



CONTRACT MANAGEMENT POLICY & PROCEDURE

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Applicable Committee(s)	Management Committee
Owner - role	SMT

Record of Updates/Changes			
Current Version	Date Approved	Approved By	Changes
V2		Management Committee	Minor changes to reflect current practices, Committees & job roles
V1	April 2015	Management Committee	New policy drafted subject to finalising procurement policy & documents

1. INTRODUCTION

Contract Management is a vital part of the procurement lifecycle. It is the process that enables both parties within a contract to meet their obligations, to deliver the objectives required. It continues throughout the life of the contract and involves managing proactively to anticipate future needs as well as reacting to situations that may arise.

The purpose of this document is to set out a framework for Castlehill's approach to contract management in order that we can obtain the services as agreed in each contract, achieve value for money and promote continuous improvement; ultimately supporting the achievement of our aims and objectives in both the short and long term.

It is also recognised that an agreed approach to contract management is required to ensure compliance with the relevant Government policy and legislation and requirements of regulatory bodies. This includes the Public Contracts Regulations 2015 and the Construction (Design and Management) Regulations 2015.

This policy takes account of the Association's commitment to the following:

- Conducting all activities in accordance with the Health & Safety at Work Act 1974 so far as is practicable.
- The promotion of equalities and to ensure that in all policies and decision making there is no unfair discrimination on the grounds of any of the nine protected characteristics as outlined by the Equalities Act 2010.

This policy should be read in conjunction with other relevant policies as appropriate:

- Procurement Policy
- Equality & Diversity Policy

2. PURPOSE OF THE POLICY

The purpose of the Contract Management Policy is:

- To ensure a consistent approach across the Association towards all contracts entered into.
- To ensure that the Association complies with relevant procurement legislation when entering into any contract.
- To ensure that the appropriate form of contract is used in relation to the proposed works or services.
- To establish a clear record of all contracts for which the Association has a legal and financial responsibility.
- To determine which contracts will be registered on the Contract Register (CR).
- To establish the criteria on which all contracts will be monitored to ensure value for money is fully realised.

3 SCOPE OF THE POLICY

This policy covers all contracts which are awarded by Castlehill Housing Association, including:

- Contracts awarded by Castlehill for the delivery of services either for a fixed term or on an ad hoc basis.
- Contracts awarded by Castlehill for the delivery of projects for the construction of properties.
- Contracts awarded by Castlehill for the reactive and planned repair and maintenance of properties.
- Contracts awarded by Castlehill for the servicing of equipment.

It should be noted that, whilst the overall principles of this policy should be applied to all contracts, it may not be appropriate to apply all components of the policy in every instance. Further guidance is given below on which contracts should be included within each component of the policy; however, discretion should always be used to assess the most appropriate means of contract management for each contract.

4 ROLES & RESPONSIBILITIES

The individual roles named in the Contract Register will be responsible for the following criteria in connection with each contract:

- Procuring all contracts in accordance with all the relevant policies and procedures, with particular reference to all relevant Procurement legislation.
- Ensuring all contracts are awarded timeously.
- Using the appropriate form of contract dependent on the type of work or the goods or services being procured.
- Appointing external consultants to advise and assist in the preparation of contracts where appropriate in relation to the following factors:
 - The technical or specialist nature of the proposed works, goods or services.
 - The financial value of the proposed contract.
 - The level of risk to the Association if the Association's interests are not appropriately covered in the contract.
- Clearly setting out within contracts the timescales for formal monitoring, the frequency for review meetings, who is responsible for the reviews, how information should be reported, the penalties for non-compliance, the procedures for termination of the contract, details of the contract administrator within Castlehill, and details of how contract disputes will be resolved.
- Administering contracts in accordance with the criteria set out in this policy.
- Accurately recording the details of all contracts on the CR.
- Monitoring contracts to ensure that all performance requirements are complied with and regular reports are produced detailing contract compliance in accordance with the KPI's.
- Monitoring all contracts to ensure they remain within the allocated budget, reporting any departure from this figure to the Management Committee with an appropriate explanation.

Departmental directors will have overall responsibility for all contracts awarded within their department and will be responsible for ensuring regular reporting to the Management Committee. The overall responsibility for this policy lies with the Management Committee of the Association who will delegate this to the Senior Management Team (SMT) of Castlehill. SMT will therefore be

responsible for the maintenance, monitoring and revision of this policy.

The Association's Corporate Compliance Officer will oversee the management of the policy and advise the SMT of any monitoring requirements.

The structure of responsibility is set out in Appendix 1.

5 LEVEL OF CONTRACT MANAGEMENT

It is necessary to determine the level of management required for every contract awarded. The appropriate level of management should be determined for each individual contract by considering factors such as:

- The value of the contract.
- The length of the contract.
- Business criticality and dependency.
- Number of customers / end-users.
- Public visibility.
- Openness to challenges or complaints.
- Risk.
- Compliance with regulatory bodies.

The level of contract management will determine how closely a contract needs to be monitored, including whether it would be considered appropriate to set KPIs and whether updates need to be reported regularly to the Management Committee.

The table below provides a general guide to what could be defined within each level; however, please note that discretion should be used to determine the appropriate means of management for each individual contract.

LOW	<ul style="list-style-type: none">• No KPIs set• Ensuring requirements of the contract are met through monitoring management information and end-user feedback• Informal monitoring of performance – no formal performance review meeting held• May or may not be recorded on the CR• Committee reporting not required
MEDIUM	<ul style="list-style-type: none">• Some KPIs may be set• Ensuring requirements of the contract are met through monitoring of management information and set KPIs• May be an annual performance review meeting held• Must be recorded on the CR• May be reported to the Management Committee – infrequently, or as part of an overview / wider update on the overall contract management picture

HIGH	<ul style="list-style-type: none"> • Clear and definitive KPIs must be set • Ensuring requirements of the contract are met through close monitoring of management information and set KPIs • Must be performance review meetings held quarterly, or at another frequency as determined appropriate • Must be recorded on the CR • Must be reported regularly to the Management Committee
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6 CONTRACT REGISTER

Contracts awarded by Castlehill must be recorded on the Contract Register (CR). This must include all written contracts; however, where it is deemed appropriate other forms of contract may also be recorded.

The individual who awards the contract will be responsible for advising the Corporate Compliance Officer who will update the CR with details to ensure that all new, completed and amended contracts are included.

Overall responsibility for maintaining the CR will lie with the SMT and a report will be prepared annually by the Director of Finance & Corporate Services for the Management committee of the Association.

7 PERFORMANCE MONITORING

The individual roles named in the CR will be responsible for routine monitoring of contract compliance in accordance with the timescales set out in the contract. The monitoring process will cover the Key Performance Indicators (KPIs) as set out in the contract documents.

Contract performance must be measured by set KPIs which are relevant and proportionate to the service or works. Details of the basis on which KPIs should be set and examples of appropriate KPIs are set out in Appendix 2.

Regular reports will be presented to the Management Committee detailing contract issues relating to, for example:

- Contract management and any steps being taken to remedy issues.
- Spend in relation to the allocated budget.
- Timescales, legal requirements and procurement arrangements for retendering.
- Performance against any KPIs.
- Details of any contract disputes and resolution.

An annual report will be put to the Management Committee of the Association detailing any overall issues regarding contract management.

The current CR and monitoring and policy documents will be accessible to staff and committee members via Sharepoint.

8 CONTRACT DISPUTE & RESOLUTION

It is the Association's policy to try and resolve all disputes through informal negotiation as far as is practicable.

Contracts must clearly set out the procedure to be followed in the event of dispute arising under the contract. The intention in the type, wording and administration of all contracts should be to minimise the opportunities for contract disputes or difficulties.

Where a formal contract is used, the procedure to be followed in the Settlement of Disputes will be set out and must be adhered to. All other forms of contract should clearly set out the procedure to be followed in the event of a dispute or difference. As a general rule this should be made up of the following steps:

- In the first instance, direct negotiations should be entered into to try and resolve issues informally.
- If the matter cannot be resolved by negotiation, either party can refer the matter to mediation. Consent must be given by both parties to appoint a third party to assist in the negotiated resolution of the dispute through mediation.
- Either party should have the right to refer any differences arising under the contract to adjudication. Adjudication is provided by a third party adjudicator selected by the parties to the dispute and the outcome is binding unless or until it is changed by arbitration or litigation.
- Any dispute or difference between the parties arising out of or in connection with this contract can be referred to Arbitration. The relevant legislation sets out the procedures and protocols to be followed when a matter is referred to arbitration and these will apply to all disputes referred through this route.
- If the Contract Particulars do not clearly state that arbitration applies any difference or dispute will be determined by Court proceedings.

The Association will appoint independent consultants to assist in the resolution of disputes as appropriate and to offer advice and guidance where necessary.

APPENDIX 1: STRUCTURE OF RESPONSIBILITY

MANAGEMENT COMMITTEE

Overall Responsibility for the Policy



SENIOR MANAGEMENT TEAM

Delegated responsibility for the maintenance, monitoring and revision of the policy



DEPARTMENTAL DIRECTORS

Responsibility for all contracts awarded within their department



INDIVIDUAL NAMED ON CENTRAL CONTRACTS REGISTER

Responsibility for managing, administering and monitoring individual contracts in accordance with the criteria set out within the policy

Compliance Officer

Oversee management of the policy and advise SMT

APPENDIX 2: KEY PERFORMANCE INDICATORS

In order to ensure that we obtain the services agreed in each contract, achieve value for money, and promote continuous improvement throughout the life of a contract, the quality and / or quantity of the works or services delivered by a contract must be assessed. This means creating and using appropriate metrics which allow useful and accurate measurement. Key Performance Indicators (KPIs) should therefore be set for contracts in accordance with the following criteria:

1. The KPI should translate business objectives into measurable goals;
2. The information required should be available and measurable;
3. The information required should be relevant to the delivery of the works or services;
4. The information should be instantly useful;
5. The information must be accessible within the relevant timescale;
6. The details of the contract must clearly stipulate the proposed KPIs, the agreed performance levels, and whether the contractor will be rewarded or penalised on the basis of their performance relative to an indicator.

EXAMPLES

The following are indicative of the type of KPI that may be appropriate:

- KPI 1** Percentage of works / services delivered to agreed timescales.
- KPI 2** Percentage of works / services delivered to agreed budgets.
- KPI 3** Percentage of acceptable ratings from stakeholder surveys.
- KPI 4** Number of clients assisted by the service within the agreed timescales.
- KPI 5** Number of complaints.
- KPI 6** Number of incidents / accidents.
- KPI 7** Number of defects.
- KPI 8** Amount of waste generated and the amount of recycling.

The above KPI examples all measure performance in numerical terms. Whilst some aspects of a service may be measurable by numerical means; other aspects (particularly relating to quality) may require a more subjective assessment. The following are indicative of the type of qualitative KPIs that may be appropriate:

KPI 1 The flexibility of the service.

KPI 2 The reliability of the service.

KPI 3 The quality standards of the work / service delivered.

KPI 4 The availability of the service.

These types of KPI will require more qualitative data to be gathered through, for example, surveys, inspections or site visits.

It should be noted that the list of KPIs given above is not exhaustive and the most suitable measures should be considered for each contract on an individual basis.