



Title: POLICE AND CRIME COMMISSIONER FOR THAMES VALLEY
CONTRACT MANAGEMENT STRATEGY

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POLICE AND CRIME COMMISSIONER FOR THAMES VALLEY
CONTRACT MANAGEMENT STRATEGY

1.0 The importance of Contract Management

Contract management is the process that enables both parties to a contract to meet their obligations in order to deliver the objectives required from the contract. It continues throughout the life of the agreement and involves proactive involvement to anticipate future needs as well as reacting to situations that arise.

One of the key aims of contract management is to obtain the services as agreed in the contract and achieve value for money. This means optimising the efficiency, effectiveness and economy of the service or relationship described by the contract, balancing costs against risks and actively managing the customer and service provider relationship. Contract management should also involve striving for continuous improvement in performance over the life of the contract.

Good contract management is required to ensure that services are delivered in the most effective and efficient manner, whereby:-

- effectiveness is concerned with the ability to accomplish a given goal or purpose and quality of outcome, and
- efficiency is concerned with the ability to optimise effectiveness against economy (i.e. best VFM outcome achieved with the least amount of effort, money or resources required).

In other words, effectiveness means “doing the right thing” whereas efficiency means “doing things right”.

In September 2014, the National Audit Office published a report on its findings from reviews of public sector contract management which stated:-

In our view, there needs to be widespread change in the culture of the civil service and the way in which contractors are managed. There needs to be more emphasis on a commissioning approach, transparency over the contractors, use of open-book to align incentives and a targeted focus of the government’s commercial capability.

The report went on to identify 4 key causes of poor contract management that needed to be addressed:-

1. The value of contract management is not understood,
2. Managers have not adopted a commissioning role,
3. Senior managers have poor visibility of contracts, and
4. The public sector is at a permanent disadvantage on commercial capability

Learning from the National Audit Office report to transform contract management has been incorporated into the following key principles of contract management adopted by the Office of the Police and Crime Commissioner (OPCC) for Thames Valley.

2.0 Key Principles of Contract Management:

1. **An unambiguous contract** as the foundation of the relationship and contract management process.
2. **Effective governance** will ensure that the contract achieves the outcomes required, to the level of quality required and provides value for money.
3. **Continuous improvement** in price, quality or service throughout the life of the contract.
4. **Supplier Relationship Management (SRM)** taking place at multiple levels in the organisations.
5. **'Intelligent customer' capability** will be developed by contract managers through understanding the ethos and culture of the provider, their business area, as well as the market sector more widely.
6. **Flexibility** allowing change management to happen when necessary (in terms, requirements, scope, or further procurement) to reflect a rapidly changing world.
7. **Stewardship** of services and public finances will guide every aspect of contract management.

3.0 Contract Management Process

The Police and Crime Commissioner (PCC) for Thames Valley has, and will continue to award contracts for services. In all cases, successful providers will be held to account for delivery of the services specified in the requirements of the contract and the successful provider's method statement (together these make up the 'service specification').

The contract also contains the Terms and Conditions detailing the responsibilities, duties and obligations of both parties. The terms of the contract are fixed throughout its life (unless a contract variation is agreed) therefore flexible elements of each contract will be introduced in separate Service Level Agreements (SLAs) agreed between the OPCC and the provider. The SLAs include, but are not limited to, the following elements which may vary across the life of the contract:-

1. Points of Contact, or Contract Managers, within both organisations (OPCC and the provider's organisation).
2. The agreed performance indicators against each service requirement.

3. The performance reporting arrangements (further information in next section), and
4. Continuous improvement plans or targets.
5. Any other agreed principles or clarifications introduced after the contract has been signed provided they do not constitute a material change to the contract Terms and Conditions.

Prior to the conclusion of a contract, whether due to the contract reaching the end of its life, or due to contract termination or early exit (including the decision not to utilise any possible extension periods), a post-contract review with all relevant personnel will take place to assess the business benefits, or losses, that took place, lessons learned and implications for further commissioning.

3.1 Performance Reporting

Performance reporting arrangements will involve the following elements:- 1.

- Quarterly contract monitoring meetings attended by contract managers*
2. Quarterly performance reports on the agreed performance indicators
3. Quarterly financial reports
4. Annual Audit (see below**)

*Longer bi-annual and annual contract meetings will be held in order to address wider strategic performance issues, including but not limited to:-

1. Risk log
2. Overview of complaints received
3. Action or improvement plans
4. Future service development or improvements

**Audit of any element of the provider's service may take place on an ad hoc basis, with the expectation of no more than one audit per year. Audits may consider any element of the service, and may be recommended by either party to the contract. The subject matter an audit may examine could include, but is not limited to:-

1. Case file audit
2. Service user feedback or surveys
3. Security inspection

4. Customer journey audit
5. Staff/volunteer audit
6. Financial audit
7. Performance indicator methodology

4.0 Contract Management Governance and Administration Arrangements

Unless an alternative arrangement has been agreed with respect to individual contracts, a consistent contract management process shall be implemented with each PCC contract for services incorporating all of the elements of performance reporting and monitoring outlined in section 3.0 above. The contract monitoring strategy will, therefore, be known and understood by all OPCC staff with contract management responsibilities under the guidance of the Policy Development Manager. The contract management strategy will be clearly advertised within tender documentation and verified in SLAs with providers post-award.

The governance structure within the OPCC for contract management and escalation (see dispute resolution procedure, Section 5.0 below) is shown in Figure 1 and the current distribution of responsibilities for contracts is attached at Appendix A.

Each contract shall have a designated lead officer, and a 'deputy' officer within OPCC who are responsible for providing contract management on behalf of the PCC for Thames Valley. Quarterly Contract Management meetings shall be chaired by the lead officer and attended, where possible, by the deputy, an OPCC note-taker, the contract manager for the service provider, and other key personnel as required (e.g. OPCC Chief Finance Officer, key Thames Valley Police representatives, other service provider managers/finance officers).

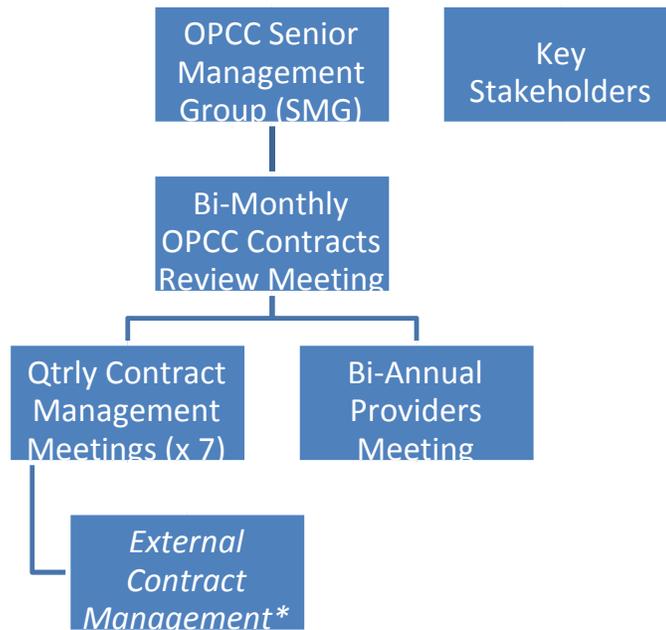
Details of contracts, performance information, minutes of contract management meetings, action plans etc shall be saved to a shared electronic contract management folder, as well as hardcopy folders, within the OPCC to ensure resilience, access and accountability to the PCC, the OPCC Chief Executive and auditors as required.

A Contract Management Toolkit has been developed and shall be used by all OPCC officers with contract management responsibilities. The toolkit consists of the following standard templates and information:

1. SLA template
2. Contracts checklist (ensuring that key elements detailed in the Terms and Conditions of the Contract have been met, e.g. confidentiality agreements signed, accreditation certificates produced)
3. Contract management meeting agenda template
4. Financial reporting template

5. Risk Log template
6. Contact Log template (to support contract administration and evidence key communications with providers)
7. Performance menu/core performance set
8. The Contract Management Strategy

Figure 1: Contract Management Governance Chart



**The OPCC may occasionally outsource contract management. From 2015-16, one contract involved a service provider and facility (the Victims Assessment and Referral Centre, VARC, based in Sussex) that was shared with Surrey and Sussex OPCCs. To assist with day-to-day contract management responsibilities, Thames Valley OPCC part-funds a Sussex OPCC officer to monitor service delivery of the VARC.*

5.0 Dispute Resolution Procedure

The following principles are in-keeping with the Terms and Conditions of the contracts awarded and this escalation process shall be followed in the event of any service failure, breach of trust, or other significant issue of concern **that it has not been possible, or it would not be appropriate, to seek to resolve through the normal contract management process.** In the event of a 'significant' service failure or problem (where 'significant' is defined as any single event or ongoing performance issue likely to affect a minimum of 10% of the annual contract value or

affect a minimum of 10% of the client group, or where harm to a client, or staff has arisen due to provider negligence, or where reputational risk to the PCC has or is likely to take place), the PCC may authorise immediate escalation to the formal dispute resolution procedure. It is entirely at the discretion of the PCC to by-pass the informal resolution procedure and to move directly to the formal resolution process, or to terminate a contract. However, where appropriate, every attempt shall be made to deal with disputes, other than those of the most serious nature, through an informal procedure in the first instance.

5.1 Informal Dispute Resolution Procedure

1. The OPCC Policy Development Manager (PDM) shall be made aware of the issue/risk at the earliest opportunity who will, in turn, brief the PCC's Senior Management Group (SMG).
2. The issue of concern shall be flagged with the provider at the earliest opportunity either via e-mail or in a contract management meeting (recorded in the minutes), whichever is most appropriate and timely. Whenever possible, the issue of concern should not be raised with the provider for the first time within a non-recorded conversation or telephone call and, if arising in the course of such an exchange, a summary of the conversation shall be provided via e-mail by the OPCC to the provider at the earliest opportunity.
3. Contract managers and providers will agree a suitable approach to address the issue, and the actions arising will be recorded via e-mail and/or contract management meeting minutes.
4. SMG will be kept informed of progress and alerted when the issue has been resolved or if the OPCC contract manager or provider recommends further escalation of the issue to the formal dispute procedure.

5.2 Formal Dispute Resolution Procedure

The stages of the formal procedure may be followed in sequence in an attempt to resolve the dispute without further escalation or, with the endorsement of the PCC, and depending on the severity of the issue under review, a higher dispute stage may invoked from the outset.

1. OPCC contract manager will alert the PDM about the issue at the earliest opportunity who will in turn obtain SMG's agreement (in writing via email or minutes) to escalate to a formal dispute procedure, as necessary and appropriate.
2. The OPCC Contract Manager will put in writing to the provider (contract manager and escalation point of contact within the organisation or, in the absence of a named individual, the contract managers line manager) the nature of the concern and request a meeting with the provider (and escalation point of contact if possible) within ten normal business days. If contact is via email, confirmation upon receipt must be requested.

3. If the dispute is resolved at the meeting, a record of the outcome and any agreements made between the parties will be put in writing, reported to SMG by the PDM for endorsement, and put on the contract management file.
4. If the dispute cannot be resolved immediately, an action plan to resolve the dispute will be agreed between the parties, including relevant timescales, action owners and outcomes. The contract manager will monitor the action plan and report on progress to the PDM. If at the completion of the action plan, the matter is considered resolved, a report incorporating the completed action plan will be presented by the PDM to SMG for sign off, reported to the provider, and a copy placed on the contract management file.
5. If the action plan fails to meet the desired outcomes, or an action plan cannot be agreed between the OPCC and the provider, the OPCC may attempt to settle the matter by mediation in accordance with the Centre for Effective Dispute Resolution (CEDR) Model Mediation Procedure
6. If mediation is not chosen by the OPCC, or the dispute is not resolved by mediation as outlined under step 5, OPCC shall have the option to choose arbitration as a means of resolving the dispute. When the OPCC chooses arbitration the dispute shall be referred to a single arbitrator to be agreed between the OPCC and the provider, or in the event of a failure to agree, an arbitrator appointed by the President for the Law Society of England and Wales.
7. Where the OPCC does not choose arbitration, the dispute shall be referred to litigation.
8. None of the steps outlined above prevent either party exercising its right to terminate the contract, following the contract's termination procedure, or to seek interim, interlocutory or other equitable relief without having first followed the procedure referred to from 1 to 7 above.
9. In the event of contract termination or repeated unsatisfactory performance, the provider may be excluded from further Thames Valley OPCC and Thames Valley Police tender exercises for up to 5 years (permissible under EU Procurement Regulations 2015).

6.0 Exit Planning

Excluding any circumstances involving immediate contract termination due to breach or service failure, the OPCC shall seek to communicate in writing its plans regarding contract end as early as possible and no less than 6 months before the end date of the contract. The OPCC shall work with the provider to develop and deliver an exit plan to minimise the impact on service users and the provider's staff.

The specific detail of the exit plan shall vary depending on the particular circumstances of each contract and whether the service is being decommissioned or re-commissioned. In the event that a contract extension is available but has not been taken up by the OPCC, or due to contract expiry a service has been re-tendered and awarded to a different provider, the incumbent provider will be held to the relevant terms of the contract throughout the period of transition and handover.

When notice is given by the OPCC of termination (howsoever arising, and including partial termination), the provider shall provide a Service Transfer Plan (STP) for review by the OPCC. Once approved by the OPCC, the STP shall be signed by both parties.

The STP shall provide comprehensive proposals for the successful transfer of the services, including proposals for the identification and transfer of documentation providing details of the services and of clients whose on-going support shall be paramount.