



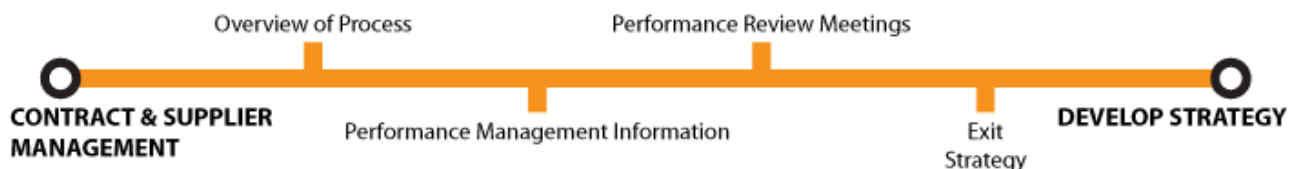
## **East Dunbartonshire Council Contract & Supplier Management Process**

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## Foreword

This process has been created in conjunction with, and complements, the East Dunbartonshire Council Procurement Strategy and Governance framework. It recognises the aims and values set out in the Scottish Procurement Directorate (SPD) Supplier Charter, and encompasses best practice set out in the SPD [Procurement Journey](#).



The Contract and Supplier Management Process sets a foundation for the implementation of a consistent approach to supplier and contract management across service areas and commodities, in order to drive value from new and existing contracts.

As well as implementing consistent cross-service processes for supplier and contract management, East Dunbartonshire Council aims to improve existing supplier relationships through effective engagement, at the same time supporting local businesses and SMEs.

## Purpose of Contract & Supplier Management

The function of Contract & Supplier Management is to:

- ensure a contract is successfully executed
- provide a formalised method of monitoring supplier performance against contract requirements
- ensure there is clarity of the roles and responsibilities by all parties relating to supplier and contract management
- monitor overall compliance by all parties to the terms of the agreement and contract, refining and improving KPIs, SLAs and service delivery through honest, open communication between the supplier and the authority, delivering improvements to both parties
- improve and develop relationships with key supplier representatives based on mutual trust and understanding, open communications and a joint approach to managing delivery
- realise estimated and planned savings through continuous monitoring of spend mechanisms
- identify potential additional savings and benefits through proactive contract and supplier management
- co-ordination of the supply chain
- provide a focus for development of initiatives/innovation
- deliver learning and knowledge transfer
- drive continual improvement
- embed a partnership ethos

## SPD Suppliers' Charter

East Dunbartonshire Council has signed up to the Scottish Procurement Directorate Suppliers Charter, which aims to facilitate access to public sector procurement opportunities.

Both public sector procurement and suppliers accept that effective procurement practices are an important factor in ensuring a varied and competitive marketplace and creating opportunities for Small and Medium Enterprises (SMEs), as well as ensuring Best Value/Value for Money within the public sector.

We recognise the need, where practical, to simplify and standardise processes and to ensure consistency in order to provide a fair and open approach to tendering. With these aims in mind:-

East Dunbartonshire Council will:

- Consult with the business community to identify and reduce barriers to business
- Facilitate understanding of public sector procurement policy and legislation for relevant stakeholders
- Ensure that sourcing for individual contracts, including large contracts and framework agreements, is supported by a sound business case
- Keep the tender process as simple as possible, but consistent with achieving Best Value/value for money, to help minimise costs to suppliers
- Unless there are compelling business reasons to the contrary ensure that adequate and appropriate publicity is given to contract opportunities that fall below the threshold limits or are otherwise exempt from the public procurement directives.
- Commit to using the core questionnaire for routine procurements with addition of bespoke additions on a case by case basis.
- Offer meaningful feedback to suppliers on the evaluation of their proposal at the end of the tendering process
- Publish guidance for the business community on tendering for opportunities
- Support training for procurement staff to develop consistency in the use of best practice procurement activity

# Supplier, Contract & Relationship Management

Relationship Management is a integral key element of supply positioning and Contract and Supplier management, with a goal to streamline and make more effective the processes and contracts between the Council and its suppliers and partners; this will be achieved by adopting a comprehensive approach to managing the Council's interactions with the organisations that supply the goods, works and services it uses.

Supporting the aims set out in the Procurement Strategy and Governance Framework, this process aims to provide a standard approach and guidance to Contract and Supplier management, defining clear roles and responsibilities by CPT and service teams for operational day-to-day management throughout the lifecycle of a contract and relationship.

The process will achieve this through defining the procedure for developing and maintaining close relationships with business partners and key providers, and the creation of a consistent, standard Contract and Supplier management process, applicable to all identified contracts and/or commodities.

## Priorities

Priority areas identified to achieve this are:

- Agree ownership of the Contract and Supplier management process (refer [Appendix I](#))
- Implement a standardised agenda, minutes and action notes template for managing and documenting supplier meetings consistently across all relevant contracts and/or commodity areas (see [Appendix II](#)).
- Incorporate a mechanism to review authority performance and feedback within review meetings
- Introduce supplier management meetings with identified key suppliers, with an aim to seek continuous improvement in the execution of contracts.
- Regularly review all high value and high risk suppliers both contract performance and supplier performance through structured joint and service-inclusive meetings to improve output, savings and knowledge, and to reduce risk
- Facilitate ongoing supplier events for SME's to cover areas of concern and provide advice on how to become a supplier to the Council, and other public bodies in Scotland via [PCS](#)
- Encourage prime Suppliers to engage with local supply base and SME's through the inclusion of Community Benefit / Sustainability clauses, and early engagement in commodity strategies
- Standardised approach to the supplier management process, and implementation of rigorous controls to manage the supplier database and transactions within Procurement systems.
- Continually review the contract and supplier management process to ensure it remains fit-for-purpose, remains consistent with Procurement Journeys 1,2 and 3, and is continuing to deliver clear benefits
- Avoid the risk of awarding contracts to companies involved in organised crime, through continual information sharing with area police authorities, and utilising robust bid selection process via Business Probity and criminality checks

## The Process

This process begins at strategy development stage which ultimately defines the level of supplier management to be adopted after tendering and contract award, this document sets out the procedure that is used to manage contracts and the supplier relationships.

The Contract & Supplier Management process begins at strategy development and transcends through the tendering process to post contract award after which a meeting will be held with the successful supplier, which as a guideline, should be conducted within 1-3 weeks of the contract award. The purpose of this meeting is to discuss the contract implementation phase and agree roles, responsibilities, identify activities and agree SLA's, KPI's, timescales and expectations.

It is important to keep in regular contact with the supplier during the contract implementation phase and to arrange meetings and maintain open dialogue throughout.

The outcomes of the Contract & Supplier Management process will be highlighted on the internally available Contracts register, with performance being marked using the RAG Status approach as follows-

Red	Supplier/Contract Not Performing
Amber	Supplier/Contract Performing with areas of improvement required
Green	Supplier/Contract Performing

The detail of the performance indicators will be available to Executive Officers and Management teams via the Procurement Strategy & Governance reporting approach, captured in quarterly updates and at periodic Management team Meetings.

## Contract Implementation

Contract Implementation consists of three distinct phases:

- **Migration** - facilitating the movement of organisations to a new contract post 'go-live'
- **Mobilisation** - the process of moving from contract award and migration to 'go-live' i.e. the point when a user can actually buy from the contract
- **Communication** – ensuring all stakeholders are aware of the contract and what it involves

Actions that should be considered to migrate to, and mobilise a contract at this stage include:

### i. Catalogue Management

Strategic contracts (for example) for Social Work and Construction projects are unlikely to involve catalogues, which are more usually related to contracts for goods. Standardised catalogue content should be produced for contracts and/or commodities that are easily validated and published onto eProcurement systems (E.g. Iproc). Catalogue content may also take the form of 'punch-out' to a suppliers' online catalogue, or may be supplemented by hard-copy brochures and product catalogues.

The process of catalogue management can be very time-consuming, dependent on the size (number of line items) and number of catalogues involved, and will involve the receipt of initial catalogue data from suppliers, checking catalogue content, validation checks and testing, before issuing to end users either manually, or by upload to procurement systems. It is therefore important that sufficient time is built in for Catalogue Management where required.

## **ii. End-User Information Packs**

An information pack may be required to communicate and publicise the contract to inform end-users of its content, which can contain key information about the use of the contract including;

- Contract objectives,
- details of the goods and services available,
- prices,
- supplier contact details,
- ordering and invoice process,
- returns/complaints/escalation process,
- Contract and supplier management process.

Any information pack should be proportionate to the contract, and should demonstrate how it delivers best value and provides information relating to the benefits of the contract (e.g. cost savings, KPIs, improvements in quality and service).

### iii. Implementation Plan

The aim of the Contract Implementation Plan is to ensure that provision under the contract meets the specified requirements in a timeous, effective and seamless manner. The Procurement Officer should identify and liaise with all stakeholders to identify all necessary actions and their timelines to be included in the Contract Implementation Plan. A template contract implementation plan can be found in [Appendix V](#).

### iv. Supplier/Buyer Events

Depending on the size, value and risk level involved with the contract, a useful way to raise awareness of the contract amongst end users is to provide a Supplier/Buyer 'launch' event to give stakeholders who have yet to meet as part of the selection and award stage, the opportunity to meet each other, and present details of the contract and any benefits attributed. This is also an opportunity to distribute information packs/buyers guides. Where a large number of users are affected, it may be useful to publish a news item via the corporate Intranet.

## Determine Level of Contract & Supplier Management

It is important when developing the Contract Strategy (Section 6.9 in Strategy Document) to determine the level of management required for the proposed contract once awarded, based on size, value and organisational risk as this will influence and determine the frequency and content of supplier review meetings.

Guidelines from the Procurement Journey are given below, the relevant Procurement personnel will consult with the department to consider and agree the appropriate level of management required for individual contracts, by considering factors such as value and length of contract, business criticality and dependency, number of customers/end-users, public visibility, openness to complaints or challenges, risk, performance criteria and compliance with requirements of governing bodies (e.g. Care Commission grades for Social Work contracts):

- **Low level** - ensuring compliance to the contract by monitoring management information (MI) from the supplier / end-user feedback, managing delivery and compliance of the contract using 4 high level indicators i.e. cost, quality, delivery, service.
- **Medium level** - managing the performance of the contract and the supplier through MI monitoring / end-user feedback and by expanding the 4 high level indicators coupled with a minimum of a bi-annual or annual review meeting held by the parties.
- **High level** - managing the performance of the contract and the supplier using a combination of MIS monitoring, and through the implementation of the balanced scorecard to monitor performance in support of quarterly meetings.

A tool to assist in determining the level of management is incorporated within the Contract and Supplier Management section of Procurement Journey 2& 3. [Click here to locate / use the tool.](#)

## The Contract & Supplier Management Plan

Once the level of contract and supplier management has been determined, and a contract implementation plan has been completed, a Contract and Supplier Management Plan (example [Appendix III](#)) should be constructed which outlines:

- The Agreed Level of Management (Low/medium/high)
- Roles & Responsibilities
- Risks & Issues
- Escalation Process (within supplier organisation and the authority)



- Balanced Scorecard Use
- Review Meeting Schedule
- Process for conducting continued supplier financial checks (see financial appraisal guidelines)

This should be agreed with your supplier. All of these, in particular, the routes for escalation and the review meeting schedule should have been built into the initial Contract(s) Strategy and tender, with reference to the fact that a Contract and Supplier Management plan will be developed.

## **Contract & Supplier Performance Review Meetings**

Performance Review Meetings are an important part of the Contract & Supplier Management process and provide CPT, Service management and the Supplier with an opportunity to focus on what is going well, identify any problems at an early stage and agree opportunities for improvement and innovation.

Scottish Procurement suggests that, for contracts/suppliers where a medium level of management is being applied, there should be at least one performance review meeting per year. Meetings for Contracts/Suppliers where a high level of management is being applied should be held at least quarterly.

A standard template comprising a meeting agenda, minutes and action notes is available to assist in the management of performance review meetings and can be supplemented by balanced scorecard templates for goods, services and works contracts. All are available on the procurement page on EDC Hub or directly from the CPT.

These tools can be used by both CPT and the supplier in advance of meetings to provide a structure to the meeting, with the scorecards in particular used to gauge where performance is improving, remaining static or declining. Financial appraisal checks can also be made if required in advance, to affirm the suppliers current financial standing where this may have changed since contract award.

### **Meetings should focus on:**

- i. Introduction and apologies
- ii. Review and Agreement of Previous Minutes, Issues & Actions
- iii. Supplier Business Review and Update
- iv. Council Business Review / Service Improvement Plan Update
- v. Supplier Scorecard Review
- vi. Current Contract Performance against target / SLA
- vii. Contract(s) Risk Register Review
- viii. Sustainability & Community Benefits
- ix. Financial Monitoring
- x. Process (if relevant)
- xi. Actions for Improvement
- xii. Supplier Development Programme
- xiii. Feedback
- xiv. AOB
- xv. Date / Time / Location for next meeting(s)

These are suggested agenda topics for discussion however will need to be adapted for specific types of contract and/or suppliers.

The initial Performance Review or 'inaugural / kick-off' meeting may also include a 'Lessons Learned' session with the supplier on the tendering and contract implementation process, and cover and agree all areas within the Implementation Plan

Meetings should continue as agreed until the contract approaches its completion, and documented (minutes, actions, change in performance) throughout, with actions followed up as agreed. Minutes of Meetings, agreed actions and scorecard results should be communicated to all stakeholders following each meeting (supplier, CPT & Service department management).

## Change Control

Changes (variations) to services, procedures or contracts are likely to occur throughout the lifecycle of a Contract, especially lengthy and/or major, strategic contracts, which could have an effect on many aspects of the contract including:

- Service Delivery
- Scope of work
- Performance
- Costs
- Product availability / changes to specification / obsolescence / revision of rates
- Whether the Contract continues to represent value for money

The primary aim in managing variations is to minimise their likelihood, however change is inevitable, therefore the specification and management of change (Change Control) is an integral and important part of Contract management and administration. Change control procedures should be included in the contract and discussed at the inaugural meeting. The respective roles and responsibilities of both parties in the change control process must be clearly identified, along with procedures for raising, evaluating, costing and approving change requests.

A single change control process should be applied to all Contract changes. Flexibility does however need to be built into the process to deal with issues such as emergencies. A change control process should provide clear steps and clearly allocated ownership and responsibilities for:

- Requesting changes
- Assessment of Impact
- Prioritisation & Authorisation
- Agreement with provider
- Control of implementation
- Documentation and Communication of change
- Updates to Terms & Conditions where applicable

If a specific change, or cumulative changes significantly increase or decrease the scale or scope of the services provided under the contract, the managing contract owner will need to raise a concern that it continues to achieve best value and value for money overall.

Similarly, the contract owner must also ensure that any changes do not take the contract outside the scope of the original tender in relation to the OJEU advertisement, or permitted extensions to contracts. When this is in doubt, the change should be referred to the Corporate Procurement team for guidance.

The same level of diligence should be applied to contract variations as that applied to letting a contract.

## Change Control Process

The Change Control Procedure should be used by the authority and supplier to effect changes to the contract, to provide clarity and documentary evidence of the change, and agreed actions:

1. A Contract Change Notice (CCN) - See [Appendix IV](#), should be completed and signed by parties to the contract. Documenting the change in this manner will ensure that involved parties have clarity and visibility of the change, which can be readily communicated to stakeholders. The CCN should be given a sequential number, logged in a change control log and should detail:
  2.
    - a. Contract Title, Originator of Change, Date Change Proposed
    - b. Reference to any attachments or addenda
    - c. The reason for the Proposed Change
    - d. Full details of the Proposed Change
    - e. Details of the Impact (financial / operational)
    - f. Date of Agreement of the Change
    - g. Name, Title, Date and Signature of contracting parties.
  3. Signatory for the Council would normally be the contract owner / Category Manager responsible for managing the contract, the Corporate Procurement Manager or Strategic Lead or in cases where legal consultation has been sought, an appropriate member of the legal services team.
  4. Until such time as the CCN is signed by contracting parties, it should be clarified to the Contractor that they will need to continue to provide and make available to the Council the services as originally contracted.
  5. Once the CCN is agreed and signed, amendment to the contract can take place.
  6. A signed copy of the change should be provided to the supplier, and a copy retained with the contract papers.
  7. All stakeholders and end-users of the contract should be informed of the change

## Exit Strategy

As a contract progresses, the Corporate Procurement Unit team will have responsibility for ensuring that both parties are working towards the planned fulfilment and exit of the contract, and the procurement process for securing subsequent supply arrangements if required.

The Exit Strategy [Appendix VI](#) should be developed at contract strategy development stage and utilised 6-12 months prior to contract end date. This fully inclusive process involving all parties should include a 'lessons learned' review which incorporates feedback from end-users and the supplier.

The final review and lessons learned should be clearly documented and communicated to appropriate stakeholders, as it may inform any subsequent procurement for similar commodities in the future.

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# Collaborative Contract and Supplier Management

When a collaborative agreement is in place contract and supplier management is critical. All parties involved in the contract process and indeed who are ultimately provided for via the contract, must be fully involved in the contract and supplier management process. There are 3 possible routes to adopt when considering collaborative contract and supplier management detailed below:-

**CCSM Route 1** – In the cases of National and Sectoral (Category A and B) collaborative contracts for services, goods and works, the contract and supplier management process may be led by the national/CoE organisations and they would apply the contract and supplier management approach/process/plan applicable to their own organisation, however may require input from all parties involved in order to conduct the process.

However the approach from the national/CoE organisations may be to promote each authority to conduct the contract and supplier management process for their own requirements in this instance the CCSM route 3 would be adopted.

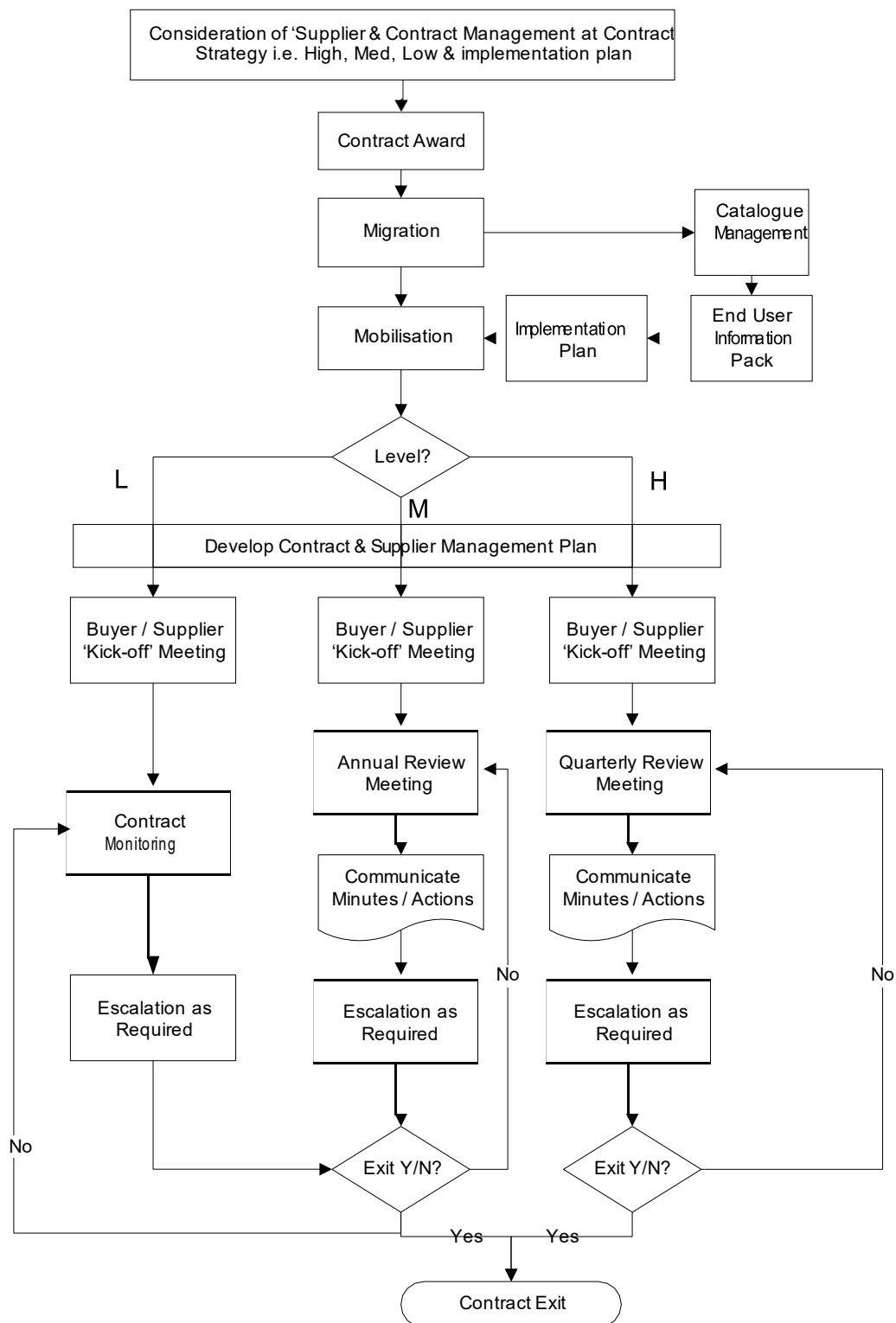
**CCSM Route 2** – For Category C collaborative and C1 contracts the most definitive route to be adopted would be to form a collaborative board or group with one party leading the process on behalf of the wider group.

This party will convey all aspects (negative or positive) they have encountered within the contract and indeed delivery of the service, goods or works that have been provided by the supplier. This lead party will act as the main contact for the entirety of the contract period and will lead on all aspects of the contract and supplier management process, each party will have their own organisational approach and plan/process to contract and supplier management, in the instances that East Dunbartonshire Council lead on collaborative processes the approach/plan/process that will be applied is as set out in this strategy.

**CCSM Route 3** – For Category C collaborative and C1 contracts, the contract may be put in place by a lead party on behalf of all parties involved, with each individual party putting in place a specific contract for their organisation and conducting contract and supplier management solely for their requirement, following their own organisational approach and plan/process to contract and supplier management. Again in this instance East Dunbartonshire Council would apply the approach/plan/process that is set out in this strategy.

The ultimate route to be applied would obviously have to be determined at the outset as the best route for all parties involved and the agreed route detailed in the contract strategy document or similar document and followed throughout the life of the contract.

## Appendix I: Supplier Management Process Map



## **Appendix II – Related Documents & Tools**

Contract Management Review Meeting document

### **Footnote:**

The latest versions of these documents are available and can be downloaded from the EDC HUB, Procurement Documents page

## Appendix III – Example Contract and Supplier Management Plan

### 1.1 Owners / Key Representatives

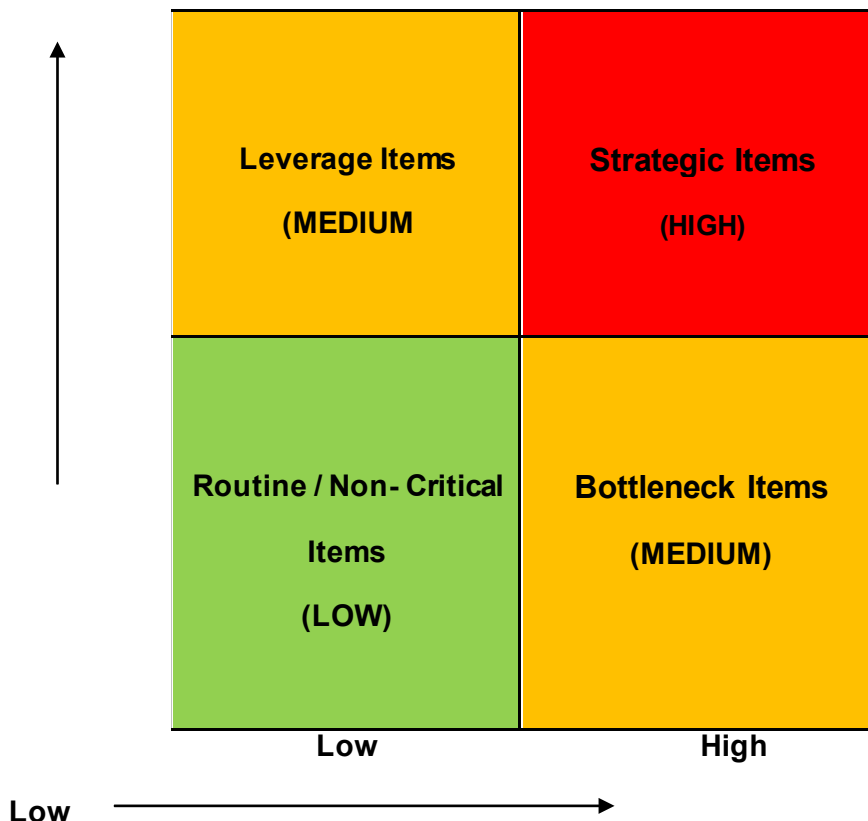
Nominated contact	Role	Responsibility
	Lead CPT representative	
	Lead Service representative	
	Supplier Contract Manager	
	End User	

### 1.2 Level of Management required

Use the [Contract and Supplier Management Assessment tool](#) to determine whether the level of management required for a specific contract and supplier should be **HIGH / MEDIUM / LOW**. The assessment considers the potential impact on business based on criticality, dependency and the number of expected customers.

High

Kraljic Matrix



**1.3 Contract Objectives**


**1.4 Performance Management Framework**


**1.5 Mobilisation Plan**


**1.6. Migration Plan**


**1.7 Contract Compliance**

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1.8 Escalation & Change Control Process

Supplier	Contracting Authority (Customer)

1.9 Exit Plan

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1.10 Review Meetings

Proposed dates	Actual Dates

1.11 Issues/Risks

Issue Ref.	Issue	Responsibility	Resolution	Date
Risk Ref.	Risk	Responsibility	Mitigating Action	Date

## A word cloud of business and management terms. The words are arranged in a circular pattern, with some words being larger and more prominent than others. The terms include: Sustainability, Responsibility, Efficiency, Best Value, Corporate Procurement, Training Transparency, Maximise Opportunities, Accountability EU, Governance, Contract Management, Option Appraisal, Capacity, Creativity, Cost Avoidance, Benchmarking, Tenders, Continuous Improvement, Quality, Risk Management, Supplier Management, Risk Management, Guidance, Community Benefit, and Whole Life Costing.

**Number of pages attached:**

[Party proposing change to complete]

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Signed for and on behalf of the Contractor		Signed for and on behalf of EDC(Contracting Authority)	
Signature:		Signature:	
Name:		Name:	
Title:		Title:	
Date:		Date:	

# Appendix V – Contract Implementation Plan



## Contract Implementation Plan

Contract Title:	
Cross Functional Project Team:	

Ref No	Activity / Milestone	Responsible Owner	Key Staff required to input to the activity	Start Date	Completion Date	Dependencies	Cost (if appropriate)	Relevant Risks (risk register reference numbers)	RAG
01									
02									
03									
04									
05									
06									

## Appendix VI – Exit Strategy:



### East Dunbartonshire Council Contract Exit Strategy Template

**(To be included in Handover Document )**

CONTRACT DETAILS	
Contract Title	
Created By	
Tender Document No/ PID Reference	Contract Ref number (s)
Date Created	
BREIF DESCRIPTION OF THE NEED FOR EXIT PLAN	
<p>NOTE -: Exit plan will be required where some /all of the following elements occur -:</p> <p>TUPE, Service Continuity, Phased Implementation, Transfer of an Outsourced Service, Continuation of Grant Funded Projects, Transfer and Security of Data, Property Transfer, Knowledge Transfer.</p> <p>Please detail you exit strategy/plan below -:</p>	
Key activities and milestones	
Key Milestone	Completion Date
Contract start date	
Optional Extensions	
Contract duration review(s)	
Contract exit strategy implementation meeting with supplier	
Contract review meeting with internal stakeholders	

Contract review meeting with supplier	
Other key dates, for example data hand over, staff transfer, IPR, etc	

Contract handover to Council / new supplier commencement	
Contract end date	

#### ITEMS TO BE HANDED OVER

This section must detail all items that must be handed over between all key parties.

Current holders may be the supplier or the Council.

Recipients may be the supplier, the Council, a new supplier or third party beneficiary.

***The items listed below are only examples and this must be updated for every contract.***

Item	Current Holder	Recipient
Assets such as mobile telephones, laptop etc		
Staff transferring under TUPE		
Data		
Intellectual Property		
Building / land ownership		

#### Lessons Learned

This section must detail all Lessons learned through the life of the contract, including those identified within the Contract and Supplier Management Process.


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