



HM Government

Commercial Continuous Improvement Assessment Framework

(Formerly Government Commercial Operating Standards
Assessment Framework GovS 008: Annex E)

Date issued: May 2021



The meaning of words is as defined in the Shorter Oxford English Dictionary, except where defined in the Glossary in Annex A.

© Crown copyright 2021

Produced by Government Commercial Function and NHS England and Improvement.

You may re-use this information (excluding logos) free of charge in any format or medium, under the terms of the Open Government Licence. To view this licence, visit <http://www.nationalarchives.gov.uk/doc/open-government-licence/> or email: psi@nationalarchives.gsi.gov.uk

Where we have identified any third party copyright material you will need to obtain permission from the copyright holders concerned.

Contents

1	Purpose and scope of the framework	4
2	How to complete a self-assessment	5
2.1	Principles	5
2.2	Steps to complete the self-assessment	6
2.3	Assessment scoring and self-assessment tool	7
3	The Framework overview	9
4	The Framework	11
A.	Glossary	38
B.	References	42

1 Purpose and scope of the framework

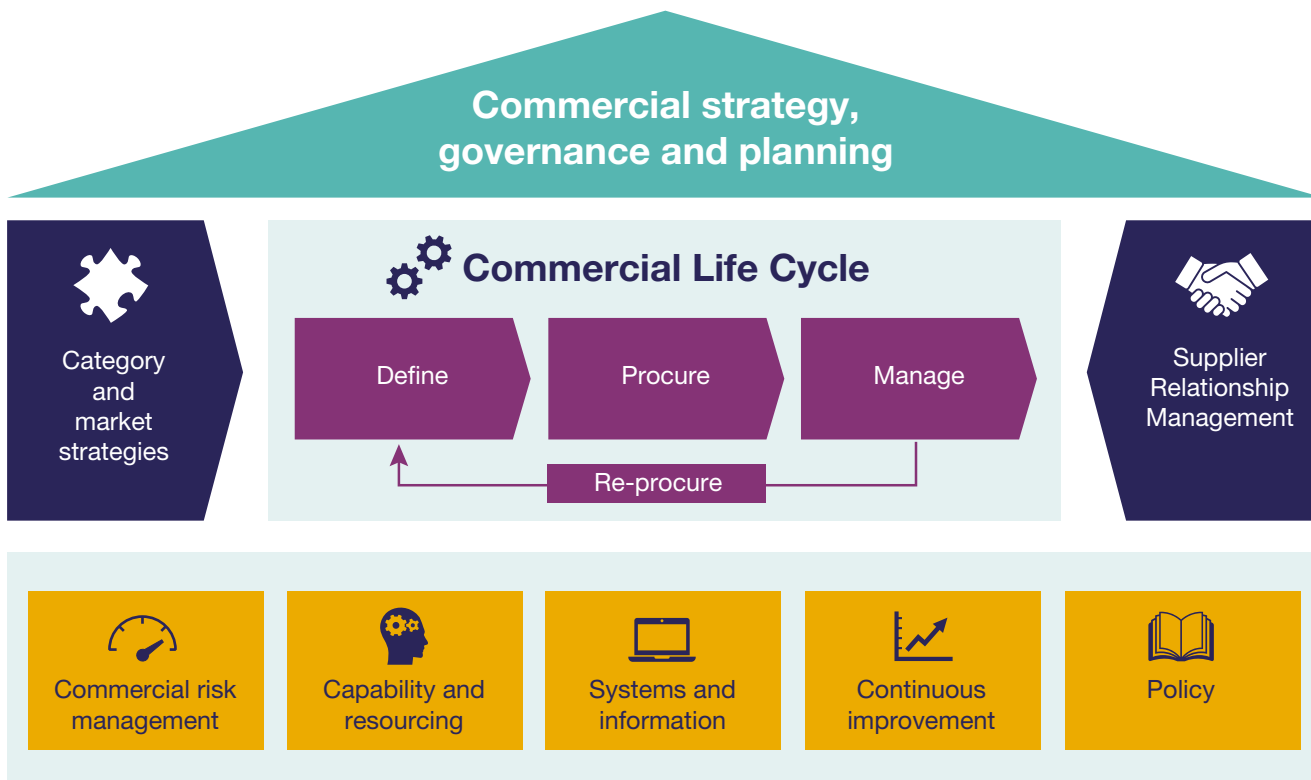
The Commercial Continuous Improvement Assessment Framework (CCIAF) is designed to help drive continuous improvement in commercial practices across the Government Commercial Function (GCF) and wider public sector by enabling organisations to benchmark their commercial operations against good practice. Participating organisations will form part of a network to share commercial insights, common challenges and lessons learned.

This framework updates the Government Commercial Operating Standards (GCOS) Assessment Framework GovS 008: Annex E which was successful in raising standards across central government. The Framework is closely aligned to the Government Functional Standard for Commercial (GovS 008) which provides further context for the content within this framework and additional general commercial guidance for organisations.

The intention is for all addressable contracted third party spend in an organisation to be in scope. Some organisations may exclude certain subsidiaries, spend categories or geographies and this should be stated in their submission within the ‘commercial spend under assessment’ section of the self-assessment tool. In these circumstances there should be justification and confirmation of the reason for exclusion in line with sector specific governance procedures.

Figure 1 (below) shows the scope covered by this framework. Different organisations and sectors may refer to this scope as ‘procurement’ or ‘commissioning’, or ‘contracting’.

Figure 1 – Areas of commercial practice covered by this framework



This framework will be reviewed annually by the Cabinet Office and partner organisations across the public sector to reflect feedback and emerging trends. Any changes made will be communicated to participating organisations.

2 How to complete a self-assessment

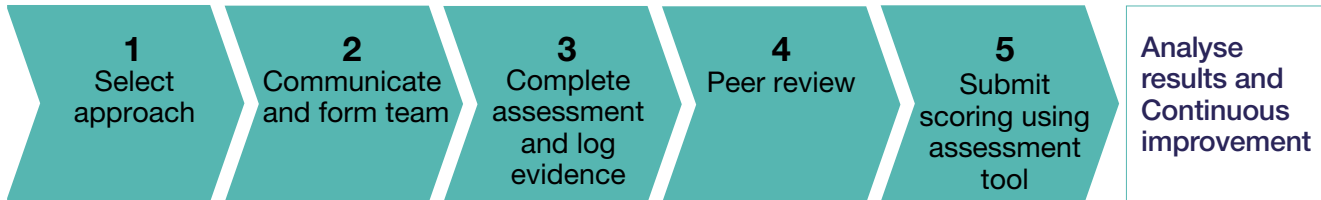
2.1 Principles

- It is intended that this framework is used for self-assessment to promote discussion within, and between participating organisations and to form a basis for driving continuous improvement of commercial practices.
- The approach to completing a self-assessment may differ between sectors and organisations should contact their applicable commercial standards representatives to clarify how to conduct the self-assessment and any related improvement activities.
- Organisations should be able to justify their self-assessment rating and should identify and retain evidence within the organisation to support their scoring. Submissions of central government self-assessments to the commercial standards team should not include copies of specific evidence but should provide a clear narrative to support the self-assessment rating and references to applicable evidence as useful. Other sectors may operate differently and require evidence to accompany self-assessments.
- Self-assessment is a cyclical process. Organisations self-assess their maturity against the applicable practice areas within the improvement framework. Central government departments then define improvement plans to target specific areas for development and participate in good practice sharing across the network. Other organisations should adopt the approach to continuous improvement activity in line with their own sector specific process but all organisations are encouraged to participate in active information sharing.
- The framework is intended to form part of a wider culture of commercial continuous improvement. A core feature of this is the Cabinet Office Masterclass Programme which was established to showcase good practice presentations to the network. The self-assessment data is used (where data has been authorised for sharing with Cabinet Office) to identify leading practices across the network and areas of common challenge across the public sector. Organisations are invited to present Masterclasses and are encouraged to contact the commercial standards team at the Cabinet Office for more information.
- When gathering evidence, the commercial team conducting the assessment may be reliant on engagement with, or direct provision of information from the wider business. Early engagement with the business can help to obtain information and evidence may be sourced through proportionate sampling of the relevant organisational processes. Typically this may include responsibility for contract management outside of the commercial team.
- ‘Gold’, ‘Silver’, and ‘Bronze’ contracts are the standard terms used throughout the Framework in reference to the segmenting of contracts by risk, value and complexity. Where organisations do not use this terminology a comparable approach to segmenting contracts should be adopted and used for the assessment.
- The framework references a range of commercial guidance and policies, including The Sourcing Playbook¹, to provide additional reference materials.

2.2 Steps to complete the self-assessment

The recommended steps to completing the self-assessment are outlined in Figure 2.

Figure 2 – Steps to completing the self-assessment



The Framework incorporates:

- Themes: the overall topic being addressed
- Practice areas: what is being assessed
- Criteria: the statements to be met

Themes. A theme is the overall topic being addressed in that section of the framework. The context and more information about the themes addressed can be found in the functional standard.

Practice areas. Each theme comprises practice areas. Each practice area has an overall statement about what is expected. A practice area might relate to one or more clauses in the functional standard.

Assessment criteria. Each practice area is supported by a number of criteria. Criteria help to define what is happening in an organisation (observable in practice, backed up by evidence). Criteria denote ‘good’, ‘better’ or ‘best’ performance.

Organisations may adopt different approaches to completing the self-assessment and are encouraged to use methods that best meet their needs. However, priority should be placed on obtaining strong evidence and consistency with other comparable organisations through networking across the public sector. Larger organisations are encouraged to complete multiple assessments for subsidiaries within their organisation. For central government organisations, these assessments should be submitted separately and in addition to the single assessment for the overall organisation.

Results from the self-assessment will define the organisation’s commercial maturity for each practice area against a four-point scale (‘Development’, ‘Good’, ‘Better’ or ‘Best’). Organisations should interpret the assessment outcome in line with their organisation or sector specific commercial improvement model.

For more information on the steps to completing the self-assessment, refer to the Commercial Continuous Improvement assessment framework on-boarding guide. <https://www.gov.uk/government/publications/commercial-operating-standards-for-government>.

The self-assessment process should include a ‘peer review’ of findings with comparable organisations. Please contact commercialstandards@cabinetoffice.gov.uk for more information. For NHS organisations please contact standards.assessment@nhs.net.

Copies of this framework, the on-boarding guide and self-assessment tool can be found online².

2.3 Assessment scoring and self-assessment tool

Assessment scores are calculated by using the self-assessment tool. Organisations are required to select an attainment status against each of the criteria included in the practice areas.

Attainment is scored on three levels as shown in the table below.

Attainment level	Definition	Value of statement
Not, or seldom met	The organisation finds there is no evidence, or only isolated evidence, to satisfy consistent attainment of the criteria.	0
Partially met	The organisation finds significant evidence of attaining the criteria but it is inconsistently applied.	0.5
Fully met	The organisation is satisfied that the indicator is fully met or the substantial majority of commercial delivery consistently fulfils the criteria.	1

In some circumstances criteria are linked across the maturity levels by increasing their scope. This is often done by expanding the contracts in scope in line with segmented tiers (gold, silver, bronze). Other criteria feature as standalone inclusions.

The scoring methodology works in the same way for each practice area. Differentiated weightings are applied to criteria within the maturity levels, with greater emphasis on criteria within the 'good' column as these represent the minimum commercial expectations of an organisation. It is not always necessary to fully meet all criteria within the 'good' column to achieve a 'good' or 'better' rating for that practice area but where 'good' criteria are not fully met it is strongly recommended that targeted improvement projects are established. For more information please contact your sector specific commercial standards administration team.

The self-assessment tool aggregates the values entered for each criteria to give an overall percentage score and corresponding maturity rating for that practice area. Percentage bandings for each maturity rating are shown in the table below.

Maturity rating	Applicable percentage ranges within the maximum available score
In development	< 40%
Good	> 40% and < 70%
Better	> 70% and < 90%
Best	> 90%

Where any criteria does not apply, organisations should still attempt to make a judgment on the attainment level and note any extenuating circumstances in the summary comments sections of the self-assessment tool.

In some circumstances a practice area may not be viable for assessment due to the scope of commercial activity carried out by the organisation. This should be an exception and should be agreed with a relevant parent organisation or sector specific commercial standards administration team. It is not possible to exclude assessment of one or more isolated criteria within a practice area. Either all criteria are evaluated or the entire practice area should be excluded.

Commercial leaders should set ambitions for their organisation based on business need, as set out in their strategies and/or plans. For some organisations 'good' might be 'good enough'. For other organisations, their area of commercial need might dictate that meeting 'best' is necessary. This context should be included in the assessment return.

3 The Framework overview

The table below sets out the structure of the framework with the eight themes and 27 practice areas.

Theme 1. Commercial strategy, planning and governance

Practice area 1.1: overall commercial strategy and plan

Practice area 1.2: commercial pipeline and planning

Practice area 1.3: commercial governance and management framework

Practice area 1.4: commercial leadership and senior ownership

Theme 2. Commercial capability and resourcing

Practice area 2.1: improving commercial capability

Practice area 2.2: commercial resourcing and operating model

Practice area 2.3: contract management competency

Theme 3. Define: pre-procurement

Practice area 3.1: shaping and defining the business need

Practice area 3.2: supply market analysis and early market engagement

Practice area 3.3: developing and analysing commercial options

Theme 4. Procure: procurement and contracting

Practice area 4.1: bid evaluation and supplier selection

Practice area 4.2: appropriate risk allocation between parties

Practice area 4.3: applying effective contract terms

Theme 5. Manage: contract management

Practice area 5.1: contract mobilisation and transition

Practice area 5.2: managing delivery and performance

Practice area 5.3: managing contract risk

Practice area 5.4: supply chain, inventory management / stock control (NHS Only)

Practice area 5.5: supply chain, logistics (NHS Only)

Theme 6. Managing categories, markets and supplier relationships

Practice area 6.1: delivering category and market strategies

Practice area 6.2: supplier relationship management

Theme 7. Commercial systems, reporting and information

Practice area 7.1: using commercial systems and tools

Practice area 7.2: reporting and utilising commercial intelligence and insights

Practice area 7.3: data systems and performance management, GS1 and patient level costing (NHS Only)

Theme 8: Policy

Practice area 8.1: policy awareness and implementation

Practice area 8.2: social value

Practice area 8.3: small, medium enterprises (SMEs)

Practice area 8.4: sustainability and Net Zero

4 The Framework

Theme 1. Commercial strategy, planning and governance		
<p>Practice area 1.1: overall commercial strategy and plan</p> <p>The overall commercial strategy and plan sets out the vision and objectives for commercial delivery in the organisation and aligns with the overall organisation strategy and plan.</p>		
Good	Better	Best
Criteria of good performance:	Criteria of better performance:	Criteria of best performance:
<p>1. the organisation has a documented overall commercial strategy, development plan, resource plan and, where applicable, a blueprint* (these may be combined or separate documents, but should be integrated within an overall strategy)</p> <p>2. the commercial strategy and plans are aligned to organisational objectives, applicable policy, reflect organisational priorities, are reviewed at least annually and are communicated to commercial teams</p>	<p>3. the commercial strategy is developed in consultation with and communicated to relevant senior stakeholders from across the organisation and where applicable wider public sector** organisations and is approved by the organisation's board or equivalent</p> <p>4. progress in delivering to the commercial strategy, development plan and resource plan in line with the organisation strategy is defined, measured, communicated and is regularly reviewed by the commercial team and the organisation's board or equivalent</p>	<p>5. the commercial strategy incorporates short and long-term targets in line with leading industry practice, and both commercial strategy and delivery plan are included in the overall organisation strategy and organisation plans</p>
<p>* Commercial blueprints are specific to a central government process for managing budgets and resources. Refer to the glossary for further definition</p> <p>** In the context of the NHS, trusts should have a commercial strategy and plan, developed and aligned with other trusts when working in an Integrated Care System (ICS) collaborative environment</p>		

Theme 1. Commercial strategy, planning and governance

Practice area 1.2: commercial pipeline and planning

A commercial pipeline provides an on-going view of future commercial activity so that sufficient time and resources can be allocated to develop commercial strategies, make recommendations and act upon them.

<p style="text-align: center;">Good</p> <p>Criteria of good performance:</p>	<p style="text-align: center;">Better</p> <p>Criteria of better performance:</p>	<p style="text-align: center;">Best</p> <p>Criteria of best performance:</p>
<p>1. the organisation has a commercial pipeline that is maintained and aligned with applicable policy and guidance</p> <p>2. effective planning avoids all unjustifiable* contract extensions for gold contracts</p> <p>3. the pipeline**, or selected extracts***, are published within the public domain, where appropriate and in line with applicable policy and guidance</p>	<p>4. effective planning avoids all unjustifiable contract extensions for gold and silver contracts</p> <p>5. the pipeline is used for contingency planning in the organisation and, where appropriate, is used for collaborative planning across organisations****</p>	<p>6. the pipeline is used for forecasting organisation resources and future demand on the market</p>

* Unjustifiable extensions are instances where insufficient planning has resulted in preventing all available commercial options being considered

** See government guidance³ on commercial pipelines

*** Supporting contract portfolio information should be maintained to ensure the pipeline is accurate

**** In the context of the NHS, trusts should work with other trusts to consider collaboration opportunities within their pipelines, when working in an Integrated Care System (ICS) collaborative environment

Theme 1. Commercial strategy, planning and governance

Practice area 1.3: commercial governance and management framework

A commercial governance and management framework includes definitions of governance authority, the criteria for segmenting procurement, contracts and assurance into different levels and a method for conducting commercial assurance.

<p style="text-align: center;">Good</p> <p>Criteria of good performance:</p>	<p style="text-align: center;">Better</p> <p>Criteria of better performance:</p>	<p style="text-align: center;">Best</p> <p>Criteria of best performance:</p>
<ol style="list-style-type: none"> 1. a commercial governance framework defines roles and responsibilities for the strategic and operational management of commercial activity, including a commercial oversight board or equivalent and is aligned to the wider organisational governance framework 2. standard commercial operating procedures* are defined and implemented, including a lines of defence assurance, or equivalent method that aligns to the organisation governance framework 3. consistent criteria for segmentation and tiering of contracts and suppliers is defined and established in line with the commercial governance framework 4. effective commercial risk management, including commercial fraud** and security risk is embedded in the organisation governance framework and provision for third party assurance is established where applicable 	<ol style="list-style-type: none"> 5. commercial governance is integrated with the wider organisational governance framework and has cross-functional representation 6. management information is used to support commercial decision making and commercial assurance 7. a mechanism is defined for delegation of appropriate levels of commercial authority across the organisation (in addition to financial delegation) and suitable training is provided 8. a cross-organisation approach to commercial risk management is defined, senior leadership review commercial, risks regularly and, where required, make interventions 9. commercial activity is carried out using recognised project**, programme and change management techniques in line with organisational policy 	<ol style="list-style-type: none"> 10. information from commercial governance and assurance is used to drive continuous improvement 11. the mechanism for commercial delegation is fully operational and monitored to demonstrate its effectiveness

* See Source to Contract Global Design Principles document

** The suite of Government Functional Standards⁴ provide further guidance on functional practice areas, including the above referenced: Government Functional Standard GovS 013: Counter Fraud / Government Functional Standard GovS 007: Security / Standard GovS 002: Project Delivery

Theme 1. Commercial strategy, planning and governance

Practice area 1.4: commercial leadership and senior ownership

Senior ownership ensures accountability for delivery of effective commercial practices, alignment of commercial strategies with organisation objectives and delivery of targeted outcomes through contracts and supplier relationships.

<p style="text-align: center;">Good</p> <p>Criteria of good performance:</p>	<p style="text-align: center;">Better</p> <p>Criteria of better performance:</p>	<p style="text-align: center;">Best</p> <p>Criteria of best performance:</p>
<p>1. there is a qualified* senior officer accountable** for an organisation’s commercial activity, who has relationships across the organisation</p> <p>2. suitably qualified* senior business owners (or SROs if applicable) are identified and assigned for procurement and management of all gold contracts throughout their lifecycle to provide leadership and direction</p> <p>3. commercial specialists understand and deliver against the strategy and plan, and are engaged with decision making across the business with relevant stakeholders and suppliers</p>	<p>4. the senior officer accountable for commercial activity is required to demonstrate effective delivery of commercial activity and is influential within the organisation leadership</p> <p>5. suitably qualified senior business owner (or SROs if applicable) is identified and assigned for procurement and management of all gold and silver contracts throughout their lifecycle and is accountable for their effective delivery</p> <p>6. suitably qualified senior business owners (or SROs if applicable) monitor benefits realisation from contracts, and reports are available on demand in line with organisational policy</p> <p>7. the senior officer accountable for commercial activity promotes continuous improvement with external organisations</p>	<p>8. the senior officer accountable for commercial activity is required to demonstrate effective commercial outcomes and is engaged in delivering wider organisation objectives***</p> <p>9. when senior business owners change there is an effective and documented handover, and such changes are limited, except between lifecycle stages****</p>

* 'Qualified' in this content should be defined in the organisational roles and responsibilities that set minimum expectations for Senior Responsible Owner (SRO) and Senior Business Owner (SBO) expertise

** Accountability denotes overall responsibility for commercial activity within an organisation and may include ownership of the commercial strategy, governance, assurance and continuous improvement activities

*** In the context of the NHS, this would include consideration of ICS objectives

**** Frequent changes may be justifiable in the context of planned change between life cycle stages in line with an agreed commercial strategy for segmentation of ownership

Theme 2. Commercial capability and resourcing

Practice area 2.1: improving commercial capability

Commercial staff are sufficiently capable and provided with appropriate training to ensure effective engagement with the organisation and commercial delivery.

<p style="text-align: center;">Good</p> <p>Criteria of good performance:</p>	<p style="text-align: center;">Better</p> <p>Criteria of better performance:</p>	<p style="text-align: center;">Best</p> <p>Criteria of best performance:</p>
<p>1. a learning and development plan are defined for the function and is linked to core competencies*</p> <p>2. at least 70% of staff at Grade 7** and above, within a commercial role*** are accredited (achieving 'A' rating) through the Government Commercial Function Assessment and Development Centre**** or are working towards***** accreditation via the 'B' L&D Program for Commercial Specialists and above</p> <p>3. commercial staff practice continuous professional development, in line with organisational policy</p>	<p>4. permanent staff have an active Personal Development Plan***** in place</p> <p>5. at least 80% of staff at Grade 7 and above, within a commercial role are accredited (achieving 'A' rating) through the Government Commercial Function Assessment and Development Centre or are working towards accreditation via the 'B' L&D Program for Commercial Specialists and above</p>	<p>6. learning and development is tailored to each employee and extends beyond core technical competencies</p> <p>7. at least 90% of staff at Grade 7 and above, within a commercial role are accredited (achieving 'A' rating) through the Government Commercial Function Assessment and Development Centre or are working towards accreditation via the 'B' L&D Program for Commercial Specialists and above</p> <p>8. applicable commercial training is provided for non-commercial specialists involved with commercial activity</p>

* Details of commercial capabilities are outlined in the government Commercial Career Framework⁵, which describes common role types, capabilities and learning opportunities for commercial professionals across government

** Organisations participating in the Government Commercial Function Assessment and Development Centre process should evaluate job levels for which the full transition has been completed (e.g. where the roll out of the Grade 7 process has not been completed the evaluation should only take account of positions up to Grade 6). Additionally, the assessment should only be applied to those staff in permanent positions, and should not include interim resources. Where there is reference to G7 roles within this criteria, organisations should seek guidance on comparable roles within their sector

*** Applicable commercial roles are defined in the Commercial Functional standard GovS 008. It is not expected that all staff in a commercial department or team are in scope of the ADC or equivalent accreditation

**** Organisations that are not subject to the Government Commercial Function Assessment and Development Centre⁶ (ADC) process may evaluate themselves against other applicable accreditations from professional bodies, for example CIPS or World Commerce and Contracting

***** Where the organisation has confirmed staff availability for the GCF ADC but ADC's have not been scheduled, this can be counted as evidence

***** Personal Development Plans (PDP) refers to any PDP and is not restricted to those established through the ADC process or Government Commercial Organisation

Theme 2. Commercial capability and resourcing

Practice area 2.2: commercial resourcing and operating model

Effective recruitment of trained commercial staff aligned to the commercial operating model ensures efficient use of resources and consistent commercial delivery.

<p style="text-align: center;">Good</p> <p>Criteria of good performance:</p>	<p style="text-align: center;">Better</p> <p>Criteria of better performance:</p>	<p style="text-align: center;">Best</p> <p>Criteria of best performance:</p>
<ol style="list-style-type: none"> 1. the resourcing strategy and the resourcing strategy and target operating model* is approved in a blueprint or equivalent commercial strategy, and defines appropriate commercial specialist and contract management capacity across the organisation 2. succession plans are in place for the senior commercial leadership team 3. an approach to corporate knowledge retention is defined** and embedded 4. the resourcing strategy promotes a diverse and inclusive workforce in line with leading human resourcing policies 	<ol style="list-style-type: none"> 5. a plan is in place to deliver the approved target operating model and resourcing strategy and is on track to be delivered 6. succession plans are in place for all senior commercial managers beyond the senior leadership team 	<ol style="list-style-type: none"> 7. the resourcing strategy and target operating model set out in the approved blueprint or equivalent commercial strategy is fully achieved*** 8. succession plans are in place for SEO (or equivalent mid-level positions) and above 9. cost of function is regularly monitored and benchmarked with applicable peers

* The target operating model should consider the appropriate mix of skills, enabling transactional and strategic delivery of the commercial strategy and plan, and this should inform the learning and development plan

** e.g. structured use of saving working documents to shared drives, and formal handover process during changes in job roles

*** 'fully achieved', allows for a 5% tolerance against the planned permanent FTE posts in the resourcing strategy

Theme 2. Commercial capability and resourcing

Practice area 2.3: contract management competency

Contract managers across both the commercial function and wider organisation are known and adequately trained to manage contract complexity and risk that reflects their expertise and responsibilities.

<p style="text-align: center;">Good</p> <p>Criteria of good performance:</p>	<p style="text-align: center;">Better</p> <p>Criteria of better performance:</p>	<p style="text-align: center;">Best</p> <p>Criteria of best performance:</p>
<p>1. 90% of gold contract managers are identified, are enrolled on or have completed contract management training and accreditation in line with organisational policy</p> <p>2. gold contract managers are regularly required to evidence effective delivery of contract plans</p>	<p>3. 80% of silver contract managers are identified and are enrolled on or have completed contract management training and accreditation in line with organisational policy</p> <p>4. silver contract managers are regularly required to evidence effective delivery of contract plans</p> <p>5. senior business owners (or equivalent) for gold contracts are trained and accredited in contract management, in line with organisational policy</p>	<p>6. 70% of bronze contract managers are identified and are enrolled on or have completed contract management training and accreditation* in line with organisational policy</p> <p>7. senior business owners (or equivalent) for silver contracts are trained and accredited in contract management, in line with organisational policy</p>

* see Contract Management Training and Accreditation Programme⁷

Theme 3. Define: pre-procurement

Practice area 3.1: shaping and defining the business need

Shaping the business need and analysing demand helps to ensure the commercial strategy and approach delivers the business objectives and aligns to the supply market capacity and capability.

<p style="text-align: center;">Good</p> <p>Criteria of good performance:</p>	<p style="text-align: center;">Better</p> <p>Criteria of better performance:</p>	<p style="text-align: center;">Best</p> <p>Criteria of best performance:</p>
<ol style="list-style-type: none"> 1. requirements are developed in alignment with defined business needs and take account of intended outcomes 2. commercial specialists, and where applicable contract managers, are involved during pre-procurement, and with applicable 'delivery model assessments'*, (at least as early as at Outline Business Case or equivalent stage) for gold contracts and in collaboration with other functions 3. evidence-based** techniques are used to challenge and influence the development of requirements 4. supply market engagement contributes to defining the requirements, and promotes access to Small, Medium Enterprises, Voluntary, Community and Social Enterprises (VCSE) 	<ol style="list-style-type: none"> 5. commercial specialists, and where applicable contract managers, are involved with applicable 'delivery model assessments', (at Strategic Outline Business Case or equivalent stage) for silver contracts 6. market intelligence and category strategies are used to inform requirements where applicable 7. external engagement*** is used to help define the requirement and incorporate lessons learned where applicable 8. where applicable, user groups, citizens and patients are consulted, and their feedback informs requirements 	<ol style="list-style-type: none"> 9. collaboration and aggregation (or disaggregation) of demand is utilised to enhance value through procurement (both within the organisation and across organisations***) 10. effective requirement setting is used to deliver long term value, maximise competition and drive sustainability (examples might include utilising modularisation or standardisation)

* Commercial specialists should ensure completion of 'delivery model assessments' (often described as a 'make versus buy' assessment) where appropriate e.g. for complex, high value, novel or contentious contracts. Refer to the Sourcing Playbook additional guidance on conducting a delivery model assessment⁸

** Techniques may include the use of existing data, prior experience with similar contracts, spend and demand analysis, contract management needs and potential future requirements

*** This may include cross government, or engagement across sector specific organisations e.g. within an ICS environment in the NHS

Theme 3. Define: pre-procurement

Practice area 3.2: supply market analysis and early market engagement

Understanding and engaging the supply market early can lead to increased competition, promote innovation and improve value for money in contracts by ensuring potential suppliers have sufficient time to appropriately influence, understand and prepare to make an offer against the contract requirements.

<p style="text-align: center;">Good</p> <p>Criteria of good performance:</p>	<p style="text-align: center;">Better</p> <p>Criteria of better performance:</p>	<p style="text-align: center;">Best</p> <p>Criteria of best performance:</p>
<ol style="list-style-type: none"> 1. clear specifications are defined to provide sufficient information for bidders to make an informed decision about whether they want to bid 2. market health and capability assessments* are carried out for gold and silver contracts 3. commercial specialists are involved during pre-procurement stage for gold and silver contracts (at least at Outline Business Case or equivalent stage) to develop the approach to market engagement 4. effective methods of communication are utilised to promote opportunities** and future demand in the market, and promote visibility of the organisation as a customer 	<ol style="list-style-type: none"> 5. market intelligence, category strategies and market expertise are accessed to support supply market analysis where applicable and inform delivery model assessments and decision making 6. where the market is constrained, early and proactive engagement is used to identify capable suppliers and market appetite 7. a methodology for supply market analysis and engagement is defined and applied to align business requirements to market capacity and capability 8. market analysis includes price benchmarking and informs the commercial strategy 	<ol style="list-style-type: none"> 9. where appropriate, market development strategies are designed and delivered to shape healthy and sustainable markets and drive long term value, and are developed in collaboration with external organisations where applicable

* For further detail on completing a market health and capability assessment see government guidance note on Market Management⁹ and the summary in the Sourcing Playbook¹⁰

** All applicable opportunities must be published on Find a Tender Service¹¹ in line with PPN 08/20 Procurement Policy Note - Introduction of Find a Tender

Theme 3. Define: pre-procurement

Practice area 3.3: developing and analysing commercial options

Identifying and analysing commercial options early enables effective appraisal and selection of the best commercial strategy to deliver the business objectives.

<p style="text-align: center;">Good</p> <p>Criteria of good performance:</p>	<p style="text-align: center;">Better</p> <p>Criteria of better performance:</p>	<p style="text-align: center;">Best</p> <p>Criteria of best performance:</p>
<p>1. commercial specialists, and where applicable contract managers, are involved during pre-procurement (at least during Outline Business Case or equivalent stage) for gold and silver contracts to develop and analyse commercial options through business cases, procurement strategies or equivalent</p> <p>2. should cost' models* are developed for complex outsourcing, and proportionately for other procurements, to support 'delivery model assessments'** and whole life cost evaluation</p> <p>3. commercial options are developed and appraised with cross-functional input in accordance with Green Book or equivalent business case appraisal guidance***</p>	<p>4. market intelligence, market engagement and category strategies are used to inform commercial options where applicable`</p> <p>5. pilots are used where there is limited information about markets, requirements or service risks****</p> <p>6. commercial strategies take account of key performance indicators, payment mechanisms, whole life costs, contract management requirements, contract exit and continuous improvement</p> <p>7. a methodology for developing commercial strategies and 'routes to market' is defined, applied, and aligned to applicable policy</p>	<p>8. commercial strategies define how intended benefits deliver against the organisation objectives and how they will be monitored throughout the commercial lifecycle</p> <p>9. external organisation engagement, including data from shared commercial systems is used to help define commercial options where applicable</p>

* Refer to Government Sourcing Playbook, and further separate Government guidance on Should Cost Modelling¹²

** Refer to Government guidance on Delivery Model Assessments¹³

*** Refer to Government Green Book for more detail on completing business cases¹⁴

**** Refer to Government Sourcing Playbook, for more information on Pilots¹⁵

Theme 4. Procure: procurement and contracting

Practice area 4.1: bid evaluation and supplier selection

Effective supplier selection and evaluation* of bids ensures that the appropriate supplier is chosen to undertake the work, required outcomes are obtained and that value for money is achieved.

<p style="text-align: center;">Good</p> <p>Criteria of good performance:</p>	<p style="text-align: center;">Better</p> <p>Criteria of better performance:</p>	<p style="text-align: center;">Best</p> <p>Criteria of best performance:</p>
<ol style="list-style-type: none"> 1. evaluation models (including Selection Questionnaire) are developed before inviting offers from the supply market, support business needs, are approved with cross-functional and external input where applicable, and take account of priced and unpriced elements 2. whole life cost models are developed and used to evaluate bids where appropriate 3. ‘should cost’ models are used to support evaluation where applicable, and are used for complex outsourcing procurements 4. non-commercial staff are available and competent to carry out effective bid evaluation when required, and are independent, with no conflicts of interest 5. supplier due diligence is conducted in line with applicable organisation assurance policies and incorporate proportionate assessment of supplier economic and financial standing 	<ol style="list-style-type: none"> 6. evaluation criteria are informed by market engagement and lessons learned from contract managers where appropriate 7. wider social and economic value is measured against target outcomes (in both financial and non-financial terms) in evaluation models 8. where appropriate, evaluation models incorporate applicable policy objectives 	<ol style="list-style-type: none"> 9. lessons learned from previous procurements and other external organisations are captured and used in evaluation models and supplier solution testing
<p>* Refer to Government guidance on Bid Evaluation¹⁶</p>		

Theme 4. Procure: procurement and contracting

Practice area 4.2: appropriate risk allocation between parties

Appropriate risk allocation ensures that risks are allocated to the party best able to manage them.

<p style="text-align: center;">Good</p> <p>Criteria of good performance:</p>	<p style="text-align: center;">Better</p> <p>Criteria of better performance:</p>	<p style="text-align: center;">Best</p> <p>Criteria of best performance:</p>
<p>1. the organisation has an established process for reviewing and, where necessary, tailoring model forms of contract to ensure appropriate risk allocation*</p> <p>2. risk allocation is informed by market engagement, appropriately balances the sharing of risk** and provides a fair return to the market</p>	<p>3. for complex outsourcing, cost- benefit analysis is used to evaluate contractual risk transfer approaches in the business case or equivalent commercial strategy</p> <p>4. where appropriate, the procurement process supports effective and compliant communication with suppliers throughout the commercial lifecycle to shape service definitions, payment mechanisms and KPIs in response to evolving understanding of risk</p>	<p>5. where appropriate***, contract renegotiation clauses are included to facilitate effective management of risk and continuous improvement through the life of commercial agreements</p> <p>6. risk allocation is reviewed throughout the contract, and where applicable adapts to commercial changes</p>

* Refer to further guidance on Risk Allocation and Pricing Approaches¹⁷

** In the context of NHS organisations working within an ICS environment, risk allocation should be considered for each Trust

*** Appropriate contracts may include those involving pilots, or novel and new services where the organisations requirements may change over time

Theme 4. Procure: procurement and contracting

Practice area 4.3: applying effective contract terms

Applying effective contract terms, including where appropriate the use of standard forms of contract, ensures intended outcomes are delivered and risks are mitigated.

<p style="text-align: center;">Good</p> <p>Criteria of good performance:</p>	<p style="text-align: center;">Better</p> <p>Criteria of better performance:</p>	<p style="text-align: center;">Best</p> <p>Criteria of best performance:</p>
<ol style="list-style-type: none"> 1. model forms of contracts* (including short forms) are available, maintained and utilised 2. assurance processes are in place to ensure use of appropriate contract terms and variations from model forms are subject to approvals 3. commercial specialists are trained in model contract forms including effective application and common variations 4. contracts reflect the organisations requirements, agreed proposals with prospective suppliers and are signed by duly authorised representatives from the contracting parties 	<ol style="list-style-type: none"> 5. when organisations deviate from model form contracts, proposed commercial terms are always shared with the supply market early enough for relevant changes to be incorporated 6. ‘scenario analysis’ is used when developing contracts to ensure adaptability to future requirements where applicable 7. costing of anticipated future options is included in contracts where appropriate 8. exit clauses for gold and silver contracts are monitored to ensure obligations of all parties are defined 	<ol style="list-style-type: none"> 9. organisation contributes to improving** model forms of contract and contract terms through internal and external engagement 10. exit clauses for applicable*** bronze contracts, are monitored to ensure obligations of all parties are defined

* Model forms of contracts may include sector and market specific contracts

** Organisations should follow policy guidelines regarding use, or improvement of model forms of contract

*** ‘applicable’ in this context is guidance to apply proportionally to bronze contracts based on risk, value or complexity

Theme 5. Manage: contract management

Practice area 5.1: contract mobilisation and transition

Tracking contract mobilisation obligations and risk ensures successful start-up. In cases where a service is passed from one supplier to another, effective contract transition ensures that a complete and smooth handover is conducted, with no unplanned interruption to service.

<p style="text-align: center;">Good</p> <p>Criteria of good performance:</p>	<p style="text-align: center;">Better</p> <p>Criteria of better performance:</p>	<p style="text-align: center;">Best</p> <p>Criteria of best performance:</p>
<ol style="list-style-type: none"> 1. the budget for the contract is defined, and processes for committing and monitoring contract spend are aligned with the organisations financial processes 2. contract mobilisation and management plans are developed during procurement and deployed at contract award for gold contracts 3. delivery of mobilisation obligations for the supplier and authority are tracked and reported to relevant stakeholders for gold contracts 4. mobilisation obligations and (where applicable) transition arrangements are incorporated into all applicable contracts before signing 	<ol style="list-style-type: none"> 5. contract mobilisation and management plans are developed during procurement and deployed for silver contracts 6. delivery of mobilisation obligations are tracked and reported to relevant stakeholders for silver contracts 7. where applicable, contingency plans are prepared in case of delayed or failed mobilisation 8. for gold contracts, mobilisation obligations and dependencies are risk assessed at pre-procurement stage 	<ol style="list-style-type: none"> 9. contract mobilisation and management plans are developed and deployed for bronze contracts where appropriate, or in line with policy 10. where applicable, mechanisms are included in contracts to modify or expand transition arrangements 11. commercial considerations are addressed in sufficient time to achieve mobilisation and transition at economic cost and acceptable risk

Theme 5. Manage: contract management

Practice area 5.2: managing delivery and performance

Effective management of delivery of goods, works and services through contracts and supplier performance ensures intended outcomes and benefits are realised.*

<p style="text-align: center;">Good</p> <p>Criteria of good performance:</p>	<p style="text-align: center;">Better</p> <p>Criteria of better performance:</p>	<p style="text-align: center;">Best</p> <p>Criteria of best performance:</p>
<ol style="list-style-type: none"> 1. proportionate KPIs are included in all applicable contracts, are developed during outline business case stage (or equivalent) in consultation with relevant stakeholders and published in line with applicable policy 2. a governance process is defined and used, to control and justify contract changes, and changes continue to meet the organisation's business needs and provide fair treatment of suppliers 3. supplier performance is measured and commercial staff support regular performance reviews held for all gold contracts 4. consequences for underperforming suppliers are defined in contracts and any disputes are managed through a formal dispute resolution process 5. payments to suppliers are made on time**, reflect contract terms, and are subject to robust assurance controls and counter fraud policy*** 	<ol style="list-style-type: none"> 6. a process and methodology for supplier performance management is established and aligned to contract segmentation 7. a method for reviewing and consistently measuring (cashable and non-cashable) benefits realisation after contract award is established and aligns with applicable financial processes 8. supplier performance is measured and commercial staff support regular performance reviews for silver contracts 9. contract reviews are conducted regularly for gold contracts to ensure the contract remains fit for purpose and is delivering against the business objectives 10. payments to suppliers are periodically audited by the organisation or third parties to monitor compliance with contractual terms 	<ol style="list-style-type: none"> 11. key supplier relationships are leveraged to deliver performance improvements which are measured and reported 12. supplier performance reports for key suppliers are regularly communicated to supplier senior executives 13. where applicable, supplier performance is published in the public domain in alignment with applicable policy and guidance 14. transparency between parties is promoted through open book accounting for gold contracts, and can be mapped to real accounting events and supplier internal reports

* See guidance from the Crown Commercial Service on contract management standards¹⁸

** See Government Source to Contract Global Design Principles document for further guidance on prompt payment (due for publication 2021)

*** See Government Functional Standard GovS 013: Counter Fraud as part of the suite of Government Functional Standards¹⁹

Theme 5. Manage: contract management

Practice area 5.3: managing contract risk

Contract risk management ensures contracts are completed successfully in support of policy or organisation objectives, taking into account the extent of identified threats and opportunities.

<p style="text-align: center;">Good</p> <p>Criteria of good performance:</p>	<p style="text-align: center;">Better</p> <p>Criteria of better performance:</p>	<p style="text-align: center;">Best</p> <p>Criteria of best performance:</p>
<ol style="list-style-type: none"> 1. a risk management methodology is in place, aligns with counter fraud security and finance policy*, and is embedded within the commercial lifecycle and associated processes 2. organisation and supplier business continuity and resolution plans are in place and maintained for all gold contracts 3. for gold contracts, contract risk logs are maintained, and actions to mitigate risks are tracked and communicated to relevant stakeholders 4. the commercial and contract management teams understand and are effective in implementing the risk management methodology 5. contract management processes are defined, and aligned with finance processes**, to monitor adherence to contract terms, including accurate payment to suppliers for goods or services received 6. the economic and financial standing of strategic suppliers is monitored on an ongoing basis and is proportionate to risk 	<ol style="list-style-type: none"> 7. organisation and supplier business continuity and resolution plans are in place and maintained for all silver contracts 8. for silver contracts, risk logs are maintained and actions to mitigate risk are tracked and communicated to relevant stakeholders 9. the contract assurance approach is embedded and effective across the contract portfolio 10. sub-contractor risks are monitored for all gold contracts in alignment with the organisation risk and assurance policies, including counter fraud and security (this may be monitored directly or via prime contractor obligations) 	<ol style="list-style-type: none"> 11. organisation and supplier business continuity and resolution plans (or other proportionate risk mitigations) are in place and maintained for bronze contracts where applicable*** 12. an approach to risk management is applied across the contract portfolio and feeds into organisation-wide risk management, including fraud and security risk 13. sub-contractor risks are monitored for all silver contracts in alignment with the organisation risk and assurance policies, including counter fraud and security (this may be monitored directly or via prime contractor obligations)

* See Government Functional Standard GovS 007: Security. This sets out a holistic approach to mitigating physical, personnel and cyber security risks and defines contract management security responsibilities and minimum contractual security requirements

** For further guidance see Government Functional Standard GovS 006: Finance. This defines central government financial processes

*** The organisation should identify bronze contracts that require the most robust contingency measures. To fully meet this indicator, it is not necessary for all bronze contracts to have a contingency plan

Theme 5. Manage: contract management

Practice area 5.4: supply chain, inventory management / stock control (NHS Only)

Developing knowledge and managing assets will enable efficient and effective use and planning of resources and reduce waste.

<p style="text-align: center;">Good</p> <p>Criteria of good performance:</p>	<p style="text-align: center;">Better</p> <p>Criteria of better performance:</p>	<p style="text-align: center;">Best</p> <p>Criteria of best performance:</p>
<ol style="list-style-type: none"> 1. there is documentary evidence of/strategy in place outlining an agreed approach for inventory/ materials management 2. where appropriate there is a materials management service in place (top up and put away service) 3. store locations have a regular cycle (minimum annually) of stock checks in place (including a review of min/ max levels) 4. the organisation knows the estimated value items held in stock 	<ol style="list-style-type: none"> 5. optimum internal logistics (R&D) model implemented 6. where appropriate systems are in place that enable active management of inventory 7. inventory holding and stock management costs are known 8. value of stock written-off for date expired and obsolescent stock quantified 	<ol style="list-style-type: none"> 9. inventory management solutions implemented (including automated systems on all or selected products/ areas) with full integration into sourcing processes 10. optimum inventory holding and stock costs known 11. near real-time view of stock held and location in which it is held 12. appropriate "Lean" supply chain techniques implemented. Minimal input into ordering, replenishment and stock holding of products by clinical staff

Theme 5. Manage: contract management

Practice area 5.5: supply chain, logistics (NHS Only)

Developing knowledge and managing assets will enable efficient and effective use and planning of resources and reduce waste.

<p style="text-align: center;">Good</p> <p>Criteria of good performance:</p>	<p style="text-align: center;">Better</p> <p>Criteria of better performance:</p>	<p style="text-align: center;">Best</p> <p>Criteria of best performance:</p>
<p>1. where in place Receipts and Distribution (R&D) are responsible for matching receipts to orders and arranging the internal delivery schedule</p> <p>2. goods usually distributed the day they arrive, except where there is a clear policy of goods to be stored centrally</p>	<p>3. optimum internal logistics model determined and documented which covers all key areas involved in moving goods across the organisation: for example porters, post, pharmacy, SDU, procurement, catering etc.</p> <p>4. minimum disruption to visitors, patients and staff from deliveries</p>	<p>5. no interruption to patient care as a result of internal logistics</p> <p>6. evidence that visitors, patients and staff are not inconvenienced as a result of deliveries/tugs/cages on the corridors or in clinical areas</p>

Theme 6. Managing categories, markets and supplier relationships

Practice area 6.1: delivering category and market strategies

Developing and delivering category and market strategies supports development of market expertise, unlocks opportunities to increase value for money through collaborative sourcing, provides better access to market-led innovation and supports development of sustainable supply markets.

<p style="text-align: center;">Good</p> <p>Criteria of good performance:</p>	<p style="text-align: center;">Better</p> <p>Criteria of better performance:</p>	<p style="text-align: center;">Best</p> <p>Criteria of best performance:</p>
<ol style="list-style-type: none"> 1. critical markets and spend categories are identified and a methodology for category and/or market management is defined and used, and is proportionate to the complexity and size of the contract portfolio 2. where applicable, category strategies are developed with the business, and delivery of category plans is regularly monitored 3. category and market strategies take account of barriers to entry, market development and innovation opportunities for Small, Medium Enterprises, Voluntary, Community and Social Enterprises (VCSE) 	<ol style="list-style-type: none"> 4. market intelligence, including price benchmarking is available and used to develop and maintain commercial category strategies 5. external organisation category strategies are utilised where applicable to inform organisation category strategies and procurement activity, and include collaborative procurement where applicable 6. category strategies take account of alternative delivery models, and long-term suitability of supply market solutions 	<ol style="list-style-type: none"> 7. organisation regularly engages with critical markets outside of individual procurement events 8. where applicable, value from delivery of category and market strategies is measured and reported* to the organisation's senior leadership team

* In the context of the NHS, reports may include consideration of collaboration opportunities when working within an ICS environment

Theme 6. Managing categories, markets and supplier relationships

Practice area 6.2: strategic supplier relationship management*

Effective management of strategic supplier relationships allows organisations to engage collaboratively with suppliers to improve delivery, increase mutual value beyond that contracted and manage security of supply.

<p style="text-align: center;">Good</p> <p>Criteria of good performance:</p>	<p style="text-align: center;">Better</p> <p>Criteria of better performance:</p>	<p style="text-align: center;">Best</p> <p>Criteria of best performance:</p>
<ol style="list-style-type: none"> 1. a methodology for segmenting suppliers is defined and used in accordance with applicable relationship models** 2. strategic suppliers are clearly identified based on spend and criticality 3. each strategic supplier selected for relationship management has an assigned senior business owner 4. plans to improve operational performance and reduce risk are in place and are regularly reviewed by both the organisation and the strategic supplier 	<ol style="list-style-type: none"> 5. varied strategies for supplier relationship management are defined and adopted in alignment with the segmentation methodology 6. strategic supplier identification also takes into account the scope of the relationship and future opportunities 7. plans in place to improve performance, promote innovation, and reduce risk are considered mutually, have clear accountabilities that deliver measured benefits to both the organisation and the strategic supplier above that already contracted for 8. the relationship is measured by both the organisation and the strategic supplier in a '360' type approach 	<ol style="list-style-type: none"> 9. strategic supplier identification also takes into account the organisation's future objectives and strategy 10. the aims and objectives of collaboration are documented and agreed by both the organisation and the strategic supplier

* Refer to Government guidance on Strategic Supplier Relationship Management²⁰

** The Cabinet Office runs a Strategic Supplier Relationship Management programme with associated tools and processes that are available to public sector commercial practitioners on KHUB

Theme 7. Commercial systems, reporting and information

Practice area 7.1: using commercial systems and tools

Utilising appropriate commercial systems and data enables process efficiency, robust controls, and effective decision-making.

<p style="text-align: center;">Good</p> <p>Criteria of good performance:</p>	<p style="text-align: center;">Better</p> <p>Criteria of better performance:</p>	<p style="text-align: center;">Best</p> <p>Criteria of best performance:</p>
<ol style="list-style-type: none"> 1. commercial processes are standardised, utilised and enabled by appropriate system(s)* 2. all identified users are trained to use applicable systems and tools, have a clear understanding of roles and responsibilities, and system support is effective 3. responsibilities for master data management (MDM) are defined, understood by responsible owners, and where applicable linked to individual or team objectives to drive consistency and compliance 4. IT process controls are defined and data security is reviewed on a regular basis with contingency planning for data loss 	<ol style="list-style-type: none"> 5. a commercial systems and data strategy forms part of the overall commercial strategy and plan and progress is measured 6. sourcing and buying processes are system enabled including, where applicable, self-service functionality 7. contract management is systems enabled, including contract drafting, administration and life-cycle management 8. commercial systems are integrated with other internal systems within the organisation** 9. commercial systems are integrated with external organisations where applicable*** 10. a data governance framework is defined, aligns to organisational data standard obligations and defines key data sources, data owners and their responsibilities 	<ol style="list-style-type: none"> 11. some transactional procurement processes are automated e.g. through robotics 12. an approach to continuously improve data quality and accuracy is adopted and enhanced by specialist skills and data science**** 13. where beneficial, the data governance framework is shared and aligned with external organisations to support collaborative working

* Investment in commercial systems should be proportionate to the organisation’s annual spend and complexity of the contract portfolio. Commercial systems may include catalogue management, electronic sourcing, Procure to Pay (P2P), use of Dynamic Purchasing Systems (DPS), contract management (including contract register and pipeline management) and end to end sourcing management systems

** For central government organisations and ALB’s, organisational commercial systems should align to GCF Source to Contract process maps and design principles where applicable

*** For central government organisations and ALB’s, this may include integrating to the Case and Spend Insights Engine (CaSIE), Find a Tender Service, and CONCLAVE. NHS organisations should consider GS1 coding, or integrating systems across Trusts within an Integrated Care Systems (ICS) environment

**** For example, may include machine learning and predictive analytics

Theme 7. Commercial systems, reporting and information

Practice area 7.2: reporting and utilising commercial intelligence and insights

Reporting and commercial intelligence supports development of effective commercial strategies, better decision- making and enables communication of the current status and outlook of commercial delivery.

<p style="text-align: center;">Good</p> <p>Criteria of good performance:</p>	<p style="text-align: center;">Better</p> <p>Criteria of better performance:</p>	<p style="text-align: center;">Best</p> <p>Criteria of best performance:</p>
<ol style="list-style-type: none"> 1. a commercial reporting framework is defined and used in line with organisational policy, and promotes transparency 2. contract information is retained to meet statutory and contractual requirements in accordance with organisational information retention policies 3. performance of the commercial function is measured and reported 4. commercial spend data is available and reported 5. commercial contract register reports are available on demand and held in a central repository within the organisation 	<ol style="list-style-type: none"> 6. functional performance measures include financial metrics* and are aligned to overall organisation performance reporting to generate actionable insights 7. commercial spend reports are available on demand, supported by the system strategy and can be analysed by category of spend 8. customer and supplier feedback is collected and used to drive improvements 	<ol style="list-style-type: none"> 9. commercial reports and analytics are used to inform organisation strategy and policy decisions 10. functional performance is benchmarked externally and linked to a continuous improvement plan 11. commercial spend reports are shared and analysed with external organisations, to identify opportunities for aggregation of demand** 12. predictive modelling and forecasting is utilised to develop the commercial strategy

* Financial metrics could include savings targets, budgets and return on investment in the function

** Crown Commercial Service can provide sector spend reports to support analysis of aggregation of demand with external organisations

Theme 7. Commercial systems, reporting and information

Practice area 7.3: data systems and performance management, GS1 and patient level costing (NHS Only)

Efficiencies are made and risks reduced through effective and automated processes which enable and track purchases.

<p style="text-align: center;">Good</p> <p>Criteria of good performance:</p>	<p style="text-align: center;">Better</p> <p>Criteria of better performance:</p>	<p style="text-align: center;">Best</p> <p>Criteria of best performance:</p>
<p>1. procurement team understand and support the organisation’s approach to patient level costing and GS1 compliance</p>	<p>2. action plan agreed for the development and implementation of e-procurement, including plans for the adoption of GS1 standards</p> <p>3. e-procurement action plan being executed and delivered</p> <p>4. some patient level costing systems in place in high value areas with evidence that system is being used to drive efficiency across the organisation with high levels of coding accuracy</p>	<p>5. GS1 compliant patient level costing system used across the organisation where appropriate</p> <p>6. organisation has the ability to track products throughout their lifecycle from manufacturer to consumption</p> <p>7. e-procurement action plan fully implemented with benefits realised and reported</p>

Theme 8. Policy

Practice area 8.1: policy awareness and implementation

Implementation of sector specific policy priorities supports delivery of the intended policy benefits to citizens, patients and the wider economy.

<p style="text-align: center;">Good</p> <p>Criteria of good performance:</p>	<p style="text-align: center;">Better</p> <p>Criteria of better performance:</p>	<p style="text-align: center;">Best</p> <p>Criteria of best performance:</p>
<ol style="list-style-type: none"> 1. the overall commercial strategy takes account of applicable commercial and organisational policy priorities* and defines how policy objectives will be delivered 2. the organisation has an established process for identifying new commercial policies, communicates requirements** to all relevant staff and provides training if necessary 3. a governance process is defined to monitor compliance with new and existing commercial policy requirements, records non-compliance and justification and assigns senior accountability 4. suppliers are required to demonstrate commitment to diversity and inclusion and modern slavery policy objectives 	<ol style="list-style-type: none"> 5. category strategies take account of applicable policy priorities, and define how policy objectives will be delivered 6. commercial specialists are assigned*** to priority policy areas and actively promote engagement across the organisation 7. expectations for delivering against policy priorities are defined in competitive evaluation criteria, and are tailored to the specific goods or services being procured** 	<ol style="list-style-type: none"> 8. all applicable policy objectives are delivered across the commercial life-cycle and reports are available on demand 9. senior commercial sponsors are assigned to promote priority commercial policies to drive adherence across the organisation and maximise the intended benefits 10. innovative responses from the market are sought through the use of flexible procurement procedures where permissible to meet policy objectives

* Different sectors will have varied policy priorities that impact commercial practices. Common priorities for commercial functions are included in this framework but organisations should agree other policy areas for inclusion in their strategy in line with internal governance arrangements and the wider organisation needs

** Requirements include Policy Procurement Notes for central government departments and other comparable policy notifications

*** The assigned commercial specialist may be the Subject Matter Expert for the relevant Priority policy area, or may work closely with a Subject Matter Expert if they sit elsewhere within the organisation

Theme 8. Policy

Practice area 8.2: social value

Delivering Social Value objectives within contracted services provides additional benefits to the economy and communities at no extra cost.

<p style="text-align: center;">Good</p> <p>Criteria of good performance:</p>	<p style="text-align: center;">Better</p> <p>Criteria of better performance:</p>	<p style="text-align: center;">Best</p> <p>Criteria of best performance:</p>
<ol style="list-style-type: none"> 1. an applicable social value model* is used to determine social value requirements during pre-procurement for applicable contracts in line with organisational policy 2. access to social value training is made available to all applicable commercial staff 3. trained social value subject matter experts are involved in the evaluation of supplier proposals for gold contracts 4. social value KPIs are agreed for applicable contracts and are tailored to individual contract specifications and business objectives 5. social value performance is monitored for gold contracts and reports are available on demand 	<ol style="list-style-type: none"> 6. category and market strategies include social value objectives and delivery plans 7. social value training is completed by applicable commercial staff 8. social value subject matter experts are involved in the evaluation of supplier proposals for silver contracts 9. social value performance is routinely monitored for silver contracts and reports are available on demand 	<ol style="list-style-type: none"> 10. strategic social value priorities for commercial activity are developed in consultation with stakeholders across the organisation 11. social value training is embedded into mandatory training for new commercial staff 12. social value performance is monitored for bronze** contracts and reports are available on demand

* Several social value models are available and used by different public sectors. Central government should refer to 'Procurement Policy Note 06/20 – taking account of social value in the award of central government contracts'. This requires that a minimum weighting of 10% of the total score for social value should be applied to evaluation models. For organisations that fall outside the scope of this PPN, the content may act as guidance.

** It is not necessary for all bronze contracts to be in scope, only those that offer tangible opportunities to drive social value outcomes.

Note: Due consideration to the Public Services (Social Value) Act 2012 should be given.

Theme 8. Policy

Practice area 8.3: small medium enterprises (SMEs)

Promoting opportunities for Small, Medium Enterprises (SME), Voluntary, Community and Social Enterprises (VCSE) can stimulate the economy, improve community benefits and drive innovation.

<p style="text-align: center;">Good</p> <p>Criteria of good performance:</p>	<p style="text-align: center;">Better</p> <p>Criteria of better performance:</p>	<p style="text-align: center;">Best</p> <p>Criteria of best performance:</p>
<ol style="list-style-type: none"> 1. market engagement actively informs SMEs and VCSEs about new commercial opportunities including publication of the commercial pipeline 2. expectations of prime contractor fair treatment of supply chains are communicated to the market, including payments terms and align to applicable policies 3. efficient procurement and commissioning processes are adopted for applicable contracts to minimise costs and encourage SMEs and VCSEs proposals 	<ol style="list-style-type: none"> 4. category and market strategies take account of barriers to entry for SMEs and VCSEs and promote potential innovation from the sector 5. SME and VCSE market share is benchmarked with peers and reports are available on demand 6. fair treatment and prompt payments to SMEs and VCSEs by prime contractors is routinely monitored 	<ol style="list-style-type: none"> 7. where applicable, commercial continuous improvement activities are informed through feedback received from SMEs and VCSEs

Theme 8. Policy

Practice area 8.4: sustainability and Net Zero (NHS only). Whilst this practice area is not mandatory for central government organisations they are encouraged to complete it as part of the self-assessment where possible. Central government sustainability and Net Zero policies will be updated in 2021 for addition to the framework in 2022 when it will become a mandatory practice area for central government organisations.

Supporting sustainability and Net Zero policy objectives through contracted services contributes to the achievement of government commitments to reducing carbon emissions and impacts wider environmental issues.

<p style="text-align: center;">Good</p> <p>Criteria of good performance:</p>	<p style="text-align: center;">Better</p> <p>Criteria of better performance:</p>	<p style="text-align: center;">Best</p> <p>Criteria of best performance:</p>
<p>1. standard contract terms support sustainability and Net Zero objectives, and minimum environmental product specifications are routinely applied to contract requirements</p> <p>2. the commercial strategy takes account of government commitments to climate change</p>	<p>3. strategic suppliers are engaged* to promote the reduction of their carbon footprint and use of single use plastics in current and future contracted services</p> <p>4. category strategies take account of sustainability and Net Zero objectives and include targets for carbon reduction for applicable** categories</p>	<p>5. carbon reduction targets are included in gold contracts and delivery is measured and reported</p> <p>6. supplier contributions to carbon reduction and wider sustainability objectives are tracked and reported</p>

* Crown Representatives lead on engagement with government strategic suppliers. Government organisations should maintain awareness of the programme and any insights applicable to strategic suppliers in their supply chain

**applicable categories include construction and other carbon intensive services and markets

A. Glossary

Term	Definition
assurance	A general term for the confidence that can be derived from objective information over the successful conduct of activities, the efficient and effective design and operation of internal control, compliance with internal and external requirements, and the production of insightful and credible information to support decision making. Confidence diminishes when there are uncertainties around the integrity of information or of underlying processes
blueprint	A central government document that sets out the commercial operating model, required resources, organisation structure and core transformation/ improvement activities.
bronze contract	Low risk and low value contracts that usually require a light touch management regime.
CASIE	A central government technology system, intended to aggregate data across organisations.
category management	Category management is the strategic approach for buying specific categories of goods and services that aligns organisational spend and requirements with supply market capability and capacity. The majority of organisational external spend can be grouped into common categories.
category plan	A category plan defines how the category strategy should be delivered. Category plans include performance reporting for the category, project management approach and risk management.
category strategy	A category strategy defines the overall approach to managing the category, including the strategic objectives and how the category should support the wider business objectives.
commercial	Commonly used term in central government to define broad procurement activity, but does not include wider commercial activity including income generation for the purposes of this document.
commercial pipeline	A commercial pipeline provides an ongoing view of commercial activity so that sufficient time and resources can be allocated to develop commercial strategies, make recommendations and act upon them.
commercial system	A technology system designed and used specifically for commercial use.

Term	Definition
commercial specialist	A Staff, of any rank, with particular expertise in the undertaking of specialist commercial activities as defined in, including commercial specialist roles as defined in the Government Commercial Function people standards.
complex outsourcing	First generation outsourcing; significant transformation of service delivery; obtaining services from markets with limited competition or where Government is the only customer; and/or any service obtained by contract that is considered novel or contentious.
contingency planning	A course of action and resulting document(s) that prepares the organisation to respond effectively to future significant events, incidents and risks.
contract	A legally binding agreement that sets out obligations between parties. A contract can take any form, such as a licence agreement, memorandum, service agreement.
contract management plan	Documented plan which sets out the resources, risks and contract management activities required to effectively manage a contract.
contract segmentation	A process through which the contract portfolio is categorised according to the organisations judgement of risk, value and criticality.
delivery model assessment	A delivery model assessment (often described as a ‘make versus buy assessment’) is an analytical, evidenced-based approach to reach a recommendation on whether a department should deliver a service or part of a service in-house, procure from the market or adopt a hybrid solution.
demand management	An approach to understanding, forecasting and influencing the requirements of the organisation through alignment with market capacity and capability.
defined	In the context of standards, ‘defined’ denotes a documented way of working which people are expected to use. This can apply to any aspect of a governance or management framework for example processes, codes of practice, methods, templates, tools and guides.
dynamic purchasing system	An electronic system used to procure commonly used goods, works or services, and which allows suppliers to apply to join at any time.
external organisation	Another organisation that falls outside of the scope of the entity completing the self-assessment e.g. another government department, ALB, local authority or NHS organisation.

Term	Definition
gold contract	Business critical, highest risk contracts that require the most significant management and senior staff engagement.
KPIs	Key Performance Indicators are measurable values that demonstrate how effectively a contract/supplier is delivering on its responsibilities.
lines of defence	An assurance model that defines three distinct groups of stakeholders involved with separate but complimentary assurance activity (see Functional Standard).
mobilisation plan	A plan detailing how a supplier intends to mobilise their resources ready for undertaking their contract obligations.
model form contract	The core contract template comprising the primary terms and conditions utilised by the organisation to improve efficiency and consistency of contracting arrangements.
modularisation	The process of simplifying requirement setting through engagement with the supply chain to improve value and reduce reliance on specific suppliers.
open book accounting	The process of contracting suppliers on the basis of transparent records of their costs.
pilots	The initial small-scale implementation phase used when a complex service is outsourced for the first time and there is limited information about the requirements and risks.
plan	A plan ensures that desired outputs and outcomes are likely to be delivered within defined constraints, to meet an agreed strategy.
prime contractor	Supplier with single overall responsibility for the delivery of a contract.
resolution plans	A component of contingency planning that defines how a significant incident will be resolved and who is accountable and responsible for the plan within the organisation.
scenario analysis	A process through which potential future requirements are explored with cross functional stakeholders to ensure contracts are sufficiently flexible to remain fit for purpose if demands and business objectives change.

Term	Definition
senior business owner (senior responsible owner)	The senior business owner is accountable to a defined higher authority in the organisation for their assigned contracts (or group of related contracts) and/or their assigned supplier relationship and associated commercial activity. See Government Functional Standard GovS 008: Commercial for more detail.
should cost	A financial modelling technique to determine the expected cost of goods or services that are provided by suppliers.
silver contract	Contracts of medium risk, value and complexity that require more than a light touch management regime but not the level of investment that gold contracts require.
standardisation	The process of setting generally uniform characteristics for a particular good or service to improve value and streamline procurement activity.
strategic supplier	A supplier that is considered critical to delivery of an organisation's objectives and strategy.
strategy	A strategy sets objectives and desired delivery outputs and outcomes, to inform future decisions and choices about how objectives are delivered.
supplier segmentation	A process through which suppliers are categorised according to the organisations judgement over risk, value and criticality.
sustainability	Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.
tier	The level a contract is assigned to in the organisation's hierarchy of criticality, as defined by its risk assumptions.
target operating model	The desired state of the operating model for an organisation.
transition plan	Documented plan detailing how an incumbent service provider is to hand over their responsibilities to an in-coming service provider.
whole life costs	A financial estimate to define all of the direct and indirect costs associated with a procurement or commercial arrangement. This includes costs contract management costs incurred by the contracting party. Also known as 'Total Cost of Ownership.

B. References

- 1 Sourcing Playbook
<https://www.gov.uk/government/publications/the-outsourcing-playbook>
- 2 Government Functional Standard GovS 008: Commercial
<https://www.gov.uk/government/publications/commercial-operating-standards-for-government>
- 3 Government Guidance - Commercial Pipeline
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/683067/Commercial_Pipeline_Guidance_Feb_2018.pdf
(Commercial Pipeline guidance will be published on gov.uk in Summer 2021)
- 4 Government Suite of Functional Standards
<https://www.gov.uk/government/collections/functional-standards>
- 5 Government guidance - The commercial career framework
<https://www.gov.uk/government/publications/the-commercial-career-framework>
- 6 Government guidance - Commercial assessment and development centre
<https://www.gov.uk/government/publications/commercial-assessment-and-development-centre>
- 7 Government Guidance on the Contract Management Training and accreditation
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/941339/Training-Accreditation-brochure.pdf
- 8 Government guidance – Delivery Model Assessments
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/896095/DMA-Guidance-Note.pdf
- 9 Government guidance – Market Management
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/816636/20190710-Market_Management_Guidance_Note.pdf
- 10 Sourcing Playbook
<https://www.gov.uk/government/publications/the-outsourcing-playbook>
- 11 Find a Tender Service
<https://www.gov.uk/find-tender>
- 12 Government guidance - Should Cost Modelling guidance
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/891146/Should_Cost_Modelling_-_Guidance_Note_-_June_2020.pdf
- 13 Government guidance – Delivery Model Assessments
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/896095/DMA-Guidance-Note.pdf

- 14 Government guidance - The Green Book: appraisal and evaluation in central government
<https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>
- 15 Sourcing Playbook
<https://www.gov.uk/government/publications/the-outsourcing-playbook>
- 16 Government guidance – Bid Evaluation
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/891150/Bid_Evaluation_-_Guidance_Note_-_June_2020.pdf
- 17 Government guidance – Risk Allocation and Pricing Approaches
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/891148/Risk_Allocation_and_Pricing_Approaches_-_Guidance_Note_-_June_2020.pdf
- 18 Government guidance - Commercial capability: contract management standards
<https://www.gov.uk/government/publications/commercial-capability-contract-management-standards>
- 19 Government Functional Standards
<https://www.gov.uk/government/collections/functional-standards>
- 20 Government guidance – A Guide to Strategic Supplier Relationship Management
 Part 1 – Getting Started
https://khub.net/documents/178167829/196451417/2.2.1+SSRM+Guide_GETTING+STARTED_v1_20-12-18.docx.pdf/b515a7f6-0f4a-3739-814b-e2d22db4f816?version=1.0&t=1557228493447&download=true
 Part 2 – Working with Suppliers
https://khub.net/documents/178167829/196451417/2.2.1+SSRM+Guide_WORKING+WITH+SUPPLIERS_v1_20-12-18.docx.pdf/78e6a9db-607b-0680-28f4-ec4ec01ea3d?t=1557228491885&download=true
 Part 3 – What is SSRM?
https://khub.net/documents/178167829/196451417/2.2.1+SSRM+Guide_GETTING+STARTED_v1_20-12-18.docx.pdf/b515a7f6-0f4a-3739-814b-e2d22db4f816?version=1.0&t=1557228493447&download=true

Contact: Government Commercial Function or NHS England and Improvement

Web: www.gov.uk/government/organisations/government-commercial-function

www.improvement.nhs.uk

<https://www.england.nhs.uk/>

Email: commercialstandards@cabinetoffice.gov.uk

For NHS: standards.assessment@nhs.net

