

CONTRACT MANAGEMENT UPDATE

Final Decision-Maker	Audit, Governance and Standards
Lead Head of Service	Mark Green – Director of Finance and Business Improvement
Lead Officer and Report Author	Georgia Hawkes – Head of Commissioning and Business Improvement
Classification	Public
Wards affected	All

Executive Summary

In November 2018 an Internal Audit report gave contract management a weak rating. Since then, significant improvements have been made in the corporate approach to contract management and the Internal Audit team have revised the rating to Sound. The report details the progress made since the last report to this Committee in March 2019.

Purpose of Report

This report is to update this Committee on the improvements to contract management and is for noting.

This report makes the following recommendations to this Committee:

1. That the progress to improve contract management corporately be noted.

Timetable

Meeting	Date
Audit, Governance and Standards Committee	16 September 2019

Contract Management update

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	<p>The four Strategic Plan objectives are:</p> <ul style="list-style-type: none"> • Embracing Growth and Enabling Infrastructure • Safe, Clean and Green • Homes and Communities • A Thriving Place <p>We do not expect the actions already taken and those planned to directly affect achievement of corporate priorities. However, improvements to contract management ensure that any outsourced services which do directly impact on delivery of the corporate priorities are well managed and more likely to deliver the desired outcomes.</p>	Head of Commissioning and Business Improvement
Cross Cutting Objectives	<p>The four cross-cutting objectives are:</p> <ul style="list-style-type: none"> • Heritage is Respected • Health Inequalities are Addressed and Reduced • Deprivation and Social Mobility is Improved • Biodiversity and Environmental Sustainability is respected <p>The report recommendation does not directly support the achievement of any of the cross cutting objectives, but the improvements to contract management will ensure that specific contracts for the delivery of goods, works and services that do contribute to the achievement of the objectives are well managed.</p>	Head of Commissioning and Business Improvement
Risk Management	Covered in the risk section –section 4.	Head of Commissioning and Business Improvement
Financial	Most actions have already been delivered. No new funding is required.	Section 151 Officer & Finance Team

Staffing	A new role of Corporate Contracts and Resilience Advisor has been created to strengthen the corporate approach to contract management. We will deliver any further improvements to contract management with our current staffing.	Head of Commissioning and Business Improvement
Legal	Legal Services have advised on all aspects of the contract management service and are content that compliant best practice is now on offer to the Council.	Contracts and Commissioning Team Leader
Privacy and Data Protection	No impact.	Policy and Information Team
Equalities	An equalities impact has been completed for the Council's contract management guidance.	Equalities and Corporate Policy Officer
Public Health	The report recommendation does not directly have an impact on population health or that of individuals, but the improvements to contract management will ensure that specific contracts for the delivery of good, works and services that do aim to improve public health are well managed.	Public Health Officer
Crime and Disorder	No impact	Head of Commissioning and Business Improvement
Procurement	No procurement required.	Head of Commissioning and Business Improvement

2. INTRODUCTION AND BACKGROUND

- 1.1 The Council outsources a number of its services, including management of Maidstone Leisure Centre and its waste and recycling service. These outsourced arrangements have to be monitored and managed to ensure that the services are being delivered to the specified level and that the envisaged outcomes are being achieved. The monitoring of these different contracts is done by the relevant service area, as opposed to a central team. The Contracts and Compliance Officer – Leisure and Culture role used to be managed centrally within the portfolio of the Head of Commissioning and Business Improvement, but the role has recently been transferred back into the Leisure team.

- 1.2 However, the responsibility for ensuring that contracts are well managed across the organisation rests with the Procurement and Contracts team, specifically with the Procurement and Contracts Manager and with the newly created role of the Corporate Contracts and Resilience Advisor. Both of these roles are currently filled. The team is constructed to make sure that the complementary disciplines of procurement and contract management work well together to get the best results from outsourced services. The Procurement and Contracts team staff structure is shown at Appendix A.
- 1.3 Contract management received a Weak level of assurance from an Internal Audit review in November 2018. The Internal Audit report concluded that, whilst there was clearly good practice in the management of the leisure and culture contracts, improvement in contract management was required corporately. An update on contract management was presented to this Committee in March 2019. Good progress has been made in the six months since that last report: all but one of the recommendations from the Internal Audit review has been fully addressed, and significant progress has been made on the one outstanding recommendation. The Internal Audit team has now reassessed the assurance rating for contract management to Sound.
- 1.4 Since March 2019, the following actions have been delivered:
- The Procurement and Contracts team has been restructured to remove the vacant Procurement Officer post and create the role of Corporate Contracts and Resilience Advisor, which ensures there is now enough expertise and capacity being devoted to contract management corporately. The new staff structure is shown at Appendix A.
 - All contracts and contract managers have been identified.
 - Contract management guidance has been written and published on the Council's intranet site for use by officers across the Council.
 - Nearly 50 officers have received training on the new guidance.
 - Officers who require further training due to the size and/or complexity of the contracts they manage have been identified and training options are being investigated.
 - Officers managing key contracts have all been made aware of the need for good exit plans and contract summaries and have been asked to prepare these if they do not exist for their contracts.
 - The Council's purchasing guide has been changed so that officers who are buying something that requires a contract now have to contact the Mid-Kent Legal Services Contracts team for advice early in the procurement process. This ensures that the correct level of contract advice and support is given in all cases.
 - A central digital repository has been created so that signed contract documents can be kept centrally and referred to as required – this will help the Corporate Contracts and Resilience Advisor ensure that contract documents are being prepared and signed after procurement but before the contract starts.

- The contract register has been updated with more of the details of contracts over £5k, which the Council has to publish to comply with the Transparency Agenda. A process has been designed to make sure managers pass this information to the Procurement and Contract team for new contracts in the future.
- A commissioning lessons learned log has been created on the Council's intranet. Any officer can use this to add lessons learned about contract management so this can be shared with others.

1.5 The next steps are to fully embed the new processes and procedures and make sure the Council's contract managers have the knowledge and skills they need to manage contracts effectively.

3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

3.1 The Committee should note the contents of the report.

4. RISK

4.1 This report is presented for information. The completed actions and plan to embed the new processes further mitigate the risk that the Council is not managing contracts properly and that outsourced services are not delivering the level of service required.

5. REPORT APPENDICES

Appendix A – Procurement and Contracts team staff structure

6. BACKGROUND PAPERS

Contract Management report – Audit, Governance and Standards 18/9/17
https://www.maidstone.gov.uk/home/primary-services/council-and-democracy/primary-areas/your-councillors?sq_content_src=%2BdXJsPWh0dHBzJTnBJTJGJTJGJbWVldGluZ3MubWFpZHN0b25lLmdvdi51ayUyRmRvY3VtZW50cyUyRnM1NjgyNCUyRkNvbW1pc3Npb25pbmclMjBhbmQIMjBQcm9jdXJlZWVudCUyMfN0cmF0ZWd5LnBkZiZhbGw9MQ%3D

Contract Management update – Audit, Governance and Standards 19/11/18
https://www.maidstone.gov.uk/home/primary-services/council-and-democracy/primary-areas/your-councillors?sq_content_src=%2BdXJsPWh0dHBzJTnBJTJGJTJGJbWVldGluZ3MubWFpZHN0b25lLmdvdi51ayUyRmRvY3VtZW50cyUyRnM2MzQzNiUyRkNvbW1pc3Npb25pbmclMjBhbmQIMjBQcm9jdXJlZWVudCUyMfN0cmF0ZWd5LnBkZiZhbGw9MQ%3D

Contract Management update – Audit, Governance and Standards 18/3/19
<https://www.maidstone.gov.uk/home/primary-services/council-and->

democracy/primary-areas/your-councillors?sq_content_src=%2BdXJsPWh0dHBzJTNBjTjGjTjGbWVldGluZ3MubWFpZHN0b25lLmdvdi51ayUyRmRvY3VtZW50cyUyRnM2NTE2OSUyRkNvbnRyYWN0JTlwbWFuYWdlbWVudCUyMHVwZGF0ZS5wZGYmYWxsPTE%3D