LOCAL PARTNERSHIPS

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

CONTRACT MANAGEMENT PIONEER PROGRAMME

Deep dive conversation

PART OF CONTRACT MANAGEMENT SUITE OF TOOLS



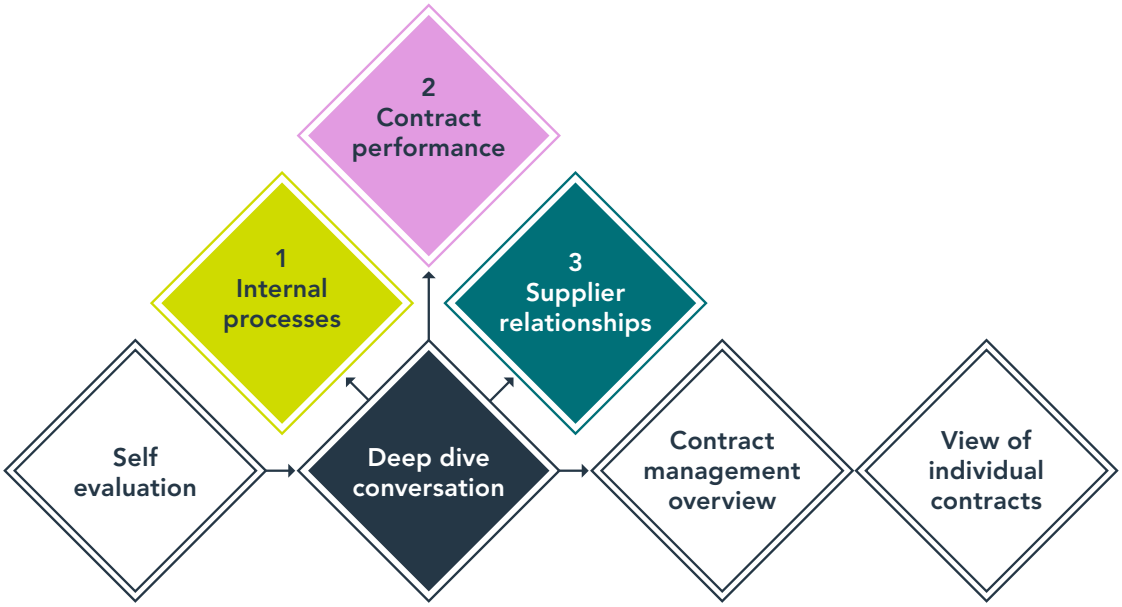
HOW TO USE

The questions on the following pages can prompt a two-way conversation which should improve understanding of a contract's performance. The aim is to support contract managers in identifying and addressing any emerging issues. The results, when combined with other deep dive conversations, can also give the council a view of how contracts are being managed across the organisation with an assessment of any common challenges. It is also an opportunity to gather and share good practice as a key part of learning to, ultimately, improve outcomes for residents.

This process should be more peer review rather than audit, so the ambition is to improve collective understanding and find solutions for problems. It is, however, a helpful precursor to an audit, if one is planned or likely.

A self-evaluation may have already been completed by the contract manager and that will help inform the conversations.

The questions are broken down into three areas, internal process, contract performance and supplier relationships. It's possible that some research may be required to inform responses, and a follow-up meeting might be needed. Evidence to support the responses could include documents, extracts processes and procedures, and practical application of tools and templates. As a general rule – higher value and higher risk contracts will require more in-depth assessments.



Deep dive attendees and date

Name of attendee leading the deep dive e.g. members of the commercial team	Job title
Name of attendees e.g. contract manager, service lead, senior responsible owner	Job titles
Date of initial meeting	
Date of follow-up	

Core contract information

Title of contract	
Brief description	
Directorate	
Service area	
Supplier name	
Contract manager	
Contract manager's email	
Senior Responsible Owner (different from the contract manager)	
Link/reference number to the contracts register	
Contract category (ref tiering)	
Total contract value £	
Annual spend £	

Summary of agreed actions and escalations

Section	Summary points and actions	Rating totals
1: Internal processes		
2: Contract performance		
3: Supplier relationships		

Ratings

Red	Amber	Green
There are a considerable number of concerns in this area which need addressing as a matter of urgency.	There are some concerns in this area, but they can be worked through based on achieving agreed actions.	There is good practice in this area which needs to be maintained; and shared with others.

SECTION 1: INTERNAL PROCESSES

1	What is the governance structure for this particular contract? Outline the oversight arrangements which occur and how often they take place? Provide detail as to: ▸ Is there a Senior Responsible Officer or Contract Owner for the contract (different from the contract manager) and how do they receive information on the contract? ▸ Is there a formal meeting cycle e.g. project boards, programme boards, an assurance board? ▸ Are there Terms of Reference for the various Boards and meetings? ▸ Known how reports are produced and by whom? How are senior managers and Councillors kept informed? ▸ Other comments
Response and reference to evidence:	
2	Is all contract documentation completed for audit trail purposes? This includes the electronically stored copies of the signed contract, along with any changes/ variations agreed with documented governance. The contract is accessible by other appropriate colleagues so that key information/documents are not "lost" as people move roles in the future? Provide detail as to: ▸ Is documentation up to date? How is it kept up to date? ▸ Is contact documentation digitally backed-up? ▸ Where is the documentation kept? ▸ Who can access the documentation? ▸ Is it easy to link governance to the contract? ▸ Other comments
Response and reference to evidence:	

3	Is there a list of required data for each contract (i.e. supplier returns and council inputs)? Has all the required data (from either party) been submitted in line with the contract requirements and the central contracts register updated (including any contract changes agreed)? Provide detail as to: ▸ List of supplier data required under the contract provisions and cycle of return. ▸ List of requirements from the council/contract team and cycle including updating the contracts register. ▸ Other comments
Response and reference to evidence:	

4	Has the contract manager created a contract management plan including a completed (and updated) RACI for the contract (which clearly shows who or which role is Responsible, which are Accountable, and which should be Consulted or Informed for all key activities? Provide detail as to: ▸ The contract management plan, inclusive of key dates and milestones. ▸ Attach copies of the latest contract management plan and RACI. ▸ Outline of risk management. ▸ Outline succession/contingencies plans in place for service delivery. ▸ Other comments
Response and reference to evidence:	

5	Is business continuity in place covering the partial and full failure of the supplier business – produced by the council? When linked to a critical service is this reflected in a separate business continuity plan agreed by the council? Provide detail as to: ▸ Attach copy/link of the latest business continuity plan. ▸ How often the plan and arrangements are reviewed and by whom? ▸ When and how would the business continuity plan be contractually enacted? ▸ Other comments
Response and reference to evidence:	

6	Does the contract manager/contract team regularly review and update the contract risk register? Provide detail as to: ▸ Attach link/copy of the risk register. ▸ The process for adding, assessing, updating and mitigating risks – including how to elevate and escalate risks ▸ The risk register is up to date and used proactively to monitor and address risks linked to the contract ▸ Does the register cover risks which relate to delivery and performance? ▸ Is the supplier's financial health/status monitored and by whom? What is the process for addressing concerns in the supplier's financial health? ▸ Are any relevant safeguarding/H&S checks carried out? How often, by whom and what happens to the information when complete? ▸ How often are supplier insurance policies checked? ▸ Is there a link to business continuity plans? ▸ Other comments
Response and reference to evidence:	

7	Is the contract being managed within the scheme of delegation as outlined in the Council's constitution? Are finance, legal, procurement/commercial and project management colleagues included in the process as required? Provide detail as to: ‣ How does the scheme of delegation operate in relation to the contract? Have any changes been made to the contract in the last year e.g. pricing, volumes, performance levels etc. and if so, how were these approved? ‣ Have there been any waivers relating to the contract and if so, what was the process for agreement? ‣ What involvement do finance and legal colleagues have in the discussion on contract issues? ‣ Other comments
Response and reference to evidence:	
8	Supplier meetings – has the contract manager or senior relationship manager met regularly with the supplier? Provide detail as to: ‣ Are there Terms of Reference for the meetings? ‣ Is it the council that decides who attends the meetings? And do attendees have equal status? ‣ Attach example copies of meeting records ‣ Note format of meetings e.g. cycle, regular standing items, record keeping ‣ How does this fit with governance? How useful/productive have the meetings been? Does anything get noted or referred to more senior forums? ‣ Is meaningful the data provided in advance to meeting based on the monitoring requirements? Does the meeting discuss stretch targets and social value? ‣ Do the meetings cover underperformance and the contract obligations/rights and remedies that can be used to address performance issues (if they arise)? Has this happened on this contract? ‣ Have transition/exit plans been discussed within the contract team? Also with the supplier? ‣ Are actions recorded and monitored? What happens if the actions are not completed to timescale? ‣ Other comments

	Response and reference to evidence:
9	Does the contract manager consider there is sufficient resources to manage the contract on a day-to-day basis? Further, are there resources to ensure that exit or any required transition (e.g. re-procurement) can be carried out effectively? Provide detail as to: ‣ Planning for the future/new ways of working – option appraisal, pipeline and supplier, legislation and market intelligence. ‣ Contract team members having the skills and capacity. ‣ If a critical contract, are external or specialist advisers involved for support? How are they monitored? ‣ Contract managers' commitments to contract management are outlined in their formal job description. ‣ Attach a copy of any exit or transition plan. ‣ Other comments
	Response and reference to evidence:
10	Internal/supplier succession planning takes place - are there plans for when people leave before the final activities on the contract have been undertaken? (NB: More critical for service and works contracts) Provide detail as to: ‣ Does succession planning cover internal employees as well as supplier staff? (NB: Consider FTCs/interims as well as skills mix) ‣ How does the supplier manage the risk of key personnel leaving before the contract is determined? Are there rights and remedies that could be invoked by the council if required? ‣ How much of an impact would there be if a key person was to leave before the final activities e.g. how much critical knowledge has been built-up that could notably impact the ability to get full performance from the contract if the person left?

- Other comments

Response and reference to evidence:

SECTION 2: CONTRACT PERFORMANCE

11 Are the contract obligations clearly understood by the contract manager, including the required deliverables? Also, is there a clear understanding by all parties to the contract as to what "acceptable quality" (or equivalent terminology) means?

Provide detail as to:

- Is there clarity internally on all the contract deliverables – what they are, how they are to be delivered?
- Is the acceptable level of performance clearly understood by the council? By supplier?
- What is the payment flow? What are the approval points?
- Is the standard of acceptance for goods/services clear, particularly in relation to whether payment is due or not?
- Are the contractual obligations upon the council clearly understood and met? How is this disseminated? Who is responsible for ensuring they are fulfilled?
- Other comments

Response and reference to evidence:

12	Is the contract delivering all the outputs and requirements set out in that contract, including social value? Is the supplier: ‣ Above contract (i.e. all core obligations met and some exceeded) ‣ On contract (i.e. all core obligations met but not exceeded) ‣ Below contract (i.e. not all core obligations met and/or KPIs below required levels) Provide detail as to: ‣ Are there concerns over performance? Is reliability of data provided? ‣ Does the supplier provide the right information e.g. lots of information but the wrong data? ‣ Are the fundamental measures and evidence information in place and provided by the supplier? ‣ Does the evidence provided cover all the contractual outputs: – all services delivered to quality, volume, and timescales? – any social value/responsible procurement commitments made? ‣ Has performance has changed over the duration of the contract? Has that change been formally agreed and logged if results in reduced the value? ‣ Is performance tracked using the KPI, dashboards or other trackers? ‣ If the performance is not delivering all the outputs what is the escalation process? ‣ Do you know how performance compares with other similar contracts in other councils? (Has this comparison been attempted and would it be useful?) ‣ Other comments
Response and reference to evidence:	
13	Are supplier charges in line with the contract? Are the charges worse or even better than expected? Contract variation agreed if resulting in a change to the contract? Provide detail as to: ‣ Describe the charges and how calculated and checked ‣ Describe the payment flow and how does the invoicing process works? Is the risk of fraud checked? ‣ If savings, how have these been assessed e.g. cash savings, cost reduction vs contract? ‣ Can the value of savings be provided? How are they noted and reported? ‣ If increases are beyond those allowed by the contract, are they considered reasonable and have the changes been formally approved and documented?

- Can the value of savings be provided? How are they noted and reported?
- If increases are beyond those allowed by the contract, are they considered reasonable and have the changes been formally approved and documented?
- If there are issues, what action is being taken to improve?
- Is the cost of the service in line with the original business case and reflected in the governance decision?
- Other comments

Response and reference to evidence:

14 Is there a plan in place to improve performance and/or seek cost savings from the contract?

Provide detail as to:

- Is there an improvement plan for this contract? How has this been responded to and received by the supplier? Are they collaborative and willing to understand how the council could receive more for the same or perhaps more for less?
- Has additional value been created during the contract e.g. cash savings, higher volumes or performance for same/lower costs, wider social value benefits, service risks reduced through supplier action, other intangible benefits? If not, have these been requested?
- If there has been additional value, how has this been reported/captured and quantified?
- If there was underperformance on the contract, is contract manager clear on the action to be taken from a contractual perspective e.g. the rights and remedies available to the council, and who they can seek support from?
- Other comments

Response and reference to evidence:

SECTION 3: SUPPLIER RELATIONSHIPS

15 Has the council worked with the supplier in accordance with the requirements in the contract? Is the relationship creating the benefits required from the contract, with the supplier taking an innovative approach to make improvements and being flexible with change? Or has the relationship broken down based on mutual mistrust?

Provide detail as to:

- What benefits have been achieved – performance, savings, added value, etc. over and above the contract requirements? These can be rated as:
  - **very low:** no benefits realised
  - **low:** some intangible benefits achieved (e.g. faster response times). What are they?
  - **medium:** some tangible benefits achieved (e.g. cost savings or additional service outcomes for same cost). What is the value?
  - **high:** notable benefits achieved, including tangible benefits. What are they and what is their value?
- If the relationship is poor, what is the reason and any potential solution.
- Other comments

Response and reference to evidence:

16 Is the supplier willing to discuss risks and processes – has the supplier been demonstrably open with the contract manager and council contract team about its processes, delivery status, including risks within the supply chain?

Provide detail as to:

- If the supplier was open, has it led to defined/clear benefits for the council – e.g. risk reduction, better clarity of performance and/or issues, savings, added value, additional offer etc.?
- If the supplier was not open, what are the reasons for this? Has a discussion on risk, delivery status etc. been requested?
- What is known about the subcontractor and their performance?
- Other comments

Response and reference to evidence:	
17	Does the supplier try to dominate and take control? This could include stacking the meetings with supplier attendees, overburdening the council with information that is not relevant, or submitting an unreasonable degree of change requests. Provide detail as to: ▸ Who chairs the monitoring meetings and which party sets the agendas? ▸ Is the right information provided in good time? ▸ Is the supplier non-responsive to actions and improvement plans? ▸ Has the supplier been known to bypass the contract manager to more senior officers or members? ▸ Have conflict of interest forms been signed and are up to date? ▸ Is the approach of the supplier impacting on delivery of the contract? ▸ Other comments
Response and reference to evidence:	

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