



**STROUD
DISTRICT
COUNCIL**
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Contract Management Policy

Style Definition: Heading 1: No bullets or numbering

November 2023

Corporate Policy &
Governance

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Document Responsibility		
Name	Document title	Service
<u>Sarah Turner</u>	<u>Contract Management Policy</u>	<u>Corporate Policy & Governance</u>

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<u>October 2023</u>	<u>Version 2.0</u>	<u>Sarah Turner</u>	<u>Changes to policy following recommendations made in Audit report</u>

Policy Review			
Updating frequency	Review date	Person responsible	Service
<u>3 years</u>	<u>November 2026</u>	<u>Senior Policy & Governance Officer</u>	<u>Corporate Policy & Governance</u>

Document Review and Approvals		
Name	Action	Date
<u>Audit & Standards Committee</u>	<u>Approve revisions to the Contract Management Policy & framework</u>	<u>28 November 2023</u>

1. Purpose

1.1 The purpose of this Contract Management Policy is to provide a clear and standardised approach to managing and administering contracts for goods, services and works purchased from suppliers.

What is Contract Management?

1.2 Contract Management enables councils and their suppliers to meet their contractual obligations at an agreed cost and quality by monitoring the contract throughout its lifecycle. Circumstances may change over the life of a contract, so contract management also involves managing changes and variations in terms of scope, terms and prices. It also enables appropriate contract forward planning to ensure that the Council achieves its objectives and that procurement takes place in a structured way in compliance with the law and the Council's rules.

Why is contract management important?

1.3 The effective management of Contracts with suppliers is essential to the Council in maximising the benefits and achieving its corporate objectives. These benefits can be summarised as follows:

Benefits of Contract Management	
Business Benefits	<ul style="list-style-type: none">• Maximises outcomes to the Council and our customers (i.e. the Council "gets what it is paying for") by managing supplier performance, maintaining quality, improving productivity and identifying opportunities for improvement and innovation.
Value for Money	<ul style="list-style-type: none">• Enables savings and benefits opportunities identified during the procurement or contract management process to be realised, whilst also ensuring the achievement of expected procurement outcomes.• Enables further benefits through ongoing performance reviews, service improvements, supply chain improvements, innovation, etc.
Risk Management	<ul style="list-style-type: none">• Reduces contractual risks through the robust contract management practices.• Ensures the Council is also aware of, and complies with, its own contractual and legislated obligations.

1.3 Specific policy objectives are set out in our Statement of Principles and are to ensure:

- Business needs are achieved;
- Standard approach is undertaken;
- Compliance with legislative and administrative arrangements;
- Support the objectives of the Council's Procurement Strategy;
- Contracts are managed in a manner that facilitates business delivery while minimising risk;
- Contracts are managed maximising financial and operational performance;
- Consistency in Council's procurement activities;

- All officers are adequately skilled and trained, and understand their roles and responsibilities under a contract.

2. Scope

- 2.1 This Policy commences in the Post-Contract-Award stage of the Procurement Life-Cycle. The Pre-Contract Award stage is covered by Council's Contract and Procurement Procedure Rules (CPPRs) and Procurement Manual and guidance on the Hub
- 2.2 This Contract Management Policy applies to all Council officers and contractors that are involved in the management of supplier Contracts on behalf of Council.
- 2.3 This Policy applies to all Contracts and any other documents that create legally binding obligations on the Council for the procurement of goods, services and works which may include procurements which are simple in nature and low risk. Further, it applies to a Contract until all contractual obligations have been completed.
- 2.4 The following are excluded from this Policy:
- Employment contracts,
 - Non-binding Memoranda of Understanding,
 - Grants,
 - Partnering and collaborative contracts with other public sector organisations.

3. Definition of Terms

Term	Meaning
Contract	An agreement, exchange of letters, heads of agreement, deeds of agreement, binding memorandum of understanding, response to tender, grant application, trust deed and any other document which creates or which may create binding obligations on the Council and on the other party / parties to the contract
Program Manager	The responsible officer (usually a Senior Manager) for overseeing the contract and any major contractual changes and strategies. The Program Manager or Director (owner) appoints the Contract Manager.
Contract Management	Refers to all activities at the commencement of, during and after the contract period, to ensure that all contractual obligations have been completed.
Contract Owner	The Council officer who is ultimately accountable for the outcomes of the contract, usually the Strategic Director or Head of Service with the Delegated Authority. The Contract Owner approves contract variations, including extensions, as well appoints the contract management roles.
Contract Manager	The Council officer nominated to be responsible for the management of the administration and management of a contract.
Contract Register	A register maintained for all procurements valued at over £5,000
Contract Variation	Is an addition or alteration to the original contract and may include a change to the scope of the contract, value of the contract, the contract options to be exercised, contract prices and quantity purchased.
Contractor	The supplier or the service provider (the other party) under a contract.
Value of a Contract	The value of a contract is whichever of the following values (including VAT) is appropriate to the kind of contract concerned: <ul style="list-style-type: none"> • The total estimated value of the project, or

	<ul style="list-style-type: none"> • The total estimated value of the goods, services or works over the term of the contract
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4. Policy Statement

4.1 Contract Management

The function of contract management is the management of Contracts formed with Contractors to ensure delivery of goods, services and works as agreed over the life of the Contract.

The management of a Contract may extend beyond the current term of the contract when there are ongoing obligations associated with maintenance agreements, warranties and guarantees.

4.2. Stages in the Contract Management Life Cycle

- **Stage 1 - Contract Commencement:** How to initiate and plan the contract management process
- **Stage 2 - Contract Management:** How to manage and administer contracts
- **Stage 3 - Contract Close Out:** How to close and transition contracts

Stage 1 - Contract Commencement - starts before a contract is signed

- Successful Contract Management is highly influenced by activities performed prior to contract award.
- Ensuring that contract terms, conditions, scope and deliverables, KPI reporting and relationship management are clearly established in the signed contract and understood by all parties, is fundamental for effective Contract Management.

Stage 2 - Contract Management – runs until formal closure

- Properly managing supplier performance with respect to outcomes and deliverables clearly specified and agreed in the contract will help ensure Council and its customers obtain the business benefits and value for money within target timeframes.

Stage 3 - Contract Closure – the formal conclusion

- The contract close-out is the stage for closing-out Contract obligations and liabilities with suppliers.
- It may also include transitioning to another supplier for the goods, services or works.
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4.3 Mandatory Requirements applying to contracts

The following **minimum requirements** apply to all Council contracts. For contracts valued at ~~£25,000~~ **£75,000** or more, there are more detailed contract management activities you must follow:

- a) Officers must adhere to Council's procurement policies, procedures and processes, specifically the Contract and Procurement Procedure Rules.

b) Specific contract details must be entered into Council's **Contracts Register** - which is updated via the Hub [for contracts valued at £5,000 or over](#)

c) A **Contract Manager** will be identified in the procurement plan form.

- i. The Contract Manager may manage a contract valued at more than their level of financial delegation. However, the Contract Manager must not approve or incur expenditure on goods, services or a project valued at more than their level of financial delegation. Note, this also applies to any changes (variations) to the original price of procurement.

d) Council developed and recommended **Contract Templates** must be used.

- i. Officers must use Council developed and recommended contract templates at all times, or recognised suites of templates
- ii. Specific advice should be sought from One Legal or the Policy & Governance team during the planning stages of procurement to determine the appropriate terms and conditions that should apply.

e) All Contracts must include appropriate **clauses** in the areas of:

Work Health & Safety;
Quality Assurance;
Environmental;
Financial Capability;
Insurance;
Industrial Relations;
Performance;
Code of Conduct;
GDPR.

That allow and support contract compliance and risk management, with having regard to project value, requirements and complexity.

f) All Contracts must include appropriate **Commercial clauses** in the areas of:

Payments and Retentions (or security);
Price Adjustments;
Delay to Completion (or delivery); and
Processes to Resolve Claims and Disputes.

That allow managing or regulating variations to the original contract, having regard to project value, contract requirements and complexity.

g) Obtain all relevant **approvals and licences** prior to commencement: of the contract planning and engagement (entering into a contract).

h) **Contract performance of all contracts valued at £75,000** or more must be regularly monitored, evaluated and reported.

i. A contract management plan must be completed, authorised and a copy emailed to the Policy & Governance Team

ii. This is required at least annually At leaset q-uarterly meetings with the supplier over the term of the contract, and upon completion and upon conclusion of a contract.

~~ii-iii. Complete and document performance evaluations and register and records over the term of the contract and keep records of meetings, decisions, actions, issues and risks, in Council's records management system.~~

4.4 Contract Variations

All Contract Variations must be approved in writing in accordance with the contract and be approved by the appropriate delegated officer.

4.5 Code of Conduct

The Council Employee Code of Conduct must always be adhered to in the management of contracts on behalf of Council.

4.6. Role of Contract Manager

The responsible Contract Owner or Program Manager assigns the day-to-day management of a contract to the Contract Manager.

The Contract Manager has many and varied responsibilities in undertaking the day-to-day management of a contract. Some key responsibilities are outlined in the Responsibilities table.

For the purpose of this Policy, officers that are responsible for managing procurement that is simple in nature and low risk, will be considered a Contract Manager. Therefore, officers must manage all related legally binding obligations on the Council in an appropriate manner in accordance with this Policy.

4.7 Contract Disclosures

In accordance with relevant Public Contract Regulations and Transparency legislation the Council will maintain and publish a register of all Council contracts that records key information about each contract Council enters into with suppliers which has or is likely to have a value of £5,000 or more, excluding VAT.

5. Responsibilities

Position	Responsibility
Employees	<ul style="list-style-type: none">Are responsible for managing contracts in accordance with Council's contract management framework and in a manner that is appropriate for the complexity and risk of the procurement activity.
Policy & Governance Team	<ul style="list-style-type: none">Development of the Contract Management Framework.Maintaining Council Contracts Registers and appropriate disclosure of Contracts valued at £5,000 or more.
HoS and Managers – supported by the Policy & Governance Team	<ul style="list-style-type: none">Regularly monitoring and evaluating contracts valued at £25,000 or more and reporting on at least annually.
<u>SLT and Corporate Governance Group</u>	<ul style="list-style-type: none">Overall implementation of the Framework.

Strategic Directors, HoS & Managers	<ul style="list-style-type: none"> • Facilitation and oversight of contracts on the contracts register within their respective portfolio. • Appointment of a suitably qualified, capable and adequately skilled Contract Manager according to the level and complexity of a contract. • Ensuring the Contract Manager has adequate skills in managing contracts. • Assigning the day-to-day management of a contract to a Contract Manager.
Contract Manager	<ul style="list-style-type: none"> • Development, negotiation, execution and management of contracts in accordance with approved policies, procedures and processes. • Ensuring contracts valued at £5,000 or more are registered in Council's Contracts register. • Day-to-day management of assigned contracts. • Clearly defining in contracts the performance standards, review mechanisms and deliverables required from contractors. • Ensuring contracts are managed in compliance with approved policies, procedures and processes and all client obligations contained in contracts are fully satisfied.