



Warwick District Council Code of Procurement Practice

Code of Procurement Practice has been written in five sections.

1. Corporate rules
2. Procurement procedure
3. Contract Management Policy, Practice and Procedure
4. Glossary
5. Policies

SECTION THREE

Contract Management Policy, Practice and Procedure

1. 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.
- 1.2 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.
- 1.3 In managing contracts, officers must ensure that they comply with all aspects of the Code of Procurement Practice, including the sections other than this.

2. Our Commitment

- 2.1 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.
- 2.2 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.
- 2.3 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.
- 2.4 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.

2.5 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.

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

3. Contract Management Practice and Procedure

3.1 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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3.4 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.

3.5 The Council recognises the importance of strong client-contractor relationships and that these are critical to the success of partnership working and service delivery.

4. Contract Management Principles

4.1 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.
- 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.

5. Contract Management Procedure

5.1 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.

5.2 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.

5.3 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.

5.4 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.

5.5 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.

5.6 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.

5.7 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.

5.8 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. The Procurement Manager should be consulted is any material changes are proposed.

6. Purpose of Contract & Supplier Management

6.1 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

6.2 Priorities

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

- 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

6.3 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.

7. Contract Implementation

7.1 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

8. Determine Level of Contract & Supplier Management

8.1 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.

9. The Contract & Supplier Management Plan

9.1 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

9.2 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.

10. Contract & Supplier Performance Review Meetings

10.1 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.

10.2 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.

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

10.4 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.

10.5 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

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

10.7 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.

10.8 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).

11. Change Control

11.1 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

11.2 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.

11.3 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.

11.4 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
- Assessment of impact
- Prioritisation & authorisation
- Agreement with provider
- Control of implementation
- Documentation and communication of change
- Updates to terms & conditions where applicable

11.5 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.

12. Change Control Procedure

12.1 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:

12.2 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 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.

13. Exit Strategy

13.1 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.

13.4 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.

13.5 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.

14. [Contract Management Framework Links](#)