodity strategies
- Standardisation of the supplier management process, and implementation of rigorous controls to manage the supplier database and transactions within Procurement systems.

Continual review of the contract and supplier management process to ensure it remains fit-for-purpose and continues to deliver clear benefits

3. Contract and Supplier Management Process

This document sets out the procedure that is used to manage contracts and the supplier relationship post-supplier selection and contract award. Equally, it applies to the management of existing contracts.

The Contract and Supplier Management process begins with migration and mobilisation, and continues through a post-contract award meeting with the successful supplier, which as a guideline, should be conducted within 1-3 weeks of the contract award. The purpose of this meeting is to discuss the contract implementation phase and agree roles, responsibilities, identify activities and agree SLA's, KPI's, timescales and expectations. It is important to keep in regular contact with the supplier during the contract implementation phase and to arrange meetings and maintain open dialogue throughout.

4. Contract Implementation

Contract Implementation consists of three distinct phases:

- Mobilisation - the process of moving from contract award to 'go-live' i.e. the point when a user can actually buy from the contract
- Migration - facilitating the movement of an organisation to a new contract post 'go-live'

- Communication – ensuring all stakeholders are aware of the contract and what it involves

Actions that should be considered to migrate and mobilise a contract include:

5. Determine Level of Contract & Supplier Management

It is important when developing the Contract Strategy to determine the level of management required for the proposed contract once awarded, based on size, value and organisational risk, as this will influence and determine the frequency and content of supplier review meetings.

- Low level - ensuring compliance to the contract by monitoring management information from the supplier, end-user feedback, managing delivery, and compliance of the contract.
- Medium level - managing the performance of the contract and the supplier through management information monitoring, end-user feedback and a minimum of one performance review meeting held per annum.
- High level - managing the performance of the contract and the supplier using a combination of management information monitoring, and quarterly (or other frequency determined) meetings.

8. The Contract & Supplier Management Plan

Once the contract implementation has been completed and the level of management determined, a Contract and Supplier Management Plan should be constructed which outlines:

- Roles & responsibilities
- Agreed level of management (low/medium/high)
- Contract objectives
- Performance Management Framework, e.g. Use of balanced scorecard, KPIs & SLAs
- Mobilisation Plan
- Migration Plan
- Contract Compliance
- Escalation process (within supplier organisation and the council)
- Review meeting schedule
- Risks & issues

This will need to be agreed with your supplier. All of these, in particular, the routes for escalation and the review meeting schedule should have been built into the initial Contract(s) Strategy and tender, with reference to the fact that a Contract and Supplier Management plan will be developed.

6. Contract & Supplier Performance Review Meetings

Performance Review Meetings are an important part of the Contract & Supplier Management process and provide the Procurement Team, Service Users and the Supplier with an opportunity to focus on what is going well, identify any problems at an early stage and agree opportunities for improvement and innovation.

Where a medium level of management is being applied, there should be at least one performance review meeting per year. Meetings for Contracts / Suppliers where a high level of management is being applied should be held at least quarterly.

Standard templates for meeting agenda and minutes / action notes are available to assist in the management of performance review meetings.

These tools can be used by both Corporate Procurement Unit and the supplier in advance of meetings to provide a structure to the meeting, and in particular, used to gauge where performance is improving, remaining static or declining. Meetings should focus on:

- Review of Actions and Minutes from previous meeting(s)
- Supplier Business Review, with updates on new products / product developments, customer-affecting issues (e.g. product issues, recalls), complaints, etc.
- Council Business Review / Service Improvement Plan Update
- KPI review – (to determine current level of performance (Improving / Degrading))
- Sustainability & Other Benefits Realisation
- Review of risks and Issues
- Issues for escalation
- Financial Monitoring (Spend monitoring, P2P, Invoicing, financial stability).
- Areas of Improvement (e.g. Innovation, new process)
- Change Control

These are suggested agenda topics for discussion however these will need to be adapted for specific types of contract and / or suppliers.

The initial performance review or inaugural or kick-off meeting should also include a 'Lessons Learned' session with the supplier on the tendering and contract implementation process, and cover areas such as roles and responsibilities, performance levels, invoicing arrangements, etc.

Meetings should recur as agreed until the contract approaches its completion, and documented (minutes, actions, change in performance) throughout, with actions followed up as agreed. Minutes of meetings and agreed actions should be communicated to all stakeholders following each meeting (supplier, Procurement Team & service area management).

7. Change Control

Changes (variations) to services, procedures or contracts are likely to occur throughout the lifecycle of a contract, especially lengthy and / or major, strategic contracts, which could have an effect on many aspects of the contract including:

- Service delivery
- Scope of work
- Performance
- Costs
- Product availability / changes to specification / obsolescence / revision of rates
- Whether the contract continues to represent value for money

The primary aim in managing variations is to minimise their likelihood, however change is inevitable, therefore the specification and management of change (Change Control) is an integral and important part of contract management and administration. Change control procedures should be included within the contract and discussed at the inaugural meeting.

The respective roles and responsibilities of both parties in the change control process must be clearly identified, along with procedures for raising, evaluating, costing and approving change requests.

A single change control process should be applied to all contract changes. Flexibility does however need to be built into the process to deal with issues such as emergencies. A change control process should provide clear steps and clearly allocated ownership and responsibilities for:

- Requesting changes

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- Assessment of impact
- Prioritisation & authorisation
- Agreement with provider
- Control of implementation
- Documentation and communication of change
- Updates to terms & conditions where applicable

If a specific change, or cumulative changes significantly increase or decrease the scale or scope of the contract, the responsible Contract Manager must question the contract's ability to achieve best value and value for money overall. Similarly, the Procurement Manager / contract owner must also ensure that any changes do not take the contract outside the scope of the original tender in relation to the OJEU advertisement, or permitted extensions to contracts. When this is in doubt, the change should be referred to the Procurement Team for guidance. The same level of diligence should be applied to contract variations as that applied to letting a contract.

8. Change Control Procedure

The change control procedure should be used by the council and supplier to enable changes to the contract, to provide clarity and documentary evidence of the change, and agreed actions:

It is the intention of Warwick District Council and the Contractor that the Services will be administered and delivered in an efficient manner and the Council and the Contractor may during the term of this Agreement suggest changes or modifications to the other to achieve this aim. Where any provision of this Agreement provides that the mechanism set out in this Schedule should apply, or where the Council or the Contractor proposes any change or modification of the design, specification, quality or quantity of the Services or the addition, omission or substitution of any work or the time or location at which the Services will be performed, the following provisions shall apply:

- The party wishing to instigate any change or modification shall give written notice to the other party of the proposed change or modification, such notice to set out that party's proposals in reasonable detail. This notice shall be marked for the attention of the Service Manager at the Council or the Key Persons at the Contractor as appropriate.
- The party on whom any notice is served shall, within the Period for Reply of receipt of that notice, give notice to the other party either accepting or rejecting the proposal.
- If notice is sent accepting the proposal, the parties will as soon as reasonably practicable complete and sign a form as set out in Change Control Form. Any agreed change or modification will take effect on the date

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of signature of that form by the Service Manager and a Key Person for each of the parties or on such other date as is set out in the relevant form.

- If notice is sent rejecting the proposal the Service Manager and Key Persons for each of the parties shall negotiate in good faith in order to establish whether any alternative change or modification can be agreed. If agreement is reached then the parties shall document such agreement as set out. Either party may terminate any negotiations if they conclude that agreement will not be reached on the proposed change or modification.
- Any verbal instruction given to the Contractor shall have no validity unless confirmed by written instruction from the Council, or confirmed in writing by the Contractor to the Council within seven Business Days of the verbal instruction and such confirmation is not disputed in writing by the Council within the Period for Reply of its receipt.
- Changes agreed in accordance with the provisions of this Schedule shall, where this Agreement provides for the same, be valued in accordance with the provisions of this Agreement. Where this Agreement does not provide a mechanism for agreeing the valuation of any change, the value of such change will be agreed between the parties and recorded in the form set out in Change Control Form.

10. Exit Strategy

As a contract progresses, the Contract Managers responsible (in liaison with the Procurement Team) will have responsibility for ensuring that both parties are working towards the planned fulfilment and exit of the contract.

The Exit Strategy should involve a full review of the contract and supplier's performance. This should include a 'lessons learned' review which incorporates feedback from end-users and the supplier.

The final review and lessons learned should be clearly documented and communicated to appropriate stakeholders, as it may inform any subsequent procurement for similar commodities in the future.

PART TWO

Contract Management – Checklist

- Ensure the right contract is in place – this process will start before the contract is awarded with the invitation to tender documentation.
- Ensure that the most appropriate person is nominated as contract manager.

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- Manage all aspects of the contract – including service delivery, relationship management and contract administration.
- Ensure that there are mechanisms in place for feedback on contractor performance.
- Establish required levels of service with the contractor and ensure that these are maintained.
- Ensure that value for money is being achieved.
- Ensure that any risks emanating from the contract are identified and appropriate control measures are in place.
- Ensure that continuity of service can be achieved.
- Ensure effective communication with the contractor.
- Deal with problems promptly.
- Keep accurate records of all meetings and maintain contract documentation.
- Seek continuous improvement.

Preparation

This section deals with laying good foundations before a contract is let. The contract should be actively managed. You should have a plan for doing this, which must include ensuring the right people are in place to manage all aspects of the contract

What you need to do	Points to consider
<p>Ensure the right contract is in place The foundations for contract management are laid in the stages before contract award These formal contract aspects form a framework around which a good relationship can grow. If the contract was poorly constructed, it will be much more difficult to make the relationship a success</p>	<p>The contract should include as appropriate</p> <ul style="list-style-type: none"> • A definition of what is to be provided and requirements to be met • An agreed level of service and mechanism for payment reduction if not met • Means to measure performance • Pricing mechanisms including where appropriate, milestone payments, incentivisation/rewards, retentions and, if the contract is for more than 2 years, price variation mechanisms

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	<ul style="list-style-type: none"> • A plan to cover implementation/transition/rollout • Acceptance strategy/test plan • Ownership of assets and intellectual property • Escalation and alternative dispute resolution procedures • Change control procedures • Invoicing arrangements • Communication routes , typically at three levels <p>Operational (end users/technical support staff)</p> <p>Business (contract manager and relationship manager on both sides)</p> <p>Strategic (senior management/board of directors)</p> <ul style="list-style-type: none"> • Agreed exit strategy and agreed break options • Premises (where the goods/services will be delivered) • Sub contractor details • Authorities responsibilities • A good contract not only identifies clearly the obligations of the provider, but also forms the foundation for a productive relationship built on communication and trust
<p>Be prepared to manage all aspects of the contract</p> <p>Contract management activities can be divided into three areas: service delivery management; relationship management; and contract administration</p>	<ul style="list-style-type: none"> • All three areas must be actively managed • Decide how to organise your people to manage each of the areas. You might assign a group or individual to each area or a single individual may cover two or more areas. • Bear in mind that different areas will require different skills and knowledge

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<p>Put the right people in place to manage the contract Contract management forms the interface between demand (the customer organisation) and supply (the provider organisation) The individual or team responsible for contract management must have adequate knowledge (business, contractual and technical) to understand both sides of the arrangement</p>	<ul style="list-style-type: none"> • If possible involve key contract management staff in contract development. Consider developing a contract guide or commentary explaining why the contract was developed. • Consider whether training is required for contract management staff • The skills and experience required to manage the relationship may be different from those required to manage service delivery • If you do not have expertise in house to manage a contract consider training existing staff or recruiting an experienced professional contract manager
<p>Assign adequate resources to manage the contract</p>	<ul style="list-style-type: none"> • There will be an overhead of in house resource to manage the contract • The financial resource required to manage a major contract has been estimated at 2% of the contract value. This proportion increases for contracts of lesser value.
<p>Managing the supply chain Once a supplier or suppliers are chosen and the contract awarded, the tender process is completed. At this point, there is considerable scope to work with suppliers to develop supply chain capabilities</p>	<ul style="list-style-type: none"> • Effective contract management is critical in ensuring that good supply chain management is implemented over the duration of the contract
<p>Ensure there is mechanism for feedback on client performance</p>	<ul style="list-style-type: none"> • Feedback from suppliers (as well as the client's perspective on the supplier's performance) increases the likelihood of problems and issues being promptly identified and resolved.

Managing service delivery

This section deals with establishing service levels and ensuring they are maintained. You may need to strike a balance between quality and cost to

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ensure a value for money outcome. This should include benchmarking to establish a “should cost” estimate.

During this phase risks should be managed and business continuity plans should be in place should service failure or interruption occur.

What you need to do	Points to consider
<p>Establish what levels of service are required, and ensure they are maintained Service level management is the process of managing the performance provided to the customer as specified in contractual performance metrics It balances cost and quality of services in order to provide the customer with value for money</p>	<ul style="list-style-type: none"> • There should be a detailed agreement of the required service levels and thus expected performance and quality of service to be delivered • However, where specific service levels have been set, it may sometimes be appropriate to take a flexible approach to enforcement, particularly in the early stages of contract performance.
<p>Measure quality as well as quantity The quality of the service being delivered must be assessed This means creating and using quality metrics – measurements that allow the quality of a service to be measured</p>	<ul style="list-style-type: none"> • Quality measures might include assessing aspects such as completeness, availability, capacity, reliability, flexibility and timeliness, among others • Some aspects of a service may be measurable by numerical means; others may require subjective assessment
<p>Ensure value for money Ensuring value for money is about the balance between service quality and cost A key objective for contract management is to ensure that it continues to achieve value for money over its life</p>	<ul style="list-style-type: none"> • Aim to optimise the ratio between value and cost • Value for money is not synonymous with lowest cost • Carefully consider all the benefits that the contract provides in relation to the ongoing investment it requires • All costs associated with the contract must be taken into consideration, including: set up costs, recurring costs, fixed costs, unit costs and the organisation’s own overheads in managing the contract
<p>Compare prices and learn from others Benchmarking is the practice of making like for like comparisons between organisations with the aim of ensuring continuing value for money, getting better performance and improving business practices</p>	<ul style="list-style-type: none"> • Price comparisons offer a quick and effective way to gauge whether you are getting value for money • Providers could be obliged to benchmark their own costs or those of their sub contractors by the contract • Compare the value for money you are getting with what other organisations are getting • Compare the way you manage contracts with the way other

	organisations manage theirs
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Managing the relationship

This section deals with building up mutual trust and understanding so that there is openness in communication and a joint approach to managing delivery. When problems arise they should be dealt with promptly, which requires good communications channels with the aim of delivering “win/win” outcomes

What you need to do	Points to consider
The relationship must be managed as well as the more formal aspects of the contract. It is in the organisation’s interest to make the relationship work	The three key factors for success are: <ul style="list-style-type: none"> • Mutual trust and understanding • Openness and excellent communications • A joint approach to managing delivery
Communication is crucial Good communications are always the make or break in managing a relationship They allow problems to be identified and resolved early, and build an atmosphere of mutual trust and appreciation of each other’s priorities	<ul style="list-style-type: none"> • The routes and media through which information will flow during the contract should be defined and ideally tested before the contract commences • There are three levels of communication in a contractual arrangement: strategic (senior management/board of directors); business (contract managers on both sides); and operational (technical and frontline staff) • Communication between supplier and client should be peer to peer; that is operational problems are resolved by staff at the operational level, not discussed with business managers
Culture, attitude and behaviour are as important as the terms of the contract There will always be some tensions between the different perspectives of customer and provider. Contract management is about resolving or easing such tensions to build a win/win relationship	<ul style="list-style-type: none"> • Consider whether the culture of the organisation will support the kind of arrangement that is sought • The right attitudes will engender the right behaviours. Both sides’ objectives must be shared and understood, the arrangement directed to achieving them • Adversarial approaches will increase the distance between customer and provider

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<p>Deal with problems promptly However good the relationship between customer and provider and however stable the services being delivered, problems may arise</p>	<ul style="list-style-type: none"> • The relationship managers should ensure that the provider has problem management procedures in place, including escalation procedures within the providers organisation and that these are used when needed • These procedures should seek to prevent problems as well as resolve them • The contract must define the procedures for undertaking corrective action if, for example, target performance levels are not being achieved • If a dispute cannot be managed at the level at which it arises it will be necessary to escalate to a higher level of authority. This escalation procedure
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Contract Administration

This section deals with the mechanics of the relationship between the customer and provider. In particular contract documentation must be maintained, especially where any changes to services, requirements, procedures or contracts are concerned. Senior management should be kept informed through a clear reporting mechanism

What you need to do	Points to consider
<p>Administration of the contract is important Contract administration is concerned with the mechanics of the relationship between the customer and provider Its importance should not be underestimated. Clear administrative procedures ensure that all parties to the contract understand who does what, when and how.</p>	<p>The elements that need managing are likely to include:</p> <ul style="list-style-type: none"> • Contract maintenance and change control • Notice periods, contract closure or termination • Charges and cost monitoring • Ordering procedures • Payment procedures • Budget procedures • Resource management and planning • Management reporting • Asset management
<p>Maintain the contract documentation The contract will have to evolve to reflect changes in arrangements Contract maintenance means keeping the documentation up to date and relevant to what is happening on the ground Maintaining contract documentation is an</p>	<ul style="list-style-type: none"> • Establish procedures to keep contract documentation up to date and ensure that all documents relating to the contract are consistent and that all parties have the correct version

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important activity	
<p>Changes must be controlled Changes to services, procedures or contracts may have an effect on service delivery, performance, costs and on whether the contract represents value for money. The specification and administration of change control is an important area of contract administration.</p>	<ul style="list-style-type: none"> • Appropriate structures need to be in place with representatives of both customer and provider management for reviewing and authorising change requests • Be careful that changes do not fall outside the scope of the original OJEU advertisement and conflict with procurement regulations – seek advice if you're unsure • It is particularly important that additional demands on the service provider should be carefully controlled • Formal authorisation procedures will be required to ensure that only those new requirements that can be justified in business terms are added to the service contract • A single change control procedure should apply to all changes
Make sure management understands what is happening	
<p>Management reporting procedures ensure that information about problems with a contract reaches those with power to act as soon as it is possible</p>	<ul style="list-style-type: none"> • Requirements for service performance reports and management information should be built into the contract and confirmed at the tender stage. • Where possible, use should be made of the provider's own management information and performance measurement systems • For many business managers a summary of the service they have received along with a note of exceptions is normally sufficient • Information requirements may change over the life of a contract

Seeking Improvements

This section deals with seeking to make improvements principally through providing incentives to the provider; usually these are built into the contract itself. The aim is to have a continuous improvement in performance or value for money.

What you need to do	Points to consider
<p>Give providers reasons to improve The aim of incentives is to motivate the provider to improve by offering increased profit, or some other desirable benefit, as a reward for improved performance or added value</p>	<ul style="list-style-type: none"> • Types of provider incentive include guaranteed levels of capacity, revenue sharing and commercial opportunities • Incentives to improve are normally built into contract terms • It is important that incentives are balanced. They should not emphasise one aspect of performance at the expense of other, perhaps less visible, aspects • Financial incentives should offer rewards to both parties that fairly reflect any investment they have to make to achieve the saving in the first place • Seek to bring down costs, not margins, to allow a supplier a reasonable return to cover such items as training and development
<p>Public sector managers are under constant pressure to improve. In contract management this translates into a need for continuous improvement in the performance or value for money of providers' services</p>	<ul style="list-style-type: none"> • A requirement for continuous improvement can be built into the contract, for example through a price decreasing year on year • It is important that continuous improvement is seen as being desirable and beneficial to both parties rather than as a means to drive down prices

PART THREE

Contract Exit Strategies

Long term service contracts have the potential to create problems when the time comes to bring services back in house or move them to a more competitive supplier. Most buyers and suppliers do not want to consider the negative concept of exit when negotiating a contract so it gets left or given just cursory consideration.

Exiting from a strategic long term contract is not straight forward. 30 days' notice is just not long enough to organise a graceful exit. A good rule of thumb is a month for each year of the contracted relationship however six months to a year would not be unreasonable.

In an outsourcing partnership the incumbent supplier is there because they are expert in the provision of the services required. It is not in their interests to disclose the 'how' a service is undertaken, if anything the 'how' is a unique selling point and may be specific to the company engaged. The combination therefore of the long term relationship, the lack of provision in the contract and the nature of suppliers not to disclose more than they need to, means exit at best, is problematic. So, what can be done about this situation?

The contract has to be the starting point. If you are considering a new partnership then focus on securing the best and most advantageous provisions in the contract when negotiating the deal. If you are 'in-flight' and consider the exiting provisions to be weak then negotiate and agree a binding exit strategy, using change control, to improve the exit arrangements.

So what do good arrangements look like for exit and/or transition? An orderly exit demands legal weight therefore an exit schedule is appropriate setting out the precise expectations of each party.

Here are a number of pointers which will help you reduce cost and risk.

1. Set a time when both parties should get together and jointly develop an exit strategy. There is no point in doing this on Day 1 of a contract as there will be other pressing demands on both parties. Pick a time; say six months in, when the new service has stabilized. Specify the need to agree a strategy within one month and get both parties to commit to doing this.
2. Specify that the supplier must prepare a disengagement plan, in a specific time period, once notice has been given. It is well worth setting out what the plan might contain and at all times should be congruent with the buyers retendering or return to in house service plan at all times.
3. It is important to protect services during the uncertain times of transition. Ensure it is explicitly stated that service does not decay because the staff have taken their 'eye off the ball'; performance of all services must continue.
4. Where staff are in scope to transfer set out the information requirements relating to each member. Secure an early statement of staff working more than 40% of their time, or those materials to the services, giving all relevant details including costs, skill sets, role and secure their continuity of service from the moment notice of termination is served.
5. Secure an asset list of all property owned by the customer and operated by the supplier. Seek to secure an asset list of key assets owned by the supplier and used to operate the service, even, if they are shared with other parties. This is not to say the 'how' will be replicated post transition but indicates the scale and nature of any infrastructure in use.
6. Gather together all material subcontracts used in the service delivery. These may need to be novated to the new service provider. Check these contracts have clauses to permit novation and communicate with these suppliers so their service levels and relationships do not decay in any way.

7. Intellectual Property and Confidential Information is invariably critical to an outsourced service. Again ensure this the customer IPR and confidential information is identified and recorded. Over a long term relationship new IPR and confidential information may have been developed. Ensure the contract states all IPR belongs to the customer even where jointly developed and is deposited in a repository. Make sure all documents and digital material contains some form of copyright statement. It may be appropriate and necessary to license the outgoing supplier for jointly developed IPR. If the incumbent supplier has used its IPR make sure there is an option to procure a license for its use post exit.

8. Ensure the Exit schedule includes the requirement to co-operate with the re-procurement and transition process. It might be desirable to appoint a single point of contact for the whole process with mini-service levels to ensure cooperation with the buyer's project manager responsible for exit and/or transition.

9. Costs to support exit and/or transition can be neglected by both parties, beware however, if the contract remains silent additional charges will be made. Clearly some charges must be expected. Make sure your Exit Schedule bounds what is paid for and what is not. Asset and IPR registers are usually part of the on-going service so it should not be necessary to pay for the register twice so take care to ensure transition costs do not get out of control.

10. Ensure your incumbent will co-operate with the candidate and successful suppliers. Do this by agreeing a clause for co-operation and access for due diligence purposes. Suppliers generally do not like to open up their service to a competitor's inspection so ensure minimum levels of access and co-operation are defined including a process for requesting access is detailed and agreed. Transitioning an outsourced contract is never easy and does require careful planning. Early planning and securing commitments will reduce risk and cost and increase levels of co-operation so it is a good practice to anticipate exit right from the start.

PART FOUR

KEY PERFORMANCE INDICATORS

A great deal of effort in procurement goes into getting goods and services at the right price. However, experience tells us that it's also crucial to have the processes in place to measure the delivery of the contract.

For Sponsoring Managers / Key Stakeholders and Procurement Professionals, measuring supplier performance is key – especially for service-based procurements. It's crucial to have the ability to measure savings and ensure that the price being charged is transparent and measurable.

Key Performance indicators (KPIs) are financial and non-financial measures to help evaluate the progress of a project toward its goals. Usually the KPIs are

identified and validated by stakeholders at the beginning of the procurement - during the planning stage. Put simply, KPIs are quantifiable measurements, agreed to beforehand, that reflect the critical success factors.

At an early stage consideration must be given to adopting the procurement approach that offers the Best Value for money for the Council. Consideration should be given to how Best Value can be measured once the Contract is in place.

Effective performance monitoring is part of the Contract management process and needs to be included in the Contract specification.

Securing successful contracts

In order to ensure contracts are exactly tailored for your needs (both current and future), it is vital to involve colleagues from right across the organisation, making maximum use of the expertise within your legal and finance teams. Perhaps one of the biggest challenges in signing a contract with a supplier is ensuring, as far as possible, that they will still be in business for the full length of your agreement. Future-proofing your supply chain in this way will require thorough analysis of a supplier's record of investment into its business, as well as the degree of development it has engaged in – you need to be sure it has the mechanisms in place to adapt to changing priorities.

Creating effective contract performance management criteria

Specificity in service level agreements (SLAs) is essential.

The creation of contract performance management criteria will ideally involve representatives from both procurement and technical departments. Effective SLAs and key performance indicators (KPIs) should cover performance standards and processes that are defined and determined by the needs of your organisation.

They should cover all relevant issues, from quality to user satisfaction to price. Good KPIs typically follow the SMART model (specific; measurable; achievable; realistic; and time-based).

Effective SLAs and KPIs challenge suppliers to constantly improve their performance, with managers using them to forecast potential shortcomings or opportunities. You need to ensure that they are meeting your strategic goals and those of the people who will receive or benefit from the service, for example tenants of council-owned homes, the users of parks etc.

You need to be very clear on what value you expect to achieve from the project. Your stakeholders need to know this as does your customer/end user and all those involved in delivering the project.

You should consider:

- Reviewing client/end user outcomes

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- Using existing KPI suites to allow practical benchmarking of performance
- Measuring economic, social and environmental performance
- Keeping things simple but SMART
- Review client/end user outcomes

As you move into the Design stage review client/end user outcomes. It may be that new delivery team members have been brought on board or potentially there may have been a wholesale change in personnel if new partners have been selected. New stakeholders may be involved or the importance and influence of certain stakeholders may have changed. Either way this is an ideal time to review desired outcomes and test previous approaches. It may be helpful to do this in a team environment with the support of a facilitator.

Use existing KPI suites to benchmark performance

Ideally existing KPI suites should be adopted as this will allow benchmarks to be established from existing and historic projects. However, don't just set arbitrary benchmarks. Think about the essential and desired outcomes of the customer. You should also ensure that you compare "like with like" so basic project information should be captured to make meaningful comparisons:

As far as end of project measures are concerned the following list provides typical examples:

- Client Satisfaction
- Contractor Satisfaction
- Predictability of Cost
- Predictability of Time
- Quality
- Productivity
- Profitability
- Safety
- Construction Cost
- Construction Time

PART FIVE

Contract & Supplier Management Plan

Roles & responsibilities

Agreed level of management (low/medium/high)

Contract objectives

Performance Management Framework, e.g. Use of balanced scorecard, KPIs & SLAs

Mobilisation Plan

Migration Plan

Contract Compliance

Escalation process (within supplier organisation and the council)

Review meeting schedule

Risks & issues

PART SIX

Contract Performance Review Form

The Contract Performance Review is designed for ongoing contract performance review.

1.0 Report & Resource Information

Review date:	
Review period:	
Date of last review:	
Name of officer submitting this review:	
Contact details: (Section or unit name) (Address) (Address) (Postcode) Phone: Fax: Mobile: E Mail:	
Department\Organisation:	
Business unit:	

2.0 Contract Information

Contract title:	
Type of contract:	Service Supply Works Consultancy
List the departments affected by this contract:	
Contract value:	
Spend to date :	Annual:
Length of contract:	
Contract start & termination dates:	
Contractor company name:	

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Supplier's Contract Manager name: Contact details: (Address) (Address) (Postcode) Phone: Fax: Mobile: E Mail:	
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3. Contract Outputs & Performance Indicators

Describe the main outputs of this contract:	
Describe the Key Performance Indicators for this contract.	
How many Warwick District Council and supplier staff members are allocated to this contract?	
Have any defaults been issued against this contract since implementation?	Yes No
If yes, provide details and reasons why in the space below:	
Have any legal or statutory requirements been enacted since implementation?	Yes No
If yes, provide details in the space below	
Using the list of contract risks compiled in the Procurement Business Case and/or the Procurement Initiation Document, were any of these risks realised since implementation?	Yes No
Compared to your original estimated contract value, were any cashable or non-cashable savings realised since implementation	Yes No
If yes, provide details in the space below	
Referring to the information compiled in the Procurement Business Case and/or the Procurement Initiation Document, have any Responsible Procurement issues been raised since implementation?	Yes No
If yes, provide details in the space below	

4.0 Performance Score

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Areas of Review	0 Very Poor	1 Poor	2 Adequate	3 Good	4 Very Good	5 Excellent
Achievement of contract Key Performance Indicators						
Quality & consistency of work						
Value for Money, delivery to budget & budget control						
Professionalism of management & cooperation from staff						
Communication & ability to provide information						
Customer care						
Ability to deal with complaints and their resolution						
Health & safety, security and community safety arrangements						
Equalities (including performance on equality targets)						
Environmental, sustainability & community benefit issues						
Totals (add scores in each column)						
Grand Total						

Performance Scoring Matrix

Use the matrix below in aid of the performance scoring:

0	Very Poor: The Supplier has shown evidence of poor skill and experience in delivering the contract's Key Performance Indicators. The Supplier has made no effort to resolve complaints or contractual issues that have arisen and has shown poor communication skills with the Warwick District Council staff. There is a high risk that the contract will fail completely if an urgent Improvement Plan is not put in place.
1	Poor: Less than acceptable. The Supplier has shown a lack of convincing evidence of skill and experience in delivering the contract's Key Performance Indicators. They have shown a lack of real understanding of the contract's requirements or evidence of ability to deliver; medium risk that relevant skills or requirement are not be available in their delivering the service or supply they have been contracted for.
2	Adequate: The Supplier is meeting the minimum requirements in delivering upon the Key Performance Indicators established for the contract.

Warwick District Council Contract Management Framework

3	Good: An acceptable level of service delivery. The Supplier is delivering upon the Key Performance Indicators established for the contract. Good communication exists between the Supplier and the Warwick District Council contract manager and staff members
4	Very Good: Above acceptable. The Supplier demonstrates real understanding of Warwick District Council’s requirements and shows evidence of their ability to not only deliver the contract’s Key Performance Indicators, they show real motivation to improve upon these. Good communication exists between the Supplier and the Warwick District Council’s contract manager and staff members.
5	Excellent: The Supplier’s performance has provided real confidence in their delivery of the service or supply. The Supplier’s positive attitude, innovative approach, motivation and excellent communication skills have added real value to Warwick District Council. They have shown a deep understanding of the service or supply they are contracted to deliver and have both delivered and improved upon the Key Performance Indicators established for the contract.

Use Section 5.0 to provide evidence, reasons and justifications for the scoring above.

5.0 Performance Score Comments

Use the space below to provide evidence, reasons and justifications for your scoring in Section 4.0. If necessary, attach supporting documents to this report, including quality reports and details of complaints or compliments received during the reporting period:

6.0 General Comments & Recommendations

In the section below, provide yours and the Supplier’s positive and negative comments regarding the performance of the contract:

7.0 Contract Performance Improvement Plan

In the space below, provide details of how the contract performance will be improved. Use the table following to schedule the required actions and how they are relevant to the contract’s performance indicators:

Action required	Time Frame	Resources & Costs	Officer responsible	Relevant performance Indicator

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* Add additional rows to the table above, as required.

9.0 Looking Forward

This section provides the contract managers to look forward and consider contract issues that may arise regarding resources, risk, savings and Responsible Procurement:

A	Using the list of contract risks compiled in the Procurement Business Case and/or the Procurement Initiation Document (PID), are there any future risks that may have an impact on the contract?
Yes No	If yes, provide details in the space below:

B	Compared to your original estimated contract value, will any future cashable or non-cashable savings be realised before the next review?
Yes No	If yes, provide details in the space below:

C	Will any Responsible Procurement issues arise before the next review?
Yes No	If yes, provide details in the space below:

Warwick District Council Contract Manager

Signature _____ Date _____

Warwick District Council Head of Service (or Designated Deputy)

Warwick District Council Contract Management Framework

Signature _____ Date

Warwick District Council Procurement Manager (or Designated Deputy)

Signature _____ Date

PART SEVEN

CONTRACT MANAGEMENT MEETING MINUTES

Reason for meeting:

Date:

Venue:

Time started:

Time finished:

Attendees		Apologies	
Action Points	area discussed	action to take	person who owns the action and by when
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
Additional Information / Summary			

Date of next meeting:

Time:

Issues that will need to be considered at the next meeting :

Location:

Signed.....

Date.....

PART EIGHT

CHANGE REQUEST PRO FORMA

Change Request Form	
<p>Title of Change:</p> <p>Type of proposed Change:</p> <p>Operational Contract</p> <p>If Contract Change, complete Annex B (Contract Change Note Proforma)</p>	
Work stream/Area:	Are supporting documents attached
<p>Priority of request:</p> <p><i>Normal Timed (enter deadline):</i></p>	
Description of Change:	
Reason for Change:	
Charges (if any):	
Date of expiry of Change (if any):	
Other issues:	
<p>Originator:</p> <p>Name:</p> <p>Position:</p> <p>Date:</p>	
<p>Authorised to proceed:</p> <p>Name:</p>	

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Position:	
Date:	
Extra Notes:	
Change agreed by CONTRACTOR:	Change agreed By AUTHORITY:
This form must include where appropriate the following information: <ul style="list-style-type: none">• the title of the Change;• Estimated value and/or cost of change• the originator and date of the request or recommendation for the Change;• the reason for the Change;• full details of the Change including any available specifications or design documentation;• the charges, if any, applicable to the Change;• a timetable for development, testing, staging and implementation;• proposals for any acceptance procedures and criteria designed to satisfy the AUTHORITY's requirements for the trial of the specific Change(s) and/or enhancement(s) in question;• details of the likely impact, if any, of the Change on other aspects hereto including but not limited to:<ul style="list-style-type: none">• the Term of the Agreement;• the personnel to be provided;	

PART NINE

Contract Management – Top Tips

1. Consider contract management requirements during the planning stage

Contract managers should get involved in the procurement process as early as possible. Try and have input in the design and development of contractual requirements during the planning phase as it is often too late, or very costly, to make changes once the contract is awarded. During the planning phase consider things such as:

- What are the measures of success and how will performance be managed?
- What reports will be required?
- How often will meetings be required?
- What are the risks? What could go wrong?
- What insurances are necessary?
- Are there any “lessons learnt” from previous contracts?

2. Understand the role of the contract manager

- Make sure Contract Managers have the appropriate knowledge, skills, time and support to undertake the role. As a minimum a Contract Manager should ensure that they:
- Manage relationships with all stakeholders as good communication is the key to success;
- Understand the overall scope and nature of the contract, its primary objectives, and the risks involved;
- Monitor, manage, document and communicate contract requirements to maintain continuity of supply, ensure compliance with specified customer expectations, contract deliverables and budget;
- Are proactive, act with due care and diligence and observe all financial and legal requirements during the course of the contract; and
- Manage and resolve any issues or disputes before they escalate.

3. Be aware of requirements

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Contract managers need to be aware of legislative, compliance, governance and audit requirements. This includes internal Warwick District Council's requirements as well as other legislative requirements.

4. Have a plan

Develop a Contract Management Plan or Contract Management Workbook and keep it up to date! It will then be the key source of information for anything related to the contract. Good record keeping is important.