



Public Accounts Select Committee

Overview of Draft Contract Management Framework

Date: 7 July 2021

Key decision: No

Class: Part 1

Ward(s) affected: All

Contributors: Strategic Procurement and Commercial Services Manager

Outline and recommendations

Overview of the new Contract Management Framework that is being developed by the Procurement Service which is set to be rolled out in July 2021. This report covers an overview of the Contract Management Framework model which the Council has developed (based on best practice and in consultation), the training and support which will be delivered, the culture change that may be required, and the expected benefits from the use of the Contract Management Framework, and next steps.

Public Accounts Select Committee are recommended to note the intended Contract Management Framework approach, and the timetable for its delivery.

Timeline of engagement and decision-making

November 2020 - Development of the Contract Management Framework began;

January 2021 – June 2021 consultation and survey with stakeholders and discussion at Directorates' Management Team meetings;

7 July 2021 – Public Accounts Select Committee;

July 2021 - Contract Management Framework adopted and implemented

1. Introduction

1.1. Advising, supporting, and challenging Services on their contract management practices

forms an integral part of the Council's Procurement and Contract Management function role as it provides an assurance function for the Council on whether its contracts for works, services or supplies are running as designed and deliver the outputs and outcomes that were intended for our residents.

- 1.2. Over 300,000 people live in the London Borough of Lewisham in around 130,000 households. We have a young population, with 70% of our residents being of working age and 25% being between the ages of 0-19 years old. 46% of our population is composed of people from ethnic minorities and there are more than 9,000 businesses registered in the Borough. Lewisham continues to grow, however, and is projected to have a population of 366,400 by the year 2041. Lewisham Council's most recent gross revenue expenditure budget was just over £1.2bn, with around £320m of this being spent on contracts for works, services and supplies. This spend on externally procured services includes both contracted and commissioned services, and it is the contracted services which the Contract Management Framework will apply to, as these are procured in accordance with the Council's Contract Procedure Rules (CPRs) and relevant UK legislation.
- 1.3. It is therefore imperative that the Council continues to build upon procedures and due diligence in every stage of the procurement cycle, including beyond contract award and throughout its contract term. The new Contract Management Framework will build on existing knowledge and skills that Council staff hold whilst encouraging and developing new avenues of contract management, monitoring and reporting. It will ensure that there is transparency and consistency in the reporting of contract performance to enable appropriate action to be taken if required.

2. Recommendations

- 2.1. Public Accounts Select Committee is recommended to note the overview of the Contract Management Framework provided, and adoption and implementation of this throughout the Council for contracted goods, works and services in the Summer of 2021 once finalised.

3. Policy Context

- 3.1. The Council's 2018 to 2022 Corporate Strategy identifies seven corporate priorities and four core values which are the driving force behind what we do as an organisation. It sets out a vision for Lewisham and the priority outcomes that organisations, communities and individuals can work towards to make this vision a reality.
- 3.2. In developing and adopting a single Contract Management Framework we will seek to ensure the continued delivery of value for money and best value. In developing and adopting this framework we will be driven by the Council's four core values:
 - We put service to the public first.
 - We respect all people and all communities.
 - We invest in employees.
 - We are open, honest and fair in all we do.
- 3.3. These core values align with the Council's seven corporate priorities namely:
- 3.4. Open Lewisham - Lewisham is a welcoming place of safety for all where we celebrate the diversity that strengthens us.
- 3.5. Tackling the housing crisis - Everyone has a decent home that is secure and affordable.
- 3.6. Giving children and young people the best start in life - Every child has access to an outstanding and inspiring education and is given the support they need to keep them safe, well and able to achieve their full potential.

- 3.7. Building an inclusive local economy - Everyone can access high quality job opportunities, with decent pay and security in our thriving and inclusive local economy.
- 3.8. Delivering & defending: Health, Social Care and Support - Ensuring everyone receives the health, mental health, social care and support services they need.
- 3.9. Making Lewisham greener - Everyone enjoys our green spaces and benefits from a healthy environment as we work to protect and improve our local environment.
- 3.10. Building safer communities - Every resident feels safe and secure living here as we work together towards a borough free from the fear of crime.
- 3.11. As the Council seeks to support the borough and its businesses and residents through the pandemic and beyond, this recovery is based on the four key themes of Future Lewisham, these are:
 - A Greener Lewisham;
 - A healthy and well future;
 - An economically sound future; and
 - A future we all have a part in.

The Contract Management Framework will directly support the theme of an economically sound future.

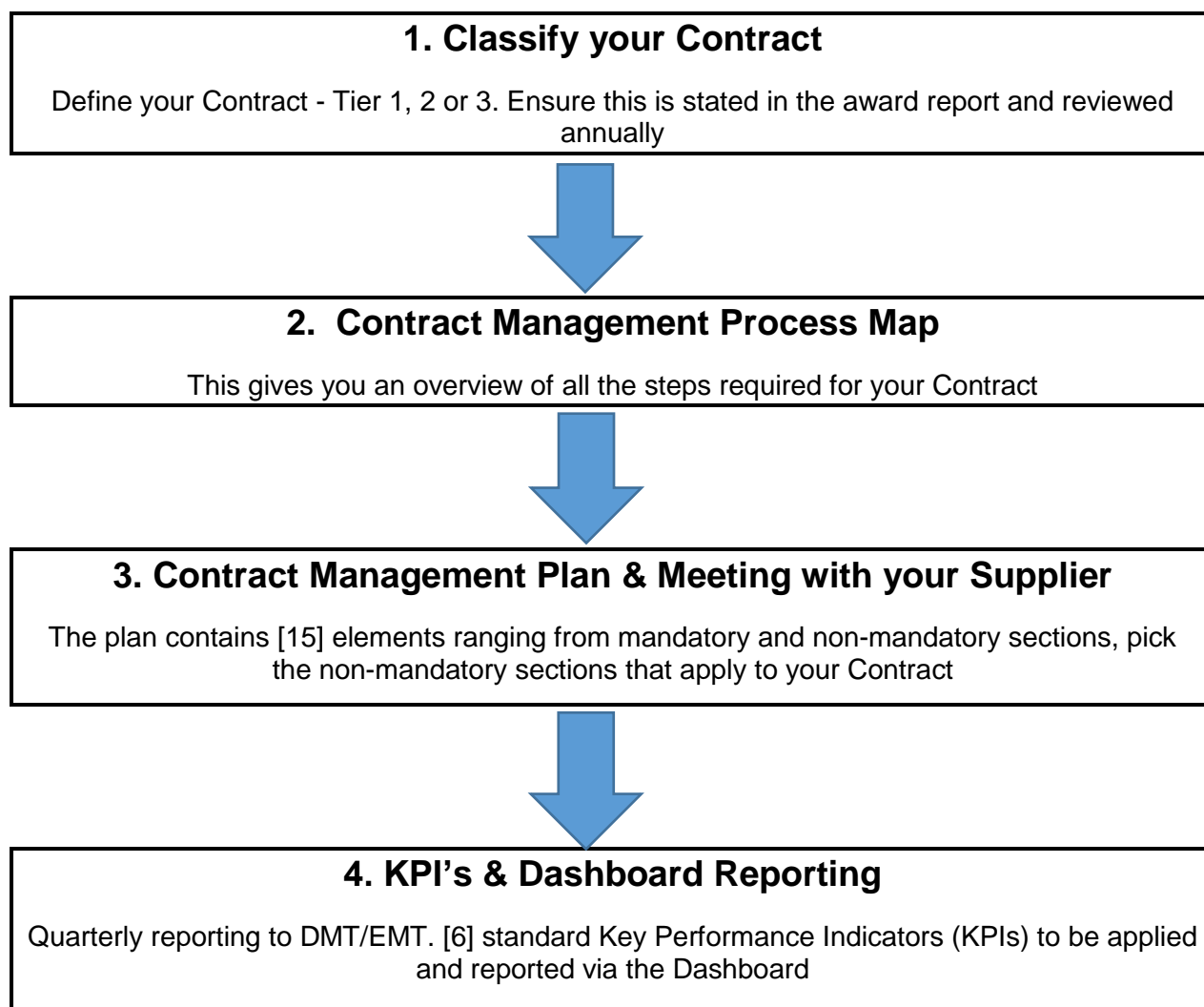
4. Current Position

- 4.1. The Public Accounts Select Committee has retained a keen interest and support for both Income Generation and Procurement for a number of years and and it was through this group's recommendations that the interim post of Strategic Procurement and Commercial Services Manager was created and then filled in January 2018. This was followed by the cessation of the service level agreement with Lambeth Council which enabled the creation of the current internal service. The Team has embedded and developed well, building upon the robust foundations laid in previous years. The procurement function operates effectively and contributes to the Council's requirements and strategic priorities, and the Contract Management Framework will support the demonstration of clear benefit outcomes through improved contracts delivering better value for money.
- 4.2. With increased capacity and high levels of motivation, there have been numerous initiatives developed, including three sets of training opportunities ranging from Procurement, Contract Management and Social Value, regular reviews and updates to policies and procedures (where necessary) to ensure effectiveness, and adhering to reporting requirements. The service is now looking to ensure that (as with procurements), a single framework for contract management is established that will be administered (on a tiered basis to be proportionate to the contract complexity and scale) and supported by the service. This Framework will be built into the procurement lifecycle and will be a natural evolutionary step for the Procurement service and Council staff to focus upon. The documents are currently in the final stages of being drafted and reviewed prior to roll-out.
- 4.3. The Framework provides information and guidance covering the Contract Management process and its importance for the Council and residents, it includes:
 - Classifying contracts based on value, criticality and risk through the application of a tiering methodology (Tier 1 / 2 / 3);
 - Three approaches to Contract Management outlined in a clear and concise flowchart for each tier recommending monthly / quarterly / annual contract management meetings as appropriate;
 - A Contract Management Plan template for use at Contract Management

meetings;

- Regular summary performance reporting via a Contract Management Dashboard which will be presented to Directorate Management Teams (DMTs) and the Executive Management Team (EMT) on a quarterly basis; and
- An annual standard compliance report for all contracts.

4.4. The Framework can be summarised into four key steps, see below, in order to provide a concise overview of the processes that must be undertaken as part of the Contract Management Framework.



5. Approaches for Success

5.1. Four key behaviours, shown below, will be essential in the roll-out and sustainability of the Contract Management Framework and practices within the Council. These are in line with the proposals surrounding Contract Management as set out in the Sustainable Procurement Strategy 2021 – 2025.

- **Communication** – Holding regular and effective communication between Lewisham and providers will enable a better understanding of how each supplier directly contributes to Lewisham's corporate priorities and brings about added value to the Council and Lewisham residents.

- **Prioritisation** –The Framework will ensure that we properly prioritise resources and focus on appropriately managing contracts with regard to their relative complexity and risk through assigning contract classifications and associated Contract Management approaches. This shall ensure that we are appropriately prioritising resources to minimise risk and maximise positive outcomes and benefits. The Council’s publicly available contract register will ensure that all contracts procured enter the Contract Management Framework.
- **Measuring** – Regularly measuring the outcomes of contracts through KPIs in a way that provides an insight into and understanding of supplier benefit realisation and the achievement of outcomes for residents.
Reporting – Creating and adhering to the requirement of quarterly dashboard reporting to DMT / EMT in order to provide consistency and transparency across the Council and for our residents. Data reporting should be timely, accurate and able to deliver actionable insights.

6. Training and Feedback

- 6.1. Training is a key element of the support that the Procurement Team provides to the Council. Numerous training opportunities and sessions have been made available over the years, both for the Procurement Team itself and especially those staff involved in procurement or contract management activities. Examples include a nine month Chartered Institute Public Finance and Accounting (CIPFA) training course which offered one training day a month and assignments to be completed on a regular basis with attainment of a certificate in Contract Management, as well as an in-house one day course on procurement delivered jointly between procurement and legal. The service moved all of its training to a virtual platform within months of Covid lockdown, ensuring that staff had regular access to support and development. Given the challenges of longer virtual training sessions, these have now been transformed into shorter, separate modules to increase take up and to increase the underlying knowledge and understanding of the procurement function and processes amongst Council staff. These modules are: ‘Introduction to Procurement’, ‘Contract Management’, and ‘Social Value’. These sessions had high attendance and feedback gathered through short surveys highlighted that attendees found them informative and effective.
- 6.2. The Procurement Team will continue to provide guidance and support to commissioners at every stage of the procurement cycle via one to one sessions as required and the roll-out of Contract Management training sessions to embed the framework. The Procurement Team will set up one-and-a-half hour training sessions covering: contract classification; Contract Management approaches based on the Tiers; use of the Contract Management Plan, and dashboard reporting. The training sessions will be published on the Learning Academy Portal, sessions will be held once a week for a six to twelve week period (dependent on demand) and will offer spaces up to twenty individuals. If there is an interest from particular Teams or on specific topics the Procurement Team will work with services to deliver bespoke training sessions. The Procurement Team will advertise all training sessions on the intranet and to Directorate representatives at the Corporate Procurement Board.
- 6.3. Consultation has played a key role in the development of the Contract Management Framework. This is to ensure that the framework builds on the good contract management practice already within the Council, and that it is proportionate, i.e the reporting and monitoring requirements for each tier of contract appropriately reflect the criticality, risk and value of the contracted service. Stakeholders were consulted about the roll out of the framework and a short questionnaire was sent out to contract managers enquiring about their current contract management practices. The feedback received has all been of a positive nature and has highlighted that contract management (e.g. monitoring meetings and data capture) is currently being well

conducted among contract managers. Contract management and all that it includes is not new to the majority of contract managers, rather the application of consistent processes will enable a more standardised and transparent approach to contract management within the Council. This approach has been discussed at DMTs to ensure that there is commitment to the Contract management Framework across the Directorates.

- 6.4. The new processes and Framework will be piloted and reviewed based on feedback to ensure processes, templates and reporting is understandable, achievable and sustainable. The Procurement team will hold meetings with key stakeholders and contract managers over a six month period, this will enable discussions to be had regarding the Framework and its usage and allow for any amendments and continuous improvements to be made. The feedback loop will allow for greater transparency and enable the Procurement Team to know if the resources are fit for purpose.

7. Capturing Expenditure and Efficiencies

- 7.1. The Procurement Service has recently developed a template to capture and report contract efficiencies. The Tender Evaluation Matrix which is used to compile the comments and scores of tender returns has recently been updated in order to explicitly capture potential savings at the award stage. A CIPFA savings model has been built into the matrix, enabling monetary savings to be highlighted against the budget allocation for the project in question.
- 7.2. Efficiencies will also be captured during the post-award stage of contracts as part of the Dashboard reporting requirements as set out in the Contract Management Framework. The dashboard will capture performance and direct contract spend information, enabling a more centralised review of contracts than at present. The data that is captured will be reported to Business Partners, Group Finance Managers, and DMTs to assist in the regular financial monitoring undertaken by each Directorate.

8. Culture Change

- 8.1. The Council continuously seeks to improve the performance and effectiveness of its services and ways of working in order to deliver its priorities in a way that is system wide; planned and intentional; part of a continuous effort; and people focused. The newly developed Organisational Development Strategy 2021 – 2026 sets out the vision that seeks to make changes within the Council in order to better serve Lewisham residents and deliver the Council's priorities by using collective and individual resources in the most effective ways. This strategy is divided into seven core areas of development, each with a specific vision for how the Council should operate from the perspective of residents and individual staff members as well as the organisation as a whole.
- 8.2. The Contract Management Framework will contribute to the overall vision as set out in the Organisational Development Strategy. Linking specifically to the following core areas:
- 8.3. **One Council** – The Contract Management Framework will involve cross-Council collaboration to ensure the delivery of our shared goals of more effective Contract Management. As currently, Contract Managers will remain accountable for the management of their contracts, but the roles and responsibilities as set out in the Framework add clarity to this.
- 8.4. **Our Values** – The procurement function at the Council assists in the demonstrable achievement of value for money, quality services for our residents, and ensuring compliance with legislation and due diligence in all processes. The Procurement Team adhere to the Council's values and the Contract Management Framework is aligned to these values too.

- 8.5. **Ways of Working** – The Contract Management Framework strives to improve the efficiency of existing contract management practices across the Council and increase the availability of accurate service-level data, through use of the Dashboard, which can be shared across departments to allow for better evidence-based decisions.
- 8.6. **Systems and Processes** – The new ways of working and processes involved with the new Framework seek to be fit-for-purpose, add value and enable us to meet the needs of our residents. Improved Contract Management practices will ensure providers and contractors continue to meet the expected performance requirements, adhere to their Social Value commitments, and improve awareness around risks and risk mitigation. Processes will include increased transparency and accountability.
- 8.7. **Performance** – Gathering performance information through the Contract Management Dashboard will enable an increased understanding of how providers are performing and where the areas for improvement are. There will be increased consistency, transparency and responsiveness resulting from the processes involved in the Contract Management Framework, maintaining relevance to both the Council's and residents' priorities. It is expected that there will be tighter financial grip upon contract spend and efficiencies through the Dashboard reporting requirements linked to the Framework, enabling further understanding of the commerciality of the Council and promoting opportunities for increased wealth within the Borough.

9. Expected benefits from the Contract Management Framework

- 9.1. Overall the Contract Management Framework and dashboard will bring increased benefits to the Council and Lewisham residents. There will be more consistent oversight and potentially control of service delivery and contract performance, we will be able to see what is working well and what can be improved. Risks will be monitored regularly and mitigated appropriately if they arise, the Council will be able to better understand changes in service risk. Reporting will allow for a more holistic insight into the Council's expenditure, efficiencies and compliance with corporate priorities and contractual agreements.
- 9.2. Both the regular contract monitoring, and specifically the annual compliance check will focus on risk reporting, mitigation and assurance. Some of the key risks include:
- service outcomes (performance KPIs);
 - service protection through insurances and financial resilience checks;
 - safety, including Health and Safety (H&S) and safeguarding considerations;
 - information governance and security requirements; and
 - monitoring of sub-contractors
- 9.3. The Framework provides clarity with regards to roles and responsibilities which empowers Contract Managers to be accountable for their Contract Management processes and outcomes, whilst being able to receive support and training from the Procurement Team and the Corporate Procurement Board (CPB).
- 9.4. Lewisham residents will also benefit from this new Contract Management approach, service delivery will continue to be kept to high standards through regular KPI monitoring and residents will be impacted through various Social Value commitments and outcomes which form part of all Council contracts going forwards.

10. Next Steps

- 10.1. The research and consultation stage involved in developing the Contract Management Framework has been completed and concluded. The next steps involved include:
- Finalising the Contract Management Framework including the Contract Management Plan and Dashboard;

- Roll out of the Contract Management Framework from July 2021 – this will be advertised through DMT, CPB, email, and intranet;
- The roll out of training sessions on Learning Academy Portal;
- Undertake feedback review until end of calendar year;
- Start quarterly reporting following the adoption and implementation of the framework;
- Annual compliance checks and reporting to be collated and completed at the beginning of 2022. This work will build upon the data that was gathered and collated in 2021.
- Review and informal benchmarking against other local authorities via networks and keeping up to date with policies and good practice.

11. Financial Implications

- 11.1. This report provides an overview of the Contract Management Framework that is intended to be adopted and implemented across the Council in July 2021. It has been developed such that it appropriately prioritises resources to minimise risk and maximise positive outcomes and benefit.
- 11.2. It is not intended that any additional funding or resources will be required to achieve this, however the Procurement service will utilise the 6 month review period post implementation to assess whether there are any resource impacts that require further consideration as the full impact on both Directorates and the Procurement service are as yet unknown.
- 11.3. The adoption of the Contract Management Framework directly supports the strategic intent of one of the six thematic strands of the current budget cuts programme, namely, being more commercial in our approach. This ensures that when offering cuts linked to the re-procurement of contracted services, the Council ensures that this is not only implemented through the procurement, but sustainably maintained through the effective and robust management and reporting of the contract.

12. Legal Implications

- 12.1. There are no specific legal implications arising from this report.

13. Equalities Implications

- 13.1. The Council has a public sector equality duty (the equality duty or the duty - The Equality Act 2010, or the Act). It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. In summary, the Council must, in the exercise of its functions, have due regard to the need to:
- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
 - advance equality of opportunity between people who share a protected characteristic and those who do not.
 - foster good relations between people who share a protected characteristic and those who do not.
- 13.2. It is not an absolute requirement to eliminate unlawful discrimination, harassment, victimisation or other prohibited conduct, or to promote equality of opportunity or foster good relations between persons who share a protected characteristic and those who do not. It is a duty to have due regard to the need to achieve the goals listed above. The weight to be attached to the duty will be dependent on the nature of the decision

and the circumstances in which it is made. This is a matter for Mayor and Cabinet, bearing in mind the issues of relevance and proportionality. Mayor and Cabinet must understand the impact or likely impact of the decision on those with protected characteristics who are potentially affected by the decision. The extent of the duty will necessarily vary from case to case and due regard is such regard as is appropriate in all the circumstances.

- 13.3. The Equality and Human Rights Commission (EHRC) has issued Technical Guidance on the Public Sector Equality Duty and statutory guidance. The Council must have regard to the statutory code in so far as it relates to the duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found on the EHRC website.
- 13.4. The EHRC has issued five guides for public authorities in England giving advice on the equality duty. The 'Essential' guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice.
- 13.5. There are no equalities implications directly arising from this report.

14. Climate change and Environmental Implications

- 14.1. There are no environmental implications directly arising from the report.

15. Crime and Disorder Implications

- 15.1. There are no crime and disorder implications directly arising from the report.

16. Health and Wellbeing Implications

- 16.1. There are no health and wellbeing implications directly arising from the report.

17. Appendices

- 17.1. The following appendices provide an overview of the key elements of the Contract Management Framework.
- 17.2. Appendix 1: Contract Classification Summary Table (Page 8)
- 17.3. Appendix 2: Contract Management Process Map (Page 9)
- 17.4. Appendix 3: Procurement and Social Value Compliance Matrix Report 2020-21



Procurement and SV
Compliance Matrix Re

18. Background papers

- 18.1. None

19. Glossary

Term	Definition
CPRs	Contract Procedure Rules
DMTs	Directorate Management Teams
EMT	Executive Management Team
KPIs	Key Performance Indicators
CIPFA	Chartered Institute of Public Finance and Accounting
H&S	Health and Safety
CPB	Corporate Procurement Board
EHRC	The Equalities and Human Rights Commission

20. Report author(s) and contact

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Appendix 1: Contract Classification Summary Table

Contract Classification Category	Total Contract Value	Criticality	Risk	Contract Management Approach
Tier 1	<ul style="list-style-type: none"> Over £1,000,000.00 	<ul style="list-style-type: none"> Business critical in both the short-term and long-term Service provision would be compromised without strategic suppliers Significantly contributes to the Council's corporate priorities and statutory requirements Provides strategic function/s Directly / indirectly impacts Lewisham residents to a significant degree Continuity of supply is essential 	<ul style="list-style-type: none"> High risk (Likelihood and impact) – high value / statutory obligations / risk in supply chain Continuity of supply is essential and service would be compromised if risks not identified and mitigated appropriately Risk could significantly affect the Council's statutory requirements, strategic approach, or reputation 	<ul style="list-style-type: none"> Monthly meetings between Contract Manager and Supplier (Strategic / Bottleneck) Dashboard Reporting on monthly basis
Tier 2	<ul style="list-style-type: none"> Between £50,000.00 - £999,000.00 	<ul style="list-style-type: none"> Provides important services to the Council and Lewisham residents Contributes to the Council's corporate priorities and statutory requirements Directly / indirectly impacts Lewisham residents to a moderate degree 	<ul style="list-style-type: none"> Moderate level of risk (either likelihood or impact) Risk could have moderate impact upon the Council's statutory requirements, strategic approach, or reputation 	<ul style="list-style-type: none"> Quarterly meetings between Contract Manger and Supplier (Bottleneck / Leverage) Dashboard Reporting on Quarterly basis
Tier 3	<ul style="list-style-type: none"> Below £50,000.00 	<ul style="list-style-type: none"> Provides generic / operational services to the Council and Lewisham Residents 	<ul style="list-style-type: none"> Low risk – low cost to switch providers, high buyer power Governed through simple contracts (agreed volumes / timeframes) 	<ul style="list-style-type: none"> Bi-annual / Annual meeting between Contract Manager and Supplier (Routine) Outcome / output monitoring bi-annually / annually

Appendix 2: Contract Management Process Map

