

Contract management maturity report

[Insert name of contract and name of contractor]

[Insert meeting date of Contract Management Review Group]

Section 1 – Contract details

Basics of the contract(s), including:

- Name of contractor (registered and trading name)
- Do you have an original copy of the contract and an up-to-date one?
- Date of contract award / start of contract
- Date of expiry
- Anticipated whole life cost (nominal and net present cost)
- Anticipated value in current financial year
- How is the contract funded (KCC, partners, central government, European funding, grant funding, etc.)
- Contract scope (description of what it covers including, but not limited to, the key deliverables, geographic coverage, etc.)

Section 1 – Contract details (cont'd)

Purpose of the contract(s), including:

- Aim of the contract(s) (statutory/regulatory obligation/s it is related to (if any) and strategic outcome/s it is linked to)
- Link between the contract(s) and the Medium Term Financial Plan
- What is the minimum level of service we can provide to fulfil our statutory/regulatory obligations?
- How much are we paying to provide a service in excess of the statutory/regulatory obligations (i.e. costs of discretionary elements)?
- If a discretionary service, explain the reason for the provision
- If we didn't provide the service or only at a minimum level, what would be the impact on other services and meeting our statutory/regulatory obligations?

Section 2 - Maturity assessment

A description of maturity for each activity area at each level is attached

Activity Area	Maturity Level*		Rationale
	Current	Target	
Planning and governance (preparing for contract management and providing oversight)			
People (ensuring the right people are in place to carry out the contract management activities)			
Administration (managing the physical contract and the timetable for making key decisions)			
Managing relationships (developing strong internal and external relationships that facilitate delivery)			
Managing performance (ensuring the service is provided in line with the contract)			
Payment and incentives (ensuring payments are made to the supplier in line with the contract and appropriate incentive mechanisms are in place and well managed)			
Risk (understanding and managing contractual and supplier risk)			
Contract development (effective handling of changes to the contract)			
Supplier development (improving supplier performance and capability)			
Overall			

***Level** 1 - Ad-hoc 2 – Basic 3 – Structured 4 – Comprehensive 5 - Optimised

Section 3 – Attestation by the Contract Manager

The Contract Manager is the person that has overall day-to-day accountability for the contract i.e. is answerable for performance in the nine activity areas in the maturity assessment set out in Section 2.

As the Contract Manager, I understand that I am being held to account to the Budget Delivery Group for the management of the contract(s) and attest to the accuracy of the statements set out herein. [insert name, position, and date]

I have been the Contract Manager for the contract (s) since [insert date] and:

- I [have/have not]* read and understood the main/material provisions of the most up-to-date version of the contract(s).
- The contract(s) [are/are not]* concurrent with the business requirements.
- The contract(s) [have/have not]* been extended and/or amended solely in writing and with the appropriate authority
- KCC's rights under the contract(s) [have/have not]* been waived by the conduct of the people managing the contract(s)
- Performance [is/is not]* being reported accurately in accordance with the contract(s)
- The main/material provisions of the contract(s) [have/have not]* been breached
- Payments [have/have not]* been made to reflect actual performance and the provisions of the contract(s) using tri-lateral governance viz., operational, financial, and commercial sign-off

** Delete as appropriate; do not amend*

Section 4 – Organisation

- Organogram for KCC contract management showing contractors/interims
- Total annual cost of KCC contract management is [insert value] which represents [insert percentage] of annual contract value.
 - Does a regular assessment and evaluation take place to ensure the cost of contract management is justified and proportionate to the benefits obtained?
- People in post and working on contract(s) longer than 3-years
- Measures taken to mitigate risk of long tenure staff (e.g. nepotism, fraud, etc.)
- People profile
 - Details of KCC officers involved in contract management, including: their experience of contract management; commercial experience, and relevant professional qualifications e.g. IACCM, MCIPS, etc.
- Training and development
 - Details of training and development planned and/or underway to improve commercial awareness, relationship management, and developing capacity

Section 5 – Operational performance

- **Contract Delivery Indicators (CDIs) and Key Performance Indicators (KPIs)**
 - **Table showing all CDIs and KPIs, the performance level required by the contract(s), and actual performance for the past 12-months**
- **Milestones**
 - Insert details of key contractual milestones and progress against them
- **Summary of any significant COVID-19 impact on operational performance, including failure to achieve CDIs/ KPIs, or milestones, etc.**
- **Breach**
 - Details of any breach of the main/material provisions of the contracts
- **Incentives/remedies**
 - Details of contractual incentives/remedies and link to desired outcomes
 - Details of escalation applied (to material breaches, failure to achieve CDIs and KPIs, and failure to achieve milestones) and any relief granted to the contractor
- **Payment mechanisms**
 - Are open-book or similar financial costing/pricing mechanisms used?
- **Details of benchmarking operational performance against other local authorities and relevant comparators in the market**

Section 6 – Financial performance

- **Payments**
 - Table or graph showing the expected monthly payment profile at the time of contract award for both the previous 12-months and the next 12-months set against the actual payments made and forecast
- **Variance**
 - Reasons for any variance between the contracted and actual spend (e.g. volume changes, contract variations, claims, etc.)
 - In the case of negative variations, please state the corrective actions to be taken to balance the spend or, if corrective actions have not been taken / are not possible, state the reasons.

Clearly display the above in graphical/tabular format as per the next slide

- Summary of any significant COVID-19 impact on financial performance, including any financial relief granted (e.g. payments in advance, payments despite no service being delivered), the terms, and rationale.
- Details of benchmarking what KCC pays against other local authorities and relevant comparators in the market

Section 6 – Financial performance (cont'd)

Following on from the previous slide, please complete the following table as per the instructions on the previous slide and, where possible, across the whole length of the contract.

	20xx/xx £k	20xx/xx £k	20xx/xx £k	20xx/xx £k	TOTAL £k
BUDGET/EXPECTED*					
ACTUALS/FORECAST					
VARIANCE					
TOTAL £k					

*As at the time of contract award and as per the approved business case.

Section 7 – Commercial performance

- Claims/disputes
 - Details of any significant claims and/or disputes setting out the current status and the actual or projected outcome
- **Legislative/regulatory and policy changes**
 - Outline of any recent/pending legislative/regulatory or policy changes that has impacted or could impact on the contract(s), including PHE COVID-19 guidance
 - **Performance against supply chain requirements, e.g. ethical trading, prevention of modern slavery, SOC, prompt payment of sub-contractors, etc.**
- **Change control**
 - **Details of extensions and variations to the contract/s, including value, the reasons and authorisation for these**
 - Re. pricing changes, what mechanisms were used to test value for money (e.g. benchmarking, competitive tendering, open book costing/pricing)
 - Measures taken to avoid KCC being 'locked in' to onerous commercial terms, (e.g. price escalation or 'compulsory' maintenance payments)
 - Summary of how the Council will transition away from any contractual relief provided through the COVID-19 outbreak (e.g. relief against KPIs, financial, etc.)

Section 8 – Fulfilment of KCC's obligations

- Details of KCC's contractual obligations and the dependencies on KCC that could cause delay and/or disruption along with consequences if not fulfilled
- Approach to managing KCC's contractual obligations and dependencies, including accountability and responsibility within KCC

Section 9 – Risk and mitigation

- Details of the major risks and issues associated with the contract(s), and the mitigation measures in place to deal with them, including any further anticipated impact of the COVID-19 emergency
- Approach to the identification, evaluation and monitoring of risk, including the frequency of risk and mitigation reviews
- Is there an up-to-date risk and issue register for the contract(s)?
- What is the understanding of the supplier's financial resilience?
 - The current financial standing of the supplier and when this was last reviewed
 - The proportion of the supplier's business that the contract(s) represent
 - The financial exposure to the Council in the event of supplier failure
- Emergency Planning and Recovery, and Business Continuity:
 - Are there up-to-date Emergency and Recovery and Business Continuity Plans in place for the contract(s) and are these regularly tested?

Section 10 – Data assurance

- What is the sensitivity of the information handled on these contract(s)?
- Outline the arrangements for handling any sensitive information.
- Have there been any significant data security breaches? What mitigations are in place to help prevent and respond to these?
- What contract and contract monitoring requirements are in place to monitor and support safe and secure handling of information?
- How can KCC be assured of the suppliers' data security arrangements? E.g. are they Cyber Essentials certified or meet ISO 27000 standards?
- Details of any data handling audits that have taken place. How often do such audits and reviews take place? What lessons have been learned?

Section 11 – Governance

- Meetings
 - Details of the formal meeting structure in place to review the performance of contract(s), including details of the required attendees, standing agenda items, and the frequency of these meetings
 - Confirmation that the formal meeting structure has been followed and, if not, the reasons behind this
- Audit
 - Details of any audits undertaken or planned by Internal Audit along with any significant findings and actions required / taken
 - Details of any audits undertaken or planned by an external body with any significant findings and actions required / taken

Section 12 – Forward look

- Details of contract extension options and planned (re)commissioning timescales
- The approach to continuous improvement, e.g.:
 - Robust and collaborative performance management
 - Improved use of data
 - Building in incentives to minimise costs and maximise quality
 - Re-negotiating contract terms etc.
- **Lessons learned and plans for next generation of the contract(s) to improve value for money achieved (e.g. rationalising specifications, demand management)**
- Details of any support required from CMRG

Annexes

*Attach the documents set out below
to this report*

- Contract management strategy/plan (setting out the detail of how the management team responsible will manage the contract to ensure that KCC and the contractor operates according to the provisions of the contract(s))
- Contract operations manual (the practical guide for anyone in KCC involved in managing or administering the contract(s))

Contract management maturity

Description of activity areas and maturity levels

November 2019

Good practice

- The National Audit Office (NAO) Good Practice Contract Management Framework identifies nine key activity areas to be considered:
 - Planning and governance (preparing for contract management and providing oversight)
 - People (ensuring the right people are in place to carry out the contract management activities)
 - Administration (managing the physical contract and the timetable for making key decisions)
 - Managing relationships (developing strong internal and external relationships that facilitate delivery)
 - Managing performance (ensuring the service is provided in line with the contract)
 - Payment and incentives (ensuring payments are made to the supplier in line with the contract and that appropriate incentive mechanisms are in place and well managed)
 - Risk (understanding and managing contractual and supplier risk)
 - Contract development (effective handling of changes to the contract)
 - Supplier development (improving supplier performance and capability))
- Current maturity against each activity area can be determined by reviewing management of the contract against the levels over the following slides
- Target maturity against each activity area should be achievable and realistic and commensurate with the value, risk and complexity of the contract(s)

Planning and governance

1 Ad-hoc	2 Basic	3 Structured	4 Comprehensive	5 Optimised
<ul style="list-style-type: none"> • No governance processes or systems • Contract managers operate with complete autonomy • No management visibility or control • No clear ownership of contract management • No planned transition between CM phases 	<ul style="list-style-type: none"> • Governance processes or systems in place on some contracts. Unlikely to be standard, consistent or aligned with KCC governance • Some contracts have a contract management plan but this is mostly absent • Limited reporting of issues to senior management • Some knowledge is transferred between CM phases but this is not well planned 	<ul style="list-style-type: none"> • There are standardised CM governance processes in place and used across all contracts. These align to wider KCC governance • Contract management plans are used on all contracts with standardised content • Issues and risks are visible at all levels of KCC management • Improvements in the governance process are identified • A standardised process is in place for transfer of knowledge between CM phases 	<ul style="list-style-type: none"> • Governance processes generate clear, useful and standardised management information assisting in KCC decision making • The governance processes are automated, with systems available for reporting and monitoring of issues and risk • Regular and planned assurance activities take place, driven by the requirements of CM governance structures 	<ul style="list-style-type: none"> • Contract management guidance and framework meets best in class standards and is easily accessible by all contract managers • Knowledge management is embedded and key data and lessons learnt are captured within contract management and across KCC more widely • Regular improvements are made to governance processes to ensure they remain leading class

People

1 Ad-hoc	2 Basic	3 Structured	4 Comprehensive	5 Optimised
<ul style="list-style-type: none"> • No continuity between contract management roles • Resource issues present • Contract manager has no knowledge of the contract or has not read it • The contract manager does not have the necessary skills or experience • Central job descriptions are not available and objectives are not set • There is no training available 	<ul style="list-style-type: none"> • Some contracts involve the contract manager and business users in the tendering phases but this is not common • Contract managers have a basic knowledge of key parts of the contract • Contract managers have documented job and role descriptions but these are not standard • Contract managers have variable capability • Training is available but is not standardised or mandated 	<ul style="list-style-type: none"> • Contract management is adequately resourced • A standardised KCC wide process ensures contract managers and business users are fully integrated into tender teams • Contract managers are fully conversant with the contract • Role and job descriptions are standardised • Standardised training is available with mandatory requirements • Staff are regularly assessed for competence 	<ul style="list-style-type: none"> • Regular reporting and metrics are available to management on the performance and competence of CM staff • People inputs are rigorously planned across the whole contract life-cycle • Capability assessments and people performance monitoring are automated on standard KCC systems • Competence assessments form part of a wider assurance framework 	<ul style="list-style-type: none"> • Contract managers are all experts in their field with subject matter experts employed for management of bespoke contracts • A formalised contract management 'community' has been set up and facilitated by KCC for staff to share knowledge and experience

Administration

1 Ad-hoc	2 Basic	3 Structured	4 Comprehensive	5 Optimised
<ul style="list-style-type: none">• Hard copy contracts are not stored or logged• No contract management software or systems are available• Administrative mechanisms are not defined or planned• No management information produced or reported	<ul style="list-style-type: none">• Hard copy documents are retained but the process is driven at contract level and not standardised• Software is available but not used• Administrative mechanisms are present but not planned or standardised• Management reporting is informal and does not use standard templates or metrics	<ul style="list-style-type: none">• There are standardised policies and processes for hard copy document management• Plain English contract strategies/plans and manuals produced• Software use is standardised in the management of the contract• Administrative mechanisms form part of standard KCC processes• Management reporting is formalised but may not be aggregated	<ul style="list-style-type: none">• Management information is standardised and in a form which makes it possible to manipulate and aggregate• Automated system links are present between functions involved with administration	<ul style="list-style-type: none">• Administrative process is fully automated, linked and integrated across KCC functions and business units• Systems enable ad-hoc interrogation by management for production of bespoke reports

Managing relationships

1 Ad-hoc	2 Basic	3 Structured	4 Comprehensive	5 Optimised
<ul style="list-style-type: none"> • Supplier roles and responsibilities are not defined • Stakeholders and communication routes are not defined and communication is limited • Problem resolution is ad hoc with no defined process 	<ul style="list-style-type: none"> • Roles and responsibilities are defined in some cases but the quality of this varies • Both structured and informal communication routes exist with stakeholders but these are unlikely to be documented and application varies • Problem resolution processes may be in place but do not follow KCC standards 	<ul style="list-style-type: none"> • Roles and responsibilities clearly defined using KCC standard formats • Structured and informal communication processes are in place, documented and follow standard KCC processes • Users have a clear expectation and understanding of the contract • Customer feedback informs discussions with the supplier • Problem resolution processes are standardised 	<ul style="list-style-type: none"> • Relationship management and communication processes are monitored as part of a KCC wide assurance regime • Communication takes a variety of forms which are optimised depending on purpose • Joint statements of intent are formalised between contract managers and suppliers 	<ul style="list-style-type: none"> • Communication routes are fully aligned and integrated with KCC communication systems and processes • Productive and collaborative relationships exist with all suppliers and across all contracts maximising value and innovation • Effectiveness of relationships are continuously monitored and assessed

Managing performance

1 Ad-hoc	2 Basic	3 Structured	4 Comprehensive	5 Optimised
<ul style="list-style-type: none"> • Service baselines are not used or set • Parties do not understand what is being delivered • Performance management frameworks are simplistic or do not contain adequate mechanisms for monitoring • Supplier performance is not assessed or metrics are not in place for adequate assessment • No performance reporting takes place • User compliance with the contract is not monitored • Feedback and performance review processes for suppliers are not in place 	<ul style="list-style-type: none"> • Service baselines are set for most contracts but the process is not standard • Performance management frameworks exist but mechanisms are not standard or have some deficiencies • Supplier performance is assessed but metrics may not be optimal and the processes employed non-standard • Reporting takes place on an informal basis • User compliance is considered but compliance processes do not exist • Feedback and performance reviews are informal 	<ul style="list-style-type: none"> • A standardised service management process is in place and applied • A performance management framework is used on all contracts and follows KCC standards • Performance metrics have been set according to KCC standards and are optimised for specific contracts • Reporting takes place per a standard process • User compliance is checked and enforced via a standard process • Feedback and performance reviews take place in line with KCC guidance and process 	<ul style="list-style-type: none"> • Service management and performance metrics, are compiled, aggregated and reported , enabling regular monitoring • Performance risks are regularly assessed and monitored by KCC management • Performance monitoring forms part of a comprehensive risk-based assurance plan • Performance metrics are regularly reviewed for appropriateness and flexed accordingly • Supplier feedback drives innovation and cost savings 	<ul style="list-style-type: none"> • Performance metrics are consistent, aligned and are integrated with KCC wide performance frameworks and objectives • Systems allow management to interrogate data and produce reports on demand to facilitate decision making

Payment and incentives

1 Ad-hoc	2 Basic	3 Structured	4 Comprehensive	5 Optimised
<ul style="list-style-type: none"> • Payment mechanisms are not understood by the contract managers and are not documented • Payment processes are not defined, inefficient and include limited checks and authorisations • Costs are not monitored • Financial incentives are not in place 	<ul style="list-style-type: none"> • Payment mechanisms are understood but may not be documented or follow KCC standards • Payment processes are defined but vary • Teams involved in processing payments may not understand each others' roles and tasks may be duplication or missed • Limited checking of invoices takes place and unlikely to follow KCC standard process • Costs monitored but variance against forecasts does not take place • Limited financial incentivisation takes place 	<ul style="list-style-type: none"> • Standardised processes ensure payment mechanisms are fully understood by all parties • Payments follow standardised KCC process, customised where necessary • Those involved in payments fully understand each others' roles and these are documented • Standardised invoice checking processes are used and are flexible enough for application • Monitoring of costs takes place and variance against forecasts is measured and reported • A basic assurance regime is in place to ensure compliance with standard processes • Financial incentives are in place and used 	<ul style="list-style-type: none"> • Payment processes are automated where possible with system based controls designed and implemented where possible • KCC management receive regular monitoring reports highlighting payment exceptions and supplier errors • A risk based assurance plan is developed and in place for all contracts, scheduling comprehensive payment assurance activities 	<ul style="list-style-type: none"> • Payment processes align and fully integrate with KCC wide systems and processes • Payment issues rarely arise as a result of class leading integration between contract management and suppliers

Risk

1 Ad-hoc	2 Basic	3 Structured	4 Comprehensive	5 Optimised
<ul style="list-style-type: none"> • No risk management process is in place • Risks are not identified, monitored or managed • No escalation of risks take place • Contractual terms are not understood or monitored 	<ul style="list-style-type: none"> • Risk management processes are in place on contracts but these do not follow a KCC standard and so may be deficient • Risks are identified but not actively managed or monitored • Risks may be escalated but not through formal reporting process • Contractual terms are understood but not actively monitored 	<ul style="list-style-type: none"> • Risk management processes are aligned to the standardised KCC approach • Standard processes are used to identify, monitor and actively manage risks • Risks are escalated in line with standard KCC process • Risks are reported to defined governance bodies • High risk contractual terms are understood and actively monitored • Risks are regularly reviewed as part of contract reviews 	<ul style="list-style-type: none"> • Contract risk management processes form part of the wider KCC governance system • Standardised management information on risks is used at all levels within KCC • Class leading risk management and assessment processes form the basis of a comprehensive assurance plan • Wider supply chain risk is considered on a regular basis 	<ul style="list-style-type: none"> • A proactive culture of risk management is fully integrated within contract management

Contract development

1 Ad-hoc	2 Basic	3 Structured	4 Comprehensive	5 Optimised
<ul style="list-style-type: none"> • Contracts are not regularly reviewed to ensure they still meet business needs • Formalised change processes not used • Changes are implemented operationally without contract variations • Value for money testing does not take place • Dispute processes are not well defined or understood 	<ul style="list-style-type: none"> • Contracts are reviewed to ensure they meet business needs but not as part of a formal process or on a regular basis • Change processes are used but are not documented and are not standardised • Value for money testing takes place on an informal basis • Dispute processes are defined but not standardised 	<ul style="list-style-type: none"> • A standardised process is followed for assessment and review of contracts to ensure they continue to meet business needs • Standardised change processes are in place and are used, involving all KCC stakeholders • All changes are fully impacted and contractually agreed before being operationally implemented • Value for money testing takes place in line with a standardised process • Dispute processes are standardised and understood by all 	<ul style="list-style-type: none"> • Contract changes and variations are actively monitored and reported as part of KCC governance processes • Non compliance with KCC change procedure is actively monitored and managed • Change processes use KCC systems for contractual updates and document control • Horizon scanning takes place for legislative/regulatory and policy changes that could require contract changes 	<ul style="list-style-type: none"> • A culture of continuous improvement is embedded within KCC contract management • Contract development and innovation regularly drives performance improvements and value for money • Lessons learned across KCC are considered and applied, if relevant

Supplier development

1 Ad-hoc	2 Basic	3 Structured	4 Comprehensive	5 Optimised
<ul style="list-style-type: none"> • How supplier performance and capability can be improved has not been considered • No consideration of processes to support supplier development • No understanding of what motivates and drives the supplier 	<ul style="list-style-type: none"> • How supplier performance and capability can be improved is infrequently considered • Little consideration of processes to support supplier development • limited understanding of what motivates and drives the supplier 	<ul style="list-style-type: none"> • A standardised KCC process exists for how supplier development activities will be planned, managed and governed • Standardised processes in place for ensuring that supplier development is focused on continuous improvement • Good understanding of what motivates and drives the supplier and how supplier development fits with the supplier's goals 	<ul style="list-style-type: none"> • In addition to 3... • Shared management activities (e.g. supplier boards) to drive performance improvement • Joint working or shared activities between the two parties for the benefit of both the supplier and KCC (e.g. process improvement, shared training, task forces, joint project teams) • Shared risk reduction programmes or activities 	<ul style="list-style-type: none"> • In addition to 3 and 4... • Supplier operational performance improvement activities (e.g. Lean and 6-sigma), with potential input or assistance provided by KCC • Supply chain development activities (e.g. the development of second/third tier supplier performance) • Supplier improvement activities relating to wider initiatives, with input and assistance provided by KCC (e.g. on ethical and sustainable procurement, use of SMEs/VCSEs)