



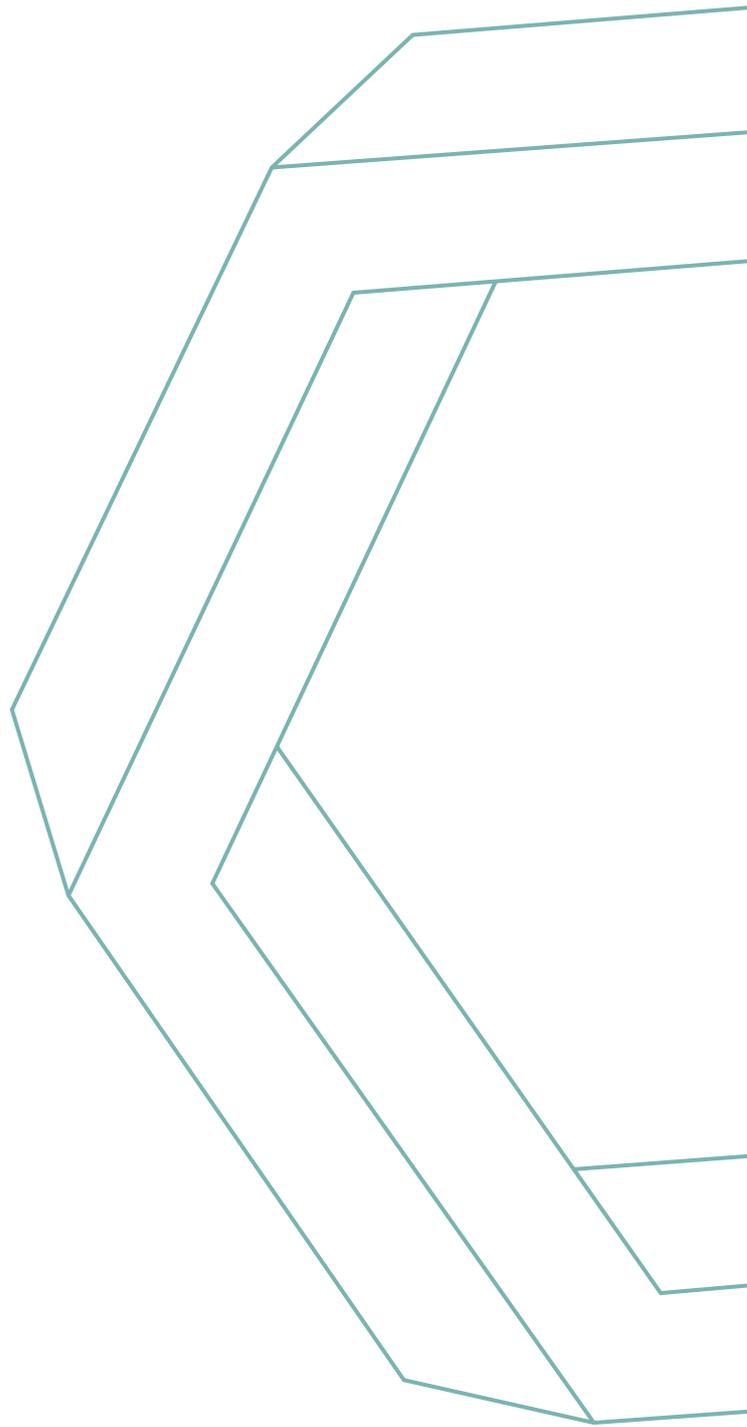
Government Commercial Function Strategy

2021-2025



Government
Commercial
Function

Contents



Foreword

from Gareth Rhys Williams



I'm delighted to be introducing the next iteration of the Government Commercial Function (GCF) strategy and the next phase of our journey to being the Best Commercial Function in the UK.

It comes at a time of enormous opportunity. We have spent more than a year tackling COVID-19, the biggest peacetime challenge faced by a UK Government for more than a century. During that time I have been incredibly proud of the extraordinary things the commercial function and our suppliers have helped to achieve, from developing and administering life-saving products like vaccines and ventilators, to standing up critical public services in record time such as testing, food parcels and free school meals.

Not only has our function played a critical role in the COVID-19 response, we have taken enormous steps to transform how central government defines, procures and manages its contracts. Since the GCF was formed in 2015, we have:

- Supported government departments to consistently produce commercial benefits and savings of over £2bn per annum, since 2017;
- Established the Government Commercial Organisation, which has helped to raise the capability of the commercial function throughout central government;

- Designed and embedded the Government Commercial Functional Standard, which strives for cross-government commercial continuous improvement;
- Worked with industry to publish and implement a series of Sourcing Playbooks which are helping to drive best commercial practice; and
- Delivered a step change in the way we compete our contracts, opening the door for SMEs to participate.

None of this and more could have been realised without the dedication and expertise of our commercial teams working all across government as well as the flexibility and innovation demonstrated by our suppliers.

There is still much more that we need to do. Central to this strategy will be our focus on overhauling the public procurement regime as set out in the Green Paper on Transforming Public Procurement, an opportunity only available now that the UK has left the European Union. This wide-ranging programme of reform will ensure our regulations improve public services, maximise innovation and deliver wider economic benefits for the UK.

We also need to harness the data at our fingertips to drive real value while increasing transparency, and build public trust in the way we contract with suppliers and deliver through those contracts. We must also continue investing in our people in the function and beyond to ensure they have the capacity and skills they need; especially the more than 30,000 civil servants responsible for managing government contracts.

While much of this strategy focuses on central government, we should recognise that the majority of procurement spend is generated in wider public sector organisations. Although the environment they work in is different, there is much we can share across the public sector to everyone's advantage. With that in mind, this strategy includes an ambition to expand the reach of the GCF to work with commercial and procurement teams in Arms Length Bodies, the NHS and Local Government.

The last year has forced us and our suppliers to do things differently, to quickly solve problems that would ordinarily take years to fix, and we have learnt lessons about where we still need to improve. I am determined that we take these lessons and seize this opportunity to realise our vision of being the "Best Commercial Function in the UK".

Achieving this vision will require a huge collective effort. Please take the time to understand the roadmap that this strategy lays out, and step forward to help make it a reality.



You can be a part of shaping our future”

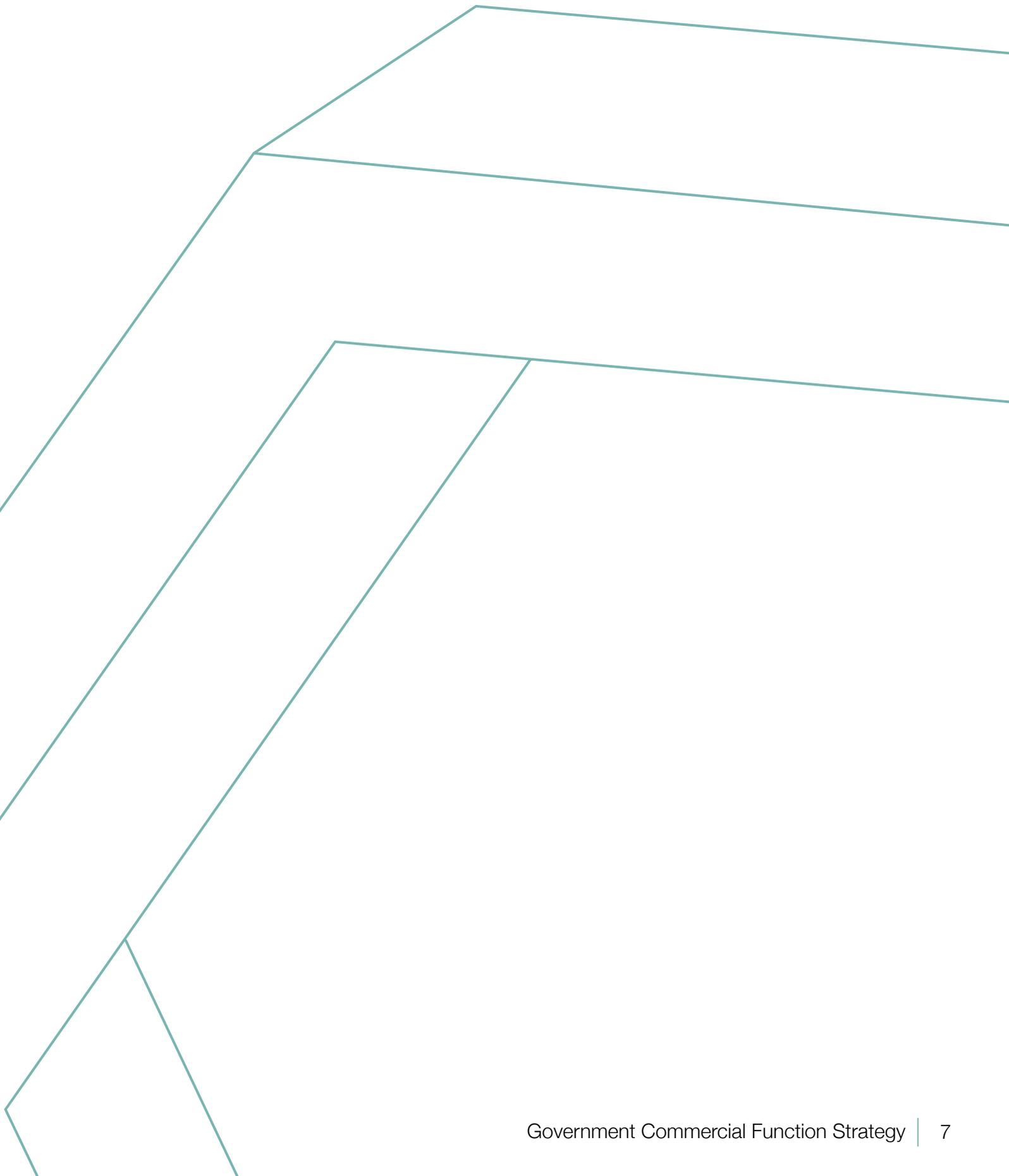
Introduction to the Government Commercial Function

The GCF was formed in 2015 and incorporates around 4,000 people working in commercial roles, predominantly within central government departments and some Arm's-Length Bodies. The commercial teams in departments are supported by a central team based in the Cabinet Office which provides cross-cutting functional coordination support, as well as specialist services and expert advice on complex transactions, key suppliers and market stewardship. This helps to ensure that the Government can effectively leverage its significant scale, benefit from greater efficiency and drive improved value for money from its suppliers and the wider supply chain.

Commercial teams in departments are also supported by the Crown Commercial Service, an executive agency and trading fund of the Cabinet Office, that provides a centralised procurement service for common goods and services, both to central government departments and the wider public sector through the development and management of frameworks.

Leadership of the function extends across all central government departments, with commercial leaders in each taking responsibility for developing and executing their respective organisational priorities, while aligning them to the function's vision and the priorities set out in this strategy.

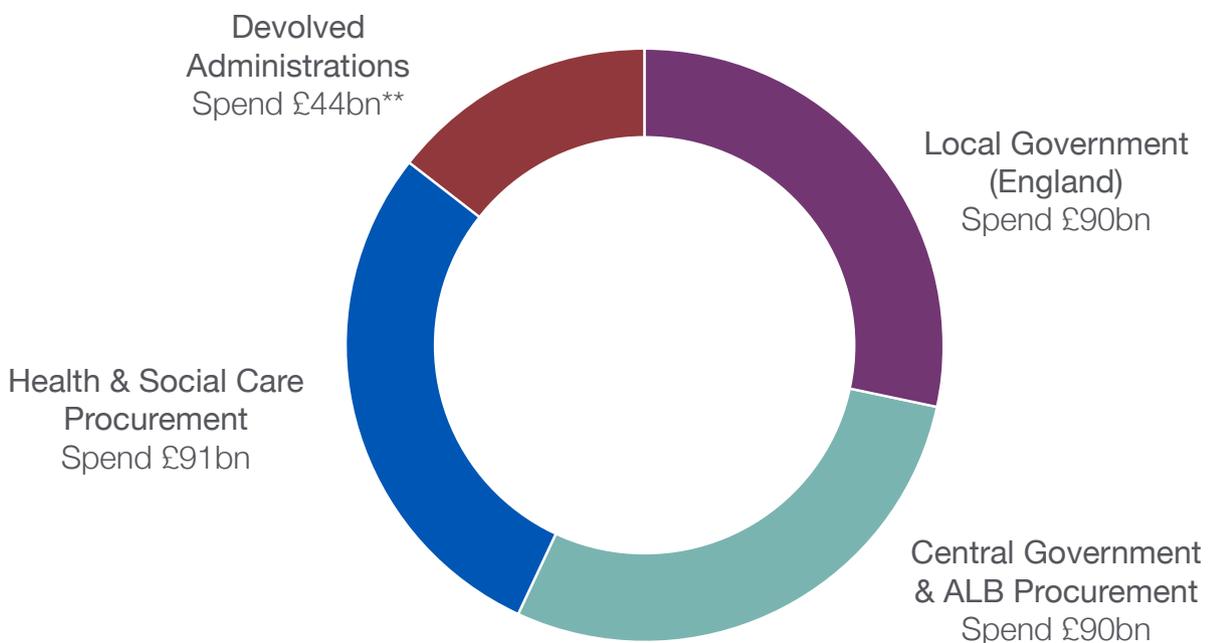
Gareth Rhys Williams, the Government Chief Commercial Officer (GCCO), is the Head of the Function and is responsible for improving commercial practice across government, strengthening commercial capability and ensuring government acts as a responsible and intelligent client.



Our vision: To be the best commercial function in the UK

In the last financial year, UK public procurement spend is expected to exceed £300bn, over a third of all public expenditure¹.

Central Government, including Arms Length Bodies, accounts for approximately £90 billion of this spend, with the remainder spent in the NHS, Local Government and devolved administrations. The GCF directly manages approximately £50 billion of this annual spend.



¹ Combined figure of gross current procurement and gross capital procurement projections for FY20/21 taken from the [Public Expenditure Statistical Analysis \(PESA\) 2020](#).

** This spend is not in scope of the Strategy

Spending through these contracts keeps our citizens safe, builds important public assets - schools, railways, roads, hospitals – and delivers essential front line public services ranging from supporting our justice system to enabling our welfare and tax systems. Contracts with third parties also underpin the critical ‘back office’ of government – paying wages and pensions, running our accounts and maintaining our buildings. In the past year, we have seen this spending increase as a result of the UK Government’s response to the Covid-19 pandemic, with suppliers playing a central role producing and deploying vaccines, providing testing services and supplying critical equipment and supplies.

The GCF’s mission is to ensure government organisations deliver their goals at best value for UK citizens through their spend

with third parties, requiring us to be at the heart of commercial decision making. It also has a vital role in supporting the public sector to improve their commercial practices and capability, working with and across the other professions such as Legal, Finance, Communications, Digitech, Risk, Operations and Human Resources.

The scale and complexity of this work requires a world class commercial function, and this strategy sets out the priorities we will focus on to achieve our vision of being “The Best Commercial Function in the UK”.

This also means taking a central role in enabling this Government’s key cross-cutting priorities:

Build back better - we will support UK economic recovery and take advantage of opportunities available outside the European Union, including reforming public procurement regulations and enabling faster, better, and more innovative implementation of policy through better commercial delivery.

Level up - we will create opportunities for employment and economic growth across all regions of the UK by leveraging the power of procurement and grant awards to drive social value. We will contract with a diverse set of suppliers, including SMEs and voluntary and charitable enterprises, to deliver better performance.

Modernisation and reform - we will be aligned to the Declaration on Government Reform by focusing on attracting and nurturing the right people, improving our operational performance, making better use of our data through digital solutions and insights, and strengthening our partnerships with the private and third sectors.

Sustainability - we will support the Net Zero target by helping to reduce Government’s direct negative impact on the environment by embedding carbon targets where appropriate in the contracts we let, and by excluding vendors who are not implementing a net zero policy. We will also drive efforts to eliminate modern slavery from government supply chains.

Getting to ‘best’

- our strategy to 2025



Being the best commercial function will mean realising the following strategic objectives. These objectives and targets form part of our annual plan, and progress against them will be published in our annual report:

1. Financial benefits and return on investment

The GCF aims to benchmark in the top quartile of large organisations operating in the UK for delivery of financial benefits and return on functional investment by March 2025.

2. Social value

The GCF will be recognised as leading the way in delivering social value through procurement both in terms of the scale and breadth of outcomes achieved through formal recognition from industry bodies by March 2025.

3. Supplier performance

The GCF will enable the most transparent reporting of supplier performance by publishing over 85% of contract notices within 30 days of award, and target over 95% of the contract KPIs being met on the most important central government contracts throughout each year of the strategy period.

4. Efficiency

Our procurement process will be more efficient and effective with a demonstrable annual reduction in cycle times, failed procurements, unjustified contract extensions and an increased proportion of spend through self-serve buying channels throughout the strategy period.

5. Best practice

The GCF will annually benchmark commercial practice across central government departments against our industry leading standards and playbooks, demonstrating improvement over the strategy period as well as sharing areas of best practice.

6. Talent and diversity

The GCF will have the most talented and diverse commercial workforce by ensuring over 85% of our senior and middle managers are accredited through our world class commercial accreditation centre throughout the strategy period. We will also deliver our Diversity and Inclusion Strategy, which includes recruitment targets for gender, ethnic minorities and people with disabilities.

7. Customer service

The GCF will provide a great service to our customers, measured by demonstrating an improved score across all seven quality measures contained in the annual Government Functional Quality Survey through the strategy period.

To achieve these objectives, this strategy will focus on delivering across four fronts:



Our people

Ensuring we continue to attract, accredit, develop and connect the best and most diverse commercial talent.



Digital and transparency

Utilising data as a strategic asset, allowing information to flow to where it can be used to deliver most value and build public trust through greater transparency.



How we work

Simplifying and speeding up procurement processes, removing unnecessary bureaucracy and embedding consistent application of commercial standards and best commercial practice.



Influence and scale

Leveraging our unique influence and scale to strengthen partnerships, foster healthy supply markets, develop new markets where they do not exist, unlock benefits from innovation and deliver wider social value and economic benefits through public procurement.

Across all four areas is an ambition to extend the benefits and offer of the GCF beyond just central government departments into the wider public sector, in particular the largest spending Arms Length Bodies, the NHS and Local Government. A wider participation in the GCF is to everyone's benefit; there is much that central government can learn from the wider public sector and the participation of 6,300 colleagues on the existing GCF Knowledge Hub shows that sharing experiences is valuable to all. Through the relevant parent departments, we are committed to working openly and collaboratively with stakeholders from these sectors to deliver on this ambition.

How we will deliver to realise our ambitions



Our people

Why this is important

Having the right commercial capability in government is essential and has been a founding principle of the GCF since its inception. By establishing the Government Commercial Organisation (GCO), which allows the function to centrally employ senior commercial specialists for deployment across government departments, we have nurtured a body of skilled staff who, having all met the same challenging entry assessments, can trust each other to work collaboratively towards shared goals.

The benefits of excellent commercial capability also extend into contract management; doing this well allows us to secure the best possible service from our suppliers. The Contract Management Capability Programme enables contract owners in the Civil Service to have the right competencies to manage their contracts effectively, ensuring value does not slip through our fingers and that we understand and respond appropriately to commercial and supply chain risks.

What we will continue to do:

- Maintain the central employer model and accreditation of all Grade 7 (Commercial lead) and above staff in central government with assurance that staff have met the required people standards with targeted learning and development interventions.
- Deliver the GCF Diversity & Inclusion (D&I) strategy to enable a diverse and inclusive commercial function for everyone and champion D&I in our supply base.
- Identify those managing contracts in departments and ensure they achieve the appropriate level of contract management training. In particular, we will ensure that the top 1,000 contracts in central government are managed by an accredited contract manager at the appropriate level.
- Actively engage with commercial talent via bespoke commercial talent management offers that encourage promotion from within to meet future workforce plans.
- Develop regional networks of commercial professionals to ensure we continue to welcome and nurture the best commercial talent from across the UK, helping the civil service to lead from the front in delivering the Government's Places for Growth scheme.
- Support early talent with a commercial apprentice, Faststreamer, HEO and SEO offer that enables GCF staff to become accredited Commercial Leads (Grade 7).

By March 2025 or earlier we will also:

- Make available to the wider public sector the same GCF accreditation, assurance and learning and development interventions on a 'pay as you use' model. This will also support the National Procurement Policy Statement.
- Make available the contract management capability training to the wider public sector on a 'pay as you use' basis.
- Improve the single digital platform for the GCF which allows commercial practitioners from across the public sector to build networks, access thought leadership and navigate to best practice and central guidance (implemented by 2023).
- Tying in with the reforms to the procurement regulations, establish a set of learning and development products to enable commercial staff across central government and the wider public sector to work confidently within the new regulations.



Digital and transparency

Why this is important

Transparency is a fundamental tenet of public procurement. It underpins proper scrutiny of contract awards, visibility of supplier past performance, and minimises the risk of corruption. The current systems and data landscape is highly fragmented, with a lack of common data standards or data models required to support interoperability. Equally, our capability to understand, analyse and use data is limited. As a result, transparency across the public sector is inconsistent, with data gaps impacting on accuracy of information and the need to ask suppliers and buyers to submit the same information multiple times.

A clear common digital strategy for public procurement is required to embed transparency by default across the commercial lifecycle and upgrade our digital and data capabilities. This aligns with the ambitions of the Central Digital and Data Office, which has a mandate to make all data open and transparent and to ensure that all new IT systems within government are interoperable. Furthermore, enabling easy access to commercial information in a common format creates the ability to analyse spend, manage suppliers, counter fraud and corruption and see inside the supply chain to ensure compliance with government policies. Through this strategy, we should ensure that data becomes central to developing commercial strategies and is used to make informed commercial decisions.

By March 2025 or earlier we will:

- Publish and implement a digital and data strategy and roadmap for public procurement, including developing a central platform that enables required services, inputs, outputs and interfaces to support greater transparency and user needs.
- Enable all contracting authorities to publish procurement and contracting data to the central platform throughout the commercial lifecycle, in a format compliant with the Open Contracting Data Standards.
- Ensure that digital systems, aligned with functional standards, support the full commercial lifecycle across central government.
- Establish a single place for suppliers to submit the common data needed for procurements in an evidence locker to allow suppliers to 'tell us once' across the public sector.
- Record and publish in one place key performance indicators on the top contracts in central government.
- Rationalise and automate commercial reporting requirements for contracting authorities.





How we work

Why this is important

To be an effective function we must seize opportunities to align our ways of working and solve shared problems in a cohesive way. Greater consistency, simple processes, consistent application of best practice and streamlined services will generate efficiencies for us and our suppliers, and enable resources to be focused on those areas where they can drive greatest value. This is a virtuous circle: the more consistent our processes, the more we can relate to and use benchmarking to improve faster.

We have started on this journey already through the development of a functional standard and accompanying benchmarking process, which drives continuous improvement across central government. Through the central commercial controls, we monitor performance against and compliance with regulations and key policies, most notably the Sourcing Playbooks.

However there is more we can do. The UK's exit from the EU brings an opportunity to transform our complex and limiting procurement regulations with a new simple, open and fair regime which better meets the UK's needs, whilst complying with our international obligations. We must also work collaboratively with cross-government initiatives, including the Government Shared Services strategy, to standardise and automate processes as far as possible, as well as working more collaboratively with other functions.

What we will continue to do:

- Embed the sourcing playbooks (with a particular focus on services and construction) to improve the way government and the wider public sector assesses, procures and manages complex commercial delivery. Expand this offer into the wider public sector.
- Develop construction specific sourcing capability to enable government to realise its ambition to deliver better, faster and greener construction solutions.
- Ensure all central government departments have easy access through a single digital platform to functional best practice guidance, knowledge sharing and support.
- Drive strict adherence to effective and proportionate spend controls across all central government and health spending, allowing greater autonomy where organisations can demonstrate sustained high performance and compliance.
- Utilise common standards, Commercial Blueprints and the Commercial Continuous Improvement Assessment Framework to allow contracting authorities across the public sector to benchmark capability and maturity and drive continuous improvement.
- Implement consistent controls and procedures relating to declarations of interest.

By March 2025 or earlier we will:

- Implement the procurement legislative reforms including delivery of a comprehensive training programme to embed the new procurement procedures and national priorities for public procurement.
- Establish a Government Major Contracts Portfolio to enable reporting, progressive assurance and targeted intervention on the central government's 100 most critical contracts.
- Establish a digital procurement platform that enables more efficient self-service buying of common goods and services with online marketplaces for one off and low value 'tail' spend purchases.
- Investigate the opportunities of implementing a technology-enabled 'middle office' to provide assisted procurement services and support self-service buying for common goods and services.
- Work with the Grants Function to share best practice, align processes and systems where appropriate, and strengthen governance of general grant funding in departments.
- Converge to common procurement and contract management processes, procedures and tools across the majority of central government departments. This includes defining and adopting standard source-to-pay processes and data standards through the Government Shared Services Programme.





Influence and scale

Why this is important

Government procurement is unique in terms of its scale and frequency of market participation and suppliers play a central role in successful delivery of government policy. The GCF has an important role in ensuring we act as an intelligent client by leveraging our massive spending power to influence supplier and market-level behaviour. Adopting a category-led approach to common areas of spend is a commonly accepted way to do this. The Crown Commercial Service has capitalised its deep expertise across 80 categories of common goods and services to develop category strategies which capture knowledge and market insight to identify how the public sector can procure effectively within them. Holistic supplier management through the Strategic Partnering Programme and Crown Representatives has also opened up opportunities for collaboration, managing risk and driving increased value and efficiency from our relationships, particularly when partnered with key elements of the Sourcing Playbook such as corporate resolution plans and market health assessments.

However there is more than just financial value to be realised. Suppliers can bring social benefits such as training and employing ex-offenders, ensuring zero modern slavery in the Government's supply chain, supporting entrepreneurship, improving supply chain resilience and reducing waste. We will continue to develop, implement and monitor commercial policies to drive prompt payment throughout the supply chain, as well as sustainable procurement and additional social benefits to increase the value we get from our suppliers.

The COVID-19 Pandemic and EU exit have both demonstrated the importance of ensuring we have resilient supply chains, particularly those that underpin critical public services. The GCF has an important role in assessing the health of market sectors and hence supply chain risks, developing plans to mitigate these risks and collaborating across Government, and the private and third sectors, to help build and grow sustainable supply chains. This workstream will be led by the Department for International Trade (DIT).

What we will continue to do:

- Embed a standard, cross-government approach to delivering social value and sustainability through government's commercial activities, including measuring and reporting social impact.
- Tackle modern slavery by taking action to ensure modern slavery risks are identified and managed effectively in government supply chains.
- Remove barriers to SMEs and VCSEs by ensuring that our competitions are accessible and our major suppliers pay their supply chains promptly.
- Support the Global Supply Chain Intelligence Pilot being led by the Department for International Trade to improve visibility of UK Government supply chain relationships, dependencies, opportunities and risks.
- Implement policies and mechanisms to enable carbon reduction across the Government's supply chain, including Carbon Reduction Plans for suppliers.
- Apply authoritative category strategies for common goods and services in central government, and enable their usage in the wider public sector.

- All Departments and their Arm's Length Bodies to have identified their strategic suppliers and implemented best practice supplier relationship management techniques in line with the GCF standard to reduce risk and increase value through jointly held plans.
- Take a leading role in shaping the commercial profession through professional bodies.

By March 2025 or earlier we will:

- Ensure the scale of public sector spending is leveraged effectively for common goods and services by applying volume related pricing in framework agreements alongside other mechanisms including the use of aggregated buying events and supplier memoranda of understanding.
- Expand the Strategic Partnering Programme and Strategic Supplier Relationship Management Programme to incorporate strategic suppliers to Local Government.



What this will mean for our stakeholders

Delivering this strategy will have a profoundly positive impact on the quality of service offered by the GCF to its customers in central government, improving our ability to deliver on ministerial priorities for citizens and help achieve value for money on public spending with suppliers. It will also help to make it easier for suppliers to do business with government and increase access to public sector contracts for a more diverse range of suppliers.

For the citizen:

- More value for the taxpayer's pound as a result of improved commercial outcomes and cost savings.
- Building trust and accountability through greater transparency on public sector procurement and supplier delivery.
- More social value delivered through procurement in communities all around the UK.
- Improved public services through better supplier performance and increased innovation.

For policy and operations teams in government:

- The commercial function will bring market insights and expertise to help inform policy design and operational delivery, and work strategically to support the needs of the business.
- Specialist knowledge of markets and intelligence on supplier innovation will help to reduce operating costs.
- Programmes can access best commercial practice, lessons learned and specialist commercial support from across government.
- Fast track, digitally enabled self serve procurement channels will be available to end users.
- Procurement rules will be simpler, processes will be consistent and therefore complying with our obligations will be easier.
- Access to benchmarking data (price, supplier performance) improves decision making.
- Effective coordination across other Government Functions (e.g. Legal, Policy, Analysis, Finance and Risk) and alignment with IPA supports major project delivery.



For permanent secretaries and ministers:

- Public procurement will be leveraged to support national government priorities including creating new businesses, new jobs and new skills; tackling climate change and reducing waste; and improving supplier diversity, innovation and resilience.
- The function will be geared towards supporting delivery of Outcome Delivery Plans.
- The GCF will ensure compliance with relevant statutory obligations and internal contracts, and support compliance with Managing Public Money obligations.
- Greater protection for contracting authorities from commercial exposure and third party risk.
- Greater transparency helps demonstrate value for money from public contracts and builds public trust.
- Simplification and efficiency speeds up delivery and helps achieve operating efficiencies.

For suppliers:

- Government will operate as 'One Government' wherever practicable.
- Processes will be simplified, removing unnecessary bureaucracy and improving access to government business and reducing costs, particularly for small businesses, charities and social enterprises.
- Duplication will be reduced; information is submitted once and re-used, reducing the cycle times required for procurement.
- Innovation is better accessed, adopted and measured.
- Transparency of pipelines of future activity will support business planning and performance improvement to better forecast resourcing and potential growth opportunities.
- There is greater opportunity to apply innovation and influence requirements through early market engagement by working more strategically.

How we will measure our progress

We will oversee the delivery of this strategy in three tiers, which align with the tiers of the annual delivery plans. At the end of each financial year, we will publish an Annual Report to demonstrate our progress across all three tiers.

01

Monitoring progress towards our strategic objectives as listed on page 10 of this document.

02

Monitoring the effectiveness of work we've completed.

We will monitor a set of performance metrics for commitments listed above as 'What we'll continue to do' to ensure that they are still positively impacting our function. Where this is not the case, we will take action to remediate.

03

Managing the delivery of new, discrete projects to realise ambitions for 2025. We will initiate a series of projects to deliver the ambitions for March 2025 set out above, phased over the four years of this strategy.



Leadership and governance of this strategy

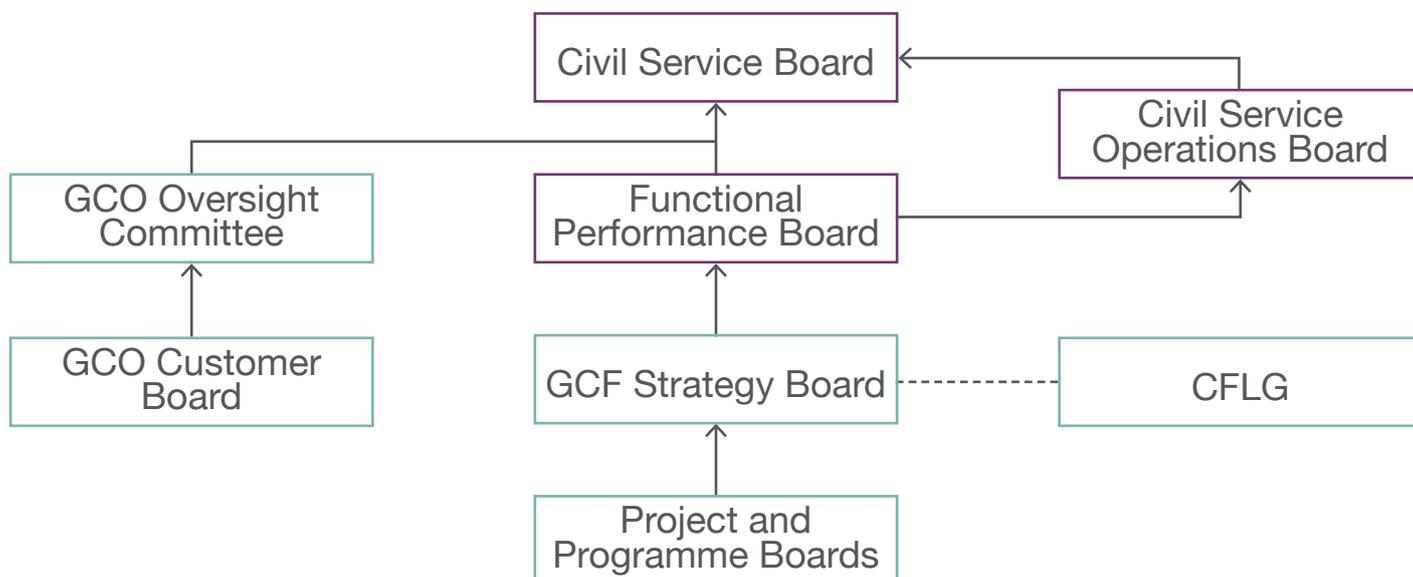
This strategy can only be delivered through strong leadership, ownership and cross-government collaboration. As such, we will establish a GCF Strategy Board, chaired by the Government Chief Commercial Officer, which will have oversight of how we deliver this strategy and support the wider functional reform and performance agenda.

The Strategy Board will operate alongside the already well-established Commercial Functional Leadership Group (CFLG), which will continue to provide visible leadership for the function across central government and will be extended to include large spending ALBs.

In support of our single employer model (GCO) we will retain our GCO Customer Board which will feed into the GCO Oversight Committee and ultimately the Civil Service Board. This work is adjacent to, but not directly included in, this strategy.

There will be a number of projects and programmes running over the term of this strategy and each will be governed through their own project or programme boards, steering groups or delivery committees. Outputs from these forums will feed into the Strategy Board to provide single unified oversight on delivery and direction.

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