

King's College London
Contract Management Guidance

Document Revision History and Key Facts

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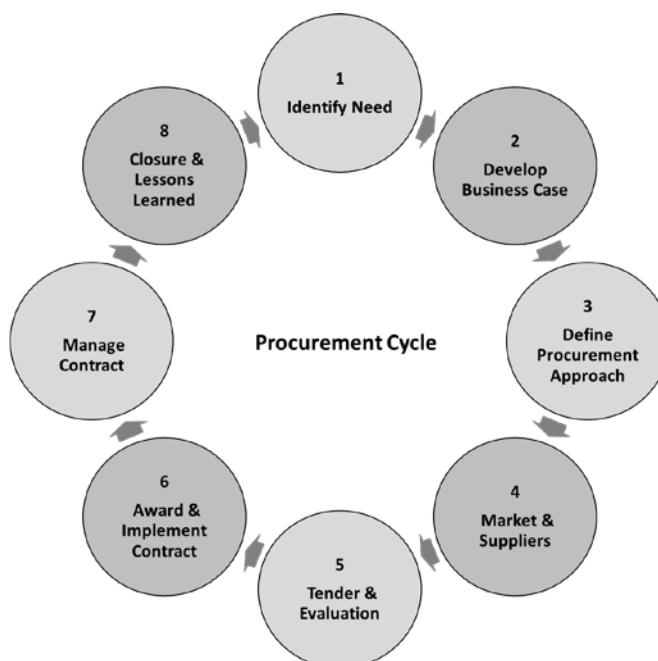
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1. Contract Management Governance

- 1.1 Procurement Services (“PS”) is responsible for setting and developing the strategy, processes and guidance for contract management for King’s College London (“the College”). This document provides information about each of these areas to assist those managing contracts to do so in accordance with internal rules, best practice and the law. If in doubt please contact PS: [Our staff, contact details | King's College London Intranet. \(kcl.ac.uk\)](#)
- 1.2 At any one time, the College has hundreds of contracts in place to provide the works, goods and services required to enable the College to carry out its functions in teaching, research, as an employer and occupier of premises.
- 1.3 Effective contract management is essential to ensure funds are being spent responsibly and as anticipated. For example, by checking that all services or goods being charged meet contract requirements; by actively inspecting that we are getting the quality of good/service we are paying for; and that we constantly reassess whether we need the goods and services we are commissioning.
- 1.4 Professional contract management is also essential to ensure that we meet our legal obligations, in particular health and safety legislation, equal opportunities legislation and data protection regulations. It also ensures that we carry through on our policy commitments such as ensuring that suppliers and their sub-contractors working on our premises are paid at least the London Living Wage.
- 1.5 To ensure we manage our contracts professionally and in the best interests of the College:
 - PS has put processes and guidance in place to ensure effective contract management throughout the College;
 - Contract Managers have been identified and a contract management centre of excellence created to provide a professional network for the dissemination of best practice;
 - PS keep a contracts data base of all live contracts and establishes processes by which relevant information about contracts is fed to it from Contract Managers;
 - PS will be a centre for advice and to disseminate best practice for Contract Managers.

2. Purpose of the Contract Management Rules

- 2.1 These Rules have been developed by PS who are responsible for providing advice and support to Contract Managers throughout the various stages of the procurement and contract management life cycle. All staff managing contracts on behalf of the College should follow the best practice set out in this document.
- 2.2 A Contract Manager is anyone with responsibility for overseeing the delivery of service, works or goods delivered via a contract with a third party supplier. This includes Project Managers where the delivery of the contract relies to some extent on the fulfilment of contractual obligations by a third party supplier.
- 2.3 Contract Managers must work with PS when a contract needs to be put in place for the first time or renewed - because they are best placed to understand the future requirement. The Contract Manager will be expected to draft the specification of requirement and have input into other documentation relating to the tender process. (Please read the procurement processes set out here - [Procurement procedures | King's College London Intranet. \(kcl.ac.uk\)](#)). When the procurement process has been completed i.e., a contract awarded, the management of that contract begins. The Contract Manager then takes over, seeking advice from PS when required.
- 2.4 These Rules provide the tools necessary to enable Contract Managers to ensure the supplier delivers the outcomes required, by the agreed milestone dates at the agreed price. The Rules also provide the Contract Manager with guidance about the important checks they should carry out throughout the lifetime of the contract to ensure good performance and business continuity and how to identify when things are going wrong.



- 2.5 These Rules cover the stage where a contract has been put in place and is up and running (steps 7 and 8) rather than the procurement process (steps 1-6). Separate guidance is available in the Procurement Rules in respect of the latter.

3. Contract management

- 3.1 Contract management is the active monitoring and control of all aspects of the operational and commercial elements of a contract.
- 3.2 The primary aim of contract management is the delivery of a service or goods that are:
- cost-effective and reliable
 - delivered at the agreed price and standard
 - within the terms and conditions of the contract
 - conducted with all necessary financial, legal and ethical propriety
- 3.3 Contract Managers must ensure that all parties fully understand their responsibilities as described in the contract. This should be discussed at the ‘kick off’ meeting with the supplier’s contract manager.

4. Benefits of effective contract management practices

- 4.1 “Effective” contract management practices allows us to:
- identify critical contracts;
 - define operational expectations;
 - establish a governance structure and process for internal and supplier interactions across the life cycle of the contract;
 - define formal processes for management involvement in the relationship;
 - clarify internal roles and responsibilities;
 - establish processes to effectively manage performance; and
 - develop supplier capabilities to continuously improve the service and ensure value for money for the College.

- 4.2 Key areas to look out for when managing your contracts:

Area	Actions for Contract Managers
Identification of Strategic Suppliers	Acquire a clear understanding of which suppliers are the most critical to the organisation. Factors that could assist on how to identify the criticality of the supplier include: risk to the business of failure by that supplier, operational criticality, technical integration, total value, long-term commitment and performance.
Governance and Organisation	Define the team structure that will be required to manage the supplier on a day-to-day basis as well as the skills and knowledge that team members will require. Formalise the on-going governance processes to facilitate the relationship with the supplier including payment mechanisms.

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	Prepare a set of governance practices which should include: meeting schedules; attendees list, agendas and templates for review meetings; detailed designs of day-to-day supplier management activities such as contract management, financial management, and issue resolution; triggers and escalation paths for supplier issue resolution.
Supplier and Organisation development	Encourage suppliers to find efficient ways of working that may reduce costs, introduce new services that meet our needs, and work together to streamline joint processes.
Service Level Agreement and Performance Management	Establish a contractual mechanism that clearly defines supplier performance expectations, target levels, and tolerance ranges. In addition, you should formalise the consequences of underperforming, the specific trigger points and conditions for remediation once a service level agreement (SLA) breach occurs, and the process for remediation.
Holding Regular Supplier Reviews	You should hold regular supplier reviews to facilitate on-going supplier performance management and provide a senior management overview of the relationship between the College and the supplier. The frequency of review meetings should take into consideration the complexity of the contract, duration, risk and operational criticality.

5. Contract performance monitoring

- 5.1 This is the process of checking that suppliers deliver what is agreed in the contract and that they do so in an appropriate manner.
- 5.2 Contract Managers should monitor performance against KPIs/SLAs and statements of requirements – the frequency will depend on the importance and complexity of the contract in question. PS has standard forms and templates that you can use to establish statements of requirements, KPIs and SLAs.
- 5.3 The starting points are the statement of requirements, Service Level Agreement and the KPIs agreed with the supplier. Not all contracts will have detailed SLAs or KPIs, it will depend upon the nature and value of the contract. PS will work with you to agree what is required. However, all contracts must have clearly defined deliverables (outputs/outcomes) and the contract manager must as a minimum ensure that the supplier is delivering what is expected for the price and deadlines agreed.
- 5.4 Effective monitoring requires good communication between the Contract Manager, the supplier and all other parties involved. It is essential to have a named contact at the supplier's organisation who is responsible for contract management and to plan regular meetings in advance with them to review performance. The monitoring process is subject to the specific goods, services or works being provided and should be linked to the KPIs agreed with the supplier, as a minimum it should include:
- Monitoring the supplier's performance against the specific targets set out in the service level agreement;
 - Inspecting/assessing completed work;

- Checking that all services or goods being charged have been delivered to contract requirements;
- Recording customer complaints and customer satisfaction with the service, usually via questionnaires or evaluation forms;
- Asking the supplier if we can make any changes to help them perform their services better;
- Ensuring the supplier reports as soon as possible of any changes to the timescale, or to the quality or quantity of the goods or services being delivered.

6. Contract compliance

- 6.1 Key areas of a contract that must be monitored at least annually are that:
- suppliers working on the Campus are paying their staff the London Living Wage;
 - suppliers are complying with the socially responsible standards set out in the Supplier Code referred to in the contract;
 - agreed environmental objectives are being met;
 - the supplier is not experiencing financial difficulties;
 - the business continuity arrangements for the contract are adequate;
 - the contract is delivered within the initial approved contract value;
 - suppliers are complying with the health and safety requirements in the contract including incident reporting;
 - suppliers are complying with data protection law and information security policies, including cyber security requirements;
 - we know which subcontractors are being engaged by the main supplier on our contracts and that they are being monitored with respect to the above also by the main supplier.
- 6.2 In relation to ensuring that the company is not experiencing financial difficulties the contract manager will be supported by PS who will perform annual credit checks on contracts above a certain value. Otherwise, each of the above requires the Contract Manager to ask for information from the supplier verifying that the contractual requirements are being met and recording the status/performance of the supplier. If the supplier is unable to meet our requirements in any respect then this may necessitate issuing a “default” notice to them giving them a certain amount of time to meet their contractual obligations. Failure to do so may lead to the contract being terminated. Advice from PS should always be sought (a) if one of the above standards is not being met and (b) before any letter of default is sent.
- 6.3 You will find more information on each aforementioned aspect in **Appendix I - Contract Compliance Guidance**.

7. Reporting and record keeping

- 7.1 Contract Managers are required to keep accurate and up-to-date records. Small contracts may only require a report on completion; larger contracts may need monthly updates.

- 7.2 All reports should highlight the results of performance and monitoring and highlight any issues. They should be held in the contracts folder created for the Contracts and should form part of the audit trail for each contract.
- 7.3 Reports should be made and/or records kept of:
- failures to meet contractual obligations e.g., to pay LLW, to comply with H&S standards health and safety/disaster recovery or security
 - any complaints relating to the contract whether internal or external
 - adherence to KPIs/performance targets
 - frequency of reporting
 - frequency of progress meetings
 - invoices
 - variations to contract (and all supporting detail)
 - contract extensions including details of costs and time
- 7.4 Information gathered during the delivery of the contract will be used as the basis for identifying issues to be addressed in future contracts. The records will form evidence if contracts are breached or terminated. They also form the basis for payment and act as an audit trail, so must be kept for specified periods of time, minimum of 6 years after contract expiry or termination.

8. Circumstances where contract modifications (including extensions) will or will not be allowed

- 8.1 If a modification is contemplated, PS must be consulted. In short, any modification other than those provided by the terms of the contract will require advice from PS (who may need to escalate the matter if there are risks involved) in advance of the modification.
- 8.2 Any changes deemed to be “substantial” may require a tender process for a new contract; changes which are “not substantial” will not.

9. Re-tendering

- 9.1 Re-tendering a contract occurs when:
- the supplier brings the contract to an end or becomes insolvent;
 - the end date of the contract has expired but ongoing business requirements remain;
 - a decision is made by the College to terminate a contract and re-tender.
- 9.2 PS should be contacted at least one year before the end of the existing contract if possible in order to start the new tendering process. This ensures there is enough time to plan a new procurement, to develop suitable contractual provisions and to ensure a smooth transition.

10. Mandatory Supplier and contract performance appraisal

- 10.1 When planning a contract renewal or before the contract termination date, whichever is earliest, suppliers must be evaluated as to the level of their performance throughout the life of the contract. The key performance indicators agreed with the supplier should be used here, and the assessment should be in relation to the overall performance for each indicator. Different

contracts can have different KPIs, as a minimum, supplier and contract performance should have an overall rate on:

- the supplier relationship
- quality of the service, supply or works provided
- right first time for service, supply or works
- timely delivery
- customer satisfaction
- reporting
- pricing
- financial stability
- Overall capabilities

10.2 Factors to take into account in relation to the present contract are:

- lessons learned
- what to repeat
- what not to repeat
- what to do differently

10.3 This information must be sent to PS in addition to being kept together with other contractual documents to inform future procurements.

10.4 PS must be informed of any supplier whose contract was terminated or came to an end early for any reason or who performed poorly so that we can prevent – to the extent legally possible – awarding a contract to this supplier in the future.

11. Satisfactory completion of the contract

11.1 Contract Managers must ensure that the payment of valid and undisputed invoices shall be made within 30 days of receipt and agreement of invoices. The College will have the final say as to whether an invoice is valid. The invoice must:

- a) be a true and accurate reflection of the services, works or goods undertaken and associated Contract Price;
- b) be referred with all appropriate Contract references and titles; and
- c) include a detailed breakdown of the services, works or goods provided, taking account of any due deductions, with any supporting invoices or other necessary documentation to substantiate the claim as required by the College.

12. Forward planning

12.1 Departments/Faculties are required to inform PS of any forthcoming tender, including low value contracts, so this can be recorded, planned and resources allocated.

13. Legal aspects of contracting (including dispute resolution)

- 13.1 It is all too easy to unintentionally create a legally binding contract by word, action or in writing (even if the document does not refer to itself as a contract e.g., email communication), which could commit the College to unfavourable terms and conditions.
- 13.2 A common example is that many companies print their own terms and conditions on the reverse side of all correspondences and invoices, so unless the College has made it clear that its standard terms are to apply, the supplier's terms may apply by default.
- 13.3 If you are unsure about the contractual impact of any correspondence received, please contact PS for advice before communicating with the supplier. However, you should not be communicating directly with a supplier during any tender process – all communications at this stage should be via PS (save for procurements below £25k).
- 13.4 Another common area is a procurement being challenged by a disappointed supplier. The best way to avoid this pitfall is to ensure compliance with procurement procedures used, by referring to these Rules, Procurement Rules ([Procurement procedures | King's College London Intranet. \(kcl.ac.uk\)](#) and seeking advice from PS.
- 13.5 Ongoing contracts can pose risks as suppliers may fail to perform to contractual requirements. This could eventually lead to suspension of payments or even termination of the contract.
- 13.6 Where there is a potential for litigation; disruption of delivery; high risk, high profile, complex procurement issues; bespoke contracts; change of suppliers; and amendments to the conditions of contract, PS must be involved. PS will consult in-house Legal Services and advise whether legal input is required.
- 13.7 A dispute occurs when the parties fail to agree over something. Very often this will be over a technical or contractual issue. However, it may sometimes be because of a clash in personalities from each side, which generates a conflict. In all cases it is important to bear in mind the need to maintain a good working relationship in order to resolve any dispute. One must always try to resolve disputes informally but if this does not work the formal contractual procedures for escalating the matter must be used. In any event, a record should be kept of any attempt to resolve a dispute.

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Appendix I - Contract Compliance Guidance

Key areas of a contract that must be monitored at least annually are:

1. Suppliers working on the Campus are paying their staff the London Living Wage.

The Living Wage rates as at 2021 are outlined below.

- London Living Wage rate is £10.85
- UK Living Wage rate is £9.50

Please visit www.livingwage.org.uk for more information.

2. Suppliers are complying with the relevant codes of conduct

The College has incorporated the 'Sustain Supply Chain Code of Conduct' into our contractual processes. Suppliers who do business with us must commit to adhering to this Code. Contract Managers should ensure that all aspects of this Code are monitored and should ask suppliers to provide evidence at review meetings. The Code can be found here:

[Sustain Supply Chain CoC Feb 2021b.pdf \(apuc-scot.ac.uk\)](http://Sustain%20Supply%20Chain%20CoC%20Feb%202021b.pdf%20(apuc-scot.ac.uk))

3. Environmental objectives are being met

The College is committed to improving the sustainability of their activities and operations and leading by example, for the benefit of the environment and society as a whole. King's Environmental Sustainability Policy outlines the core objectives and responsibilities of the College: [King's College London - Environment and Sustainability Policy \(kcl.ac.uk\)](http://King's%20College%20London%20-%20Environment%20and%20Sustainability%20Policy%20(kcl.ac.uk))

Contract Managers must ensure that contract specific environmental objectives are met. In this respect, environmental information should be recorded as part of the review process.

4. The supplier is not experiencing financial difficulties

Financial checks are undertaken by PS before contracts are awarded to ensure that suppliers providing services to the College are financially stable and capable of providing the required quality of service for the life of the contract.

Financial checks will normally be carried out at the stage of selecting potential suppliers in a procurement process. The exception to this general rule is when the contract is both under the agreed threshold and not of a critical nature, where PS consider financial checks to be disproportionate in these circumstances.

Once the contract is in place, especially for large or critical contracts, Contract Managers must ensure that an annual financial check of the supplier is undertaken. PS will perform this task on your behalf but you must contact PS and request this service.

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5. The business continuity arrangements for the contract are adequate

Business continuity is about making sure that the business is prepared for the unexpected, so that when the business is affected by some form of disruption it can continue to operate and get back to a normal level of operation as quickly as possible.

Contract Managers must develop a business continuity plan for their contract to ensure that no disruption is caused to the business.

Typically Contract Managers should understand clearly how the services/goods/works provided impact on the College's business, identify the maximum length of time the business can manage with a disruption, what is the critical time required to resume following a disruption, document critical activities, quantify resources needed (people, premises, technology, information and suppliers) and draw up realistic action plans to mitigate incidents.

Specifically, from the supplier, the contract manager must:

- confirm that the supplier has a business continuity plan to ensure consistency of supply/service when the plan was last updated and tested.
- discuss with the supplier, the period of business disruption that the university can tolerate and be reassured that should the supplier experience a disruption, that their own recovery process and timelines are within those of the university's.
- ensure the supplier's response includes information on maintaining their own supply chain, such as material required, transport etc. to assure the contract manager that the supplier has an acceptable level of resilience.
- understand whether the supplier is using any third party services, typically IT services, and that the supplier is satisfied that their own third party suppliers have an acceptable level of resilience.
- understand from the supplier the process of notification if there is a disruption to the supply, at what point and how that will take place and likely recovery times.

The contract manager should make arrangements, as provided for in the contract, for TUPE, data transfer, implementation, equipment delivery/removal, or any other aspect that requires clear planning and needs to be carried out before the contract end date.

Arrangements should be documented by the Contract Manager and agreed with the supplier where appropriate. Business continuity plans should regularly be tested to ensure they are fit for purpose.

6. Suppliers are complying with the health and safety requirements in the contract including incident reporting

Health and Safety Requirements are an important element not just during the procurement process, when obtaining information from suppliers' past performance, but also a critical element for the successful delivery of contracts. This is even more relevant when the suppliers are required to work on our premises.

Clear H&S requirements should be defined in the statement of requirements. Contract Managers need to make sure that agreed H&S requirements are met. This can be monitored by revisiting information provided by the supplier at the ITT stage and ensuring that the activities are being carried out accordingly. Any non-compliance in respect of H&S should be brought immediately to the attention of the supplier, the H&S team of the College and PS. Breaches of H&S requirements must be dealt with as per provisions outlined in the standard terms and conditions applicable to the contract.

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To find out more information on the College's H&S policy, please contact: safety@kcl.ac.uk

7. Suppliers are complying with data protection law and information security policies

'Data protection law' refers to all applicable laws relating to data protection, the processing of personal data, privacy and/or electronic communications in force from time to time (such as the Data Protection Act 2018, GDPR and Privacy and Electronic Communications Regulations).

'Information security' refers to the security of all information for which the College is responsible. On certain contracts, suppliers may hold or have access to information that belongs to the College, including commercial, corporate, research and/or personal data. See also section 8 regarding cyber security.

Contract Managers should ensure that whenever a supplier handles information that belongs to, or is provided by the College they follow appropriate College policy which is available on the Governance Zone on the College's website:

- <https://www.kcl.ac.uk/policyhub/it-acceptable-use-policy>
- <https://www.kcl.ac.uk/policyhub/data-protection-policy-2>

The statement of requirements should outline how information will be handled. Contract Managers should provide the supplier with a copy of the relevant policy whenever this is a requirement.

If personal data may be transferred to a supplier, you must ensure that the correct data protection contract clauses are being used. More information can be found here:

<https://internal.kcl.ac.uk/about/secretariat/business-assurance/compliance/gdpr/Data-protection-contractual-clauses>.

A Data Protection Impact Assessment (DPIA) is recommended as a method of ongoing checking and risk-assessing compliance with data protection obligations. DPIAs are mandatory where the processing of personal data is likely to result in a high risk to individuals. Further information can be found here: <https://internal.kcl.ac.uk/about/secretariat/business-assurance/compliance/gdpr/Data-Protection-Impact-Assessments>.

Staff may have access to commercially sensitive information on contract prices, product comparisons, and product quality and supplier performance. Such information must not be disclosed without prior authorisation from PS.

8. All suppliers must adhere to acceptable levels of Cyber Security hygiene and practices

It is essential that all suppliers meet acceptable levels of cyber security and business resilience, proportionate to the level of risk presented by the service that they offer to the College. Contract managers are responsible for ensuring that suppliers do not expose the College to adverse risk through cyber security failures by ensuring that their contracts have appropriately legally vetted security clauses in place.

Wherever any IT systems or assets (including externally hosted or cloud services) are to be procured, King's IT must always be informed at a suitably early stage in the procurement process so that an appropriate level of security diligence (and support as necessary) can be applied. Wherever confidential, sensitive or personal data is to be processed, it is essential that King's meets our legal obligations as data controllers under the Data Protection Act 2018 and article 32 of the GDPR. Article 32 requires "a process for regularly testing, assessing and evaluating the effectiveness of technical and organisational measures for ensuring the security of the processing."

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Wherever a supplier requires remote access to King's IT networks or systems for the legitimate purposes of fulfilling a contract, they must first sign and agree to the terms of the CCN agreement held by IT supplier management before any such remote access will be granted by IT services. In the event of a breach or any later failure to adhere to these requirements, any such remote access may be revoked by King's IT services with immediate effect.

Appendix II - PS Organisational Chart and contact details

Details about the team can also be found here: [Our staff, contact details | King's College London Intranet. \(kcl.ac.uk\)](#)

