AUTHORITY: The Secretary of State for the Home Department

Contract For The Provision Of The Knowledge Of Life In The UK (LitUK) Testing Service

SCHEDULE 8.1

GOVERNANCE AND CONTRACT MANAGEMENT

Schedule 8.1 (Governance And Contract Management)

1. SCOPE AND DEFINITIONS

1.1. The Supplier and the Authority shall comply with the management principles set out within this Schedule 8.1 (Governance and Contract Management) with respect to the delivery of the Services and the management of this Agreement.

1.2. This Schedule 8.1 (Governance and Contract Management) covers:

1.2.1. the objectives and relationship principles of the contractual arrangement;

1.2.2. the management plans and policies which the Authority requires the Supplier to develop, maintain and use to manage the operation of this Agreement;

1.2.3. the management framework required for monitoring and managing the performance of this Agreement;

1.2.4. the organisational structure to be adopted by the Parties to deliver the contract management function including additional reporting requirements such as financial reporting; and

1.1.1 innovation and gain share governance

2. OBJECTIVES

2.1. The primary objective of the contract management process is to ensure that the delivery of the Services is planned, monitored and controlled effectively, in the manner set out in this Schedule 8.1 (Governance and Contract Management).

2.2. The objective is achieved through management of the relationship between the Authority and the Supplier that is structured to achieve:

2.2.1. the regular review of the strategic progress of this Agreement and the addressing of any issues arising;

2.2.2. the day-to-day management of this Agreement;

2.2.3. the effective and regular review of the Supplier's current and future delivery of the Services, including the identification and agreement of any shortfalls and improvements;

2.2.4. the operation of the Dispute Resolution Procedure.

2.3. Both Parties shall ensure that appropriate resource is made available on a regular basis such that the aims, objectives and specific provisions of this Agreement can be fully realised.

3. RELATIONSHIP PRINCIPLES

3.1. Both Parties shall observe the following relationship principles throughout the duration of the Contract:

3.1.1. the Parties shall operate under shared objectives, values and behaviours which

shall be agreed between the Parties from time to time;

3.1.2. mutual trust based on openness and honesty about how the relationship is working and what issues in relation to it need to be resolved;

3.1.3. recognition that the successful delivery of the Services relies on the strength of the relationships between the Parties and a commitment to work together to deliver the Services and any agreed or required Service improvements;

3.1.4. without prejudice to other provisions of this Agreement, the Parties shall explore future initiatives, such as savings initiatives or Service Improvements, including those that may deliver mutual benefit to the Parties;

3.1.5. the Parties shall explore areas from time to time that will enable both Parties to share risk and reward, for example the exploration of business process changes that result in reduced cost and increased efficiencies creating an environment of continuous service improvement.

3.2. The "Relationship Matrix Card" as set out in Appendix A to this Schedule 8.1 (Governance and Contract Management) provides an interface for communication and engagement between the Authority, the Supplier and Authority stakeholders in relation to the provision of the Services under this Agreement.

3.3. The Relationship Matrix Card will provide impetus, direction and focus for the ongoing provision of the Services and will be based on the following categories of key behaviours which are themselves based on the Parties' own core values:

3.3.1. direction and purposes;

3.3.2. customer focus;

3.3.3. business and product awareness;

3.3.4. two-way communication;

3.3.5. team-working;

3.3.6. business benefit;

3.3.7. innovation and problem solving;

3.3.8. drive and commitment.

3.4. The Parties will clearly communicate these competency values to employees and to Sub-contractors, both at the start of the Services and throughout the Term. The Parties will interpret the competency values within the roles, responsibilities and practices of all personnel, and include them as essential elements of both Parties' teams' performance, management plans and reviews.

3.5. The Supplier shall assign a colour code number to each category item within the Relationship Matrix Card on a quarterly basis and return this to the Authority within five (5) Working Days of the Strategic Review Management Board.

3.6. The Authority shall assign a colour code number to each category item within the Relationship Matrix Card on a quarterly basis and return this to the Supplier within five (5) Working Days of the SRMB.

3.7. The Relationship Matrix Cards shall be used as an agenda item to discuss the results at the SRMB. At this point it may be appropriate to drill down into actual instances of good or bad behaviours, in order to agree the activities and actions for specific improvements.

4. POLICIES AND MANAGEMENT PLANS

4.1. The Supplier shall develop, maintain and implement the policies relating to but not limited to:

4.1.1. health and safety, fire protection and first aid;

4.1.2. information technology security; and

4.1.3. equal opportunities.

4.2. The Implementation Plan including operational procedures as agreed by the Parties in accordance with Schedule 6.1 (Implementation Plan) shall form the "Contract Management Plan".

5. CONTRACT MANAGEMENT FRAMEWORK

5.1. The contract management framework shall be formed of two groups:

5.1.1. the Contract Management Group which shall be responsible for day to day matters regarding the management and performance of this Agreement; and

5.1.2. the Strategic Review Management Board, which will be concerned with the performance of the Services and the management of this Agreement.

6. CONTRACT MANAGEMENT STRUCTURE

6.1. Contract Management Group

6.2. Both Parties shall nominate a contract manager who shall have prime responsibility for the provision of the Services. The Supplier Contract Manager shall be named within Schedule 9.2 (Personnel and Key Representatives).

6.3. The major responsibilities for discharging routine day-to-day contract management functions lie with the Authority Contract Manager and the Supplier Contract Manager and shall include:

6.3.1. attending a monthly contract management meeting (the "Contract Management Meeting");

6.3.2. review of performance data and key performance indications;

6.3.3. agreement of Service Credits associated with key performance indicators;

6.3.4. initial processing of Contract Change Notices;

6.3.5. verification and authorisation of invoices;

6.3.6. keeping the Agreement continually up to date;

6.3.7. maintaining the joint Risk Register; and

6.3.8. assurance of systems architecture.

6.4. The Contract Managers shall be responsible for initial attempts at all dispute and problem resolution.

6.5. The Contract Managers shall be responsible for the co-ordination of communication and action relating to all aspects of this Agreement.

6.6. The Parties shall ensure that the Contract Management Group fulfils and complies with the following requirements:

6.6.1. the Contract Management Meeting shall be held monthly and usually not later than the end of the second full week of each Service Period. The Authority or the Supplier may call “Ad hoc” meetings on reasonable, and in any event not less than 5 Working Days, notice at any time to address specific issues.

6.6.2. The Contract Management Group shall jointly review the performance of the Services including but not limited to managing risk, incidents, complaints and change control.

6.6.3. Both Parties shall use reasonable endeavours to ensure that effective and direct lines of communication are maintained between, and otherwise to, the Contract Managers at all times during Working Hours. If for any reason, these lines of communication cannot be maintained at any time, the relevant party shall ensure that an alternative point of contact is established with the other so that any issue for which action is required is progressed during the relevant Contract Manager’s unavailability.

6.6.4. Both Parties shall establish effective and direct lines of communication at all times outside Working Hours. They shall ensure that an executive decision making capability is provided during those periods for the purposes of emergency response and administering the Services to be delivered under this Agreement.

6.7. Contract Management Meetings shall be chaired by the Authority Contract Manager and:

6.7.1. minutes shall be taken by either of the Contract Managers as agreed at the Contract Management Meeting. Following approval by the Authority Contract Manager, the minutes shall be circulated with an action log detailing agreed actions to be carried out, to the Contract Management Group ;

6.7.2. actions arising shall only be deemed closed when the Parties have agreed them to be closed at a subsequent Contract Management Meeting or expressly in writing; and

6.7.3. in the event that the either Contract Manager is unable to attend a Contract Management Meeting, such meeting shall be attended by a representative who is equivalent of, or a more senior member of the Supplier’s personnel than the relevant Contract Manager.

6.8. Strategic Review Management Board (SRMB)

6.9. The SRMB meetings shall be attended by:

6.9.1. the Supplier's executive board member with overall responsibility for this Agreement;

6.9.2. the Authority's director responsible for the provision of Services under this Agreement (the "Authority Director");

6.9.3. the Supplier's business operations services lead (the "Supplier Operational Services Lead");

6.9.4. the Authority Service Delivery Manager (as required by the Authority);

6.9.5. the Contract Managers;

6.9.6. any such other persons as the Parties may agree or the Authority shall reasonably require.

6.10. The SRMB shall be responsible for developing the strategic direction of the Contract and assessment of performance of the Contract in regard to:

6.10.1. service provision;

6.10.2. performance and quality management;

6.10.3. financial information (including invoicing, financial variations etc);

6.10.4. risk management;

6.10.5. effectiveness of the relationship principles;

6.10.6. reviewing and agreeing strategic plans;

6.10.7. risk management;

6.10.8. commercial, legal and media issues; and

6.10.9. other issues that may affect the strategic direction of the Agreement from time to time;

6.11. The SRMB shall meet at least once in each Quarter (a "Strategic Review Management Board Meeting" or "SRMB Meeting") and the Supplier shall produce and deliver a monthly report (a "Performance Report"), for each Service Period, to the members of the SRMB to arrive at least five (5) Working Days in advance of the scheduled meetings. The report shall contain the Management Information listed within the tables in Annex B of 6 of Schedule 8.8 (Management Information) as well as the financial reporting requirement listing below:

6.11.1. The Supplier shall provide Quarterly Contract Reports to the Authority for the purpose of the SRMB Meetings.

6.11.2. The Supplier shall provide the Quarterly Contract Report not less than five (5) Working Days in advance of the relevant SRMB Meeting.

6.11.3. The Supplier shall, if requested by the Authority, provide (or procure the provision of) the above level of information in relation to the costs and expenses

to be incurred by any of its Sub-contractors or third party suppliers.

6.11.4. The Supplier shall, upon the provision of reasonable notice, provide the Authority with such other financial information as it may from time to time reasonably require with respect to all sums paid by the Authority to the Supplier pursuant to this Agreement.

6.11.5. The Supplier shall for the purposes of paragraph 6.11.1 provide the Quarterly Contract Reports in accordance with the principles of Government Accounting http://www.hm-treasury.gov.uk/data_greenbook_index.htm or other such format as the Authority may, at its sole discretion, agree.

7. Escalation

7.1. In the event of any queries, issues, complaints relating to the performance of the Agreement, the following escalation process shall be adhered to prior to the utilisation of Clause 27 (Rectification Plan Process) or Schedule 8.3 (Dispute Resolution Procedure):

Operational issues

Level of Escalation	Authority Key Representatives	Supplier's Key Representatives
1	Authority Service Delivery Manager	Supplier Operational Services Lead
2	Director and / or Contract Manager	Supplier Managing Director and/or Supplier Contract Manager
3	SRMB	SRMB

Contractual Issues

Level of Escalation	Authority's Key Representatives	Supplier's Key Representatives
1	Authority Contract Manager	Supplier Contract Manager
2	Contract Management Group	Contract Management Group
3	SRMB	SRMB

Note: Level 3 is the highest contractual escalation point for both Operational and Contractual Issues.

APPENDIX A

RELATIONSHIP MATRIX CARD

	1	2	3	4	5
Direction and Purposes	Conflicting views, misaligned, adversarial	Recognises the importance of team / individual relationships and common objectives	Consistently meets business needs; meets common objectives	Identifies opportunities to ensure thorough team performance to deliver maximum whole life value	Capable of strategic decision making and alignment; creates mutual wealth and value
Customer Focus	Short term, reactive, in a win / lose, lose / lose situation	Recognises customers' needs and responds to them	Anticipates and reacts to customer's changing drivers and expectations	Takes a long term view of relationships with customers and suppliers	Anticipates and delivers innovative solutions based on lifetime values
Business and Product Awareness	Failure to understand own activities vis a vis customer needs	Listens to customers but tries to modify customer needs to existing products	Understands group business but has no external reference	Customises products and services involving customer ideas and solutions	Recognises the fit within the value chain; shares risk and reward with customers and suppliers
Two-Way Communication	Exploitation at customer's expense; closed and cold relationship	Prepared to listen to others but will not always change as a result	Recognises issues and concerns of others	Makes suggestions and gives feed back; understands situations	Is open and honest, an active listener, shares information whether good or bad
Teamworking	Insular and arrogant behaviour, critical and autocratic style; holds "not invented here" attitude	Recognises the need to work together with own team and customer's team	Encourages team working within the business	Sponsors change by creating and involving cross-organisational teams	Shares resources, supporting each other with common goals
Business Benefit	No business benefits considered	Understands all costs and tangible benefits and calculates NPV	Starts to include the intangible benefits	Follows best practice for cost benefit business cases, e.g. from the Treasury Green Book	Recognises and shares cost / benefit information with own staff / customers / suppliers
Innovation and Problem Solving	Takes no risk - no change; stays within comfort zone	Recognises there could be a better way of doing things	Analyses options for improvement	Makes suggestions for improvement	Total innovation / joint solutions; continually improving / challenging the status quo
Drive and Commitment	Fails to provide solutions; fails to recognise failure and the impact of failure	Achieves basic requirements; identifies potential for improvement	Tries to exceed the requirements of the job	Achieves and sustains standards of excellence	Demonstrates enthusiasm, tenacity and persistence to achieve customers' expectations