



Direct Dial/Ext: 03000 416172
e-mail: theresa.grayell@kent.gov.uk
Ask for:
Date: 23 September 2021

POLICY AND RESOURCES CABINET COMMITTEE - WEDNESDAY, 22 SEPTEMBER 2021

The document below was included in error in the closed section of the agenda rather than the open section.

It is now being published with its correct status.

Agenda Item No

11 **Update from the Contract Management Review Group (CMRG) (Pages 1 - 6)**

Yours sincerely

A handwritten signature in black ink, appearing to read 'B. Watts', is positioned above the printed name.

Benjamin Watts
General Counsel

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From: Peter Oakford, Deputy Leader
Clare Maynard, Interim Strategic Commissioner

To: Policy and Resources Cabinet Committee

Date: 7th September 2021

Subject: Update from the Contract Management Review Group (CMRG)

Classification: Unrestricted

Summary:

An update on the work of the Contract Management Review Group since 3rd March 2020 and broader work to improve contract management practice across KCC.

Recommendation(s):

Policy and Resources Cabinet Committee is asked to **consider** this update and **note** the report.

1. Introduction

1.1 The Contract Management Review Group (CMRG) was convened in September 2016 with the following terms of reference guiding the group:

'[To] review the performance of providers and services in relation to financial, performance and contract management targets, including but not limited to contract and provider monitoring; contract and provider management; and contract and provider review and evaluation.'

1.2 CMRG has been chaired by the Deputy Cabinet Member for Finance since the last CMRG update report was submitted in May 2020, covering meetings held up to and including 3rd March 2020. The COVID pandemic impacted the regular routine of the group, meaning no meetings were held between 3rd March 2020 and 8th December 2020, following a consensus agreement that they should be postponed.

1.3 The most recent CMRG was held on 9th April 2021; since this date meetings have again been suspended following the most recent local elections. This report therefore focuses on findings on the three CMRG meetings that were held on 8th December 2020, 1st February 2021, and 9th April 2021. Plans for future meetings of the group are outlined in Section 4.

1.4 The group continues to fulfil the terms of reference by holding contract owners to account through a continuous programme of in-depth maturity reviews against the National Audit Office Good Practice Contract Management Framework.

1.5 CMRG currently selects contracts for review based on a defined criterion which includes value, risk, complexity, strategic importance, proximity to contract expiry, Member suggestions, and a level of coordination with the audit

programme. The relevant Cabinet Member and Corporate Director are also invited to attend these reviews and are provided with the detailed findings for their consideration.

- 1.6 CMRG has reviewed over fifty contracts since its inception. The postponement of a number of planned meetings during the COVID pandemic has meant that fewer contracts have been reviewed in the period considered than would normally be expected. The following table outlines the contracts reviewed by the group between December 2020 and April 2021

Date	Contract/s	Lead Officer
08.12.20	Subsidised Bus Contracts	Philip Lightowler, Head of Public Transport
01.02.21	Youth Contracts	Helen Cook, Senior Commissioner, Community Resilience Team (Children's Services)
09.04.21	Microsoft Enterprise and DTA Licensing Contracts	Andrew Cole, Head of Technology, Commissioning and Strategy, Infrastructure Team

- 1.7 In parallel with this work, the Strategic Commissioning Division, in partnership with Organisational Development, has continued to lead on work to improve contract management practice across the Council, including the implementation of a new contract management system (provided by Proactis) alongside a contract tiering tool and ongoing investment in officer training and development. This is outlined further in Section 3.

2. Findings from the Contract Management Review Group

- 2.1 The overall standard of contract management has continued to improve significantly since the inception of CMRG and there is a high level of awareness and understanding of good practice across the Council. There is particularly strong evidence that contract management roles and responsibilities are better understood than was the case previously. In addition, governance structures and escalation processes are clearer, identified and followed as a standard part of contract management. On the whole, operational and commercial monitoring systems are also robust with appropriate scrutiny of supplier performance.
- 2.2 As outlined in the previous report, there have been a number of consistent themes for further improvement which have emerged; aspects of these remained relevant in some of the contracts reviewed in the period considered. These include the continued adaptation of key performance indicators (KPIs); consistent consideration of social value during the term of the contract; and benchmarking performance to that seen elsewhere. Key performance indicators in some older contracts have had to be reviewed to ensure they remain appropriate and relevant. CMRG has learned of some excellent practice to secure social value commitments but there is still the need for a more consistent approach. This will be delivered through the recent procurement of a new Social Value Evaluation system that will be gradually implemented as a part of all higher value procurements from September 2021, allowing bidders to make specified resources available to third sector organisations. Not all contract managers have been benchmarking their contract performance against

other local authorities and organisations in other sectors and, whilst this remains difficult in certain instances, the CMRG continues to encourage this.

2.3 The table below summarises the most pertinent key findings in each of the contracts referenced in 1.6 above:

Contract	Key Findings
Subsidised Bus Contracts	<p>The review showed that contract management was effective across the contracts despite a number of challenges.</p> <p>It was recommended that appropriate target maturity ratings should be developed to promote continual improvement. Whilst a strong relationship between the contract manager and key bus service operators was demonstrated, it was suggested that practices and lessons learnt from larger providers could be applied to smaller operators. It was also requested that the contract manager considered whether it was appropriate to put in place Key Performance Indicators to measure performance against set parameters; there was positive feedback on the flexible approach taken to allow operators to tailor offerings during the pandemic.</p> <p>Further understanding of past and future spend was deemed to be required and this will be followed up by the new Commissioning Standards Managers. There was a clear understanding of risk – particularly the financial risk faced by some operators – though it was recommended that it be considered whether a more proactive approach could be adopted to monitoring the economic and financial standing of operators, with greater use of available commercial tools designed for this purpose.</p>
Youth Services	<p>The consensus was that contract management was extremely effective, with the practice in this service deemed to be seen as an exemplar to be shared with the wider council. There was evidence of clear expectations and plans for further continued improvement – with particular strengths including robust planning and governance arrangements, collaborative and transparent working relationships with the various providers, and the comprehensive oversight of commercial, financial, and operational performance.</p> <p>The CMRG was also impressed with the clear visibility and understanding that the commissioners have of the risks associated with these contracts – with detailed understanding and scrutiny of provider performance in place. There was also positive feedback on the manner in which commissioners had worked with providers to adapt services flexibly in response to COVID, maintaining and adjusting appropriate performance indicators.</p>
Microsoft	The Chair reported that this was a very well-run contract, with

Enterprise and DTA Licensing Contracts	no financial risk; whilst there is no contract specific risk register, the Infrastructure division does have an overarching register that includes contract management risks. It was agreed that there were specific contingency arrangements in place to cover influxes of new starters. It was also agreed there were proportionate contract management arrangements in place for overseeing the contract, despite the comparative cost of contract management as a percentage of the contract being miniscule.
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2.4 The forward plan of reviews for CMRG will cover contract areas outlined in the table below; however, it should be noted that dates are yet to be agreed, pending the agreement of a new meeting schedule and group chair.

Date	Contract/s	Lead officer
TBC	Live Well Kent	Jeanette Young; Sharon Dene Kellie Pettet-Steele; Luke Edwards
TBC	Waste Transfer Contracts (General approach, with a focus on East Kent contracts)	David Beaver; Kay Groves
TBC	Substance Misuse Services	Sharon Dene; Laura Bush
TBC	Care and Support in the Home	Jeanette Young

2.5 The forward plan may be subject to change dependent on emerging pressures related to the Council's response to the COVID-19 pandemic.

3. Improvement of Contract Management Practice

3.1 Alongside the work of the CMRG, the new contract management system provided by Proactis continues to be rolled-out in phases across the Council. The new system will provide the Council with a single easy to use repository for its contract information, something not previously available at KCC. This will enable greater oversight of the Council's contracts and provide officers with support to improve day-to-day management of their contracts. The system will link through to a contract register that is publicly available. As of the time of writing, an additional Support Officer has been recruited to help accelerate the process of the roll-out, with arrangements also being put in place to begin populating the contract management system directly from the Procurement portal.

3.2 With the appointment of two new Commissioning Standards Managers, work is now proceeding at pace to develop new policies, guides, and templates to bring both consistency and optimisation to commissioning practice. A comprehensive new internal Commissioning and Procurement landing page has already been launched, and this will be used to continue to develop and embed good contract management practice. The team will ensure that this incorporates the lessons learnt from CMRG meetings, a number of which have been outlined in this report. It is proposed that a revised version of the contract tiering tool, referred

to in previous reports, will also be developed, to make the process of tiering clearer and simpler.

- 3.3 In addition to the above a wider procurement “roadmap”, incorporating system improvements and cost control practice throughout the Commissioning lifecycle has been developed, with a detailed project plan to realise the desired changes currently in development. This will complement the plans to rewrite the Council’s Standing Orders towards the end of 2021 – ensuring that a clearer, more robust governance framework is embedded both as part of our mandatory regulations and – to ensure compliance – as part of both our reporting processes and the internal landing page cited above.
- 3.4 The Council has also invested in training for its staff, with a clear drive to improve contract management practice. Over sixty commissioners are enrolled on Level 4 apprenticeships with the Chartered Institute of Procurement and Supply, which has a strong focus on effective contract management. Contract managers from across the Council have also been provided access to contract management training developed by the Government Commercial Function and a training programme delivered by the Commissioning Academy, which aims to improve commercial judgement and evidence-based decision-making.

4. Future Contract Management Review Group Meetings

- 4.1 As of the date of this report, a new chair for the CMRG is yet to be appointed. This has meant that both future dates and a revised forward schedule have not yet been agreed. The Commissioning Standards team will agree with the new chair the approach for selecting contracts warranting appraisal by the group and reissue the forward schedule as soon as is practicable.

5. Conclusion

- 5.1 CMRG continues to be an effective forum for reviewing and strengthening contract management practice across the Council. The ongoing good work of CMRG, alongside the introduction of the new contract management system with contract tiering, and continued investment in officer training, will help to secure further improvements in contract management across KCC.

6. Recommendation(s)

Policy and Resources Cabinet Committee is asked to consider this update and note the report.
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7. Contact details

Report Author/s:

Chris Wimhurst, Commissioning Standards Manager (03000 410966)
Louise Merchant, Commissioning Standards Manager (03000 416476)

Relevant Director/s:

Clare Maynard, Interim Strategic Commissioner (03000 416449)
Clare.Maynard@kent.gov.uk