

STROUD DISTRICT COUNCIL

AUDIT AND STANDARDS COMMITTEE

TUESDAY, 7 FEBRUARY 2023

Report Title	Contract Management Framework Update			
Purpose of Report	To update the Committee on the implementation of the Contract Management Framework.			
Decision(s)	The Committee RESOLVES to: a) Note the progress made to date on embedding the Contract Management Framework across the authority and endorse the plans for its continued development. b) Agree that the Strategic Director of Resources have delegated authority to make minor amendments to the Contract Management Framework.			
Consultation and Feedback	Consultation and training has been provided to the Leadership and Management Team (LMT) and officers who are contract managers.			
Report Author	Sarah Turner, Senior Policy and Governance Officer Email: sarah.turner@stroud.gov.uk			
Options	None			
Background Papers	None			
Appendices	Appendix 1 - Contract Management Policy Appendix 2 - Contract Management Procedure			
Implications (further details at the end of the report)	Financial	Legal	Equality	Environmental
	No	Yes	Yes	No

1. INTRODUCTION / BACKGROUND

- 1.1 The Contract Management Framework was approved by this Committee in February 2022, and it was agreed to provide annual updates on progress with implementation and embedding the framework.
- 1.2 The framework provides a clear and consistent approach to contract management across the authority to manage contracts for goods, works and services.
- 1.3 The framework consists of a suite of documents to assist contract managers to deliver effective contract management. The contract management policy and procedure are attached in the appendices. A list of the framework documents is below:
 - Contract Management Statement of Principles
 - Contract Management Policy
 - Contract Management Procedure
 - Various templates to support the new framework
 - Renewing software contracts guidance
 - Contract Management Plan Template
 - Contract Variation Form Template
 - Contract Extension Form Template

- 1.4 Good contract management enables us and our suppliers to meet our contractual obligations at an agreed cost and quality by monitoring the contract throughout its lifecycle. The effective management of contracts with suppliers is essential to maximise benefits and achieve our corporate objectives, these can be summarised as follows:

Business Benefits

- 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

- 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.

Risk Management

- 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
- Complying with our obligations under the Social Value Act by using the Social Value Portal for contracts valued over £75,000 where suppliers agree to comply with their selected Themes, Outcomes and Measures to maximise the Council's expenditure on the contract by bringing economic, social and environmental benefits to the district.

2. MAIN POINTS

Training and Implementation of the Framework

- 2.1 The framework has been published on the staff hub and promoted through LMT meetings.
- 2.2 Training on the contract management framework has been provided to services; this involved the Policy and Governance (P&G) team attending services team meetings to raise awareness and provide details of the framework. The P&G team also provide support and training if requested by services, especially if undertaking a procurement exercise for the first time, or it's been a while since they have carried out a procurement exercise.
- 2.3 Details of the contract management framework have been incorporated in the mandatory staff induction training on procurement. Options for training on contract management via our e-learning provider is being investigated.

Strategic Leadership Team (SLT) and Leadership and Management Team (LMT) Dashboards

- 2.4 The P&G Team produce quarterly dashboards for SLT and LMT which includes the following information:
- Procurement and contract information
 - Policies and Strategies
 - Performance management in relation to the Council Plan
 - Risk Registers
 - iGov update – including data breaches and complaints
 - Policies and Strategies register
- 2.5 In relation to procurement and contract information this includes procurement plan forms, spend by cost centre, any exemptions from Contract and Procurement Procedure Rules, contracts awarded over the previous quarter, it also identifies any non-compliance with procedure rules. It also

includes any contracts due for renewal in the next 12 months to enable sufficient options appraisal and planning. Any non-compliance from the LMT dashboards that is not satisfactorily remedied is subsequently reported to the Strategic Leadership Team on the next quarter SLT reports.

Second Line of Defence – Contract Management

- 2.6 As part of an audit report produced by ARA in March 2022 one of the recommendations was for the P&G Team to undertake second line of defence reviews of contracts awarded in the previous quarter. It was agreed with the Strategic Director of Resources that this will include all contracts awarded over a contract value of £75,000 and a minimum of 3 contracts awarded under £75,000 to check that our procedures have been followed correctly. A checklist has been created and the contract manager will be asked to confirm and evidence that the following items on the checklist have been completed.
- Contract details added to the Contract Register
 - Published on Contracts Finder and Find a Tender
 - Signed copy of the contract emailed to the Policy and Governance Team
 - Contract management form completed and emailed to the Policy and Governance Team
 - Retention policy compliance
 - Social Value TOMs identified and monitored (for contracts over £75,000)
- 2.7 Where there are any gaps, the contract manager is asked to rectify, and to confirm, with appropriate evidence that this has been completed, within a set timeframe of 2 weeks.
- 2.8 Where the checklist has not been complied with, nor rectified by the contract manager this is reported to the Head of Service / manager through their quarterly dashboard any non-compliance and request that this is rectified, within a set timeframe. We also ask for confirmation and evidence that this has been done. If in the subsequent quarter, we have not received an adequate response from the Head of Service / manager this is escalated to SLT through their dashboard. If the non-compliance is a matter of urgency the issue will be escalated to the relevant Strategic Director for the matter to be addressed.
- 2.9 The initial review of awarded contracts has taken place for 3 contracts awarded in the 2nd quarter of 2022/23 (June to September). The contracts are supply of beige refuse sacks, dry recycling materials and the innovate to renovate project. All 3 contract managers were contacted and asked to confirm they comply with the checklist listed above, where items had not been completed, they were asked to complete and confirm with the P&G team.
- 2.10 All contracts were compliant with the requirements.
- 2.11 The review of the 3rd quarter has commenced and will include all contracts valued over £75,000 and a minimum of 3 under £75,000. And the process defined will be followed for any non-compliance.

3. CONCLUSION AND NEXT STEPS

- 3.1 The Contract Management Framework standardises our approach to contract management and is still a relatively new framework with associated guidance and a toolkit, although well received there is still more work to be done to fully embed it in all service areas.
- 3.2 The P&G team will continue to promote and embed the CMF and the 2nd line of defence process throughout the authority by the mandatory staff inductions and service area training in person or via e-learning. E-learning modules for both procurement and contract management will be created, adapted to reflect our existing frameworks.
- 3.3 SLT has agreed to the formation of a new Corporate Governance Group that will meet quarterly; the role of this group is to:
- provide strategic oversight of our governance activities,
 - enhance our three lines of defence, and

- demonstrate the Council's commitment to good, strong governance and effective assurance processes.

3.4 The National Procurement Strategy has recently been updated and the Council's Procurement Strategy will be updated to reflect this new national strategy, the themes of the strategy remain the same, but it is our intent to improve our supplier relationship management, including identifying our key suppliers. We will also be carrying out a maturity assessment against the new national strategy.

4. IMPLICATIONS

4.1 Financial Implications

There are no financial implications arising from this report.

Andrew Cummings, Strategic Director of Resources

Tel: 01453 754115 Email: andrew.cummings@stroud.gov.uk

4.2 Legal Implications

Contracts must be awarded in accordance with the Councils internal Contract and Procurement Procedure Rules and the Public Contract Regulations 2015 (where applicable).

There are no significant implications identified within the report or the Appendices. Contract Managers should be advised to discuss any variations to their contracts during the term with One Legal. This will ensure that variations comply with internal policies and the Procurement Regulations and will ensure that changes to the contract documents are legally implemented.

One Legal,

Tel: 01684 272224 Email: legalservices@onelegal.org.uk

4.3 Equality Implications

There are not any specific changes to service delivery proposed within this decision. The use of the Social Value Portal and associated themes, outcomes and measures in contracts will provide a method of measuring the impact of our expenditure on contracts in our local area.

4.4 Environmental Implications

There are no significant implications within this category.