

## SCHEDULE 6.1

### GOVERNANCE AND CONTRACT MANAGEMENT

#### INTRODUCTION

##### 1. DEFINITIONS

In this Schedule, the following definitions shall apply:

"Board Member"	the initial persons appointed by Ofwat and the Delivery Partner to the Contract Management Board as set out in Annex 1 and any replacements from time to time agreed by the Parties in accordance with Part B Paragraph 3.2;
"Contract Management Board"	the body described in Part B Paragraph 3.1;
"Monthly Contract Management Report"	the report to be delivered on a monthly basis by the Delivery Partner in accordance with Part C;
"Contract Review Report"	the report to be delivered on a quarterly basis by the Delivery Partner in accordance with Part C;

##### 2. CONTENTS

This Schedule covers the following sections:

- Part A: Key Personnel;
- Part B: Contract Management Board;
- Part C: Management Information (Reporting);
- Part D: Maintenance and retention of records; and
- Part E: Partnership Principles.

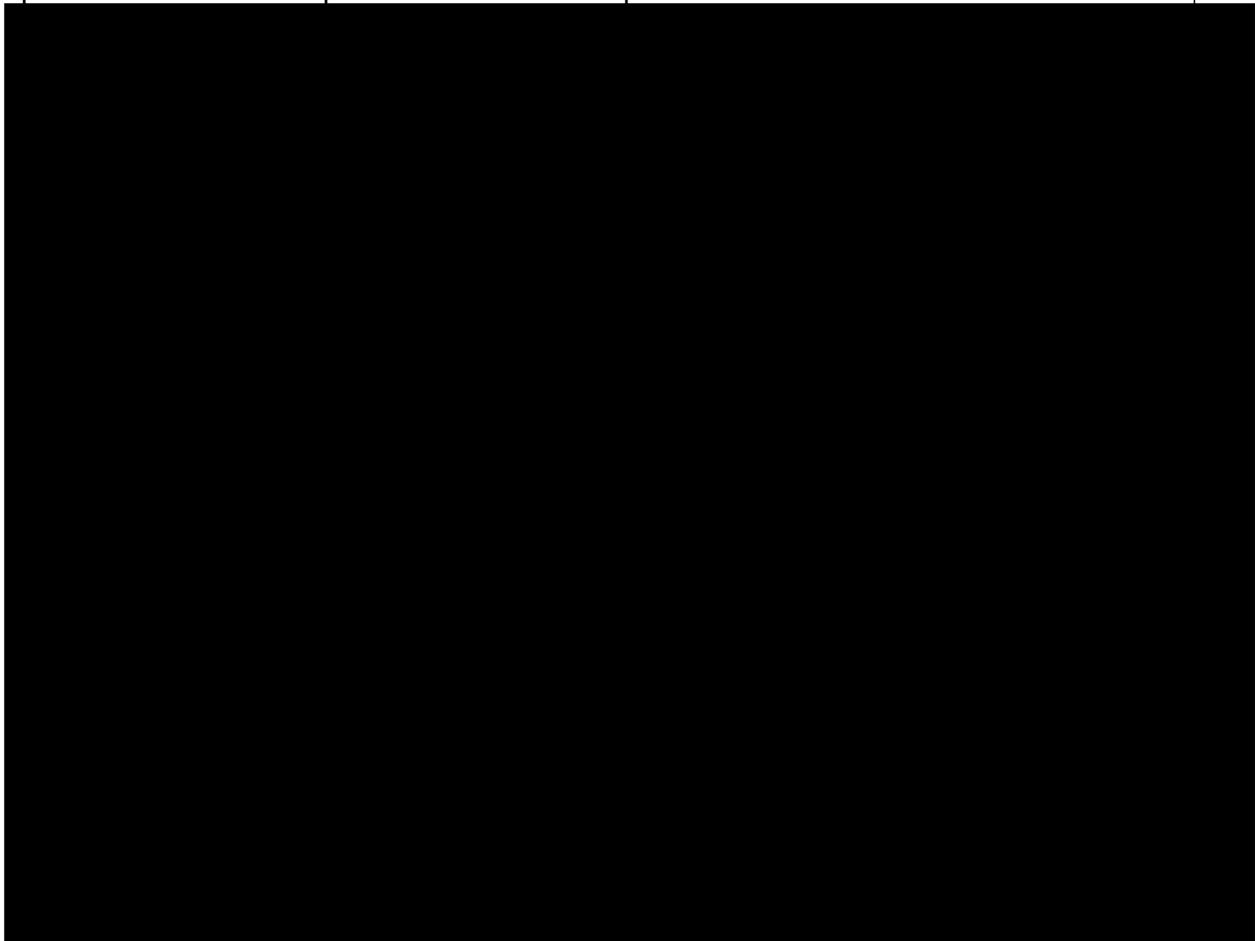
#### PART A: KEY PERSONNEL

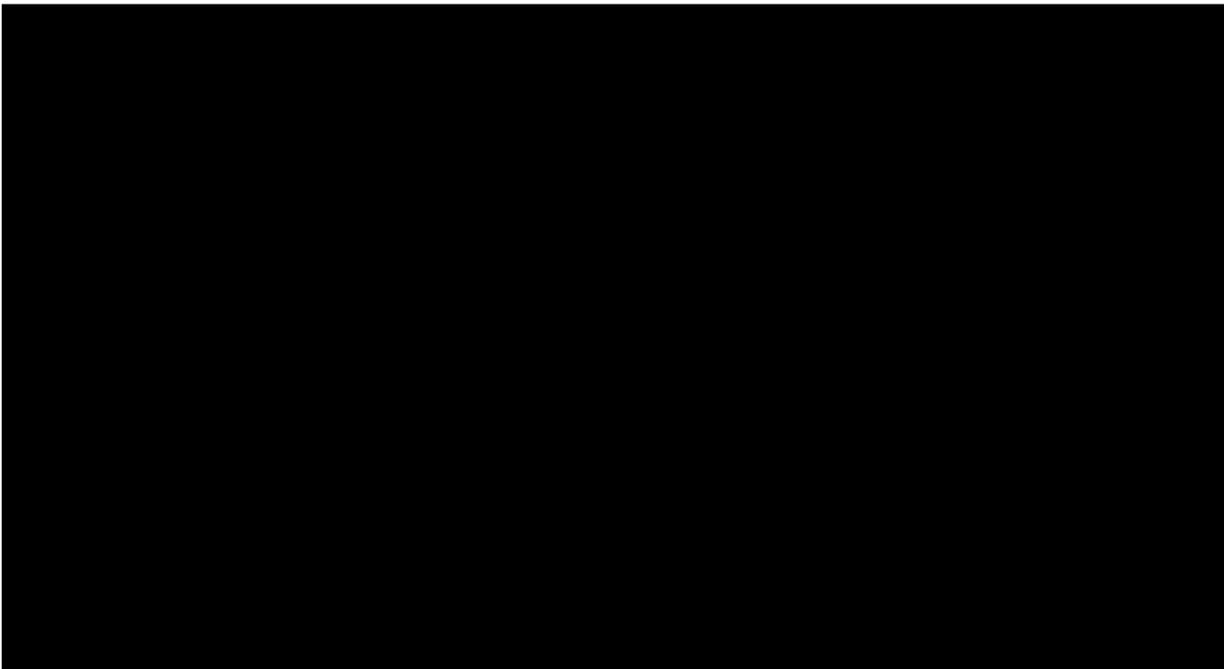
##### 1. MANAGEMENT OF THE SERVICES

- 1.1 The Delivery Partner and Ofwat shall each appoint a representative for the purposes of this Agreement through whom the Services shall be managed (the "**Delivery Partner Representative**" and the "**Ofwat Representative**" respectively). The Delivery Partner's representative shall be the Account Manager set out in the below Key Personnel table.
- 1.2 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.

2. **KEY PERSONNEL**

Key Role	Name of Key Personnel	Responsibilities/ Authorities
<p>Contract Manager (Ofwat Representative)</p>	<p><b>Samantha Bache</b></p>	<p>Ensuring day to day contractual management and that Ofwat's requirements from contractual performance reviews are delivered.</p> <p>Ensuring the provision of detailed analysis of performance providing informed reporting to the Contract Management Board.</p> <p>This role will be fundamental in implementing and establishing a good working relationship with the Delivery Partner. This will involve Ofwat colleagues and the Delivery Partner working closely in ways that maximise the use of available resources and excellent delivery.</p>
<p>Senior Responsible Owner for the Delivery Partner</p>	<p><b>John Russell</b></p>	<p>To provide oversight and accountability for all aspects of the Delivery Partner Contract within Ofwat. To ordinarily chair the Contract Management Board and to provide an escalation route, if necessary.</p>





Workstream leads	To be agreed between Ofwat and the Delivery Partner within 30 days from the Effective Date.	To lead the Delivery Partner input to work streams by ensuring the Delivery Partner resources are deployed effectively to ensure delivery of service in line with those specified in the contract.  To provide expert advice as required.
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**PART B: BOARD**

**3. CONTRACT MANAGEMENT BOARD**

**Establishment and structure of the Board**

- 3.1 A Contract Management Board shall be established by Ofwat for the purposes of this Agreement on which both the Delivery Partner and Ofwat shall be represented. The:
  - 3.1.1 Ofwat Members of the Contract Management Board;
  - 3.1.2 Delivery Partner Members of the Contract Management Board;
  - 3.1.3 any other standing members of the Contract Management Board, for example, including representatives from certain Sub-contractors;
  - 3.1.4 frequency that the Board shall meet (unless otherwise agreed between the Parties);
  - 3.1.5 location of the Board's meetings; and
  - 3.1.6 planned start date by which the Board shall be established,shall be as set out in this Schedule 6.1 (Governance and Contract Management) or otherwise as agreed between the parties within 30 days of the Effective Date.
- 3.2 In the event that either Party wishes to replace any of its appointed Board Members, that Party shall notify the other in writing of the proposed change for agreement by the

other Party (such agreement not to be unreasonably withheld or delayed). Notwithstanding the foregoing it is intended that each Ofwat Member has at all times a counterpart Delivery Partner Board Member of equivalent seniority and expertise.

- 3.3 Representatives of Sub-contractors may be required to attend Contract Management Board meetings at Ofwat's request.

#### **Board meetings**

- 3.4 Each Party shall ensure that its Board Members shall make all reasonable efforts to attend Board meetings at which that Board Member's attendance is required. If any Board Member is not able to attend a Board meeting, that person shall use all reasonable endeavours to ensure that:

3.4.1 a delegate attends the relevant Board meeting in his/her place who is properly briefed and prepared; and

3.4.2 that he/she is debriefed by such delegate after the Board meeting. For the avoidance of doubt, the delegate should be able to bind the relevant Party to the same extent as the Board Member.

- 3.5 Ofwat has the right to require that attendance at particular meetings is not delegated.

- 3.6 Ofwat will chair the meetings of the Contract Management Board and shall be responsible for:

3.6.1 scheduling meetings;

3.6.2 setting the agenda and circulating to all attendees in advance of such meeting;

3.6.3 monitoring the progress of any follow-up tasks and activities agreed to be carried out;

3.6.4 ensuring that minutes are recorded and disseminated electronically to the appropriate persons and to all participants within seven Working Days after the meeting; and

3.6.5 facilitating the process or procedure by which any decision agreed at any meeting is given effect in the appropriate manner.

- 3.7 Meetings of the Contract Management Board shall be quorate as long as at least two representatives from each Party are present.

- 3.8 The Parties shall ensure, as far as reasonably practicable, that the Contract Management Board shall as soon as reasonably practicable resolve the issues and achieve the objectives placed before it. Each Party shall endeavour to ensure that Board Members are empowered to make relevant decisions or have access to empowered individuals for decisions to be made to achieve this within a reasonable time.

#### **4. ROLE OF THE CONTRACT MANAGEMENT BOARD**

- 4.1 The Contract Management Board is responsible for day to day operational management as well as for senior level guidance, leadership and strategy for the overall delivery of the Services. It will be used to discuss progress on delivery of the Services and any issues arising in the performance of the Services.

- 4.2 The Contract Management Board shall meet at least monthly and be responsible for:
- 4.2.1 monitoring the day to day operational performance of the Delivery Partner, including the management of conflicts of interest, risks, issues and opportunities;
  - 4.2.2 ensuring that this Agreement is operated throughout the Term in a manner which optimises the value for money and operational benefit derived by Ofwat and the objectives of the Delivery Partner and in a way that is consistent with the Partnership Principles set out in Part E below, including Ofwat's SAILOR values;
  - 4.2.3 receiving and reviewing reports from the Delivery Partner and reports on service and other developments that offer the potential for improving the value for money that Ofwat is receiving;
  - 4.2.4 providing guidance on policy matters which may impact on the implementation of the Services; and
  - 4.2.5 Sharing feedback on the performance of the Services to date including with respect to the Performance Payment under the Incentivisation Mechanism, in order to provide the Delivery Partner with up to date information about Ofwat's assessment of its performance, and to give the Delivery Partner the opportunity to discuss any such feedback, with the objective of understanding issues and agreeing steps that could be taken to address these at the earliest opportunity. It is acknowledged all decision-making in relation to the application of the Incentivisation Mechanism shall remain at all times the sole responsibility of Ofwat, and that due to the sequencing of Ofwat's assessment process, any feedback provided will be based on the Delivery Partner's prior month performance.
- 4.3 The Contract Management Board shall meet on such other occasions as reasonably required for the proper administration of this Agreement or to deal with urgent ad hoc issues in between the monthly meetings.

## 5. **CONTRACT REVIEW MEETING**

- 5.1 A review meeting shall be held throughout the Term at a frequency to be agreed between the Parties in conjunction with or immediately following the applicable Contract Management Review meeting.
- 5.2 The meetings shall be attended by the Senior Sponsor of the Delivery Partner and the Senior Director, Strategy & Planning of Ofwat and any other persons considered by Ofwat necessary for the review.

## **PART C: MANAGEMENT INFORMATION (REPORTING)**

### 6. **MONTHLY CONTRACT MANAGEMENT REPORT**

- 6.1 The Delivery Partner shall record and provide Ofwat with the following management information each month or as this list may be amended from time to time as agreed between the Parties:
  - 6.1.1 summary, focus areas and observations in relation to the programme of work undertaken to date;
  - 6.1.2 the programme of work over the forthcoming quarterly period, and associated resource requirements, including Delivery Partner Personnel;
  - 6.1.3 spend (forecast vs actual) and against the metrics in Schedule 5.1 (Charging

and Invoicing) and forecast spend over the next quarterly period;

- 6.1.4 the details of any anticipated risks and issues related to the Services;
- 6.1.5 detailed progress in relation to the delivery of each Workstream, including where relevant deliverables and milestones, and by reference to the Services as a whole, capability build and knowledge transfer and quality;
- 6.1.6 any actual or potential conflicts of interest and related mitigating actions;
- 6.1.7 proposals for any adjustments to the way in which the Services are provided in order to achieve savings and assess the extent to which value for money is being achieved and whether opportunities to reduce costs or improve services or procedures have been identified and implemented; and
- 6.1.8 the effectiveness of the relationship between the Parties, including ways of working and observance of the Partnership Principles.

## 7. **CONTRACT REVIEW REPORT**

7.1 The form of the Contract Review Report will be agreed between the parties within 30 days of the Effective Date, and may be amended from time to time, but would be expected to cover:

- 7.1.1 summary, focus areas and observations in relation to the programme of work undertaken in the preceding period;
- 7.1.2 the programme of work over the forthcoming quarterly period, and associated resource requirements, including Deliver Partner Personnel;
- 7.1.3 spend and forecast spend over the next quarterly period;
- 7.1.4 a summary of any anticipated risks and issues related to the Services;
- 7.1.5 a summary of progress in relation to the delivery of each Workstream, including where relevant deliverables and milestones, and by reference to the Services as a whole, capability build and knowledge transfer and quality;
- 7.1.6 a summary of any material actual or potential conflicts of interest and related mitigating actions;
- 7.1.7 proposals for any adjustments to the way in which the Services are provided in order to achieve savings and assess the extent to which value for money is being achieved and whether opportunities to reduce costs or improve services or procedures have been identified and implemented; and
- 7.1.8 the effectiveness of the relationship between the Parties, including ways of working and observance of the Partnership Principles.

## **PART D: MAINTENANCE AND RETENTION OF RECORDS**

8. The Delivery Partner shall retain and maintain all the records (including superseded records) referred to in Annex 2 (together "**Records**"):

- 8.1.1 in accordance with the requirements of Good Industry Practice;
- 8.1.2 in chronological order;
- 8.1.3 in a form that is capable of audit; and

- 8.1.4 at its own expense.
- 8.2 The Delivery Partner shall make the Records available for inspection to Ofwat on request, subject to Ofwat giving reasonable notice.
- 8.3 Where Records are retained in electronic form, the original metadata shall be preserved together with all subsequent metadata in a format reasonably accessible to Ofwat.
- 8.4 The Delivery Partner shall, during the Term and for a period of at least 7 years (or such other period as may be indicated by Ofwat) following the expiry or termination of this Agreement, maintain or cause to be maintained complete and accurate documents and records in relation to the provision of the Services including but not limited to all Records.
- 8.5 Records that contain financial information shall be retained and maintained in safe storage by the Delivery Partner for a period of at least 7 years after the expiry or termination of this Agreement.

## **PART E: PARTNERSHIP PRINCIPLES**

### **9. RELATIONSHIP AND PARTNERSHIP PRINCIPLES**

- 9.1 In all their dealings with each other in connection with the performance of their obligations, and the exercise of their rights, under this Agreement, the Parties recognise and shall seek to apply the following key principles:
- 9.1.1 *Integrity*: establishing mutual trust and understanding through fair and honest conduct;
- 9.1.2 *Common purpose*: the Parties' shared primary purpose is the successful delivery of the Price Review.
- 9.1.3 *Ambition*: the Parties shall challenge each other to be the best organisations they can be, including by each challenging the assumptions and approaches of the other;
- 9.1.4 *Transparency and excellent communications*: the Parties shall deal with one another transparently, through honest and open communication, and manage risk by being rigorous and clear about how judgements are made and decisions are taken. The Parties will aim to build effective relationships between their organisations at all levels in order to develop a culture of co-operation, which will enable innovation and structured, programmed and well managed continuous improvement;
- 9.1.5 *Equality and diversity*: the Parties shall actively promote the principles of equality and diversity;
- 9.1.6 *Reputation*: the Parties recognise the importance of the success of the Price Review to both of their reputations, and wish to ensure that their successes are recognised by the public and by wider stakeholders, including Parliament;
- 9.1.7 *Maximising value*: the Parties shall work together to secure value for money for the public in the provision of the Services;
- 9.1.8 *Flexibility*: the Parties shall respond positively and commercially to any changes which occur during the Term, as well as the day-to-day requirements of providing the Services; and

9.1.9 *Value experience*; the Parties will value the experience and opinions that each brings to this relationship.

9.2 The Parties shall work collaboratively in a manner that respects and is consistent with Ofwat's SAILOR values, which are based around the following 6 key behaviours:

## We are Ofwat

**We aspire to act in line with our values in everything we do**

<b>S</b>	<b>A</b>	<b>I</b>	<b>L</b>	<b>O</b>	<b>R</b>
<b>Support</b>	<b>Ambition</b>	<b>Integrity</b>	<b>Learning</b>	<b>Ownership</b>	<b>Respect</b>
We work collaboratively, we stand by each other and are committed to each other's wellbeing	We aim high in the best interests of customers, the environment and society	We act and speak honestly, and have the confidence to challenge and be challenged. We have difficult conversations when needed and we will do what we say we will	We love to learn about new ideas and different ways of doing things and we help each other to develop and grow	We each take responsibility for our own actions and care about our impact on others	We value people for who they are, and the ideas and perspectives they bring
					

**ANNEX 1**

**BOARD REPRESENTATION AND STRUCTURE**

**Contract Management Board Representation and Structure**

Ofwat Members of Contract Management Board	John Russell or a designated deputy (Chairperson)  David Black, SRO PR19, Programme & Policy  Samantha Bache, Contract Manager  Georgina Mills, Programme Director  Marilyn Fairholme, Secretariat
Delivery Partner Members of Contract Management Board	██  ██  ██  ██
Start Date for Contract Management Board meetings	30 August 2018
Frequency of Contract Management Board meetings	Monthly
Location of Contract Management Board meetings	21 Bloomsbury Street  London

## **ANNEX 2 – RECORDS TO BE KEPT BY THE DELIVERY PARTNER**

The records to be kept by the Delivery Partner are:

1. This Agreement, its Schedules and all amendments to such documents.
2. All other documents which this Agreement expressly requires to be prepared.
3. Records relating to the appointment and succession of the Delivery Partner Representative and each member of the Delivery Partner Personnel.
4. Documents prepared by the Delivery Partner or received by the Delivery Partner relating to any Force Majeure Event.
5. All formal notices, reports or submissions made by the Delivery Partner to the Ofwat Representative in connection with the provision of the Services, including in relation to the management of conflicts of interest.
6. Documents prepared by the Delivery Partner in support of claims for the Charges and Reimbursable Expenses.
7. Documents submitted by the Delivery Partner pursuant to the Change Control Procedure.
8. Documents submitted by the Delivery Partner pursuant to invocation by it or Ofwat of the Dispute Resolution Procedure.
9. Documents evidencing any change in ownership or control of the Delivery Partner or any Sub-contractor.
10. Invoices and records related to VAT sought to be recovered by the Delivery Partner.
11. Financial records, including audited accounts of the Delivery Partner and Sub-contractors and information that may be required or provided pursuant to Schedule 5.2 (Financial Distress).
12. Records required to be retained by the Delivery Partner by Law, including in relation to health and safety matters and health and safety files and all consents.
13. All documents relating to the insurances to be maintained under this Agreement and any claims made in respect of them.
14. All journals and audit trail data referred to in Schedule 2.4.
15. All other records, notices or certificates required to be produced and/or maintained by the Delivery Partner pursuant to this Agreement.