

**Manchester City Council
Report for Information**

Report to: Resources and Governance Scrutiny Committee - 27 June 2024

Subject: Contract Management System

Report of: City Treasurer

Summary

This report updates the Committee on the recent launch of the Council's Contract Management System and how the Council manages major contracts.

Recommendations

The Committee is recommended to consider and comment on the information in the report.

Wards Affected: All Wards

Environmental Impact Assessment -the impact of the issues addressed in this report on achieving the zero-carbon target for the city	The new contract management system will enable the Council to monitor zero-carbon and wider environmental KPIs through our procurements and contracts.
Equality, Diversity and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments	The new contract management system will enable the Council to monitor social value related KPIs through our procurements and contracts, and equality, diversity and inclusion being one of the key priorities within the Council's Social Value objectives.

Manchester Strategy outcomes	Summary of how this report aligns to the Our Manchester Strategy/Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The new contract management system is a key enabler of good contract management, which in turn aims to drive improved outcomes – including social value – for Manchester residents.
A highly skilled city: world class and home grown talent sustaining the city's economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class infrastructure and connectivity to drive growth	

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

There are no additional financial consequences from this report.

Financial Consequences – Capital

There are no additional financial consequences from this report.

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy, please contact one of the contact officers above.

Major Contracts Update – Paper to Resources and Governance Scrutiny Committee, March 2024

1. Introduction

- 1.1. Manchester City Council has recently launched a new system to support officers in their management of contracts. With such a large and diverse contracts portfolio like the Council's, such a system is needed to help the Council deliver value for money from its contracts, achieve cost savings, drive high performance from suppliers, manage risks and create social value. The system will also help to support new transparency requirements that will be coming into force from 28 October under the Procurement Act 2023.
- 1.2. This paper provides an overview of the key benefits that the Council will gain from the system, the steps taken to date to develop and introduce the system, and the further work planned. The paper also summarises the interplay with the management of the Council's major contracts.

2. Background

- 2.1. In Spring 2023 the Council procured and awarded a new contract management system, from the supplier Atamis. As with many new ICT applications, the system is a 'software as a service' product, accessed via a web browser as opposed to being an 'on premises' system stored on Council servers. The Integrated Commissioning and Procurement Team (ICP Team) then worked with Atamis over the following months to configure the system, with the system launching for staff on 2 April 2024.
- 2.2. An effective system is one of the key enablers for supporting effective contract management; others include skills development, governance and processes, all of which the Council has also been progressing. Reasons why a dedicated system is important include the following:
 - To support contract administration. For a Council the size of Manchester, even basic contract administration is challenging without a single central repository being in place. Different spreadsheets and similar arrangements end up getting produced by services, which are difficult to control and keep up to date.
 - To be a tool to support contract managers in their practical day-to-day management, such as enabling deadlines and reminders for key activities (e.g. data returns from the supplier) and enabling suppliers to directly send over contract data via a portal.
 - To support management teams in their management of contract portfolios and pipelines of future contracts, enabling management to (for example) better plan their commissions, identify and manage performance and other risks in the portfolio, deploy resources where they are most needed, and take advantage of opportunities to drive value.
- 2.3. Additionally, the system will support the Council's compliance with new transparency regulations - the government recently announced that the new Procurement Act 2023 will come into force on 28 October 2024. The Act sets new legislative requirements for how public authorities procure and contract. According to the new transparency requirements, local authorities will need to

report on high level KPIs, provider performance, contract variations and pipeline of upcoming procurements.

- 2.4. Contract management systems are widely deployed across a range of public- and private-sector organisations. A dedicated system of this type can provide the council with a powerful tool to 'get a grip' on our contracts and pipelines. The clarity and visibility this will provide, in tandem with genuine engagement from business areas procuring or managing contracts, will create opportunities to improve the efficiency and effectiveness of our contracting, whilst also mitigating the issues and risks above.
- 2.5. Turning to some of the detail of the system's functionality, it incorporates two modules: a pipeline/project management module and a contract management/supplier relationship management module. The purpose of the pipeline module is to have visibility of and manage future (potential) procurements, including resource allocation and contract award approvals once the procurement process is concluded. The Council will be looking at least 18 months ahead for these pipelines. Part of this is because legally the Council will be required to publish pipelines with that horizon. Also, planning for larger and more contract opportunities needs to commence well in advance of the intended start date to allow for service design, delivery model assessments, prior engagement of the market and the procurement process itself (or in-house service development).
- 2.6. The contract management module will be used to manage all the Council's current contracts, including supplier performance, contract variations and reporting. Some of the main functions of this module are as follows:
 - Set and receive alerts to manage timelines for key tasks, e.g., monitoring, meetings, review dates, insurance renewals.
 - Search functionality – to quickly find a supplier or contract.
 - Visibility of contracts performance, including social value and environmental targets - capturing data to inform development of specification for new contracts.
 - Visibility of suppliers and supply chain – across services and directorates.
 - Supplier portal access allowing suppliers to submit monitoring information, or request changes to their contracts.
 - Direct communication between suppliers and key contacts in MCC managing their contracts with a clear email trail.
 - Accurate data and reporting - All relevant contract data in a single location - replacing current "ad hoc" disparate systems and introducing a robust system for the first time.
 - Template Social Value Key Performance Indicators (KPIs) that contract managers can set targets for and monitor delivery against.

3. Main issues

Implementation

- 3.1. The ICP team worked with the provider Atamis over several months on the design and implementation of the new system. This comprised several elements:
- the configuration of the system itself. Consistent with the wider approach taken in the Council, this project took an 'adopt, not adapt' approach, meaning that nothing in the underlying architecture of the software has changed. However, the system is highly configurable allowing for different data fields, reporting templates and the like to be designed to fit the Council's needs. During the system configuration officers embedded the Council's key data requirements, from pre-procurement through to contract management data, including social value KPIs development and template reporting.
 - The testing of the system in terms of functionality. ICP identified champions from all directorates that reviewed the system in various stages and kept their teams informed of the upcoming changes. System configurations were then made to the system following the stakeholder feedback.
 - The testing of the supplier portal in terms of accessibility.
 - Data migration of spreadsheet contract data over to the new system.
 - Engagement of contract managers and wider stakeholders to prepare them for the new system, and also to promote wider changes required in relation to management of contracts such as the new transparency requirements coming into force and what they mean for contract managers.
 - Development of training materials and delivery of training to users of the system. This has included the establishment of a new Teams site for sharing updates, good practice and issues, plus an email to the ICP where people need support. There are also 'power users' in most service areas, who can provide additional support if required.
 - System demonstrations / overviews to the Council's Senior Management Team and Major Contracts Board.
- 3.2. The project team prioritised engagement with council staff throughout the process. Over 400 staff have been identified as managing contracts and have licenses for the system. For some, contract management makes up the majority of their role but many have wider service responsibilities, where contract management is only part of their role. Indeed, this engagement process has helped identify new stakeholders with interest in contracts and this will bring wider benefits beyond the system – for example, the ICP Team now has the most comprehensive email list for contract staff in the council with which it can, and does, send out contract-relevant communications.
- 3.3. The system formally launched with a 'soft' launch on the 2nd of April, with training sessions delivered shortly after (training had to commence after the launch so that officers could access the system). The system currently contains over 1,100 contracts, including call-off contracts under frameworks.

Next steps for the implementation

- 3.4. A current focus this month (June) is for contract managers to review contract data on the system to ensure it is up to date, as there was a time lag between the initial data migration and the launch of the system. The ICP Team are working with contract managers on this.
- 3.5. The next major milestone is for the development of the pipelines within the Pipeline module. This month, the ICP Team will commence using the pipeline for managing all new (potential) procurement projects; furthermore, ICP will be working with directorate management teams to develop the longer-term pipeline – looking at least 18 months ahead. This data will also support continuing budget work, looking at opportunities for savings for next financial year onwards. The timing of this engagement helpfully coincides with the preparations for the Procurement Act 2023. For example, ICP and MLCO Commissioning managers are meeting in early July to look at the implications of the Procurement Act for the upcoming pipeline of commissions.
- 3.6. There are also some final elements of the system which will be launched over the summer. This includes the supplier portal, and also new sign-off arrangements for agreeing to contract awards, which will be done through the system (as opposed to email and Word formats currently), providing a more robust audit trail.



Supplier portal is planned to go live during summer 2024



Suppliers will be contacted to create an account and contracts will be linked to relevant suppliers



All contract information on the system it is anticipated to be updated by end of the summer 2024



Final system changes to be completed by end of the summer 2024



Engagement with contracts owners to add contract and social value KPIs on the system: gold contracts first, then silver and bronze.

Promoting the roll-out of the system

- 3.7. For the system to be effective, it needs to be used regularly so ICP will be continuing to engage with services throughout the year. Again, there are various aspects to this, including:
 - Engaging with directorate management teams on a quarterly basis to review their portfolio, pipeline and spend data. ICP Team have been

holding such quarterly meetings with directorate management teams over the last 6 months, so the approach is already in train.

- Quarterly reviews with Senior Management Team of pipelines and contract portfolios, drawing on data from the system.
- Summary updates to the Major Contracts Board on major contracts
- Due diligence checks, following the Council's Due Diligence Framework. These checks are already undertaken for larger contracts, but it is a manual process, requiring emails and forms to be completed. The new system will be used to help streamline the process and record that checks have been completed.

Longer-term developments

- 3.8. The ICP Team will be working with the new Finance and HR system project, particularly to upload relevant contract data – such as contract numbers – into the new finance system, which will then allow officers to record transactions against a particular contract. This will provide further transparency on spend.

4. Major contracts

- 4.1. The March 2024 Resources and Governance Committee received a report on the council's major contracts. Major contracts are defined as those most critical for the council and are predominantly made up of larger value contracts and frameworks. By their nature, these contracts generally require more intensive contract management.
- 4.2. At an individual contract level, all major contracts will have performance requirements (e.g. in the form of Key Performance Indicators) and other monitoring data requirements from suppliers, including on social value. There will be regular – generally at least quarterly – management meetings with the supplier, and contract managers also have due diligence checks to conduct periodically over the life of the contract including on the economic and financial standing of suppliers.
- 4.3. The Council has also been strengthening its overall governance over major contracts, including the Major Contracts Board which receives updates from senior managers on contract performance and recommissioning plans. Support services including Finance, Legal, ICT and Procurement attend the boards. Over the last year, the ICP Team has also been engaging with directorate management teams on a quarterly basis to run through key supplier spend and discuss any issues and risks that need actioning.
- 4.4. The new contract management system will support contract managers and senior managers further. For example:
- Reporting on contract portfolios can be done in real time, providing managers with access to information that otherwise would take time to compile and format. Summary reporting metrics – such as a simple 'red,

amber, green' rating system that the Council has introduced are also built into the system, providing managers with an 'at a glance' overview.

- More robust pipeline planning for future recommissions. Many of these contracts need delivery model assessments undertaken at 12,18,24 months prior to any new service starting, in order to give enough time for procurement or insourcing.
- Links from the system to the contractual documentation. Some contracts are complex, with multiple schedules. The system has a link that the contract manager can insert to where relevant officers (i.e. who need access) can access the contractual documentation on sharepoint.
- The tools for tracking progress against KPIs, manage tasks more easily and receive data directly from the supplier in one place.

4.5. A more detailed report on major contracts will be provided to the Resources and Governance Committee in October. However, some highlights from the last quarter are as follows:

- The Council successfully insourced investment property services in May transferring operations from the previous supplier to the Council. The June Major Contracts Board received an update on the transfer – the transfer went smoothly but, as standard, a lessons learned document will be produced to share what went well and apply and learning for future insourcing.
- On the repairs and maintenance delivery model options for the future, officers are working on the detail to insource the core the core functions of the Housing Repairs and Maintenance Service. The building safety compliance function will need to be recommissioned, plus access to extended supply chain for core repairs and maintenance services for seasonal and emergency use. Further detail will be provided to the Committee at the October meeting.
- The council's contract with NSL for parking services was discussed at the June Major Contracts Board. As part of this, the Board received the report on social value delivery, which is attached alongside this report.
- The Council is currently out to market for a new framework for Learning Disability and Mental Health supported accommodation and day services. This will, over time, represent one of the largest frameworks for the council and will put contracts on a more robust footing. Senior commissioners from MLCO updated the Major Contracts Board at various points prior to the procurement commencing.

5. Recommendations

5.1. The Committee is recommended to consider and comment on the information in the report.

6. Appendices

Appendix 1 - Example Social Value reporting on a Major Contract
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