



Contract and Relationship Management in London

Phase 2

(Gershon)

Project Initiation Document

Version 1.1

21 September 2006

Document History

Document Version	Date	Comments
Draft 0.1	31 March 2006	For Project Manager
Draft 0.2	10 May 2006	Includes changes from Project Manager
Version 1.0	30 May 2006	Changes in nomenclature for best practice groups and critical friends' scheme
Version 1.1	21 September 2006	Updated to reflect project progress

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1 Summary

Led by the London Fire and Emergency Planning Authority, this is an important project for London local government in the context of the Gershon Review. Getting contract and relationship management (CRMGT) right is vital to the shared service agenda.

Phase 1 of this project ascertained the status of across local authorities in London.

In this second phase of the project, a programme of further work will support the delivery of improvements to CRMGT in London by:

- Generating awareness by creating a commercial environment for CRMGT through top-level management sponsorship;
- Developing local authority specific Best Practice Guidance in the light of the review;
- Beginning dissemination of best practice through best practice groups and a critical friends' scheme using existing officer interest groups;
- Developing training and e-learning programmes; and
- Integrating this work with other LCE projects for the best results.

2 Context

CRMGT is important to London local government in the context of Sir Peter Gershon's *Independent Review of Public Sector Efficiency*, published in July 2004.

Improvement in CRMGT is also a fundamental requirement of the National Procurement Strategy for Local Government.

By CRMGT we mean the whole engagement process between client and contractor, ensuring that every live contract continues to deliver and optimise:

- best value
- ongoing value for money
- continuous improvement
- realisation of intended benefits
- sustainable service delivery
- performance compliance by continual measurement and
- fulfilment of ongoing demand.

3 Objectives

3.1 Conclusions from Phase 1

The Status Review undertaken in Phase 1 of the project concluded that CRMGT in London local government has matured significantly since the days of CCT. Suppositions from the data suggested that improving quality rather than cutting costs was the principal driver for entering into the contracts in our sample. But evidence from the sample also portrayed some major shortcomings:

- Strategically important contractual relationships are failing to enjoy co-ordinated top-level management sponsorship in some London Boroughs.
- Most contract managers failed to appreciate the need for competence in the commercial disciplines and there is a shortage of personnel with commercial experience.
- Almost no generic CRMGT guidance is in regular use.
- There are issues with the effective management of contractor performance.
- Authorities are failing to manage risks associated with these contracts effectively.
- Changes are made to agreements without any formal record, exposing authorities to unnecessary risk.
- In service contracts, benchmarking is undertaken at best only in broad terms.
- No contract manager was seen to revisit the business case or operate a clear process for reporting whether the benefits were in fact being delivered.
- Few stakeholders get involved in the relationship during the operational phase.
- The majority of exit strategies or business continuity plans are simply non-existent.

Opportunities for significant improvements in quality and value are there to be gained if these shortcomings can be addressed. Crucially, the best results will be gained by integrating this work with other LCE projects.

3.2 Aims of the Project

In the second phase of the project, a programme of further work will support the delivery of improvements to CRMGT in London:

- Generating awareness by creating a commercial environment for CRMGT through top-level management sponsorship;
- Developing local authority specific Best Practice Guidance in the light of the review;
- Beginning dissemination of best practice through best practice groups and a critical friends' scheme using existing officer interest groups;
- Building a repository of knowledge in contract and relationship management;
- Development of training and e-learning programmes; and
- Integrating this work with other LCE projects to attain the best results.

3.3 Scope of the Project

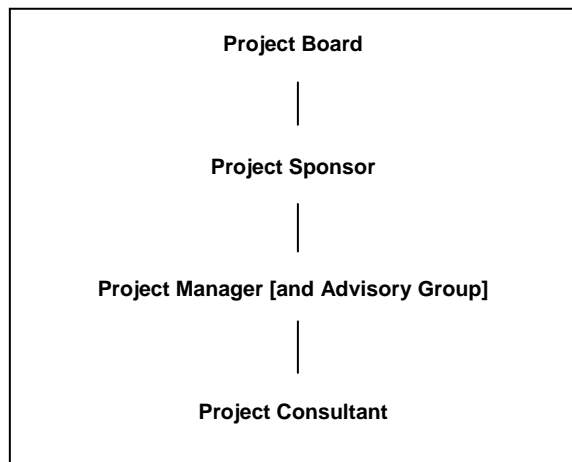
The scope of Phase 2 will mirror that of Phase 1. It is intended that participants in the programme will be managers in London local authorities who are responsible for major contracts and contractual relationships, drawn from social care, waste, leisure services, street scene and other public service sectors.

Attention will be focused, though not exclusively, on strategically important relationships such as PFI contracts and other public-private or strategic partnerships.

London local authorities spend £8 billion annually on goods and services. The complete permeation of best CRMGT practice cannot be attained overnight. This Phase is intended to begin that process in earnest, as a prelude to lasting cultural change.

4 Project Organisation and Approach

4.1 Organisation



4.1.1 Sponsor

The Project Sponsor is Terry Brewer, Head of Procurement, London Fire and Emergency Planning Authority.

4.1.2 Project Manager

The Project Manager is Mark Atkinson, Head of Contracts Management Group, London Fire and Emergency Planning Authority.

4.1.3 Project Board Members

The Project Board will consist of the Project Sponsor, the Project Manager and the Director, London Centre of Excellence.

4.1.4 Project Consultant

The Project Consultant is Andy Davies.

4.1.5 Advisory Group

An Advisory Group chaired by the Project Manager and consisting of a range of contracts managers from London local authorities will give professional advice on the development and implementation of the programme such that the aims and objectives of the project can be met. Membership of the Advisory Group is given at 5.1 below.

4.2 Reporting Controls

4.2.1 Project Meeting Frequency

The Project Sponsor, Project Manager and Project Officer will meet every two weeks throughout the Project.

The Advisory Group will meet once every month.

4.2.2 Informal Checkpoint Reports

The Project Consultant will submit a Checkpoint Report to the Project Manager at the end of each week to advise on progress during that week and on activities planned for the following week.

4.2.3 Highlight Reports

The Project Consultant will compile and the Project Manager will submit a monthly Project Highlight Report at the end of each calendar month using the standard London Centre of Excellence Project Highlight Report Template.

4.2.4 Escalation

Problems or time/budget overruns will be reported by the Project Manager to the Project Sponsor for direction.

If appropriate, the Project Sponsor will seek direction from the Project Board or the London Centre of Excellence Programme Board.

4.2 Change Control

The Project Manager will operate a change control procedure in accordance with the London Centre of Excellence Project Management Pack, using the procedure for escalation given at 4.2.4 above as appropriate.

5 Partnership

5.1 Participating Authorities

The project relies for its success on the active participation of London Boroughs and other authorities.

A number of contract managers will be invited to join the Advisory Group and/or participate in best practice groups, a critical friends' scheme and training events to disseminate best practice.

Membership of the Advisory Group is as follows:

Mark Atkinson (Chair)	Head of Contracts Management Group	London Fire & Emergency Planning Authority
Mark Brangwyn	Head of Policy and Grants (Health & Social Care Team)	Association of London Government
Stephen Day	Head of Integrated Commissioning, Adult Services	Ealing Primary Care Trust /London Borough of Ealing
Robert Della-Sala	Head of Revenues and Benefits (Client Services)	London Borough of Hounslow
Peter Ramage	Head of Waste Management and Street Enforcement	Royal Borough of Kensington & Chelsea
Geoff Rix	Deputy Head of Street Environment Services	London Borough of Camden
Dave Sharp	Head of Strategic Procurement	London Borough of Islington

Also participating in the project are:

The Association of London Government

North London Commissioning and Procurement Consortium

Association of London Directors of Children's Services

6 Deliverables (Outputs and Outcomes)

The project deliverables are as follows:

Project Workstream	Deliverable (description)	Estimated Completion/Delivery Date
Awareness and Reporting Back	LCE Director to brief Chief Executives	28 April 2006
	LCE Showcase presentations	11 July 2006
	Final Report and Phase 3 Plan	14 February 2007
Best Practice Guidance	First draft BPG	5 July 2006
	Second draft version for consultation	20 October 2006
Supplier Intelligence	Plan of integration with Strategic Supplier Intelligence Project*	31 May 2006
Best practice groups and Commercial Centres	First best practice sharing event	29 June 2006
	Second best practice sharing event	12 September 2006
	First Commercial Centre established in a London Borough	31 December 2006
Critical friends' scheme	Draft protocol and select first critical friends	31 May 2006
	Review and select second wave	30 September 2006
Training and e-learning	Plan of integration with Procurement Training & Skills Development Project*	31 May 2006

7 Implementation

7.1 *Local*

This programme of work for the improvement of contract and relationship management in London will help both on an authority and a London-wide level.

7.2 *Forward Strategy and External Roll-Out*

The project is designed to provide a legacy and sustainability for contract and relationship management in London.

London local authorities spend £8 billion annually on goods and services. The complete permeation of best CRMGT practice cannot be attained in the short term. This Phase is intended to begin that process in earnest, as a prelude to lasting cultural change managed and delivered in future phases.

Initial attention will be focused, though not exclusively, on strategically important relationships such as PFI contracts and other public-private or strategic partnerships.

It is very likely that local authorities nationally could benefit from the outputs and deliverables from this project.

8 Funding and Resources

Funding is provided by the LCE Management Board.

9 Risk Assessment

Project Risk Register								
Risks (<i>enter new entries or changes in italics, previous new/changed entries can be returned to normal font</i>):								
Risk Index No: / Status (e.g. 001/Open)	Description of Risk	Probability High / Medium / Low	Impact High / Medium / Low	Description of Mitigating Action	Person Responsible for resolution	Date when raised	Target date for resolution	Risk closure approved by project board?
001/Open	Decision-makers fail to appreciate criticality of CRMGT	Medium	High	LCE Board to receive regular updates. LCE Showcase presentations and briefings during July 2006.	Andy Davies	31 March 2006	16 September 2006.	
002/Open	DWP does not publish best practice guidance on schedule.	Medium	Medium	Approach being made to 4ps to explore collaboration on Best Practice Guidance while drafting continues.	Andy Davies	31 March 2006	5 September 2006	
003/Closed	Unable to secure buy-in and participation of contract managers in benchmarking and mentoring.	Medium	High	Advisory Group of contract managers established.	Andy Davies	31 March 2006	24 May 2006	24 July 2006
004/Closed	Confusing programme of training, e-learning, use of supplier intelligence and other activities arising from other LCE Projects.	Medium	High	Take early steps to integrate CRMGT with other LCE Projects.	Andy Davies	31 March 2006	31 May 2006.	24 July 2006

10 Estimated Value

The purpose of the project is to begin the dissemination and permeation of best practice in contract and relationship management in London.

London local authorities spend £8 billion annually on goods and services. The complete permeation of best CRMGT practice cannot be attained in the short term. This Phase is intended to begin that process in earnest, as a prelude to lasting cultural change managed and delivered in future phases.

Subsequent phases will draw on this phase of improvement work to evaluate the associated benefits in terms of cash savings, efficiency gain, cost avoidance or the creation of capacity.

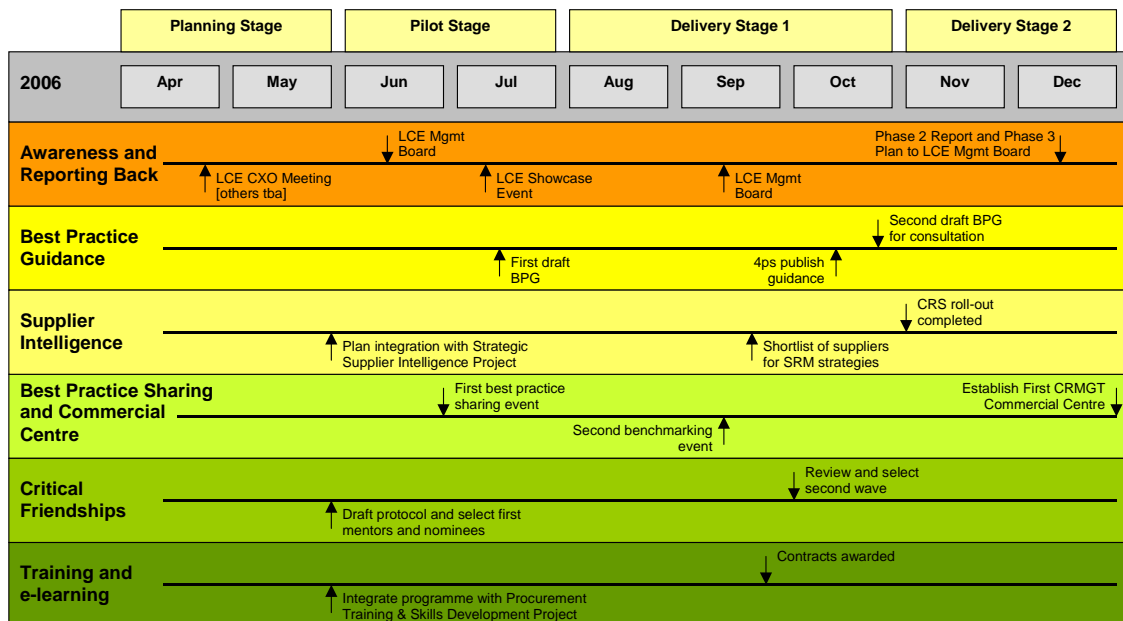
11 Monitoring and Review

11.1 Monitoring

The Project Sponsor, Project Manager and Project Officer will meet every two weeks throughout the project to monitor progress.

11.2 Project Programme

The outline project programme is as follows:



11.3 Project Milestones

The programmed project milestones for Phase 2 are as follows:

Project Stage	Milestone	Completion/Delivery Date
Planning Stage	Presentation to CXOs, development of integrated plans with other LCE Projects, develop best practice sharing event.	31 May 2006
Pilot Stage	Finalise critical friends' protocol, first critical friends selected, first best practice sharing event staged, first draft BPG prepared.	31 July 2006

/contd.

Delivery Stage 1	BPG version for consultation published, second best practice sharing event staged.	31 October 2006
Delivery Stage 2	First CRMGT Commercial Centre established, final BPG version published.	31 December 2006
Report Stage	Report and Phase 3 Plan to LCE Board.	14 February 2007

See also (6) Deliverables (Outputs and Outcomes) above.

12 Partner Authorisation

Please indicate approval and acceptance of this PID by the Project Board and Partner organisations participating in this project.

Table 1 – Partner Authorisation

Organisation Represented	Role	Name	Signature	Date
London Centre of Excellence	Director	Ken Cole		
London Fire and Emergency Planning Authority	Project Sponsor	Terry Brewer		
London Fire and Emergency Planning Authority	Project Manager	Mark Atkinson		