

# Birmingham City Council

## Report to: CABINET

Date: 21<sup>st</sup> March 2023



**Subject:** **PROCUREMENT STRATEGY FOR THE PROVISION OF PROFESSIONAL SERVICES AND ADVICE TO SUPPORT THE COUNCIL'S TRANSFORMATION AND SAVINGS EFFICIENCIES AND OPPORTUNITIES PROGRAMME**

**Report of:** **Strategic Director of Council Management**

**Relevant Cabinet Member:** **Councillor Ian Ward, Leader of the Council**  
**Councillor Brigid Jones, Deputy Leader of the Council**  
**Councillor Yvonne Mosquito, Finance and Resources**

**Relevant O &S Chair(s):** **Councillor Mohammed Aikhlaq, Resources**

**Report author:** Nic Fell, Portfolio Lead, Council Management  
Telephone No: 07776 202191  
Email Address: nic.fell@birmingham.gov.uk

Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 011134/2023		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential: Exempt information paragraph 3: Information relating to the financial or business affairs of any particular person (including the Council)		

## **1 Executive Summary**

- 1.1 To provide details of the procurement strategy for the provision of professional services and advice to support the Council's transformation and savings programme for a four-year period to commence April 2023.

## **2 Recommendations**

That Cabinet:

- 2.1 Approves the procurement strategy for the provision of professional services and advice to support the Council's transformation and savings programme for a 4-year period using a Managed Service Provider (MSP) framework, in accordance with the requirements and approach recommended in Section 4 of this report.
- 2.2 Delegates authority to the Strategic Director of Council Management in consultation with Cabinet Member for Finance and Resources, and in conjunction with the Assistant Director, Procurement (or their delegate) and the City Solicitor & Monitoring Officer (or their delegate) to award the Managed Service Provider (MSP) framework contract.
- 2.3 Delegates authority to the Strategic Director of Council Management and the Interim Transformation Director to utilise the chosen Managed Service Provider (MSP) framework to award individual contracts / projects to suppliers up to the total approved value of the MSP framework (see Appendix C – Exempt information) over the 4-years.

## **3 Background**

- 3.1 The Council has bold and ambitious plans to transform the organisation so that all services can demonstrate they are best in class; to maintain a balanced budget under increasing financial pressure; to develop a diverse workforce that represents the city we serve; and to improve outcomes for the citizens of Birmingham.
- 3.2 While it is important that we invest in the existing workforce to develop the skills that will be needed to sustain this work, achieving the level of change required in the target timeframe will not be possible using in-house resources alone. To be successful the Council will require input, guidance, and support from a range of external, delivery partners.
- 3.3 To ensure we get the best mix of inputs the Council intends to work with a range of different partners, from large consultancies to smaller specialist suppliers, taking the best ideas they have to offer to develop solutions that will help address many of the unique challenges facing Birmingham as a large and highly diverse city.
- 3.4 Over the last two years, the Council has worked with several different delivery partners to support the scoping, planning and development of transformation and an improvement architecture.

- 3.5 We will require contractors to not work in isolation, but to work with our existing workforce, to train them and leave them with new skills.
- 3.6 The current model of procuring delivery partners on a project-by-project basis is not considered to be the most efficient way to procure specialist support. The high volume of procurement activity needed is resource intensive, creates additional paperwork, and requires significant staff time across multiple Council departments.
- 3.7 This procurement strategy seeks to establish a more efficient and effective way of sourcing support, specialist resources and expertise over the next 4 years. It will enhance delivery capacity and allow the Council to have a coherent overview of all the resources engaged on core transformation and improvement work. It will further ensure resources are managed effectively, whilst delivering value for money and the successful achievement of deliverables and outcomes.
- 3.8 The total budget outlined in Appendix C - Exempt information is an initial estimate for the 4-year period. At this stage it is not possible to accurately forecast all the work required and the associated costs, so additional funding may be required. As suggested in the Sourcing Strategy section (4.6) it is proposed that the Strategic Director of Council Management and the Interim Transformation Director report progress quarterly to the Corporate Delivery Oversight Group (CDOG), so spend against the forecast budget is reviewed regularly.
- 3.9 The total amount requested (Appendix C - Exempt information) will support the core transformation and savings programme. It is possible that during the next 4 years specific initiatives will be identified that will require significant investment (for example the Early Intervention & Prevention programme), which would quickly deplete the funding requested in this report. Where that is the case, additional funding may be requested and a separate procurement exercise initiated using the appropriate procurement route.
- 3.10 In researching the best way to support the transformation and savings programme over the next 4 years, a range of options were considered, including the use of a Vendor Neutral Managed Service Provider framework (MSP framework) of which there are 3 available for the Council to use:
- Northeast Purchasing Organisation (NEPO): NEPRO3 Specialist Professional Services.
  - Agri-Epi Centre (AEC): Neutral Vendor Framework for Multi-Specialism Services.
  - Yorkshire Purchasing Organisation (YPO): Management Consultancy Framework.
- 3.11 Vendor Neutral Managed Service Provider frameworks overview

- 3.11.1 Vendor neutral, Managed Service Providers (MSPs) help clients source goods and services, by acting as a single point of contact for clients with no affiliation or interest in any one supplier. They act as a conduit between the contracting authority and suppliers who have had to go through a rigorous pre-qualification and accreditation process.
- 3.11.2 The MSP does not seek to replace suppliers with their own service offer. Instead, when needed, they can recommend suppliers based on strength and core competencies as opposed to relationships. This helps provide a wider choice, better quality, more competitive rates, and the flexibility to respond to new demands. MSPs assume primary responsibility for the management of sourcing, engagement, and administration. This also helps to reduce risk, improve compliance, and supports more informed resourcing decisions.
- 3.11.3 Vendor neutral MSPs are currently used by hundreds of public sector organisations including local authorities, central government, and other contracting authorities for specific consultancy contracts with well over £1billion of spend going through these vendor neutral models.
- 3.11.4 Social value is embedded and incorporated within the policies, processes, procedures, and technology of the MSP frameworks.

3.12 How the Managed Service Provider framework model works

- The Council would award a single contract (for the full value and term) to a selected Managed Service Provider (MSP).
- Each MSP operates an MSP framework that has a range of suppliers already signed up to provide services. The frameworks listed above all include key delivery partners the Council already works with. Should the Council identify a specific requirement that cannot be met by those suppliers already on the MSP framework, new suppliers can be added to the framework easily, often in as little as 48 hours. The work to add a new supplier to the framework is done by the MSP and not the Council.
- For each new requirement (project), the MSP will work with the Council to develop a suitable specification, agree the budget, and then facilitate either a direct award or a mini competition with selected suppliers.
- Once awarded and in progress the Council only pays for work when pre-agreed, outcome-based, delivery milestones have been achieved. If there is a dispute regarding a project or deliverable it is the MSP who deals with the supplier, not the Council.
- Via the MSP framework, the Council has access to a software platform that enables Council staff to monitor progress, both at an individual project level and across all projects commissioned through the MSP framework.
- With most MSP frameworks, it is the end suppliers who pay the MSP framework fees (based on a published rate table) and not the Council.

Some MSP frameworks also include a rebate paid to the Council, usually based on a % of the framework fees that the MSP receives from the suppliers.

### 3.13 Managed Service Provider (MSP) framework benefits

3.13.1 The key benefits associated with using the vendor neutral MSP model are:

- The Council's social value process will be fully embedded into these MSP frameworks, so there will be no lost local opportunities.
- An accelerated, compliant route to market for projects via mini competition or direct award. This gives the Council greater agility and the ability to flex with specific project needs, requirements and timescales whilst always engaging with the most suitable suppliers in a compliant, efficient, and effective way.
- Access to the right mix and balance of suppliers to provide the range of consultancy, professional and advisory services it is forecast we will need. Unlike traditional collaborative frameworks, where the supplier list is fixed for the life of the framework, if the Council has a requirement that cannot be met by existing framework suppliers, new suppliers can be quickly added to the MSP framework.
- With most MSP frameworks, the MSP framework fees are paid by the suppliers who are awarded contracts, and not by the Council. Fees are applied on completion of project delivery milestones and help to ensure transparent pricing.
- Some MSP frameworks have a rebate scheme that provides an income stream back to the Council based on an agreed % of spend.
- The MSPs all provide a contract management platform that gives the Council access to a wealth of data. This will provide a coherent overview of all the resources engaged on transformation and savings projects, ensuring resources are managed accordingly, whilst ensuring value for money and successful achievement of deliverables and outcomes.
- Through the MSP framework the Council is assigned a dedicated full-time resource (a Procurement Business Partner), which will reduce the overhead on the Council's in-house Procurement team.
- Unlike traditional collaborative frameworks the MSPs take an active role in working with suppliers and customers, including providing support in developing specifications for future projects. They use data and insight gathered from all the contracts award via the framework, coupled with the flexibility to add new suppliers to the framework to develop creative solutions to meet the Council's needs. An example could be to split a single,

broader requirement into two parts then tender each part with a different group of specialist suppliers to get the best outcome for the Council.

- Through the MSP framework, the Council can choose to restrict competition to a localised areas such as a specific council borough; or can restrict competition to certain sectors such as micro-organisations or SMEs (Small and Medium Enterprises).
- MSPs gather insight and data from the awarded contracts across all their customers who use the framework, which will provide the Council with benchmarked rate card data that can be used to ensure best value for money.
- The MSPs actively manage the suppliers on the framework, evaluating feedback on supplier performance from the commissioning organisations that is used to support suppliers, or replace them if necessary.
- Some MSPs can evidence an average saving of 10% against project budget across all project categories.
- The Council already has call offs in place with a number of the MSPs listed above so can begin to award projects immediately after an MSP framework has been selected.
- By using an MSP framework, the Council has a single contract direct with the MSP for all the work commissioned via the MSP framework. The contract for an individual projects commissioned through the MSP framework is between the MSP and the selected supplier. This helps support the Council's aim to consolidate and rationalise suppliers and contracts.
- The MSP is responsible for dispute resolution and for dealing with the suppliers, not the Council, further reducing the burden on Council staff.
- The MSP frameworks adopt an outcome-based model, meaning the Council only pays when outcomes have been achieved.
- The Council has access thousands of existing contract specifications and can access category expertise and specialist knowledge when drafting project specifications, helping to ensure a high standard of service specifications being issued.
- Systems and processes are fully auditable along with GDPR compliant.

3.14 The overall responsibility for the resulting contract and its management will be with the Strategic Director of Council Management and the Interim Transformation Director.

3.15 Outcomes Sought:

3.15.1 The following outcomes are anticipated as a result of the proposed procurement strategy:

- Efficiencies realised by reducing the number of full tendering exercises to be carried out.
- Flexible and compliant access to a large pool of additional capacity, specialist skills and category specific knowledge.
- Full visibility of spend and consolidated management information across the range of transformation and savings delivery programmes.
- Greater value for money opportunities through competition.
- Reduced risk in the engagement of suppliers.
- Contract and supplier rationalisation in line with the Council goals.

## **4 Options Considered and Recommended Proposal**

### **4.1 Option A: Tender a Birmingham only contract**

4.1.1 With this option the Council would tender each new requirement (project) on a project-by-project basis. This is not a recommended option for the following reasons:

- Would result in higher costs (time and resources) associated with running multiple, individual procurement exercises.
- Doesn't support the Council's goal to consolidate and reduce the number of contracts held.
- Could lead to the Council paying more for individual projects without access to the benchmarking and rate analysis available through other routes.

### **4.2 Option B: Tender for a sole supplier contract**

4.2.1 With this option the Council would let a single contract to just one supplier (not a framework) for all the work over the full 4-year period. This is not a recommended option for the following reasons:

- A sole supplier is unlikely to be able to provide all the skills and services the range of anticipated projects will require.
- The supplier may not always have the capacity and resource available and there would not be the ability for a further competition to reduce rates and achieve more competitive pricing on a project-to-project basis.
- In the event the sole supplier is not performing, the Council would need to run a new procurement exercise to change supplier.

#### 4.3 Option C: Tender via a collaborative framework

4.3.1 There are currently a number of collaborative framework agreements that are compliant with the Public Contracts Regulations 2015 for professional services. These are framework arrangements that are setup to provide specific types of services for a defined period. Typically, the list of suppliers approved on these frameworks is fixed at the start and new suppliers cannot be added later. A list of the collaborative frameworks considered can be found in Appendix C – Exempt information.

4.3.2 Using one of these collaborative frameworks is not the recommended option for the following reasons:

- The Council would still be tendering and contracting on a project-by-project basis via the selected collaborative framework, which would not reduce the overhead on Council staff.
- The list of suppliers on these frameworks is usually fixed, which reduces flexibility as new suppliers could not be added should the Council identify a need for a specific, specialist requirement or wanted to engage the services of local (potentially smaller) specialist providers.
- Some frameworks do not allow for a direct award, which further reduces flexibility and increases the cost of each engagement.
- The Council would still be contracting on a project-by-project basis which doesn't support the Council's goal to reduce/consolidate suppliers and contracts.
- Collaborative frameworks do not offer rebate schemes.
- These frameworks do not provide dedicated full-time resource (Procurement Business Partner) support to the Council, which would not reduce the overhead on Council staff.
- The Council does not benefit from access to benchmarking information or expert knowledge of the market that would help ensure value for money.

#### 4.4 Option D: Use of In-House Resources

4.4.1 This option would rely on in-house resources to deliver the Council's transformation and savings efficiency ambitions over the next 4-years. This is in effect the 'do nothing' option in that we would not run any form of procurement exercise to support the transformation and savings work. This is not the recommended option for the following reasons:

- While in-house resources will always be required to support the transformation and savings programme, there are simply not the resources within the Council to provide the capacity or capabilities required to achieve the desired level of transformational change and deliver the target savings in the timescales required. Even if we have the capability within the

organisation, relying only on in-house resources all of whom have day jobs will impact project progress, putting savings delivery at risk and increasing pressure on the Council's budget.

- To address the capacity challenge, we could increase headcount and bring in more permanent staff to deliver the change instead of increasing the burden on existing staff. A risk with this approach is that those additional staff go into services and are used to support operational priorities rather than driving change.
- Using only in-house resources means the Council will not benefit from access to wider experience, constructive challenge, and new ideas that come from the use of specialist delivery partners who work with a range of other organisations facing similar challenges and developing innovative solutions in response.

#### 4.5 Option E: Contract via a Managed Service Provider (MSP) framework [recommended]

4.5.1 The recommended option is to award a contract for the full amount and for the full 4-year term to a Managed Service Provider framework (MSP framework), as described in Section 3. The following is a summary of why this is the recommended option:

- Provides compliant and flexible access to the capacity and capability, in terms of a broad range of specialist expertise, required to deliver the Council's transformation and savings ambitions.
- Delivers value for money through competitive tendering supported by benchmarking data on supplier rates gathered by the Managed Service Provider (MSP).
- Enables contracts to be issued on a project-by-projects basis whilst helping to mitigate the increase in demand on Council staff that would be associated with running individual procurements for each project.
- Provides access to a range of existing specification templates, and the Procurement Business Partner resource assigned to the Council by the MSP will improve the quality of the specifications issued by the Council, which in turn will deliver better outcomes.
- With most MSP frameworks, the Council gets a rebate from the MSP as a % of total spend, reducing the net cost of each project. This level of rebate varies depending on the MSP selected.
- Access to the MSP's Management Information platform gives Council staff a coherent overview of all the resources engaged on transformation and savings projects, ensuring value for money and successful achievement of deliverables and outcomes.

- The Council's social value process will be fully embedded into the MSP framework.
- Contract disputes are dealt with by the MSP, which reduces the overhead on Council staff, and the framework allows the Council to quickly replace underperforming suppliers without the need to run a costly procurement exercise.
- Supports the Council's goal to consolidate and rationalise the number of active suppliers and contracts.

#### 4.6 Sourcing Strategy

- 4.6.1 If agreed, the proposal is that the Council undertake a procurement process with Managed Service Providers who operate the frameworks listed in Section 3.10. Recommendation 2.2 requests that Cabinet delegate authority to the Strategic Director of Council Management in consultation with Cabinet Member for Finance and Resources and in conjunction with the Assistant Director, Procurement (or their delegate) and the City Solicitor & Monitoring Officer (or their delegate) to award the MSP contract. The selection criteria will include social value, added benefits and cost / rates.
- 4.6.2 The MSP frameworks are single lot frameworks, delivered through an individual Managed Service Provider (MSP) specialising in all professional services. The chosen MSP will not deliver the individual project specific services itself but manages a large supply chain of organisations (delivery partners) that could deliver the services required. The contractual relationship is between the Council and the chosen MSP, then between the chosen MSP and the supply chain (delivery partner) organisations.
- 4.6.3 Once the main MSP framework contract has been awarded, the selection of delivery partners for individual projects during the 4-year term is done by direct award or mini competition, with both processes run on the Council's behalf by the MSP. Recommendation 2.3 requests that Cabinet delegates authority to the Strategic Director of Council Management and the Interim Transformation Director to award individual contracts / projects to suppliers via the chosen MSP framework over the 4-years.
- 4.6.4 It is proposed that quarterly the Strategic Director of Council Management and the Interim Transformation Director report to the Corporate Delivery Oversight Group (CDOG) providing details of all the projects commissioned via the MSP framework, including the value, the award process used, and the delivery partner selected for each project.

### 5 **Consultation**

- 5.1 No consultation external to the Council has been carried out as each of the end projects will have its own service/technical requirements.

## **6 Risk Management**

- 6.1 The Corporate Procurement Service (CPS) approach is to follow the Council Risk Management Methodology and the Procurement and Contract Management Teams are responsible for local risk management. CPS maintains a risk management register and documentation relevant for each contract. The risk register for this contract has been jointly produced and owned by CPS and Finance. Arrangements are in place to ensure operational risks are mitigated as detailed in Appendix B.

## **7 Compliance Issues:**

- 7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

- 7.1.1 The recommended decision is consistent with the 2022 Corporate Performance and Delivery Plan:

- A Bold Best in Class Council – Ensuring a balanced and sustainable medium-term financial plan.

### **7.1.2 Birmingham Business Charter for Social Responsibility (BBC4SR)**

Compliance with the BBC4SR will be a mandatory requirement for the selected Managed Service Provider and subsequent delivery partners and form part of the conditions of this contract. All will need to produce an action plan with commitments proportionate to the value of this contract. These actions will be monitored and managed during the period of the contract. It should be noted that the action plans will be reviewed annually during the life of the contract to ensure targets remain current and viable.

### **7.2 Legal Implications**

- 7.2.1 Under Section 1 of the Localism Act 2011, the Council has the power to enter into the arrangements set out in this report, which are within the remit and limits of the general power of competence Section 2 and 4 of the Localism Act 2011.

### **7.3 Pre-Procurement Duty under the Public Services (Social Value) Act 2012**

Consideration of whether to undertake a consultation exercise was discussed during the planning stage and it was agreed that this would not be required as the managed service provider will be asked how they addresses social value as part of the process, along with that of the delivery partners and no additional stakeholder consultation was required. This consideration also included how this procurement exercise might improve the social and economic well-being of the city and will be addressed by evaluating social value.

### **7.4 Financial Implications**

- 7.4.1 The estimated total contract value will be funded by the approved Delivery Plan Reserve. Appendix C – Exempt information contains the details of the contract value.

## 7.5 Procurement Implications

- 7.5.1 The recommendation is to run a procurement exercise for the provision of professional services and advice to support the Council's transformation and savings efficiencies and opportunities programme for a four-year period and to engage with the three Managed Service Provider frameworks to establish the one that best suites the needs of the Council, incorporates social value into the supply chain, provides added value and competitive consultancy rates.

## 7.6 Human Resources Implications (if required)

- 7.6.1 The contract management will be undertaken by Council staff.

## 7.7 Public Sector Equality Duty

- 7.7.1 The requirements of the Constitution Part D, Section 2.9 in respect of the Council's Equal Opportunities Policy will be incorporated into the contracts.
- 7.7.2 The requirements of the Equality Act 2010 will be specifically included in the Contract to comply with, the Act.
- 7.7.3 A relevance test to decide whether the Neutral Vendor Managed Service Provider (MSP) to Support Transformation of BCC and Deliver Savings Efficiencies and Opportunities has any relevance to the equality duty contained in Section 149 of the Equality Act 2010 of eliminating unfair/unlawful discrimination and to promoting equality and human rights was conducted on 17 February 2023, reference EQUA1081. This found that this report does not have any adverse impact on the protected groups and characteristics under the Equality Act 2010 and there is no requirement for a full assessment.

## **8 Background Documents**

- 8.1 List of Appendices accompanying this Report (if any):
- Appendix A – Equality Act 2010
  - Appendix B – Risk Assessment
  - Appendix C – Exempt information

## APPENDIX A Equality Act 2010

The Executive must have due regard to the public sector equality duty when considering Council reports for decision.

The public sector equality duty is as follows:

1	<p>The Council must, in the exercise of its functions, have due regard to the need to:</p> <ul style="list-style-type: none"> <li>(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act;</li> <li>(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;</li> <li>(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.</li> </ul>
2	<p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none"> <li>(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;</li> <li>(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;</li> <li>(c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.</li> </ul>
3	<p>The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.</p>
4	<p>Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none"> <li>(a) tackle prejudice, and</li> <li>(b) promote understanding.</li> </ul>
5	<p>The relevant protected characteristics are:</p> <ul style="list-style-type: none"> <li>(a) Marriage &amp; civil partnership</li> <li>(b) Age</li> <li>(c) Disability</li> <li>(d) Gender reassignment</li> <li>(e) Pregnancy and maternity</li> <li>(f) Race</li> <li>(g) Religion or belief</li> <li>(h) Sex</li> <li>(i) Sexual orientation</li> </ul>

## Appendix B – Risk Assessment

Risk No	Risk description	Risk mitigation	Residual / current risk			Additional steps to be taken
			Likelihood	Impact	Prioritisation	
1.	Insufficient tender responses to ensure competition.	The Managed Service Provider (MSP) frameworks in scope have a large number of suppliers. Additional suppliers can be added to their systems. Also contact potential bidders to advise of opportunity.	Low	Low	Material	None
1.	Contractor(s) ceases trading during the contract period.	The Managed Service Providers (MSPs) in scope have been on their respective frameworks multiple times, their financial statements for insurance have already undertaken as part of these framework, and this will continue on an on-going basis as part of the review. Any delivery partners finances and insurances are checked by the MSP before onboarding and on an ongoing basis. If a delivery partner ceases trading there is a large pool of suppliers that can be chosen or automatically switched to.	Low	Low	Material	Situation kept under on-going review by Contract manager and reported as part of Supplier Performance Review process.
4.	Contractor merges (or bought) by competitor.	Check of Managed Service Provider (MSP) financial statements already undertaken by the associated frameworks. Any	Low	Low	Material	Situation kept under on-going review by Contract manager and reported as part of Supplier Performance Review process.

		delivery partners finances and insurances are checked by the MSPs before onboarding and on an ongoing basis. If a delivery partner ceases trading there is a large pool of suppliers that can be chosen or automatically switched to.				
5.	Under performance from supplier	Monitoring of supplier performance at regular intervals with built in review meeting along with solutions and Management Information. Levels of work linked to performance.	<i>Low</i>	<i>Medium</i>	<i>Severe</i>	Situation kept under on-going review by Contract manager and reported as part of Supplier Performance Review process.
6.	Reputational risk from unethical practices	Monitoring of supplier and customer complaints at regular intervals with built in review meeting. Levels of work linked to performance.	<i>Low</i>	<i>Low</i>	<i>Material</i>	Situation kept under on-going review by Contract manager and reported as part of Supplier Performance Review process.

**Measures of likelihood/ Impact:**

Description	Likelihood Description	Impact Description
High	Almost certain, is expected to occur in most circumstances. Greater than 80% chance.	Critical impact on the achievement of objectives and overall performance. Critical opportunity to innovate/improve performance missed/wasted. Huge impact on costs and/or reputation. Very difficult to recover from and possibly requiring a long-term recovery period.
Significant	Likely, will probably occur in most circumstances. 50% - 80% chance.	Major impact on costs and objectives. Substantial opportunity to innovate/improve performance missed/wasted. Serious impact on output and/or quality and reputation. Medium to long term effect and expensive to recover from.
Medium	Possible, might occur at some time. 20% - 50% chance.	Waste of time and resources. Good opportunity to innovate/improve performance missed/wasted. Moderate impact on operational efficiency, output, and quality. Medium term effect which may be expensive to recover from.
Low	Unlikely, but could occur at some time. Less than 20% chance.	Minor loss, delay, inconvenience, or interruption. Opportunity to innovate/make minor improvements to performance missed/wasted. Short to medium term effect.

**Key:**

Severe	Immediate control improvement to be made to enable business goals to be met and service delivery maintained/improved
Material	Close monitoring to be carried out and cost-effective control improvements sought to ensure service delivery is maintained
Tolerable	Regular review, low-cost control improvements sought if possible