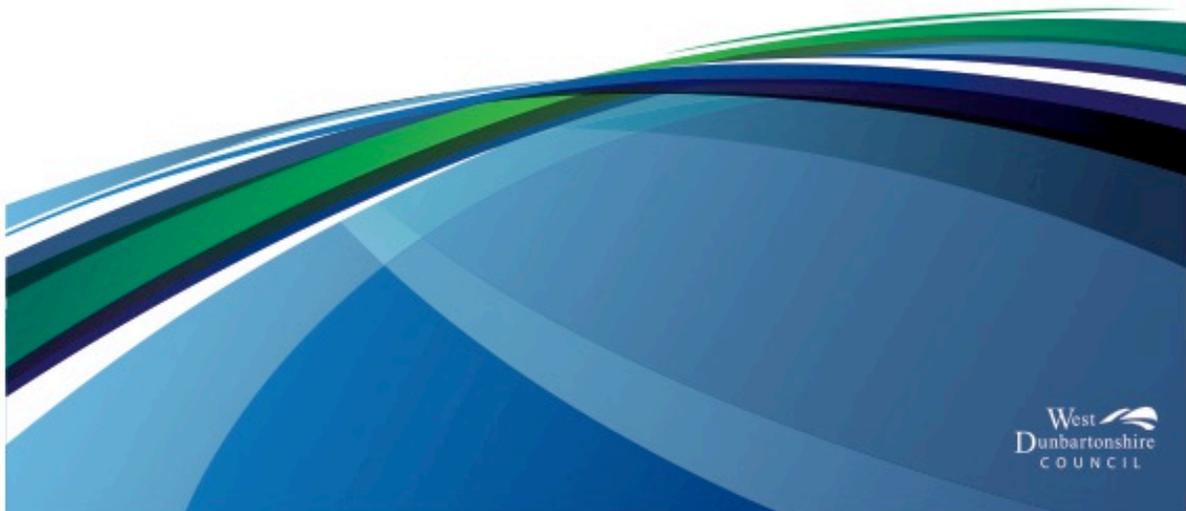


Contract and Supplier Management Policy

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1. Introduction

1.1 The implementation of a Contract and Supplier Management (CSM) Policy in West Dunbartonshire Council will implement a consistent approach to driving value from new and existing contracts through increased supplier performance against the contractual requirements; improving supplier relationships through increased effective and efficient engagement and at the same time, supporting the social issues in procurement (SIP) benefits. This CSM Policy brings together various elements of procurement and therefore replaces the Local Procurement Policy, Sustainability Policy and the Supplier Relationship Management Policy and reflects requirements as a result of new legislation.

2. Legal & Policy Context

2.1 The *Procurement Reform (Scotland) Act 2014* establishes legislation about sustainable public procurement to maximise the social, environmental and economic benefits through effective and efficient procurement activity.

2.2 Clause 9, Sustainable procurement duty, states that *“the sustainable procurement duty is “the duty of a contracting authority” (ie West Dunbartonshire Council) “and before carrying out a regulated procurement, to consider how in conducting the procurement process it can:*

- *improve the economic, social, and environmental wellbeing of the authority's area,*
- *facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses in the process, and*
- *promote innovation”*

2.3 Clause 9 further states that *“The contracting authority must consider under subsection (1) only matters that are relevant to what is proposed to be procured and, in doing so, consider the extent to which it is proportionate in all the circumstances to take those matters into account.”*

3. Strategic Plan and Service Delivery Plans

3.1 The [Strategic Plan 2017/2022](#) sets out the Council's priorities and vision for the delivery of public services to our communities. Delivery Plans set out how services will contribute effectively to the Council's Strategic Plan 2017 - 2022. The Delivery Plans provide an overview of services, including employees and budgets, outline the performance indicators to measure the Council's success, and consider the relevant risks. [The Resources Delivery Plan](#) has the undernoted actions and key performance indicators (KPIs) linked to the CSM Policy:

- implement actions arising from the Procurement and Commercial Improvement Programme (PCIP) assessment, including: developing supplier relationship management and sustainability including local suppliers and community benefits;
- percentage of all contracts that have at least one supplier management meeting each year;
- percentage of procurement spent on local small / medium enterprises); and
- percentage of all contracts delivering community benefits.

4. The Corporate Procurement Strategy

4.1 Procurement is fundamental in supporting the delivery of the Council's strategic priorities. This is set out in the [Corporate Procurement Strategy 2017 – 2022](#).

4.2 This CSM Policy supports the delivery of the procurement strategy and specifically the following procurement objectives:

- to implement actions arising from the Procurement and Commercial Improvement Programme (PCIP) assessment including contract and supplier management;
- develop and implement a procurement plan to deliver community benefits through procurement processes;

- to conclude the pilot of Public Contract Scotland – Tender (PCS-T) contract and supplier management module; and
- to review the Supplier Relationship Management Policy, the Local Procurement Policy and the Sustainability Policy (now the CSM Policy).

5. Contract & Supplier Management Policy

5.1 While supporting the objectives of the Corporate Procurement Strategy, this policy aims:

- to implement a consistent approach to managing supplier`s across the Council and the HSCP;
- to formalise the process of monitoring and managing a supplier`s performance against the contractual requirements including the Contract Implementation Plan and KPIs;
- to improve relationships between contracted supplier`s and the Council / HSCP
- to realise additional efficiencies including added value and social issues (SIP);
- to demand manage, transfer learning and knowledge, continuous improvement and development of initiatives and innovation;
- to implement and deliver the Exit Plan of the contract; and
- to implement and deliver the Lessons Learned Plan.

5.2 Achievement of objectives will be assessed through measurement of performance indicators set out within the procurement strategy and the delivery plans as well as assessment in line with PCIP. The CSM Policy is successful if:

- the arrangements for service delivery continue to be satisfactory to the supplier, Council and / or HSCP;
- the supplier, Council and / or HSCP understands their obligations under the contract;

- the Council ensures that equalities are promoted through the use of fair and transparent tender requirements;
- the Council ensures that that suppliers are aware and support the Council's social improvement initiatives;
- the expected business benefits; value for money and efficiencies are being achieved;
- the Council maximise outcomes by developing supplier knowledge and understanding of SIP benefits; and
- the supplier is co-operative and responsive, there are no disputes and no surprises and an objective debate over changes and issues arising can be had.

6. Roles and Responsibilities

- 6.1** In addition to the guidance on the intranet when undertaking a [contract and tendering](#), the following steps should be undertaken:

Pre Tender:

The CPU will meet the Service Lead to begin the procurement process which will include timescales, spend, the market, scope, specifications, framework agreements (FAs) versus contracts, collaboration, forms of contract and Selection and Award Criteria. The CPU and the Service Lead should consult with appropriate internal colleagues as well as the market to inform SIP discussions. These officers may be included as part of the evaluation of tenders.

The aim of achieving SIP benefits as part of the Council's tendering process shall be made clear within the Contract Notice published on Public Contract Scotland. The Contract and supplier management process will be included in the tender documentation to ensure bidders are aware of the KPIs which will apply to the contract, including SIP benefits.

Evaluation of Tenders

The evaluation of tenders received will be assessed in a two stage process:

- Stage 1 – Selection
- Stage 2 – Award

The Selection Criteria is to enable the Council and / or HSCP to assess the technical and professional qualifications, capability, experience, economic and financial standing of all bidders to supply and deliver the Goods / Services / Works. The Council and HSCP also need to ensure, that as an employer, bidders recognise their responsibilities including equality, human rights and health & safety. The Selection Criteria is therefore focussed on the “bidder”.

The Selection Criteria is evaluated as a Pass / Fail criteria and includes Scope, Specification and Terms and Conditions. Examples of Selection Criteria may include:

- the elimination of single use plastics;
- timber products from sustainable sources;
- promotion of *No Home for Domestic Abuse* initiative; or
- the suppliers using Public Contracts Scotland portal for the advertising of sub-contract opportunities above £10K.

Failure to meet the Council’s and HSCP requirements means the tenderer will not progress to Stage 2 – Award.

The purpose of the Award Criteria is to enable the Council and / or HSCP to assess the relative advantages of each tender submission meeting the Selection Criteria. The assessment of bids in accordance with the Award Criteria will be based on a Total Cost of Ownership (purchasing, operating, maintaining and managing including end of life) / Quality ratio to be determined through a [Contract](#)

[Strategy](#) document. The Award Criteria is therefore focused on "the bid". The Sustainability Procurement Duty Tools and the SIP Questionnaire, contained within [Appendix 1](#) provides SIP benefits that may be included as part of the Award Criteria.

6.2 When the CPU and Service Lead complete the evaluation and subject to the approval of the Tendering Committee, the contract is awarded and the CPU publishes the Award Notice on Public Contract Scotland.

7. Monitoring and Managing the Suppliers Performance

7.1 The summary detail of the approach to monitoring and managing the suppliers' performance is contained within [Appendix 2](#). The contract risk level will be established at the [Contract Strategy](#) stage of the procurement process and can be subject to change throughout the contract lifetime. An assessment is done by the CPU in consultation with the Contract Owner, interpreting the contractual risk to the Council and placing the risk into one of four quadrants:

Strategic	Leverage
High profit impact / high supply risk - options include developing long-term supply relationships, analysing and managing risks regularly and planning for contingencies.	High profit impact / low supply risk – options include substituting goods / services / works or placing high-volume orders.
Bottleneck	Routine
Low profit impact / high supply risk – options include over-ordering when the requirement is available (lack of reliable availability is one of the most common reasons that goods / services / works are unreliable).	Low profit impact / low supply risk – options include using standardised goods / services / works, monitoring and / or optimising volume and optimising inventory levels.

7.2 Once the assessment of risk has been done, the frequency of the Scorecards will be:

- Strategic: Scorecard undertaken quarterly;
- Bottleneck: Scorecard undertaken quarterly;
- Leverage: Scorecard undertaken bi-annually;
- Routine: Scorecard done annually.

7.3 Contracts that are less than one year; will have a Scorecard undertaken at the end of the contract unless the contract is a Strategic or Bottleneck contract in which case, the Scorecard will be done quarterly or bi-annually. CPU should be advised of any issues or market changes that may have an impact on the contract risk level. The CPU will undertake an annual review to ensure that all suppliers are classified at the correct risk level. If while doing their annual review, the CPU discovers that a supplier has a spend above £50K but no tendered contract in place - a compliance risk and any benefits potentially not fulfilled, then the CPU will put that project on the pipeline of work.

7.4 Where the supplier has two or more contracts with the Council / HSCP, the CPU will discuss with the Contract Owner(s) how they wish to proceed. There will be a degree of flexibility on the contracts the Council / HSCP wish to monitor and manage; such as Licenses where the Council pays an upfront cost but the Council has no influence in the contract performance.

Scorecard - KPIs

7.5 The KPIs will be included in the tender documentation to ensure suppliers are aware of the KPIs and the CSM process prior to submitting a bid. The tender documentation will say whether the Scorecard will be done annually, bi-annually or quarterly. For the Place Category and the Corporate Indirect Category, the Council shall monitor and measure supplier performance using the undernoted KPIs:

Cost	Quality
<ul style="list-style-type: none"> • Pricing Stability • Invoice Accuracy • Cost Reduction Initiatives 	<ul style="list-style-type: none"> • Fit for purpose Goods / Services / Works • Returns (for goods only) • Continuous Improvement / Innovation • Change Management
Specification	Social Issues in Procurement
<ul style="list-style-type: none"> • Responsiveness • Complaints • Management Information • Communication • Education / Training • Lead Time / Delivery Time • On time Delivery Against Objectives • Accuracy • Involvement/Ownership 	<ul style="list-style-type: none"> • Employment, Skills and Training • Health and Wellbeing • Security and Crime • Fairly and Ethically Traded • Equality • Fair Work • Environment

For the People Category, the Council and HSCP shall monitor and measure supplier performance using the undernoted KPIs:

Cost	Quality
<ul style="list-style-type: none"> • Pricing Stability • Invoice Accuracy • Cost Reduction Initiatives • Annual Audited Accounts and Public Liabilities Insurance 	<ul style="list-style-type: none"> • Fit for purpose Services • Returns (for goods only) • Continuous Improvement / Innovation • Change Management
Specification	Social Issues in Procurement

<ul style="list-style-type: none"> • Views Expressed by Service Users and their Carers • Feedback from the Supplier's Staff • Responsiveness • Complaints and Serious Incidents Including Adult and Child Protection • Staff absence • Service Delivery Management Information Including Trends • Communication • Education / Training / Qualifications • Lead Time / Delivery Time • On time Delivery Against Outcomes • Accuracy • Involvement / Ownership of Contract Arrangements • Information from Regulatory Bodies Including Care Inspectorate • Governance • Partnership Working 	<ul style="list-style-type: none"> • Employment, Skills and Training • Health and Wellbeing • Security and Crime • Fairly and Ethically Traded • Equality • Fair Work • Environment
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7.6 The KPI's are to be scored as follows:

- 4 – Exceeding Expectations
- 3 – Meeting Expectations
- 2 – Minor Concerns
- 1 – Major Concerns
- 0 – Not Performing

Non Performance

- 7.7** The supplier must achieve a KPI minimum overall score of 3 – Meeting Expectations. Where the supplier fails to achieve an overall score of 3, then the supplier will attend a CSM meeting with the Contract Owner to discuss the contract performance and agree associated actions. The Contract Owner may invite CPU to attend this meeting. The CSM meeting shall follow a set Contract & Supplier Management Meeting Agenda contained in [Appendix 4](#).
- 7.8** Contract Owners can still meet with suppliers to discuss operational issues or the results of the Scorecard. Please see below for the section on [Contract Termination](#).

8. Contract Implementation Plan

- 8.1** Implementing a new contract ensures suppliers have all the information they require to plan the migration of users to the contract and the Council / HSCP have all the information they require to use the contract e.g. suppliers contact details, information on the goods / services / works available from the contract and continuity of supply. Contract implementation consists of two distinct phases – Migration - movement of the Council / HSCP to a new contract; and Mobilisation - the point when the Council / HSCP can actually buy from the contract.
- 8.2** The CPU and the supplier will participate in the mobilisation meeting(s) and the implementation meetings which will be chaired by the Contract Owner. A sample Contract Implementation Plan template has been provided at [Appendix 5](#).

9. Improving Relationships

- 9.1** The Council / HSCP and its suppliers must ensure that we:
- maintain the highest possible standard of integrity in all business relationships;

- acquire and / or maintain contractual knowledge;
- achieve appropriate professional standards; are fair, efficient and courteous;
- foster appropriate standards of professional competence amongst those for whom they are responsible;
- comply with the law, guidance on professional practice, appropriate codes of conduct, standing orders, financial regulations and contractual obligations;
- declare any personal interest which may affect or be seen by others to affect impartiality; and
- respect the confidentiality of information received and ensure that information given is honest and clear.

10. Exit Plan

10.1 An Exit Plan is necessary to identify possible risks, define potential losses and to ensure continuity of services. An Exit Plan should be reviewed annually or when significant changes occur. An Exit Plan should set forth the Council / HSCP service requirements for the period during which the parties are transitioning out of the contract. These requirements may include:

- an obligation by the supplier to continue performing the contract at the same level of quality for the transition period and to continue to comply with all the obligations in the contract;
- the right to extend the term as necessary to resolve issues before terminating;
- an obligation by the supplier to keep the same supplier team performing services during the transition period; and
- confidentiality on any communications regarding the termination of the relationship.

Data Security and Privacy

10.2 Data privacy and security are critical and the Exit Plan should consider provision for factors such as:

- providing for the transfer of all data belonging to the Council / HSCP, including any customer information;
- determining an acceptable method by which the supplier will destroy and remove the Council's / HSCP proprietary information;
- how the supplier will destroy and remove this sensitive information from all media, ensuring it is not disclosed to other individuals or organisations; and
- the return of each party's assets.

Knowledge and Documentation Transfer

10.3 The CPU and the Contract Owner will:

- require the supplier to give the Council / HSCP access to everything that the Council / HSCP will need to maintain the service;
- fully document the service description for any additional services of the supplier during the transition period (e.g., training the Council's / HSCP employees or training new supplier personnel);
- instruct the supplier to supply the Council / HSCP with copies of data, procedures, access logs, error logs, documentation and other information that the supplier generates as a part of providing the contract; and
- instruct the supplier that the Council / HSCP, in the contractual terms and conditions, as the right to provide this information to potential successor suppliers.

Costs

10.4 The CPU and the Contract Owner will ensure that the contract will not penalise the Council / HSCP for an early exit, especially if the termination is due to the supplier's failure to perform the contract. In addition, the contract should specify any liquidated damages any continuing services and transition activities; and the return of any pre-paid fees for which services have not been rendered.

Personnel

10.5 The CPU and the Contract Owner will ensure that the Exit Plan will cover personnel issues, including ensuring that supplier personnel and key resources with relevant knowledge and expertise remain on the project and committed during the transition. They will also define the Exit Strategy team and its roles and the treatment of employees and any obligations to inform or consult under TUPE.

Contract Termination

10.6 The Contract Owner and the CPU will decide whether or not to terminate a contract where the following circumstances occur:

- the contract has changed substantially, which would have required a new procurement exercise to be undertaken;
- the successful supplier should have been excluded from the procurement procedure on mandatory or optional exclusions at the time of contract award; or
- the contract should not have been awarded to the supplier where the Court of Justice of the EU has declared there has been a serious infringement of the Council's / HSCP obligations.

10.7 [Regulation 73](#) of the [Public Contracts \(Scotland\) Regulations 2015](#) requires termination on such grounds to be included as a contract term and conditions and if such provision is not included it is implied. The first bullet point concerning amended contracts applies to existing contracts as well as those awarded following procurements commenced after 18th April 2016.

10.8 A sample Exit Plan template has been provided at [Appendix 6](#).

11. Lessons Learned Plan

11.1 Periodic reviews of lessons learned which can be carried forward to inform the future Contract Strategy and contract terms and conditions are known to have a positive impact on team motivation and better quality insights. The CPU in conjunction with the Contract Owner should determine what worked well and areas which could be improved in future procurement exercises. Its evaluation could consider:

- what worked and what didn't work;
- were any innovations implemented and if so, what value-add did they deliver;
- removing the demand - removing avoidable demand, redesigning services around citizens and removing the causes of citizens demand;
- the total of the contract and costs which were not anticipated at the planning stage;
- the total savings achieved on contract value; and
- any impact of the contract on the market.

11.2 A sample Lessons Learned Plan template is set out at [Appendix 7](#).

12. Contact Information

12.1 For more information about the CSM Policy, contact the CPU on:

- Place –the team that looks after the procurement of construction, grounds and environmental works and technical services - 01389 737188;
- Corporate Indirects – the team that looks after the procurement of goods and services which we use internally, such as vehicles, ICT, business consultancy and stationery - 01389 737664; or

- People – the team that looks after procurement of people based services, such as older persons services and homeless services - 01389 737188.