Contract Management Framework

Table of Contents

1. The Purpose of Contract Management

The Council uses external suppliers for the purchase of goods, services and works. This offers a range of advantages, such as access to external expertise and resources that may not be available internally.

It is essential that each Council contract is overseen by the Service accountable for delivering the goods, services, or works specified within the contract.

Contract management helps the Council make sure money spent on external suppliers is well controlled and delivers the expected results. It also increases the chances of achieving value for money, realising non-commercial benefits such as delivery of social value outcomes, reducing risks, and encouraging suppliers to offer creative solutions to provide innovation in response to local need.

As a public body, the Council must be transparent about its spending. Strong contract management supports transparency and ensures decisions made around contracts are clear and accountable.

Contract Management

Ensure that the Council only pays for goods/ services/works received, at the contracted rates

Ensure value for money is achieved

Manage added social value built into contracts

Manage and mitigate risk

Realise opportunities for innovation

Support transparency

2. The Contract Management Framework

2.1 The Purpose of the Contract Management Framework

This contract management framework aims to outline an expected approach to running contracts across the Council whilst also providing guidance, tools and templates. This is framed within the context of Council services having a unique set of outcomes and therefore the framework aims to be scalable and flexible, acknowledging there may need to be different approaches within services. Whilst it is firmly the duty of services to deliver on their contracts, the framework provides a set of requirements and principles to create a degree of consistency across the Council.

Therefore, the framework aims to:

- Enable better management of contracts across the Council in terms of the approach, use of resources and governance

- Provide support to officers who manage spend and hold relationships with third-party suppliers

- Provide guidance on managing contracts proportionate to the level of spend, risk and impacts on residents

- Outline a set of standards and best practice activity to ensure an appropriate approach to managing contracts

- Provide a series of tools and templates to support the management of contracts.

It is also crucial that the Council knows how well contracts are being delivered across the organisation and the requirements as outlined in the framework will be used as a baseline to assess compliance and highlight areas of good practice.

2.2 When and How to Use

The framework follows the **contract management lifecycle** from contract handover to preparing for re-procurement.
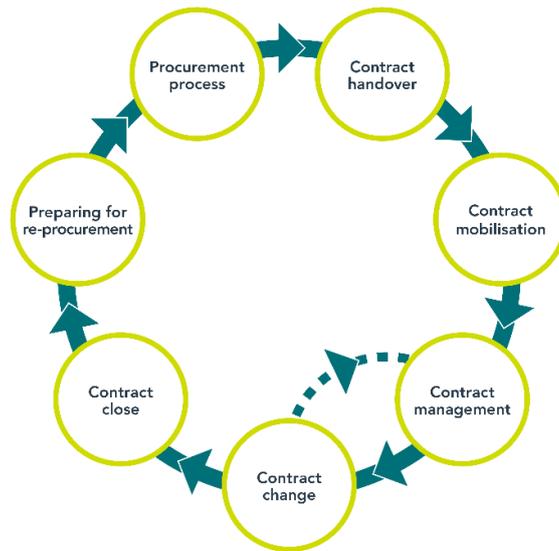
Figure 1 – Contract Management Lifecycle

The foundations for successful post-award contract management are supported by a thorough procurement process ensuring all the right elements are included in the specfication that forms part of the contract. This includes making sure the following are clearly set out:

Clearly defined measurables with KPIs	Pricing and payment mechanism	Terms relating to extensions and break clauses
Roles and responsiblies of both parties	Social value measures and how they are monitored	Reporting requirements
Dispute resolution and escalation processes	Contract variation processes and governance	Continuity and risk ownership
Mobilisation time scale and plan	Continous improvement and innovation	Health and Safety monitoring
Data and information management	Communiction protocols	Exit strategy

Contract management is not a linear process, therefore it is recognised that stages might need to be repeated (e.g. contract variation) and different steps taken at different points depending on the scale of a contract (e.g. for high value contracts preparing for re-procurement may start soon after the original contract is signed). The framework will also be accompanied by a set of tools and templates to assist in managing contracts. These will be continuously improved, so please ensure the most up to date version is being used via the contract management pages on the intranet.

The framework lists the fundamental requirements of all contracts, and outlines some of the roles and responsibilities, as well as going into detail on the expected activity for contracts determined as gold, silver or bronze.

For the purposes of this framework the term "supplier" will be used to refer to any third party organisation that is awarded a contract for goods, works or services (for simplicity, referred to as services).

3. Being Proportionate Through Contract Tiering

There is a strong emphasis in this framework on contracts being managed proportionately based on:

- **Financial value**: The higher the value of the contract, the more financial risk to the Council

- **The level of risk**: In addition to financial risks, other risks might be associated with the contract such as the complexity of the requirement, the contract duration, health and safety, reputational risk, volatility in the market and market behaviours

- **Impact to services**: This relates to the importance of the service in meeting the needs of residents, particularly the most vulnerable, or to the operation of the Council as a whole, and what impact contract failure may have, plus the ability to switch suppliers or reprocure the contract

At the start of a procurement, a tiering assessment will be undertaken by the Procurement Lead and Project Lead. The Council measures risks and impacts through a Tiering Tool, providing inputs to assess if the contract is considered gold, silver or bronze. These are outlined below and will determine the level of management, reporting and scrutiny needed.

Tier	Description of Tiering
Gold	Contracts have the ability to place the Council at financial risk if they were to fail, and can have a significant impact on service delivery. • The Council is reliant on the contract for delivery of a strategic priority • The Council is reliant on the contract for delivery of a key public service • Involve high financial value or exposure • Have limited market alternatives • Are complex or highly integrated
Silver	Silver contracts place the Council at less financial risk and whilst important for service delivery are not critical to the delivery of important services to the public. • The contract could put at risk the Council's ability to deliver public services • Involve moderate financial value or exposure • Have viable alternatives available in the market • Are less complex and easier to replace or manage

Tier	Description of Tiering
Bronze	Other contracts do not have a significant impact on the Council's day-to-day operations. ▪ The contract is unlikely to put overall public service delivery at risk ▪ Involve lower financial value or exposure ▪ Are easily sourced or replaced in the market ▪ Require standard contract management with low complexity

Table 1

4. Fundamental Requirements and Tiered Activity of Contract Management

Regardless of the contract tier, there are a number of fundamental activities each contract should follow and that a contract manager should undertake:

- Know what is expected in their role and raise if there any concerns or queries

- Where contract management responsibilities are carried out as part of a person's job role, ensure that sufficient time is allocated within the working week to undertake contract management duties

- Be proactive in managing the contract through monitoring the performance of suppliers

- Only authorise payment on agreed performance outcomes, checking invoices next to the payment terms

- Be aware of risk, continuity of the contract, health and safety and the obligations on the supplier (and sub-contractor) such as statutory requirement of GDPR, modern slavery, bribery and corruption – addressing and raising concerns when they arise

- Be alert to factors that may impact the contract whether social, economic and political – including changes in the circumstances of the supplier that could affect delivery

- Ensure you have the right people involved at the right level - this will include a designated contract manager and a senior responsible owner (where applicable)

- Follow the correct reporting routes to report on contract delivery, health and variations

- Take responsibility for continuous learning and networking across the Council to maximise the contract value

- Keep effective records and notes, that can be accessed by others (particularly of agreed modifications and changes) – this helps with audits, cost control, FOI requests, and any challenges from the current or potential supplier.

The table below outlines the range of requirements that should be conducted in relation to the assigned tiering level of the contract (lower tiered contracts can still follow the activity as best practice) and a summary of activity aligned to the stages in the contract management lifecycle with reference to the tools and templates:

Activity	Gold Tier	Silver Tier	Bronze Tier	All Tier Contracts	Tools and Templates
Contract Handover					
Service has identified a designated "contract manager", acknowledging this may only be part of someone's role				✓	
Ensure that a deputy contract manager is appointed (in case of absence, change in job roles or a member of staff leaving the Council) and that records are kept of any changes in contract manager throughout the duration of the contract				✓	
Ensure senior responsible owner (SRO) is in place (where applicable)	✓	✓			
Assemble a Project Team to support the progress of the contract	✓	Best Practice			
Receive handover documentation/ briefing from the Procurement Team outlining key aspects of the requirements				✓	Contract Handover template
Set up a new supplier on SAP with purchase order, based on the agreed payment mechanism				✓	
Contract Mobilisation					
Hold internal mobilisation meeting and populate plan for mobilisation				✓	Mobilisation Plan
Hold initiation meeting with the supplier				✓	Contract Start Up Meeting Agenda
Schedule on-going contract review meetings with supplier; agree TORs/norms to ensure meetings are effective and lead to action	✓	✓	Best Practice		
Conclude TUPE arrangements and finalise other supplier mobilisation arrangements (where applicable)				✓	

Activity	Gold Tier	Silver Tier	Bronze Tier	All Tier Contracts	Tools and Templates
Review and update the Contract Management Plan no less than every six months	✓				
Review and update the Contract Management Plan no less than annually		Best Practice			
From the Contract Management Plan establish and use a performance tracker for measuring deliverables including KPIs and social value	✓	✓	Best Practice		
Establish a joint risk register with the supplier	✓				Joint Risk Register
Obtain a Business Continuity Plan (BCP) from the Supplier	✓	✓	Best Practice		
Assess Business Continuity Plan to ensure it is adequate to deliver the product/service. Check for annual testing, activations of the plans and reviews.	✓	✓	Best Practice		
Contract Management					
Day to day management of the contract; monitor delivery of agreed actions				✓	
Receive and assess regular reports on performance from suppliers to inform payments – ensuring delivery is on track and accurate before authorising invoices				✓	
Receive a monitoring report (to be received in advance of the review meeting)				✓	
Conduct supplier review meetings in accordance with timeframes and requirements in the specification, to ensure the contract is on track, including social value results				✓	Contract Review Meeting Agenda
Collaborate with suppliers on improvement if performance is not as expected				✓	
Escalate failed performance, taking corrective and correct action				✓	

Activity	Gold Tier	Silver Tier	Bronze Tier	All Tier Contracts	Tools and Templates
Work with the supplier to agree an improvement plan where a contract is failing, before a formal change or termination				✓	
Lessons learnt captured on a no less than annual basis, generated with the supplier and forming part of performance reporting	✓	✓	Best Practice		Joint Lessons Learned Template
Reviews: • Conduct financial and business checks once a year • Receive alerts of changing circumstances in the market or with the supplier • Request copies of insurance certificates and send to the Insurance Section				✓	
Keep the Contract Management Plan up to date				✓	
Keep the Risk Register up to date	✓				
Provide Procurement Team with details required for publication of Contract Performance Notice for contracts over £5m (not required for LTR)				Required for all contracts valued over £5M (not LTR)	Contract Performance Notice Template
Network across the Council and with other local authorities where the supplier has multiple contracts to share knowledge, approach and practices	Best Practice	Best Practice	Best Practice		
Contract Change					
Consider if a change/ modification is needed by the Council to improve the service offer or for another stated reason				✓	

Activity	Gold Tier	Silver Tier	Bronze Tier	All Tier Contracts	Tools and Templates
Properly value all modifications/ changes. Require information to justify any modification where the rates/ prices for goods/ services do not form part of the agreed contract				✓	
Draft a contract modification request form for approval through the correct level of decision making and ensure that cost implications of any modifications/ changes are agreed with the Procurement & Legal Teams				✓	Contract Modification Request Form
Issue a contract modification or early termination (in accordance with Contract Procedure Rules), and prepare for re-procurement if necessary				✓	Legal Templates/ Forms
Record change on the change control log and inform stakeholders				✓	Change Control Log
Provide Procurement Team with details required for publication of Contract Change Notice or Below Threshold Modification				✓	Contract Modification Request Form
Provide Procurement Team with details required to update the contracts register with information relating to the change				✓	
Ensure modifications/changes are recorded and stored; ensure all modifications inc. exemptions are in accordance with the Contract Procedure Rules and the Council's scheme of delegation				✓	
Contract Close					
Agree a high-level exit plan with the Supplier, covering succession/handover e.g. data, property, TUPE	✓	✓	Best Practice		

Activity	Gold Tier	Silver Tier	Bronze Tier	All Tier Contracts	Tools and Templates
Conduct lessons learnt, involving supplier and contribute to options for re-procurement	✓	✓	Best Practice		Lessons Learned Template
Implement exit arrangements including serving supplier notice				✓	Exit Plan (outlined in the Contract)
Appoint an exit manager if different from the contract manager	✓	✓	Best Practice		
Implement the range of decommissioning arrangements including data management, asset transfer, intellectual property etc.				✓	
Communicate end of contract to stakeholders				✓	
Contract close report on achieved outcomes contributing to the corporate/Council Plan	✓	✓	Best Practice		Contract Close Report
Provide Procurement Team with details required for publication of a Contract Termination Notice				✓	
Preparing for Re-Procurement					
Review the need and design of the contracted service to determine future method of delivery				✓	
Engage with the market to match service need to potential provision by the provider				✓	Options Appraisal
Conduct options assessment with the Procurement Team as part of the Procurement Strategy including insourcing, routes to market and ceasing the service				✓	
Ensure internal governance processes are complied with				✓	

Activity	Gold Tier	Silver Tier	Bronze Tier	All Tier Contracts	Tools and Templates
A procurement strategy/ route to market assessment produced working with the Procurement Team				✓	
Assist the Procurement Team with the inclusion of the procurement on the Contracts Pipeline (if applicable)				✓	
Provide Procurement Team with details required for publication of Preliminary Market Engagement Notice and Tender Notice				✓	

Table 2

5. Roles and Responsibilities

The various parties involved in successfully managing a contract have a range of roles and responsibilities, and it is important that each person understands their roles and responsibilities and how these relate to the role of others.

The following is a list of key roles:

Role Title	Key Activities
Contract Manager (the role of managing a contract is often just one part of someone's roles)	A contract manager ensures the supplier delivers the contract, managing change when needed and reporting on the contract's progress. • **Contract creation and negotiation**: designing the specification when involved in the procurement • **Contract delivery**: oversee the execution of contracts, ensuring that suppliers fulfil their contractual obligations and coordinate with various departments (e.g. legal, finance, procurement) to ensure smooth contract implementation and following the correct change process • **Performance monitoring**: monitor the performance of the supplier, ensuring that timelines, deliverables, and standards are met • **Reporting**: regular reporting on the status of contracts, including any issues, performance metrics, or financial implications • **Payments**: authorising payments against delivery of goods/services/works, ensuring the invoices are correct against the agreement and paid in accordance with the payment mechanism • **Risk management**: identify potential risks and set actions that mitigate those risks • **Dispute resolution**: where possible resolve disputes to minimise impact to the Council, escalating those disputes if needed and handle breaches including working with the legal services on a course of action • **Compliance and regulatory adherence**: ensure the Council and supplier are meeting the statutory requirements and financial compliance/checks • **Project management and documentation**: manage the day-to-day operation of the contract, organise the project board (where applicable), ensure all contract-related documentation is organised, easily accessible, and up-to-date including notes, records and minutes • **Contract renewal and termination**: evaluate the future delivery options for the service including if still needed, in-sourcing or continued delivery through a contract

Role Title	Key Activities
	• **Continuous improvement**: continually seek to maximise the outcomes of the contract, including taking pre-emptive actions through horizon scanning along with recording lessons learnt from the contract.
	• **Stakeholder communication and relationship management**: assess stakeholders and the corresponding types of engagement; whilst maintaining positive relationships with parties involved in the contract, ensuring open communication, collaboration and transparency.
	• **Necessary authorisation of any contract modifications/ changes within Council approved procedures**: determine if a decision requires Cabinet approval, a KDN or a DDN, and ensure compliance with CPRs and FPRs.
The Senior Responsible Officer (SRO) (this role will only be applicable to gold and silver tier contracts)	An SRO in contract management will not be involved in the day-to-day activity of the contract but plays a pivotal role in providing support to the contract manager in resolving issues and guiding implementation. The level of this role will be dependent upon the risk and the complexity of the contract and would be determined by the service. • **Strategic oversight and decision making:** ensures the contract aligns with the Council's strategic objectives and long-term vision and makes higher level decisions that cannot be resolved by the contract manager. Ensures that any decisions needed align with Council requirements (as set out in the Constitution) • **Accountability and responsibility**: ultimately accountable for the delivery of the contract (including making sure that a robust business continuity plan is in place to ensure continuity of service delivery in case of a disruption), overseeing the work of the contract manager to ensure implementation is on-track, and compliance with the requirements in the Contract Management Framework • **Resource allocation**: assesses the resources needed to deliver the contract, appointing the contract manager with the right skills and experience, and addressing resource barriers to delivery • **Management and support**: manages the contract manager through line or matrix management, providing support and advising when needed, as well as assessing/addressing the performance and compliance of the contract manager • Lead on dispute resolution: takes a lead on resolving or escalating disputes with suppliers, working with senior management and legal services on a course of action • Wider organisational learning: involved in lessons learnt to inform wider learning of contract management when fulfilling the legal and corporate priorities of the Council

Role Title	Key Activities
Procurement Team	**Procurement Advice**: Provide guidance in shaping and refining the Procurement Strategy, ensuring alignment with the Council's priorities, legal obligations and market opportunities. **Procurement Process Oversight**: Lead and manage the end-to-end procurement process up to the point of contract award and formal handover to the designated contract manager. This includes assisting with finalising specifications, coordinating evaluations and ensuring due diligence. **Publication of Notices Required Under Procurement Act 2023**: publish notices on the Find a Tender System during the life of the contract (based on information provided by Contract Managers) and ensure review is undertaken by Contract Assurance Board prior to publication, where required. **Ongoing Advice and Support**: Serve as a point of reference for contract modifications, extensions and re-procurement decisions. Offer informed advice on broader contract management matters to ensure continuity and compliance. **Guidance and Signposting**: Signpost contract managers to relevant resources, training and tools. Support understanding of procurement procedures, policies, and statutory requirements. **Contract Management Framework**: Lead the design, development, and rollout of the Council's Contract Management Framework. **Tools and Systems Development**: develop tools, templates and systems (in conjunction with contract management users)
Legal Services	- Advise on the terms and conditions for inclusion in contracts, creating bespoke terms where applicable - Creating and signing of contracts on behalf of the Council - Provide commercial legal advice in relation to contract terms and contract disputes - Involvement in escalated disputes - Agree contract modifications including early termination - Undertake contract novations where applicable
Requisitioners	- Raise orders in SAP or other systems - Liaise with contract manager to ensure payments proceed smoothly
Contract Users	Uses an existing Council contract and may contact the contract manager for details as to how to place orders.

Role Title	Key Activities
Assurance Board	Ensure corporate approach to contract management matters is undertaken to facilitate lawful and robust decisions that support the Council Plan Priorities. Duties include: • Provide strategic leadership, advice, support, checks and challenges to complex contract matters • Provide regular review of underperforming contracts • Escalate high risk breaches

Table 3

6. Learning and Additional Resources

The table below outlines the learning that a Contract Manager should undertake in relation to the assigned tiering level of the contract that is being managed:

Activity	Gold Tier	Silver Tier	Bronze Tier	Tools and Templates
The contract manager to undertake internal Introduction to Contract Management course on My Learning	✓	✓	✓	Available on the My Learning section of the intranet
The contract manager to undertake the Contract Management Foundation course on the Government Commercial College website	✓	Best Practice	Best Practice	Available on the Government Commercial College
The contract manager to undertake the Contract Management accredited courses on the Government Commercial College website, if available	✓			Available on the Government Commercial College
Sign up for relevant contract best practice and information updates from relevant sources e.g. CIPS, relevant advisory bodies, local government networks	✓	Best Practice	Best Practice	

Table 4

To assist Contract Managers in their role, the intranet pages have a range of information available, including templates, tools and links to additional resources.