LOCAL PARTNERSHIPS

Government Commercial Function | Crown Commercial Service | Ministry of Housing, Communities & Local Government | Local Government Association

CONTRACT MANAGEMENT PIONEER PROGRAMME

A lifecycle approach

PART OF CONTRACT MANAGEMENT SUITE OF TOOLS



THE PURPOSE OF THIS PACK

An overview of the different elements for a contract management framework when based on the lifecycle.

THE NEED FOR A CONTRACT MANAGEMENT FRAMEWORK

- Outlines a process that can be consistently applied across the council.
- Follows a step-by-step process required for contract management.
- Identified the different roles and responsibilities.
- Is clear on the sign-off and governance process at the different stages.
- Reference to tools and templates to support contract managers.
- Ultimately, drives a culture of value for money for residents.

WHAT IS A CONTRACT MANAGEMENT FRAMEWORK?

Created to provide guidance to those members of staff who manage spend and hold relationships with third-party suppliers and contractors.

Outlines how contracts are classified by annual spend and risk level, aligning the necessary areas of focus to ensure operational and financial benefits are achieved, whilst mitigating risks.

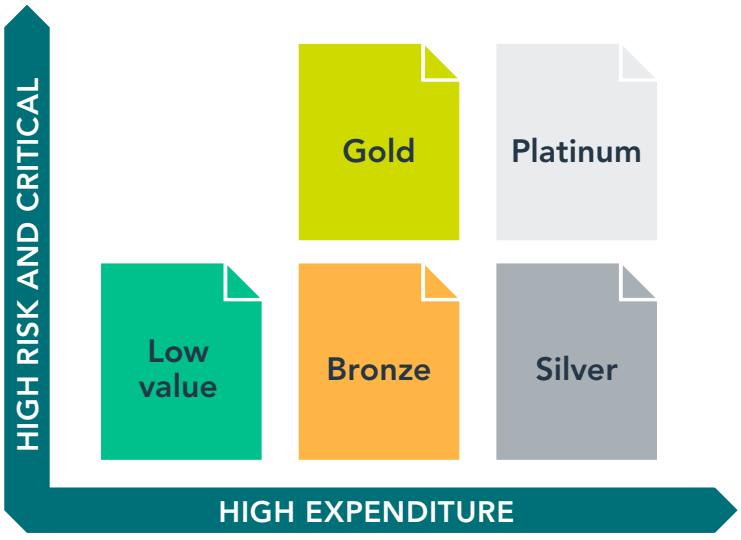
Shapes the basic principles and best practice for contract management to ensure a consistent approach can be applied to all external third-party relationships.

A series of tools and templates are provided on an intranet page, providing examples to help staff be as efficient and effective as possible.

Will ensure key tasks are embedded as "business as usual" and factored into new contracts (of whatever value).

The objective is to build a pragmatic and flexible approach that draws upon best practice.

Proportionate checklist of tasks based on the contract classification:



CREATING A LIFECYCLE FRAMEWORK

A framework that:

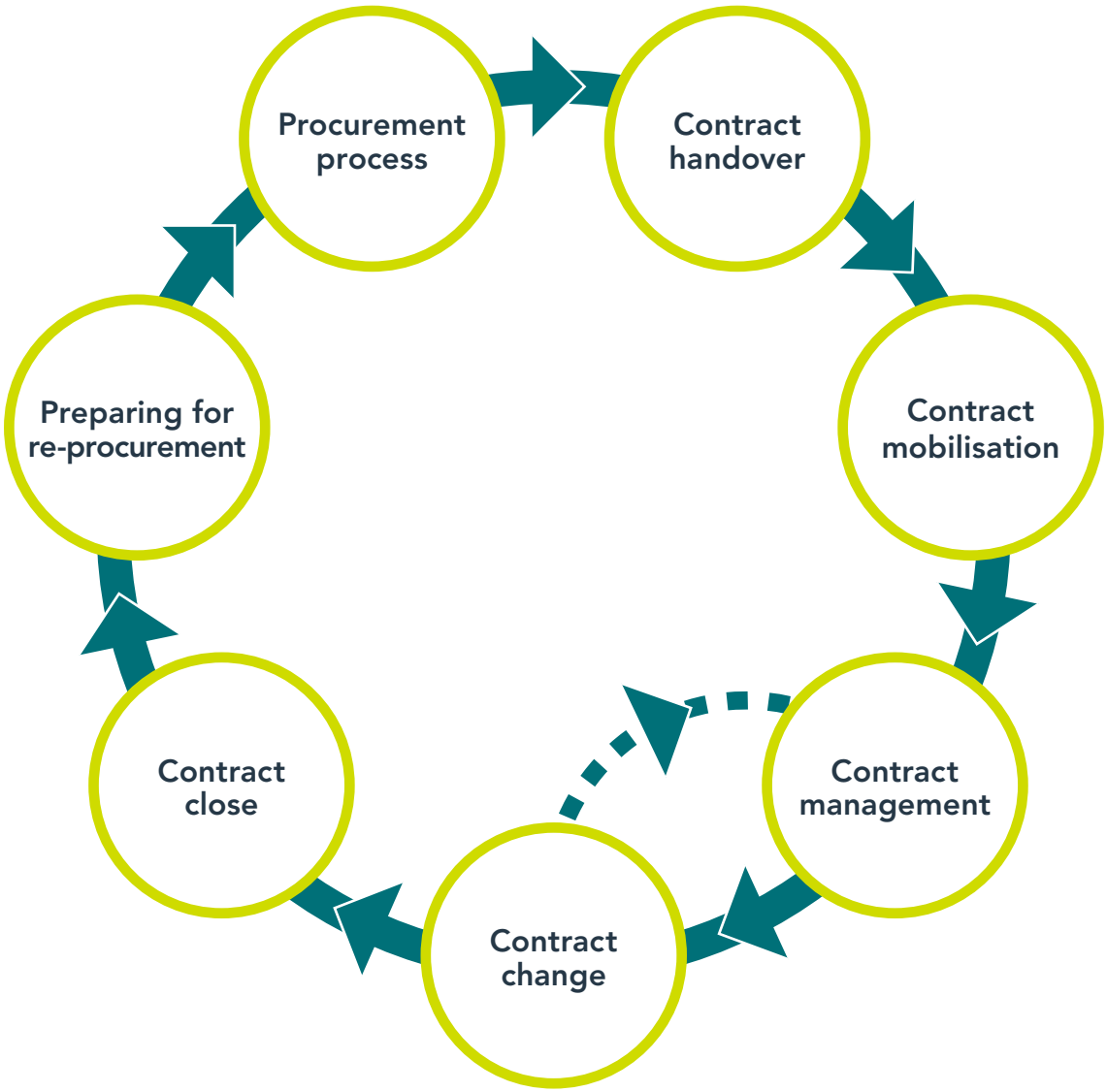
- Baselines an understanding of contract management.
- Recognises the pressure on services and that contract management might be only part of someone's role.
- Creates consistency, but is also proportionate to the scale of a contract.
- Aims to be user-friendly through the use of tools and templates.
- Reflects risk and the need for assurance.
- A phased approach to support implementation:

1	2	3	4	5
Set the requirement for consistency in contract management	Improve baseline understanding of contract management	Extend corporate oversight of contract performance	Improve contract management of complex contracts	Drive change based on data and evidence, change in culture

INCLUSION IN A CONTRACT MANAGEMENT FRAMEWORK

Contract management life cycle	Contract management fundamentals	Classification of contracts	Governance arrangements	On-going expectations
Different steps and stages in the contract lifecycle	The minimum requirements, potentially through an easy-to-use checklist	Requirements for tiering or categorisation of contracts	Outline of assurance and responsibilities, groups and boards	Good practice standards and requirements

CONTRACT MANAGEMENT LIFECYCLE

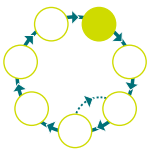


Underpinned by policy, guidance, training, networks and tools.

CONTRACT HANDOVER

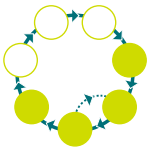


- Briefing from procurement to the contract manager.
- Get to know the contract.
- Initial contact with the supplier.
- Tier the contract to know level of management and assurance.
- Draft contract plan/project plan.



Contract mobilisation

- Establish the internal project team.
- Set terms of reference for strategic or operational meetings with supplier.
- Organise supplier meetings with established protocols.
- Create the baseline reporting including risk register.



Contract management

- Day-to-day communication with suppliers.
- Cycle of regular review meetings, drive improvement.
- Make payment based on agreed terms.
- Challenge and escalate poor performance.
- Update logs (risk, change, issues) and plans.
- Provide reports and self evaluation.

Contract change

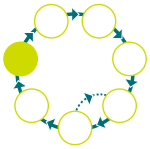
- Respond to change requests from the supplier.
- Present change requests based on the changing needs of the council.
- Governance decision based on the level and impact of change.
- Publish agreed change, and respond to challenge.
- Potential dispute resolution.
- Possible early termination.

Contract close

- Prepare for decommissioning and publish termination notice.
- Implement exit plan with close down actions.
- Arrangements for hand over e.g. intellectual property and data management.
- Final report on results.
- Decommission project team.
- Update the contracts register and procurement pipeline.
- Prepare lessons learnt.

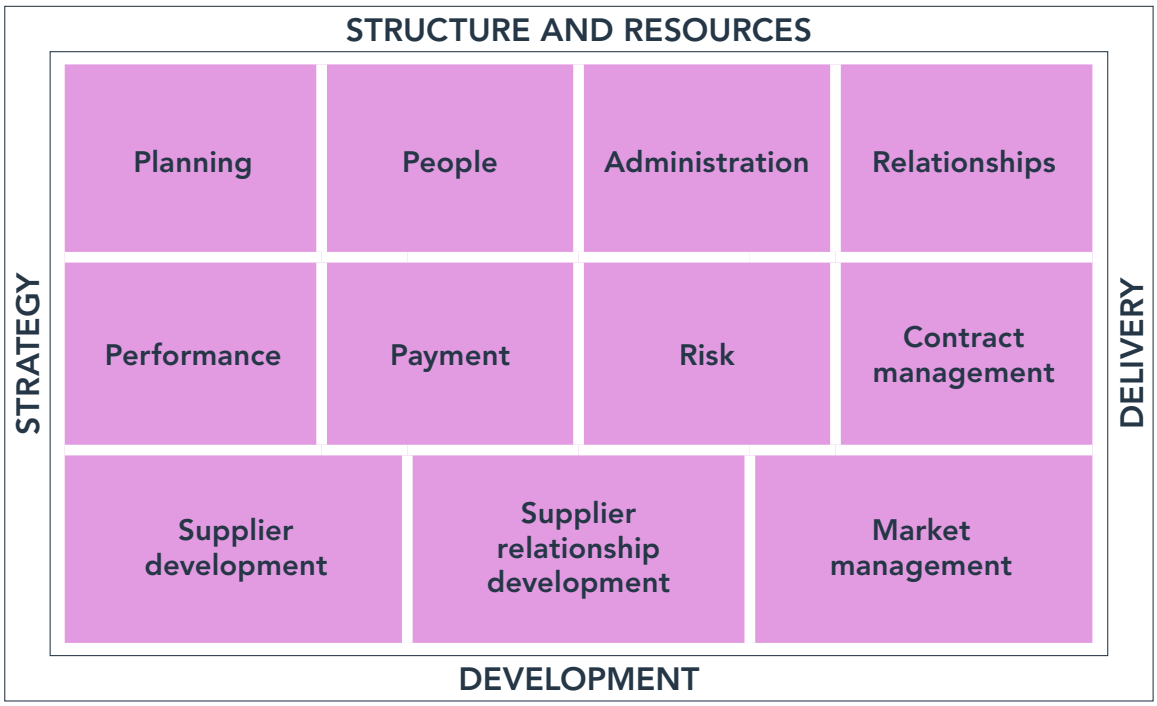


- Review options for an extension if part of original decisions.
- Gather research and consultation on service design.
- Early engagement with the market to assess changes and opportunities.
- Produce options appraisal for routes to market (including in-sourced).
- Produce governance report.



AN ALTERNATIVE APPROACH

An alternative approach to using a lifecycle as the basis of your contract management framework is for the content to be structured under themes. This can be based on the guide from the National Audit Office "**Good Practice Contract Management**". This is designed for longer term contract of over five years. The content is based on 11 areas within four key themes of structure and resources; delivery; development; and strategy.



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