

**17 June 2019**

**Agenda Item: 10**

## **REPORT OF SERVICE DIRECTOR – FINANCE, PROCUREMENT & IMPROVEMENT**

### **CONTRACT MANAGEMENT APPROACH**

#### **Purpose of the Report**

1. To provide members with information on contract management and its benefits.
2. To provide members with an update on the contract management approach recommended for the Council.

#### **Information**

3. Procurement and contract management accounts for a large proportion of council spend and is critical to the delivery of public services. Effective contract management ensures the local authority achieves the best outcomes and value from contracts, and can manage its exposure to commercial, contractual and reputational risk.
4. Nottinghamshire County Council has over 1000 contracts across the Council with approximately £600m of contracted spend. In June 2017, the Planning and Performance Management Framework was developed which details the planning and managing delivery of the Council Plan outcomes. One of the deliverables within this framework is contract management.
5. In March 2019, an audit was undertaken to review the application of contract management practices across the Council. The key objective of the audit was to determine whether contract management is undertaken in a consistent and coordinated way by officers who have been identified as contract managers.
6. The initial findings from the recent audit indicates that:
  - a. There is no formal contract management framework implemented across the Council
  - b. Departments have their own systems and processes that could benefit from pulling together into a single corporate contract management approach
  - c. Some contract management guidance is available on the intranet, however there is lack of awareness of it amongst contract managers.
  - d. There is no single contracts database that lists all the contracts for the authority, and contains all information linked to the contract

7. Discussions held by the Group Manager in Procurement with key contract managers, indicates that contract management arrangements at present are varied within the authority. All contracts are managed within the client departments. There are very few dedicated contract managers within the organisation where contract management arrangements are very well embedded.
8. In many cases, those responsible for monitoring contracts are undertaking the role in addition to other duties as part of meeting service delivery targets. In some areas contracts are largely self-monitoring, which proves difficult to manage due to a lack of performance indicators and an inability to challenge should services not meet the expected standards. In addition, staff had not recognised the management of these contracts as a key part of their job, and staff had not been sufficiently trained to properly manage the contract.
9. Good contract management ensures that effective key performance indicators are set at the commencement of the contract and that compliance and contract scope is effectively managed throughout the life of the contract, thus ensuring contracted costs are managed.
10. The procurement service is committed to offer support services to all departments in the Council. To enable a more robust approach to contract management and address the current variations in contract management practice, the procurement team will develop and implement a consistent Contract Management Framework. This will deliver efficiencies and service quality improvements through an assertive, proactive and consistent approach to supplier relationship and contract management. The drive to improve contract management skills across the Council will enable greater value to be achieved and bring expertise together.
11. The following list provides Members with some of the measures that are being considered as part of the Contract Management Framework, which creates a consistent approach to Contracts Management. These will include:
  - a. Develop, publish and implement Contract Management Guidance and a Contract Management Toolkit across the Council
  - b. Develop a contract manager practitioners' group to baseline levels of competencies and skills in contract management. This group will also work to identify best practice across departments.
  - c. Develop a programme of training at different competency levels to be offered across the Council to all officers who require:
    - core contract management competencies and support
    - departmental or subject matter expertise for key contracts
    - general awareness in contract management
  - d. Ensure a consistent and update to contracts register is maintained as a single register of all contracts across the authority
  - e. Work with internal audit to carry out a sample of follow up audits to create improvement plans to close contract management gaps
12. The attached action plan (Appendix 1) outlines key actions and milestones that will be undertaken to drive the contract management improvement programme across the Council. Progress against these actions will be reported back to Committee at regular intervals.

## **Other Options Considered**

13. n/a

## **Reason/s for Recommendation/s**

14. To provide members with an update on a corporate contract management arrangement going forward.

## **Statutory and Policy Implications**

15. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

## **RECOMMENDATION/S**

- 1) That the Contract Management approach (as set out in this report) be approved to allow the corporate contract management framework to be developed and implemented across the Council.
- 2) That a further update report showing progress against the action plan be brought to a future meeting of the Committee

**Nigel Stevenson**

**Service Director – Finance, Procurement & Improvement**

**For any enquiries about this report please contact Kaj Ghattaora, Group Manager - Procurement**

## **Constitutional Comments (AK 29/05/19J)**

16. The recommendation falls within the remit of the Finance and Major Contracts Management Committee under its terms of reference.

## **Financial Comments (RWK 03/06/2019)**

17. There are no specific financial implications arising directly from the report.

## **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

## **Electoral Division(s) and Member(s) Affected**

- All