

SDS Contract Management Policy

Descriptor	Changes made	Date	Version
Policy first implemented	-	Feb 2015	0.1
Review no.1	Updated in line with internal audit recommendations	Jan 2021	0.2
Review no.2	Updated in line with policy review date	Sept 2023	0.3
Review no.3	Updated to reflect that the threshold for Contract Management Plans are for any procurements exceeding £50K	Sept 2025	0.4

Name of policy being superseded (if applicable)	N/A
Related policies	SDS Procurement Policy SDS Delegated Authority Policy SDS Code of Conduct Policy
Related SOPs	Contract Strategy/Contract Award Recommendation Report/Contract Management Plan
Related Guidance	Contract Management Best Practice Guidance Note/Contract Management e-learning
Equality Impact Assessment completed	No
Intended Audience	SDS Internal/Business areas/Delegated authority levels/Contract Managers
For publication	Internally and Externally
Team responsible for policy	Procurement
Policy owner contact details (email)	Stacy.McDonald@sds.co.uk
Policy due for review (date)	September 2027

Policies should have a clear purpose and perform at least one of the following functions. Please identify all the functions this policy performs.	If statement applies, please mark with an X below
Outline how we allocate limited resources to deliver services or outcomes	
Outline how SDS adheres to legislation, statutory duty etc.	X
Ensure fair and consistent allocation of benefits	
Protect organisational assets, including data	
Define expectations around the employee/employer relationship	
Other (please specify)	

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1. Policy summary

The Contract Management Policy is the second of two policies which cover the procurement lifecycle. This policy provides information and guidance to ensure a consistent approach is taken across Skills Development Scotland (SDS) in relation to the management of awarded contacts.

It covers SDS contract management principles and sets out the roles and responsibilities of colleagues to support the monitoring of third party suppliers and to mitigate risk.

2. Policy purpose and objectives

A consistent approach to contract management will ensure SDS's awarded contracts via third party suppliers are managed appropriately making best use of resources, mitigating against known risks and demonstrating value for money. Achieving this will deliver organisational benefits to SDS and help achieve legislative compliance.

This policy sets out the process contract managers should adhere to in order to meet the business, operational and policy objectives required from the contract.

3. Legislative and Strategic context

As a non-departmental public body in Scotland SDS's procurement processes must fully comply with;

- Scottish Procurement Legislation
- the Trade and Co-operation Agreement between the UK and EU, and;
- the World Trade Organisation Government Procurement Agreement.

The rules for Public Procurement are found within:

- any directly applicable EU obligations brought into the law of the United Kingdom by the [European Union \(Withdrawal Agreement\) Act 2020](#);
- [The Procurement \(Scotland\) Regulations 2016](#)
- [The Procurement Reform \(Scotland\) Act 2014](#)
- [The Public Contracts \(Scotland\) Regulations 2015](#)
- [The Utilities Contracts \(Scotland\) Regulations 2016](#)

Depending on the commodity to be procured and value of the purchase, different elements of the legislation applies.

Services provided to SDS by third parties account for more than 60% of SDS's financial resources.

Through effective and pro-active contract management, SDS influences the behaviours of our supply base to ensure that we contribute to the National Outcomes in the [National Performance Framework](#). To ensure consistency of approach in the Scottish public sector, we are asked to adhere to the Scottish Government's Procurement Journey, as shown in Figure 1. More information on this can be found at Section 7 of this policy.

SDS Procurement require to adhere to SDS Delegated Authority Policy which sets out the financial limits that are assigned to individuals within the organisation regarding their ability to approve contracts. Any changes to a contract that will impact it's value, scope or duration will require to be signed off in line with SDS Delegated Authority Policy.



Figure 1: Scottish Government's Procurement Journey

4. Definitions

Business Area: any SDS department with a purchasing requirement who require to liaise with SDS procurement. May also be referred to as client department or customer.

Contract Management: The planning, monitoring and control of all aspects of the contract and the motivation of all those involved to achieve the contract objectives on time and to specified costs, quality, performance & public sector policies.

Contract Manager: An individual identified by the business area who is responsible for the contract and performance management of the third-party provider for all contracts

Data Protection Impact Assessment (DPIA): It is an effective way for the business to understand and mitigate the risks of processing personal data for a new activity or project. In some cases, these are an essential requirement under Data Protection law.

A full list of definitions and a glossary of terms are available [here](#).

5. Scope

This policy applies to the Procurement Team and all Contract Managers within SDS who are responsible for the management and performance of awarded contracts.

6. Policy detail

A significant proportion of the financial resources available to SDS are used to procure service delivery requirements from third parties. Contract management is the process and methodology which ensures that both parties, SDS and external providers, meet their contract obligations as efficiently and effectively as possible in order to meet the business, operational and policy objectives. It is important that we manage the third parties in a consistent, effective and professional manner whilst adhering to responsible and ethical behaviours.

Following procurement activity and a contract being placed with a third party, the contract and relationship must be managed to ensure that SDS receive the goods and services they require on the terms set out in the contract. All appropriate contracts for goods and/or services must be governed by either a contract specific service level agreement or through supplier performance measurement and reporting mechanism.

The approach to contract management at SDS is based on proportionality and risk management. All contracts which have an overall contract value greater than £50,000 will have a designated contract manager within the business area. Other lower value contracts required to be reviewed to determine their business criticality through effective risk management. If these contracts are deemed to be high risk and business critical, there will be a designated contract manager.

For contracts including Single Tender Actions with an aggregate value of greater than £50,000, a Contract Management Plan will be developed jointly by the Procurement Lead and the business area. For contracts with an aggregate value lower the £50,000, Procurement will assess the risk and criticality and add a file note to the procurement folder but will not develop a contract management plan for approval. This plan will be used to outline the roles and responsibilities, key aspects of the contract and the contract management provisions. It is the responsibility of the contract manager to ensure the Contract Management Plan is updated regularly, throughout the life of the contract, detailing the changes and revisions to the contract.

The contract manager acts on behalf of SDS as the contracting authority in representing SDS's interests. Where an employee or a close relative of an employee acts as a supplier or, when the aforementioned hold significant interest in an organisation which trades or has potential for trading with SDS, then the employee is required to declare all such interests in line with the [Code of Conduct Policy](#).

In undertaking or participating in any aspect of purchasing/procurement, employees are required to declare any personal interest, which may affect or be seen by others to affect that member of staff's impartiality in a matter relevant to their duties. In the first instance this declaration must be made to your line manager, the procurement lead and, in line with the Code of Conduct Policy, and CEO Office via the completion of a Declaration of Interest Form. This may be referred to the Head of Procurement and or CEO Office representatives for further guidance. If any potential conflicts of interest occur during the contract they require to be highlighted to procurement as non-disclosure agreements (NDAs) would have been conducted as part of the procurement process. The SDS Confidentiality and NDAs can be found within the Evaluation Guidance documentation found [here](#).

The Contract Management Plan will identify various elements including (but not limited to):

- Contract Details
- Owners/Key Representatives – internal and external
- Contract Category/Level of Contract Management Required
- Communications Plan from the internal customer to key stakeholders
- Contract Scope/Objectives
- Pricing Information
- Terms and Conditions
- Mobilisation Plan / Timeframe - Key Contract Dates
- Performance Management (KPI's, Change Management, MI Requirements)
- Escalation Process
- Risks
- Continuous Improvement
- Supplier Health Check
- Certification
- Fair Work First
- Exit Plan
- Agresso Business World Guidance

Data Protection

With regards to GDPR, departments should work with the Data Protection team to ensure that a Data Protection Information Assessment (DPIA) is completed (where any personal data is involved). The department will then work with Procurement to ensure the outcomes of the DPIA are considered within the strategy, requirements and the contract. The contract manager is then responsible for ensuring that GDPR requirements are followed in line with the contract and any issues or incidents are raised with the Data Protection team.

Cyber Security

The department should work with Procurement to determine the level of Cyber Security risk at procurement strategy stage. This may also include involvement with the EIS Cyber Security Team via the departments EIS Business Relationship Manager. This level of risk then informs the requirements to be incorporated into the contract. It is the Contract Manager and Data Asset Owners responsibility to monitor conformance with requirements, including accreditations being up to date, as detailed in the Contract Management Plan. Any issues should be raised with the EIS Cyber Security Team.

SDS Contract Management Function

Within contract management, there are a number of inter-related workstreams. Within SDS, responsibility for each of these tasks can vary between departments. Therefore, the contract management plan will look to detail areas of responsibility by contract.

Key Documents

The SDS key documents for contract management are summarised in the table below.

Key documents	Purpose
Contract Strategy	The SDS Procurement Team, in partnership with the business area, will develop a Contract Strategy for any procurement over £50k. For contract management, the strategy will serve as a reminder of key stakeholders involved during procurement, previous history of the contract, supply market analysis, risk management, sustainability, procurement route and a high level plan for contract implementation and management.
Robust Terms and Conditions	A set of terms and conditions will be created as part of the procurement documents to be issued and agreed with the successful supplier. Alongside the specification and tender response, terms and conditions are an agreement as to how the contract will operate. It is therefore important that contract managers have a working knowledge of the T&C's however, the Procurement and Legal team are able to support should any queries arise. Both long form and short form Terms and Conditions of Purchase can be found under our external facing page here .
Contract Award Recommendation Report	The SDS Procurement Team, in partnership with the business area, will develop a Contract Award Recommendation Report for any procurement over £50k. This document summarises the procurement process and seeks approval for a contract to be awarded. From a contract management standpoint, it summarises the benefits of the proposed contract and any savings the contract is expected to deliver. Contract management is the process for then delivering these benefits.
Contract Management Plan	The SDS Procurement Team, in partnership with the business area, will develop a Contract Management Plan for any procurement over £50k exclusive of VAT. This is a key document in the move from the procurement process to contract implementation and management. The document details contract term, owners and their responsibilities, the level of contract management required, communication plans, contract objectives, mobilisation plan, performance management / governance, escalation, risks and exit plan. SDS template can be found within the Procurement Contract Management Connect Page. It is the responsibility of the contract manager to ensure the Contract Management Plan is updated regularly, throughout the life of the contract, detailing the changes and revisions to the contract. Procurement should be given visibility of any revisions made to CMP's throughout the life of the contract. CMPs are held in shared folders to allow access to live real time information that is consistent across business areas.
Lessons Learned	Lessons learned should be driven by the contract manager. These are normally towards the end of the contract term but can also be at the end of a stage of a project e.g. implementation.

7. Further guidance

[Contract Management BPGN](#)

[Contract Management e-learning module on Academy](#)

[Scottish Government – Procurement Journey Contract and Supplier Management](#)

[SDS Evaluation Guidance – including NDA and Confidentiality Agreement](#)