



# Contract Management Review Group

## Terms of Reference

**Version No:** 10  
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### 1. Role and Purpose

The Contract Management Review Group (CMRG) has been in operation since September 2016, following agreement at the Policy and Resources Cabinet Committee to implement a forum to review KCC's strategically important contracts. CMRG's key objectives are as follows:

- To provide assurance as to good practice and an overall high standard in the management of KCC contracts, as this will improve outcomes, value for money and the management of risk.
- To provide challenge and an opportunity to identify potential commercial improvements and efficiencies in the management of the contract that will help ensure the contract represents 'Best Value'.

The CMRG will meet every six weeks to look in depth at specific contracts; asking eContract ~~m~~Managers to report on the performance of the contract and to review the maturity of their contract management practice against criteria from National Audit Office best practice guidance (Appendix 1).

### 2. Membership

Membership of the CMRG is drawn from Officers and Members from across KCC, recognising the key role of Officers and Members in providing oversight and governance of the commissioning cycle. The Chair of the CMRG is appointed by the Deputy Leader. Currently, a Joint Chair arrangement is in place with the Chief Procurement Officer and Deputy Cabinet Member for Corporate and Traded Services Finance. The Chairs are responsible for identifying further Officers and Members to sit on the panel.

#### **Officers**

- Joint Chair – Chief Procurement Officer
- Section 151 Officer (or representative)
- Monitoring Officer (or representative)
- Strategic Commercial and Procurement Lead (Standards and Improvement)~~Commercial and Procurement Standards Managers~~
- Commercial and Procurement Policy and Governance Lead
- Head of Internal Audit (or representative)

#### **Members**

- Joint Chair – Deputy Cabinet Member for Corporate and Traded Services Finance
- Member 2 – Member from the Reform UK Group ~~Conservative Group~~
- Member 3 – Member from an Opposition Group ~~the Conservative Group~~
- Member 4 – Member from an Opposition Group
- Member 5 – Member from an Opposition Group

#### **For each meeting, additional invitees would be:**

- Presenting Contract Manager/s (mandatory)

- Head of Service for the Contract and/or Head of Commissioning (mandatory)
- Relevant Strategic Procurement and Commercial Lead (based on the Category) (mandatory)
- Operational Director for the Service (optional)
- Cabinet Member for the Service (optional)

### 3. Functions and responsibilities

- The CMRG reviews contracts against the National Audit Office (NAO) Good Practice Contract Management Framework (see Appendix 1) and an associated maturity assessment template. The NAO framework is a high standard relevant to the Council's strategically important (i.e. 'Gold') contracts. Below this, Officers may still want to consider applying it but proportionally.
- The CMRG will have a forward plan of contracts to be reviewed for the next 12 months and eContract mManagers will be given at least 6 weeks' notice of when their contract will be reviewed.
- Each eContract mManager completes the template and provides supporting evidence for submission prior to meeting with the CMRG. The expectation is that eContract mManagers should have the information required to complete the template readily available as part of a day-to-day good practice approach to contract management. As required, the Commercial and Procurement Standards Manager and Strategic Commercial and Procurement Leads (for Standards and Improvement, and the relevant Category) may also have discussions with the eContract mManager to clarify issues or queries prior to the meeting.
- Unlike an audit, the review process relies on a self-assessment by the eContract mManager and the CMRG does not itself verify evidence and check source material. However, eContract mManagers do agree that the information provided to the CMRG is accurate.
- Within the CMRG meeting, the Group provides a robust level of challenge and questioning to determine whether overall value for money can be demonstrated in addition to there being compliance with the relevant internal rules and public procurement regulations and transparency and accountability around decision-making. The Group will advise on where improvements and efficiencies may be made in contract management practice to better realise those objectives.
- It also provides advice and guidance to managers ahead of any contract extension, in order to ensure consideration of value for money and procedural requirements.
- Where appropriate, the Chairs and wider membership of the CMRG will discuss contract details and issues with the supplier contractor or service user/s in order to gain a wider perspective on contract performance. This will be decided on a case-by-case basis. On occasion, it may also be appropriate for the supplier contractor to attend, if agreed as part of the forward plan.
- Following the CMRG, the Chairs will issue key findings and recommendations regarding the specific contract reviewed to the relevant Corporate Director, Cabinet Member and, where necessary, Committee.
- The Commercial and Procurement Standards Manager and Strategic Commercial and Procurement Leads (for Standards and Improvement, and the relevant Category) are responsible for following up with eContract mManagers after each meeting to review progress against the recommendations put forward by the CMRG and to clarify what the outcomes have been from those reviews.
- When appropriate, Contract Managers will be asked to return to CMRG after a defined time period to account for the actions requested, and to provide assurance that change has been embedded within contract delivery.
- The CMRG is responsible for capturing the lessons learned from contract reviews and sharing best practice across the Council, in order to identify common themes and to improve standards across KCC.
- CMRG will refer matters to KCC's iInternal aAudit term if the need arises.

### 4. Governance

- The CMRG is a part of the Council's established Informal Governance Arrangements and meets every six weeks.
- Policy and Resources Cabinet Committee and Governance and Audit Cabinet Committee will receive half yearly reports on lessons learned and the forward look for reviews.

## 5. Meetings, Communication and Timelines

- As standard, the CMRG will meet every ~~six weeks~~two months for 1½ to 2½ hours, ~~usually~~ reviewing one to two specific contracts at each meeting. The frequency, duration, and number of contracts reviewed may vary dependent on business need.
- The Contract Manager, relevant Strategic Commercial and Procurement Lead, and relevant Corporate Director and Cabinet Member are invited to attend CMRG a minimum of six weeks prior to meeting, with the master slide deck and timelines for completion provided.
- Where necessary and appropriate, the Strategic Commercial and Procurement Lead (Standards and Improvement)~~Commercial and Procurement Standards Manager~~ will have a pre-meet with the ~~e~~CContract ~~m~~Manager to talk them through what needs to be completed, explain the format of the meeting and to understand what the contract is.
- Officers are required to provide a completed set of the maturity slides and, where appropriate, supporting evidence, a maximum one week in advance of the meeting date.
- The agenda, the completed slide deck and supporting evidence will then be issued to the CMRG one week before the CMRG meeting.
- The Chairs will be briefed on the contract by the Strategic Commercial and Procurement Lead (Standards and Improvement)~~Commercial and Procurement Standards Manager~~ in the week prior to five to seven days before the CMRG.
- The Strategic Commercial and Procurement Lead (Standards and Improvement)~~Commercial and Procurement Standards Manager~~ will arrange a post-CMRG meeting within six months after the presentation with the Contract Manager and Strategic Procurement and Commercial Lead, so that observations and the outcomes from agreed actions can be discussed.
- The minutes and actions will be circulated to the CMRG, ~~e~~CContract ~~m~~Managers, relevant Strategic Commercial and Procurement Lead, Corporate Director and Cabinet Member within four weeks after the date of the CMRG, with the key findings and recommendations from the Group.
- The CMRG is responsible for capturing the lessons learned from the contract reviews for future reference and sharing of best practice. This will be used to update procedural and policy guidance maintained by the Commercial and Procurement Standards and Improvement Team to ensure that it is swiftly embedded within daily practice.

## 6. How contracts are selected for review

Contracts are selected for review by using the Contract Register produced by the Commercial and Procurement Standards and Improvement Team and consideration of the Council's strategic statement and priorities~~priority to deliver Securing Kent's Future~~. This will be made available to the Chairs and wider membership of the CMRG, who will meet once every twelve months to agree to the ensuing twelve months' forward plan. Contracts should be selected according to the following criteria.

- Alignment with the Council's strategic statement and priorities~~Securing Kent's Future~~
- High value or politically sensitive.
- High complexity – i.e., are there factors that would make contract management more difficult?
- High risk – is the service one that carries inherent risks?

- Strategically important – contracts that are identified as ‘Gold’ contracts using the Council’s contract tiering tool that takes account of all the above factors, in addition to importance to the Council fulfilling its strategic objectives.
- Synergy with audit – is a review of the contract on the timetable for audit?
- Has been identified internally as not working well.

Contracts meeting the above will be reviewed at around the mid-point of their duration (excluding potential extensions). They will also be reviewed prior to any extension to the contract.

## **Appendix 1**

### **National Audit Office (NAO) Good Practice Contract Management Framework**

The CMRG adopted the National Audit Office (NAO) good practice contract management framework as the reference for reviews. The NAO framework is a high standard relevant to the Council’s strategically important (i.e., ‘Gold’) contracts. Below this, Officers may still want to consider applying it but proportionally.

This framework identifies eight key contract management areas:

- Planning and governance – preparing for contract management and providing oversight
- People – ensuring the right people are in place to carry out the contract management
- Administration – managing the physical contract and the timetable for making decisions
- Managing relationships – developing strong 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