NHS
South West London
Procurement Partnership

Contract Management Methodology Guide for stakeholder-managed contracts

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Section 1: Why have Contract Management?

The Contract Management process encompasses everything from contributing to business cases, to setting Key Performance Indicators (KPIs) at the tendering stage, through to post-award supplier relationship management and reviewing supplier performance.

Contract management helps drive service delivery in line with the agreed specifications and contractual terms and conditions. It is an efficient, formal process of managing the contract

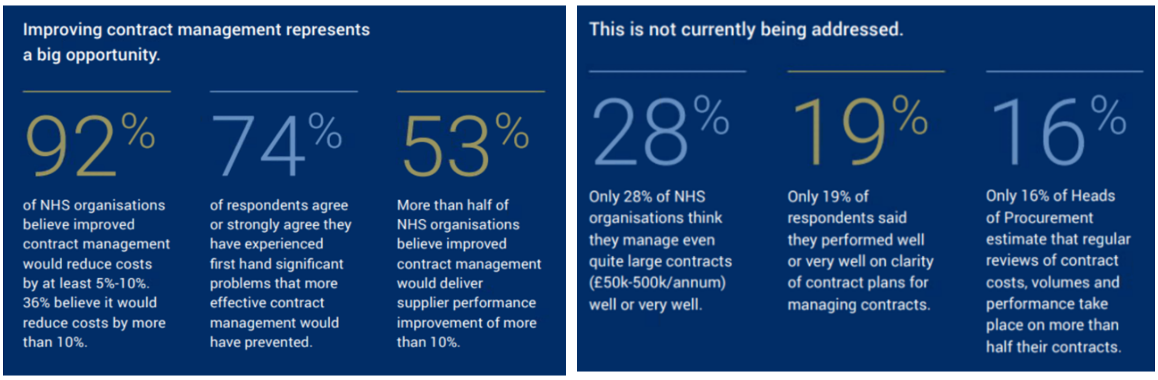
The NHS is taxpayer-funded and therefore all procurement has to be conducted in compliance with the Trusts' Standing Financial Instructions, Public Contracts Regulation 2015 and the new Procurement Act 2023 which came into force in February 2025

Evidence supporting the need for improved management of supplier contracts across public sector organisations including the NHS, is widespead at both a national and a local level and includes, for example:

1. A Cabinet Office-sponsored National Audit Office ("NAO") review which identified deficiencies in both processes and in the capability and skills of staff responsible for managing major government contracts. The resulting recommendations of the NAO form the basis of the Department of Health approach to contract management the key principles of which have been adopted by South West London Procurement Partnership (SWLPP).

2. An internal audit undertaken by KPMG and RSM at some of the SWL Trusts made a number of recommendations for improvement including specific references to how contract management is undertaken by operational teams within the Trust and how these teams are supported by the Procurement organisation.

3. A 2020 survey by HCSA with the support of Lifecycle Management Group from across 131 NHS provider organisations, reported a number of findings in support of strengthening contract management capabilities across the NHS, the headlines being as follows:



The opportunities arising from good contract management are significant in terms of cost reduction, service improvements, risk mitigation and they underpin the decision to invest in a dedicated Contract Management Team within the SWLPP.

The SWLPP Contract Management Team actively manages about 90 of the key, typically service-related, contracts across the four Trusts and a Community Health. This list is reviewed on a regular basis in order to ensure that it reflects the Trusts' latest priorities. We also provide ad hoc guidance and support to Trust stakeholders on contract management best practice across the entire portfolio of SWLPP contracts.

Recognising that each Trust also has many contractual relationships outside of the above-mentioned Top 90 which require local management by Trust operational teams as well as in response to Internal Audit points raised regarding the variability of contract management processes in place, the Contract Management Team has produced this guide for use by operational teams. This will enable non-Procurement colleagues to undertake effective contract management.

The following steps offer a comprehensive approach that combines a mixture of strategic and operational tasks depending on the type and complexity of the contract though not all the steps may be relevant to all contracts. Throughout this manual, you will also see references to various supporting documents which underpin the narrative and which will help non-Procurement Contract Managers to deliver sound contract management

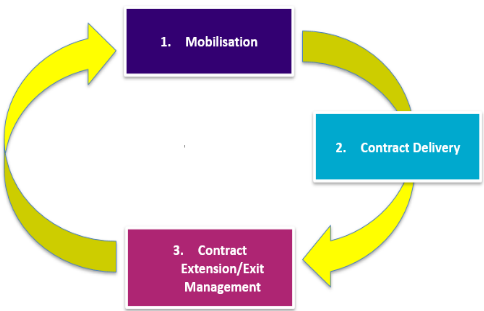
Section 2: Contract Management Lifecycle

"Contract Management is a systematic approach to managing the contract life-cycle activities for the purpose of maximising financial and operational performance and minimising risk" (Aberdeen Group). The following diagram represents the 2 key steps comprising the upstream and downstream of effective contract management.

Sourcing: The sourcing process generates value by identifying and tendering for preferential supply solutions and awarding contracts to successful bidders.

Contract Management: Contract Management subsequently locks in & extends value by ensuring delivery of the agreement and finding opportunities to realise further value within the supplier relationship.

Key recommended steps in the Contract Management Process



Section 3: Contract Mobilisation

Depending on the nature and complexity of contracts, some will require a mobilisation phase. Where this is the case, the mobilisation of a new contract creates change and a range of potential risks that need to be managed. To ensure solid foundations are in place for effective contract delivery, it is key to take the necessary time to plan the mobilisation of the contract, ensuring all required touch points are considered and all key stakeholders are involved.

Map out – ideally via a Gant Chart - all the activity required to implement the new contract. Work closely with the supplier on planning.
See attached Contract Mobilisation Plan (attached template no. 1)

Mobilisation Plan Excel format.xlsx

Section 4: Contract Delivery

Contract Delivery is concerned with the fundamental aspect of contract management, that of ensuring that the actual contracted service provided by the supplier is in accordance with the agreed standards and costs. The ability to measure the performance of the supplier and to provide feedback, is critical to successful contract management and supplier development.

Contract Governance

A contract governance structure is the recommended formal approach by which the contract will be managed. Contract governance includes the roles and responsibilities of different stakeholders in the contract management process, decision-making authorities, as well as control and escalation mechanisms for the contract.
See attached 'Contract Governance Terms of Reference' (ToR) (template no.2)

Supplier Contract Management Meetin

Contract Management Plan

All contracts should have a Contract Management Plan in place. It is the 'heart' of the contract and summarises its purpose, governance, key deliverables, KPIs and key contact details. It should contain all the elements which are needed in preparation for supplier contract meetings. For more straightforward contracts, you do not need to complete all fields
See attached 'Contract Management Plan' (template no. 3)

Contract Management Plan.do

Supplier Contract Review meetings / Agenda / Minutes & Actions

Supplier contract review meetings should, typically, be held monthly or quarterly depending on the nature and complexity of the contract. Some contracts may begin with monthly reviews during the setting-up phase and then become quarterly as it settles down to BAU.
All supplier contract review meetings should have an agenda as well as resulting minutes.
Action points should have owners and deadlines.
See attached 'Supplier Meeting Agenda & Minutes / Actions' (template no. 4)

Agenda and Meeting Minutes.docx

The template includes suggested standing agenda items which should be tweaked / expanded on as necessary. It is recommended that stakeholders keep a record of all supplier contract review minutes for effective, subsequent tracking of action points.

Contract Benefits log

A 'Benefits Log' is a useful tool to capture the advantages which a contract is expected to provide during its lifetime. Benefits can include expected savings as well as non-financial efficiencies. Some of these will be known at the outset of the contract as they will have been part of the contract award. Sound contract management will then ensure that they are subsequently delivered.

Other benefits and efficiency opportunities will emerge during the lifetime of the contract and can be generated via an ongoing, collaborative dialogue with the supplier via regular contract review meetings as part of **continuous improvement** efforts and a willingness to explore **innovative** ideas. They should be standing contract review agenda items in order to ensure ongoing momentum.

Such ideas can be generated by both the Trust and the supplier and both parties should contribute to completing the Benefit Log in order to encourage more ideas which can also include benefit-sharing initiatives. This should be considered a live document to be updated as new ideas are developed. **See attached 'Benefits Log' (template no.5)**

Contract Management Benefit

Performance Management

Key Performance Indicators (KPIs) are critical to successful tracking of a supplier's performance. They should be agreed before contract award and then monitored as part of effective contract management.
Performance indicators must be specific, measurable, achievable, realistic, and timely (SMART). KPIs should be reviewed and may need to change during the term of the contract to ensure they remain aligned with the strategic direction and objectives of the organisation.

Where possible, KPIs should be linked to generating credits if suppliers fall short. This will encourage speedier supplier resolution to shortfalls. KPI reviews should be a standing contract review agenda item. They should also be listed in the Contract Management Plan for reference. (see template no. 3, section 8)

Contract Risk Log

In parallel to a ''Benefit Log', there should also be 'Risk Register' for contracts which could encompass delivery quality and risks; change in requirements, loss of skilled staff (on either side), supplier viability, technology risk, market risks, political/regulatory risks etc. The Risk Register should identify the likelihood of the risk occurring as well as the impact, should it occur, along with the actions to be taken to minimise the impact**. See attached 'Risk Register' (template no. 6)**

SWLPP Contract
Risk Register Version.

Reviewing the Risk Register – and any resulting, supplier corrective action plans - should be a standing agenda item during contract review meetings. As with the 'Benefits Log', the 'Risk Register' should be completed by both the Trust as well as the supplier in order to ensure aligned thinking.

Related to the above is the need for the supplier to submit a **Business Continuity Plan** (BCP), or Disaster Recovery Plan.   This may be the supplier's general BCP for all of their client contracts but the Trust Contract Manager needs to ensure that it covers the needs of this particular contract.   Where this is not the case, the Trust Contract Manager needs to bring this to the supplier's attention and request any necessary amendments. It is the Trust Contract Manager's responsibility to request the BCP from the supplier which should be sent on an annual basis in order to reflect any updates.
Supplier to use their own BCP document.

Contract Change Management

During the term of a contract, it is not unusual for there to be changes to the services being delivered or to the terms of the contract. A process needs to be in place to ensure that these changes are properly understood, their impact evaluated and the contract and associated contract management processes updated to reflect what is agreed. Any changes to the contract will need to be recorded, approved and signed in line with contract governance.

Note that any supplier negotiations associated with such changes must be conducted by the relevant Procurement Category Lead, in collaboration with the relevant stakeholder who is managing the contract. When the need for a change arises, the stakeholder should contact the Procurement Category Lead in order to review and evaluate the proposed change. Such changes are to be recorded via Change Control Notices (CCN). Once the CCN has been signed, the Procurement Category Lead will ensure that it is recorded on – and thereby updating - the SWLPP's central contracts database, Atamis
See attached 'Change Control Notice. (template no. 7)

Contract Change
Control Template.doc

Section 5: Contract Administration

Document and Data Management

Document and data management is the means by which contract information is kept relevant, up-to-date and accessible to the organisation. The stakeholder can request a copy of the contract by e-mailing the relevant Procurement Category Lead.

Policy & Standards Assurance

Policy & Standards Assurance is the process by which the organisation ensures that the supplier continues to comply with required regulatory and policy standards. Periodic checks should be made during the life of the contract to ensure that the supplier has maintained the appropriate insurances, certifications, policies, and procedures as agreed in the contract award in order to mitigate risk to the organisation. These requirements could include BCPs, exit strategies, ISO certifications, insurances, health, and safety polices, diversity policies, etc. and should be standard contract review agenda points in order to ensure that such policies remain up-to-date. Non-compliance with these requirements can result in the activation of penalty clauses or the termination of the contract or, if undetected, expose the organisation to significant regulatory or reputational risk.

Section 6: End of Core Contract Period

This stage concerns the activities associated with either extending or closing the contract down, the latter in accordance with the set contract end date or because of early termination.

Exit Planning

Within 3-6 months of the contract start date, and where appropriate, a plan should be drawn up for exiting it at the end of its contractual life in order to mitigate the operational impact of closure and / or hand-over to the new supplier and to ensure that both parties are fully aware of their obligations. The size and complexity of the contract will drive the exit management plan, level of senior stakeholder involvement and timeframes. Such plans should be regularly reviewed throughout the life of the contract.

As a minimum, every exit plan should consider requirements for continuation of service, access and transfer of knowledge and documentation, transfer and/or use of any physical assets, licenses, data and systems, penalties and/or compensations, outstanding payment, personnel transfer issues (TUPE) and the requirement of co-operation from any sub-contractors.
See attached 'Contract Exit Management' document. (template no. 8)

Sample Exit Plan.xlsx

Lessons Learnt

Every contract, during its lifetime, will encounter unexpected challenges and the Contract Manager together with the supplier, should try to resolve these, if necessary, via CCNs. Not all such issues may be resolvable, possibly because the supplier is not willing to make changes to which they did not commit when the contract was awarded to them.

It is therefore important for the Contract Manager to keep a 'Lessons Learnt' log where s/he can record such issues which they would like to add to the specification of the successor contract in order to improve its performance. These can be both negative as well as positive ‘lessons’. It is important that the Contract Manager then shares that log with the Procurement Department when the specification of the successor contract is drawn up in order to capture its points in the next generation of KPIs.

See attached ‘Lessons Learnt’ log. (template no. 9)

Ergea Radiology MSC
Lessons Learnt 16 9 2

Contract Extensions

In many cases, where a contract is operating well and there is an option to extend, this should be considered. An extension will avoid the cost of going back to the market unnecessarily.

It is important for the Contract Manager to check if the contract offers compliant extensions and to consult with the relevant Procurement Category Lead who will co-ordinate any supplier negotiations in order to review performance, understand likely pricing/cost implications and identify areas for improvement - particularly in the context of changing needs and priorities. An extension option is always a good opportunity to try and obtain better terms from the supplier assuming that they also wish to extend the contract. A joint decision will then be taken whether to extend or end / re-tender the contract.

Contract Expiry & Termination

When a contract is approaching its normal end date, the exit plan (template no. 8) needs to be implemented. Although the contract may not require a termination notice, it is good practise to inform the supplier in writing of the impending contract end.

Early Termination

In extreme circumstances, it may be necessary to terminate a contract ahead of full term. This will normally be a result of major service delivery failure, a change in ownership/status of one of the contracting parties, or simply because you have found a cheaper / more reliable supplier elsewhere. In this situation, it is critical to fully understand your termination rights (and any penalties) and to have developed a robust plan for service transition/continuity ahead of exercising the termination clause.

First thing to check within the contract is whether there are penalties for terminating the agreement early. Ideally, when drawing up the contract, the sourcing team will have agreed an exit clause that minimises what the organisation must pay if exiting early. Otherwise, the penalties may mean the organisation is effectively locked in with that supplier.

Nonetheless, the organisation does need to be sensitive to the position of the outgoing supplier and especially the personnel working on the contract, as their goodwill and cooperation will be required. There may also be TUPE implications.

If considering early termination, the Contract Manager/ stakeholder is strongly advised to first contact the SWLPP who will advise on understanding contractual termination rights and consequences as well as communicating the intention to terminate to the supplier, possibly after having taken legal advice.

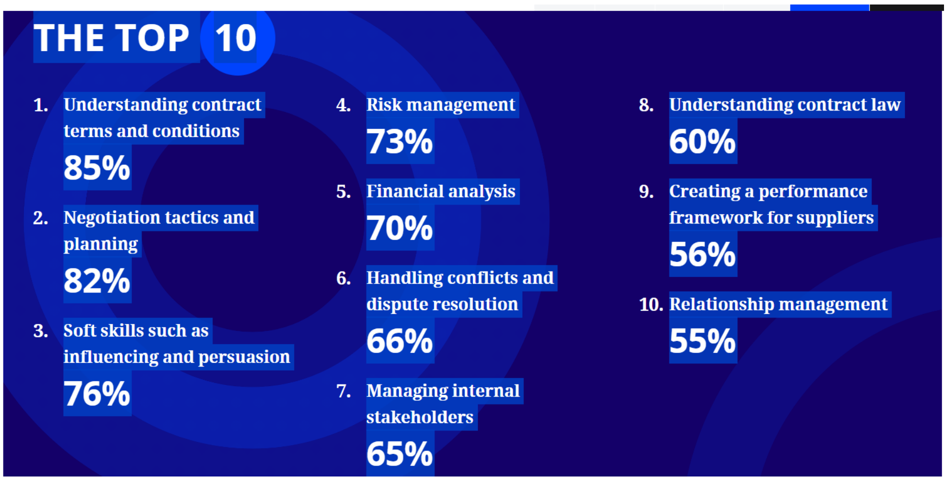
Section 7: Key Do's and Don'ts

Do	Don't
Make sure you read the contract and understand the key provisions (ask for support from SWLPP Procurement if unclear on any points)	Make assumptions
Follow the agreed governance processes set out in Trust SFI's when engaging with suppliers.	Make contractual commitments to suppliers verbally or in writing, for example procuring additional services or products , without following SFIs.
Engage SWLPP Procurement on any new requirements or modifications to existing supplier arrangements	Sign supplier contracts without first consulting SWLPP Procurement
Document meetings held with suppliers (whether this is a regular contract review meeting or an ad-hoc meeting) in case these need to be referred to in the future	Accept gifts or other inducements from suppliers and report any such approaches to SWLPP Procurement
Maintain risk registers for any contracts you are managing and regularly monitor and update these including ensuring you take any actions as required	Allow contracts to roll on indefinitely and contact SWLPP Procurement when a contract you are managing is approaching the end of its term to agree next steps
Highlight any concerns you may have about supplier performance or a supplier's financial stability to SWLPP Procurement.	Ignore any performance-related correspondence from a supplier requiring a response as this may have ramifications downstream.
Check the invoice, receipt your order	Delay payment to the supplier.

Section 8: Contract Management Training Options

Introduction

TOP 10 Procurement soft Skills



Contract management skills are needed to manage every aspect of the contract lifecycle, so whatever part of the contract is worked on, by improving capability, we can make contract management more efficient.

Training Levels & Accreditation

The Government Commercial Function provide the Contract Management Capability Development Programme which aims to train and accredit those with a role to play in contract management. The learning programmes are the product of collaboration between all government departments and professional bodies with the aim of supporting greater efficiency and higher quality services. By taking part, candidates also have an opportunity to share best practice and be part of a professional network of contract managers.
The Standards have been developed in collaboration with the Chartered Institute of Procurement and Supply (CIPS) and World Commerce & Contracting (WorldCC) and are recognised across government to give you a common language and skill set to manage public spend and contract delivery.

For more information please contact contract-management@cabinetoffice.gov.uk

Access via the Government Commercial College

Foundation Stage

This is the recommended training in Contract Management for SWLPP Category Teams and Stakeholders in Trusts with a responsibility for managing supplier contracts.

The Foundation level online training is split into six interactive modules, as well as an introductory module. Each module takes between one and three hours to complete.

Other stages available: Practitioner and Expert

The Chartered Institute of Procurement and Supply

This is an accredited body that offers a portfolio of accredited procurement qualifications which are available worldwide to reflect the global nature of the profession. The qualifications are recognised as the leading edge of professionalism across the procurement and supply chain management industry. The qualifications are structured into five main levels as following:

- CIPS Level 2 Certificate in Procurement and Supply Operations
- CIPS Level 3 Advanced Certificate Procurement and Supply Operations
- CIPS Level 4 Diploma in Procurement and Supply
- CIPS Level 5 Advanced Diploma in Procurement and Supply
- CIPS Level 6 Professional Diploma in Procurement and Supply.

Above qualifications are offered through universities and colleges across the country who are accredited programme providers.
https://www.cips.org/qualifications/accredited-universities

Funding for CIPS Training - Level 4 Apprenticeship
The Trust offers a fully funded Level 4 Chartered Institute of Procurement and Supply accreditation to all interested procurement personnel to support their learning and development. This is offered through a committed partnership agreed with the Trust.

Sustainability
Free online education and learning modules are available on the links provided:

- https://academy.socialvalueportal.com/do?action=viewActivities&courseId=54&start=true
- Social Value Curriculum (lpp.nhs.uk)

More free training links

- IT Skills Pathway - Digital Learning Solutions (dls.nhs.uk)
- NHS Skills Development Network (NHS SDN)
- https://www.nhsprocurement.org.uk/

Procurement Act 2023 – Contract Management Notice Requirements

Overview

Under the Procurement Act 2023, contract management does not have a single notice period requirement. Instead, contracting authorities must publish specific notices during the contract lifecycle relating to performance, modifications and termination.

For public contracts over £5 million, you will generally need to set at least three KPIs before entering into the contract unless KPIs are genuinely inappropriate for the contract type. Those KPIs will later be published and assessed through Contract Performance Notices.

1. Contract Details Notice (CDN)

Once a public contract is entered into, a Contract Details Notice must be published:

- Within 30 days of contract award for most contracts.
- Within 120 days for Light Touch Contracts.
- Contracts over £5 million must also publish the contract and relevant KPIs.

2. Contract Performance Notices (Section 71)

For contracts where KPIs are required (generally contracts over £5 million):

- Supplier performance must be assessed against KPIs.
- A Contract Performance Notice must be published at least annually during the life of the contract.
- A Contract Performance Notice must also be published on termination of the contract.

Poor Performance and Breach Reporting:

A Contract Performance Notice must also be published where there is:
- A breach of contract leading to damages.
- A settlement agreement.
- Partial termination.
- Other significant supplier failure.

3. Contract Change Notices

Before modifying a public contract, authorities generally must publish a Contract Change Notice unless a statutory exemption applies. This is a key transparency requirement under Sections 74–75 of the Act.

4. Contract Termination Notices

When a contract ends:

- A final Contract Performance Notice (where applicable) should be published.
- A Contract Termination Notice should then be published to formally close the contract record.

Practical Implications for NHS Contract Managers

Contract managers should ensure that:

• Contract Details Notices are published within required timescales.
• KPI frameworks are established and monitored.
• Supplier performance is assessed and reported annually where required.
• Significant supplier breaches are documented and reported.
• Contract modifications are reviewed for notice requirements before implementation.
• Contract termination notices are issued at contract close.

Requirement	Timing
Contract Details Notice	Within 30 days of contract signature (120 days for Light Touch Contracts)
KPI assessment and publication	At least every 12 months
Poor performance/breach reporting	When the relevant event occurs
Contract Change Notice	Before most contract modifications
Contract Termination Notice	At contract end

Section 9: Frequently Asked Questions

No	Question	Answer
1	Why should I spend time managing a contract ?	▪ Good contract governance helps to ensure compliance with public sector procurement regulations and meets audit requirements ▪ It helps to ensure that the contract delivers what it should via regular supplier reports and KPI monitoring. Poor supplier performance can affect patient care ! ▪ Not knowing your contract may mean that the supplier may 'overlook' key deliverables. Suppliers tend to favour well-run contracts as there will be fewer surprises. ▪ It allows you to explore innovative and efficiency-related ideas with the supplier which may not have been visible at the time of contract award
2	Can I procure a contract without procurement involvement?	▪ No; at the start of any planned higher-value new procurement, you must first consult with the SWLPP
3	A contract is coming to the end of its core period and there are extension options. The contract is going well and I wish to extend. What do I do ?	▪ The responsible SWLPP colleague will alert you to the extension and work with you in order to take it forward. Feel free to contact the SWLPP if you wish to start the dialogue sooner.
4	What if I find myself unable to resolve a contractual issue with the supplier eg due to poor performance or inadequate KPIs ?	▪ Contact the SWLPP for advice and assistance. If we don't have the know-how in the team, we also have access to legal advice
5	How do I ensure that key issues are consistently covered at supplier contract reviews ?	▪ Have regular contract review meetings with core agenda points (see attachment 4); ensure that minutes / action trackers are published after every meeting with clear action points and indicating the responsible person

6	Can I increase the value of a contract beyond its original value at the time of contract award ?	▪ Yes, by a limited amount depending on whether it is a 'Goods & Services' or a 'Works' contract. Always consult the SWLPP for details
7	Can I terminate a contract before its contractual end date ?	▪ Depends on what the contract states but always consult the SWLPP Contract Management Team before doing anything and they will advise you.
8	Where are contracts stored ? How do I get a copy of a contract?	▪ They are stored in the central SWLPP contracts database. ▪ Either liaise with your SWLPP contact or email https://swlondonprocurement.nhs.uk/
9	Where to find training and available support ?	▪ Contact the SWLPP contract management team via: https://swlondonprocurement.nhs.uk/