

From: Peter Oakford, Deputy Leader
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To: Policy and Resources Cabinet Committee

Date: 22 November 2023

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

Classification: Unrestricted

Summary:

This report reflects on the work of the Contract Management Review Group (CMRG) since it was originally convened in September 2016. It also provides an update on amendments to the Terms of Reference (Annex A), including membership, of the CMRG and the approach to future meetings of the Group, following the Council's launch of a new Commercial and Procurement Division in September 2023.

Recommendation(s):

Policy and Resources Cabinet Committee is asked to **consider** and **note** this report.

1. Introduction

- 1.1 The Contract Management Review Group (CMRG) was originally convened in September 2016. Over the seven years since its inception, the Group has played a key role in identifying and championing contract management best practice across the Council, while also highlighting areas for development, ensuring that any identified issues are addressed.
- 1.2 This report reflects on the lessons learned through the reviews undertaken by the CMRG over its lifetime and the difference the Group has made. Following KCC's launch of a Commercial and Procurement Division in September 2023, and the recent publication of the Council's Budget Recovery Strategy, the report highlights key changes to be made to the Terms of Reference (Annex A), including membership, of the CMRG and the approach to future meetings.

2. Reflections on CMRG contract reviews between 2016 and 2023

- 2.1 Since the CMRG was established in September 2016, the Group has for the majority of that time been chaired by the Deputy Cabinet Member for Finance. In line with its Terms of Reference, during its lifetime, the CMRG has reviewed the maturity of the Council's contract management on over sixty contracts that have been selected based on strategic importance, value, risk, and complexity.
- 2.2 The contracts reviewed have covered the full span of the services that KCC is responsible for delivering, ranging from contracts for adult social care services

and children's services, to those for the delivery of major construction and infrastructure projects. Contract owners have been held to account with in-depth reviews against the NAO Good Practice Contract Management Framework.

2.3 Over the past seven years, the CMRG has played an important role in raising the overall standard of contract management across KCC. This was recognised in an assessment of the Council's contract management maturity undertaken in partnership with the Cabinet Office in September 2022. It was judged that practice across KCC was 'Good' with excellent prospects for improvement.

2.4 With more than sixty reviews undertaken by the CMRG, several common strengths in contract management have been identified across KCC with some notable improvements since the Group was established in 2016. This includes:

- A better understanding of contract management roles and responsibilities
- Evidence of strong working relationships being established with providers
- Clear governance and escalation processes identified and followed
- Improved monitoring and scrutiny of supplier performance
- Greater consideration of social value that can be delivered on contracts
- A well-rounded understanding of the major risks associated with contracts
- Improved contract administration through a contract management system

2.5 The CMRG has played a key role in embedding such strengths and driving forward change where needed. It has challenged where it has found performance measures to be inappropriate, advocated for benchmarking, and championed social value. The Group has also ensured appropriate consideration of financial performance and risks and initiated KCC's adoption of a central repository of contract information in a contract management system.

2.6 It is also important to acknowledge that those strengths and improvements have also been secured through the combined efforts of all involved in contract management across KCC, who have been supported by a comprehensive suite of guidance, tools, and templates and a training and development programme that has raised the profile of contract management and promoted best practice.

3. Launch of the new Division and a revised approach to the CMRG

3.1 Recognising the importance of delivering value for money for Kent residents, a key principle also the driving force behind the CMRG, KCC launched a new Commercial and Procurement Division in September 2023, which will provide professional leadership across KCC's commercial and procurement activity.

3.2 While contract management responsibility will sit within KCC's Directorates, the new Division will provide additional commercial advice, guidance and support to named contract managers. Commercial experts will hold suppliers to account on contractual performance, oversee commercial risks, lead negotiations, and ensure robust consideration of value for money prior to contract extensions. This will be a key enabler in delivering KCC's Budget Recovery Strategy and the priority to closely scrutinise existing contractual arrangements.

3.3 The Division has already and will continue to raise awareness around the Council's recently revised contracting and spending rules, and establish

mechanisms for monitoring and reporting on compliance. This will be in addition to building on already strong relationships with Cabinet Office, Crown Commercial Services, and the Department for Levelling Up, Housing and Communities to extend accredited contract management training to contract managers and commercial professionals in order to further raise capability.

- 3.4 The new Division will enable KCC to build on the identified strengths in its contract management, with dedicated commercial professionals able to drive forward further improvements. Directorates will be able to focus on considering a broader range of delivery options, maintaining good provider relationships, and ensuring services are co-designed with and deliver for Kent residents.
- 3.5 The role of the CMRG will remain critical to ensuring strong oversight and assurance of KCC's contract management maturity. While there are no plans to fundamentally adjust the criteria on which contracts are selected, with the focus remaining on the Council's key contracts, it is an opportune time to review and update the membership of the Group and the approach to the meetings.
- 3.6 Considering the priority of the new Division and KCC's Budget Recovery Strategy to undertake a thorough review of existing contractual arrangements and drive forward further improvements, the Deputy Leader has agreed that it is most appropriate for the new Head of Commercial and Procurement and Deputy Cabinet Member for Finance to jointly chair the CMRG going forward. This will better position the Group to initiate any required action to help improve the overall effectiveness of contract management across the Council. The Section 151 Officer and Monitoring Officer will also be invited to attend, or to provide representatives, to increase the rigour of reviews. Cross-party Member representation will continue to be vital, recognising the value of diverse contributions and perspectives.
- 3.7 Contract owners, with input from their commercial business partners, will still be assessed against the NAO Good Practice Contract Management Framework. However, there will be a renewed emphasis placed on whether it can be demonstrated that 'best value' is being secured for the Council, there is compliance with internal rules, legislation and regulations, and transparency and accountability around decision-making. The timing for reviews will be clarified to be the midway point of contracts and prior to any extension.
- 3.8 With regards to meeting frequency, the CMRG will meet once per annum to agree the forward plan for the next 12 months. Thereafter, the Group will meet at least every two months for contract reviews, which will ensure there is opportunity to progress the required actions and activity between meetings. This may be adjusted based on the volume of contracts that are due to be reviewed.
- 3.9 The CMRG will continue to share its findings to the relevant Corporate Director and Cabinet Member after each review, with a summary of contract reviews being reported to Policy and Resources Cabinet Committee every six months. Contract managers will be responsible for acting on the recommendations of the CMRG supported, as necessary, by the Commercial and Procurement Division.
- 3.10 Acknowledging that the new Commercial and Procurement Division is requiring significant Officer capacity to mobilise, and that meetings are scheduled under

the previous format of the CMRG until November 2023, it is proposed that the revised approach will commence in full from January 2024 with the amended membership meeting ahead of this to review the Council's key contracts and to agree the 12-month forward plan for the Group.

4. Conclusion

- 4.1 Since it was first convened seven years ago, the CMRG has played a critical role in identifying areas of strength in contract management across the Council, making a significant impact to ensure areas for development are addressed.
- 4.2 Going forward, especially in the economic and financial climate within which the Council is operating, the CMRG will continue to be an important mechanism to maintain strong oversight and assurance of contract management at KCC. Working alongside the Commercial and Procurement Division, it will ensure that KCC contract management practice moves from 'Good' to 'Better' and beyond.

5. Recommendation(s)

Policy and Resources Cabinet Committee is asked to consider and note this report.

6. Contact details

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