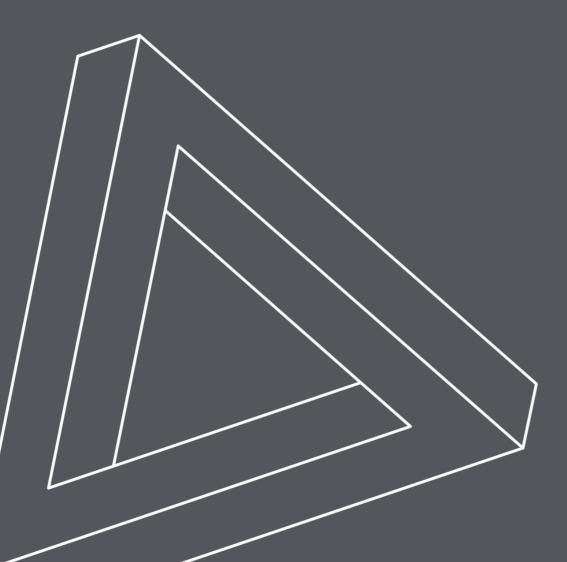


# ANNUAL REPORT









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### **Foreword** Gareth Rhys Williams Government Chief Commercial Officer



Our vision, set seven years ago, is that 'The Government Commercial Function will be the best commercial function in the UK.'

In our Strategy, designed to propel us on that path for the next three years, for 2022/2023 we set out our seven objectives contained in three key areas:

- 1. Strategic objectives: the core goals at the heart of everything we do as a Function
- **2.** Things we will continue to do: a set of well-established products and services which we will continuously improve throughout the Strategy period
- **3.** Things we will do each year until March 2025: new projects which commenced at the start of the Strategy period which will enhance our work through a consistent and efficient approach

We promised to hold ourselves to account for delivering these objectives by publishing an update on our progress each year. This report is the first of those updates.

I am delighted with the progress we have made in all three areas, in particular on the commitments we said we would deliver by March 2025 or earlier, 88% of which we are actively working on or have delivered already. This report showcases the key facts and milestone achievements we've logged against our ongoing commitments, as well as case studies for the steps we've made towards delivering our new commitments.

There is, of course, a long way to go to meet the ambitious goals we set out in our Strategy. Thanks to the drive for efficiency across the public sector, expectations are high for our commercial professionals around Government. We did see a very small drop in our score for overall customer ratings in the 2021/2022 Functions Quality Survey which coincided with a period of headcount freeze, however in the recently published 2022/2023 survey we have resumed our trajectory of improvement. Our performance is now top amongst the other cross government functions with 81% agreeing that the Functional Standard is improving the way we work.

The feedback from colleagues makes one thing clear: we must continue to remove red tape from our processes to allow our people to focus their time and skills on the parts of the commercial lifecycle which add the most value to their customers. This means speeding up the implementation of tactical interventions, like the Crown Commercial Service's tail spend marketplace, and maximising the opportunity brought about by our once in a generation reforms, delivered through our Transforming Public Procurement programme on the back of the Procurement Bill, expected to conclude its journey through Parliament in October 2023.

We have proven time and time again that we can rise to challenges like this one. I encourage you all to read and feel proud of the progress we've made, but most importantly to think about how you can help us go even further towards achieving our vision, to be 'The best commercial function in the UK'.

Finally, while this report by nature celebrates the progress we are making at the functional level, I want to take a moment to recognise the extraordinary work people all over our Function are delivering in their teams, in departments, arms length bodies and across the public sector. I remain in awe of the skill and dedication the over 6,000 commercial and contract management professionals in the GCF apply to everything they do. It is an immense privilege to count myself as one of your number; thank you.

Garett Ryc William

Gareth Rhys Williams UK Government Chief Commercial Officer



## Progress Against our 7 key objectives

Objective 1: The GCF aims to benchmark in the top quartile of large organisations for financial benefits and return on investment by March 2025

£2.9bn Savings and commercial benefits in 22/23

**1/3** With only 1/3 of FTEs in the average GCF team compared to external peer organisations Department commercial teams achieved approximately £2.9bn of savings and commercial benefits in FY22/23. For every £100 that the government spends on buying goods and services, the GCF delivers £2.80 back as savings. Overall, the GCF yields approximately six times ROI compared to our salary and employment costs. This means for every £1 invested in Commercial, the taxpayer benefits by £6; the function not only cost-recovers itself entirely, but also delivers multi-fold additional cost benefit.

## Objective 2: The GCF will make these savings whilst also being recognised as leading the way in delivering social value through procurement

MOD, working in collaboration with Defence Suppliers Forum, gained international recognition in 2022 for their work on social value, winning The Institute of Analytics 'Data for Social Good Award' for their ground-breaking work across the public, private and voluntary sectors, highlighting the powerful impact data can have on



Pictured: Defence Suppliers Forum

improving people's lives. Furthermore, 50% of the finalists in the Chartered Institute of Procurement and Supply's award category for Best Initiative to Deliver Social Value Through Procurement in 2022 were from the public sector. We are so proud of our commercial community!

Objective 3: The GCF will drive up contract performance and meet its transparency obligations We have made progress towards our target to publish 85% of

**5%** Increase in the number of published KPIs rated 'good' in the last 12 months We have made progress towards our target to publish 85% of contract notices within 30 days of contract award this year; we ended FY22/23 at 63%, up from 60% at the end of FY21/22.

Out of the 3,100 contract KPIs published at the end of FY22/23, 79% were rated 'good'. We are working with departments and contract managers to boost performance.

#### Objective 4: The GCF will drive efficiency across the procurement lifecycle

Our average score dropped by 0.1 points in 2021/2022 for both 'support efficiency' and 'timescales' in the Functions Quality Survey. However, we have introduced projects which have responded to this challenge and we have seen improvements in the 2022/2023 survey as new resources make their impact felt.

## Objective 5: The GCF will benchmark commercial practice across central government departments using our industry-leading standards and playbooks

The average score in the Commercial Continuous Improvement Assessment Framework, our benchmarking process for public sector contracting authorities for the final cohort of FY22/23, rose to 67.7%, an improvement of 1.4% since November 2022. This equates to a 'good' rating. 86 contracting authorities participated in this cohort, covering £160.7bn of spend.

67.7% Average CCIAF score 86

Authorities Assessed

#### Objective 6: The GCF will have the most talented and diverse commercial workforce

We achieved our target to accredit 85% of Government Commercial Organisation (GCO) commercial professionals in March 2023. The GCO is currently ranked 26th by 'Inclusive Companies' in their Inclusive Top 50 UK Employers List 2022/2023.

#### Objective 7: The GCF will provide a great service to its customers

In the Functions Quality Survey 2022/23 respondents were asked to select five functions to provide feedback on quality. Over the last four years the proportion selecting commercial has increased by 6% this is consistent with importance ratings.

76 FTE Per £bn of managed third party spend (2022/2023); 71% Less an comparable external organisations Three of the functions have seen quality ratings improve across all quality dimensions since 2017 with Commercial having a notably positive trend. Functions Quality Survey 2023

An average single commercial resource saves around

**£447k** Financial year 2022/2023



## Key GCF Achievement: Growing our commercial community

At the core of our Strategy is the aim to extend the benefits and offer of the GCF into the wider public sector, in particular the largest spending arms length bodies, the NHS and local government. This financial year, we made some great strides towards achieving this goal.

#### Key facts:

- Working with the Department for Levelling Up, Housing and Communities, 406 local government contract managers are undertaking the GCF's three tier training offer.
- 415 staff from Arm's Length Bodies passed through the GCF Assessment and Development Centre for commercial staff.
- Local government and NHS Trusts made up a fifth of the final Commercial Continuous Improvement Assessment Framework (CCIAF) cohort of FY22/23.
- NHS Trusts were top performers in 9 out of the 27 CCIAF practice areas. There is much we can learn from each other!
- This year, we surpassed 35,000 registrations (sign ups) to our Commercial Standards Masterclasses; our programme of fortnightly webinars focused on sharing best practice regarding specific areas of the Standards. Figure 1.

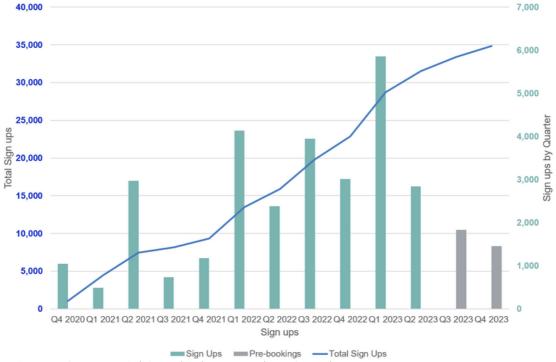


Figure 1: Commercial Standards Masterclass Growth

#### Milestone achievements

- We signed off a new version of the Commercial Continuous Improvement Assessment Framework (CCIAF), which for the first time was endorsed by the NHS and the Local Government Association. Meaning we have one set of standards and benchmark how we work, right across the public sector. The CCIAF maturity ratings are shown in Figure 2 for FY22/23.
- We created, with Local Partnerships, the <u>Business Process Mapping Toolkit</u> which helps organisations to visualise the details of their current commercial processes, identify their strengths and weaknesses, and create opportunities for more efficiencies.

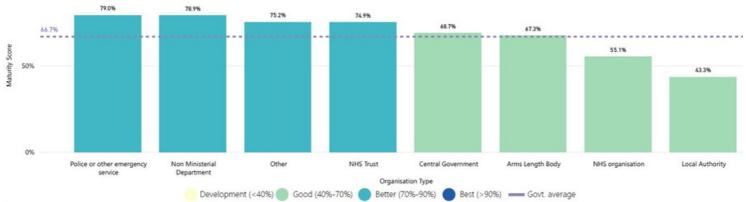


Figure 2: CCIAF Commercial Benchmarking maturity ratings per public sector clusters

#### Case Study: CCIAF in an NHS Trust

Leeds Teaching Hospitals NHS Trust wanted to take the opportunity brought by the refreshed CCIAF to ensure the processes and policies embedded in their business-as-usual operating framework were still robust. The senior team worked with the wider business to discuss and investigate the department's position against each criteria over a six month period. This process exposed previously unknown great practice the staff were already demonstrating, which in turn was used not just for the CCIAF assessment, but also to continuously improve business processes and policies.

When the time came to be formally assessed, the Trust profited from support from both the GCF Continuous Improvement in the Cabinet Office and NHS CCIAF support teams, which helped them to build confidence in the assessment and peer review process. They invested time in helping their peer reviewer understand the nuances of the NHS, which helped them provide insightful and constructive challenges to their assessment, despite working in a different sector to the Trust.

As a result of the accreditation and peer review process, the trust realised its aspiration to score in the "Best" range. Paul Ralston, Director of Commercial & Procurement for the Trust, said:

"I feel proud of our achievement and commend my team for their hard work and commitment they have every day on the job. The accreditation was a great opportunity to take stock of where we were in a methodical way. I have always been a supporter of the NHS Standards and have found the new CCIAF assessment provided a richer picture of the specific areas where we excel, and where we can work to improve."

## Key GCF Achievement: **Transforming Public Procurement**

#### Aims of the reforms

The arrival of the new public procurement regime created by the Procurement Bill is a watershed moment for GCF. The Bill resets the legislative framework within which we all work, and presents the opportunity for everyone involved in spending public money to get better value and better outcomes, and to do so faster and more efficiently whilst enhancing transparency. You can read more about the benefits of the Bill <u>here</u>. Legislation is just one part of the Transforming Public Procurement programme; the next page shows the goals of each element of our programme, and the great progress we have made in each area.

#### Planning & Preparation for Implementation

We are supporting contracting authorities to prepare to operate in the new regime; with work spanning process, systems, people and transition planning. We have established a network of Commercial Policy Deputy Directors in central government departments to lead on implementation, and will continue to engage widely with departments and the wider public sector to embed the reforms. We have also published information on the Transforming Public Procurement landing page to share the vision for Procurement Reform and support contracting authorities and suppliers to ready themselves.

#### Our plans for 2023/24

Following Royal Assent, the Procurement Bill will become an Act. There has been public consultation on the secondary legislation (detailed regulations) that will sit under the Act. Following consultation, the final version of the secondary legislation will be laid in Parliament; this would be the earliest point we could give 6 months' advance notice of go-live of the new regime. We currently expect go-live will be October 2024. The existing legislation will apply to all procurement activity started before the new regime goes live. As part of the rollout of the centrally funded training programme we expect to onboard several thousand new learners to the Government Commercial College (govcommercialcollege.co.uk) to undertake elearning, and access the Advanced Course of Deep Dives. We will also be developing and testing the new transparency platform functionality on Find a Tender Service.

You can find out more information about the Programme by visiting the <u>Transforming Public Procurement landing page</u> and signing up to our <u>newsletter</u>.

Policy & Legislation

Design the policy and set the legal framework for the new public procurement rules, taking the legislation and regulations through Parliament.

The Procurement Bill was introduced into the House of Lords in May 2022 and has now passed through most of the parliamentary stages. During detailed, clause-by-clause scrutiny of the Bill in the Commons Committee stage, it attracted a number of non-government amendments on a wide range of topics including social value, the importance of supply-chain resilience and interactions with other legislation.

Learning

Platform & Systems

understanding and can operate within the new regime and

contracting authorities right across the here. Whilst our main focus has been the have also established online content.

Embed transparency The vision for the single central

by default throughout transparency platform that will underpin the the procurement reformed system, as described in our lifecycle, and simplify <u>Transparency Ambition</u> document, is also shaping up. The platform will be delivered our existing systems by creating a single through a redesigned and enhanced Find a digital public Tender Service, and will be the single place where buyers will publish notices relating to procurement processes and access commercial data; suppliers can find and access public sector procurement opportunities; and everyone can access data about public procurement.

Procurement

Establish a new mechanism for monitoring and investigating legal compliance with the a central register of debarred suppliers.

procurement

platform.

The groundwork has been completed to establish the terms of reference for the Procurement Review Unit that will have oversight over the new regime, monitoring compliance and managing the new new regime, including debarment register to ensure that the outcomes intended from the reforms are realised.



# Progress on each of our delivery objectives

## 🚇 Our People

#### Key Facts:

- As of 31 March 2023, the GCO now has 1,503 identified individuals, an increase from 1,421 in the previous year.
- During 22/23 a total of 1,293 staff were assessed and accredited with an "A" at our Commercial Assessment and Development Centre.
- 11,915 Civil Servants successfully achieved accreditation at Foundation Level Contract Management through our online training platform up to the end of FY 22/23.
- In addition, in FY22/23 over 1,000 people registered to complete the more detailed Practitioner and Expert training courses, with over 200 having achieved accreditation at these levels to ensure that our more complex third party contracts are managed effectively.
- Over 2,000 people attended our Regional Conferences delivered by the commercial hubs in the North, South (including Wales), Scotland and Northern Ireland in 2022 and 2023.
- Our Knowledge Hub online community platform brings over 7,000 members from over 800 public sector organisations around the UK into our commercial community.

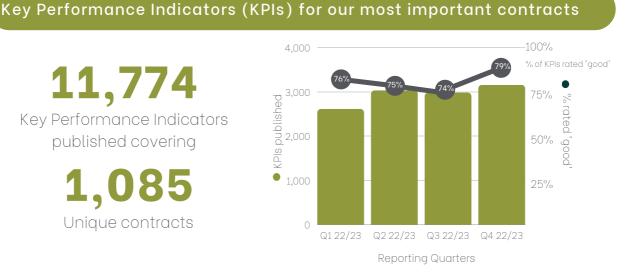
#### Milestone Achievements:

- The Government Commercial Organisation (GCO) was awarded Disability Confident Leader status in February 2023 in recognition of its enduring commitment to disability inclusion.
- The GCF hosted its first ever National Inclusion Week in September 2022. During which our Diversity & Inclusion networks each held webinars focussed on a specific part of their work. This resulted in a significant increase in the number of colleagues taking part in our Diversity & Inclusion networks.
- We returned to in-person conferences for the first time since 2019. Over 550 delegates joined the GCF Leadership Conference and Awards 2023 in Harrogate to hear about our priorities, share best practice, build professional networks and reconnect with colleagues they had not seen due to the COVID pandemic. We held four UK regional conferences covering the commercial hubs in England, Northern Ireland, Scotland and Wales.
- We have also held successful regional networking events in Glasgow, Norwich, Peterborough and Birmingham which allowed commercial staff working across the public sector to build up their network, share best practice, and strengthen our identity as a function that includes everyone in the UK.

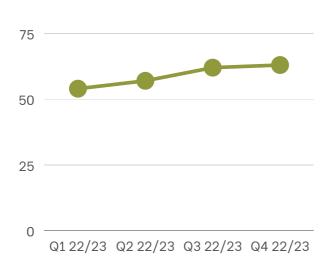
## Digital & Transparency

#### Milestone Achievements:

- We launched a digital platform to make the Commercial Continuous Improvement Assessment Framework (CCIAF) simpler, faster and more efficient for all public sector users. We hope to roll out this platform for other functions to use.
- Key performance indicators on the top contracts in central government are now published on Gov.uk.
- The Public Procurement Gateway, our single registration and authentication service, is now live. The Crown Commercial Service are managing this service, onboarding suppliers and continuously improving its functionality.
- The single Supplier Information Platform has been prototyped. Functionality is being iterated to align with the requirements of the Transforming Public Procurement programme.



#### Publishing contract notices



Being transparent about the performance of our contracts is important to us, we are seeing improvements in both.

We are steadily working through the backlog of contract notices and getting closer to publishing all of our contract notices within 30 days of award.

The Commercial Function Leadership Group regularly monitors progress and implements new ways to drive up compliance.

#### Case Study

#### **Find a Tender**

As part of our Transforming Public Procurement Programme, we are redesigning and enhancing our existing Find a Tender Service (FTS). As described in our <u>Transparency Ambition publication</u>, the platform will be the single place where buyers will publish notices relating to procurement processes and access commercial data; suppliers can find and access public sector procurement opportunities; and everyone can access data about public procurements.

The three main areas of development within FTS are:

- The new noticing regime, which covers the entire lifecycle of public procurement from planning to contract termination
- An improved user interface, including an enhanced search functionality
- Data sharing and analytics, including:



- Identifiers and company information drawn from the register of suppliers;
- A number of useful registers, for example a register of commercial tools and a debarment list;
- Spend data;
- Commercial data analysis tools to deliver insights from the data
- All forms of data that will be machine readable. Its a big step forward, that may need contracting authorities to change the current process



#### Key Facts:

- Commercial Blueprints, our methodology of reviewing commercial pipelines and then using robust benchmarking plus independent external data to help Departments agree budgets and headcount with HMT, has resulted in a further £35m of investment into commercial across central government since FY 17/18, while ensuring that we are still significantly leaner than the private sector.
- We have registered almost 60,000 attendances at Knowledge Drops covering our suite of Playbooks, in addition to completing almost 6,000 deep dives into Playbook policies.

#### Case Study

#### **Tail Spend Marketplace**

The Crown Commercial Service has developed RM6202 – Tail Spend Solution, a commercial agreement which helps the public sector manage tail-end spend in a more efficient, compliant and socially valuable way. This solution helps to simplify the management of low value spend across the public sector and will improve visibility of spend, reduce the overall number of suppliers and make the management of tail spend more efficient.



The agreement is intuitive and quick to use; digital platforms designed like an online shopping experience facilitate the easy purchase of millions of varied products from a huge variety of underlying suppliers, including a high proportion of SMEs. The management of these underlying suppliers remains with

the true single lead supplier an organisation chooses to contract with. Not only does this significantly reduce the time organisations must invest to manage their tail spend, it also improves the ability of colleagues to selfsere, enhances strategic decision-making by reconciling management information across the organisation's tail spend; facilitating customised, sector-specific analysis; and allows products to be selected based on more than pricing – for example environmental benefits.

#### Milestone Achievements:

- We delivered our commitment to set up a Government Major Contracts Portfolio (GMCP). Learning from the success of the IPA's Government Major Contracts Portfolio (GMPP) the aim of the GMCP process is to ensure good management of the most impactful or risky public sector contracts.
- The portfolio was established in early 2022 and has now completed a full year of reporting cycles. In the last year the portfolio has covered 55 contracts across 8 central government departments with a total contract value of £32.5bn.
- We delivered our commitment to record and publish in one place key performance indicators on the top contracts in central government.
- We successfully completed our first full end-to-end Arms Length Body Blueprint, which led to the creation of the commercial team at UK Export Finance.
- Working with the Finance Function, we created, launched and implemented the first ever cross-government standardised savings methodology to make sure we are tracking the commercial savings and benefits we realised consistently across the Function.
- We published the Digital, Data and Technology Playbook in March 2022, and refreshed the Sourcing Playbook suite to address lessons from implementation and other key policy drivers, such as social value.
- We lifted the central government assurance threshold for the Commercial Assurance Control to £20m, reflecting the improved processes and capability of departments. This change ensures that the Commercial Assurance Control continues to deliver robust scrutiny of the largest and riskiest commercial decisions while avoiding burdens on colleagues. We are working on projects to assess how we can improve further the different ways departments undertake their internal assurance.



#### Key Facts:

- The Carbon Reduction Policy (PPN 06/21) has been in place for almost two years, and has been applied to procurements totalling over £200bn. Suppliers have received training from the Crown Commercial Service and have published a compliant Carbon Reduction Plan. We have worked with other Governments to support their development of similar policies, and international bodies including the OECD and United Nations to share our experience and best practice.
- The Net Zero exclusion has now resulted in over 3000 vendors publishing their carbon reduction plans, across spend of more than £250bn each year of contracts awarded to net zero compliant vendors.
- Members of our Function are building ties to the Commonwealth Procurement Network.

#### Milestone Achievements:

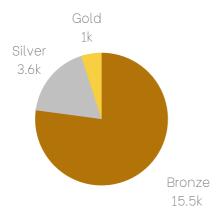
- We launched departmental reporting of social value commitments against Standard Reporting Metrics in the Social Value Model
- Over 8,000 people have completed our social value eLearning module through the Government Commercial College
- We continue to engage with a number of Professional Bodies and external organisations, most notably World Commerce and Contracting (WCC) and the Chartered Institute of Procurement and Supply (CIPS).

#### Our contracts

In 2022/2023, GCF colleagues in departments awarded around 20,000 contracts.

20,000

These contracts are split into three tiers, according to their importance:



A contract's tier indicates:

- What level of training a contract manager requires to be responsible for it;
- The degree of risk associated with it; and
- Its strategic importance to the contacting authority and/or the Government as a whole.

Gold contracts are very closely monitored throughout the procurement lifecycle to ensure they operate as planned.

#### Working with International Governments

The Local Government Commercial Capability team has arranged three cross-jurisdictional commercial learning opportunities for local government procurement professionals. Through these sessions, individuals have been able to learn from peers internationally and gain invaluable insights that can be applied to their own work, some examples of which are below.



SmartCity Dublin colleagues shared their use of an innovative multi-supplier approach to problem-solving. Attendees learned how working closely with start-ups can lead to the

most challenging problems faced by local authorities. SmartCity Dublin explained how they co-created a "Smart Buoy" with suppliers utilising unique sensor technologies to automate the tracking of water levels, which in turn led to more data-driven flood mitigation approaches.



A roundtable discussion between the Deputy Mayor of Los Angeles and the Deputy Council Leader for Manchester, centred around using data and predictive analytics to address homelessness. With the Deputy Mayoria support. Manchester developed

and implemented a sourcing strategy which quantified housing needs, tested a proposition with the market, and assessed the opportunities generated by this exercise. This session showcased the power of collaboration between different cities and how knowledge sharing can lead to real-world impact.



A group from the Commercial and Finance Ministry of the City of Buenos Aires shared their learnings on managing inflation, taken from the experience of managing decades of hyperinflation issues in Argentina. This session provided valuable information

on how to manage inflation and navigate complex financial situations.

## What's next? Our plan for 2023-2024

As well as continuing to deliver all of the commitments outlined above, we have prioritised an additional 5 areas of focus for this financial year:

#### Commercial assurance

Define the purpose, scope and value add for the Cabinet Office controls. March 2023–September 2023 (end date subject to the scale of changes identified)

#### Data strategy

- Simplify and standardise common datasets and requirements to help commercial directors and the Commercial Function Leadership Group (CFLG) effectively run the GCF.
- The GCF's data and reporting should measure performance, outcomes and impact in recognisable terms e.g. GDP, economic growth, social value.
- Reduce the time and effort currently allocated to data collection and analysis. *March 2023 – June 2024*

#### Assessment & Development Centre 2.0

- Maintain outcome of the ADC and accreditation model
- Make the ADC agile
- Align the ADC more closely with commercial disciplines *March 2023 June 2024*

#### Talent & retention strategy

- Increase awareness of location strategies across the GCF.
- Include commercial entry level grades EOs, HEOs, SEOs in a comprehensive talent management strategy.

April 2023 – September 2024

#### Contract Management Capability Programme refresh

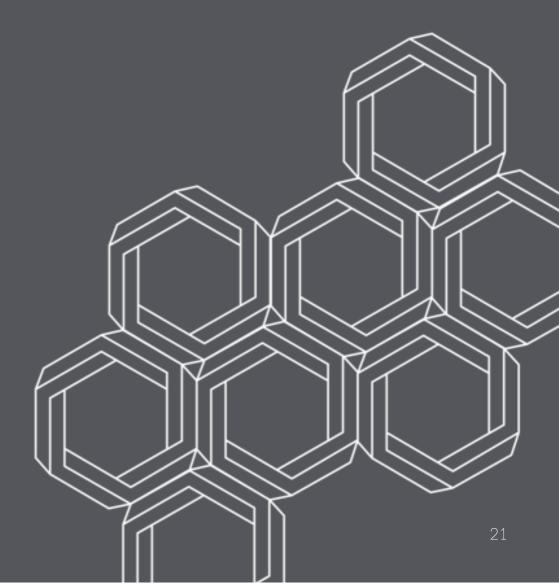
- Improve the management of contracts, not just training contract managers.
- Contract management is seen as and feels like a part of the commercial profession.
- Make sure services procured are well managed and represent value for money.
- Be clear that the discipline includes management of delivery, performance and suppliers, but not the service itself.

September 2023 – Autumn 2024

#### Improving how we measure progress

From this year, we will use scorecards for each department within the GCF to show the progress they are making and set common performance targets for everyone in the function. In addition to measuring our progress towards becoming the best commercial function in the UK, the scorecard will form an important part of the performance management process for GCO employees. We'll check progress against our scorecards each quarter.

We hope you have found this annual report useful. As the Government Commercial Function continues its journey to be 'the best commercial function in the UK' it will continue to deliver savings and contract performance for the public sector.







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