**Contract and Supplier Management**

Process and Guidance document

March 2018

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Introduction

* 1. Managing contracts effectively is necessary to achieve contractual deliverables and best value. Improved relationships with the supply chain, realising contract efficiencies and minimising total cost of ownership relies on robust Contract and Supplier Management (CSM) throughout the lifetime of contracts.
  2. The Council is committed to undertaking Contract and Supplier Management on its procurement activities and to formalise the Council`s process of monitoring a Supplier`s performance against their contractual requirements.

1.3 The Contract and Supplier Management Process and Guidance document shall contribute to [South Ayrshire Council`s Procurement Strategy (March 2018)](http://www.south-ayrshire.gov.uk/documents/SAC%20Procurement%20Strategy%202016-2018.pdf) Key Objectives, in particular Key Objective 2: Maximising Efficiencies Through Procurement and Key Objective 3: Development of Collaborative Opportunities. Furthermore the Contract and Supplier Management Process and Guidance document shall support the Council’s Procurement vision;

***“To continue to grow Strategic Procurements influence across the Council, realising our ambitions for a centralised procurement model, while maintaining an excellent procurement service, which contributes to the transformation of South Ayrshire within available resources”.***

1.4 The aim of South Ayrshire Council’s Contract and Supplier Management Process and Guidance document is to set a foundation for the implementation of a consistent approach to Contract and Supplier Management across the Council’s service areas and embed this process within the Council’s Procurement Journey to drive value and efficiencies for new and existing contracts.

In addition the Process and Guidance document aims to improve existing Supplier relationships through increased effective engagement, whilst continuing to support local businesses and small & medium enterprises (SME`s).

Purpose and Vision

2.1 Effective Contract and Supplier Management within the Council will result in contract procedure and process improvements, as well as increasing the procurement function knowledge and experience which can then be used to benefit future contracts.

2.2 The points below highlight the purpose and importance of Contract and Supplier Management to South Ayrshire Council:

* to formalise the process of monitoring a Supplier`s performance against their contractual requirements;
* to define clear roles and responsibilities of Strategic Procurement and Service Users after contract award;
* to implement a consistent approach to managing Supplier`s across the Council;
* to realise financial and efficiency savings through proactive Contract and Supplier Management;
* provide a focus for development of initiatives and innovation;
* to improve successful contract execution;
* deliver learning and knowledge transfer;
* drive continual improvement;
* record, monitor and manage contractual and voluntary Community Benefits;
* record, monitor and manage contractual and voluntary Sustainable benefits; and
* improve relationships between contracted Supplier’s and the Council;

2.3 The processes and procedures outlined shall support Zone C within Route 2 and 3 of the Scottish Government’s and the Council’s Procurement Journey which provides guidance for Regulated Procurements (contracts over £50,000) for supplies and services.

The Contract and Supplier Management Process and Guidance document currently does not cover construction (works) procurements; however this will be a future development.

Background

3.1 This Contract and Supplier Management Process and Guidance document shall support recent changes in procurement legislation and statutory requirements both at a national and local level, this includes the following:

* Procurement Reform (Scotland) Act 2014;
* Sustainable Procurement Duty;
* Scottish Government Sustainable Procurement Action Plan;
* Local Government Scotland Act 2003;
* South Ayrshire Council`s Procurement Strategy (December 2016); and
* Procurement and Commercial Improvement Programme (PCIP)

3.2 The Council has already undertaken preparatory and testing of the suggested process for within Contract and Supplier Management.

A consistent approach to Contract and Supplier Management across the Council and to further build on work already undertaken in this area will support the achievement of best value from new and existing contracts. Furthermore the process and guidance document has been constructed in conjunction with, and compliments  [South Ayrshire Council`s Procurement Strategy (March 2018)](http://www.south-ayrshire.gov.uk/documents/SAC%20Procurement%20Strategy%202016-2018.pdf).

3.3 All regulated procurements (excluding works) where the contract value is above £50,000 shall follow the Council’s Contract and Supplier Management Process after contract award.

A map of the Council’s Contract and Supplier Management Process can be found at **Appendix 1.**

Where the Council is not the lead authority of the contract, the Council will take part in Contract and Supplier Management activities in all regulated joint/collaborative procurements (excluding works).

Approach

4.1 South Ayrshire Council has a dedicated team to support the Council in fulfilling the Contract and Supplier Management Process and Guidance document. The Contract and Supplier Management (CSM) team supports each Council department with the following CSM activities;

* Main point of contact for Contract Users and Suppliers to raise contractual issues or disputes;
* Monitor, review and support Suppliers against South Ayrshire Council’s Standard Key Performance Indicators;
* Issue Balanced Scorecards to collate Supplier feedback;
* Arrange and chair Contract and Supplier Management meetings with non-performing Suppliers;
* Ensure all parties (Suppliers and Contract Users) recognise and understand their contractual role and responsibilities;
* Provide a formalised system of monitoring for managing a contract and recording contractual variations;
* Collate and monitor contract management information/ spend data to identify new innovative ways of working/products, efficiencies and savings;
* Collate, monitor and report contractual and voluntary sustainable procurement benefits (including community benefits); and
* Collate and report on Lessons Learned that will benefit future contracts.

4.2 The CSM Team follows the “[Contract Management Checklist](https://www.procurementjourney.scot/sites/default/files/documents_library/Route%203%20-%20Contract%20Management%20Checklist%20Document.docx)” when carrying out the above CSM activities. The Contract Management Checklist is guidance provided by the Scottish Government that assists Contract Managers to focus on the following points:

* Planning and preparation;
* Managing service delivery;
* Managing the relationship;
* Contract administration;
* Seeking improvements.

4.3 The CSM Team structure can be found at **Appendix 2.**

Process

5.1 This section of the Process and Guidance document provides a breakdown of the procedures that are highlighted at **Appendix 1**: **“A map of the Council’s Contract and Supplier Management Process”.**

Furthermore it provides a detailed breakdown of the activities and actions that are undertaken by the CSM Team, Contract Users and Suppliers to ensure the Contract and Supplier Management Process is consistent and applied to all applicable contracts.

5.2 **CONTRACT SEGMENTATION (RISK LEVEL)**

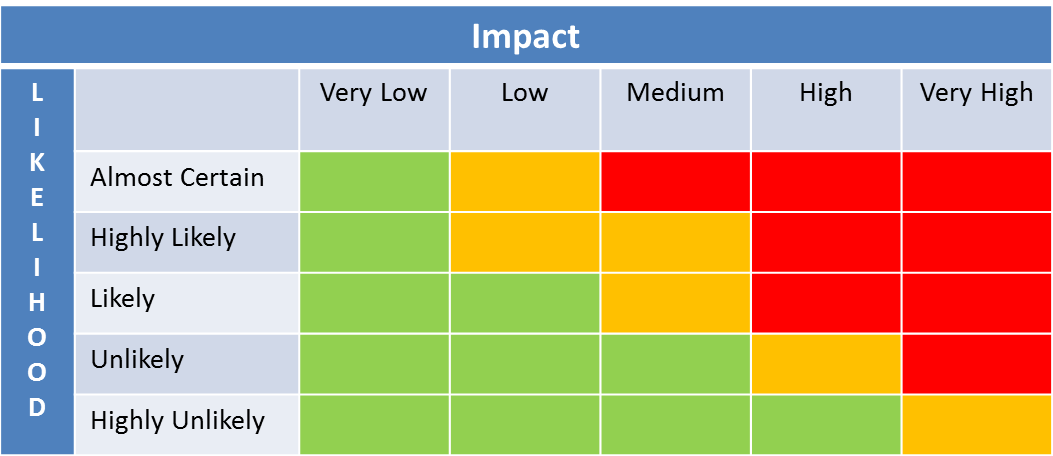
The level of Contract and Supplier Management applied to each contract is dependent on the overall risk level of the contract. There are three (3) levels of Contract Risk detailed in Figure 1 below.

***Figure 1: Contract Risk Levels***

The Contract Risk Level is established at the Contract Strategy Stage of the tender process using the Council’s “Risk Tool”, detailed in Figure 2 below.

The Risk Assessment tool is used to view probable risks evaluated in terms of the likelihood (the probability of a risk) and the impact of the consequences should the risk arise.

***Figure 2: Risk Tool***



Based on the likelihood of the occurrence of a risk, the risks can be classified under on the five (5) categories:

* Almost Certain;
* Highly Likely;
* Likely;
* Unlikely;
* Highly Unlikely.

The impact of a risk is also classified under five (5) categories, based on how severe the damage can be should this risk occur:

* Very High Impact;
* High Impact;
* Medium Impact;
* Low Impact;
* Very Low Impact.

The risk level of a Contract can be subject to change throughout the contract lifetime due to changes in the market place or ongoing contractual issues.

5.3 **STANDARD KEY PERFORMANCE INDICATORS (KPI`S)**

During the lifetime of a contract, the Council shall monitor and measure Supplier performance against South Ayrshire Council`s Standard Key Performance Indicators (KPI`s):

**COST**

* Invoice Accuracy
* Cost Reduction Initiatives

**QUALITY**

* Fit for purpose Products/Service
* Contract Outcome
* Continual Improvement and Innovation

**SERVICE**

* Complaints
* Communication
* Management Information
* Accuracy

**SUSTAINABILITY**

* Sustainability (Sustainable Procedures)
* Community Benefits

**Appendix 3** provides further detail and a breakdown of the expected results for each Key Performance Indicator.

South Ayrshire Council`s Standard Key Performance Indicators will apply to all Council contracts and will be included within all published tender documentation to ensure Suppliers are aware of the process prior to submitting a bid.

5.4 **CONTRACT IMPLEMENTATION AND SUPPLIER BRIEFING PACKS**

Contract Implementation consists of three (3) distinct phases detailed in Figure 3 below:

***Figure 3: Contract Implementation***

Actions that are taken to consider contract migration, mobilisation and communication include the following:

* **Issuing Supplier Briefing Packs**

Supplier Briefing Packs are issued to all Suppliers who have been successfully awarded a contract £50,000.00 and above. The Supplier Briefing pack includes key contacts for escalations, risk level of the contract, the contract and supplier management process and the roles and responsibilities of both the Supplier and the Council throughout the lifetime of the contract.

South Ayrshire Council’s Supplier Briefing Pack Template can be found at **Appendix 4.**

* **Implementation Plan**

An implementation plan is required to be completed by the relevant Procurement Officer with assistance from the Supplier and the Contract and Supplier Management Team for all Strategic (high risk) contracts and any other applicable contracts that require considerable input to roll out the contract successfully.

South Ayrshire Council’s Contract Implementation Plan Template can be found at **Appendix 5.**

If an implementation plan is required this will be clearly stated within the tender documentation to ensure Suppliers are aware prior to submitting a bid.

* **Implementation Meeting**

An implementation meeting is required for all Strategic (high risk) contracts and any other contracts that require considerable input to roll out the contract successfully.

An implementation meeting shall follow a set agenda which can be found at **Appendix 5.** The Supplier, contract owner, contract users, Procurement Officer and the Contract Supplier Management team are required to attend the implementation meeting.

If an implementation meeting is required this will be clearly stated within the tender documentation to ensure Suppliers are aware prior to submitting a bid.

5.5  **EXIT PLANS**

It is important to identify where early contract exit or termination may be required and how this is managed throughout the Contract and Supplier Management process.

To demonstrate the Council’s commitment towards ethical procurement there should be a clear understanding of circumstances in which a contract can be terminated, what process should be followed and what notice should be given. Furthermore there should be provision for review, feedback and learning from the “failure” of the contract with clear parameters for the changes and improvements required.

The Contract and Supplier Management Team shall have responsibility for ensuring that both parties (the Council and the Supplier) are working towards the planned fulfilment and exit of the contract through proactive Contract and Supplier Management.

Procurement Officers are required to complete an Exit Plan in collaboration with the relevant Supplier at Contract Award for all Strategic (high risk) contracts. The Council’s Exit Strategy/Pan can be found at **Appendix 7.**

The Exit Plan shall then be updated on an annual basis by the Contract and Supplier Management Team in collaboration with the relevant Supplier.

If an Exit Plan is required this will be clearly stated within the tender documentation to ensure Suppliers are aware prior to submitting a bid.

5.6 **BUSINESS CONTINUITY**

Business Continuity is a “holistic management process that identifies potential impacts that threaten an organisation and provides a framework for building resilience, with the capability for an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities”[[1]](#footnote-1).

The Contract and Supplier Management Team shall work collaboratively with the Council’s Risk Team to ensure continuity plans are in place and updated on an annual basis for all Strategic (high risk) contracts.

If a Supplier is required to submit their Business Continuity Plan this will be clearly stated within the tender documentation to ensure Suppliers are aware prior to submitting a bid.

5.7 **BALANCED SCORECARD’S**

To review and monitor Supplier performance, Balanced Scorecards are issued via [Public Contracts Scotland Tender](https://www.publictendersscotland.publiccontractsscotland.gov.uk/esop/pts-host/public/pts/web/login.html) to contract users, owners and administrators (known as evaluators). Balanced Scorecards are used to score Supplier performance against South Ayrshire Council’s Standard Key Performance Indicators.

Balanced Scorecards are issued at the beginning of each financial quarter (April, July, October and January). Evaluators have one (1) month to complete the Balanced Scorecard by inputting their scores and comments.

Key dates are stored on the “CSM Tracker”. The CSM Tracker is a database that holds all contracts that are currently managed and provides the following information:

* Contract risk level;
* Balanced Scorecard due date;
* Last completed Balanced Scorecard;
* Most recent Balanced Scorecard performance score;
* Balanced Scorecard score trends;
* Balanced Scorecard evaluator’s;
* Supplier contact details.

The Balanced Scorecard results are shared with the relevant Supplier and the evaluators within two (2) weeks of completion. Suppliers have two (2) weeks to query any of the scores/comments contained within the completed Balanced Scorecard.

The importance of completing the Balanced Scorecard is communicated with the evaluators by the Contract and Supplier Management (CSM) team. It is highlighted that Supplier performance cannot be questioned without a completed Balanced Scorecard and evidence of poor performance.

When completing Balanced Scorecards, evaluators will apply the following scoring mechanisms:

* 4 – Exceeding Expectations (100)
* 3 – Meeting Expectations (75)
* 2 – Minor Concerns (50)
* 1 – Major Concerns (25)
* 0 – Not Performing (0)

Suppliers must achieve a **minimum overall score of 75 – Meeting Expectations**. Where the Supplier fails to achieve a minimum overall score of 75, the Supplier will be required to attend a Contract and Supplier Management meeting to discuss contract performance.

5.8 **CONTRACT AND SUPPLIER MANAGEMENT (CSM) MEETINGS**

Suppliers who fail to achieve a **minimum overall score of 75 – Meeting Expectations** are required to attend a Contract and Supplier Management meeting to discuss the following points:

* Review of previous actions (if applicable);
* Review of Balanced Scorecard comments and scores;
* Continuous Improvement (Balanced Scorecard trends and potential improvements);
* Financial Monitoring (P2P, invoices, billing and demand management);
* Supplier Business Review/Update (new developments and innovation);
* Council Business Review/Update (process and departmental updates);
* Sustainability and Community Benefits.

The above points are included within the Council’s Contract and Supplier Management Standard Meeting Agenda which is used in all meetings. The meeting agenda template can be found at **Appendix 6.**

All Contract and Supplier Management meetings take place within the last two months of the relevant financial quarter. All evaluators who completed the Balanced Scorecard are required to attend the Contract and Supplier Management meeting.

The meeting minutes and actions are collated and shared with the relevant parties by the Contract and Supplier Management Team.

The Contract and Supplier Management Team only meets with non-performing Suppliers who fail to achieve a minimum score of 75 – Meeting Expectations. The Contract Owner including evaluators shall still have the option to meet with performing Suppliers to discuss operational issues or the results of the Balanced Scorecard. The Council’s Contract and Supplier Management Standard Meeting Agenda is available for use on the Council’s intranet page.

5.9 **REPORTING, MONITORING AND SHARING RESULTS**

The Balanced Scorecard results and meeting minutes are stored under the relevant contract within Public Contract Scotland Tender which is fully accessible to the Supplier, contract users and the Procurement team.

The Suppliers performance scores are also available on Public Contracts Scotland Tender which can be viewed by other local authorities who use the system and within the Council’s contract register which is publically available.

Supplier scores are also shared via the Council’s intranet page to allow other Council departments, elected members and colleagues to check on how a Supplier is performing throughout the lifetime of a contract and to identify key trends.

Contract Issue Escalation & Resolution

6.1 The Council shall follow two (2) approaches to develop poor performing Suppliers and to resolve contractual issues:

**Directive:** The Council shall apply a “command and control” approach by directing Suppliers and setting regulated targets and goals.

**Facilitative:** The Council and the Supplier shall collaboratively engage in teamwork, Improvement planning to achieve continuous improvement, best practice sharing, collaborative learning and a “win-win” orientation.

6.2 The Council shall also apply Lysons & Farrington approach to developing Supplier performance if poor Balanced Scorecard results reoccur throughout the lifetime of the contract. This is detailed under Figure 4:

***Figure 4: Developing Poor Supplier Performance[[2]](#footnote-2)***

6.3 The Council shall consult with legal services should the Supplier fails to achieve targets and fail to meet the set out requirements of the contract.

6.4 Relationship Management is an integral key element of supply positioning and Contract and Supplier Management.

By having in place a streamlined, transparent approach with all Suppliers treated equally and with the application of the Council’s Standard Key Performance Indicators this will contribute towards good relationship management and will help the Council achieve a comprehensive approach to managing the Council’s interactions with Suppliers.

Collaborative Contract and Supplier Management

7.1 South Ayrshire Council is committed to developing collaborative opportunities across the public sector to achieve better ways of working and Best Value. The Council has worked with and will continue to work collaboratively with other local authorities to share best practice, innovative ideas and lessons learned.

The Council will also continue to contribute to the development of the national Contract and Supplier Management processes and tools with continued engagement with the Scottish Government and Scotland Excel, the Centre of Procurement Expertise for Scotland’s local government sector.

7.2 Where South Ayrshire Council is the lead authority within a collaborative procurement the above Contract and Supplier Management process will be applied with each local authority included as evaluators within Balanced Scorecards.

Where South Ayrshire Council is not the lead authority, the Council will take part in all Contract and Supplier Management activities and offer the Council’s support, knowledge and skills to ensure the benefits of effective Contract and Supplier Management are achieved.

Where South Ayrshire Council has called off from a national Framework Agreement where a Contract and Supplier Management process has not been established by the Framework Owner, the above Contract and Supplier Management will be applied and included within each call-off agreement above £50,000.00.

7.3 The Council’s commitment and continued collaborative work in relation to Contract and Supplier Management contributes to [South Ayrshire Council`s Procurement Strategy (March 2018)](http://www.south-ayrshire.gov.uk/documents/SAC%20Procurement%20Strategy%202016-2018.pdf) Key Objectives, in particular Key Objective 3: **“Development of Collaborative Opportunities”.**

Supporting Demand Management & Innovative Projects

8.1 Demand Management is a process which can be used to control and track Council requirements and internal purchasing operations. Applying demand management can help the Council address poor buying behaviour, address spending factors, address poor internal processes and eradicate waste.

8.2 Through proactive Contract and Supplier Management the following activities shall be undertaken to achieve robust demand management:

* Define, collate and analyse relevant management information;
* Define, collate and analyse relevant spend data;
* Undertake demand assessments and explore ways it can be synchronised more effectively with supply;
* Assess available options for volume discounts;
* Assist in re-designing services in collaboration with key stakeholders to promote better ways of working.

8.3 Through proactive Contract and Supplier Management the Council shall apply the above demand management activities to achieve the following outcomes:

* Better targeting support and services to where they are most needed;
* Achieve operational and financial efficiencies;
* Remove duplication and waste;
* Accurate forecasting to improve supply chain operations and a competitive advantage;
* To meet financial goals and savings targets.

Effective demand management shall also contribute towards [South Ayrshire Council`s Procurement Strategy (March 2018)](http://www.south-ayrshire.gov.uk/documents/SAC%20Procurement%20Strategy%202016-2018.pdf), in particular Key Objective 2: Maximising Efficiencies Through Procurement to help the Council achieve its ambition of realising financial and efficiency savings through proactive Contract and Supplier Management and deliver value added services.

8.4 The Council’s Contract and Supplier Management Team shall undertake demand management activities by supporting innovative savings and efficiency projects within the Council

Achievements from effective demand management shall be shared through case studies published on the Council’s intranet page by the Contract and Supplier Management Team. Case studies shall also be shared (if applicable) with other local authorities, the Scottish Government and Scotland Excel to promote collaborative Contract and Supplier Management.

Supporting Sustainable Procurement

10.1 South Ayrshire Council is committed to Sustainable Procurement.[[3]](#footnote-3)

The Council’s Contract and Supplier Management process shall ensure that the sustainable and ethical processes outlined by Suppliers within a tender submission is fulfilled and monitored throughout the contract lifetime.

The Council shall collate and record the following information at Contract Award and throughout the contract lifetime:

* + Community Benefits delivered;
  + Sustainable processes/methods utilised by contracted Suppliers;
  + Supporting small medium enterprises (SME`s) and local businesses;
  + Supporting third sector bodies and supported businesses.

10.2 **COMMUNITY BENEFITS**

The Contract and Supplier Management process shall support the Community Benefits process outlined within “South Ayrshire Council’s, Community Benefits in Contracts, Process and Guidance” (March 2018) document.

In summary the Contract and Supplier Management process shall deliver the following activities in collecting and reporting on contractual and voluntary community benefits:

* Assess the Suppliers contribution either contractually or voluntary towards community benefits by using South Ayrshire Council Standard Key Performance Indicator – “Community Benefits”.
* Issue the “Sustainable Supplier” Update Online Form to collect an update from Suppliers on a quarterly basis.
* Manage and update South Ayrshire Council’s “Sustainable Procurement/Community Benefits Register to record all contractual and voluntary Community Benefits pledged and delivered to the Council.

10.3 **SUSTAINABLE PROCESSES**

The Contract and Supplier Management process shall support the Councils Sustainable Procurement obligations under the Procurement Reform (Scotland) Act 2014 and the Scottish Governments Flexible Framework (2011) by carrying out the following activities:

* Assess the Suppliers contribution either contractually or voluntary towards Sustainable processes by using South Ayrshire Council Standard Key Performance Indicator – “Sustainability”.
* Issue the “Sustainable Supplier” Update Online Form to collect an update from Suppliers on a quarterly basis.
* Manage and update South Ayrshire Council’s “Sustainable Procurement/Community Benefits Register to record all contractual and voluntary Sustainable processes pledged and delivered to the Council.

10.4 **SUPPORTING SME`S AND LOCAL BUSINESSES**

The Contract and Supplier Management process shall support SME`s and local businesses by undertaking the following activities:

* Assist in facilitating Supplier events for SMEs to cover areas of concern and provide advice on how to become a Council Supplier or a Supplier within the supply chain.
* Encourage contracted key Suppliers to engage with the local supply base and SME`s throughout the lifetime of the contract.
* Ensure effective procurement practices are in place by sharing lessons learned to create contract opportunities for SME`s and local businesses.

10.5 **SUPPORTING THIRD SECTOR BODIES AND SUPPORTED BUSINESSES**

The Contract and Supplier Management process shall support third sector bodies and supported businesses by undertaking the following activities:

* Assist in facilitating Supplier events for third sector bodies and supported businesses to cover areas of concern and provide advice on how to become a Council Supplier or a Supplier within the supply chain.
* Encourage contracted key Suppliers to engage with third sector bodies and supported businesses throughout the lifetime of the contract.
* Ensure effective procurement practices are in place by sharing lessons learned to create contract opportunities for third sector bodies and supported businesses.

10.6 Supporting Sustainable Procurement through proactive Contract and Supplier Management shall contribute towards [South Ayrshire Council`s Procurement Strategy (March 2018)](http://www.south-ayrshire.gov.uk/documents/SAC%20Procurement%20Strategy%202016-2018.pdf), in particular Key Objective 4: Fulfilment of Sustainable Procurement Duties.

Supporting Contract Variations

11.1 Changes (variations) to services, procedures or contracts are likely to occur throughout the lifetime of the contract, in particular within long term and Strategic contracts which may impact:

* Service Delivery;
* Scope of Work;
* Performance;
* Costs;
* Product Availability/ Specification Change/ Revision of Rates;
* Whether the Contract represents Best Value.

The primary aim of the Contract and Supplier Management process in managing contract variations is to minimise their likelihood. However change is inevitable, therefore the specification and management of change (contract variation) is an integral and important part of Contract and Supplier Management.

11.2 The Council shall follow Public Contract Scotland Regulations (2015) and consult with Legal Services (if applicable) to confirm if the requested variation is permitted or if it is a substantial change, which would require a new procurement.

If permitted the Council’s Procurement Team shall follow the Contract Variation Process which is used by the Council and the Supplier to effect changes to the contract, to provide clarity and documentary evidence of the change and agreed actions. Figure 5 outlines the Council’s Contract Variation Process.

11.3 Until such time as the Contract Variation Document (CVN) is approved and signed by both contracting parties, the Supplier is required to continue to prove and make available to the Council the services/goods as originally contracted. Only once the CVN has been approved and signed, the amendment to the contract can take place with all stakeholders and end-users of the contract being informed of the change.

***Figure 5: Contract Variation Process***

|  |  |  |
| --- | --- | --- |
| **1** | **Request** | Variation request from Supplier and/or internal Council Stakeholder. |
| **2** | **Compliance** | Relevant Procurement Officer checks the applicable legal guidance to ensure the requested variation is permitted. |
| **3** | **Document** | If permitted, the variation request is sent to the Contract and Supplier Management Team where it is assigned a CVN Number and the CVN documentation is completed. The CVN document template can be found at **Appendix 8.** |
| **4** | **Approve** | The CVN document must be signed by both the Council and the Supplier. Signed copies are retuned to Procurement. |

Lessons Learned

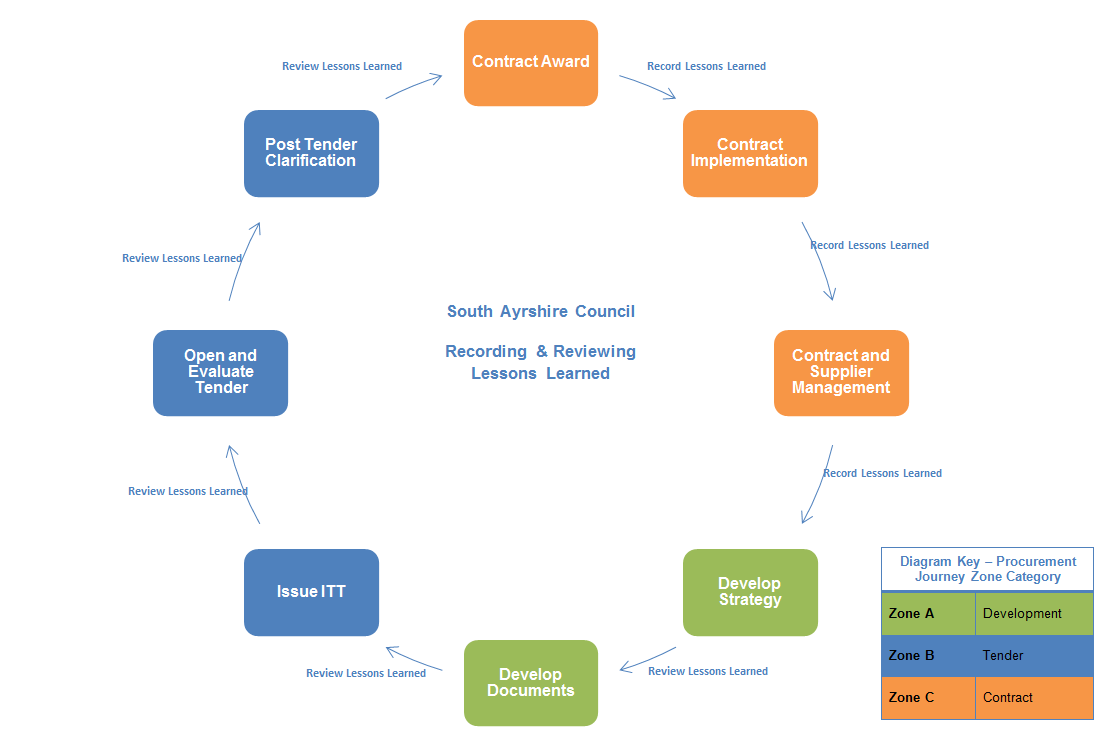
12.1 The conclusion of any contract is the best time to review how well the contract has performed and to explore lessons learned which can be carried forward to inform future tender contracts, strategies and processes.

South Ayrshire Council records all lessons learned within the Lessons Learned Master Database which is fully accessible by all members of the Procurement Team. Lessons Learned are also shared with key stakeholders and senior management on a quarterly basis and can be accessed via the Council’s intranet page.

12.2 South Ayrshire Council records and reviews lessons learned throughout all three (3) zones of the Procurement Journey as detailed on Figure 6 below.

Pro-active Contract and Supplier Management shall ensure that lessons learned are being recorded throughout Zone C of the Procurement Journey (throughout the contract lifetime) which will ultimately add value and promote better ways of working to Zones A and B

***Figure 6: Reviewing and Recording Lessons Learned (LL) within South Ayrshire Council***

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Appendices

* Appendix 1: South Ayrshire Council’s Contract and Supplier Management Process Map
* Appendix 2: Contract and Supplier Management (CSM) Team Structure
* Appendix 3: South Ayrshire Council`s Standard Key Performance Indicators
* Appendix 4: South Ayrshire Council Supplier Briefing Pack Template
* Appendix 5: South Ayrshire Council – Contract Implementation Documents
* Appendix 6: Contract and Supplier Management Standard Meeting Agenda Template
* Appendix 7: South Ayrshire Council’s Exit Plan/Strategy Template
* Appendix 8: Contract Variation Document (Template)

**Appendix 1: South Ayrshire Council’s Contract and Supplier Management Process Map**

**Contract Exit**

**Update CSM Lessons Learned, Exit Plan and BC Plans (if applicable)**

**Share and Publish Results**

**Develop and Track Poor Supplier Performance**

**Optional Operations Meeting**

**Contract and Supplier Management (CSM) Meeting**

**Supplier NOT Meeting Expectations Balanced Scorecard Score <75**

**Supplier Meeting Expectations Balanced Scorecard Score >75**

**Publication of Balanced Scorecard Results**

Via Public Contract Scotland Tender, Email and the Council’s Intranet Page

**Balanced Scorecards Issued via Public Contract Scotland Tender**

Strategic: Quarterly Basis, Operational: Bi-Annual Basis, Transactional: Annual Basis

Supplier Briefing Pack Issued

Supplier Briefing Pack Issued

Business Continuity Set Up

Implementation Plan & Meeting

Exit Plan Completed

Supplier Briefing Pack Issued

**Operational**

(Medium Risk) Contract

**Strategic**

(High Risk) Contract

**Transactional**

(Low Risk) Contract

**Contract Award**

New Lessons Learned Recorded

**CSM Process and South Ayrshire Council’s Standard Key Performance Indicators**

Relevant CSM clauses included within the tender documentation

**Review of Lessons Learned Master:**

Application of Lessons Learned to contract renewal

**Contract Segmentation:**

Use of Risk Assessment Tool to identify Contract Risk Level

**Appendix 2: Contract and Supplier Management (CSM) Team Structure**

**Procurement Assistant (Contract & Supplier Management)**

**Procurement Officer (Contract & Supplier Management)**

**Procurement Manager**

**Procurement Project Coordinator**

**Procurement Assistant (Contract & Supplier Management)**

**Appendix 3: South Ayrshire Council`s Standard Key Performance Indicators**

Cost

* Invoice Accuracy
* Cost Reduction Initiatives

Quality

* Fit for Purpose Products/Service
* Contract Outcome
* Continual Improvement and Innovation

Service

* Complaints
* Communication
* Management Information
* Accuracy

Sustainability

* Sustainability (Sustainable Processes)
* Community Benefits

|  |  |  |  |
| --- | --- | --- | --- |
| **Cost** | | | |
| **Category Weight** | | **20%** | |
| **Scot Gov Standard KPI Label/ID** | **Scot Gov Standard**  **KPI Description** | **SAC**  **KPI Weight** | **SAC**  **Expected Results** |
| Invoice Accuracy  *(KPI/0901-006)* | To what extent does the Supplier/Service Provider ensure that invoices provide detailed, accurate cost information, and that, where queries occur, they are resolved within agreed timescales? | 50% | Invoices must be processed accurately in line with South Ayrshire Council`s procedures.  This KPI shall be scored as follows:  **4 - Exceeding Expectations  (100)**  No Invoice/Order issues. The Supplier/Service Provider **goes above and beyond** to ensure the Council invoice and order process is efficient, highlighting problems and supporting the relevant stakeholder group.  **3 - Meeting Expectations  (75)**  No Invoice/Order issue.  **2 - Minor Concerns  (50)**  Within the last quarter there has been **1-3 issues** relating to Invoicing and Ordering. The Contract Administrator has notified the Supplier of these issues on various occasions  **1 - Major Concerns  (25)**  Within the last quarter there has been **4-7 issues** relating to Invoicing and Ordering. The Contract Administrator and the CSM Team has notified the Supplier/Service Provider of these issues on various occasions  **0 - Not Performing  (0)**  Within the last quarter there has been **more than 7 issues** relating to Invoicing and Ordering. The Supplier/Service Provider has **failed to respond** to Council communications. |
| Cost Reduction Initiatives  *(KPI/0901-007)* | To what extent does the Supplier/Service Provider work with the authority in suggesting and responding to cost reduction initiatives? | 50% | The Supplier/Service Provider works in collaboration with the Council to identify innovative Cost Reduction Initiatives either by proposing better value products or new ways of working to reduce the cost of the required services.  This KPI shall be scored as follows:  **4 - Exceeding Expectations  (100)**  Supplier/Service Provider notifies the applicable Contract Administrator and/or Procurement of potential cost reduction initiatives on a regular basis and provides the analysis, resource and support to implement the changes.  **3 - Meeting Expectations  (75)**  Supplier/Service Provider notifies the applicable Contract Administrator and/or Procurement of cost reduction initiatives  **2 - Minor Concerns  (50)**  The Council are aware of potential cost reduction initiatives but have to prompt the Supplier/Service Providers for support in **the last quarter.**    **1 - Major Concerns  (25)**  **During the last two (2) quarters**, the Council has received little feedback from the Supplier on how well the Contract is doing and if there is any potential cost reduction initiatives. Little communication from Supplier on cost reduction initiatives.  **0 - Not Performing  (0)**  **During the last year**, the Council has received no feedback from the Supplier/Service Provider on how the Contract is doing and if there is any potential cost reduction initiatives in the last year. |

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| **Quality** | | | |
| **Category Weight** | | **30%** | |
| **Scot Gov Standard KPI Label/ID** | **Scot Gov Standard**  **KPI Description** | **SAC**  **KPI Weight** | **SAC**  **Expected Results** |
| Fit for purpose products/services  *(KPI/0901-001)* | To what extent does the Supplier/Service Provider provide goods and or services which are compliant with the specification? | 50% | **This KPI relates to the goods and/or services received.**  The service/goods must meet the set out requirements detailed under the relevant Sections of the Statement of Requirements.  This KPI shall be scored as follows:  **4 - Exceeding Expectations  (100)**  The **goods/services** received **meet all** contractual requirements as set out in the Statement of Requirements.  The Supplier/Service Provider **goes above and beyond** to ensure the Council received excellent quality service/goods.  **3 - Meeting Expectations  (75)**  The **goods/services** received **meet all** contractual requirements as set out in the Statement of Requirements.  **2 - Minor Concerns  (50)**  Within the last quarter there has been **1-3 issues** relating to the **goods/services** received. The Contract Administrator has notified the Supplier/Service Provider of these issues on various occasions  **1 - Major Concerns  (25)**  Within the last quarter there has been **4-7 issues** relating to the **goods/services** received. The Contract Administrator and the CSM Team has notified the Supplier/Service Provider of these issues on various occasions  **0 - Not Performing  (0)**  Within the last quarter there has been **more than 7 issues** relating to the goods/services received. The Supplier/Service Provider has **failed to respond** to Council communications. |
| Contract Outcome  KPI/1908-001 | To what extent doe the Supplier/Service Provider deliver the contractual objectives which are compliant with the specification | 40% | **This KPI relates to the Supplier/Service Providers responsibilities.**  The Supplier/Service Provider meets the set out requirements/responsibilities when delivering their goods/services to the Council as detailed under the relevant Sections of the Statement of Requirements to meet the Council’s objectives.  This KPI shall be scored as follows:  **4 - Exceeding Expectations  (100)**  The Supplier/Service Provider meet all contractual requirements as set out in the Statement of Requirements. The Supplier/Service Provider **goes above and beyond** to ensure the Council received excellent quality service/goods.  **3 - Meeting Expectations  (75)**  The Supplier/Service Provider meet **all** contractual requirements as set out in the Statement of Requirements.  **2 - Minor Concerns  (50)**  Within the last quarter there has been **1-3 issues** relating to the Supplier/Service Providers performance. The Contract Administrator has notified the Supplier of these issues on various occasions  **1 - Major Concerns  (25)**  Within the last quarter there has been **4-7 issues** relating to the Supplier/Service Provider performance. The Contract Administrator and the CSM Team has notified the Supplier/Service Provider of these issues on various occasions  **0 - Not Performing  (0)**  Within the last quarter there has been **more than 7 issues** relating to the Supplier/Service Provider performance. The Supplier/Service Provider has **failed to respond** to Council communications. |
| Continual Improvement/ Innovation  *(KPI/0901-003)* | To what extent does the Supplier/Service Provider work with the authority to identify opportunities for continual improvement or innovation? | 10% | The Supplier/Service Provider works in collaboration with the Council to identify innovative new ways of working and/or process changes that will create contract efficiencies or generate savings for the Council.  This KPI shall be scored as follows:  **4 - Exceeding Expectations  (100)**  Supplier/Service Provider notifies the applicable Contract Administrator and/or Procurement of potential contract efficiencies/savings on a regular basis and provides the analysis, resource and support to implement the changes.  **3 - Meeting Expectations  (75)**  Supplier/Service Provider notifies the applicable Contract Administrator and/or Procurement of potential contract efficiencies/savings.  **2 - Minor Concerns  (50)**  The Council are aware of potential contract efficiencies/savings but have to prompt the Supplier/Service Providers for support in the **last quarter.**  **1 - Major Concerns  (25)**  **During the last two (2) quarters**, the Council has received little feedback from the Supplier on how well the Contract is doing and if there is any potential for efficiencies or savings. Little communication from Supplier on continual improvement/innovation.  **0 - Not Performing  (0)**  **During the last year**, the Council has received no feedback from the Supplier on how the Contract is doing and if there is any potential for efficiencies or savings. Contract is not performing well and the Supplier/Service Provider provides no support to improve efficiencies in the last year. |

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| **Service** | | | |
| **Category Weight** | | **40%** | |
| **Scot Gov Standard KPI Label/ID** | **Scot Gov Standard**  **KPI Description** | **SAC**  **KPI Weight** | **SAC**  **Expected Results** |
| Complaints  *(KPI/0901-010)* | To what extent does the Supplier/Service Provider ensure that complaints or disputes are minimised; and that when they arise they are dealt with efficiently, without the need to escalate; and that corrective action is taken if required? | 15% | This KPI measures the number of complaints the CSM team has received from key stakeholders and shared with the Supplier/Service Provider.  This KPI shall be scored as follows:  **4 - Exceeding Expectations  (100)**  In the last quarter **no complaints** have been recorded.  The Supplier/Service Provider **goes above and beyond** to ensure any issues are monitored or resolved efficiently before a complaint is raised. Furthermore implement processes to ensure issues do not re-occur.  **3 - Meeting Expectations  (75)**  In the last quarter **no complaints** have been recorded.  **2 - Minor Concerns  (50)**  Within the last quarter the CSM Team has been notified of **1-3 complaints** from key stakeholders  **1 - Major Concerns  (25)**  Within the last quarter the CSM Team has been notified of **4-7 complaints** from key stakeholders. The Contract Administrator and the CSM Team has notified the Supplier/Service Provider of these issues on various occasions and yet to receive an appropriate response.  **0 - Not Performing  (0)**  Within the last quarter the CSM Team has been notified of **more than 7** complaints from key stakeholders**.** The Supplier/Service Provider has **failed to respond** to Council communications. |
| Communication  (KPI/0901-012) | How effectively does the Supplier/Service Provider manage communications and ensure that it responds to issues or enquiries within agreed timescales? | 30% | This KPI measures how well the Supplier/Service Provider communicates with the relevant Contract Administrator and other relevant key stakeholders (contract users)..  This KPI shall be scored as follows:  **4 - Exceeding Expectations  (100)**  Communication is excellent. The contract administrator and key stakeholders receive relevant information on a regular basis.  The Supplier/Service Provider **goes above and beyond** to ensure the Council is up to date and respond to queries and questions within a 24 hour period, clear process for the Council to communicate the Supplier/Service Provider.  **3 - Meeting Expectations  (75)**  Clear process for the Contract Administrator and/or stakeholders to communicate with the Supplier/Service Provider with any queries. The Supplier/Service Provider communicates well and responds to queries/questions in a timely manner.    **2 - Minor Concerns  (50)**  Within the last quarter the CSM Team has been notified of **1-3 concerns in relation to communication.**  **1 - Major Concerns  (25)**  Within the last quarter the CSM Team has been notified of **4-7 concerns in relation to communication.** The CSM team has notified the Supplier/Service Provider of these concerns.  **0 - Not Performing  (0)**  Within the last quarter the CSM Team has been notified of **more than 7 concerns in relation to communication.** The Supplier/Service Provider has failed to respond to the Council’s concerns. |
| Management Information  *(KPI/0901-011)* | To what extent does the Supplier/Service Provider ensure that it consistently provides the required Management Information in the agreed format and within agreed timescales? | 25% | This KPI shall measure how well management information under the relevant Sections of the Statement of Requirements.  This KPI shall be scored as follows:  **4 - Exceeding Expectations  (100)**  Supplier/Service Provider submits management information on time, covering all required points and on time.  The Supplier/Service Provider provides support to the Council to give a better understanding of the information and how it can be utilised to identify potential savings or efficiencies.  **3 - Meeting Expectations  (75)**  Supplier/Service Provider submits management information on time, covering all required points and on time.  **2 - Minor Concerns  (50)**  The Council are aware that the Suppliers/Service Providers must submit management information but has not received the most recent report during the **last quarter** as set out within the Statement of Requirements.  **1 - Major Concerns  (25)**  **During the last two (2) quarters**, the Council has received no management information as set out within the Statement of Requirements.  **0 - Not Performing  (0)**  **During the last year**, the Council has received no management information from the Supplier/Service Provider as set out within the Statement of Requirements.  The Council is aware of the management information requirements set out within the tender submission have not been carried out during the last year. |
| Accuracy  *(KPI/0901-015)* | To what extent does the Supplier/Service Provider ensure that delivery accuracy is within agreed performance levels and that delivery notes accurately reflect what has been delivered and match the purchase order? | 30% | This KPI relates to the Supplier/Service Providers performance and that the goods/services set out within the Statement of Requirements reflects on what is actually being delivered and matches the Purchase Order.  This KPI shall be scored as follows:  **4 - Exceeding Expectations  (100)**  The Supplier/Service Provider meet all contractual requirements as set out in the Statement of Requirements. The Supplier/Service Provider **goes above and beyond** to ensure the Council received excellent quality service/goods.  **3 - Meeting Expectations  (75)**  The Supplier/Service Provider meet **all** contractual requirements as set out in the Statement of Requirements.  **2 - Minor Concerns  (50)**  Within the last quarter there has been **1-3 issues** relating to the Supplier/Service Providers performance and delivery of the set out requirements. The Contract Administrator has notified the Supplier of these issues on various occasions. Potential Contract Variation required.  **1 - Major Concerns  (25)**  Within the last quarter there has been **4-7 issues** relating to the Supplier/Service Provider performance and delivery of the set out requirements. The Contract Administrator and the CSM Team has notified the Supplier/Service Provider of these issues on various occasions. CSM has requested a contract variation.  **0 - Not Performing  (0)**  Within the last quarter there has been **more than 7 issues** relating to the Supplier/Service Provider performance and delivery of the set out requirements. The Supplier/Service Provider has **failed to respond** to Council communications or contract variation requests. |

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| **Sustainability** | | | |
| **Category Weight** | | **10%** | |
| **Scot Gov Standard KPI Label/ID** | **Scot Gov Standard**  **KPI Description** | **SAC**  **KPI Weight** | **SAC**  **Expected Results** |
| Sustainability (Sustainable Processes)  *(KPI/1508-002)* | Does the Supplier/Service Provider show commitment to sustainable practices where practical, e.g. offering sustainable products, reducing carbon footprint or championing sustainable initiatives? | 50% | The Supplier/Service Provider monitors their sustainable methods/practices and provides the Council up to date information on any developments.  If the Supplier/Service Provider submitted a response to a Sustainable Question within the Technical Envelope, their response shall be monitored to ensure any assurances are fulfilled.  This KPI shall be scored as follows:  **4 - Exceeding Expectations  (100)**  Supplier/Service Provider notifies the applicable Contract Administrator and/or Procurement of their organisations sustainable developments or an update on their submitted tendered response.  Developments are provided on a regular basis, the Supplier/Service Provider provides applicable analysis, case studies, resource and support to implement Sustainable methods or to allow the Council to share this information with relevant stakeholders.  **3 - Meeting Expectations  (75)**  Supplier/Service Provider notifies the applicable Contract Administrator and/or Procurement of their organisations sustainable developments or an update on their submitted tendered response.  **2 - Minor Concerns  (50)**  The Council are aware of the Suppliers/Service Providers sustainable process but has not received any update or assurances set out within the tender submission during the **last quarter.**    **1 - Major Concerns  (25)**  **During the last two (2) quarters**, the Council has received little feedback from the Supplier /Service Provider in relation to Sustainability. The Council is unaware if the methods used by the Supplier/Service Provider are sustainable.  **0 - Not Performing  (0)**  **During the last year**, the Council has received no feedback from the Supplier/Service Provider in relation to Sustainability. The Council is aware that the assurances set out within the tender submission have not been carried out during the last year. |
| Community Benefits  (KPI/1601-001) | Does the Supplier/Service Provider deliver the Community Benefits that were offered as part of the contract? | 50% | The Supplier/Service Provider monitors the Community Benefits delivered to South Ayrshire Council.  If the Supplier/Service Provider submitted a response to a Community Benefits Question within the Technical Envelope, their response shall be monitored to ensure those benefits have been delivered.  Additional Community Benefits offered by the Supplier/Service Provider throughout the lifetime of the contract/framework will also be included  This KPI shall be scored as follows:  **4 - Exceeding Expectations  (100)**  Supplier/Service Provider notifies the applicable Contract Administrator and/or Procurement of Community Benefits that have been actioned (as per tendered response or voluntary).  Developments are provided on a regular basis, the Supplier/Service Provider provides applicable case studies, resource and support to implement Community Benefits or to allow the Council to share this information with relevant stakeholders.  **3 - Meeting Expectations  (75)**  Supplier/Service Provider notifies the applicable Contract Administrator and/or Procurement of Community Benefits that have been actioned (as per tendered response or voluntary).  **2 - Minor Concerns  (50)**  The Council are aware of the Suppliers/Service Providers Community Benefits response set out within the tender submission but has not received any update or assurances during the **last quarter.**  **1 - Major Concerns  (25)**  **During the last two (2) quarters**, the Council has received little feedback from the Supplier /Service Provider in relation to their Community Benefits response set out within the tender submission.  **0 - Not Performing  (0)**  **During the last year**, the Council has received no feedback from the Supplier/Service Provider in relation to their Community Benefits response set out within the tender submission.  The Council is aware that the assurances set out within the tender submission have not been carried out during the last year. |

**Appendix 4: South Ayrshire Council Supplier Briefing Pack Template**

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**Appendix 5: South Ayrshire Council – Contract Implementation Documents**

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**Appendix 6: Contract and Supplier Management Standard Meeting Agenda Template**

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**Appendix 7: South Ayrshire Council’s Exit Plan/Strategy Template**

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**Appendix 8: Contract Variation Document (Template)**

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1. Source: The Business Continuity Institute, (2012), Chartered Institute of Purchasing and Supply, Managing Risks in the Supply Chain [↑](#footnote-ref-1)
2. Source: Lysons & Farrington, (2012), Chartered Institute of Purchasing and Supply, Managing Contracts and Relationships in Procurement and Supply [↑](#footnote-ref-2)
3. [South Ayrshire Council (2014), Sustainable Procurement Policy](http://ww20.south-ayrshire.gov.uk/CorporateProcurement/Shared%20Documents/18mar14-LP-Sustainable%20Procurement%20Policy-App1.pdf)  [↑](#footnote-ref-3)