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| Committee: Efficiency and Performance Sub-Committee | Date: 17 February 2017 |
| Subject: Implementation of new Service Based Review Contract Management interventions – progress report | Public |
| Report of: The Chamberlain | For Information |
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Summary

This report provides Members with an update on the implementation of the Service Based Review recommendations approved at Efficiency and Performance Sub-Committee in March 2016.

The recommendations centred on five key work-streams to be implemented, below is a summary of the progress to date:

- a. **Governance:** An agreed governance structure is in place including a recommendation that Member governance is via Finance Committee.
- b. **Process: Develop a Corporation Contract Management toolkit:** A draft framework document has been consulted with senior officers, heads of finance and contract managers throughout the Corporation. The final draft is scheduled to be completed and published by the end of February 2017. This is the overarching management and process manual that will be used corporately.
- c. **Approach:** The framework will define the level of intervention and contract management tasks to be completed regularly based on a matrix that balances the contract value with risk and business continuity requirements.
- d. **Establish a Commercial Contract team:** Establishment Committee and Policy and Resources Committee approved the additional posts and budgets in July 2016. Since then, all job descriptions, person specifications and grading have been approved by the corporate Job Evaluation process. Currently we have one person in post, two joining in February and one in March, with recruitment ongoing for two roles.
- e. **Learning and Development:** To date we have been in dialogue with training providers of both online e-courses and traditional trainers to consider a blend of learning and development from awareness through to detailed training for contract managers. A final recommendation on how this will be delivered is due by the end of February 2017.

Finally I have been building an initial pipeline of contract management and commercial opportunities during the last six months and, with the team now onboarding, there will be early opportunities to realise efficiencies, savings or cost avoidance in 2017/18. A report on these opportunities will be provided to the Efficiency and Performance Sub-Committee in May 2017.

A more detailed update on each element set out above can be found in paragraph 3 of the main report.

Recommendation

Members are asked to note the progress report.

Main Report

Background

1. This report provides Members with an update on the implementation of the Service Based Review recommendations that were approved at Efficiency and Performance Sub-Committee, Finance Committee, Establishment Committee and Policy and Resources Committee between April and June 2016 as part of the Strategic Asset Management programme. The recommendations were to address the current risks associated with poor contract management and build a framework and commercial intervention that allows leading class contract management to be developed and launched in April 2017.
2. The recommendations centred on five key work-streams to be implemented, they were:
3.
 - a. **Governance:** Creation of an appropriate governance structure that provides strategic direction, corporate decision making and monitoring of supplier performance that works in line with the Strategic Asset management intelligent Client model.
 - b. **Process: Develop a Corporation Contract Management toolkit.** The toolkit would define roles and responsibilities for all officers across every department and help us develop performance monitoring frameworks, identify our key suppliers and develop a set of corporate KPIs.
 - c. **Approach:** Manage contracts via a blended approach as one size cannot fit all with the amount of suppliers the Corporation has and the breadth of services required. The levels of support resource will be commensurate with the category of supplier, with the most intensive support provided on contracts with high value, high risk or efficiency and savings opportunity.
 - d. **Establish a Commercial Contract team:** Establish a new unit that acts as the corporate commercial resource in line with the recommended Approach. The unit should seek to bring greater 'commercialism' to the entire organisation and attract a suitable blend of private/public sector skills.
 - e. **Learning and Development:** Alongside the "to be" developed toolkit, any officer working in a contract management role will be trained to ensure they are equipped to take on the accountability for contract management duties commensurate to the Category of supplier contract.

Current Position

3. The implementation of the approved interventions commenced in August 2016, the current position of each is summarised below:
 - a. **Governance:** The contract management framework and service will be the responsibility of the Commercial Director (Chamberlain's) and will be governed by the following officer groups; Procurement Steering Group, Strategic Resources Group and Summit Group. Member governance will be through Finance Committee and relevant Sub-Committees.
 - b. **Process: Develop a Corporation Contract Management toolkit:** There has been a draft framework document produced and consulted with senior officers, heads of finance and contract managers throughout the corporation. The final draft is scheduled to be completed and published by the end of February 2017. This is the over-arching management and process manual that will be used corporately. Additionally a toolkit, which is the templates, guides and user manuals needed to deliver the framework are to be developed using existing toolkits in the marketplace. We are user testing two at present, a Crown Commercial Services Toolkit and a Sheffield City Council toolkit, as our research found these were two of the most highly used and rated. We will have the toolkit selected and tailored to Corporation requirements for mid-March 2017.
 - c. **Approach:** The framework will define the level of intervention and contract management tasks to be completed regularly based on a matrix that balances the contract value with risk and business continuity requirements. Each contract will be assessed in line with the matrix and have a recommended contract management profile.
 - d. **Establish a Commercial Contract team:** Establishment Committee and Policy and Resources Committee approved the additional posts and budgets in July 2016. Since then, all job descriptions, person specifications and grading have been approved by the corporate Job Evaluation process. Recruitment commenced in November 2016, to date interviews have taken place for six new roles. Currently we have one person in post, two joining in February and one in March. Two roles were unsuccessful in finding suitable candidates and are back out to market, including the Assistant Director role which will have day to day responsibility of the service. In addition to the six new established roles, there has been an internal transfer (within Chamberlain's) of a IT Supplier Manager role from IT to this new team, as it was deemed a role more in line with the new commercial contract management tasks.
 - e. **Learning and Development:** To date we have been in dialogue with training providers of both online e-courses and traditional trainers to consider a blend of learning and development from awareness through to detailed training for contract managers. A final recommendation on how this will be delivered is due by the end of February 2017 with a range of training and

development sessions scheduled between April and October 2017 in our existing implementation plan.

4. Finally I have been building an initial pipeline of contract management and commercial opportunities during the last six months and with the team now onboarding, there will be early opportunities to realise efficiencies, savings or cost avoidance in 2017/18. A report on these opportunities will be reported to the Efficiency and Performance Sub-Committee in May 2017.

Conclusion

5. The implementation of the SBR contract management recommendations is progressing in line with the plan to launch the service in April 2017. Members of the newly established commercial unit have started joining the Corporation and a framework and supporting toolkit is in draft format and projected to be finalised by the end of February 2017. Overall the status of the implementation is in green with the only challenge being able to secure an Assistant Director to run the service, this role may not be recruited in advance of the April go live.

Background Papers

City Procurement restructure to incorporate new Commercial Contract Management team – Establishment, Policy and Resources and Finance Committees – July 2016

Service Based Review of Procuring and Managing Services Final Report – Efficiency and Performance Sub-Committee – March 2016

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