

Contract management maturity report

[Insert name of contract and name of contractor]

[Insert meeting date of Budget Programme Delivery Board sub-group]

Section 1 – Contract details

- Name of contractor incl. trading name and details of contractor construct
- Date of contract award
- Date of expiry
- Anticipated whole life cost (nominal and net present cost)
- Anticipated value in current financial year
- Contract scope (description of what the contract covers including but not limited to key deliverables, geographic coverage etc.

Section 2 - Maturity assessment

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

Activity	Maturity Level*		Comments/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 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)			
Overall			

***Level** 1 - Ad-hoc 2 – Informal 3 – Standardised 4 – Monitored 5 - Optimised

Section 3 – Attestation by the Contract Owner

The Contract Owner is the person that has overall day-to-day accountability for the contract i.e. is answerable for the performance the eight key activities in the maturity assessment set out in Section 1.

As the Contract Owner I understand that I am being held to account to the Budget and Programme Delivery Board for the management of the contract(s) and attest to the accuracy of the statements set out herein.

[Name, position, and date]

I have been the Contract Owner of the contract(s) since [insert date] and confirm the following.

- I [have/have not]* read and understood the main 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, commercial and financial sign-off

** Delete as appropriate; do not amend*

Section 4 – Organisation

- Organogram for contract management clearly showing contractors/interims
- Total annual cost of contract management is [£xxk] which represents [x%] of annual contract value
- People in post and working on contract(s) longer than 3-years
- Measures taken to mitigate risk of long tenure staff
- People profile
 - Details of contract management people including but not limited to their: experience of contract management; commercial experience; and relevant professional qualifications e.g. IACCM, RICS etc.
- Training and development
 - Details of training and development planned and/or underway to address experience and skill gaps

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
- Breach
 - Details of any breach of the main/material provisions of the contracts
- Incentives/remedies
 - Details of the contractual incentives/remedies and/or escalation applied to: breach; failure to achieve CDIs and KPIs; and failure to achieve milestones
 - Details of any relief granted to the contractor

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 (a comparison to original business case)
- Variance
 - Details of the variance between the contracted and actual spend e.g. caused by volume changes, contract variations, claims etc.

Section 7 – Fulfilment of KCC's obligations

- Details of the contractual obligations and dependencies on KCC that could cause delay and/or disruption along with the consequences
- Approach to managing KCC's obligations and dependencies including accountability and responsibility within KCC

Section 8 – Commercial performance

- Claims/disputes
 - Details of any claims and/or disputes setting out the current status and actual or projected outcome
- Legislative/policy
 - Impact of any recent/pending regulatory/policy changes e.g. National Living Wage
 - Performance against main supply chain requirements e.g. ethical trading, prompt payment of sub-contractors etc.
- Change control
 - Details of extensions and amendments to the contracts including value and approvals

Section 9 – Risk and mitigation

- Details of the main risks and the mitigation measures in place to deal with them
- Approach to risk and mitigation review being applied including but not limited to the frequency of reviews

Section 10 – Data assurance

- Information Level and arrangements in place
- Audit of data handling (audits/reviews undertaken)

Section 11 – Governance

- Meetings
 - Details of the formal meeting structure in place to review the contract(s) setting out frequency, scope, and required attendees)
 - Details of whether or not the formal meeting structure has been implemented
- Audit
 - Details of any audits undertaken or planned by Internal Audit along with any findings and actions taken
 - Details of any audits undertaken or planned by an external party along with any findings and actions taken

Section 12 – Forward look

- Details of contract extension options and breakpoints
- Approach to continuous improvement
- Learning and plans for next generation contract(s)
- Support required from Budget Programme Delivery Board

Annexes (Attach the documents set out below to this report)

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

Contract management maturity

Description of activities and maturity levels

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Good practice

- National Audit Office (NAO) good practice contract management framework identifies the key activities that fall into eight 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 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)
- Current and target maturity can be determined for each key activity by contract and/or groups of contracts (commensurate with value, risk and complexity)

Planning and governance

1 Ad-hoc	2 Informal	3 Standardised	4 Monitored	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 in parts 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 Informal	3 Standardised	4 Monitored	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 across KCC • 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 across KCC • 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 Informal	3 Standardised	4 Monitored	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 guides/summaries are produced• Software use is standardised across KCC for contract management• Administrative mechanisms form part of standard KCC processes• Management reporting is formalised but may not be aggregated across KCC	<ul style="list-style-type: none">• Management information is standardised and in a form which makes it possible to manipulate and aggregate across KCC• Automated system links are present between functions involved with administration	<ul style="list-style-type: none">• Administrative process are 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 Informal	3 Standardised	4 Monitored	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 on some contracts but the quality of this varies • Contracts have both structured and informal communication routes with stakeholders but these are unlikely to be documented and their application will vary • Problem resolution processes may be in place but do not follow KCC standards 	<ul style="list-style-type: none"> • Roles and responsibilities clearly defined for all contracts 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 • Problem resolution processes are standardised across KCC 	<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 • Customer and supplier staff are co-located where necessary 	<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

Managing performance

1 Ad-hoc	2 Informal	3 Standardised	4 Monitored	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 to all contracts • 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 KCC 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 across KCC enabling regular monitoring • Performance risks are regularly assessed and monitored by KCC management • Performance monitoring forms part of a comprehensive risk based assurance plan • Supplier feedback drives innovation and cost savings 	<ul style="list-style-type: none"> • Performance metrics align 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 Informal	3 Standardised	4 Monitored	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 will vary across contracts • Teams involved in processing payments may not understand each others roles and tasks may be duplication or missed • Limited checking of invoices takes place but it is unlikely to follow a KCC standard process • Costs may be 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 processes and are customised where necessary • Those involved in payments fully understand each others roles and these are documented • Standardised invoice checking processes are used on all contracts and are flexible enough for application across all contracts • 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 on all contracts 	<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 • Lessons are learnt from previous issues and with learning disseminated and applied across KCC • Payment issues rarely arise as a result of class leading integration between contract management and suppliers

Risk

1 Ad-hoc	2 Informal	3 Standardised	4 Monitored	5 Optimised
<ul style="list-style-type: none"> • No risk management process are 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 for contracts are standardised across KCC • 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 	<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 for all contracts 	<ul style="list-style-type: none"> • A culture of risk management is embedded across KCC and contract management is fully integrated within this culture

Contract development

1 Ad-hoc	2 Informal	3 Standardised	4 Monitored	5 Optimised
<ul style="list-style-type: none"> • Contracts are not regularly reviewed to ensure they still meet business needs • Formalised change processes are not used • Changes are implemented operationally without contractual 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 across KCC • Value for money testing takes place on an informal basis • Dispute processes are defined but not standardised across KCC 	<ul style="list-style-type: none"> • A standardised KCC process exists for assessment and review of contracts to ensure they meet business needs • Standardised change processes are in place which involve all KCC stakeholders and are used on all contracts • 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 parties 	<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 	<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