

UTTLESFORD DISTRICT COUNCIL

CONTRACT MANAGEMENT

FRAMEWORK

September 2024

PURPOSE OF THIS DOCUMENT

The Contract Management Framework (CMF) describes the processes in place to ensure performance in the delivery of contracted services for residents and stakeholders for Uttlesford District Council (UDC).

This includes, but is not limited to, delivery of savings identified through procurement or service innovation, deriving social value, contract efficiencies and additional value from the supplier relationship whilst ensuring that the reputation of the Council is maintained.

This Framework will be implemented and embedded over the next 12-18 months, with the intention to improve specific contracts and supporting processes over that timeframe. This document will not be a static document, moreover a document that will be amended as the framework progresses and becomes embedded within the Council to reflect best practice.

WHAT IS A CONTRACT MANAGEMENT FRAMEWORK?

A contract management framework is a set of processes and procedures that provide a directive for the way you manage contracts. It helps ensure that all contracts are properly reviewed, approved, and executed. It can help streamline the entire contract management process, making it more efficient and effective. There are many different elements that can be included in a contract management framework, but some common elements include:

- Defining roles and responsibilities: Who will be responsible for each stage of the contract management process?
- Developing standard templates: What template will be used for each type of contract?
- Establishing workflows: What is the sequence of steps that need to be followed for each type of contract?
- Creating metrics: How will you measure the success of your contract management process?

Having a well-defined contract management framework in place can help improve the efficiency and effectiveness of your entire contracting process. Simply, this is divided into the three phases following the procurement and before the re-procurement phase.

Completion of Contract Documents – initial contracts, entering information on contracts register, identifying contract management classification (detailed later in this document), raise purchase order

Contract Compliance and Risk Assessment – undertake review of contract compliance issues, such as financial standing. Identify, allocate and mitigate risks according to contract and update risk register

Performance review and Management information – completing performance reviews, shared actions. Review actions, milestones and adherence to the contract terms and conditions.

Meetings arranged to review KPI's

BENEFITS OF CONTRACT MANAGEMENT

- Delivering end user outcomes in line with the Council's Corporate Plan; maximising outcomes by managing supplier performance, maintaining quality, improving productivity, identifying opportunities for improvement and innovation;
-

- Demonstrating Value for Money; realise savings identified during the procurement process, or during the contract lifecycle, drive additional value through ongoing performance improvements and innovation in the supply chain;
- Providing effective risk management; supply chain risk management, identify and reduce contractual risks through engagement, challenge and monitoring; and,
- Informing future purchasing to help shape decisions around service design and delivery and the best route to source future services.

While contract management is primarily focused on managing relationships with contractors in this context, the principles will be expanded to relationships with strategic partners and anchor institutions within the Council, those that work alongside the Council in delivering services to the Community, and including but not limited to, organisations receiving grant funding from the authority.

THE FRAMEWORK

1. To create a consistent, risk-based approach to Contract Management across UDC that can be applied to all external third-party relationships.
 2. To raise awareness of contract management activity and its contribution to the organisation's future agenda by;
-

- a. Developing a culture of continuous improvement internally and across the supplier base;
 - b. Enabling contract managers to understand how they can contribute to securing benefits such as sustainability or better local economic, social and environmental benefits (social value) and savings;
 - c. Ensuring that there is a strong linkage between commissioning strategies incorporating good procurement and contract management practices across the Council.
 3. To recognise the distinctive commercial skills and capabilities that good contract management requires and ensure these are embedded as business as usual and factored into new business activity.
 4. To provide the necessary guidance and training on contract management processes.
 5. To manage the Council's exposure to commercial, contractual and reputational risk through better contract management throughout the lifecycle of the contract and to embed this as part of business-as-usual activity.
 6. Roles and responsibilities:
 - This framework and its deployment across the council is owned and managed by the Procurement Team, and the Contract, Performance & Risk Team.
 - Responsibility for the successful application of this framework to contracts and the delivery of contract management tasks rests with each Service Manager.
 - The Contract, Performance & Risk Team will monitor performance and application of the framework and provide training and guidance to contract managers to consolidate and standardise contract management tasks.
 7. Contracts should be managed consistently and involve a different range of tasks;
 - The level/depth of these tasks should be proportionate with the value and risk linked with the contract.
 - Based on the three factors of service criticality, market size, and supplier change difficulty, the level of risk associated with the contract should be determined using contract management risk-based classification.
 - Contracts will be categorised as High, Medium and Low levels.
-

- If you are unsure with what category your contract fits into, please contact CCC's Procurement Team and they will support you in identifying the correct category.
 - A pragmatic approach to classifying contracts in this way should be adopted.
8. Contracts should be managed by individuals who have appropriate skills and/ or training as set out in table 1 below.

Table 1 – Summary Roles and Responsibilities

Contract Managers	<p>Management of contracts in accordance with the Contract Management Framework</p> <p>Contribution to the development of and use of corporate guidance and systems</p>	Guidance on use of the CMF
Procurement Function	<p>Development and implementation of the Contract Management Framework across the Council</p> <p>Advice to Contract Managers</p> <p>Development of tools, templates and systems</p>	<p>Government Commercial Function Contract Management Training.</p> <p>CIPS Contract Management Training.</p>
Contract, Performance & Risk Team	<p>Raising the profile/awareness of good contract management practice</p> <p>Assess the adequacy of contract management arrangements (in conjunction with Monitoring Officer)</p>	
CMT	Executive oversight and accountability for the usage and effectiveness of the CMF across the Council	

9. Contract management resources need to be sufficient to undertake the necessary tasks and should be budgeted for in relevant business cases and/or the procurement strategy.
10. Critical relationships, i.e. those suppliers of **High-level** contracts, should have a stronger level of governance and executive oversight.

CONTRACT CLASSIFICATIONS

High	Medium	Low
Typically, high value contracts which are critical to the delivery of a service and require several days a month to contract manage	Typically, medium value contracts (£51k - £250k) require regular performance management and monitoring and are of key importance to the service delivery. Identified through management judgement based on specific segmented circumstances (Project/supplier risk)	Typically, low value (sub £50k) Uncomplicated contracts (short term). One off simple requirement
The contract is critical to UDC in terms of strategic deliverables.	Less strategically important contracts but often critical to manage due to one or more of the elements of value, risk or complexity.	Commodity deliverable contracts which are less significant in terms of value and risk.

<p>Requires an assigned Contract Manager working closely with stakeholders throughout the contract.</p> <p>Full set of management activities and governance applies, possibly including the allocation of an Executive Senior Responsible Owner.</p>	<p>Requires a reasonable degree of monitoring of contract deliverables by an identified Contract Manager.</p> <p>Assessments of contract and supplier performance may be undertaken.</p>	<p>End user led with minimal or no involvement from Procurement unless required.</p> <p>Contract management activities will be limited to achieving on time, quality in full delivery with no impact on resources.</p>
--	--	--

CONTRACT MANAGEMENT TASKS AND FREQUENCY

<u>Contract Management Activity</u>	<u>Description</u>	<u>Strategic Frequency</u>	<u>Important Frequency</u>	<u>Transactional Frequency</u>
Completion of Contract Documents	<ul style="list-style-type: none"> - Completing initial contracts, implementing into the contract register. - Identifying contract management level (Bronze, silver, gold). - Complete purchase orders and compare spend to budget. 	Every Time	Every Time	Every Time
Contract Compliance reviews and risk assessments	<ul style="list-style-type: none"> - Undertake reviews of contract compliance issues, such as financial standing. - Identify, allocate and mitigate risks 	Quarterly	Annually	Annually

	according to contract and update risk register as required.			
Performance Review and General management information	<ul style="list-style-type: none"> - Completing performance reviews, shared actions and review actions, milestones and adherence to the contract T's and C's - Meetings to review KPI's and produce summary report as required. 	<p>Monthly</p> <p>Quarterly</p>	Bi - Annually	Annually