

Regulatory and Audit Committee

Title:	Contract Management Application Performance Report
Date:	Wednesday 18 November 2015
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Local members affected:	N/A

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Summary

This report is for information and provides an update on the Contract Management project and Contract Management Application performance.

Background

During the period 2011-2014, BCC introduced the concept of Supplier Relationship Management (SRM) to improve the capability of the Council to manage its supplier relationships and contracts. A Contract Management Application (CMA) was also developed and introduced in September 2014 to assist Contract Managers and support the new Contract Management Framework (CMF) processes.

An internal audit report published in April 2015 concluded the monitoring and management reporting, policies and procedures and CMA content were limited. Significant action was required to effectively manage the risks and improve management controls to monitor service area compliance in uploading contracts and information onto the CMA.

In line with Future Shape organisation changes, accountability for SRM transferred to the Innovation & Commercialisation Team in April 2015. Following unsuccessful attempts to recruit a permanent SRM Lead, the position has been filled on an interim basis and a strategic review of contract management commenced in August, including addressing the recommendations of the internal audit report.



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The scope of the review is to:

Phase	Scope
Phase 1	<ul style="list-style-type: none">• Review and make recommendations on the Council's CMF to improve management of contracts and supplier relationships across the Council to better support strategic outcomes and delivery• Review and make recommendations on the Council's CMA in terms of its operational fitness-for-purpose and how to increase consistent adoption across the Council and drive contract and supplier performance management and reporting
Phase 2	<ul style="list-style-type: none">• Following One Council Board approval of recommendations (that could not be implemented throughout the project) on the CMA and CMF, a final brief report (including a business case and implementation plan) and move to implementation of recommendations
Phase 3	<ul style="list-style-type: none">• Alongside the implementation plan an options appraisal of the future of SRM and contract management in BCC

Refresh of CMF/CMA

Recommendations arising from the review are currently being reviewed by officers, prior to going forward for any necessary approvals from One Council Board and Members.

The review has confirmed the Council is addressing the key issues in developing supplier relationship and contract management, and is ahead of many other councils in this respect. The focus for future work is to continue and re-energise improvements efforts and make sure good practice is adopted more consistently.

The Contract Management Framework will be renamed to become the Supplier Management Policy. The change in title reflects the true scope of activity, to include all supplier relationship and contract management activity, and the position of Supplier Management as a policy, within the Commissioning Framework, which Business Units implement locally. The new Supplier Management Policy will also provide guidance on use of CMA and reporting protocols. Subject to approvals on the review findings, the planned implementation activity includes:

- Reform **Commissioning & Supplier Management Group** to have greater accountability for Supplier Management
- Define Supplier/Contract Management reporting protocols and create a suite of **performance reports** (*see section below for further detail*)
- Update Supplier Management Policy **processes and roles and responsibilities** and develop supporting handbook and tools, aligned to the Commissioning Framework
- Run a **contract management self-assessment and improvement programme**, including skills development for contract managers
- Run a **strategic supplier programme** to ensure key suppliers are aligned to the Council's strategic plan
- Analyse Contract Management processes in each part of the Council to identify **improvements to the CMA** and agree enduring ownership, governance and funding

Contract Management Reporting Requirements

Workshops have been held with One Council Board and Members to identify the reporting requirements to provide assurance that contracts and supplier relationships are being managed effectively. The outline reporting requirement is for:

- Quarterly reporting cycle
- Forward plan of upcoming commercial decisions
- High level RAG status for high risk/high value suppliers/contracts
- Exception reporting on contracts where supplier performance is a concern and improvement activities are in place

Introducing these reports so that they are automatic will require enhancement to CMA functionality and improvements to the data held in CMA. Subject to implementing the necessary technical changes, we expect to be in a position to start this reporting in Quarter 1 2016.

Internal Audit Report

The Internal Audit Report identified 8 priority findings. The table below summarises the management action being taken to address each finding.

Group	Finding	Management Action
Policy and Procedures	No overarching Council policy	<ul style="list-style-type: none"> • CMA policy to be included in the revised Supplier Management Policy (draft currently under review and subject to approval) • Proposal that it is mandatory for all contracts over £50,000 to be loaded on CMA
	Monitoring uploading of contracts	<ul style="list-style-type: none"> • Monthly compliance reports reviewed by the Commissioning and Supplier Management Group to address IA data findings • Spot checks introduced to monitor compliance and agree actions with Contract Managers, including checks on ProContract and SAP systems
	Maintaining training material	<ul style="list-style-type: none"> • Training expectations to be included in Supplier Management Policy • Training plan to be developed (including any revision to materials) to support release of new CMA version
Contract Management Application content	Classifying contracts	<ul style="list-style-type: none"> • The facility for users to over-ride the system-based segmentation has been turned off • The new Supplier Management Policy will provide greater guidance on classifying contracts and define the actions required for each contract classification • Changes to how criticality is assessed in CMA are a requirement for the next CMA release
	Uploading Mandatory data fields and documents	<ul style="list-style-type: none"> • Short-term actions taken by Business Units to add missing contract dates/values • Mandatory fields are being reviewed as part of the next release of CMA, to include contract dates and documents
	Completing best practice self assessments	<ul style="list-style-type: none"> • Following approval of the revised Supplier Management Policy, a programme of self-assessment by Contract Managers will be carried out through 2016
	Completing contract plans	<ul style="list-style-type: none"> • The new Supplier Management Policy will define Contract Plan requirements for each classification • The next CMA release will hard-wire the contract plan requirements for each classification within CMA
Contract Management Reporting	Regular formalised reporting	<ul style="list-style-type: none"> • Sessions held with One Council Board and Members to identify reporting requirements • Quarterly dashboards will be introduced from Q1 2016

CMA Performance Report

A series of CMA data performance improvements have taken place during the previous 6 months, including:

- Data migration to align all contracts to current organisational structures in CMA
- Dropdown options for AFW, CYP, CBE, RBT etc. (Directorate and Service Area) have been removed, to ensure that they are not selected in error
- Bulk update performed to populate the Political Portfolio field for 253 Public Health contracts

The table below summarises the updated position since the last report to Regulatory and Audit Committee in June 2015. Tactical actions are now being taken to resolve remaining individual and unique data queries.

Metric	Position at		Explanation and actions being taken
	Jun 15	Nov 15	
Contracts with no segment	58	36	<ul style="list-style-type: none"> • 21 of these contracts were segmented at the supplier level only
Contracts where segment override has been used	554	326	<ul style="list-style-type: none"> • Segment over-ride has been switched off in CMA • 225 of these contracts have the same entry for segment and segment override so can be discounted • A further 316 of these contracts have contract structures where individual service agreements sit within a wider framework with a Platinum supplier. This issue is being addressed in the new Supplier Management Policy so that the CMA records only the supplier as Platinum (and not individual agreements)
Contracts where Annual Contract Value is 0 or blank	276	134	<ul style="list-style-type: none"> • 134 of these contracts are Spot contract where contract values change on a daily basis and therefore it is not feasible to maintain the value in CMA • A further 35 contracts have a total contract value recorded against them, but no annual contract value
Contracts where political portfolio is blank	311	81	<ul style="list-style-type: none"> • Bulk upload carried out to add political portfolio for Public Health contracts

Recommendation

1. **Present update to Regulatory and Audit Committee in March 2016**
2. **Ongoing update via quarterly reporting from Q1 2016**

Next steps

The CMA/CMF refresh project will provide recommendations to Officers in December 2015 with implementation from Quarter 1 2016 onwards, as below:

Activity	Timescales
Final report on CMA/CMF refresh to Officers including an options appraisal on how BCC manages SRM in the future	December 2015
Approval of Supplier Management Policy	Q1 2016
Development of CMA dashboards and commencement of reporting	Q1 2016
Tactical work to increase volume and quality of contract data within CMA	Ongoing

Resource implications

Resource implications will be defined in the final report on the CMA/CMF to be prepared in December 2015.

Legal implications

N/A

Other implications/issues

N/A

Feedback from consultation, Local Area Forums and Local Member views (if relevant)

N/A

Background Papers

CMA Update – provided to Regulatory and Audit Committee June 2015

CMA Compliance report – provided to Regulatory and Audit Committee January 2015
