



**Registers
of Scotland**
ros.gov.uk

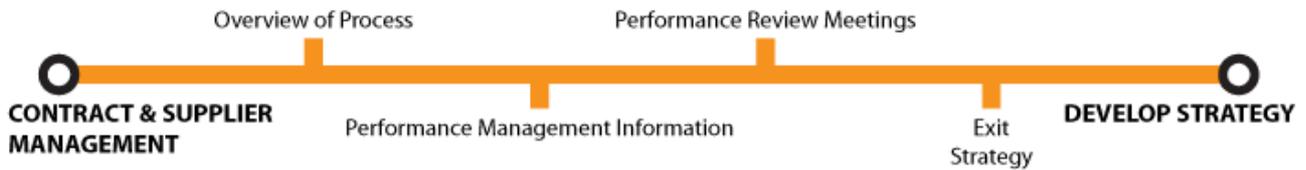
**Registers of Scotland
Contract and supplier management and
strategy process**

Contents

Foreword.....	3
Purpose of Contract & Supplier Management.....	3
SPCD Suppliers' Charter	4
Aims of this Document	4
Priorities.....	5
The Process.....	5
Contract Implementation.....	6
Determine Level of Contract & Supplier Management.....	7
The Contract & Supplier Management Plan.....	8
Contract & Supplier Performance Review Meetings	8
Change Control.....	9
Change Control Process.....	10
Exit Strategy	11
Appendix I: Supplier Management Process Map	12
Appendix II – Related Documents & Tools	13
Appendix III – Example Contract and Supplier Management Plan	14
Appendix IV – Contract Change Note:.....	16

Foreword

This strategy has been developed to align with Registers of Scotland (RoS) Procurement Strategy (2012-2015). Furthermore, it recognises the aims and values set out in the Scottish Procurement & Commercial Directorate (SPCD) Supplier Charter, and encompasses best practice set out in the SPCD [Procurement Journeys](#).



The Supplier Management Strategy puts in place a consistent strategic approach to Contract and Supplier Management across RoS Business Directorates and Commodity Categories. This provides a robust approach to drive value from new and existing contracts. Putting in place a contract creates the opportunity to deliver value. Post Contract Commercial Management is the how the value will be delivered and benefits realised.

As well as developing a consistent approach to Contract and Supplier Management, RoS aims to improve existing supplier relationships through improved management whilst at the same time supporting local businesses and SMEs.

Purpose of Contract & Supplier Management

The function of Contract & Supplier Management is to:

- ensure a contract is successfully implemented;
- provide a formalised method of monitoring supplier performance against mandatory contract requirements;
- ensure there is clarity of the roles and responsibilities by all parties relating to Contract and Supplier Management;
- monitor overall performance by third parties to the terms of the contract, refining and improving Key Performance Indicators (KPIs), Service Level Agreements (SLAs) and service delivery through honest, open communication between the supplier and RoS, delivering continuous improvements to both parties;
- improve and develop relationships with key supplier representatives based on mutual trust and understanding, open communications and a joint approach to managing delivery;
- realise estimated and planned savings and benefits through regular benefits tracking;
- identify potential additional savings and benefits through proactive Contract and Supplier management;
- manage the Supply Chain (where there are inter-dependencies);
- provide a focus for the development of initiatives and innovation;
- deliver learning and knowledge transfer;
- drive continuous improvement; and
- manage change from a technical, financial and delivery perspective.

Scottish Procurement & Commercial Directorate (SPCD) Suppliers' Charter

RoS has signed up to the Scottish Procurement & Commercial Directorate [Suppliers' Charter](#), which aims to facilitate access to public sector procurement opportunities.

Both the Scottish Public Sector procurement community and the supplier community recognise that effective procurement practices are an important factor in ensuring a fluid and competitive marketplace as well as ensuring Best Value/Value for Money within the public sector.

We recognise the need, where practical, to simplify and standardise processes and to ensure consistency in order to provide a fair and open approach to tendering. With these aims in mind, RoS will:

- consult with the business community to identify and reduce barriers to business;
- facilitate understanding of public sector procurement policy and legislation for relevant stakeholders;
- ensure that sourcing for individual contracts, including large contracts and framework agreements, is supported by a sound business case;
- keep the tender process as simple as possible, but consistent with achieving Best Value/value for money, to help minimise costs to suppliers;
- unless there are compelling business reasons to the contrary, ensure that adequate and appropriate publicity is given to contract opportunities that fall below the OJEU threshold limits or are otherwise exempt from the public procurement directives;
- commit to using the standardised PQQ for routine procurements, with addition of bespoke additions on a case by case basis. (Authorities are expected to follow this format and, as closely as possible, wording for routine open procedure procurements);
- offer meaningful feedback to suppliers on the evaluation of their proposal at the end of the tendering process;
- publish guidance for the business community on tendering for opportunities; and
- support training for procurement staff to develop consistency in the use of best practice procurement activity

Aims of this Document

Relationship Management is a key element of supply positioning and Contract and Supplier management, with a goal to streamline and make more effective the processes and contracts between RoS and its suppliers and partners. Relationship management is integral to Contract and Supplier management and RoS will take a comprehensive approach to managing our interactions with the organisations that supply the goods, works and services we use.

Supporting the aims set out in the Procurement Strategy 2013-2016, this strategy and process aims to provide a standard approach and guidance to Contract and Supplier management, defining clear ownership by Procurement and service delivery teams for operational day-to-day management throughout the lifecycle of a contract and relationship.

The strategy will achieve this through defining the procedure for developing and maintaining close relationships with stakeholders and key providers, and the creation of a consistent, standard Contract and Supplier management process, applicable to all commodities.

Priorities

Priority areas identified to achieve this are:

- the Procurement function and RoS Service Delivery teams and stakeholders to agree ownership of the key elements of the Contract and Supplier management process (see [Appendix I](#)) – Process Map;
- implement a standardised agenda, minutes and action notes template for managing and documenting supplier meetings consistently across all service and commodity areas (see [Appendix II](#));
- implement a balanced scorecard for measuring supplier performance in terms of the supply of goods, services and works contracts (see [Appendix II](#));
- incorporate a mechanism to review RoS' performance and feedback within review meetings;
- introduce supplier management meetings with identified key suppliers for each category, with an aim to seek continuous improvement in the execution of contracts;
- begin a revolving programme of supplier and contract review meetings, scheduled and tracked using the Contract Database;
- regularly review both contract performance and supplier performance through structured joint and service-inclusive meetings to improve output, benefits and knowledge, and to reduce risk;
- encourage prime contractors to engage with local suppliers and SMEs through the inclusion of Community Benefit/Sustainability clauses, and early engagement in commodity strategies;
- standardisation of the supplier management process, and implementation of rigorous controls to manage the supplier database and transactions within Procurement systems; and
- continually review the contract and supplier management process to ensure it remains fit-for-purpose, remains consistent with Procurement Journeys 1,2 and 3, and is continuing to deliver clear benefits.

The Process

The following contract management process has been designed to improve the operational phase of the contract and derive value for money. The influence of activities undertaken during the tendering/contract award phase play an important role in influencing the desired outcome. Thus the tendering/contract award phase and the contract management phase should be seen as a continuum rather than distinct phases, with contract management planned for from the start of the procurement process. Some of the key issues that can influence contract management include the following:

- whether contract management staff have been involved in the earlier tendering/contract award phase;

- the style of the tendering process. An adversarial tendering process may lead to a more adversarial or confrontational relationship during the contract management phase. However, good working relationships between the staff on both sides who will manage the contract can be developed at the same time that separate, sometimes tough, negotiations are taking place to finalise the contract;
- the 'cultural fit' between customer and supplier. For example, if one party feels comfortable working in a very process-driven, detailed manner, while the other prefers a more open, high-level relationship, then developing successful contract management will be more challenging;
- a contract where one party feels they are disadvantaged by the terms and conditions, or the commercial terms, of the contract may lead to more adversarial contract management; and
- key hard outputs that have a major impact on the design and effectiveness of contract management – such as key performance indicators and service level agreements – are often determined during the tendering/contract award phase.

The Contract & Supplier Management process continues through a post-contract award meeting with the successful supplier, which - as a guideline - should be conducted within one to three weeks of the contract award. The purpose of this meeting is to discuss the contract implementation phase and agree roles and responsibilities, identify activities and SLAs, KPIs, timescales and expectations. It is important to keep in regular contact with the supplier during the contract implementation phase and to arrange meetings and maintain open dialogue throughout.

Contract Implementation

Contract Implementation consists of three distinct phases:

- **Migration** - facilitating the movement of organisations to a new contract post 'go-live';
- **Mobilisation** - the process of moving from contract award and migration to 'go-live' i.e. the point when a user can actually buy from the contract; and
- **Communication** – ensuring all stakeholders are aware of the contract and what it involves.

Actions that should be considered to migrate to, and mobilise a contract at this stage include:

i. End-User Information Packs

An information pack may be required to communicate and publicise the contract to inform end-users of its content, which can contain key information about the use of the contract including;

- contract objectives,
- details of the goods and services available,
- prices,
- supplier contact details,
- ordering and invoice process,

- returns/complaints/escalation process, and
- Contract and supplier management process.

Any information pack should be proportionate to the contract, and should demonstrate how it delivers best value and provides information relating to the benefits of the contract (e.g. cost savings, KPIs, improvements in quality and service).

ii. Supplier/Buyer Events

Depending on the size, value and risk level involved with the contract, a useful way to raise awareness of the contract amongst end users is to organising a Supplier/Buyer 'launch' event to give stakeholders the opportunity to meet each other, and present details of the contract and what it affords. This is also an opportunity to distribute information packs/buyers guides.

iii. Feedback and comments

End users should be consulted as part of ongoing performance measurement process. It is important to ensure the following, when establishing a feedback system:

- there are clear contact points for service users both within the supplier organisation and with the contract manager;
- users understand what the contract is intended to deliver, and are involved in the assessment of supplier performance where relevant;
- users understand escalation routes where issues arise;
- changes in user requirements are captured and considered as part of formal change and contract management processes; and
- there are formal performance reviews with suppliers, with documented improvement plans agreed where necessary, covering both operational issues and adherence to key contractual requirements, for example, on data security.

Determine Level of Contract & Supplier Management

It is important when developing the Contract Strategy to determine the level of management required for the proposed contract at the specification stage, based on size, value and organisational risk as this will influence and determine the frequency and content of supplier review meetings.

Guidelines from the Procurement Journey are given below. The Procurement Team will need to consider the appropriate level of management required for individual contracts by considering factors such as value and length of contract, business criticality and dependency, number of customers/end users, public visibility, openness to complaints or challenges, risk, performance criteria and compliance with requirements of governing:

- **Low level** - ensuring compliance to the contract by monitoring management information (MIS) from the supplier/end user feedback, managing delivery and compliance of the contract using four high-level indicators i.e. cost, quality, delivery, service;

- **Medium level** - managing the performance of the contract and the supplier through MIS monitoring/end user feedback and by expanding the four high-level indicators coupled with a minimum of one performance review meeting held per annum; and
- **High level** - managing the performance of the contract and the supplier using a combination of MIS monitoring, and use of the full balanced scorecard ([Appendix II](#)) to monitor performance in support of quarterly meetings.

A tool to assist in determining the level of management is incorporated within the Contract and Supplier Management section of Procurement Journey 3. [Click here to locate / use the tool.](#)

The Contract & Supplier Management Plan

Once the contract implementation has been completed and the level of management determined, a Contract and Supplier Management Plan (example [Appendix III](#)) should be constructed which outlines:

- The Agreed Level of Management (Low/medium/high)
- Roles & Responsibilities
- Risks & Issues
- Escalation Process (within supplier organisation and the authority)
- Balanced Scorecard Use
- Review Meeting Schedule
- Process for conducting continued supplier financial checks (see financial appraisal guidelines)

This will need to be agreed with your supplier. All of these, in particular the routes for escalation and the review meeting schedule, should have been built into the initial Contract(s) Strategy and tender, with reference to the fact that a Contract and Supplier Management plan will be developed.

Contract & Supplier Performance Review Meetings

Performance Review Meetings are an important part of the Contract & Supplier Management process and provide End Users, Procurement, Service Management and the Supplier with an opportunity to focus on what is going well, identify any problems at an early stage and agree opportunities for improvement and innovation.

We suggest that, for contracts/suppliers where a medium level of management is being applied, there should be at least two performance review meeting per year. Meetings for Contracts/Suppliers where a high level of management is being applied should be held at least quarterly.

A standard template comprising a meeting agenda, minutes and action notes is available to assist in the management of performance review meetings and supplemented by balanced scorecard templates for goods, services and works contracts. All are available on the Procurement Intranet Site or via the links contained in [Appendix II](#).

These tools can be used by both Procurement and the supplier in advance of meetings to provide a structure to the meeting, with the scorecards in particular used to gauge where performance is improving, remaining static or declining. Checks using the One Source

service can also be made if required in advance, to assess the supplier's current financial standing where this may have changed since contract award.

Meetings should focus on:

- i. Review of Actions and Minutes from previous meeting(s)
- ii. Review of risks and Issues
- iii. Supplier Business Review, with updates on new products/product developments, customer-affecting issues (e.g. product issues, recalls), complaints, value adds
- iv. RoS Business Review/Service Improvement Plan Update
- v. Scorecard review – to determine current level of performance (Improving/Degrading)
- vi. Contract performance against target/SLA /KPIs
- vii. Issues for escalation
- viii. Benefits Realisation (e.g. Community Benefits, sustainability)
- ix. Financial Monitoring (Spend monitoring, P2P, Invoicing, Billing, financial stability)
- x. Process, Standards, Regulatory
- xi. Areas of Improvement (e.g. innovation, new process)
- xii. Change Control

These are suggested agenda topics for discussion; however; the final agenda will need to be adapted for specific types of contract and/or suppliers.

The initial Performance Review or 'inaugural/kick-off' meeting should also include a 'Lessons Learned' session with the supplier on the tendering and contract implementation process, and cover areas such as roles and responsibilities, performance levels, and invoicing arrangements.

Meetings should recur as agreed until the contract approaches its completion, and documented (minutes, actions, change in performance) throughout, with actions followed up as agreed. Minutes of Meetings, agreed actions and scorecard results should be communicated to all stakeholders following each meeting (supplier, procurement & End Users/Service department management).

Change Control

Changes (variations) to services, procedures or contracts are likely to occur throughout the lifecycle of a Contract, especially lengthy and/or major, strategic contracts, which could have an effect on many aspects of the contract including:

- Service Delivery
- Scope of work
- Performance
- Costs
- Product availability / changes to specification / obsolescence / revision of rates
- Whether the Contract continues to represent value for money

The primary aim in managing variations is to minimise their likelihood; however, change is inevitable, therefore the specification and management of change (Change Control) is an integral and important part of contract management and administration. Change Control

procedures should be included in the contract and discussed at the inaugural meeting. The respective roles and responsibilities of both parties in the change control process must be clearly identified, along with procedures for raising, evaluating, costing and approving change requests.

A single change control process should be applied to all contract changes. Flexibility does, however, need to be built into the process to deal with issues such as emergencies. A change control process should provide clear steps and clearly allocated ownership and responsibilities for:

- Requesting changes
- Assessment of Impact
- Prioritisation & Authorisation
- Commercial and contractual consideration
- Agreement with provider
- Control of implementation
- Documentation and Communication of change
- Updates to Terms & Conditions where applicable

If a specific change or cumulative changes significantly increase or decrease the scale or scope of the services provided under the contract, the procurement contract manager/contract owner will need to assess whether it continues to achieve best value and provide value for money overall.

Similarly, the procurement team/contract owner must also ensure that any changes do not take the contract outside the scope of the original tender in relation to the OJEU advertisement, or permitted extensions to contracts. When this is in doubt, the change should be referred to the RoS Legal Services Directorate for guidance.

The same level of diligence should be applied to contract variations as that applied to letting a contract.

Change Control Procedures

The Change Control procedure should be used by RoS and the Supplier to effect changes to the contract, to provide clarity and documentary evidence of the change, and agreed actions:

1. A Contract Change Notice (CCN) - See [Appendix IV](#), should be completed and signed by parties to the contract. Documenting the change in this manner will ensure that involved parties have clarity and visibility of the change, which can be readily communicated to stakeholders. The CCN should be given a sequential number, logged in a change control log and should detail:
 - a. Contract Title, Originator of Change, Date Change Proposed;
 - b. Reference to any attachments or addenda;
 - c. The reason for the Proposed Change;
 - d. Full details of the Proposed Change;
 - e. Details of the Impact (financial / operational);
 - f. Date of Agreement of the Change; and
 - g. Name, Title, Date and Signature of contracting parties;

2. The signatory for RoS would normally be the Contract Owner/Procurement Manager responsible for managing the contract, the Head of Procurement and/or the Finance Director and/or the Deputy Keeper as Accountable Officer.
3. Until such time as the CCN is signed by contracting parties, it should be clarified to the Contractor that they will need to continue to provide and make available to RoS the services as originally contracted.
4. No change to services can take place prior to the CCN being signed.
5. Once the CCN is agreed and signed, amendment to the contract can take place.
6. A signed copy of the change should be provided to the supplier, and a copy retained with the contract papers.
7. All stakeholders and end-users of the contract should be informed of the change

Exit Strategy

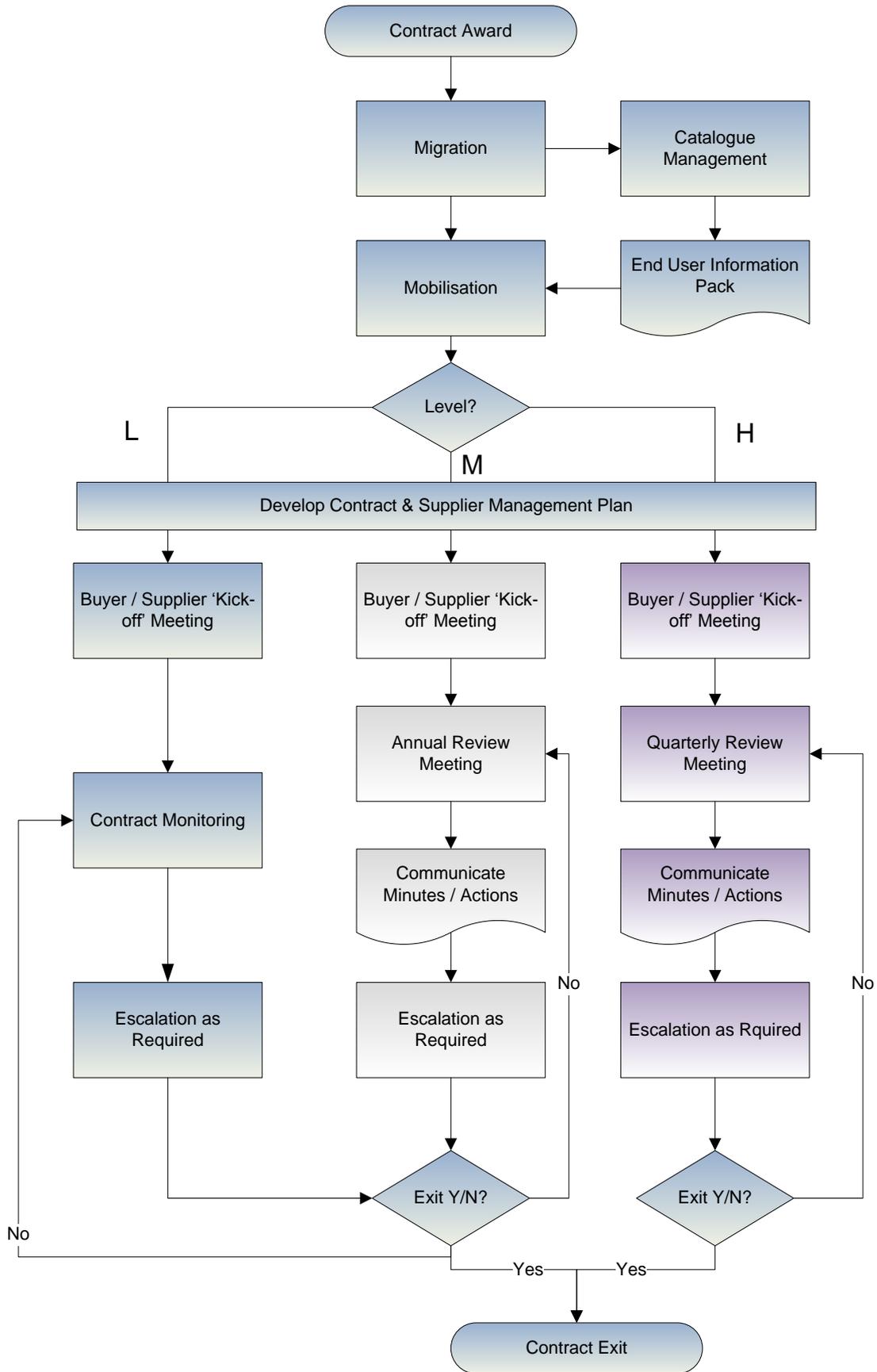
As a contract progresses, the Procurement team will have responsibility for ensuring that both parties are working towards the planned fulfilment and exit of the contract, and the procurement process for securing subsequent supply arrangements if required.

The Exit Strategy should involve a full review of the contract and supplier's performance. This should include a 'lessons learned' review, which incorporates feedback from end-users and the supplier. If the Contract involves Consultancy then a Post-Project Review should be conducted. A template document can be found on the Procurement Intranet Site.

The final review and lessons learned should be clearly documented and communicated to appropriate stakeholders, as it may inform any subsequent procurement for similar commodities in the future.

[Back to top](#)

Appendix I: Supplier Management Process Map



Appendix II – Related Documents & Tools

Standard Meeting Agenda, Minutes & Actions Template



O:\Procurement\
Approved\Team Prod

Supplier Scorecard



O:\Procurement\
Approved\Team Prod

Footnote:

The latest versions of these documents will be stored on the Procurement Intranet Site

Appendix III – Example Contract and Supplier Management Plan

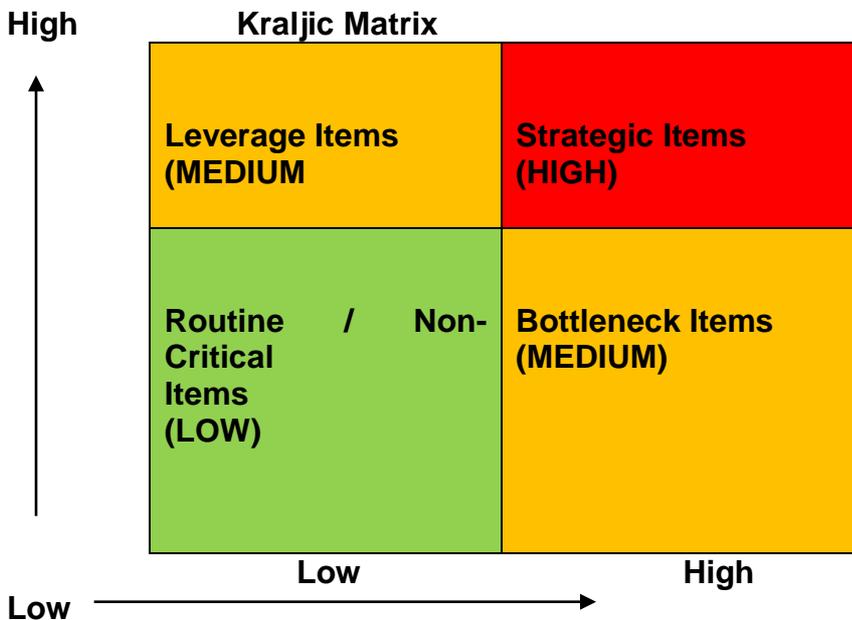
Report Generated from RoS Contracts Database

1.1 Owners/Key Representatives

Nominated contact	Role	Responsibility
	Lead RoS Representative	
	Supplier Contract Manager	
	UIG Member(s)	
	End User	

1.2 Level of Management required

Use the [Contract and Supplier Management Assessment tool](#) to determine whether the level of management required for a specific contract and supplier should be **HIGH / MEDIUM / LOW**. The assessment considers the potential impact on business based on criticality, dependency and the number of expected customers.



1.3 Contract Objectives

1.4 Performance Management Framework

1.5 Mobilisation Plan

1.6. Migration Plan

1.7 Contract Compliance

--

1.8 Escalation & Change Control Process

Supplier	Contracting Authority (Customer)

1.9 Exit Plan

--

1.10 Review Meetings

Proposed dates	Actual Dates

1.11 Issues/Risks

Issue Ref.	Issue	Responsibility	Resolution	Date
Risk Ref.	Risk	Responsibility	Mitigating Action	Date

Appendix IV – Contract Change Note:

CONTRACT CHANGE NOTE (CCN)

Sequential Number: [to be allocated by the RoS]

Contract Title/Reference:

Originator: [for the [RoS/Contractor]

Date change first proposed:

Number of pages attached:

WHEREAS the Contractor and RoS entered into a Contract for the provision of the above mentioned Service dated _____ and now wish to amend that Contract;

Reason for proposed change:
[Party proposing change to complete]

Full details of proposed change:
[Party proposing change to complete]

Details of likely impact (if any) of proposed change on other aspects of the Contract:
[Party proposing change to complete]

IT IS AGREED as follows:

1. With effect from [date] the Contract shall be amended as set out below:
[Details of the amendments to the Contract to be inserted here – to include the explicit changes required to the text in order to effect the change, i.e. Clause/Schedule/paragraph number, required deletions and insertions etc]
2. Except as herein amended, all other terms and conditions of the Contract inclusive of any previous CCNs shall remain in full force and effect.

Signed for and on behalf of the Contractor		Signed for and on behalf of Registers of Scotland (Contracting Authority)	
Signature:		Signature:	
Name:		Name:	
Title:		Title:	
Date:		Date:	

[Back to top](#)