



Parliamentary Contract Management Governance and Rules

2nd Edition

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INTRODUCTION

This second edition of the Parliamentary Contract Management Governance and Rules builds on the first edition by aligning Parliament with best practice elsewhere in the public sector including:

- earlier identification of those contracts and their suppliers deemed critical to Parliament's operation;
- adopting a set of Professional Standards with mandatory training;
- requiring a Contract Management Plan to be in place and authorised at the point of contract award.

These Rules are intended to cover all eventualities, their full scope is likely to apply only to the most complex and/or higher value contracts. Each Contract Management Plan should be a bespoke document. Each Contract Management Plan should be proportionate to the value, scale and scope of the contract. Where the contract is not complex, neither should the Contract Management Plan. In many cases, no more than a single page will be required.

1 CONTRACT MANAGEMENT GOVERNANCE

- 1.1 The Parliamentary Procurement and Commercial Service (“PPCS”) is responsible for setting and developing the strategy, processes and guidance for contract management for the House of Lords, the House of Commons and Parliamentary Digital Service (“**the Authority**”). 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 PPCS](#).
- 1.2 The Finance Directors of the two Houses have discretion to amend this document, referring significant policy changes to the Management Boards (or equivalent).
- 1.3 At any one time, the Authority has hundreds of contracts in place to provide the works, goods and services required to enable Parliament to carry out its functions as a legislature, employer and occupier of premises. For these contracts to be effective they must be actively managed from inception through to completion. Contract management is therefore essential to ensure public money is being spent responsibly. Authorising payments for example only where valid and undisputed invoices are submitted, by checking that all services or goods being charged meet contractual requirements, by actively inspecting that we are getting the quality of goods/services we are paying for and constantly reassessing whether we need the goods and services we are commissioning.
- 1.4 Contract management is also essential to ensure that we meet our legal obligations; any health and safety or equal opportunities legislation that is relevant as well as the Procurement Regulations concerning post-award changes. It also ensures that we carry through on our policy commitments such as ensuring that suppliers’ and their sub-contractors’ employees working on our premises are paid at least the relevant Living Wage. Finally, contract management is essential to ensure that any obligations on the Authority towards suppliers are met, i.e. facility availability, access and equipment.
- 1.5 Evidence from both the public and private sectors demonstrates that proactive contract management improves the chances of successful contract delivery. Proactive contract management also improves the efficiency and effectiveness with which the requirements are delivered, resulting in better value for money (VFM).
- 1.6 To ensure we manage our contracts professionally and in the best interests of the Accounting Officers, the Management Boards of both Houses and of PDS have agreed to the following:
 - PPCS will put processes and guidance in place to ensure effective contract management throughout Parliament;
 - Contract Managers will be registered by PPCS and will join the contract management community which was created to provide a professional network for the dissemination of best practice;
 - Effective from 1 September 2020, Parliament will adopt the Civil Service Professional Standards for Contract Management. All Contract Managers will be required to undertake appropriate training. As a minimum, all staff undertaking contract management duties must have qualified at Foundation Level prior to their appointment; for those managing Category A projects, consideration should be given by PPCS, in consultation with the relevant Senior Responsible Owner (SRO) and/or

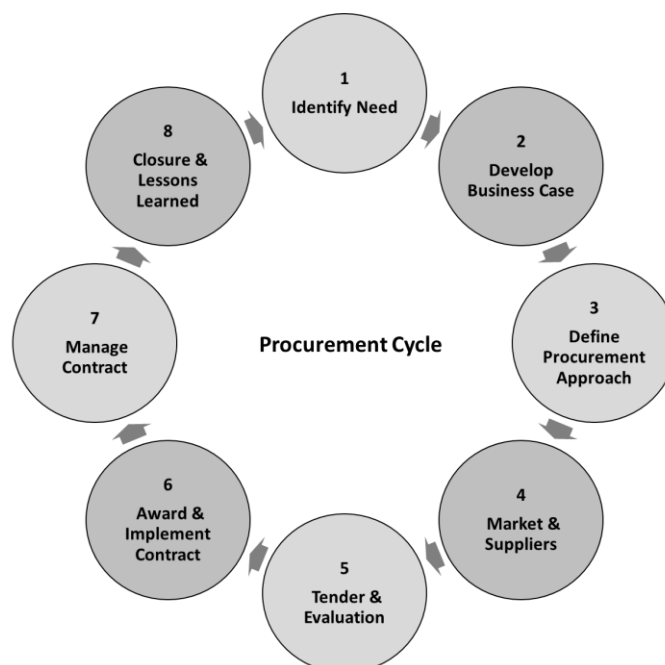
the approving authority¹ to mandating the higher Practitioner and Expert levels once available;

- from 1 September 2020, each contract awarded above £10K in value will merit an individual Contract Management Plan (CMP) which will be clear as to how and by whom the contract is to be managed. The CMP will be attached to and approved in parallel with the Award Report. The approving authority will thereby endorse not only the award of the contract (and the associated finance), but also the time and resource associated with its effective management;
- PPCS will keep a contracts database of all live contracts and establish processes by which relevant information about contracts is fed to it from Contract Managers. A change of Contract Manager must be reported to ppcs@parliament.uk

¹ By approving authority it is meant the individual authorised to approve expenditure and contract award as identified in the relevant House Finance Rules

2 PURPOSE OF THE CONTRACT MANAGEMENT RULES

- 2.1 These Rules have been developed by PPCS 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 Authority must follow the Rules and best practice set out in this Policy document.
- 2.2 A Contract Manager is anyone with responsibility for overseeing the delivery of supplies, services or works via a contract with a third-party supplier.
- 2.3 Procurement sponsors (PPCS Clients) must work with PPCS when a contract needs to be put in place for the first time, renewed or materially amended. PPCS Clients are best placed to understand the future requirement and will be expected to draft the specification of requirements and have input into other documentation relating to the tender process. (Please see the [Parliamentary Procurement Rules](#) for guidance on the procurement process).
- 2.4 Ideally the future Contract Manager (if different from the sponsor or Client) will be identified and undertake appropriate training early in the procurement process to enable them to influence that process. When the procurement process has been completed i.e., a contract awarded to a successful bidder, the Contract Manager then takes over, seeking further advice from PPCS when required.
- 2.5 Contract management sits with the department responsible for the delivery of the services, works or goods to which the contract relates. 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.



- 2.6 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 [Parliamentary Procurement Rules](#) in respect of the latter.

3 STRATEGIC CONTRACTS & THEIR SUPPLIERS

- 3.1 Before commencement of any procurement including all advertising stages, PPCS and the Client will work together to identify strategic contracts and their suppliers through completion of the [Risk Categorisation Matrix](#) thereby acquiring a clear understanding of which contracts and their suppliers are the most critical to Parliament.
- 3.2 The outcome of this analysis (roughly akin to the Bronze, Silver and Gold terminology used by the Government Commercial Office) will be a key factor in deciding upon the level and depth of contract management required and all associated planning as detailed in these Rules.

4 CONTRACT MANAGEMENT

4.1 For contracts to deliver successful outcomes, on time and to budget, they must be actively managed from inception through to completion. The primary aim of contract management is the delivery of goods and services that are:

- cost-effective and reliable;
- delivered at the agreed price and standard;
- within the agreed budget;
- within the terms and conditions of the contract;
- conducted with all necessary financial, legal and ethical propriety.

4.2 In general terms, contract management involves fulfilling the following interlinked functions:

a. Managing Performance and Service Delivery.

This covers those activities used to ensure the contractor performs and delivers what is contracted, including:

- managing the contractor to deliver its obligations;
- ensuring the Authority meets its obligations to the contractor;
- ensuring internal stakeholders do not do anything that effectively relieves the contractor of their responsibilities, or inadvertently commits the Authority to additional contractual commitments without appropriate approval having been granted;
- using information generated by the contract as evidence of output being achieved;
- reviewing and examining cost and associated information related to the performance of the contract;
- managing and mitigating risk; and
- using the contract to get what the Authority is paying for.

b. Managing Stakeholders

Managing end customer expectations, informing and influencing those expectations. Delivering benefits as envisaged in the Business Case. Reporting results.

c. Contract Administration.

This includes all the tasks involved in keeping accurate records, for example of performance, payments and changes to the contract and generally ensuring a full and accurate contract history. It also covers activities such as ensuring prompt payment for goods or services received and meeting targets for payment turnaround. In some contracts, communications or decisions may need to be made within specified timescales to enable timely performance at a future point in the contract.

d. Managing Relationships.

This covers all the activities needed to create and maintain effective behaviours and relationships and is key to success. An effective business relationship between all parties (typically the Contract Manager, the project sponsor (if different), PPCS and the contractor) is essential for good contract management.

5 THE CONTRACT MANAGEMENT PLAN (CMP)

- 5.1 How the interlinked functions described above are to be achieved must be planned in advance and individuals identified, trained and suitably empowered. Drawing on advice as necessary from PPCS, a Contract Management Plan (CMP) should be developed by the PPCS Client initially in outline (to inform the specification and contract documents) and subsequently finalised and fully developed no later than at the point of contract award. The CMP should be attached to the Award Report (see the [Parliamentary Procurement Rules](#)) and submitted with that Award Report for approval in accordance with the Finance Rules². There are parallel requirements to address the issue of contract management in any Full Business Case which the CMP will satisfy (refer [Business Case Guidance](#)).
- 5.2 The CMP is the document which details the rationale and approach to managing a contract throughout its life. Ideally, the CMP progresses through several stages of development which align with planning (the Outline Business Case), preparing (the tendering process), and managing (implementing the plan) phases of contract management. As these stages are passed, the CMP is updated as more of the details are established. For complex projects, the CMP develops from being a strategic level plan at the beginning, to one that is effectively a handbook for the day to day management of the contract during the operational phase.
- 5.3 **A template for the production of a CMP is at Appendix 1.** This template provides a walkthrough of subject areas which may need to be populated in a CMP.
- 5.4 The CMP should provide anyone who reads it with a “one-stop shop” of who does what, when and how, under the contract. It needs to detail all the key processes and procedures, instructions and the standards of performance. The CMP does not replace the contract (which always has primacy) but is the tool by which the contract requirement is managed and delivered.
- 5.5 The scale and scope and the level of effort expended to produce a CMP should be commensurate with the value and complexity of the procurement and the associated risk. For Category A projects (and non-project equivalents) a fully detailed plan should be produced. For off the shelf goods, the CMP can be limited to how, when and by whom delivery will be certified and payment made. Ultimately, the aim is to satisfy the approving authority that the arrangements in place to manage the contract are commensurate, appropriate and available.
- 5.6 There is no requirement to produce a CMP for procurements below £10K.

6 CONTRACT MANAGER TRAINING

- 6.1 All Contract Managers should undertake training to a level appropriate to the complexity and risk associated with the contract being managed.

² [HOC Finance Rules](#) and [HOL Finance Rules](#)

- 6.2 Parliament has adopted the Civil Service training standards as laid down by the Cabinet Office, Government Commercial Function. These can be accessed via <https://www.gov.uk/government/publications/contract-management> and all staff engaged in contract management process should achieve the Foundation Stage which can be undertaken on-line via the [Government Commercial College](#).
- 6.3 Any requirement for training at Practitioner and Expert levels should be determined and funded by the Senior Responsible Officer (SRO) (where appointed) and/or the relevant approving authority. Practitioner or Expert Level certification is strongly recommended for those staff managing Category A project related contracts and non-project equivalents.

7 CONTRACT MANAGER PERFORMANCE

- 7.1 Contract management takes time and effort to deliver. Line managers must recognise this in drawing up individual Job Descriptions and in setting annual objectives through the Performance Management process.

8 CORE CONTRACT MANAGEMENT PROCESSES

- 8.1 The Authority is committed to ensuring that the core management processes below apply to all contracts and are addressed in contract management planning. Contract Managers are responsible for managing these processes for their own individual contracts and seek advice from PPCS on their relevance and applicability if not clear.

Process	Scope
Successful and timely delivery	<p>Supplies, services or works are delivered in accordance with requirements and agreed levels of quality, price and timescales.</p> <p>Contract management is adequately resourced by both parties in proportion to the importance of the contract and the skills make-up of the team reflects the nature of the contract.</p> <p>The team have the range of training, skills, capability and experience to effectively and efficiently discharge their roles and responsibilities and are appropriately performance managed.</p>
Specification clarity	<p>Specifications are clear and unambiguous with clear deliverables to be measured against a defined standard. The specification is a key document in any contract and should sit above any tendered proposals.</p>
Performance management	<p>Where appropriate, there is a comprehensive performance management framework in place with meaningful metrics and suppliers receive regular and routine feedback on their performance both formal and informal.</p>
Relationship management	<p>The relationship between both parties is clear and well defined, responsibilities are documented, there are structural and informal communication routes that include other stakeholders outside the contract manager (users of the contract, technical experts, etc).</p>

Contract understood	Contract management staff understand the contractual terms including contract scope (services, duration and commercial elements), termination, warranties, indemnities, insurance, security and confidentiality and dispute resolution.
Managing contractual documentation	An up to date (annotated with relevant agreed changes) copy of the contract is stored, logged and easily accessible by the Contract Manager in the relevant contract management folder on the PPCS SharePoint site.
Change control process (modifications, variations, etc.)	Clearly documented processes and governance are in place to manage changes and any changes are communicated and understood by the parties involved. Additional contract costs are vetted and a value for money assessment made as part of the approval process. PPCS must be consulted on all changes. The Procurement Regulations legislate on the extent to which changes may be authorised and each case must be assessed on its individual merits.
Managing contractual/commercial risk	There is an agreed risk management approach with defined risks subject to ongoing review and assessment in line with organisational risk management processes. There is clear understanding by the parties to the contract as to who is responsible for managing and mitigating those risks. The Contract Manager understands the commercial aspects of the contract and ensures it remains value for money and fit for purpose.
Dispute resolution	Clearly documented processes are in place for managing problems efficiently and effectively. Where a dispute arises, PPCS are informed immediately and consulted on the appropriate response.

9 BENEFITS OF EFFECTIVE CONTRACT MANAGEMENT PRACTICES

9.1 “Effective” contract management practices allow Contract Managers to:

- identify critical contracts;
- define operational expectations;
- establish a governance structure and process for internal and supplier interactions across the lifecycle of the contract;
- define formal processes for management involvement in the relationship;
- bring clarity to internal roles and responsibilities;
- establish processes to effectively manage performance;
- mitigate risks;

- develop supplier capabilities to continuously improve the organisation and ensure value for money for the Authority;
- deliver the benefits anticipated in the Business Case.

9.2 Key areas Contract Managers should be concerned when managing contracts include:

Area	Actions for Contract Managers
Identification of strategic contracts and their suppliers through completion of the Risk Categorisation Matrix .	Acquire a clear understanding of which contracts and their 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 and technical integration.
Governance and Organisation	<p>Define the team structure that will be required to manage the supplier on a day-to-day basis as well as the roles involved in those skills and activities and the knowledge that team members will be expected to possess. These should include deputising arrangements in the absence of the nominated Contract Manager.</p> <p>Formalise the on-going governance processes to facilitate supplier management, make it transparent to management and consistent throughout the organisation.</p> <p>Preparing 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.</p>
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.
Performance Management	Support continuous performance improvement by holding suppliers accountable for poor performance and propose where possible incentives for outstanding performance. Establish a contractual agreement that clearly defines supplier performance expectations, target levels, and tolerance ranges. In addition, you should formalise the consequences of underperforming including the specific trigger points and conditions for remediation once a service level breach occurs.

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 Authority and the supplier. The frequency of review meetings should take into consideration the complexity of the contract, duration, risk and operational criticality.
Monitoring Supplier Financial Stability	All suppliers must be assessed as to their financial viability prior to contract award ³ . Post award, all suppliers of High-Risk contracts (as established through the Risk Categorisation Matrix process) will be monitored by PPCS on a quarterly basis and any negative outcomes investigated and reported further.
Contract Management Handovers	You should agree a handover process in your business area before a new Contract Manager (in Parliament) or Account Manager (supplier) takes over. The process must identify who the new staff responsible for managing the contract is, the roles and responsibilities for the contract, access to systems and contractual documents, any required delegation of authority or conflict of interest disclaimer, notification to relevant stakeholders of the change and notification to PPCS to update the contracts database. A Contract Handover template is available on the intranet.

10 CONTRACT PERFORMANCE MONITORING

10.1 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 may be linked to Key Performance Indicators agreed with the supplier. As a minimum it should include:

- monitoring the supplier's performance against the specific targets set out in the contract
- 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.

11 CONTRACT COMPLIANCE – GENERAL POLICY ISSUES

11.1 Contracts which run over periods of time in excess of 12 months must be monitored and the output from that monitoring recorded in respect of:

³ There are exceptions, refer to the [Financial Viability Check](#) guidance published separately

Compliance aspect	Monitored by
Suppliers working on the Parliamentary Estate are paying their staff the London Living Wage and / or are paying the relevant Living Wage (where applicable) for staff working off the Parliamentary Estate	PPCS (with input from Contract Managers where requested)
Suppliers are complying with the equal opportunity, diversity and staff welfare standards as set out in the contract	Contract Managers
Any social value, sustainability and environmental objectives as set out in the contract specification or elsewhere are being met	Contract Managers
Security requirements are being adhered including the return of passes where individual access is no longer required	PSD and Contract Managers
Quality accreditation and other professional membership standards are achieved and maintained	Contract Managers (check the relevant certification)
Where specified, the Business Continuity Plan arrangements associated with the contract are adequate and have been reviewed	Contract Managers (business continuity plans should be subject to at least an annual review)
Where specified, Exit Management Plans are being maintained	Contract Managers (exit management plans should be subject to at least an annual review)
Suppliers are complying with the health and safety requirements in the contract including incident reporting	Contract Managers (formally review systems and reports)
Suppliers are complying with information security policies	Contract Managers (formally review systems in operation, information held and disposal intent)
We have good awareness of the delivery supply chain and can respond to Modern Slavery concerns ⁴	Contract Managers (formally review and re-confirm)
We know which subcontractors are being employed by the main supplier on our contracts and that they are being monitored by the main supplier.	Contract Managers (formally review and re-confirm)

11.2 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 the issue of a "default" notice usually giving a

⁴ UK Parliament [UK Parliament Modern Slavery Programme](#)

certain amount of time to meet their contractual obligations as per terms and conditions of the specific contract. Failure to do so may lead to the contract being terminated. Advice from PPCS should always be sought (a) if one of the above standards is not being met and (b) before any notice of default is issued.

11.3 Further information is provided in **Appendix 2 – General Policy Compliance Assurance.**

11.4 Note that shorter term contracts are assessed in all these respects at the time of contract award.

12 WARNING SIGNS

12.1 Warning signs occur where changes in the contractor's behaviour or communication give cause for concern regarding potential performance. Such warning signs include:

- indications from the contractor that the current work might take longer and / or performance will fall short of the contract requirement,
- a request to increase the price;
- a request to accelerate payments against the contract or to split partially achieved milestones;
- notification from subcontractors of late payment by a prime contractor;
- a request to re-negotiate payment plans with unjustified front loading;
- a contractor eager to undertake work ahead of contract award or order confirmation;
- a supplier knowingly acting on an inadvertent contractual commitment by a representative of the Authority;
- contractors taking a harder line than usual in meetings;
- contractors hard to contact;
- poor financial health check;
- negative media articles.

12.2 The contractor may not formally be in breach of their contractual obligations at any of these points, but some or all of these actions indicate that this could well occur in the near future. You should therefore consider sending an initial communication stating that the Authority is concerned and asking the contractor to confirm that performance and delivery levels will continue to meet the contract requirement. Where there is evidence of declining performance, you should consider asking the contractor to submit a rectification plan (if not already provided for in the contract terms).

12.3 Ultimately, subsequent formal notices stating that you consider them to be in breach of contract should not come as a surprise to a contractor. You should ensure that you maintain a full record of discussions with the contractor.

12.4 All correspondence on these matters must be headed "without prejudice". It is all too easy to imply agreement and to be seen to accept a contract breach by conduct. A professional approach is essential.

13 POOR PERFORMANCE / BREACH OF CONTRACT

- 13.1 A contractor is only obliged to perform the obligations set out in the contract. If they do not perform them, they will be in breach of contract. Different breaches have different consequences. Some breaches will have little consequence to the general performance of the contractor, but others may have far more serious consequences. You must investigate all breaches and record the outcome.
- 13.2 A contractor breach of contract occurs where the contractor, without lawful excuse, fails to perform a contractual obligation. You should always consult PPCS on such matters; They in turn will consider consulting with the Office of Speaker's Counsel (OSC) prior to the issue of any notice of default.
- 13.3 Failure to act promptly may result in you waiving the Authority's remedies and rights, including claiming damages for breach and / or terminating the contract.
- 13.4 Contract remedies for breach of contract can be either expressly set out in the contract or implied under statute or common law. Express remedies may include Liquidated Damages, or service credits under a service credit mechanism. Implied remedies include damages. The remedy of damages aims to restore the Authority to the position it would have been in had there been no breach. They may also act as an incentive for better performance in the future, but only if you invoke them.
- 13.5 Addressing poor performance is fundamental to the Authority getting value for money and getting what we are paying for. You should bear in mind that instigating contract breach procedures and issuing breach notices is often viewed emotively by contractors and can result in a change in the relationship. Your focus needs to be on restoring performance and limiting the impact of any failure on end users. You can try to limit the impact of formal contract action on relationships by treating poor performance fairly and openly.
- 13.6 Certain breaches may give rise to the right to terminate. This is a serious step and should not be taken lightly and without first taking PPCS advice (and they in turn, Counsel's advice). Unless the breach is so fundamental as to justify bringing an immediate end to the contract, a period of time will normally be permitted to produce and implement a rectification plan and recover the situation.

14 CONTRACT CHANGE

- 14.1 The Procurement Regulations, specifically Regulation 72, set strict limits on permissible contract Changes (also referred to as modifications, variations or amendments). These limits are complex and in order to ensure Parliamentary compliance (and in keeping with best practice Change Control), the relevant PPCS Category Team must be consulted, in writing, on all contract variations impacting on changed scope, price (cost) and duration and a Regulation 72 "safe harbour" justification established.
- 14.2 Further information and guidance on contract changes can be found in the [Procurement Waiver Policy](#) and the [Regulation 32](#) and [Regulation 72](#) Advice Notes.

15 RECORD KEEPING

- 15.1 Records should be kept of:

- failures to meet contractual obligations e.g. late or non-delivery, failure to pay the London Living Wage, failure to comply with H&S standards and any other breach of the terms and conditions;
 - any complaints relating to the contract whether internal or external;
 - adherence to KPIs/performance targets;
 - progress meetings and compliance checks;
 - invoices received and paid;
 - variations to contract (and all supporting detail);
 - contract extensions including details of costs and time.
- 15.2 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, a minimum of 6 years after contract expiry or termination, see [Authorised Retention and Disposal Policy](#) for more details.

16 SECURITY MANAGEMENT

- 16.1 Contract Managers are responsible for ensuring that all those working on a contract are aware of, and comply with, Parliament's security rules and policies. The main ones to be aware of are set out below and further information can be found [here](#).
- 16.2 Where contractors require access to the estate, to a Parliamentary network (including the PDS IT network, security systems and other networks) or to restricted (Level 2 or above) information as classified by the Parliamentary Protective Marking Scheme, they must be security cleared, in line with Parliament's Security Clearance policy.
- 16.3 Contractors should only apply for security clearance once pre-employment Baseline Personnel Security Standard (BPSS) checks have been carried out by the contractor organisation. Contractor organisations' compliance with the BPSS requirement will be audited by Parliament's personnel security audit and compliance team.
- 16.4 Working on the Parliamentary estate on a visitor pass is prohibited. Where access to the estate is needed, a visibly displayed security pass is required. These can be issued once security clearance has been given. All new contractors must undergo a security briefing as part of their induction before they are issued with their security pass.
- 16.5. Where security clearance is required for information access only, evidence must be shown that other mitigations, such as the redaction of sensitive information, have been considered before clearance is applied for.
- 16.6 All security clearance and pass applications require a sponsor which, in the case of contractors, will normally be the Contract Manager. The sponsor is responsible for ensuring that the contractor displays the correct security behaviour while on the estate and that their clearance is kept up to date. Any change of circumstance of the passholder or breach in Parliament's security clearance rules should be reported to

the Pass Office at the earliest opportunity. When passes are no longer required, the Pass Office must be informed, and the pass returned.

- 16.7 Contractors who consistently fail BPSS audits or who are found to be in breach of Parliament's security policy face having security clearance and/or access rights removed as laid out in Parliament's Security Clearance policy.
- 16.8 The time required for security clearance to be carried out needs to be factored into all project plans. The Pass Office can provide guidance on expected clearance times at any particular time. Please note that security clearance can never be guaranteed, and some individual clearances can take substantially longer than the average. In an emergency an escorted day pass can be issued but a valid business reason for why such a pass is required and why the requirement couldn't have been anticipated, is required.
- 16.9 All commercial deliveries destined for the parliamentary estate must undergo stringent security checks at Parliament's Offsite Screening and Consolidation Centre (OSCC). All products and materials will be security screened, consolidated and delivered to the parliamentary estate via a dedicated OSCC fleet. For more information, see [here](#).

17 EXIT MANAGEMENT

- 17.1 For long term services contracts, an Exit Management Plan is essential to ensure the smooth transfer of services from one contractor to another. Provision must be made for this in the specification and / or wider terms and conditions.
- 17.2 Guidance on Exit management planning is widely available, and the Contract Management Foundation Training includes a link to a suitable Template (#25).

18 END OF CONTRACT CERTIFICATION & SUPPLIER APPRAISAL

- 18.1 Suppliers must be evaluated as to the level of their performance throughout the life of the contract. Satisfactory completion of the contract is also necessary for final approval and payment of the contract.
- 18.2 This is achieved by the Contract Manager completing the [End of Contract Review form](#) which should be sent to ppcs@parliament.uk. Besides forming part of the audit trail for the contract, the information contained in the form will assist in the planning for future procurements.

19 PAYMENT

- 19.1 The approval process for payment in the House of Commons is carried out electronically via HAIS when the Goods Receipt Note (GRN) activity is completed, clearing invoices for payments.
- 19.2 The approval process for payment in the House of Lords requires that the submission of a valid invoice for payment must be accompanied by an Invoice Authorisation Form duly authorised and stating that the goods have been received / work done, the price or rate was correct, the arithmetic was correct and the invoice was not previously paid.
- 19.3 Contract Managers must ensure that the payment of valid and undisputed invoices is made within 30 days of receipt and agreement of invoices. The Authority 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) contain all appropriate Contract references and titles;
- 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 Authority.

20 RE-TENDERING

- 20.1 Where a significant re-tendering process is likely to be required, PPCS should be contacted at least one year before the end of the existing contract in order to discuss and agree the strategy for the re-procurement process. This ensures there is enough time to plan a new procurement, to run an appropriate competition in line with regulation where required, develop suitable contractual provisions and to ensure a smooth transition.

21 LEGAL ASPECTS OF CONTRACTING

- 21.1 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. e-mail communication), which could commit the Authority to unfavourable terms and conditions. Communication headers should be prefaced "without prejudice" if the issue concerns the existing contract terms and / or "without commitment" if addressing changes.
- 21.2 It is equally feasible to unintentionally amend a contract through knowingly allowing changes or defaults to occur without a formal reaction, this can result in "acceptance by conduct".
- 21.3 A common example is that many companies include their own terms and conditions on the reverse side of all correspondences and invoices, so unless the Authority has made it clear that its standard terms are to apply, the supplier's terms may apply by default.
- 21.4 If you are unsure about the contractual impact of any correspondence received, please contact PPCS for advice before communicating with the supplier.
- 21.5 Another common area is a procurement outcome being challenged by a disappointed supplier. This could bring the whole procurement process to a halt, and will do so under [Regulation 95 of the Public Contracts Regulations 2015](#) if a Claim Form is issued. The best way to avoid this pitfall is to ensure strict compliance with the Regulations based on advice from PPCS.

22 ACKNOWLEDGEMENTS

- 22.1 The use in these Rules of material sourced from Government Departments including the Government Commercial Function (part of the Cabinet Office) is acknowledged.
- 22.2 References in Government Commercial Function guidance and training to "Gold, Silver and Bronze" contracts rely primarily on value as a determinant and therefore are not directly compatible with the "High, Medium and Low" risk categorisations used with Parliament.

APPENDIX 1 – CONTRACT MANAGEMENT PLAN TEMPLATE

Contract Management Plan Template & Guidance

PREAMBLE

Your Contract Management Plan (CMP) is the document in which you detail your rationale and approach to managing a contract throughout its life. Ideally, the CMP progresses through several stages of development which align with planning (the Business Case), preparing (the tendering process), and managing (implementing the plan) phases of contract management. As these stages are passed you will probably need to update the CMP as more of the details are established. Ideally, the CMP develops from being a strategic level plan at the beginning, to one that is effectively a handbook for the day-to-day management of the contract during the operational phase.

This template provides a walkthrough of subject areas you will need to consider and populate in a CMP. Where applicable the relevant stage at which detail may be added is indicated. In many cases the contractor will also be managing the contract from their perspective, so the CMP is likely to be used by the contractor as well as you, and some of the detail will require agreement between you. However, the CMP is primarily produced for internal use and should remain a non-contractual document.

The headings below are fairly exhaustive but are not mandatory. Each CMP should be a bespoke document. Each CMP should be proportionate to the value, scale and scope of the contract. Where the contract is not complex, neither should the CMP. For the relatively straightforward delivery of “off the shelf” goods, for instance, the CMP need only address who is responsible for ensuring that delivery as specified is being achieved and invoices certified and paid.

The underlying aim is a simple one. Anybody in Parliament should be able to pick up the CMP and understand what the contract is intended to achieve in terms of deliverables and wider benefits, who authorised its placement and who (and by what means) is responsible for managing it so as to achieve successful delivery.

Note that the mandatory Government Commercial Function Foundation Training includes Template #6, an Intelligent Client Function Contract Management Plan. Use of this Template as an alternative to Appendix 1 is an acceptable approach (the two are not incompatible) but is not recommended for any but the most complex contracts.

Contract Management Plan For [.....]

Introduction

Provide a brief introduction describing the purpose of the contract. The aim is to give enough information to provide the reader with the context and understanding of the contract, you should cover:

- contract title / number / date;
- deliverables / timescale / duration;
- the end customer;
- the route to contract and any OJEU advertising details;
- financial approval / when given and by whom / the budget;
- relevant Business Cases and anticipated benefits;
- links to other contracts / dependencies;
- state the outcome of the Risk Categorisation Process and the principal reasons for any "High Risk" attribution.

Organisation and Governance Structures

This section needs to give the reader a clear picture of how the and by whom the management of the contract is to be organised. For "simple" goods and services this need only be given in brief detail including any Authority/contractor meetings. But where there is a more substantial governance structure, for instance under a Senior Responsible Owner (SRO) and / or substantial end customer interaction then a much fuller description will be appropriate.

You should then consider including the following:

- the Senior Responsible Owner;
- structure diagrams for the key stakeholders and end users;
- structure diagrams for the contract manager / contract management team (which should be named);
- if justified by complexity, a [RACI matrix](#) may be appropriate;
- details of the level at which key contract decisions will be made;
- the equivalent contractor structures and Authority/contractor meeting pattern and structure (and sub-contractors if key and direct Authority contact is likely);
- dispute management structures.

Risks

This section needs to cover the key risks identified, who is responsible for each and any methodology for their mitigation / management.

Benefits /Opportunities

What benefits and / or opportunities are anticipated in any Business case and how will these be tracked and reported. This should include any gainshare arrangements.

Contract Management Reviews and Reporting

This section should cover the frequency and content for all contract review meetings and reports or data provision, as called for in the contract. You should include:

- the required attendance at meetings for both the Authority and the contractor;
- the nominated chairperson;
- the Terms of Reference and any standing agenda;

For short term contracts (under 6 months) and those for the delivery of Goods this Section need not be extensive but for longer term contracts, an explanation of how Parliament's requirements in Appendix 2 will be reviewed and the outcome recorded should be included.

Dependencies & Assumptions

Where the contract is in any way predicated on Authority supply goods, services or facilities then these should be stated and the individual responsible for their provision stated.

Where a contractor's tender contains assumptions, which have been accepted then these should be highlighted and arrangement for monitoring stated.

Communication Protocols

In this section you should detail the protocols for formal and informal communications, making the distinction between day to day contract., management communications and other communication required by the contract (for example notices, consents or confirmation of acceptance). You should also describe:

- the authoritative points of contact for various subject matters;
- the use of any "ordering systems" or other protocols for call-offs or demands;
- any shared working / data environments and the rules of use;
- the processes for handling public disclosure requests where these involve data belonging to or impacting one or other of the parties.

Key dates, Milestones and Decision Points

This section needs to detail those key dates, actions or trigger points in the contract that may be buried in the contract and may not be included in a performance matrix. You should include:

- obligations on the Authority to provide decisions, data, reports or any other deliverable to the contractor;
- obligations on the contractor to provide deliverables or outputs (these may be specified as Key Performance Indicators / Performance Indicators (KPIs / PIs));

- obligations on either party to provide notices, confirmations or proposals;
- financial reporting dates.

Compliance Matrix,

For complex contracts a Compliance Matrix should be considered embracing the totality of the contract typically under the following headings:

- location reference (within the contract document);
- details of the obligation;
- Authority or contractor obligation, or joint;
- date due;
- deliverables;
- how will delivery be established and assured;
- by whom.

The Compliance Matrix can embrace the totality of the contract (including all terms and conditions) or only the specification element. The aim in either case is to have an 'at a glance' reference of what must be done, by whom and when.

Delivery, Performance and Compliance Monitoring

If not already embraced with a Compliance Matrix, you should use this section to detail how the delivery of the contract requirements by the contractor will be monitored and measured/certified. You will need to make direct reference to the specification and any KPIs and PIs, along with the performance criteria that will determine acceptable levels of service.

Where KPIs are related to a service credit regime, you must explain the process for applying this.

It is essential to state how KPI data is to be verified, particularly when such data is provided by contractor. Some form of rolling or spot check assurance regime will be appropriate.

Where Liquidated Damages are set against performance failure (or breaches), you must explain how these are to be applied.

Processes and Procedures

The CMP should set out any processes and procedures referred to in the contract and developed for either routine transactions or specific circumstances requiring consistent handling.

These should include:

- supply ordering processes (call-off, catalogue-based contracts);
- required interaction with the House of Commons Purchase Order process;
- subsidiary competition process (frameworks);
- invoicing and payment process;

- replacing key personnel;
- contract change and amendment process;
- project and risk management process;
- issue escalation and dispute processes;
- document and software configuration control processes;
- processes for request and provision of ad-hoc data and information.

Contract Change, Amendment (where not already addressed)

In this section, if not already addressed under Processes above, you should detail the internal arrangements for approving and handling contract amendments and change (which may simply be reference to the process in the section above for smaller contracts).

Where the contract has been placed with a heavy predication on the availability of particular individuals, such that they have been declared to be Key Personnel, any changes in such Key Personnel should be treated as a Contract Change.

In the Strategic Estates environment, Compensation and Relief Events should be treated as contract amendments and managed accordingly.

Innovation / Continuous Improvement

If appropriate, the method and process by which innovation and improved efficiency will be encouraged, assessed and rewarded

Stakeholder Management, Liaison and Contact

In some cases, the contractor will be required to have direct contact with end users and possibly other stakeholders. This section should outline the protocols and forums for any such contact and should cover the limits to levels of authority of those stakeholders and end users.

You should also cover how you intend to communicate the contract arrangements to end users and other stakeholders so that they understand the contractor's responsibilities (and the limits to them), and their own responsibilities necessary for the contractor to provide a satisfactory service.

Relationships and Behaviour Management

Identify the type of relationship and behaviours required to manage the contract effectively. This may include:

- joint agreement and dissemination of relationship charters;
- establishing contractor staff responsible for different areas of relationship management;
- establishing a programme of joint inductions;
- agreeing the relationship measurement methods and criteria.

Closure / Exit Management Plan

Outline the arrangements for certifying completion of the contract and any exit management planning necessary to achieve a smooth handover to a replacement contracting arrangements and how these will be kept under review. This should include management of any TUPE issues and associated information availability.

Knowledge Management and Learning From Experience (LFE)

You should outline proposals for capturing key data and lessons learned from the contract management processes you put in place, and from other, wider and external sources. You will need to periodically review the processes to ensure they are still effective during the life of the contract.

Information Management

State who is responsible for keeping an up to date copy of the contract and a complete record of post-contract reports and supplier correspondence and where such information will be stored and can be retrieved. State the location of any relevant plans (e.g. Exit Management, Business Continuity, Implementation).

Multiple Contract Structures

Particularly prevalent in Strategic Estates, where the contract/CMP is one of a "family" of contracts all linked to the delivery of a specific project, it is essential to situate the contract/CMP within that family and the management of the project as a whole and to demonstrate how cross-contract performance, risk and management issues will be co-ordinated.

Additionally, for Strategic Estates only, it will be necessary to align the CMP with the Project Executive Plan (PEP).

APPENDIX 2 – GENERAL POLICY COMPLIANCE ASSURANCE

1 Suppliers working on the Estate (or for HoC providing services to it) are required to pay their staff the London Living Wage (or for HoC a living wage where the service provider is based outside of London).

The House of Commons and the House of Lords are accredited by Citizens UK (CUK) as London Living Wage Employers. The terms of their accreditation licences require that contractors and sub-contractors with dedicated staff who are based on parliamentary premises are paying those staff at least the LLW. "Dedicated Personnel" means anyone (other than an apprentice or intern) who provides a service to or on behalf of the Authority involving 2 or more hours of work in any given day in a week, for 8 or more consecutive weeks in a year.

Additionally, decisions were taken that, for House of Commons contracts and where the Lords and Commons contract together jointly:

- contractors and sub-contractors which provide services in relation to our contracts, while not having a presence on parliamentary premises, pay dedicated staff at least the LLW, or the UKLW if based outside London;
- Contractors are also encouraged to pay apprentices the Living Wage.

PPCS will write to all relevant suppliers informing them of the applicable rates and any subsequent changes and the implementation dates.

Contract Managers should be aware of the following issues which may arise as a result of this policy:

- a) you may be contacted by service providers enquiring about their obligation to implement the new rates. You should explain that we are accredited by Citizens UK (CUK) as London Living Wage Employers and wish to make sure all staff working on our premises (or for HoC contracts providing us with a service) receive the appropriate living wage rate;
- b) the implementation of any new rates needs to be carried out within 6 months of the announcement. Suppliers may implement it before this period. However, any delay in the implementation beyond 6 months must be communicated to PPCS;
- c) if a supplier asks for a price uplift to meet the cost of the living wage, the relevant PPCS category team should be contacted with details including the name of the service provider, number of staff concerned and the proposed cost of the uplift. The Contract Manager and PPCS contact will then discuss with the Finance Directors to decide whether this increase should be met from our funds. Whilst some contract prices may be predicated explicitly on the LLW or Minimum Wage as part of the terms and conditions, normally there will be no obligation to do so;
- d) each year, after the new rates are announced, PPCS will send a reminder to all relevant suppliers. Following that, PPCS may carry out spot checks to ensure compliance and engage Contract Managers to assist in that respect;
- e) although PPCS will notify all relevant suppliers of the new rates, it is possible that some suppliers may not receive the notification e.g. out of date contact details. In any case, whenever speaking to the supplier at your next scheduled meeting, please consider adding the Living Wage as an agenda item for clarification.

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

2 Suppliers are complying with the equal opportunity, diversity and staff welfare standards in the contract

The elimination of unlawful discrimination and promotion of equality of opportunity in its contract management dealings are important to the Authority. Where Equality and Diversity capabilities have been raised as a feature of contract award, then throughout the delivery of the contract and at least annually, Contract Managers should seek to refresh the original evidence of compliance.

Generally speaking, Parliament's expectations are that all suppliers and their sub-contractors:

- understand and accept their legal duties in these areas and take them seriously;
- do not unlawfully discriminate and that they positively promote equality and diversity in the delivery of goods, works or services and in employment.
- treat their employees fairly and with respect regardless of their age, gender, gender identity or reassignment, sexual orientation, race, colour, nationality, ethnic or national origin, religious affiliation or religious belief, marital or civil partnership status, disability, pregnancy and maternity, or any other group or factor that is irrelevant to performance;
- consider their employees on merit for opportunities, including training, development and promotion;
- give their employees all reasonable help to overcome problems at work which are associated with a disability.
- demonstrate that the working conditions of their employees ensure the welfare of the workforce and the maintenance of stable and skilled teams. This includes the salaries paid to each member of staff and evidence that this is sufficient to maintain such a workforce.

Adverse finding should be reported to PPCS in the first instance.

3 Sustainability and Environmental objectives are being met

The Authority is committed to improving the sustainability of their activities and operations and leading by example, for the benefit of the society and the environment as a whole. Contract Managers should familiarise themselves with the [Sustainable Procurement Policy](#) and [Parliament's Environmental policy](#) as both documents outline the core objectives and responsibilities of the Authority.

Contract Managers must ensure that any contract specific sustainability and environmental objectives are met. In this respect, information should be recorded as part of the regular review meetings and any incidences of non-compliance acted on and rectification sought.

4 Baseline security checks have been undertaken by the supplier in relation to staff working on the Estate

It is a requirement of the Authority that everyone who has access to the Parliamentary Estate, or its IT systems, has successfully completed HMG Baseline Personnel Security Standard (BPSS), pre-employment checks.

These checks comprise four main elements:

- identity;
- Nationality and immigration status (including an entitlement to undertake the work in question);
- employment history; and

- criminal record (unspent convictions only)

National Security Vetting

The Pass Office will undertake security vetting to at least CTC level on all those who are required to work on the Parliamentary Estate and/or have access to the parliamentary network.

- The HMG Personnel Security Controls document, link below, provides guidance on the requirements and process.
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/299547/HMG_Personnel_Security_Controls.pdf
- All applicants must have resided in the UK for a minimum of 3 years out of the last 5 years.

All users of the Parliamentary Estate (excluding visitors) must hold a valid photographic security pass issued by the Pass Office. No one may work on the Estate without a valid security pass. Passes must only be used by the person to whom they were issued.

The pass must be surrendered on termination of appointment or expiry and returned to the Pass Office.

Breaches of the above may result in action against the passholder, the sponsor of the pass or the Contract Manager.

It is important that BPSS checks are carried out before pass applications are submitted and other levels of personnel security control, such as the Counter-Terrorist Check (CTC), are carried out by Parliament's Pass Office.

All suppliers and agencies must undertake these checks on all their staff and sub-contractors who will have access to the Parliamentary Estate or its IT systems. They must make their records available for auditing by the PSD audit and compliance Team.

Once a contract is awarded, the PSD audit and compliance team will contact the supplier and its sub-contractors to carry out an audit in their process.

As BPSS includes checking official documentation (passports, identity cards, visas, residence permits, birth certificates and driving licenses), the Audit and Compliance Team recommends that suppliers use the document checking facilities available on [Prado](#) and [EdisonTD](#).

5 The business continuity arrangements for the contract are adequate

Where the specification demands the provision of a Business Plan, Contract Managers should understand clearly how the services/goods/works provided impact on the Authority 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 with the supplier to mitigate incidents.

Business continuity plans should regularly be tested to ensure they are fit for purpose and formally refreshed at least annually

Additional guidance on how to set up a business continuity plan is available at the [HM Government Business Continuity Management Toolkit](#)

At the end of the contract, Contract Managers must ensure that adequate time is allowed to run a procurement process in order to continue to provide the services required. Therefore, they must contact PPCS:

- at least six months before the expiry date for contracts with a lifetime value below public procurement regulation thresholds;
- at least one year before the expiry date for above public procurement regulation thresholds.
- Thresholds include VAT. ICT, Services & Supplies £138,760; Works £5,336,937

This should include making arrangements (normally 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.

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 Parliament Safety Team of the Authority and PPCS. Breaches of H&S requirements must be dealt with as per the provisions contained in the standard terms and conditions applicable to the contract.

7 Suppliers are complying with information security policies

'Information security' refers to the security of all of the information held by the Authority. On certain contracts, it is possible that suppliers may hold or have access to information that belongs to the Authority. Typically, it could include security, commercial or personal sensitive information.

Contract Managers should ensure that whenever a supplier handles information that belongs to or is provided by the Authority, they follow appropriate Authority policy which is outlined in [Information Security, Data Protection & FOI](#) available on the intranet.

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.

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 PPCS.

At the end of the contract, retention and where appropriate disposal of records should be addressed and confirmed, refer [Authorised Records Disposal Policy](#).

Non-compliance will normally constitute a contract breach and rectification should be pursued.

8 Suppliers are consulting the Authority for any publicity or reference requests

We will generally permit suppliers to publicise the fact that they perform work for the House(s), where this poses no unacceptable reputational risk. A standard term in our contract's states that before any publicity material is published the supplier must send it to "the Authority" for written

approval.

All publicity requests should be sent to ppcs@parliament.uk, these will be considered by the Director of PPCS who will consult the media team for the House concerned, or both for a joint contract (including PDS), before responding.

References are only provided using the [Certificate of Past Performance form](#) so to avoid creating liabilities for the Authority. The Contract Manager should complete the form and send it to the relevant Head of Procurement for review. Once completed and reviewed, the Head of Procurement sends the form to the supplier, copying ppcs@parliament.uk.