

From: Peter Oakford, Deputy Leader and Cabinet Member for Finance,
Corporate and Traded Services

Vincent Godfrey, Strategic Commissioner

To: Policy and Resources Cabinet Committee

Date: 8 November 2019

Subject: Contract management

Classification: Unrestricted

Summary:

An update on the work of the Contract Management Review Group (CMRG) over the past six months, as well as work more broadly to improve contract management practice across the Council.

Recommendation(s):

The Cabinet Committee is asked to **consider** this update and **endorse** the CMRG's forward plan of reviews.

1. Introduction

1.1 The Contract Management Review Group (CMRG) was convened in September 2016 as a sub-group of the Budget Delivery Group (BDG) with the following terms of reference.

“Review the performance of providers and services in relation to financial, performance and contract management targets, including but not limited to contract / provider monitoring; contract / provider management; and contract / provider review and evaluation.”

1.2 CMRG has been chaired by the Cabinet Member for Strategic Commissioning with the Deputy Cabinet Member for Finance as the Vice Chair over the past six months. It fulfils the terms of reference by holding contract owners to account through a continuous programme of in-depth reviews against the National Audit Office good practice contract management framework.

1.3 CMRG selects contracts for review based on judgement that considers criteria including value, risk, complexity, strategic importance, proximity to contract expiry, and Member suggestion. There is also some coordination with the audit programme. Detailed findings from the reviews are passed to the appropriate Cabinet Member and Corporate Director who may share them with Cabinet Committees as appropriate. CMRG has reviewed over forty contracts since its inception, and in the past six months it has reviewed the following.

Date	Contract/s	Lead officer
26.03.19	Locate in Kent and Visit Kent	Dave Hughes
09.04.19	KCHFT	Karen Sharp
25.04.19	Youth Services	Karen Sharp
15.05.19	Independent Fostering Services	Karen Sharp
25.06.19	Carers Short Break Service Domestic Abuse Contract	Clare Maynard Clare Maynard
10.07.19	West Kent Drug and Alcohol Service and Community Mental Health and Wellbeing	Clare Maynard
22.07.19	CYP Mental Health Services	Karen Sharp
03.09.19	Eurovia Highways Resurfacing	Andrew Loosemore
01.10.19	Subsidised Bus Contracts	Phil Lightowler

- 1.4 The Strategic Commissioning Division has in parallel led work to support the improvement of contract management practice across the Council including: the development of a new contract management standard; implementation of a new contract management system (provided by Proactis) alongside a contract tiering tool; and officer training at scale.

2. Findings from the Contract Management Review Group

- 2.1 The overall standard of contract management has improved considerably since the inception of CMRG and there is a high level of awareness of good practice across the Council. There is in particular strong evidence that contract management roles, responsibilities and processes are much better understood, defined, and followed as part of business-as-usual.
- 2.2 Three consistent themes for further improvement that have emerged are: the use of key performance indicators; ongoing consideration of social value during the term of the contract; and comparison to best practice elsewhere. Key performance indicators in some older contracts have had to be revisited to make them more relevant and measurable. More validation at the source of suppliers' reported performance data has also had to be encouraged. Notwithstanding that the Council has a good record on social value, CMRG has used the reviews to challenge contract managers to revisit the social value opportunities that may be available through working with their suppliers and renegotiation. Not all contract managers have been benchmarking their contract performance against other local authorities and organisations in other sectors.
- 2.3 The forward plan of reviews for CMRG will cover contracts in the following areas.

Date	Contract/s	Lead officer
29.11.19	Westbrook and Westview PFI contracts	Alison Shepherd / Vikram Bhatia
03.12.19	Extra Care Housing Section 75 learning disability contract	Clare Maynard Karen Sharp
07.01.20	Microsoft and Oracle contracts	Rebecca Spore
04.02.20	Equipment supply and telecare	Clare Maynard

	Sensory Services and Advocacy Support	Clare Maynard
03.03.20	KCS' management of contracts for School building contracts	John Burr Rebecca Spore
07.04.20	Community Navigation Waste Transfer Stations	Clare Maynard David Beaver
TBC	Large Road / Infrastructure Scheme Contracts Support Services for Vulnerable and Homeless	Andrew Loosemore Clare Maynard

3. Improvement of contract management practice

- 3.1 In parallel with the work of CMRG, a new contract management standard has been developed to provide a single source of clear guidelines on the standards that the Council expects its officers to follow when managing contracts. The standard was developed with and reviewed by a cross-directorate working group with oversight from the Cabinet Member for Strategic Commissioning and input from other Members. The standard will shortly be incorporated into the Council's Operating Standards.
- 3.2 A new contract management system provided by Proactis is also being 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 that up until now has not been the case. This will enable greater oversight of the Council's contracts and provide officers with support to improve day-to-day management. The system will link through to a contract register that is publicly available.
- 3.3 Alongside the new standard and contract management system, a contract tiering tool has been designed. Adapted from a Cabinet Office tool, this will enable contract managers to assign a Gold, Silver or Bronze rating to their contract, which is calculated based on value, risk and complexity. The tool, which has been developed and tested with contract managers across the Council, will enable improved governance and strategic oversight of the Council's contracts. Contract management effort will therefore be proportionate to the tier of the contract going forward.
- 3.4 The Council has also invested in training for its staff, with a clear drive to improve contract management practice. Over forty commissioners have been enrolled on Level 4 apprenticeships under 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 engaged on a training programme delivered by the Commissioning Academy, which aims to improve commercial judgement and evidence-based decision-making in commissioning and contract management.

4. Conclusion

- 4.1 CMRG continues to be an effective forum for robustly reviewing and improving contract management practice across the Council. The ongoing good work of CMRG, alongside the introduction of the new standard, contract management

system with contract tiering, and officer training, will lock-in and further develop the improvements that have been made in this area.

5. Recommendation(s)

The Cabinet Committee is asked to **consider** this update and **endorse** the CMRG's forward plan of reviews.

6. Contact details

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