Contract and Supplier Management

Purpose and Scope

Route 1 Contract and Supplier Management (CSM) provides guidance and tools/templates for contracts that are **low value** or l**ow risk** (or **both**).

For CSM guidance on medium to high value and risk contracts, please refer to Route 2 and Route 3.

Why CSM Matters

CSM is **much** more than administration. It is the bridge between awarding a contract and delivering the value from it.

Good CSM:

- enhances value for money
- reduces risk of supplier non-performance, poor service or cost creep
- supports innovation, continuous improvement and strong supplier relationships
- ensures compliance with legal/regulatory obligations

A Contract Compliance Checklist document is available for you to use, these can be found at the bottom of this page.

The supplier's performance should be managed throughout the lifetime of the contract to make sure they deliver the quality, service, cost and delivery identified in the contract award.

By managing the contract well, you can:

- avoid contract surprises or escalating costs
- make processes more efficient
- manage changes more easily
- ensure full and prompt payment to and through the supply chain

Quickfire Guide

Roles and Responsibilities

Role	Responsibility	Examples
Contract Owner	Accountable for overall contract delivery	• oversight of KPIs • budget holder • escalation
Contract Manager	Day-to-day management of supplier relationship	• monitoring performance • recording variations
Contract User	Orders and/or receives goods or services	• Ordering IT consumables only from the contracted supplier • Reporting delayed deliveries or poor service to the contract manager
Procurement / Commercial Team	Provides professional procurement advice	• approvals • legal compliance • change control
Finance	Payment controls and budget monitoring	• invoice approval, • compliance with terms
Supplier	Deliver goods/services in line with contract	• meet KPIs • provide reports • provide management information/data

Contract Manager

Open or close

The Contract Manager is, ideally, one person (or small team) and should be responsible for the contract. This helps with continuity, relationship building and knowledge retention.

The Contract Manager may not be the same person who awarded the contract, this can be beneficial because it allows fresh oversight.

Their responsibilities should be clear:. Roles, accountability, resources and time commitment should be defined.

The level of engagement should be proportionate to risk and value. For example:

Contract is low value, low risk to your organisation and there are many other substitute suppliers available e.g. cleaning services for a small office area	The contract manager may not need to stay in regular contact with the supplier. The contract may effectively “run itself” with no issues and therefore the Contract Manager may decide to have a monthly (or quarterly) supplier call to go over any updates.
Contract is low value but high risk to the organisation e.g. IT software	The contract manager will be more involved to avoid issues and problem solve. For example, they may have weekly meetings, weekly reporting and regular supplier visits.

It is good practice for the contract manager to publish, in advance, a schedule to the supplier and those who will be involved in the operation of the contract.

This schedule could include the contract management activities, including objectives and Key Performance Indicators (KPIs) and ensure that these are an embedded part of contract management activities from the beginning.

For a Route 1 contract, which is low value, low risk (or both) this schedule can be very brief.

CSM Key Steps

These steps should guide staff through what to expect and what their responsibilities are at each stage.

This should help staff avoid missteps such as unapproved extensions or inadequate monitoring.

Please note that the activities listed below are comprehensive and do not all have to be applied at once. Contract managers should make sure that the CSM activities used are **proportionate** and **relevant** to the contract that they are managing.

Please note that a document containing all of the key steps is available for you to download at the bottom of this page.

1. Before the Contract Starts

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Suggested Responsibilities/Considerations

- understanding requirement specification/contract scope and deliverables
- confirm roles and responsibilities
- review contract documents, KPIs and reporting requirements
- involvement of procurement
- risk assessment
- financial checks

Why it is Important

- it’s the bridge between *procurement* and *delivery*

- ensures both buyer and supplier understand what’s been agreed, what needs to happen next, and how performance will be measured
- prevents confusion or misalignment once the contract goes live
- makes sure the supplier is ready to deliver as promised from day one
- confirms pricing structures, invoicing processes, and performance measures are clearly understood
- avoids costly misunderstandings, disputes, or delays later in the contract
- reduces operational disruption when switching from an outgoing supplier or starting a new service

2. Contract Award / Handover

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Suggested Responsibilities/Considerations

- ensuring documentation is correct and accessible (contract, terms, annexes).
- contract handover—who does what – complete a contract handover document (a template can be found at the bottom of the page for you to use).
- ensure contract documentation is accessible.
- complete handover checklist (a checklist document can be found at the bottom of the page for you to use).
- once the handover is complete, responsibility for day-to-day performance management sits with the contract manager, with procurement available for advice and escalation.

Why it is Important

- avoids gaps in knowledge or responsibility
- transfers all key documentation, risks, decisions, and supplier commitments to the contract manager
- makes sure everyone understands the contract’s intent, scope, and deliverables before work starts
- establishes who will manage, monitor, and approve key activities

- confirms reporting, meeting structures, and escalation routes
- ensures the right oversight mechanisms are in place from day one (e.g., performance reviews, KPI tracking)
- sets up systems for invoicing, reporting, risk logs, and performance data
- confirms all insurances, financial checks, and onboarding requirements are complete
- makes sure the contract is stored in the right system and accessible to relevant teams
- reduces the likelihood of early-stage delivery problems or compliance failures

A **CSM Handover document** and a **CSM Handover Checklist** are available for you to use, these can be found at the bottom of this page.

3. Monitoring and Reporting

Open or close

Suggested Responsibilities/Considerations

- **for low-risk contracts**, monitoring may simply be occasional check-ins and good recording-keeping. Before continuing, consider how much management your contract needs.
- schedule regular performance meetings (agree frequency of reporting – e.g. monthly, quarterly etc.)
- what performance data should be tracked (cost, time, quality, supplier risk etc).
- track KPIs, SLAs, and delivery milestones.
- record issues and actions taken.
- maintain accurate records for audit.
- Please note that purchases of goods and services may routinely be the subject of Freedom of Information (FoI) requests.
- consider how to capture benefits / savings / sustainable outcomes achieved.

Why it is Important

- ensures continual oversight
- allows identification of trends or issues early

- confirms that the supplier is delivering the goods, works, or services **as specified in the contract** — on time, to the right quality, and within budget
- highlights early if there are any **deviations, delays, or performance shortfalls**
- keeps both parties accountable to the agreed Key Performance Indicators (KPIs) or Service Level Agreements (SLAs).
- without monitoring, you're managing on assumptions — not evidence
- regular reports provide clear data on performance, costs, and outcomes
- enables managers to make informed decisions about **renewals, extensions, variations, or corrective actions**
- creates an auditable trail showing how performance was managed and value was achieved
- confirms that payments are linked to actual performance and outcomes
- encourages suppliers to focus on continuous improvement and efficiency
- regular reporting and performance reviews create open communication channels.
- encourages collaboration, transparency, and shared problem-solving
- builds trust and helps maintain a positive working relationship — even when issues arise
- demonstrates that the organisation is managing contracts responsibly, in line with policy, audit, and statutory requirements (e.g. procurement regulations, public spending controls)
- provides assurance to senior management and auditors that contracts are being managed effectively
- enables tracking of trends over time — spotting patterns in performance data and identifying opportunities for improvement
- encourages innovation anvalue through lessons learned and supplier feedback

A Contract Compliance Checklist document is available for you to use, these can be found at the bottom of this page.

4. Variations / Extensions / Amendments

Open or close

Variations (changes to requirements) and extensions to the contract should be **exceptional**, not routine.

Contract variations should only be permissible where changes **do not significantly alter** the original contract's scope, value or duration.

A significant change could be to the:

- contract scope
- contract value
- contract duration

If a proposed change is significant (change in scope, large value increase, much longer duration) then you may need to conduct a **new procurement exercise**.

If you are unable to estimate the value of a contract that contract will be explicitly made subject to the procurement rules.

If a significant change to the contract is proposed, you must contact your local Procurement Function or Centre of Expertise for advice on how to proceed before making changes.

Suggested Responsibilities/Considerations

- when permitted.
- process to follow - all changes must follow formal change control procedures.
- procurement must be involved in significant amendments.
- escalation should be earlier for high-risk/strategic suppliers, and proportionate.

Why it is Important

- variation, extension, or amendment **changes the terms of a legally binding agreement**
- proper management ensures changes are **authorised, documented, and compliant** with procurement and governance rules
- prevents disputes or claims later about what was or wasn't agreed
- without a formal process, even small changes can invalidate parts of the contract or create ambiguity
- public sector organisations must show that all contract changes are **fair, transparent, and traceable**
- clear records of variations support **audit, governance, and reporting requirements**

- demonstrates accountability for decision-making and use of public funds
- A structured variation process creates documented evidence of:
    - what changed and why
    - who approved it
    - when it was implemented
    - the impact on cost, scope, and delivery

This is vital for governance**,** risk management and lessons learned**.**

A **Contract Variation Request Form** is available for you to use and can be found at the bottom of this page.

5. Dispute Resolution / Termination / Contract Exit

Open or close

Suggested Responsibilities/Considerations

- escalate issues early to procurement or legal.
- follow dispute resolution procedures set out in the contract.
- document the exit strategy/reasons.

Why it is Important

- ensures staff know what to do when things go wrong
- avoids delay or avoidance of necessary action
- every contract sets out obligations, rights, and remedies for both parties
- having a clear dispute resolution and termination process ensures the organisation **can enforce those rights lawfully** if things go wrong
- prevents informal, inconsistent, or unlawful actions that could lead to **legal claims, damages, or reputational harm**
- proper procedures protect both the buyer and supplier — ensuring fairness and due process
- disputes or terminations are moments of high risk
- a structured process helps the organisation stay **in control**, following a calm, documented, and compliant approach rather than reacting under pressure
- ensures key stakeholders (legal, finance, governance) are engaged early

- quick, well-managed resolution of issues helps **avoid service disruption** or **cost escalation**
- enables timely negotiation or corrective action before problems worsen
- if termination is unavoidable, ensures a **smooth and cost-effective exit**, minimising penalties or loss
- Your exit strategy should be created/agreed during the Tender stage and revisited at the Contract Award/Handover stage. This can be updated during the lifetime of the contract, if agreed with the supplier(s). If this was not done at the Tender stage, it can be done now in conjunction with the Procurement team.

A **CSM Exit Strategy Template** is available for you to use at the bottom of this page.

Example of Key CSM Activities

Open or close

The below sets out some key activities that you may feel are relevant for low value or low risk contracts:

You can apply the following simplified framework for your own scenario:

1.Segment the contract (see Route 3 for detailed Segmentation Guidance)

- This should have been done during the Tender Stage (using the Kraljic Matrix to identify it as a “routine” (low impact / low risk) - so simpler processes apply. but confirm that the contract is truly lower-value / lower-risk (standard items, multiple suppliers possible, non-critical, or easily substituted).

2.Before the contract starts

- Develop contract templates with suitable terms (KPIs, simple clauses) but not overly complex.
- Include review clauses (price indexation, supply disruption triggers) as appropriate.

3.Contract award/Handover

- Ensure contract includes Key Performance Indicators (KPIs).
- Set up periodic review (less frequent than strategic suppliers, but still consistent).

4.Monitoring and Reporting

- Monitor performance against the agreed KPIs.
- Maintain basic risk monitoring: e.g. supplier’s supply base changes, logistic/disruption risks, regulatory/compliance issues.
- Engage supplier proactively: keep communication open even for lower-risk contracts so you are aware of emerging issues early.

5.Contract renewal or termination

- Before renewal, review performance, market conditions, supply chain risk changes.
- If performance has been acceptable and risks unchanged, renewal can proceed with minimal negotiation; if changes appear, seek substitute or renegotiate terms.
- Maintain “off-ramp” planning: even for lower risk contracts, have a fallback plan if the supplier fails.

6.Documentation & risk register

- Maintain a register of risks (even for low-value contracts) e.g. supply interruptions, price spikes, regulatory changes.
- Track actions taken to mitigate those risks (dual sourcing, inventory buffer, alternative supplier list).
- Keep contract repository and clear versioning—so even lower-value contracts are managed, not ignored.

Case study

Case study

Low-Value / Lower-Risk CSM

Education Authority Northern Ireland (EA) – Food supply contracts

The EA's Commercial Procurement Service establishes several food contracts supplying ~145,000 school meals daily across Northern Ireland.

While the total contract value is large (£20 m annually for food contracts) the individual product lines / supplier risk levels are relatively moderate (many standard food items, multiple suppliers).

Key supplier management / contract-management practices used:

- Supply-chain mapping: tracing the origin and tiers of supply so that risks (geopolitical, logistic, regulatory) are visible.
    - Dual-sourcing / substitute planning: having backup suppliers or substitute products to reduce risk of supply failure.
    - Early market engagement to assess capacity, continuity of supply, and contractual terms (price-indexation, review clauses) before awarding.
    - Incorporation of human-rights, modern slavery due-diligence clauses—even for relatively standard supplies.

Outcome:

Developing and managing constructive and transparent relationships with suppliers ensured that food contracts were successfully executed with minimal disruptions, maximising value for money through improving supplier performance and lowering costs.

Why this qualifies as "low risk / lower value" (relatively):

The items are standard consumables (food items) with multiple supply sources rather than unique or high-tech components; supply risk is managed via substitution and mapping; contract terms are straightforward and have resilience built in.

Key Message:

This shows how even for standard, moderate-value contracts you can build in structured supplier management and contract clauses to reduce risk and improve performance.

This Case Study is available in the public domain, The full case study can be found at:

Case Study for Supply Chain Resilience - Food Contracts | Education Authority Northern Ireland

FAQs - Low Value, Low Risk CSM

1. What is a low value, low risk contract?

Open or close

A **low value, low risk contract** typically involves:

- A **contract value below the regulated procurement threshold** (usually under £50,000 for goods/services
- **Minimal business criticality or reputational risk**
- Straightforward requirements with **limited supplier dependency** and a **competitive market**

2. Do low value contracts require formal contract management?

Open or close

Yes — but at a **proportionate level**.
Contract management should ensure:

- The supplier delivers as agreed
- Value for money is maintained
- Any issues or risks are identified early

A **light-touch approach** is appropriate — for example, simple performance checks and informal review meetings rather than detailed reporting or governance structures.

3. What documentation is required for low value contracts?

Open or close

Typically:

- **Award letter or purchase order** (with terms and conditions)
- **Specification or scope of work**
- **Basic contract management plan or record**, noting key contacts, deliverables, review schedule, and expiry date

For **very low value** arrangements, a **simple record of engagement** may be sufficient.

4. Who is responsible for managing the contract?

Open or close

Usually, the **contract owner or requisitioner** within the service area. Procurement staff may provide **guidance**, but day-to-day management (e.g. approving invoices, monitoring delivery) should be handled by the **business area benefiting from the contract**.

5. How should supplier performance be monitored?

Open or close

Use **simple, proportionate methods**, such as:

- Checking delivery times and quality
- Reviewing invoices against purchase orders
- Holding occasional check-ins with the supplier
- Logging any issues and resolutions

A basic **performance log or tracker** can help maintain accountability.

6. Do I need a contract management plan?

Open or close

A **formal plan** isn't always required for low value, low risk contracts. However, a **short summary or checklist** noting key deliverables, contacts, and review points supports consistency and audit readiness.

7. How do I handle poor performance in a low value contract?

Open or close

- **Raise issues informally first** — e.g. email or call to resolve quickly
- **Record actions and outcomes** in case escalation is needed
- If unresolved, follow your organisation's **escalation or contract termination process**

Keeping a brief audit trail is recommended, even for low-value cases.

8. What are good practice principles for managing low value contracts?

Open or close

- Apply **proportionate effort** — don't over-manage
- Maintain **clear communication** with the supplier
- Ensure **payments match delivery**
- Record **key decisions and outcomes**
- **Close the contract** properly — confirm final payment, evaluate performance, and record lessons learned.

10. Do low value contracts need to be published on Public Contracts Scotland (PCS)?

Open or close

Yes, if they were **advertised through PCS** or awarded following a **quick quote**. However, **post-award management** can take place locally within the organisation — there's no need to record every interaction in PCS, unless part of your internal procedure.

12. How often should low value contracts be reviewed?

Open or close

At least:

- **Mid-term** (for contracts over one year)
- **Before renewal or re-tender**
- **After major issues or complaints**

Otherwise, informal ad-hoc checks are appropriate.

Additional Context

The Scottish Procurement Policy Handbook highlights that the mobilisation stage, clear planning and smooth implementation are key to successful contract outcomes.

Quickfire Guide

Quickfire Guide

Have You Got Everything You Need?

Before carrying on, please check you've got everything you need.

- Defined the scope of responsibilities (who does what, when)
- A documented contract management process in place
- A schedule of contract-management activities agreed with supplier
- Key Performance Indicators (KPIs) or performance measures for the contract
- A mechanism for regular review and reporting
- A clear exit or hand-over plan

Organisations should build into their contract management activities sufficient checks to ensure suppliers are meeting their obligations under the General Data Protection Regulations (GDPR).

If obligations are not being met, organisations should take urgent remedial action with the supplier to address issues and risks.

Any documents you need are listed below

Exit Strategy Template

(file type: docx)

Contract Variation Request Form

(file type: xlsx)

Contract and Supplier Management Handover Document

(file type: docx)

Contract and Supplier Management - Key Steps Document

(file type: docx)

Contract and Supplier Management Handover Checklist

(file type: docx)

Contract and Supplier Management Compliance Checklist

(file type: docx)