

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

To: Policy and Resources Cabinet Committee

Date: 24th March 2022

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

Classification: Unrestricted

Summary:

An update on the new Terms of Reference, including membership, for the Contract Management Review Group, and the approach to future meetings

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. In recognition of the time lapsed since the original Terms of Reference were drafted, and the fact that, following Council Elections in 2021, both chairmanship and wider membership needed review, the Commissioning Standards Team have drafted revised Terms of Reference (ToRs).
- 1.2 This report seeks to highlight the key elements of the revised TORs, proposed changes to membership, and the proposed approach to determining which contracts should be subject to submission at the CMRG. The revised ToRs are attached in Appendix One to this report.

2. Changes to Membership

- 2.1 The Deputy Leader has requested that the Deputy Cabinet Member for Finance should continue to chair the CMRG. As such, the Interim Strategic Commissioner and Commissioning Standards Managers met with Mr Paul Cooper on 17th February 2022 to discuss the wider proposed membership. It was agreed that the proposed membership should consist of the following:

Standing Membership

Members

- Chair – Deputy Cabinet Member for Finance.
- Member 1 – Member from an Opposition Group
- Member 2 – Member from an Opposition Group

Officers

- Interim Strategic Commissioner
- Head of Finance Operations or Corporate Accountant
- Commissioning Standards Managers
- Commissioning Standards Programme Officer
- Commissioning and Commercial Assistant (Minutes)

For each meeting, additional invitees would be:

- Presenting Contract Manager/s (mandatory)
- Head of Service for the Contract and/or Commissioning Manager (mandatory)
- Operational Director for the Service (optional)
- Cabinet Member for the Service (optional)

3. Key Elements of Revised Terms of Reference

- 3.1 CMRG, in simple terms, is defined as a “Member Chaired forum to review strategically important contracts”.
- 3.2 The role and purpose of the CMRG are defined as follows:
- To provide assurance as to good practice in the management of KCC contracts, as this will improve outcomes, value for money and management of risk.
 - To provide challenge and an opportunity to identify potential improvements in the management of the contract where appropriate.
- 3.3 The ToRs specify that the CMRG will meet on a monthly basis to look in depth at specific contracts. As part of this contract managers will be asked to review the maturity of their contract management practice through the completion of a standard template customised for this purpose. The template includes a set of criteria to appraise contracts against, based on National Audit Office guidance. The structure of the meetings will allow for a maximum of two specific contracts to be reviewed, dependent upon complexity.
- 3.4 A forward plan for Contracts to be presented at CMRG will be developed at six-monthly intervals; Section 4 (below) sets out the process that will determine which contracts will be selected and by whom.
- 3.5 For each contract selected, the Contract Manager will receive six weeks’ notice of the requirement to present to the CMRG; they will be expected to provide supporting evidence outlining the basis of their assessment as part of completing the template outlined in Section 3.3 (above).
- 3.6 The CMRG will provide a robust level of challenge and questioning to determine where improvements can be made in contract management practice. It also provides advice and guidance to managers for areas to consider in their future practice, or when they are looking at re-commissioning services, in order to achieve greater value for money through the contract and its management.
- 3.7 After each CMRG, the Chair will issue a letter of findings and recommendations regarding the specific contract reviewed to the relevant Corporate Director, Cabinet Member and, where necessary, Committee. The Commissioning

Standards team will then follow up at appropriate junctures with Contract Managers to ensure that the recommendations have been implemented.

- 3.8 CMRG will refer matters to KCC's internal audit team if the need arises. Additional administrative practicalities are explained in more detail within the ToRs.

4. Selecting Contracts for Review

- 4.1 At the time of writing, the Commissioning Standards team are working closely with both Commissioning and Operational teams to finalise the content of the Council's Contract Management System. This will enable, for the first time, a comprehensive Contract Register to be produced, which will capture details of all contracts with a life-value exceeding £25,000.00 within one database. The information provided within this Register will also be used to inform the content of the Council's Commercial Pipeline tool, which will in turn facilitate the publication of forthcoming tender opportunities within the public arena.
- 4.2 Contracts will be selected for review by reference to the new Contract Register as it will provide oversight as to the complete suite of current contracts let by the Council. This will be made available to the Chair, the Interim Strategic Commissioner and the Commissioning Standards Manager who will meet on a six-monthly basis to agree to the ensuing six months' forward plan. The Chair, in liaison with the two supplementary Members, can request contracts of particular political or strategic interest, or where there are expressed concerns.
- 4.3 To supplement the information provided within the register, the ToRs propose a number of criteria governing which contracts are selected for review. These include considerations of value, complexity, risk, remaining term, performance, and strategic importance.
- 4.4 To support the longer-term prioritisation of contracts, it is proposed to develop a revised version of the Contract Tiering tool, referred to in previous reports. This will be based on industry-standard methodology to make the process of tiering clearer and simpler.

5. Embedding Learning and Good Practice

- 5.1 The Commissioning Standards team has recently launched a consolidated new suite of guidance, tools, and templates (Standards) to support Commissioners through every step of the Commissioning Lifecycle. The team will ensure that, in addition to monitoring the application of the relevant recommendations within individual contracts presented at CMRG, wider learning is embedded within the suite of Standards, to continually improve commissioning and contract management practice.
- 5.2 The team has also recently finalised an initial draft of proposed public-facing Standing Orders which will further mandate the Council's expectations as to what its Officers **must** do when spending the Council's money. This includes reference to proposed Ethical and Sustainable Procurement Standards which will need to be embedded throughout the Commissioning Cycle, including Contract Management.

6. Conclusion

- 6.1 The revised ToRs have been written in conjunction with the Deputy Member for Finance to ensure that the CMRG can continue to operate as a Member-led forum for reviewing the maturity of individual contracts, whilst allowing the Commissioning Standards team to swiftly embed wider learning within procedural and policy guidance.

7. Recommendation(s)

Policy and Resources Cabinet Committee is asked to **consider** this update and **agree** the Terms of Reference included.

8. Contact details

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