



Contract Management Framework

May 2025

Foreword – Colleen Warren – Chief Financial Officer – Section 151



Oadby & Wigston Borough Council spends approximately 27% of its expenditure budgets on contracts and suppliers. The Council aims to achieve best value for our residents and effectively managing the spend on contracts is key to this.

The procurement process creates the foundations for effective contracts, selecting and evaluating the right supplier at the right costs. It is therefore vital that the intentions of a contract are delivered to create maximum value.

The value lost through poorly managed contracts is money that could be invested in services or a saving that does not need to be found. It is therefore crucial that anyone, at any level of the Council, is proactive with contract management.

Our Contract Management framework emphasises that contract management needs to be proportionate to its value and risk level so that we allocate our resources wisely, however there are some fundamental requirements that always need to be followed.

Whilst each service will be responsible for running their own contracts, there are some central practices and principles required as outlined in this framework.

The framework will therefore support consistency of approach and collective learning to continuously improve contract management that drives value and standards across the Council.

1. Why Contract Management

The central premise of contract management is to ensure external spend is well managed and the Council receives what is expected from that spend.

There are further benefits of good contract management including improving the likelihood of achieving value for money, realising non-commercial benefits (e.g. social value), reducing risks, and the potential for suppliers to go beyond the contracted services to provide innovation in response to local need.

As a public body the Council needs to be transparent with its spend, and contract management supports the Council being open with its decision making when operating a contract.

2. The Framework

2.1 The Purpose

This contract management framework aims to outline an expected approach to running contracts across the Council whilst also providing guidance, tools and templates.

The framework aims to be scalable and flexible acknowledging there may need to be different approaches within services but also provides a set of requirements and principles to create a degree of consistency across the Council.

Therefore, the framework aims to:

- Enable better management of contracts across the Council in terms of the approach, use of resources and governance
- Provide support to officers who manage spend and hold relationships with third-party suppliers
- Provide guidance on managing contracts proportionate to the level of spend, risk and impacts on residents
- Outline a set of standards and best practice activity to ensure an appropriate approach to managing contracts
- Provide a series of tools and templates to support the management of contracts.

It is also crucial that the Council knows how well contracts are being delivered across the organisation and the requirements as outlined in the framework will be used as a baseline to assess compliance and highlight areas of good practice.

2.2 When and How to Use

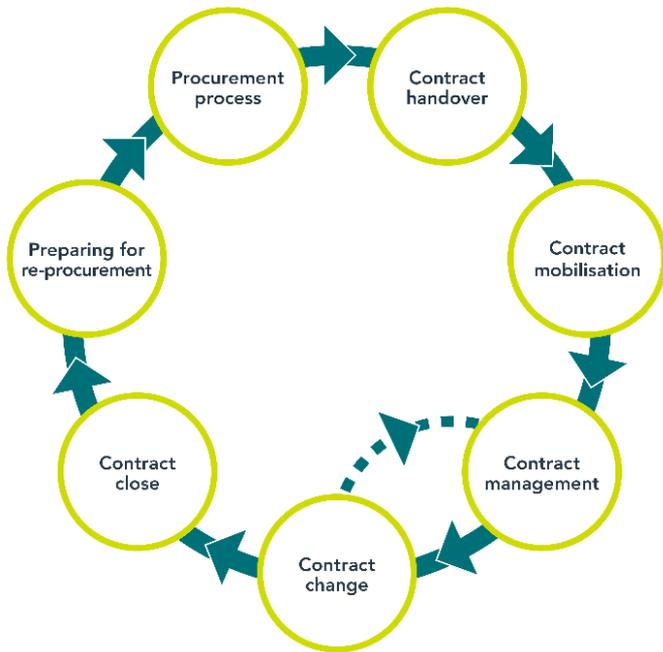
The framework follows the contract management lifecycle from contract handover to preparing for re-procurement.

The foundations for successful post-award contract management are supported by a thorough procurement process ensuring all the right elements are included in the specification that forms the contract.

This includes making sure the following are clearly set out:

Clearly defined measurables with KPIs	Pricing and payment mechanism	Terms relating to extensions and break clauses
Roles and responsibilities of both parties	Social value measures and how monitored	Reporting requirements including rights to audit

Dispute resolution and escalation processes	Change contract processes and governance	Continuity and risk ownership
Mobilisation time scale and plan	Continuous improvement and innovation	Health and Safety monitoring
Data and information management	Communication protocols	Exit strategy



Contract management is not a linear process, therefore it is recognised that stages might need to be repeated (e.g. contract change).

The framework is accompanied by a set of tools and templates to assist in managing contracts.

The framework lists the fundamental requirements of all contracts, and outlines some of the roles and responsibilities, as well as going into detail of the expected activity based on contracts determined as High, Medium or Low.

For the purposes of this framework the term “supplier” will be used to refer to a third-party organisation that is awarded a contract for goods, works or services. For the most part suppliers will be from the private sector but can also encompass the voluntary/third sector or other public bodies. All will be treated as delivering a commissioned contract for the Council.

3. Principles Contract Management

The principles of contract management are based on the following points:

1. To drive value for money for residents including added benefit such as social value and support for the local economy
2. For Contract Management to be proportionate to their value, level of risk and relevance in terms of impact on communities
3. To be proactive and well planned when managing contracts including addressing risk, incorporating health and safety, developing supplier relationships and responding to change.
4. To create a culture of continuous learning in contract management to drive improvement

4. Being Proportionate Through Tiering

There is a strong emphasis in this framework on contracts being managed proportionately based on:

The financial value: The higher the value the more financial risk to the Council

The level of risk: In addition to financial other risks might be associated with the contract such as health and safety, reputational risk and volatility in the market

Impact to services: This relates to the importance of the service in meeting the needs of residents, particularly the most vulnerable, or to the operation of the Council as a whole.

The Council measures these risks and impacts through a Tiering Tool, providing inputs to assess if the contract is considered High, Medium, Low – these are outlined below and will determine the level of management, reporting and scrutiny needed.

High	<p>Contracts have the ability to place the Council at financial risk if they were to fail, and can have a significant impact on service delivery:</p> <ul style="list-style-type: none"> ▪ The Council spends more than £50K per year with the supplier or it is a capital project greater than £100K ▪ The Council is reliant on the contract for delivery of a corporate priority ▪ The Council is reliant on the contract for delivery of a key public service
Medium	<p>Medium contracts place the Council at less financial risk and whilst important for service delivery, are not critical to the delivery of important services to the public</p> <ul style="list-style-type: none"> ▪ The contract is between £5K and £50K or a capital project greater than £10K and less than £100K ▪ The contract could put at risk the Council's ability to deliver public services
Low	<p>Other contracts that do not have a significant impact on the Council's day-to-day operations.</p> <ul style="list-style-type: none"> ▪ The contract is worth less than £5K or a capital project less than £10K ▪ The contract is unlikely to put public service delivery at risk

All current contracts have already been tiered. New contracts will have a tiering assessment at the end of a procurement process.

Tiering should be periodically reviewed through the life of the contract and specifically at any change that alters the value or nature of the contract to ensure the proportionate management and governance is correct.

5. Fundamental Requirements and Tiered Activity

The table below outlines the range of requirements aligned to all contracts:

Activity	Tiering
Every contract should have a designated contract manager. The Head of Service for the relevant area will become the Senior Responsible Officer (SRO) for that contract	All contracts
All contract managers have to complete the Contract Management Foundation training course	All contracts
Every contract should be determined as high, medium or low using the tiering	All contracts

Regular contract review meetings to be set with the supplier (low – no less than yearly – Medium – no less than 6 monthly – High no less than quarterly)	All contracts
Variations/changes should be recorded and stored; ensure all variations inc. waivers are in accordance with the Council's scheme of delegation	All contracts
Failures in performance with any contract should be challenged, and corrective action taken	All contracts
Improvement plans should be used where a contract is failing before a formal change or termination	All contracts
Contract Performance tracker should be completed with a RAG status monthly for review by SLT at the Contract Assurance Board	All contracts
Contract Managers should attend Contract Assurance Board as required to highlight issues with contracts with Amber/Red status	All contracts

In addition, the following requirements should be conducted in relation to Medium and High contracts:

Activity	Tiering
Contract Management Plan should be created for new contracts moving forward. The plan is used to document the monitoring arrangements, governance requirements, milestones and tasks, payment schedule, and escalation process for concerns, and exit arrangements	Medium High
Contract Management Plan to be reviewed and updated no less than every six months	High
Contract Management Plan to be reviewed and updated no less than annually	Medium
Establish a joint risk register with the supplier, and populate the Council's risk register where relevant	High
Use the Performance Tracker for measuring deliverables (KPIs and social value)	High
Receive a monitoring report from supplier to be used at account management meeting to ensure the contract is on track, including social value results	High
Network across the Council and with other local authorities where the supplier has multiple contracts to share knowledge, approach and practices	Medium High

6. Contract Management Lifecycle

The following is a summary of activity aligned to the stages in contract management lifecycle with reference to the tools and templates:

Activity	Tools and templates
Confirm the contract manager and SRO	
Set up a new supplier with purchase order based on the payment mechanism	
Run tiering to confirm the level of management and assurance required	Tiering Tool

Contract handover

Publish Contract Detail Notice and if required the contract (when over £5m in value)	Central Digital Platform
Add contract to the Contract Register	

Contract mobilisation

Activity	Tools and templates
Hold kick-off meeting with the supplier, and discuss contract management process. Schedule on-going contract monitoring meetings	
Finalise other supplier mobilisation arrangements	
Produce the Contract Management Plan (high/medium contracts only)	Contract Management Plan
Work with suppliers to create a joint risk register and update Council risk register (high/medium contracts only)	Risk Register

Contract management

Activity	Tools and templates
Hold contract review meetings with the supplier, to monitor performance and delivery of the contract	Contract Review Meeting Template
Receive and assess performance reports and pay suppliers on the basis of delivery	
Collaborate with suppliers on improvement if performance is not as expected	Improvement Plan
Complete Contract Performance tracker with RAG status monthly and attend Contract Assurance Board as required to highlight issues with contracts with Amber/Red status	Contract Performance tracker
Keep the Contract Management Plan and any risk register up to date	
Publish Contract Performance Notice for contracts over £5m	Central Digital Platform

Contract change

Activity	Tools and templates
Assess a change request from the supplier if within agreed tolerances	
Consider if a change is needed by the Council to improve the service offer	
Draft a change notice for approval through the correct level of decision making	
Issue contract variation or early termination, and prepare for re-procurement if necessary	Seek Legal Team advice
Record change on the change log and inform stakeholders	
Publish Contract Change Notice or Below Threshold Modification	Central Digital Platform
Update the contracts register relating to the change	Contracts Register

Contract close

Activity	Tools and templates
Implement exit arrangements including serving supplier notice	Exit Plan (outlined in the Contract Management Plan)
Implement the range of decommissioning arrangements including data management, asset transfer, intellectual property etc.	
Communicate end of contract to stakeholders	
Consider lessons learnt, involving supplier and contribute to options for re-procurement	
Publish a Contract Termination Notice	Central Digital Platform

Preparing for re-procurement

Activity	Tools and templates
Review the need and design of the contracted service to determine future method of delivery	
Engage with the market to match service need to potential provision by the provider	Options appraisals
Conduct options assessment as part of the business case including insourcing, routes to market and ceasing the service	
Procurement agreed through governance, including production of equality impact assessment	SLT Report template
A procurement plan produced working with the procurement lead (where needed)	
Publish Preliminary Market Engagement Notice and Tender Notice (where needed)	Central Digital Platform

7. Procurement Act Required Notices

There are a number of notices which need to be completed on the government's central digital platform.

Contract Award Notice: Information to the market before a contract is awarded and only once the tenderers have been provided with an assessment summary.

Contract Details Notice: Once a contract is signed, this notice must be published within 30 days of contract execution or 120 days if the contract is 'Light Touch'. In addition, where the contract has a value exceeding £5 million, a copy of the contract must also be published with the notice (commercially sensitive information can be withheld).

Below-Threshold Contract Details Notice: This must be published following the award of 'notifiable' below-threshold contracts in the same way as the Contract Details Notice for above-threshold procurements. The notice must be published as soon as reasonably practicable after the contract has been entered into.

Contract Change Notice: Before changing an existing contract, the Council must publish a Contract Change Notice. The only exception is where the change is a "below threshold modification" which is a change which either increases or decreases the value of the contract by 10% or less (in the case of goods or services), or 15% or less (in the case of works) or increases or decreases the term of the contract by 10% of the maximum duration of the originally awarded contract.

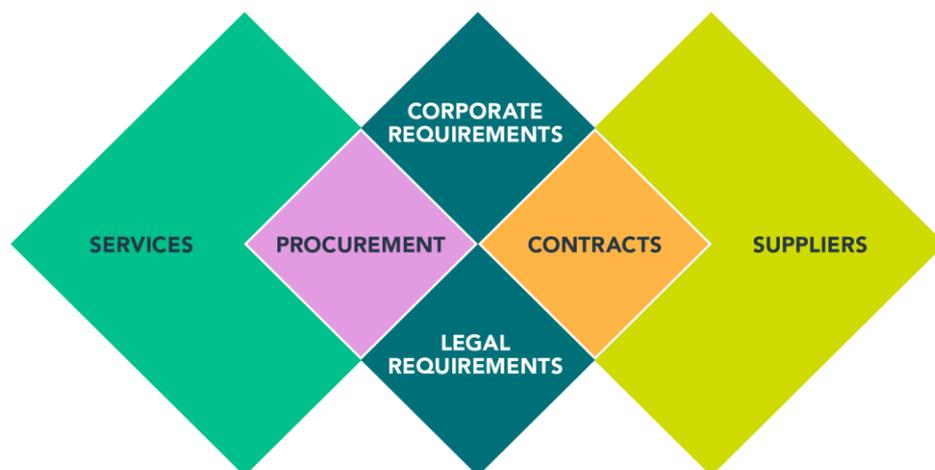
Payments Compliance Notice: Every six months, the Council must publish a notice setting out details of compliance with the requirement to pay suppliers within 30 days of receipt of invoice or, if later, within 30 days of the payment due date specified on the invoice. This needs to include the average number of days it takes to make payments.

Contract Performance Notice: Where a contract value is estimated to exceed £5 million, the Council must include at least three KPIs within the contract and monitor the supplier's performance against these. Details of the supplier's performance under these KPIs must be published at least annually in accordance with ascribed ratings of Good, Approaching Target, Requires Improvement, Inadequate and Other. Where the supplier has breached the contract, the Council must publish details of that breach and details of whether the contract was partially terminated, a settlement reached, or damages awarded as a result. Where the breach has resulted in a full termination of the contract, this would require a Contract Termination Notice instead.

Contract Termination Notice: Within 30 days of a contract expiring or terminating for any reason, an authority must publish a Contract Termination Notice. This must include details of the contract and the reasons for its termination (including certain details if termination arose from details of any breach of contract), the date of the termination and its estimated value.

8. Roles and Responsibilities

The various parties involved in successfully managing a contract have a range of roles and responsibilities, with an interplay between functions, balancing what the service needs and the supplier can provide, incorporating the Council's corporate obligations and the legal requirements.



The following is a list of key roles:

8.1 The Contract Manager

In essence, a contract manager ensures the supplier delivers the contract, managing change when needed and reporting on the contract's progress. To note, the role of managing a contract is often just one part of someone's roles.

1. **Contract creation and negotiation:** designing the specification when involved in the procurement

2. **Contract delivery:** oversee the execution of contracts, ensuring that suppliers fulfil their contractual obligations and coordinate with various departments (e.g. legal, finance, procurement) to ensure smooth contract implementation and following the correct change process
3. **Performance monitoring:** monitor the performance of the supplier, ensuring that timelines, deliverables, and standards are met
4. **Reporting:** regular reporting on the status of contracts, including any issues or financial implications
5. **Payments:** authorising payments ensuring the invoices are correct against the agreement and paid in accordance with the payment mechanism
6. **Risk management:** identify potential risks and set actions that mitigate those risks
7. **Dispute resolution:** where possible resolve disputes to minimise impact to the Council, escalating those disputes if needed and handle breaches including working with the legal service on a course of action
8. **Contract renewal and termination:** evaluate the future delivery options for the service including if still needed, in-sourcing or continued delivery through a contract
9. **Continuous improvement:** continually seek to maximise the outcomes of the contract, and record any lessons learnt.

8.2 The Finance Team

1. The Finance Team will ensure the Council and supplier are meeting the statutory requirements and carry out financial compliance/checks

8.3 The Senior Responsible Officer (SRO)

An SRO in contract management will not be involved in the day-to-day activity of the contract but plays a pivotal role in providing support to the contract manager in resolving issues and guiding implementation.

1. **Strategic oversight and decision-making:** ensures that the contract aligns with the Council's strategic objectives and long-term vision and makes higher level decisions that cannot be resolved by the contract manager
2. **Accountability and responsibility:** ultimately accountable for the delivery of the contract, overseeing the work of the contract manager to ensure implementation is on-track, and compliance with the requirements in the Contract Management Framework
3. **Resource allocation:** assesses the resources needed to deliver the contract, appointing the contract manager with the right skills and experience, and addressing resource barriers to delivery
4. **Governance and reporting:** establishes and maintains appropriate governance structure to oversee the contract management process
5. **Management and support:** manages the contract manager by ensure they discuss contracts regularly at 121's, providing support and advising when needed, as well as assessing/addressing the performance and compliance of the contract manager
6. **Lead on dispute resolution:** takes a lead on resolving or escalating disputes with suppliers, working with SLT and legal services on a course of action
7. **Wider organisational learning:** involved in lessons learnt to inform wider learning of contract management when fulfilling the legal and corporate priorities of the Council.

8.4 Key Corporate Colleagues

There are a range of colleagues in corporate services that will support with contract management – these are generally:

Legal: setting contracts and involved in escalated disputes

Finance: due diligence/financial checks, arranging payments, assessing savings and cost modelling

Procurement/Project Team: manages the procurement process to the point of issuing the contract and handover to the contract manager.

Compliance/Data management: at specification and contract management the team will provide advice and guidance on handling data and document retention

Governance and performance: receives information on the contract's progress for further reporting giving guidance on what is needed.

8.5 Senior Managers

The Senior Leadership Team do not need to be involved in the day-to-day operation of the contract – that will be delegated to the contract manager and secondly to the SRO. They will sit on the Contract Assurance Board which takes place bi-annually to provide governance.

SLT may also receive reports on the progress on high tier contract. They will provide a cross-organisation approach to resolve barriers to delivery and when absolutely necessary be involved in dispute resolution (as outlined in individual contracts).

They will also work with the political leadership to set the policy and priorities of the Council that will inform the approach to contract management and procurement policy.

8.6 Councillors

Councillors will have an interest in the effective operation of contract management to ensure positive outcomes for residents, that every consideration is given to value for the money, and the due diligence in the operation of the Council. Councils will be involved in the following ways:

- Agree policy: Members will agree policy and the constitution including the Contractual Procedure Rules.
- Committee briefings: The Service Delivery Committee is used to keep members up to date with contract delivery and performance.
- Audit committee: Assurance that proper process is being followed by the Council, including receiving results of audit reports

9. Measuring Performance and Supplier Relations

A fundamental requirement of good contract management is to monitor performance. The following guidance sets out actions to be taken:

- Set reporting expectations at the start of the relationship with suppliers, this is particularly important in high tier contracts.
- Hold regular contract review meetings with suppliers. As a rule, the Council takes a lead in setting the agendas, chairing the meetings and taking notes. Use the Contract Review Meeting Template to ensure a consistent approach.
- Keep an action log, it is important to record and monitor what is expected of the supplier in what timescale, equally there maybe actions for the Council to deliver.

- Complete the Contract Management Tracker monthly with the appropriate RAG status highlighting any issue as appropriate
- Good relationships with suppliers are based on mutual trust and shared objectives – this can drive innovation through a flexible approach to the contract, but any change needs to be justified. Challenging a supplier on delivery as it is often the big fails that are noticed and need escalating, but there could be incremental poor performance that also needs to be captured and addressed.
- Escalate issues to the SRO where appropriate so further support and guidance can be provided

10. Key Performance Indicators

The Procurement Act 2023 has a strong emphasis on key performance indicators (KPIs) which will be published for contracts that exceed £5m.

All contracts of this value and above should have KPIs established as part of the specification, developed through service need and capable of delivery by the supplier. Therefore, they need to be challenging but realistic.

Good (KPIs) in contract management are essential in measuring how well a supplier is delivering what was agreed during the procurement. When clear, measurable and baselined they can be very efficient in assessing performance – this can then form the basis of recognising achievements and challenging when inadequate. It can also be the basis of a discussion where the contract terms and deliverables may need to change.

The Best KPI' are SMART (Specific, Measurable, Achievable, Relevant and Timebound)

Specific and clear: KPIs should be clearly defined so that everyone understands what is being measured and why. For example, instead of "Improve customer satisfaction," a more specific KPI could be "Increase customer satisfaction score by 10% within 6 months"

Measurable: Ensure that the KPI can be quantified. It should be possible to measure progress and determine whether the target has been achieved. For instance, "Reduce average response time to customer enquiries to 3 hours" is measurable

Achievable: KPIs should be realistic and attainable. Setting targets that are too ambitious can set a contract up to fail, while too easy may not meet the requirements of the service

Relevant: The KPIs should align with the overall goals and objectives of the Council – this can relate back to the corporate strategy or the Council's statutory responsibilities.

Time-bound: KPIs should have a specific timeframe for achievement and can be based on milestones which will be relevant for long-term contracts.

Other factors to consider:

Benchmarking – it is useful to compare to industry standards where they are robust and relevant

Source your own customer feedback – whilst it is the duty of the supplier to provide the data (in a format the Council specifies) the service can source its own feedback from users of the contract

Check the methodology – some methods of collecting data can be quite complicated and it is essential to check an agreed way of collecting, recording and interpreting that data. For example, when using percentage results ensure the actual numbers are also supplied

Right to audit – most contracts will have a right to audit, and this should include auditing how KPI results are collected and delivery of social value

Driving behaviours – the KPIs can be designed in a way to focus on delivery, for example when a particular geographical area or demographic need to be targeted and at what result.

11. Monitoring Social Value and Set Standards

11.1 Social Value

Achieving Social Value is built into the procurement process for suppliers to provide additional value when a contract is awarded. This will be community-based activity that contributes to the outcomes of the Corporate Strategy.

Social Value should be measurable along with KPIs and have equal status as something the supplier has committed to deliver. Therefore, recording social value outcomes needs to be captured and form part of the regular monitoring and reporting.

Social Value should be beyond activity the supplier would have undertaken in any case to be effective in their operation; some examples are:

Creating skills and training e.g. apprenticeships	Initiatives that target hard to reach groups	Supporting voluntary or community organisations
Sustainability projects that support the environment	Working with schools and young people	Free activities for residents
Activities that address anti-social behaviour	Place based services such as play areas/green spaces	Market and awareness campaigns
Local economy activity e.g. involving small businesses	Nature conservation such preserving habitats	Involvement in partnerships e.g. community safety

For High tier contracts, KPI's and Social Value performance will be reviewed bi-annually at the contracts assurance board.

11.2 Monitoring Standards

Performance also relates to how the organisation operates which will help to assess supplier compliance with set legal or Council requirements. These include:

Risk: create and review a joint risk register with mitigating actions, and escalate to the Council's corporate risk register.

Financial: checking the supplier's financial stability through credit checks.

Continuity planning: there are two aspects to continuity. 1: the continuity plan produced by the supplier to outline mitigation of scenarios that could impact delivery; 2: the continuity plan by the Council if the supplier fails particularly for critical services.

Health and safety: the supplier should be responsible for the services it delivers within expected standards. The supplier needs to keep a record of instances, including near misses to learn from, which are reported to the Council and with the local authority having the right to audit that information.

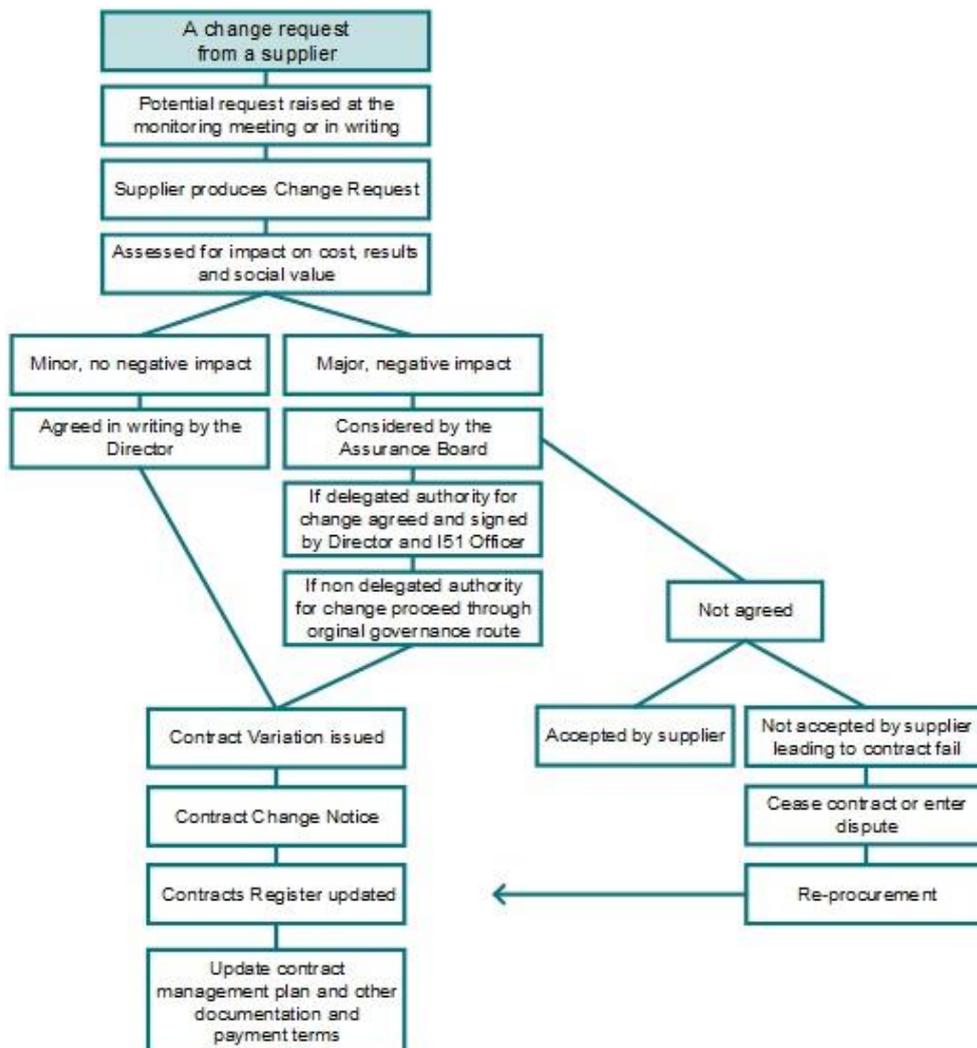
12. Change and Assurance

12.1 The Change Process

It can often be the case that a contract needs to be varied. This can be driven by the supplier or instigated by the Council to respond to service needs. Management of contracts requires responsiveness and flexibility on both sides, with a willingness to adapt the terms of the contract to reflect changing circumstances. Common reasons for change are as follows:

In response to legislation	Customer or service need	Opportunities of new technologies
External factors e.g. supply change costs	Creating a cost savings	Changes in how the services are being delivered
Addressing an emergency	Mitgating a risk or continuity requirement	Health and Safety issue, including a near miss

Below are the steps to be followed when a change is presented by the supplier:



A reasonable request can be made by the service to alter the contract. The supplier will need to agree and it then needs to be formally ratified by the director with a contract variation issued, along with change notice and updated contracts register. The supplier may want to negotiate something that they want in exchange for the change which would need to be considered in light of any negative impact on the Council.

12.2 Disputes

Many disagreements and disputes arise, for example, from a different interpretation of a contract provision such as a performance level, an unclear item in the terms and conditions or practice becoming the norm when it shouldn't. It is important that any potential dispute is recognised early and addressed quickly.

Disagreements which are minor in nature should be resolved swiftly at contract manager level. However, it may be important sometimes to get a second view by raising concerns with the SRO, the Contract Assurance board and informing Legal Services early on.

The contract will include a dispute resolution and escalation process which will include a number of mechanisms to reach an agreement. These should be followed and well documented in case of future legal challenge so that the Council can demonstrate its reasonableness.

12.3 Assurance

It is important that the Council knows how well it is managing its contracts across the Council. This will help provide assurance and identify where improvements can be made. A Contract Performance Tracker has been developed, and Contract Managers will give the contracts they manage a RAG rating each month, providing commentary on Amber/Red statuses where appropriate.

The Contract Assurance Board will meet bi-annually. Members of the SLT will be on the board. SLT will review the Performance Tracker prior to the meeting and invite Contract Managers with any Amber/Red statuses to attend the next Corporate Assurance Board to highlight any issues and discuss ways forward.

During the Contract Assurance Board Performance against KPI's and Social Value will also be reviewed. The Board may also ask contract suppliers to attend a meeting to discuss things like proposed changes and performance.

13. Learning and Help

Heads of Service (as SRO) will support their managers with contracts on an on-going basis.

The intranet pages have a range of information available, including templates, tools and this framework.

Each Head of Service needs to make sure their officers have the relevant contract management training and should address any skills gaps and resource issues.

