



Registers of Scotland

CONTRACT MANAGEMENT PROCESS AND PROCEDURES

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Document Control

Document Name	<i>Contract Management Processes and Procedures</i>
Process	Procurement Contract Management
Frequency / Trigger	On demand – as requested by the business. Frequencies agreed with key stakeholders – weekly / monthly / quarterly / annually
Responsible	Procurement Lead who is responsible for ensuring adherence to processes and procedures
Version	1.0

Revision History

Version	Issue Date	Doc Status	Author	Summary of Change
1.0	16/04/2024	Draft	Steven McEwan	1 st Draft

Approval

Version	Approver	Role	Approval Date
1.0	Euan McGalliard	Head of Procurement and Estates	17/04/2024
1.1	Chris Kerr	Director of Policy and Corporate Services and Accountable Officer	17/04/2024
1.2	Policy and Practice Group (PPG)	PPG is a sub-group of the Executive Management Team (EMT) and is responsible for discussing and confirming RoS on any matters relating to the role of the Keeper, and how those policies are put into practice	07/05/2024

1. PURPOSE

This document details the full processes and procedures for Contract Management within the organisation and covers the following areas:

- Contract Management (CM) Overview
- Market Segmentation and Supplier Positioning
- Stakeholder Engagement
- Review Meetings and Action Trackers
- Return to Green Plans
- Supplier Score carding

These processes and procedures are in line with ROS's current Procurement Manual published on the Procurement Intranet Page.

2. SCOPE

These processes and procedures apply to the Registers of Scotland

3. RESPONSIBILITIES

The key individuals involved in this process along with a brief description of their responsibilities are as follows:

Procurement Lead – oversees and manages the end-to-end CM process, reviews, and onboards new suppliers to the programme, manages formal reviews, action trackers, return to green plans and supplier score carding.

Contract Manager– supports the Procurement Lead and oversees the day-to-day management of the contract and supplier assists in the management of formal reviews, action trackers, return to green plans and supplier score carding.

ROS Stakeholders – maintain the day-to-day engagement with the suppliers, participate fully in formal supplier reviews, take any necessary actions as discussed and complete supplier score carding where necessary.

External Stakeholders (Suppliers) – participate fully in the CM programme as required by the business, attend formal review meetings on an agreed frequency and take any necessary actions as discussed.

4. PROCESS OVERVIEW

4.1 Contract Management Overview

Contract Management (CM) is the process of formally reviewing a supplier's ongoing performance following the contract award stage of the procurement process. The procurement lead will prepare a Buyer's Guide (where appropriate) which will provide a full handover and detail all relevant contract information that the Contract Manager will require to commence the CM process. The Buyer's Guide will also be available to key stakeholders to review throughout the life of the contract should they require specific information relevant to the contract.

Suppliers who have not previously required Contract Management can be onboarded onto the programme at any time in line with business requirements and would follow the same process as new suppliers.

4.2 Market Segmentation and Supplier Positioning

When a requirement is identified for a supplier to be onboarded onto the Contract Management programme, a full review of their contractual obligations to the business should be conducted through market segmentation and supplier positioning.

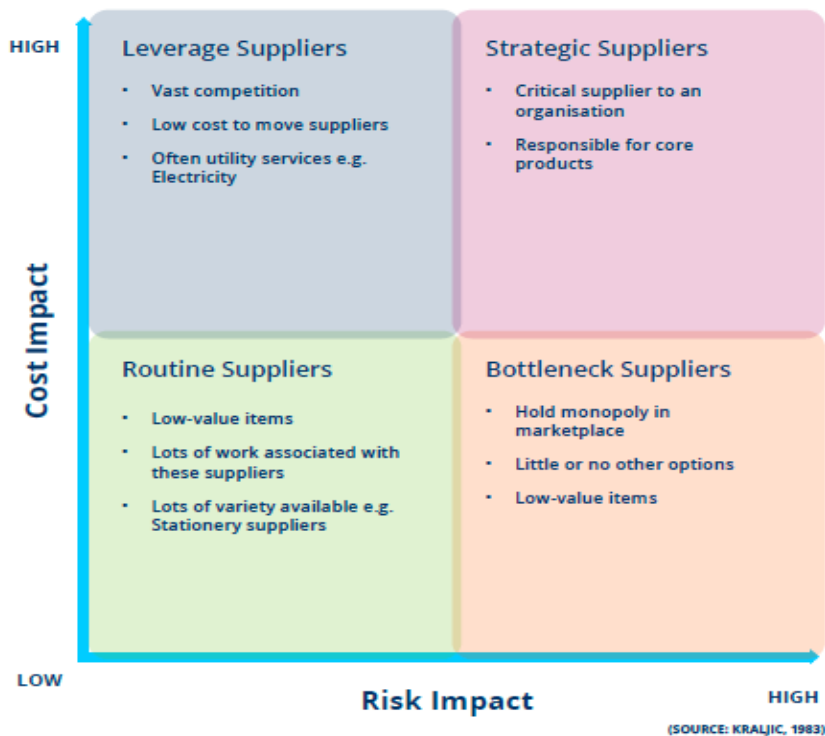
Market segmentation should involve understanding the goods and services that the supplier will be providing to the organisation, what industry the supplier is from and any other approved suppliers who supply identical or similar commodities to the business. This can include review of the specification or procurement documentation, appropriate desk research on the industry in question and knowledge transfer by engaging with relevant stakeholders within the business. This will allow the key stakeholders to understand the exact requirements of the business and what is expected of the supplier whilst also considering the current market and preparing any mitigations for potential industry tensions that could impact the supply chain.

This understanding will help inform the supplier positioning process which in turn will assist the Procurement Lead in determining the level of Contract Management required (if at all). This will be done using Kraljic analysis and will categorise each supplier into one of the following:

- **Leverage** – high spend suppliers that are deemed as negligible risk as there are potential alternatives within the market.
- **Strategic** – high spend suppliers which carry significant risk due to lack of suppliers in the market, these tend to be business critical.
- **Routine** – these suppliers have low spend against them and are also negligible risk. There are several alternative vendors who could supply these commodities.

- **Bottleneck** – whilst these suppliers have low spend, they are still deemed considerable risk due to lack of alternative options within the market.

The Kraljic matrix is included below for reference to allow correct supplier positioning.



4.3 Stakeholder Engagement

Once a supplier has been fully onboarded onto the Contract Management programme, the Procurement Lead should then engage with the key internal stakeholders within the business. This initial discussion should provide a full overview of the Contract Management programme and what this will involve, roles and responsibilities going forward and the level of Contract Management engagement that will be applied following the market engagement and supplier positioning exercise.

This engagement will allow the internal stakeholders to fully explain their requirements from the contract and what the expectations from the supplier are over the contract period. During this initial discussion, the frequency of review meetings and a standard agenda should be agreed so that the supplier can be informed at the first meeting. The first meeting agenda can include (but is not limited to) the following points:

- **Introductions, including Roles and Responsibilities**
- **Review of Work Scope – Timelines and Specification Content**
- **Review of Contract Service Level Agreements and Key Performance Indicators**
- **Frequency of Future Review Meetings**

Following the first meeting, additional items can be added to the meeting agenda as required such as **Performance to Date** to allow stakeholders to provide an overview of supplier service and raise any concerns and also **Value for Money Innovations and Initiatives** which allows both parties to openly discuss any areas where costs can be reduced through commodity discounts, process refinement by either party or new innovations. Some items can also be removed as they will not be covered in future meetings (such as introductions and frequency of review meetings).

Prior to the first review meeting taking place, the Procurement Lead should provide a copy of the meeting agenda to the supplier, so they have sufficient time to prepare. A brief overview of the CM process can be given at this time, but this will be covered in more detail at the meeting.

4.4 Review Meetings and Action Trackers

The first review meeting with the supplier and key stakeholders should provide an overview of what the Contract Management programme will include and what the main roles and responsibilities will be from both parties. The Procurement Lead who will be chairing the review meeting should follow the agreed agenda and capture any actions that arise.

All actions should be captured within the Contracts Database which should be kept up to date based on relevant progress and completion of actions. All inputs into the tracker should be chronological and provide a clear description of what the action involves, the action owner, the proposed timeline and completion date and any further comments. Once actions have been confirmed as completed, they can be removed into the “Completed Actions” tab of the tracker. The tracker should be sent out prior to all review meetings along with a copy of the agenda and after the meeting once actions have been added, removed, or amended based on meeting discussions.

Once frequency and length of review meetings has been agreed and established, it is best to set a standing calendar invite for all stakeholders and supplier contacts to minimise the risk of cancelled or rescheduled meetings due to lack of availability. Meeting agendas should be prepared prior to each meeting with stakeholder input and then sent out to suppliers along with the action tracker. The frequency or length of meetings can be increased or decreased throughout the programme based on requirements and supplier performance.

4.5 Return to Green Plans

In situations where a supplier has been identified as underperforming and having a negative impact on the business, it may be necessary to create and implement a return to green plan to identify and resolve ongoing issues and mitigate any further problems with service delivery.

The first stage of creating a return to green plan would be to fully understand the issues being faced by the stakeholders because of poor supplier performance. This should be provided by the key stakeholders and be fully evidence based with relevant examples that can be presented to the supplier if necessary. It should be ascertained exactly how the supplier's performance has deviated from the contract specification and what the impacts on the business have been.

The next step will be to discuss in detail with the supplier, this can be done at the regular review meeting or held separately depending on the severity of the issue. All information should be presented with supporting evidence for the supplier's review and an explanation provided to remind the supplier of the contractual obligations and what is expected. Remedial actions should be discussed and agreed at this meeting along with appropriate timelines and action owners which should be captured in the CM Action Tracker. A follow up meeting should then be arranged to review progress.

Supplier progress should be closely monitored through the action tracker and regular follow up meetings until the issues have been fully resolved and the service delivery level is back to an acceptable standard. However, if the supplier continues to provide an unacceptable level of service and are not meeting the requirements of the return to green plan, the Contract Manager should engage with the Procurement team to agree next steps.

Should the return to green plan not be successful in improving supplier performance and the decision is made to terminate the relationship, this should be in line with the original contract document. This should also have the approval of the Accountable Officer and Supplier Relationship Manager who will provide advice and will present a termination proposal to the Head of Procurement before proceeding to terminate.

4.6 Supplier Score carding

The supplier scorecard process is a method of formal performance monitoring that will allow the identification of high and poor performing suppliers and then root cause the reasons why suppliers may be under performing so an appropriate return to green plan can be devised and deployed.

The score carding process enables the company to collaborate with suppliers to ensure that goods and services are delivered to the required quality and safety standards, on time and in a cost-efficient manner. Suppliers who are negatively impacting the business can be effectively

managed and developed and the company is able to promote a culture of continuous improvement through appropriate innovations and initiatives. The structure of the scorecard ensures that all feedback is evidence driven and will help inform supplier review meetings that will enable feedback on supplier performance and to encourage feedback from suppliers on how ROS as an organisation can engage more effectively with them.

The supplier scorecard is split into four categories which are appropriately weighted:

- **Quality – 30% Weighting**
- **Cost – 30% Weighting**
- **Sustainability – 10% Weighting**
- **Service – 30% Weighting**

Each category is then split into appropriate further sub-sections to be considered and scored individually by the key stakeholders completing the scorecard. Each sub-section should be scored as follows (based on relevant performance and evidence measured against the criteria set out in Annexes A-D of this document):

- **1 – Major Concerns**
- **2 – Minor Concerns**
- **3 – Meeting Expectations**
- **4 – Exceeding Expectations**

Once all sub-sections have been scored, the supplier will have a scorecard total (based on the total value of scores achieved, this is out of 80 points) and an average score (based on the average value of all scores awarded) which can then be discussed at the supplier's regular review meeting. Suppliers will also have a total and average score for each main category which will provide a more detailed breakdown of specific category scoring.

All key stakeholders who are required to complete supplier scorecards should be given a full overview of the process by the Procurement Lead prior to the first review period. Review periods and number of scorecards to be completed should be agreed in advance on commencing supplier score carding, for example completion on a quarterly basis. This should include a demonstration of the supplier scorecard and how to complete, an overview of the full scoring process and what will be expected at each review period going forward.

Prior to the score carding process commencing, suppliers should also be given an overview of the scorecard and scoring matrix, what the process will involve and what will be expected of them going forward so that they have an opportunity to raise any queries or concerns before receiving their first scorecard.

Once scorecards have been fully completed, they should be sent to the Procurement Lead for final review to ensure all information is correct before being sent to the supplier. This will then be followed by a scorecard review meeting with the supplier, contract manager, and the Procurement Lead to discuss the results and any appropriate actions required by the supplier to address any identified issues and to enable continuous improvement.

5. Resources

The Contract Management process uses the following templates which are available from the Procurement team on request:

- ROS Buyers Guide Template
- CM Scorecard Template
- Contract Management - Action Tracker Template
- Contract Management - Agenda Template

6. Further Assistance

For any further guidance, please see the below points of contact within the procurement team.

Contract Management Points of Contact			
Names	Title	Telephone	Email

Annex A – Quality

Key Performance Area	Performance Criteria Considerations	1 Major Concerns	2 Minor Concerns	3 Meeting Expectations	4 Exceeding Expectations
Quality	Product/ Service Conformity <ul style="list-style-type: none"> - Supplying specified goods or services - Providing specified service levels 	The supplier frequently fails to supply goods and/or provide a service which meets the specification.	The supplier usually supplies goods and/or provides a service which is compliant with the specification.	The supplier consistently supplies goods and/or provides a service which is compliant with the specification.	The supplier consistently exceeds the specification in terms of the goods and/or service provided.
	Returns <ul style="list-style-type: none"> - Supplier advises reasons for quality issues including corrective action within required timelines - Supplier advises of non-conforming products including recall, replacement, and suitable communication. 	Goods frequently have to be returned due to a failure by the supplier. Supplier response times are not met for advising reasons due for quality issues including corrective actions.	Goods occasionally have to be returned due to a failure by the supplier. Supplier response times are occasionally met for advising reasons for quality issues including corrective actions.	Return of goods due to a failure by the supplier are infrequent. Supplier response times are met for advising reasons for quality issues including corrective actions.	Return of goods due to a failure by the supplier are rare and supplier actively works with Procurement to advise reasons for quality issues including corrective actions.
	Continual Improvement/Innovation <ul style="list-style-type: none"> - Identifying alternative products more suited to the users' requirements - Proposals received from supplier for product rationalisation 	The supplier does not identify or work with Procurement or Key Stakeholders in identifying opportunities to introduce or implement improvements in the delivery of the contract.	There are limited attempts by the supplier to work with Procurement and Key Stakeholders to identify opportunities to continue contract improvement and innovation.	The supplier works together with Procurement and Key Stakeholders in identifying opportunities for continual improvement or innovation during the contract performance review process.	Innovation is embedded as part of the business culture; the supplier works with Procurement and Key Stakeholders in actively seeking opportunities for continual improvement and innovation and share the benefits.

	<p>Understanding of Organisation Requirements</p> <ul style="list-style-type: none"> - Identification of organisation requirements and demonstration of understanding of requirements 	<p>The supplier does not identify or demonstrate an understanding of the organisation's requirements.</p>	<p>The supplier does occasionally identify and demonstrate an understanding of the organisation's requirements, but this is limited.</p>	<p>The supplier does effectively identify and demonstrate an understanding of the organisation's requirements.</p>	<p>The supplier proactively works with Procurement and Key Stakeholders to not only demonstrate an understanding of the organisation's requirements but identify and understand future business needs.</p>
	<p>Change Management</p> <ul style="list-style-type: none"> - Reactive or proactive approach to change management - Reactive or proactive approach to changes in legislation requiring products to be amended or re-done 	<p>The supplier does not respond to or manage change effectively. The supplier does not respond to changes in legislation requiring products to be amended or re-done.</p>	<p>Supplier responds to change requests when prompted, but the response can be slower than required. The supplier does respond to changes in legislation requiring products to be amended or re-done but this response may be slow.</p>	<p>Supplier responds effectively to change requests when prompted. The supplier responds effectively to changes in legislation requiring products to be amended or re-done.</p>	<p>Supplier proactively considers change which could impact Procurement and Key Stakeholders, responds accordingly, and communicates promptly. The supplier responds proactively to changes in legislation requiring products to be amended or re-done.</p>

Annex B – Cost

Key Performance Area	Performance Criteria Considerations	1 Major Concerns	2 Minor Concerns	3 Meeting Expectations	4 Exceeding Expectations
Cost	Pricing Stability	Prices are unstable and there are frequent changes to contract pricing.	There are infrequent changes to contract pricing but not as a result of an agreed price review.	Contract pricing remains stable for the agreed contract period. Any changes have been previously communicated because of a formal price review, and detailed price breakdowns have been provided.	Contract pricing remains stable after any price reviews. Supplier actively manages contract pricing - including passing on savings and extending period for fixed pricing.
	Cost Reduction Initiatives - Supplier promoting the use of goods/services which offer better value for money - Promoting the use of standardisation where applicable - Promoting the use of and supporting the use of e-Procurement solutions (e.g., supplier ordering portals)	The supplier does not identify initiatives which could result in cost reductions being achieved.	The supplier responds to cost reduction initiatives which are suggested by Procurement.	The supplier fully co-operates with Procurement in suggesting and responding to cost reduction initiatives.	The supplier is proactive in identifying cost reduction initiatives and promoting best practice in order that they are realised, including providing and supporting action plans to ensure timely implementation.
	Invoice Accuracy & Invoicing Initiatives - Promoting opportunities to improve invoice accuracy - Invoice queries resolved within 24 hours	Invoices are frequently incorrect. Invoices are unclear and queries are seldom resolved within 24 hours.	There are occasional problems with the accuracy of invoices but generally invoice queries are resolved within 24 hours.	Invoices provide detailed and accurate cost information. Queries seldom occur but are always resolved on the day they are raised with the supplier.	The supplier is proactive in identifying opportunities to improve the invoice process to reduce potential errors (cxml invoicing, pcards, punchout).

Annex C – Sustainability

Key Performance Area	Performance Criteria Considerations	1 Major Concerns	2 Minor Concerns	3 Meeting Expectations	4 Exceeding Expectations
Sustainability	<p>Carbon and Climate Action</p> <ul style="list-style-type: none"> - Supplier promotes low carbon products and services to support our organisation's carbon reduction targets 	<p>The supplier does not promote products or identify process/ service improvements which contribute to a lower carbon footprint.</p>	<p>The supplier responds to requests to promote products or identify process/ service improvements which contribute to a lower carbon footprint.</p>	<p>The supplier works with Key Stakeholders to identify opportunities to provide products or process/ service improvements which contribute to a lower carbon footprint.</p>	<p>The supplier is proactive in identifying opportunities to provide products or process/ service improvements which have a lower carbon footprint.</p>
	<p>Resource Efficiency and Waste</p> <ul style="list-style-type: none"> - Supplier provides works, goods or services that use renewable materials or end-of-life products - Supplier provides works, goods or services that avoid or minimise waste creation across the whole life cycle - Supplier provides works, goods or services that can be reused, leased, repaired, remanufactured, or recycled 	<p>The supplier does not provide works, goods or services that use renewable materials or end-of-life products which will minimise waste creation across the whole life cycle or that can be reused, leased, repaired, remanufactured, or recycled</p>	<p>The supplier responds to requests to provide works, goods or services that use renewable materials or end-of-life products which will minimise waste creation across the whole life cycle or that can be reused, leased, repaired, remanufactured, or recycled.</p>	<p>The supplier works with Key Stakeholders to identify opportunities to provide works, goods or services that use renewable materials or end-of-life products which will minimise waste creation across the whole life cycle or that can be reused, leased, repaired, remanufactured, or recycled.</p>	<p>The supplier is proactive in identifying opportunities to provide works, goods or services that use renewable materials or end-of-life products which will minimise waste creation across the whole life cycle or that can be reused, leased, repaired, remanufactured, or recycled.</p>



	<p>Community</p> <p>- Supplier contributes positively to the local community and SMEs, aligning with our organisation's Procurement Policy</p>	<p>The supplier does not promote products or identify process/ service improvements which have a positive contribution to the local community.</p>	<p>The supplier responds to requests to promote products or identify process/ service improvements which have a positive contribution to the local community.</p>	<p>The supplier works with Key Stakeholders to identify opportunities to provide products or process/ service improvements which have a positive contribution to the local community.</p>	<p>The supplier is proactive in identifying opportunities to provide products or process/ service improvements which have a positive contribution to the local community.</p>
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Annex D – Service

Key Performance Area	Performance Criteria Considerations	1 Major Concerns	2 Minor Concerns	3 Meeting Expectations	4 Exceeding Expectations
Service	<p>Responsiveness</p> <ul style="list-style-type: none"> - Effective account management - innovations and initiatives proposed to enable value add improvements - Effective customer service - queries dealt with promptly and appropriate information supplied - Notification and fulfilment of backorders (alternatives offered where appropriate) - Effective communication - supplier ensures there is regular contact and advises of any new products or additional service benefits including where appropriate regular updates relating to their roadmap 	<p>The supplier does not readily respond to enquiries or requests. Procurement is required to expedite disproportionately. Communication between the supplier and Procurement is virtually non-existent</p>	<p>The supplier generally provides responses to enquiries or requests, and these are dealt with in a timely manner. However, there are occasions where Procurement is required to expedite. Communication channels between the supplier and Procurement are not as effective as they could be.</p>	<p>The supplier consistently provides good responses to enquiries and requests. Supplier and Procurement have effective communication channels.</p>	<p>The supplier anticipates and responds to emerging requirements. Responses provide suggestions for improvement. Supplier is pro-active in ensuring effective communication channels with Procurement. Risks and opportunities are recorded, managed, and reported with appropriate mitigations.</p>
	<p>Complaints</p> <ul style="list-style-type: none"> - Resolved within the required timelines 	<p>Many complaints are received from stakeholders and the supplier does not readily respond or take corrective action. Disputes must be escalated, with no recognition by the supplier of the need to improve performance.</p>	<p>There are only a small number of complaints or disputes received from stakeholders. The response from the supplier is usually positive and corrective action is taken if required, without the need to escalate.</p>	<p>Complaints or disputes from stakeholders are minimal but are always dealt with effectively without the need to escalate and corrective action is taken if required.</p>	<p>The supplier is proactive in identifying potential areas where complaints or disputes may occur and works with Procurement in taking measures to mitigate against them.</p>

	<p>Management Information</p> <p>- To be provided in the agreed format and within the agreed timeline</p>	The supplier does not provide the required Management Information in the agreed format or within the agreed timeline.	The supplier generally provides the required Management Information in the agreed format and within the agreed timeline.	The supplier consistently provides the required Management Information in the agreed format and within the agreed timeline.	The supplier anticipates and responds to ad-hoc Management Information whilst providing the required Management Information in the agreed format and within the agreed timeline.
	<p>Communication</p> <p>- How effectively does the supplier manage communication and respond to enquiries?</p>	The supplier does not communicate effectively, and issues raised by Procurement are not responded to, or managed effectively.	Communication is generally instigated by Procurement and the supplier's response tend to be slow and/or needs pursued for a response.	Communication is generally instigated by Procurement, but the supplier promptly responds to all issues or enquiries.	The supplier is proactive in establishing communication with Procurement and immediately responds to issues as & when they arise.
	<p>Lead Time</p> <p>- Goods/Services supplied within the required and agreed lead times</p>	Identified and agreed lead times are not usually met.	There is sometimes failure to meet identified and agreed lead times.	The supplier meets the identified and agreed lead times.	Where beneficial to our organisation, the supplier routinely exceeds and improves upon the identified and agreed lead times.
	<p>On Time Delivery</p> <p>- Delivery of goods/services provided within required and agreed timelines</p>	Deliveries do not usually meet the agreed timelines.	There is sometimes failure to comply with delivery timelines, return schedules and identified target levels.	The supplier complies with delivery timelines, returns schedule, and identified target levels.	Where beneficial to our organisation, the supplier routinely exceeds compliance with delivery timelines, returns schedule and target levels.
	<p>Accuracy</p> <p>- Achieved deliveries of goods/services are accurate against the corresponding Purchase Order - Substitutions only occur where prior agreement has been made</p>	Deliveries of goods/services are frequently inaccurate - wrong products, incomplete delivery, delivery note does not match what was delivered.	Occasionally deliveries of goods/services are inaccurate - wrong products, incomplete delivery, delivery note does not match what was delivered.	Deliveries of goods/services are always accurate - with delivery notes accurately reflecting what has been delivered and matching the Purchase Order.	Deliveries of goods/services are always accurate; however, the supplier is also proactive in identifying future problems and works with Procurement to mitigate

				against problems occurring.	
	<p>Ethics and Responsibility</p> <ul style="list-style-type: none"> - Supplier supports and promotes ethical working practices within its organisation and supply chain, aligning with our organisation's Procurement Policy 	<p>The supplier does not promote products or identify process/ service improvements which have a positive contribution to ethical working practices.</p>	<p>The supplier responds to requests to promote products or identify process/ service improvements which have a positive contribution to ethical working practices.</p>	<p>The supplier works with Key Stakeholders to identify opportunities to provide products or process/ service improvements which have a positive contribution to ethical working practices.</p>	<p>The supplier is proactive in identifying opportunities to provide products or process/ service improvements which have a positive contribution to ethical working practices.</p>
	<p>Ownership/Involvement</p> <ul style="list-style-type: none"> - Does the supplier's management structure interface effectively with our organisation including effective contract management at the appropriate level? - Does the supplier inform our organisation at the earliest opportunity of any emerging issues that may affect its ability to deliver its contractual obligations? 	<p>The supplier's management structure and how it interfaces with our organisation is not clearly defined or understood by our organisation. The supplier does not usually inform our organisation of any issues that may affect its ability to deliver its contractual obligations.</p>	<p>The supplier's management structure is partially aligned our organisation, but there are gaps meaning that it is not always easy for Procurement and key Stakeholders to communicate effectively with the equivalent role with the supplier. The supplier infrequently informs our organisation of any issues that may affect its ability to deliver its contractual obligations.</p>	<p>The supplier's management structure is generally aligned to our organisation, but internal personnel changes within the suppliers' organisational structure and/or holiday cover can cause occasional gaps. The supplier usually informs our organisation of any issues that may affect its ability to deliver its contractual obligations.</p>	<p>The supplier's management structure is fully aligned to our organisation. Procurement and key Stakeholders can easily and effectively communicate with their equivalent role with the supplier. The supplier attends all meetings with the appropriate personnel. The supplier always informs our organisation of any issues that may affect its ability to deliver its contractual obligations.</p>