

### Overview and Scrutiny – Commercial and Contract Management

#### A Framework for Review

In overall terms effective overview and scrutiny should:

- provide constructive ‘critical friend’ challenge
- amplify the voices and concerns of the public
- be led by independent people who take responsibility for their role
- drive improvement in public services

#### Contract management in context – effect of tendering/contract award phase

- 1.1 Whilst this report focuses on the operational phase of the contract, contract management success and the activities undertaken are strongly influenced by what has happened during the tendering/contract award phase, in terms of both ‘hard’ outputs, such as the terms and conditions that have been agreed, and the type of relationship between customer and supplier that has been established during the tendering/contract award phase.
- 1.2 In this way, the tendering/contract award phase/contract management phase should be seen as a continuum rather than distinct phases, with contract management planned from the start of the procurement process.
- 1.3 A key issue for Scrutiny to consider is what thought went into the initial procurement phase to ensure the end contract would deliver the outcomes needed (ie, what the specification was, what the KPIs are) – and then look at the contract management activity to determine what processes have been put in place to monitor performance, what action is being taken where delivery is not what was expected, what learning is being derived from the process to ensure any lessons are fed into next procurement activity

#### The framework

- 1.4 The key activities to be undertaken under each of the 11 contract management areas are set out below and in Appendix A. The numbering is not intended to indicate that the activities should be executed in a sequential manner. Indeed, many of the areas and activities are relevant throughout the contract management phase.
- 1.5 Not all of the 11 areas are equally relevant to all contracts. Generally, the more developmental and strategic areas and activities (areas 8 to 11) become increasingly important the higher the contract risk and the greater the opportunity to add value.
- 1.6 Appendix A – is a Key Lines of Enquiry Template that may be useful in focusing the Committee’s questions and evidence gathering. Note that the completion of such a questionnaire is in itself one line of enquiry that should be supported by other activities such as visits to other Councils or organisations, research on best practice activity in Local Government and other sectors, and, peer to peer discussions.

**Figure 1**

The good practice contract management framework



Source: National Audit Office

## The Action

- 1.6 It is suggested that to take this forward the Committee selects one contract per service area and initially interviews in connection with each one:
- Service lead
  - Senior lead
  - Finance lead
  - Procurement lead
  - Risk management lead