



Force Policy

Document title: Contract Management

Document Reference: 15/331

Owner: Head of Department, Finance and Business Services

Review date: November 2022

***This Force policy is suitable for public disclosure under the
Freedom of Information Act 2000***

This document sets out principles to help guide decision making and in some parts may be quite prescriptive. However, it is vital that officers and staff have the freedom to innovate, exercise discretion and take risk based decisions centred on the needs of the victim and the merits of each case.

There may be occasions when a member of staff is considered to have acted outside of the content of this document but if they have done so with honesty, integrity and professionalism, to make the best decision for the community we serve, they will be trusted and supported. On the occasions when this is the case, the rationale for it must be properly recorded.

This document should be read in conjunction with the Force Policy Statement.

Introduction

Background

The purpose of this policy is to set out the aims and objectives of contract management as well as the roles and responsibilities it entails, including the Operational Contract Owners (OCOs), day to day responsibilities and the strategic role played by the Procurement Unit of Derbyshire Constabulary. The policy is supported by the Contract Management Guidance and the Supplier Relationship Management policy. The OCOs role includes managing contract meetings, ensuring compliance against contract deliverables, monitoring key performance indicators, key performance indicators (KPIs), managing performance issues and disputes.

Aims and objectives

Good contract management will assist Derbyshire Constabulary in reviewing the performance of key strategic suppliers by: -

- Ensuring value for money is achieved as part of the contract delivery.
- Tracking service delivery against milestones, KPIs, Service Level Agreements (SLAs), which include those linked to quality.
- Monitoring and managing key risks and issues.
- Challenging and looking for continuous improvement in service delivery.

The policy identifies two parts to contract management: -

- **Service delivery management** – to ensure that the service is being delivered as agreed, to the required level of performance and quality.
- **Contract administration** – to handle the formal governance of the contract, changes to the contract documentation and to develop open and transparent relationships with suppliers.

Contracts will be registered on the Agresso system with all the relevant details available to the OCO. OCOs will receive relevant training to access the system and will be required to log all information against each contract to ensure an auditable database.

Procedures

Procurement Unit

Part of the remit of the Procurement Unit is to lead and manage all engagement with suppliers. That includes producing procedures to ensure OCOs know at which point they should seek support from the Contract Manager within the force. The Procurement Unit will also identify all key suppliers based on contract value/risk/complexity with whom they will develop strategic relationships alongside the respective OCOs, based on partnership working that encourages innovation. The Procurement Unit will also undertake market intelligence to establish whether current contracts continue to represent value for money. As an overview OCOs should seek advice and guidance from the Procurement Unit when: -

- Escalation is required when a supplier persistently delivers poor performance or a significant performance issue raised.
- Information about a supplier becomes available that could have a negative impact on the Chief Constable's reputation.
- Information becomes available in relation to the financial position of the supplier.

The list above is not exhaustive.

Senior Representative Owner (SRO)

The Procurement Unit have used the Kraljic model to identify key strategic contracts. This process will be reviewed every six months. Where the strategic suppliers have been identified then an SRO should also be identified who will have ultimate responsibility for the performance of that contract. The SRO would ideally be the budget holder for that contract and will be expected to keep an overview through the OCO of any supplier issues.

Operational Contract Owner (OCO)

The day to day service delivery management of a contract sits with an identified OCO. They should be involved in the procurement process from drafting the contract specification to holding suppliers to account for performance against the contract terms and conditions. The OCO should be identified by the Senior Management Team and work with the Procurement Unit, to actively manage the contract. The OCO is not a unique, separate role, but will fall within the responsibility and scope of the nominated individual's role. The OCO role is key to ensuring successful implementation and management of the contract ensuring the Chief Constable achieves added value over the life of the contract. The role of the OCO includes, but is not limited to: -

- Act with the upmost integrity at all times.
- Comply with the Commissioners Standing Orders and Contract Procedure rules.
- Monitor supplier performance against agreed deliverables and standards.
- Use contractual procedures and remedies to tackle any performance issues.
- Remain professional and objective when discussing supplier issues.
- Ensure contracts represent value for money.
- Ensure they have the most up to date version of the contract.
- Participate in commercial awareness training, delivered by the Procurement Department, to understand the requirements of contract management.

Expectations of the OCO Role

The OCO will be required to fulfil certain obligations when managing the various contracts. The OCO should consider the following points in their dealings with the contract: -

- Understanding and knowledge of the relevant contract.
- Ability to interpret key parts of the contract into real service delivery.
- Arrangement of face to face supplier meetings at least six months in advance.
- Interpretation and evaluation of management information provided against stated contract performance indicators.
- Early identification of service issues.
- Early identification of potential disputes and grievances.
- Supply chain development.
- Identification of potential efficiencies or savings with the contract.
- Communication with the Procurement Unit over the life of the contract.
- Updating the Crystal system with information about contract performance.

Scope

This policy considers contract management to be a direct activity within the Force and their respective suppliers covering both service delivery management and robust contract administration. The policy covers all areas of business and all contracts across the Force. The contract administration activity should include: -

- Face to face meetings.
- Telephone calls.
- Receipt of management of information reports.

Rev'd 8.2.2018

- Involvement in supplier events.
- Evaluation of management information.
- Escalating concerns and issues to the Procurement Department.

