



CONTRACT MANAGEMENT POLICY

Freebridge
COMMUNITY HOUSING



Contract Management Policy			
Last Reviewed	December 2023	Next Review	December 2026
Responsible Officer	Chief Finance and Technology Officer		

Policy Statement:

Through this Contract Management Policy, Freebridge provides a clear and standardised approach to managing and administering contracts for goods, services and works purchased from suppliers.

By undertaking Contract Management, Freebridge will ensure:

- Business needs are achieved.
- Standard approach is undertaken.
- Compliance with legislative and administrative arrangements.
- Support the objectives of the Association's Procurement Strategy.
- Contracts are managed in a manner that facilitates business delivery while minimising risk.
- Contracts are managed maximising financial and operational performance.
- All staff are adequately skilled and trained and understand their roles and responsibilities under the contract.

Policy Detail:

1. What is Contract Management?

- 1.1 Contract Management enables Freebridge Community Housing (*The Association*) and their suppliers to meet their contractual obligations at an agreed cost and quality by monitoring the contract throughout its lifecycle. Circumstances may change over the life of a contract, so contract management also involves managing changes and variations in terms of scope, terms, and prices. It also enables appropriate contract forward planning to ensure the Association achieves its objectives and that procurement takes place in a structured way in compliance with the law.

Why is contract management important?

- 1.2 The effective management of Contracts with suppliers is essential to Freebridge Community Housing in maximising the benefits and achieving its corporate objectives. These benefits can be summarised as follows:

Benefits of Contract Management	
Business Benefits	• Maximises outcomes to Freebridge Community Housing and our customers (i.e., our Association “gets what it is paying for”) by managing supplier performance, maintaining quality, improving productivity, and identifying opportunities for improvement and innovation.
Value for Money	• Enables savings and benefits opportunities identified during the procurement or contract management process to be realised, whilst also ensuring the achievement of expected procurement outcomes. • Enables further benefits through ongoing performance reviews, service improvements, supply chain improvements, innovation, etc.
Risk Management	• Reduces contractual risks through robust contract management practices. • Ensures Freebridge Community Housing is also aware of, and complies with, its own contractual and legislated obligations.

2. Scope

2.1 Whilst this Policy commences in the Post-Contract-Award stage of the Procurement Lifecycle, as part of the tender process the Contract Management Plan will start to be developed. This can be found within the Procurement area on Modern SharePoint. The Pre- Contract Award stage is covered by the Association’s Procurement Procedure and Procurement Guidance for Staff available within the Procurement area on Modern SharePoint. This Contract Management Policy applies to all Freebridge Community Housing staff and contractors that are involved in the management of supplier Contracts on behalf of Freebridge Community Housing.

2.2 This Policy applies to all Contracts and any other documents that create legally binding obligations on Freebridge Community Housing for the procurement of goods, services and works which may include procurements which are simple in nature and low risk. Further, it applies to a Contract until all contractual obligations have been completed.

2.3 The following are excluded from this Policy:

- Employment contracts,
- Non-binding Memoranda of Understanding,

3. Definition of Terms

Term	Meaning
Contract	An agreement, exchange of letters, heads of agreement, deeds of agreement, binding memorandum of understanding, response to tender, grant application, trust deed and any other document which creates, or which may create binding obligations on Freebridge Community Housing and on the other party / parties to the contract.
Contract Management	Refers to all activities at the commencement of, during and after the contract period, to ensure that all contractual obligations have been completed.
Contract Owner	The Freebridge Community Housing staff member who is ultimately accountable for the outcomes of the contract is the Director whilst the Head of Service has responsibility for the contract. The Head of Service with the Delegated Authority approves contract variations, including extensions, as well as appointing the Contract Manager.
Contract Manager	The Freebridge Community Housing staff member nominated to be responsible for the management of the administration and management of a contract.
Contract Register	A register maintained for all procurements.
Contract Variation	Is an addition or alteration to the original contract and may include a change to the scope of the contract, value of the contract, the contract options to be exercised, contract prices and quantity purchased.
Contractor	The supplier or the service provider (the other party) under a contract.
Value of a Contract	The value of a contract is whichever of the following values (excluding VAT) is appropriate to the kind of contract concerned: • The total estimated value of the project, or • The total estimated value of the goods, services or works over the term of the contract including any extensions. •

4. Contract Management

4.1 Function of Contract Management

The function of contract management is the management of Contracts formed with Contractors to ensure delivery of goods, services, and works as agreed over the life of the Contract.

The management of a Contract may extend beyond the current term of the contract when there are ongoing obligations associated with maintenance agreements, warranties and guarantees.

4.2 Stages in the Contract Management Life Cycle

Stage 1 - Contract Commencement: How to initiate and plan the contract management process

Stage 2 - Contract Management: How to manage and administer contracts

Stage 3 - Contract Close Out: How to close and transition contracts

Stage 1 - Contract Commencement - starts before a contract is signed.

- Successful Contract Management is highly influenced by activities performed prior to the contract award.
- Ensuring that contract terms, conditions, scope, and deliverables, KPI reporting and relationship management are clearly established in the signed contract and understood by all parties, is fundamental for effective Contract Management.

Stage 2 - Contract Management – runs until formal closure.

- Properly managing supplier performance with respect to outcomes and deliverables clearly specified and agreed in the contract will help ensure Freebridge Housing Community and its customers obtain the business benefits and value for money within target timeframes.

Stage 3 - Contract Closure – the formal conclusion

- The contract close-out is the stage for closing-out Contract obligations and liabilities with suppliers.
- It may also include transitioning to another supplier for the goods, services or works.

4.3 Mandatory Requirements applying to contracts.

The following minimum requirements apply to all Freebridge Community Housing contracts:

- a) Staff must adhere to the Association's procurement policies, procedures, and processes, specifically the Contract Management Procedure.
- b) Specific contract details must be entered into the Association's Contracts Register - which is updated by the Senior Administrator Procurement, Insurance & Risk.
- c) A Contract Manager must be appointed by the Contract Owner.
 - The Contract Manager may manage a contract valued at more than their level of financial delegation. However, the Contract Manager must not approve or incur expenditure on goods, services or a project valued at more than their level of financial delegation. Note, this also applies to any changes (variations) to the original price of procurement.
- d) Developed and recommended Contract Templates must be used.
 - Staff must always use the Association's developed and recommended contract templates, or recognised suite of templates.
 - Specific advice should be sought from procurement during the planning stages to determine the appropriate terms and conditions that should apply.
- e) All Contracts must include appropriate clauses in the areas of:
 - Work Health & Safety.
 - Quality Assurance.
 - Environmental.

- Financial Capability.
- Insurance.
- Industrial Relations.
- Performance.
- GDPR.

That allow and support contract compliance and risk management, with having regard to project value, requirements, and complexity.

f) All Contracts must include appropriate Commercial clauses in the areas of:

- Payments and Retentions (or security)
- Price Adjustments.
- Delay to Completion (or delivery); and
- Processes to Resolve Claims and Disputes.

That allow managing or regulating variations to the original contract, having regard to project value, contract requirements and complexity.

g) Obtain all relevant approvals and licenses prior to commencement: of the contract planning and engagement (entering into a contract).

h) Contract performance of all contracts must be regularly monitored, evaluated, and reported.

- This is required at least annually over the term of the contract, and upon completion and upon conclusion of a contract.
- Complete and document performance evaluations

4.4 Contract Variations

All Contract Variations must be approved in writing in accordance with the contract and be approved by the appropriate delegate to reflect the change.

4.5 Role of Contract Manager

The responsible Contract Owner assigns the day-to-day management of a contract to the Contract Manager.

The Contract Manager has many and varied responsibilities in undertaking the day-to-day management of a contract. Some key responsibilities are outlined in section 5. Responsibilities below.

For the purpose of this Policy, staff that are responsible for managing procurement that is simple in nature and low risk, will be considered a Contract Manager. Therefore, staff must manage all related legally binding obligations on the Association in an appropriate manner in accordance with this Policy.

5. Responsibilities

Position Responsibility

Employees

- Are responsible for managing contracts they are given in accordance with the Associations Contract Management Framework and in a manner that is appropriate for the complexity and risk of the procurement activity.

Procurement

- Development of the Contract Management Framework.
- Maintaining the Associations Contracts Register and appropriate disclosure of Contracts.

Directors, Heads of Service & Managers

- Contract owner
- Facilitation and oversight of contracts on the contracts register within their respective portfolio.
- Assigning the day-to-day management of a contract to a Contract Manager according to the level and complexity of a contract.
- Completion of the Contracts Management Plan

Contract Manager

- Day-to-day management of assigned contracts.
- Clearly defining in contracts, the performance standards, review mechanisms and deliverables required from contractors.
- Ensuring contracts are managed in compliance with approved policies, procedures and processes and all client obligations contained in contracts are fully satisfied.
- Measure and report to the relevant Contract owner on performance of their contracts on a regular basis
- Use KPIs and data efficiently to incentivise good performance from suppliers.
- Administer contracts proactively and efficiently, making maximum use of benchmarking and performance measurement data.
- React quickly to issues when they arise.
- Ensure KPIs and incentives are appropriate and proportionate to the contract.
- Challenge KPIs and incentives regularly and where appropriate, ensure a mechanism to change and evolve them throughout the life of the contract.
- Highlighting any concerns about performance under the contract to the Contract Owner and Procurement.