

Appendix 3 – Contract Management Framework

Summary of COL contract management approach:

Benefits of Commercial Contract Management:

- Assurance of delivery of contractual obligations
- Improved performance in service quality and delivery
- Avoidance of service failure
- Better management of risk
- Better communication between the Corporation and its supply chain
- Early identification of problems and their resolutions
- Opportunities for innovation
- Making financial savings

The Corporation's commercial contract management framework sets out three main parts to Contract Management. These are:



- *Contract Administration* - concerned with the routine documentation and administrative tasks required of the contract. It is an important function for which the department and the supplier will rely on when issues need to be clarified, agreements are questioned, or the history of events needs to be investigated.
- *Service Delivery Performance Management* - involves the setup and continuous tracking of operational measures which have been agreed with the department's suppliers. Service levels are the standards that the supplier needs to perform to and are framed within a range that is acceptable to a department, set out in a Service Levels Agreement (SLA) of a contract.
- *Strategic and Commercial Management* - to establish a two-way, mutually beneficial relationship between the Corporation and the supplier. It consists of collaborative and relationship building activities targeted at the most strategic and critical supply partners that deliver added value to the Corporation, such as longer-term commercial benefits, innovation, joint risk management and potentially investment.

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The Corporation's contracts are tiered into three categories based on value and risk. These categories determine the level of contract management required.

Category	Definitions of Category
Category A Suppliers	(Contract value above £1m) High risk, business critical, reputational risk, legislative
Category B Suppliers	(Contract value spend between FTS threshold - £1M) Medium risk, business critical, reputational risk, legislative
Category C Suppliers	(Contract value spend between £50k - FTS threshold) Low risk, business critical, reputational risk, legislative