



City of Westminster

Audit and Performance Committee Report

Meeting:	Audit and Performance Committee
Date:	02 DEC 2015
Classification:	General Release
Title:	Annual Contract Review 2014/15 – Update
Wards Affected:	N/A
Financial Summary:	N/A
Report of:	Chief Procurement Officer
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1. Executive Summary

1.1 A report was presented to the Audit and Performance Committee on Wednesday, 15th July 2015 which provided details of the Annual Contracts Review 2014/15. The Committee requested updates on the following at the Audit and Performance Committee meeting to be held on 2nd December 2015:

- Compliance with contract record keeping within capitalEsourcing across the Council;
- Implementation of the Contract Management Framework;
- Procurement & Commercial training received by members of the Strategic and Commercial Procurement team.

2. Recommendations

2.1 It is recommended that the Audit and Performance Committee note the contents of this report.

3. Reasons for Decision

3.1 Not applicable.

4. Compliance with contract record keeping within capitalEsourcing across the Council.

4.1 The capitalEsourcing contracts register is regarded as the “single source of truth” and forms the basis for reporting on contract information across the Council. Through training and regular communications, it has been made clear to Contract Managers that it is a mandatory requirement to ensure that records are accurately maintained and regularly updated. Although it is evident that on the whole, compliance is improving, a number of records remain incomplete and therefore non-compliant and it is clear that it is not well maintained. Detailed analysis of the system demonstrates there has been good progress in some areas but others are lagging.

4.2 The table below provides an update on capitalEsourcing compliance to the end of September 2015. The WCC departments have been manually reviewed to reflect the recent organisation changes and further work is required to map to the new hierarchies to match the Managed Services Agresso system.

Mandatory Field Compliance		by Authority Resp		Updated: 1 October 2015		
All Contracts Above £100k						
Hosting Authority	All Mandatory			Contract Performance		
	Fields Completed	Total	% Compliant	Updated	Total	% Compliant
H&F	259	269	96%	188	235	80%
Adult Social Care	159	160	99%	108	138	78%
Bi-Borough HR (RBKC and (H&F)	2	2	100%	1	2	50%
Environment, Leisure & Res RBKC & H&F	15	18	83%	13	16	81%
Finance & Corporate Services (H&F)	29	30	97%	25	27	93%
Housing and Regeneration (H&F)	25	28	89%	18	21	86%
Transport & Tech Services(RBKC & H&F)	29	31	94%	23	31	74%
RBKC	165	173	95%	54	156	35%
Children's Services	97	98	99%	23	91	25%
Finance & Corporate Services (RBKC)	53	57	93%	21	47	45%
Housing Services (RBKC)	14	17	82%	9	17	53%
Planning & Borough Development (RBKC)	1	1	100%	1	1	100%
WCC	203	236	86%	94	214	44%
City Management and Communities (WCC)	30	34	88%	19	32	59%
Corporate Services (WCC)	15	19	79%	4	15	27%
Growth, Planning & Housing (WCC)	59	80	74%	28	76	37%
Policy, Performance and Communications (WCC)	10	12	83%	3	11	27%
Public Health	69	69	100%	29	65	45%
Westminster Finance (WCC)	20	22	91%	11	15	73%
Grand Total	627	678	92%	336	605	56%

* Department structure for WCC has been manually corrected and may not be 100% accurate.

- 4.3 Strategic & Commercial Procurement, at the request of EMT, have re-allocated resources to work with Services and assist with the completion of the contract records in capitalEsourcing. However it is the responsibility of the Services to update records and provide the necessary information.
- 4.4 The Chief Procurement Officer and City Treasurer have commissioned internal audit to review capitalEsourcing compliance. The results of the audit and recommendations are currently under review.
- 4.5 Strategic & Commercial Procurement will require Category Managers who lead on all procurement activity above £100,000 to update the Contracts Register in capitalEsourcing which will improve compliance. However there is a requirement for the Services to maintain this, to address legacy data and to continue to address contracts awarded below £100,000 and contract extensions/variatioins where the decision has been delegated to the Executive Director.
- 4.6 It has been agreed that Finance Managers will be given an increased level of visibility of contracts for each of the Services they support and a better understanding of the requirements of contract record keeping. This will support a drive for improved contracts management and the possibility for driving savings through the lifetime of a contract.
- 4.7 The Assistant City Treasurer has agreed to update the Financial Regulations to place a requirement on managers to keep the contracts register updated. This will mirror the requirements of the Council's Procurement Code.
- 4.8 It has been noted that the structure in capitalEsourcing does not match that in Agresso (Managed Services). A list of organisational names was provided by Human Resources in week commencing Mon 19 Oct 15 and work has commenced to mirror the hierarchy in capitalEsourcing.

5. Training and Development

- 5.1 Contract Management and Development, Legal Aspects, and Category Management form the core of the Procurement and Commercial Development Programme. The programme will be delivered using learning techniques to embed key skills to support the success of the delegates.
- 5.2 The courses planned are:
- 14 sessions on Managing Successful Contracts;
 - 2 sessions on Legal Aspects and Contract Development;
 - 2 sessions on Embedding Category Management.

These courses will target:

- 94 Contracts Managers at Westminster City Council
- 40 Contracts Managers at London Borough of Hammersmith & Fulham
- 45 Contracts Managers at Royal Borough of Kensington & Chelsea

There is also a programme of Action Learning Sets planned that support the Managing Successful Contracts course that will be arranged according to demand.

5.3 Managing Successful Contracts (the Contract Management Framework) – mandated for all Contract Managers

5.3.1 The two day workshop covers all aspects of Contract Management. It provides delegates with an understanding of robust contract management principles and a practical insight into the “Managing Successful Contracts Framework”. The workshop has been designed to build awareness of the contract management process by exploring the lifecycle stages and their associated activities. It also provides practical insight into the application of contract management tools and techniques and the interpersonal skills required for managing contracts successfully. To further support and embed the valuable learning from this two day workshop delegates will also be invited to attend a series of Action Learning sessions. Here they will be able to knowledge share and put their new skills into practice on live projects, whilst being supported by a leading expert.

5.3.2 On completion of the workshop, delegates will be able to:

- Understand their role and the role of others in managing supplier contracts.
- Structure their approach to managing contracts with suppliers using the “Managing Successful Contracts” a contracts management framework.
- Manage and facilitate improved contract performance through sound procedures and motivation of suppliers.
- Manage supplier performance making effective use of review meetings and other approaches.
- Make a professional impact in their relationships with suppliers and other stakeholders.
- Input to and utilise the written contract in their management of contracts.
- Deliver tangible improvements and benefits from their supply contracts.

5.4 Legal Aspects & Contract Development (Back to basics) – mandated for all procurement staff

5.4.1 This one day workshop covers a range of legal aspects relating to commercial contracts. The skills developed will increase the confidence of delegates enabling them to contribute more effectively to both the development of new contracts and commercial decision making during the contract lifecycle. The course will reference and build awareness of the significance of the councils

template terms used on the capitalE sourcing system and contained in the Clause Bank.

5.4.2 On completion of the Training Event called, “**Legal Aspects and Contract Development**”, delegates will:

- Understand the legal issues relating to commercial contracts.
- Understand the risks associated with a requirement and the commercial environment, and develop and implement suitable contractual mitigations.
- Appreciate and be able to work internally to develop appropriate contractual terms based on a better understanding of the council’s specific standard templates.
- Use legal insight to negotiate required contract terms with a supplier.
- Understand how suppliers will seek to use contract terms to minimise liabilities and risk.

5.5 **Embedding Category Management**

5.5.1 This 2 day workshop covers all aspects of Category Management, from category management principles and guidelines to practical insights into the best use of the techniques incorporated in the Westminster City Council Category Management Toolkit. The workshop has also been designed to promote enhancement and continuous development of the toolkit to facilitate its wider adoption and to ensure category management is embedded into council procurement practices.

5.5.2 On completion of this workshop delegates will:

- Understand the importance of Category Management to the delivery of Westminster City Council’s vision and strategy.
- Understand the Westminster City Council Category Management process and how to apply it to different categories of spend.
- Be able to apply a range of Category Management process tools and techniques to strategically inform the development of sourcing options and supply market decisions.
- Have developed a deeper appreciation of the value of applying key Category Management tools and techniques.
- Be aware of the governance structures required to support category management.
- Have confidence to deal with a variety of category implementation and management challenges, including the application of change management techniques.
- Have a greater awareness of what good Category Management looks like.
- Have gained experience in evaluating and suggesting improvements to Category Management process tools, techniques and approaches.

**If you have any queries about this Report or wish to inspect any of the
Background Papers please contact:**

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