

Scotland Excel

To: Executive Sub Committee

On: 27 March 2020

**Report
by
Director Scotland Excel**

Outline of the Scotland Excel approach to Contract and Supplier Management

1. Introduction

The purpose of this paper is to clarify the various Contract Supplier Management (CSM) classifications, the level of management associated with these and provide detail on Scotland Excel's Contract Segmentation Tool.

2. Background

Regular contract reviews maintain the relationship between Scotland Excel and the supply base, supporting active engagement to monitor contract and supplier performance, and to maintain an awareness of market developments across the relevant markets and their impact across the sector.

During the mobilisation stages of new contracts, contract owners meet with suppliers appointed to their frameworks to discuss performance requirements and explain the Scotland Excel contract and supplier management approach in detail.

A contract specific management plan is developed at the point of mobilisation, and contract owners consider the following list of factors as a minimum when developing and reviewing management action plans for contracts:

- Contract classification (and therefore risk and value)
- Contract type – works / services / goods etc.
- Supply base stability
- Macro environment
- PESTLE issues

The management action plan is communicated to suppliers at mobilisation meetings and monitored through the scheduled reviews. The performance elements to be

assessed must be included in line with the contract requirements, any agreed customer requests and the balanced scorecard categories of quality, service, delivery and cost.

3. Contract Segmentation Tool/CSM Classifications

The Contract Segmentation Tool considers a range of 14 criteria. These include - information on market conditions, price variance and risk.

When the fields are completed appropriately within a template, the segmentation tool will automatically generate a Total Score (out of 100). From this, the higher the output score, the higher the classification of contract and supplier management activity, with Class A the highest.

There are 5 segmentation classifications, rated from Class A to Class E, each of which have defined activity as outlined in Table 1.

Classification	Activity
<u>Class A</u>	Due to the unique and bespoke nature of the frameworks that fall within this class, a contract management plan is to be developed and agreed with the Contract Steering Group.
<u>Class B</u>	Quarterly supplier contact, six monthly surveys, annual User Intelligence Groups (UIGs), frequent support to councils, suppliers and external stakeholders requiring high level of procurement expertise, extensive contract monitoring.
<u>Class C</u>	Six monthly supplier contact, 6-12 monthly surveys, annual UIG, regular support to councils, suppliers and external stakeholders requiring procurement expertise, high contract monitoring.
<u>Class D</u>	Annual supplier contact, annual surveys, optional annual UIG, ad-hoc support to councils, suppliers and external stakeholders potentially requiring procurement expertise, regular contract monitoring
<u>Class E</u>	Annual supplier contact (if required), optional annual surveys, no requirement for basic contract monitoring

Table 1 – CSM classification outline

4. Reporting/Reviews

Management Information (MI), collected quarterly from suppliers, is used to support an objective view of contract performance. Robust MI enables Scotland Excel to highlight potential areas of additional savings for customers and identify areas where contracts do not accurately reflect customer needs.

Survey reports are produced by contract managers and a selection of MI data reports are used to support contract management and development. MI data is shared with customers via UIG's and through quarterly account management reviews. Feedback on contract management actions is provided by contract managers through category updates, UIG's and direct contact where appropriate.

At a high level, feedback to customers on performance monitoring is provided via Commercial UIG's, together with spend, savings and overall business and contract performance.

In cases where contracts vary significantly from average and require very specific review, customers are encouraged to discuss the requirement for additional reporting with their contract manager, and this will be developed where possible.

The contract management process is underpinned by gathering data from a broad selection of stakeholders, and questionnaires are used to gather information required from customers in respect of day to day performance. These are developed from standard question sets and issued to participating stakeholder groups. Questionnaires have been designed to be quickly completed and contain up to 9 multiple choice questions. There is scope for comments, and our customers are encouraged to provide detailed feedback where they can in order to maximise the benefits that can be gained from the process.

Suppliers are informed of relevant feedback from Councils, and are held accountable for delivery of actions arising from this.

5. Recommendations

Members are requested to note, and endorse, the current approach to CSM.