Contract Management Framework

Version No	Changes	Changed by	Date
1.1	Initial draft	Robin Hare	29/09/2015
1.2	Second draft	Robin Hare	25/11/2015
1.3	Final draft	Robin Hare	22/12/2015
1.4	Approved by University Executive Committee	Robin Hare	25/01/2016
1.5	Amendments following a sustainability related review conducted by NetSustain Ltd: 3.01, 6.01(l), Appendices B & C.	Robin Hare	27/07/2016
1.6	MFD service contract downgraded to a Gold category contract as annual value has reduced to below the threshold.	Robin Hare	21/10/2016
1.7	Contract values in Appendix A updated to reflect 2015/16 spend. All contracts in Appendix A with a Priority 1 evaluation for sustainability ('Sustainability Assessment of Categories of Expenditure' review by NetSustain Ltd) updated accordingly.	Robin Hare	31/10/2016

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Contract Management Strategy

1.00 Introduction

1.01 The University of Gloucestershire currently spends approximately £24m each year on works, services and goods provided by external suppliers (nearly one third of its overall gross spend) for non-pay revenue and capital requirements.

1.02 In its corporate plan for 2012-2017 the University has set one of the goals as being a "successful and sustainable organisation". This will be achieved by:

- Striving to grow through increasing student numbers and income;
- Having robust financial management and investment in our estate.
- Maintaining our excellent reputation for sustainability.
- Supporting our staff to achieve their potential and career ambitions while contributing to the university's goals through our People and Culture Strategy we will..

Actions listed in the plan that support achieving this goal include:

- "Maintaining robust and rigorous financial controls and business planning systems, to achieve good value for money and meet targets."

  Effective contract management will help ensure that financial controls and planning remain at the required level throughout the life of contracts to ensure that value for money is achieved.

- "Investing in our estate to ensure that our premises are fit for purpose and well-maintained."

  Key areas of investment will include construction of new buildings and refurbishment of existing facilities. Robust and effective management of the contracts to achieve this will ensure that the right works, are carried out at the right time, at the right quality and at the right price.

1.03 As a result of the strategic connections illustrated above contract management will assume even greater importance in the University as major projects are started. We know that there is already some good practice in contract management, but this is not consistently found everywhere. A review of current practice has found a number of areas for improvement:

- Consistency of contract management across the University.
- Widening the scope for corporate contract governance and monitoring systems.
- Developing a proactive rather than reactive approach to contract management.
- Formal contracts in place where required.
- Clear ownership of every contract.
- The contract manager should be supplied with a copy of the contract that they are managing.
- Improving contract management skills.
- Consistent relationship management with suppliers.
- Contract managers would welcome a more formal structure and processes.

1.04   After the decision has been made to buy particular works, service or goods, the University's main way of ensuring effective and improving outcomes should be through competent management of the contract.

1.05   A number of definitions of 'contract management' exist. The Chartered Institute of Purchase and Supply (CIPS) define contract management as **"the process of systematically and efficiently managing contract creation, execution and analysis for maximising operational and financial performance and minimising risk".**

1.06   This strategy sets out the framework through which contract execution, analysis for maximising operational and financial performance, and minimising risk will be achieved.
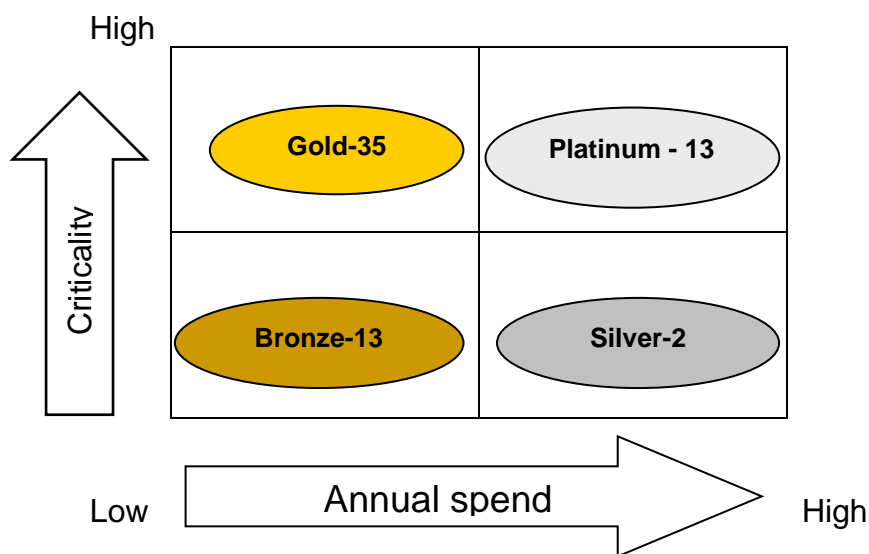
2.00   Outline of existing contracts

2.01   The table in Appendix A is an extract from the current University register of recurring contracts which are currently segmented by the relationship between criticality and annual spend as follows:

Platinum   13
Gold   35
Silver   2
Bronze   13

2.02   It should be noted that in addition to the recurring contracts listed in Appendix A other ad-hoc, or one off, contracts exist. These need to be monitored using the principles contained within this framework.

2.03   For the purposes of deciding what level of contract management is appropriate for each recurring contract it is useful to segment the contract database using the below 'Kraljec' matrix:

Figure 1: Contract Management Priority

Platinum	high spend (over £200k)	high criticality
Gold	low spend (under £200k)	high criticality
Silver	high spend (over £200k)	low criticality

Bronze   low spend (under £200k)   low criticality

The table in Appendix A indicates which segment each contract falls in to and the total number of contracts in each segment is indicated in the above diagram.

2.04   For the purposes of this framework criticality is defined as:

The level of dependence that the University places upon a contract taking into consideration:

- Health and safety
- Sustainability – identified as a priority 1 category in the corporate 'Sustainability Assessment of Categories of Expenditure'.
- Student and staff satisfaction
- Reputation
- Financial position and risk exposure
- Business continuity

The level of criticality should be assessed subjectively taking into consideration the above considerations.

3.00   Benefits of effectively managing contracts

3.01   The diagram in paragraph 2.03 shows the segmentation of the University's recurring contracts according to their contract management priority. The University is likely to realise the following benefits if it proportionally applies its contract management effort accordingly:

- Quality outcomes achieved – customers' needs met.
- Assurance that value for money continues to be achieved and improved where possible.
- Benefits realised – the University secures efficiencies through lower costs and improved outcomes.
- Effective change – a better service is delivered by effectively managed contracts.
- Improvements made – continual improvements are secured to commissioned services.
- Mitigated risk – any inherent risks in procuring external suppliers to deliver University services are carefully evaluated and actions taken to minimise the likelihood of them occurring.
- The University achieves its ambition to change pace and achieves its priority of delivering value for money services.
- Broader cross cutting outcomes can be effectively integrated
- Improved reputation in terms of competency with our suppliers
- Effective implementation of the University's sustainability procurement objectives

4.00   Development of contract management within the University

4.01   In order to develop contract management within the University the following high level stages will need to be completed:

(a) Development and publication of a contract management toolkit (see Appendix B).

(b) A training programme for contract managers.

(c) Implementation of the contract management procedure contained in the toolkit.

(d) Monitoring the results of contract management exercises.

(e) Implementing lessons learned and improving the outcomes from contracts.

4.02   A separate action plan will be developed to achieve this once the framework has been agreed.

5.00   Strategic aims of the contract management initiative

5.01   The following five strategic aims will help deliver the vision for effective contract management:

(a) Develop, agree and introduce a comprehensive framework for contract management across the University.

(b) Improve the evidence of contracts being well managed – improve the quality of corporate governance in contracting.

(c) Create corporate capacity and expertise in contract management, to provide a cross-University support structure, drive the strategy and oversee change.

(d) Improve and make more consistent the overall standard of contract management in the University: improve the level of practice in contract management.

(e) Develop and introduce a framework against which the success of contract management can be regularly assessed by the University.

6.00   Tactical aims of the contract management initiative

6.01   The following actions are needed in the near future to support the strategic aims:

(a) Develop, agree and implement an improvement plan for contract management across the University.

(b) Develop, agree, implement and embed a strategic direction, policies and procedures for contract management.

(c) Specify a clear role for the corporate contract management function and the key roles within that function.

(d) Improve the corporate governance of the University's external contracts to improve standardisation of practices, reduce risk and improve ownership among existing contract managers.

(e) Develop and introduce an approach to performance management for external contracting.

(f) Continue to maintain a comprehensive database of external contracts and their managers.

(g) Develop a network of contract management staff across the University, to pool existing knowledge and share good practice.

(h) Improve the skills of contract managers – identify competencies, assess skill levels and roll out training and development.

(i) Benchmark good practice – identify good practice, to learn and implement what works well elsewhere.

(j) Improve the value for money of specified contracts – improve the efficiency, effectiveness, economy or quality of outcomes through improved contract management.

(k) Work with service suppliers to ensure that they understand, engage with and reflect the University's values and strategic direction.

(l) Ensure contractual requirements continue to embed sustainable procurement objectives and maximise their contribution to the objectives in the forthcoming updated University sustainability strategy.

7.00 Monitoring progress

7.01 The Procurement and contract manager will be responsible for monitoring the progress of implementation of this strategy and report quarterly to the Director of finance and planning.

Appendix A – Table of recurring contracts (2015/16 values)

The table below lists all current recurring contracts and segments and indicates which segment they are in for the purposes of contract management:

Platinum		High spend (over £200k) high criticality
Gold		Low spend (under £200k) high criticality
Silver		High spend (over £200k) low criticality
Bronze		Low spend (under £200k) low criticality

Note: Please see paragraph 2.04 for information on the assessment of criticality.

Ref	Title	Supplier	Value pa	Segment	Business Unit Responsible
	Halls of residence	As below	2,622,087	Platinum	Estates
		Signpost Homes	*1,143,240*	Platinum	
		Severn Vale Housing	*817,160*	Platinum	
		RA Coldray	*343,946*	Platinum	
		Ryan-Mar Ltd	*231,056*	Platinum	
		GMP Walsh & CAL Walsh	*86,685*	Gold	
	Security	Securitas Security Services (UK) Ltd	721,548	Platinum	Estates (Facilities)
	Desktops	XMA/Viglen	422,827	Platinum	ICT Services
	Utilities - Electricity	EDF Energy (via TEC)	521,667	Platinum	Estates (Facilities)
	Marketing services	Penna Plc	594,535	Platinum	CMSR
	Cleaning	Bespoke Cleaning Services Ltd	425,663	Platinum	Estates (Facilities)
	Catering	Baxter Storey	287,555	Platinum	Estates (Facilities)
	Utilities - Gas	Corona (via TEC)	214,144	Platinum	Estates (Facilities)
	Legal advice	Pincent Masons LLP	457,391	Silver	Finance & Planning
	Municipal insurance	UM Association Ltd	219,473	Platinum	Finance & Planning
	MFD	Ricoh UK Ltd (2016/17 expected spend)	94,390	Gold	ICT Services
	ICT network services	Redcentric plc	39,143	Gold	ICT Services
	Apple Systems	Apple Distribution	110,863	Gold	ICT Services
	Bus service	Stagecoach Services Ltd	269,929	Silver	Estates (Facilities)
	SIT system	Tribal Technology	51,305	Gold	ICT Services

Ref	Title	Supplier	Value pa	Segment	Business Unit Responsible
	ICT licensing	Phoenix Software Ltd	71,384	Gold	ICT Services
	Business systems	Ebsco Information Services	141,331	Gold	ICT Services
	Voucher system	Computershare Voucher Services	177,000	Gold	ICT Services
	Telephone services	Virgin (Telewest Communications)	128,587	Gold	ICT Services
	Marketing	Ucas Media Ltd	170,000	Gold	CMSR
	Furniture	Greham Office Furniture Ltd	100,785	Gold	Estates (Facilities)
	Utilities – Water & Sewerage	Severn Trent	144,854	Gold	Estates (Facilities)
	Internet connection services	BT iNet	110,348	Gold	ICT Services
	Financial system (Agresso)	Unit4	48,015	Gold	ICT Services
	Library books & supplies	Dawson UK Ltd	213,994	Gold	Library Services
	ICT supplies	Insight Direct (UK) Ltd	37,744	Gold	ICT Services
	Waste disposal	Grundon Waste Management Ltd	90,571	Gold	Estates (Facilities)
	Printing	St Austells Print, Frontier Print	178,294	Gold	CMSR
	Copyright services	The Copyright Licensing Agency	72,000	Gold	CMSR
	Fire alarms, emergency lighting, disabled refuge, fire fighting equipment maintenance, Intruder alarms, CCTV, access control & toilet alarms maintenance	A&E Fire Equipment Ltd	207,575	Platinum	Estates (Maintenance)
	HR ICT system	Northgate	47,520	Gold	ICT Services
	Vehicle hire	Enterprise Rent-a-Car	17,886	Bronze	Estates (Facilities)
	Access control and CCTV	G4S	93,709	Gold	Estates (Facilities)
	Marketing CRM system	Azorus	40,000	Gold	ICT Services
	Occupational health	Medigold Ltd	26,949	Gold	HR
	Boiler room & wet system maintenance	Integral UK Ltd	102,015	Gold	Estates (Maintenance)
	Card payment merchant service	Lloyds Bank Cardnet	30,000	Gold	Finance & Planning
	General electrical systems and routine testing & PAT testing	NTS Ltd	15,245	Gold	Estates (Maintenance)
	White Goods	Stearn Electrical Co Ltd	25,000	Gold	Student Services
	Online payment system and support	WPM Education Ltd	60,985	Gold	ICT Services
	Powered & pneumatic door maintenance, Lift maintenance & offsite monitoring	Kone Plc	61,353	Gold	Estates (Maintenance)
	Business School trading floor software	Thomson Reuters	24,969	Bronze	ICT Services
	Air conditioning & air handling unit maintenance	IRS Ltd	48,768	Gold	Estates (Maintenance)
	Catering equipment	Newco Catering Equipment Ltd	30,435	Gold	Estates (Maintenance)

Ref	Title	Supplier	Value pa	Segment	Business Unit Responsible
	Mobile phones	Vodafone	37,409	Gold	ICT Services
	Electronic Invoicing & e-Catalogue	Proactis Group Ltd	16,600	Bronze	Finance & Planning
	Water hygeine maintenance	Dantek environmental Services Ltd	21,480	Gold	Estates (Maintenance)
	Investment consultancy	Barclays Wealth	13,500	Bronze	Finance & Planning
	Handryer maintenance, Sanitary bin disposal, water cooler maintenance	PHS	17,600	Bronze	Estates (Maintenance)
	Employee assistance service	Validium Group Ltd	11,000	Gold	HR
	BMS maintenance	Automated Building and Energy Controls Ltd	11,045	Gold	Estates (Maintenance)
	Asbestos services	Bradley Enviromental	12,767	Bronze	Estates (Maintenance)
	HV transformer and oil samples	Midland Electrical Systems	6,210	Bronze	Estates (Maintenance)
	B&W coffee machine maintenance contract	UCC Coffee UK and Ireland	7,300	Bronze	
	Window and gutter cleaning	CIS Window Cleaning	17,337	Bronze	Estates (Maintenance)
	Moveable wall maintenance	Contract Interior Systems	20,670	Bronze	Estates (Maintenance)
	Coffee machine maintenance	Peros	2,800	Bronze	Estates (Facilities)
	Cash collection services	Loomis	2,500	Bronze	Finance & Planning
	Pest control	NBC Environmental	15,818	Bronze	Estates (Maintenance)

Contract Management Toolkit

1.00 Introduction

1.01 The toolkit below is designed to help operational contract monitoring, with documentation and processes outlined. It should be referred to by any employee responsible for a contract and includes an outline of requirements to ensure that performance is monitored on a consistent basis across the organisation.

2.00 Ownership and responsibilities

2.01 This section explains the ownership of the varying parts of the contract management process and allocates the associated responsibilities.

2.02 University executive committee

- Approval and regular review of the contract management strategy.
- Agreement of contract segmentation and monitoring schedules.
- Senior level sponsorship of the contract management process.
- Oversee the implementation of the contract management plan.
- Performance manage (by exception) high value, high risk or high profile contracts.
- Oversee the arrangements for strategic relationship management between the University and major suppliers.

2.03 Pro-vice chancellor (Operations)

- Review of the contract monitoring results in context with the operational objectives of the University.

2.04 Director of finance & planning

- Ownership of the whole contract management process.
- Performance manage (by exception) high value, high risk or high profile contracts – reporting appropriate cases to the University Executive Committee.
- Act as the 'senior responsible owner' for contract management.

2.05 Heads of business units

- Propose allocation of contracts to appropriate performance review schedules (Platinum, Gold, Silver or Bronze).
- Retain responsibility for day-to-date overall contract management.
- Nominate contract managers for specific contracts.
- Manage external contracts.
- Commit to and adopt corporate contract management strategy.
- Submit performance information and concerns to the Executive head of business relationship management on the basis of value and risk.
- Ensure corporate cross cutting requirements are embedded and implemented.

2.06 Procurement and contract manager

- Support the business units work on contract management.
- Lead and manage the corporate overview of contract management.
- Develop a sharing and support network across the business units.
- Own, implement and embed the contract management strategy and underlying processes.
- Drive contract management change and improvement in the University.
- Support business unit contract managers on managing contracts.
- Ensure that the University's risks are minimised on high risk, high value or high profile contracts.
- Maintain the corporate contracts database.
- Maintain and communicate the schedule for contract performance reviews.
- Collate, analyse and monitor returned contract performance review checklists.
- Communicate lessons learned from contract performance review exercises across the University.
- Identify and communicate good practice in other organisations.
- Ensure that all contracts are formally handed over from the procurement stage to the appointed contract manager.
- Ensure that a formal contract is in existence for each contract and a copy supplied to the contract manager.
- Liaising with the Head of HR to organise a training programme for contract managers.

2.07 Contract managers

- Overall ensuring that the supplier is complying with the terms and conditions of the contract by:
  ⇒ Arranging the supplier to submit periodical returns regarding volumes/quality of work done, goods supplied, personnel deployed etc.
  ⇒ Accessing the supplier's records including accounts.
  ⇒ Organising regular periodical meetings with the supplier to discuss performance.
  ⇒ Arranging for the supplier to demonstrate compliance with legislation.
  ⇒ Using the Contract performance review checklist in Appendix B to ensure that suppliers can demonstrate compliance with the terms and conditions of the contract on a range of themes.
  ⇒ Notify the strategic contract and procurement manager of any concerns or risks identified
  ⇒ Collection of performance indicator data.

- Responding to new legislation that affect the contract.
- Identifying opportunities to improve supplier performance.
- Completion of contract performance reviews in accordance with the review schedule allocated to particular contracts.
- Attendance at contract management programme events.
- Attendance at contract manager networking events.
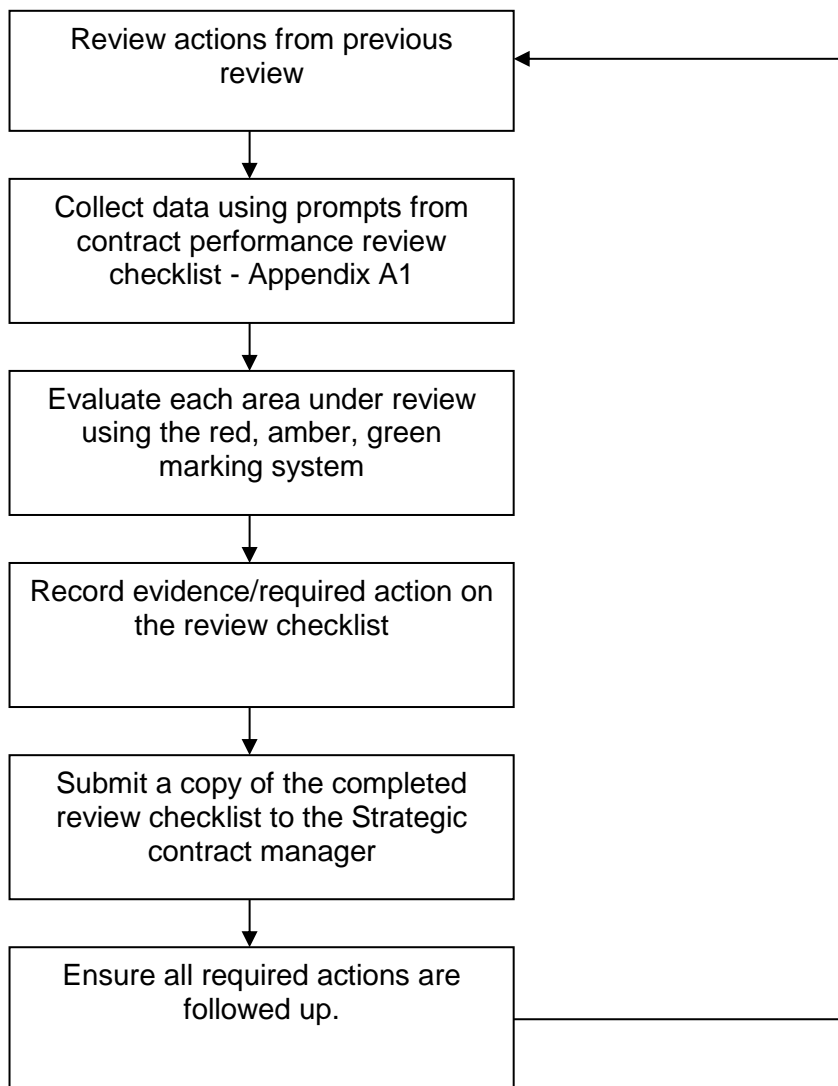
3.00 Priority Contracts

3.01 Each contract group has been allocated a review schedule as follows:

Platinum   Upon award then 6 monthly
Gold   Upon award and then annually
Silver   Upon award
Bronze   Upon receiving an exception report

4.00   Review Cycle

4.01   Each review cycle will be implemented by the contract monitoring officer on the following basis:

Figure 2

4.02   At the end of each review cycle the strategic contract manager will collect the completed checklists, analyse them and identify trends that cut across and number of contracts and any lessons learned.

5.00 Contacts

5.01 If you have any queries regarding the contract management strategy or toolkit please contact:

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Appendix B – Contract Performance Review Checklist

Name of contractor: Date:

Service area:

Contract Manager Reviewing:

Area of review	RAG	Evidence/Action
Quality Control (Outputs)		
1. There are agreed service specific key performance indicators		
2. Responses from contractor are within acceptable parameters as outlined in the agreed service standards		
3. Customer satisfaction rates are regularly reported and reviewed		
4. Targets are being met or exceeded		
5. Deliverability of service within timescales agreed		
6. A written complaints procedure is in place		
7. The complaints procedure is accessible and clear to customers		
8. The provider has kept a record of complaints, comments and compliments		
9. Regular reports and a review of complaints are submitted to the University		
10. A whistle blowing policy is in place and employees are aware of it		
Health and Safety		
11. An up to date written health and safety policy is in place		
12. Appropriate training has been undertaken by all employees		
13. The provider has kept a record of health and safety incidents which have been made available upon request		
14. A programme of regular meetings with agenda's and minutes is in place to discuss health and safety issues.		
Sustainability		
15. An up to date written environmental management policy is in place		
16. Appropriate training has been undertaken by all employees		
17. Regular reports on carbon emissions and wider sustainability performance are submitted to the University.		
18. Records are kept and reports are submitted to the University on any		

incidents of non-compliance with environmental legislation and regulation that outline corrective actions that have been put in place.		
19. Sustainability KPI's or commitments that have been agreed in the contract are being met.		
Equal Opportunity and diversity		
20. An up to date policy is in place		
21. Appropriate training and development is being undertaken by all employees		
22. The initial commitments made by the supplier to equality and diversity at contract award are still being fulfilled and clauses included in contracts are being fully met. e.g. apprenticeship targets.		
23. Incidents of reported unlawful discrimination are reported to the University and action(s) taken as a consequence of unlawful discrimination are detailed.		
Safeguarding Children and Adults		
24. A written and up to date child and vulnerable adult protection policy is in place that is reviewed annually		
25. Appropriate training has been undertaken by all employees		
26. Clear reporting procedures regarding safeguarding are in place and visible to all employees.		
27. A regular report and review of issues is submitted to the University		
Supply chain management		
28. Measures are in place for the contractor to manage their supply chain in order to ensure continuous improvement in social and environmental performance.		
Business continuity and emergency planning		
29. Are the necessary plans in place?		
30. Are the plans up to date with a specified review date?		
Risk management		
31. Is a joint risk management register in place between the university and the supplier?		
32. Is the register up to date?		
Insurance		
33. Is the required insurance in place?		
Value for Money		
34. Has the contract been reviewed to		

ensure that it is still delivering VFM compared to other options in the market? (particularly relevant for older contracts with options to extend as the market may have developed since the contract start date).		

RAG (Red, Amber & Green) Scoring System

RED	Not in place or not at standard required and significant need/improvements identified
AMBER	Progress being made but further work required to meet identified need/standard
GREEN	Provision in place and/or good progress being made against assessed need and required standards

Appendix C – Recommended performance indicators

All performance indicators should link to current corporate key performance indicators.

Health and safety: • Number of reportable non-fatal accidents • Lost time due to accidents • Number of safety inspections • Percentage of employees trained • Number of enforcement actions by HSE/LA • Number of risk assessments by work areas

Sustainability:
• Total value of products supplied that have been awarded a sustainably certification or 'Eco-label' such as the EU Ecolabel, FSC Timber, FSC Paper Products, MSC Fish, Fairtrade, Energy Star products
• Tonnes of waste that have been
    o Prevented
    o Re-used
    o Composted or Recycled
    o Recovered
• Total value of products supplied that are from a recycled source
• Reduction in carbon emissions
• Number of environmental audits or assessments undertaken
• Number of Site Waste Management Plans produced
• Number of non-compliance incidents with environmental legislation
• Number of employees trained in sustainability

Equalities: • Percentage of employees that are female/from BAME backgrounds/have a disability • No. of complaints relevant to equalities legislation • No of times disciplinary action has been taken against staff regarding discrimination or harassment • Percentage of employees trained
Safeguarding: • Number of reported incidents • Annual review of policy and procedures completed • Percentage of employees trained

Appendix D – Contract Management Good Practice Guide

Double click to open

You and Your Contractor

A manual of best practice in contract and relationship management

Second Edition, 2011

capital ambition