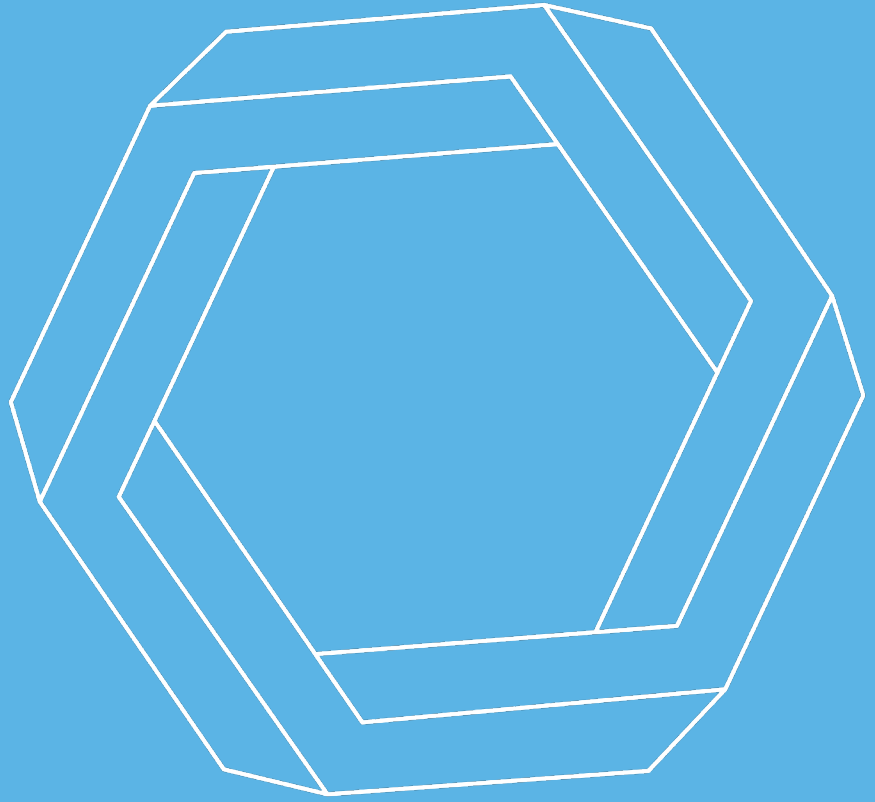




Government
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Contract Management Training & Accreditation

Foundation level: takeaway guide



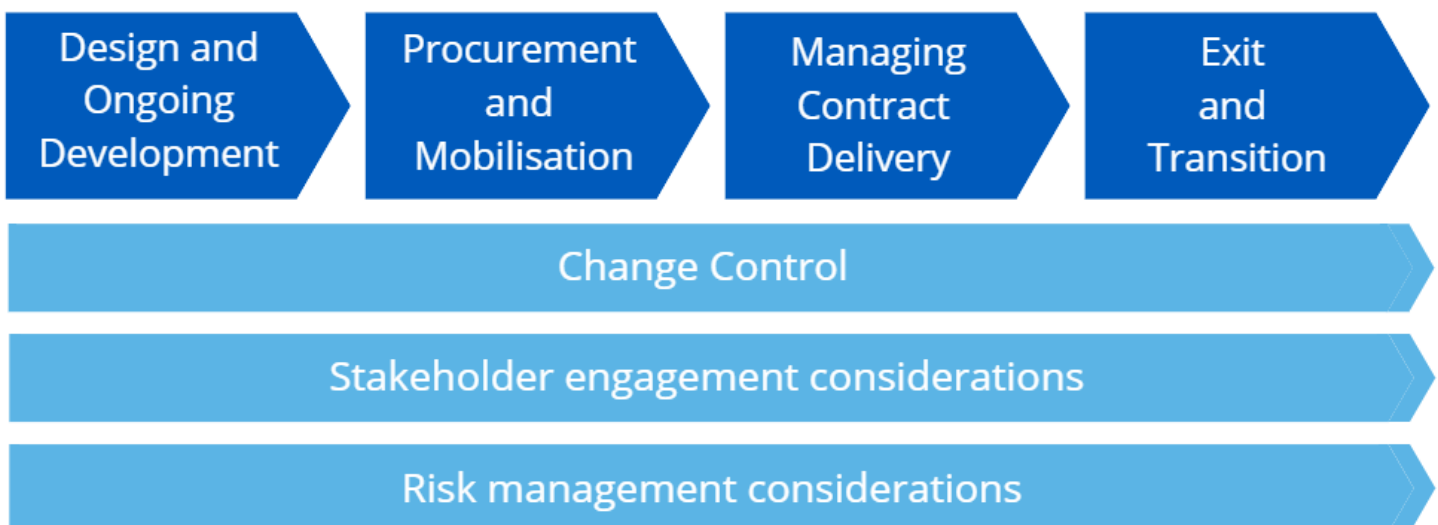
Document purpose

This guide summarises the key learning points, actions and tools that are covered in the Contract Management Foundation course. The guide aligns to the contract management lifecycle (shown below) allowing you to reference and apply what you have learned at the stage that you require. We have also provided a list of links to useful supporting documents.

If you have any feedback on this guide or would like to know more about how you can continue to improve your capability in contract management please contact

cmta-team@cabinetoffice.gov.uk

The contract management lifecycle





Contents

| | |
|--------------------------------|----|
| Stakeholder management | 4 |
| Risk management | 6 |
| Design and ongoing development | 8 |
| Procurement and mobilisation | 11 |
| Ongoing contract management | 14 |
| Exit and transition | 17 |
| Change control | 18 |
| Resources and references | 21 |



Stakeholder management

Stakeholder management is important throughout the contract management lifecycle. You should undertake stakeholder mapping at the start of the cycle and regularly revisit and update this throughout the contract lifecycle.

Examples of your contract's stakeholders may include (but aren't limited to): media; trade unions; self-regulatory organisations; finance teams; commercial teams; service users; politicians; the business; suppliers; and policy leads.

An example of a stakeholder management template

In the matrix below, we have identified several stakeholders that are either impacted by or are impacting upon a new contract. The contract has just been awarded to *Digital Training Inc.* to deliver mandatory training to all staff in your department. The training will be on the new General Data Protection Regulations.

| | |
|------------------------------|---|
| Head of IT and IT Department | Falls under their remit. They can have a say on the process but it will be only one part of a large portfolio |
| Data Protection team | Responsible for ensuring GDPR compliance so will drive the programme as it will reduce the risk of expensive non-compliance |
| GDPR Champion | Clearly very interested in the programme and can have a large say on the successful implementation of the programme |
| Commercial Director | Will expect the contract manager to own the day-to-day and will only be involved if an escalation is required |
| Staff | Know they have to do it but feels like a compliance activity, so will complete the training required |
| Contract Manager | Has a keen interest but their ability to influence is limited |

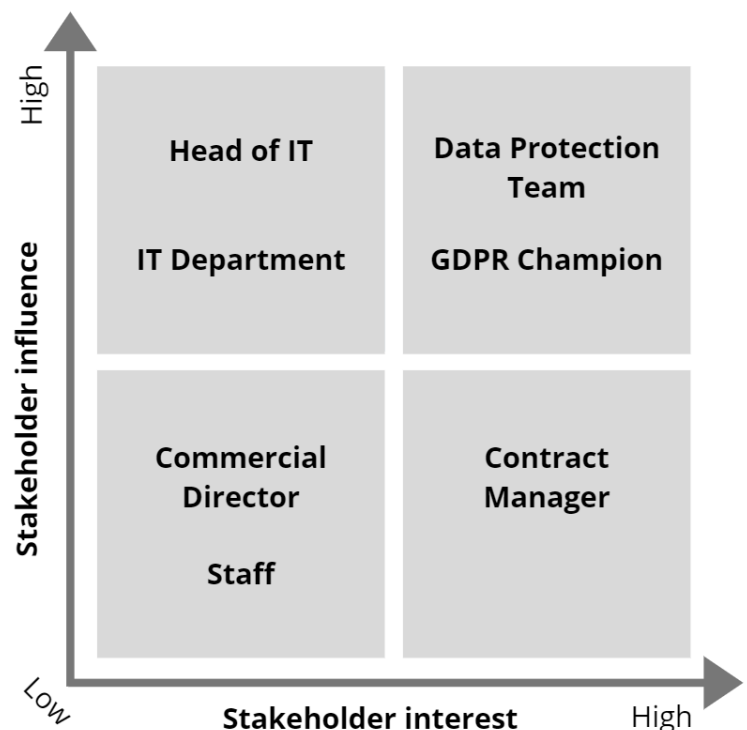


Figure 1. Stakeholder management template example



Stakeholder engagement should be:

- **Iterative** – engaging stakeholders is not a one-off activity, it requires ongoing commitment to ensure all individuals and groups affecting or affected by the contract are kept informed
- **Constant** – stakeholder impact, influence and commitment should always be considered during the contract lifecycle
- **Critical** – can be key to the contract's success or failure
- **Inclusive** – an effective method of considering the impact of the contract or potential contractual changes, problems or issues from all relevant perspectives
- **Interconnected** – linked to the contract's overall objective and values

The diagram below explains how each group on the matrix should be engaged:

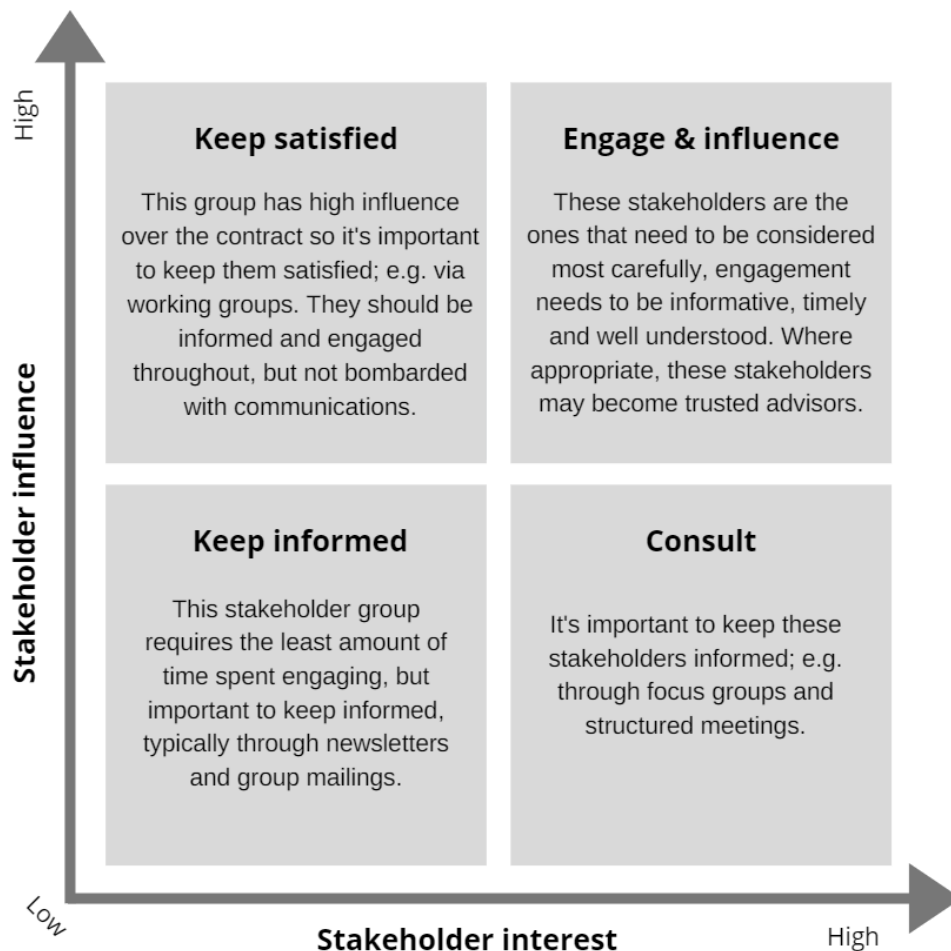


Figure 2. Engaging with stakeholders



Risk management

Just like stakeholder management above, risk management should be more than just a tick box exercise. It should form a fundamental part of your contract management activities throughout the lifecycle of the contract. Risk management often happens at different levels; e.g. at contract level (managing and updating contract risk registers), and at portfolio level (escalation and cross cutting risks). There should be a clear link between the different levels.

The contract manager will be accountable for regular reviews of the risk register and the individual risks should be owned by the person best placed to manage and mitigate them. The contract risk register should provide appropriate visibility through the supply chain and, where appropriate, full supply chain mapping should be undertaken. The risk register should be regularly reviewed at department level and jointly with the supplier.

Risks can sometimes be confused with issues. Risks are potential future problems and issues are current problems. An issue may not have always been a risk, but if a risk materialises it will become an issue. Good risk management can prevent a risk becoming an issue.

Checklist: early signs of potential risk in contract delivery

| | |
|---|--|
| Are personnel being replaced in a timely manner if they leave the supplier's organisation? | |
| Are your supplier's subcontractors being paid on time by your supplier? | |
| Has reporting become delayed or inaccurate? | |
| Are there delays in invoicing or invoicing without required evidence of supplied provision? | |
| Are there repeated miscalculations of deductions? | |
| Is the supplier's representative repeatedly missing or delaying performance meetings and/or not answering calls? | |
| Is there an increase in the number or escalations/complaints from end users? | |
| Is KPI performance reported out of sync with client feedback/perception? | |
| Are you reviewing supplier's market performance regularly and checking media coverage for adverse or alarming news? | |



Risk categories

More information on these are included in the online learning modules.



Figure 3. Risk categories



Design and ongoing development

As someone responsible for managing a contract, you have a central role to play in ensuring that the business need is reflected in the requirement. It is critical at this stage that the business need is accurately reflected in the contract specification so that delivering against the contract will deliver the overall desired outcome or policy objective.

Take time to consult with colleagues and other stakeholders to ensure that the specification and overall contract are well informed by lessons learned from previous experience - good and bad. Don't forget to gather feedback from users of the service if appropriate.

Business Case

A robust business case must be clear on the resources required to ensure that the contract can be well managed. This is the stage to ensure that the appropriate contract management resource is included in the business case and supported by the approved budget.

Your role in the business case is to:

- Ensure it includes an accurate assessment of the capacity and capability needed to manage the contract and ensure Authority obligations are met; i.e. is it anticipated to be a gold, silver or bronze contract? Should the individual be accredited at foundation, practitioner or expert level?
- Use all available data to validate the assumptions you make
- Use existing insight from records from previous contracts and/or your knowledge of suppliers including: knowledge of the suppliers' behaviours and motivations; performance of your current supplier compared to any other suppliers on the market; key risks you have encountered in existing contracts; insight from customer satisfaction surveys; KPI and performance records; and your thoughts and justification on whether the contract provided value for money

Your understanding of the business need is critical to ensure it translates correctly into the specification and performance management elements of the contract.



Checklist: Business Case

| | |
|--|--|
| Have you ensured the business need is reflected in the requirement? | |
| Have you spent time with operational colleagues to understand how services to be delivered will be used in day-to-day activities? | |
| Have you translated the key activities into the contract? | |
| Have you consulted with commercial colleagues? | |
| Have you ensured KPIs ¹ are embedded in the contract? | |
| Have you considered different payments options; e.g. payment by results? Have you modelled these against different scenarios? | |
| Have you built in lessons learned (both successes and failures) from previous or similar contracts? | |
| Have you used your understanding of the relevant market for critical insight? | |
| Have you done an initial tiering of the contract using the contract tiering tool to understand the governance mechanisms that will apply and associated resource that will need to be included in the business case? | |



You should also be aware of key legislation you are required to comply with, including:

- **The Supplier of Code of Conduct**
- **The Modern Slavery Act**
- **The Public Services (Social Values Act)**
- **GDPR**
- **Prompt Payment**

These may need to be considered when writing the specification and evaluating bids, but most importantly for the contract manager during contract delivery.

Contact the commercial team if you need support to understand these better.



Risk management considerations

A key element of contract management is the proactive identification and management of risk. Have you established a **risk register** for the project? Do you have mitigation actions in place where identified?

Stakeholder engagement considerations

Have you done a preliminary **stakeholder map** and consulted appropriately on the scope of the contract and supporting business case? Do you have a plan of how to engage with your stakeholders?



Procurement and Mobilisation

Procurement process

If the supplier of the contract you are currently managing is bidding for the new contract, you should ensure the segregation of your day-to-day management duties of the existing contract from your involvement in the procurement activity.

You should ensure the incumbent supplier:

- Is not involved in any discussions or meetings relating to the new procurement – this extends to not discussing the procurement with colleagues if suppliers are in earshot
- Cannot access data or information relating to the new procurement that has not been shared with all tenderers.

Procurement regulations apply to the spend of public money. All procurements must comply with the principles of transparency, equal treatment and non-discrimination, proportionality and mutual recognition. The threshold for regulations dictate the procurement route and timeline that will apply.

Consult your commercial representative very early in your thinking to understand the best option for what you're trying to achieve and the timings that apply. These could be longer than you may think and are legislative timelines that cannot be changed at department level.

When working with the commercial team:

| Do | Don't |
|---|---|
| Provide valuable insights into bidders and the general market that are relevant to the procurement | Contact the supplier and ask for a 'no commitment discussion' about contract planning |
| Support bidder evaluation and, where relevant and under the guidance of the Commercial team, support supplier feedback and debriefings during the process | Contact the supplier and ask for a meeting to get a head start |
| Ensure the contracted service obligations meet the business need and that the contract is clear and manageable | Challenge the procurement team to complete the process early |



Mobilisation of contract

Where possible, start this well before the contract is awarded and think about how you will ensure business continuity if transitioning from one supplier to another.

You will need to put in place a **contract management plan** which will contain all the crucial information about how this contract will be managed.

Checklist: Mobilisation phase tasks

| | |
|--|--|
| Have you established a mobilisation plan to confirm what is required to get the contract up and running? | |
| Have you set aside time and resource to sufficiently plan and prepare? | |
| Have you set realistic timescales and milestones? | |
| Have you established governance processes and reporting arrangements? | |
| Have you tracked deliverability of mobilisation obligations to ensure they are documented and understood and risks are assessed early? | |
| Have you made sure that any potential re-procurement (however far away) is included on the procurement pipeline? | |
| Have you populated a contract management plan? | |

Mobilisation planning

| Key reference documents | Key activities |
|----------------------------|---|
| Business case | Activate stakeholder engagement plan |
| Contract | Set up governance and reporting mechanisms |
| Risk register | Set up risk log |
| Budget details | Set up change log |
| Supplier's resourcing plan | Establish and document your supplier and management relationship management process |
| Transition or exit plan | Set up payment process |



The mobilisation phase provides an opportunity for both parties to gain a mutual understanding of the contractual terms and obligations including the performance and reporting requirements. However, it is not an opportunity to renegotiate contractual obligations. Be careful that any conversations or email exchanges you have with a supplier do not inadvertently contradict one of the supplier's obligations; e.g. giving your approval for them to miss a key milestone.

Mobilisation phase considerations

- Have you clearly understood all of the contract terms especially where they refer to an authority obligation? If not speak to your commercial colleagues.
- Are you clear on how and when payment will be made and what will trigger those payments? What evidence you need from the supplier before you make that payment?

Putting together the contract management plan is the best way for you to familiarise yourself with the detail of the contract. Consult with your commercial colleagues if you need support to understand any aspect of the full contract.

Risk management considerations

Contingency planning for delayed or failed mobilisation

What options do you have if tenders come in above budget?

Stakeholder engagement considerations

Remember to revisit your **stakeholder map** and set up your engagement channels and processes.



Ongoing contract management

The key to managing a contract well is keeping on top of all the contract management activities and maintaining good quality records.

Activities

These include managing performance, managing risk, reporting to stakeholder and governance groups, receipting the goods or services and paying invoices in a timely manner. Consider using the **contract management scheduler** to keep track of what needs to happen, by whom and when.

Records and Systems

Ensure that all records are filed in the agreed central area so can be accessed by other appropriate colleagues if necessary and that key information/documents are not 'lost' as people move roles in the future. Managing contracts using an electronic system is an efficient way to automate processes, record performance, benchmark similar contracts and measure a supplier's performance across several contracts.

The records can be categorised under 3 key headings:

| Operational performance | Outcomes and benefits realisation |
|--|--|
| Set up and delivery records | Value for money tracking to ensure contract is delivering against the envisaged policy outcomes |
| KPI and SLA performance | Using the benchmarking clauses in the contract to ensure you continue to get the appropriate price |
| Risk register | |
| Change control record | |
| Actions and meetings of contract governance meetings | Financial performance |
| Customer satisfaction settings | Contract budget monitor |
| Copies of all correspondence including email | Monitoring spend against budget |
| | Regular review of suppliers financial standing |



Business continuity management

Business continuity plans should be part of the contract management process.

You should consider the following:

- Who is responsible for creating the plan, the timescales to do so, and how it is regularly reviewed, updated and tested as the contract progresses
- The circumstances when the plan is invoked and the governance process that is used to manage its delivery
- The roles and responsibilities of individuals within the department and the supplier(s)

Managing disputes

If you think you may be heading into a dispute situation your first step is to talk to your commercial and legal colleagues. It is crucial to maintain records and audit trails of the issues and your interaction with the supplier as these may be relied upon to resolve the dispute.

Key questions:

- Is there a RACI for the contract which clearly shows who is responsible and/or accountable for all key activities?
- Are you clear on how to deal with performance issues? Will you invoke a service credit or ask for equivalent value from an additional service element? Remember to record any agreed changes in a change control notice and in the change log.



Do not be tempted to 'let the supplier off' any failures to deliver against any part of the contract, however insignificant they may seem. This could set a precedent for future failures in performance. Any performance issues should be recorded in the reporting suite and discussed at the appropriate governance meeting with ensuing action also clearly noted.

Make sure you are clear on and are delivering against all the Authority obligations otherwise the supplier may use this to mitigate any underperformance on their part



Risk management considerations

Review the business continuity plan for the contract on a regular basis. This ensures that it is up to date and accurate in the event that you need to use it.

Stakeholder engagement considerations

Make sure that the recipients of the goods/services continue to be happy with what is being delivered under the contract. If it is not delivering against expectations, is performance management of the supplier required or change control to alter the scope of the contract?

Change control considerations

Any material changes, whether or not they have a financial implication on the contract must be recorded in a formal **change control** notice.



Exit and transition

For larger contracts you should begin planning for exit about 12-18 months before contract is due to end. A draft exit plan should be written at the start of the contract (or even at the award stage) and reviewed regularly (at least annually).

If you are in a situation where the services provided by an incumbent supplier are being re-competed, remember the do's and don'ts in the Procurement and Mobilisation section.

Plan well for exit and remember to:

- Allow sufficient time and resource for an orderly exit
- Ensure you document lessons learned
- Ensure key stakeholders are kept up to date with what's happening
- Maintain business continuity of services during exit or transition phase
- Ensure any records are stored centrally and can be accessed as appropriate when those who worked on the contract leave the team.

Risk management considerations

Will sufficient resource be maintained by all parties for the contract to ensure that exit or transition can be carried out effectively?

How will you retain resource on the contract?

What plans do you have if people leave the team(s) before the final activities have been undertaken?

Has all the data been returned in line with the contract requirements?

Stakeholder engagement considerations

Make sure that all the stakeholders in the contract are aware of what is happening during contract exit or transition and the impact on them.

Change control considerations

It is difficult to entirely anticipate all exit activities at the start of the contract. It is likely that the exit plan will need to be enhanced and updated, possibly with financial considerations. Ensure that these are formally recorded in the change log and through a contract change notice.



Change control

Change control is important to consider throughout the contract management lifecycle. Nothing should be agreed unless it is done so through a contract change notice and recorded in the change control log.

Types of change

Some change can be predicted and allowed for in the contract; e.g. variation in staffing levels for events and/or changes in line with inflation. In these situations, a formal change control process should still be used to track spend and ensure the contract is kept up to date, providing a formal audit trail of decisions taken. The change procedure should still be followed even for unforeseen changes.



Many changes are less obvious. Some things which you agree to will constitute a change and should be included into a formal process; e.g. delay to a milestone, easement or suspension of KPI reporting for 3 months. Even where there is no financial implication to an agreed change, a formal change control notice should be issued to record the change.

The changes need to be mutually agreed by both parties unless otherwise stated in the contract. If the authority wants a change, you may need to pay additional money to the supplier to explore the cost implications of that change or agree to change other obligations under the contract in lieu of additional money. Be aware of any interdependencies in the contract and how a change to one part could affect other parts of the contract.

Change control management systems

Change control should ensure that:

- There is an audit trail of all the changes made to the contract for audit and continuity / handover purposes
- Changes and related costs are authorised by all relevant parties, prior to implementation
- Changes are clear and understood in the same way between supplier and buyer
- The contract is fit for purpose, up to date and represents the real, present situation



- Changes represent value for money and are consistent with the original contract and current best practice
- Changes comply with all relevant public regulations
- The additive effect of multiple changes can quickly be assessed and fit within the terms outlined in the original OJEU notice. If the change is in excess of 10% of the anticipated value of the contract, or deviates from the original scope of supply, the contracting entity may become subject to legal challenge. If you are unsure or require support, please consult your Commercial or Legal representative.
- All changes must be logged in the change control register.

Key considerations before change is signed off for implementation

No change should be signed off for implementation without review of its financial and contractual implications. It may be useful to consider the following:

- Whether the change presents any duplication or contradiction with existing contract provisions
- Whether supplier caveats in respect of the cost of change may result in unbudgeted future cost increases
- If value for money is clear and supplier costs are justified
- If the change was driven by the need for savings, check that the costs of implementation do not exceed operational savings achieved
- Whether the change alters the supplier/Authority risk balance and if so, if this is reflected in the price
- Whether the new provisions covered by the change contain any ambiguities

Checklist: internal governance to sign off change control

| | |
|--|--|
| Have you kept within your own delegation of authority and ensured finance, legal, commercial and project management are all included in the process as required? | |
| Have you ensured all necessary stakeholders are informed? | |
| When escalating, have you ensured that the designated senior stakeholders have signed off the change? | |
| Have you ensured the correct notices are circulated so the contract can be managed effectively? | |
| Have you ensured that all documentation is completed correctly and that the contract is updated for audit trail purposes? | |
| Have you been open with the supplier about your process and where things are within the chain? Your supplier will also have to adhere to their own processes. | |



The dos and don'ts of change control

| Do | Don't |
|--|--|
| Keep all change records carefully and ensure they are retrievable by others | Be persuaded to implement a change without change control just because prices aren't affected |
| Work closely with the supplier – the benefit of change management is two-way | Make shortcuts in the process - your successors and colleagues need to be able to easily follow what you have done |
| Keep an updated version of the contract showing the effect of changes to the original contents – version control should be used on all key documents | Be afraid to insist on a systematic approach to change |
| Ensure delivery, legal, finance and commercial colleagues are part of the process | When dealing with your supplier, don't mislead or make premature promises around change |
| Be aware of any impact that the change may have on other suppliers' ability to deliver | Agree to make changes on the phone or via email even if you think they are minor |

Risk management considerations

Have you considered the impact of the proposed change in relation to other elements of the contract?

Is the reason for this change a sign that there may be problems ahead? What insight do you have from this change? A missed milestone could indicate under resourcing by the supplier. Late payments could lead to financial risks.

Have you reviewed and updated your risk register accordingly?

Stakeholder engagement considerations

Have all the relevant stakeholders been consulted on the proposed changes and agreed to them? Refer to your **stakeholder map**.



Resources and references

Central resources to support ongoing development:

Contract Management Best Practice Guide: Knowledge Hub

Connect digitally with colleagues and experts within Contract Management, share knowledge, insight and best practice, learn from experiences and inspire innovation and new ways of working through the latest guidance and reference materials.

Join the Knowledge hub by visiting: www.khub.net/contract-management

Contract Management Professional Standards

Guidance to help any civil servant who works with third-party suppliers or contracts, even if this is only a small part of your role by providing the complete Contract Management Standards required to manage Bronze, Silver or Gold contracts.

Click here to download the Standards



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