



National Infrastructure  
& Service Transformation  
Authority

# Contract Management Strategy

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A practical guide to setting strategic direction for  
managing your PFI contract

**PFI Centre of Excellence**

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# Contract Management Strategy

## NISTA PFI guidance

NISTA has produced a range of guidance to support public sector PFI contract managers. This can be found on the [PFI Centre of Excellence website](#).

We welcome your feedback on this guidance. Please contact us via [pfi-operations-inbox@nista.gov.uk](mailto:pfi-operations-inbox@nista.gov.uk).

## Purpose of this Guidance

1. Explain what a contract management strategy is and why it matters in PFI contract management.
2. Provide a structured approach to developing, implementing and reviewing your CM strategy.
3. Help you align contract management with organisational strategy and priorities.
4. Support proactive and resilient contract management across the term of the PFI.

## Audience

This guidance is primarily aimed at PFI contracting authorities, particularly those engaged in day-to-day contract management and senior responsible owners for PFI contracts. In setting shared expectations, this guidance should be useful to all private sector parties involved in PFI contracts.

## Using this document

This guidance is not prescriptive, as the activities and the level of activity required will vary based on the nature of the assets and services and the form of the PFI contract. Instead, it offers a framework which will need adapting to the specific circumstances of your project.

[A PFI Glossary of Terms can be found here](#)

## Legal caveat

This guidance is intended to help you identify practical steps for managing your PFI project: what to do, why it matters, and how to approach it. Given the wide range of PFI contracts, the guidance is necessarily generic and does not override the terms of your specific agreement. Any action should only be taken after careful consideration. This document is not legal, professional or technical advice. You should always seek formal professional advice where appropriate.

### Icon Key



**Warning**



**Tip**



**Note**



**Toolkits**



**Appendices**

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# Contract Management Strategy

## 1. What is a PFI contract management strategy

A PFI contract management strategy (CM strategy) sets out the strategic approach to managing a PFI contract. It should reflect:

- The broader objectives of the contracting authority such as delivering value for money, ensuring public accountability and maintaining high-quality public services.
- The context and environment in which the contract operates.
- The purpose, scope and key terms of the contract.



**The context in which the contracting authority operates and its objectives may not always align fully with the terms of the contract. This misalignment can lead to internal frustration and create friction with the PFI Co and service provider. Where this is the case, your contract management strategy should acknowledge the tension and set out strategic approaches for managing it effectively.**

The CM strategy provides a strategic framework for how the contracting authorities will manage the contract, monitor performance, manage risks and engage with stakeholders. It informs the development and implementation of the contract management plan (CMP), which translates the strategy into operational contract management.

The CM strategy should also define how success will be measured, whether through performance outcomes, stakeholder satisfaction or long-term value for money, and how it aligns with the contracting authority's wider strategies, such as estates or financial planning.

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## 2. Why have a PFI CM strategy?

A clearly defined CM strategy ensures that contract management is proactive, consistent and aligned with the contracting authority's goals. Without it, contract oversight can become inconsistent and reactive.

Potential benefits include:

### Strategic clarity

Establishes a clear sense of purpose and direction for contract management, aligned with the contracting authority's broader objectives.

### Organisational alignment

Provides a unifying framework that supports consistent decision-making and focuses effort on what matters most.

### Resilience

Offers a stable reference point that supports continuity through staff changes, contract phases and organisational shifts.

### Informed planning

Enables the development of a CMP that is grounded in strategic intent, rather than reactive needs.

### Constructive engagement

Supports more purposeful relationships with delivery partners by clarifying the contracting authority's strategic stance.

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## 3. Developing your CM strategy

The contract manager will typically be responsible for developing the CM strategy. This requires a strategic understanding of the context in which the contract operates, as well as the contracting authority's policies and procedures. Developing a comprehensive strategy will involve reviewing relevant documents and engaging across the contracting authority to ensure coherence and secure organisational buy-in.

The following strategies, policies, plans and procedures may need to be reviewed:

- Corporate strategy and plans.
- Medium-term financial strategy and financial plans.
- Estates strategy and asset management plans.
- Sustainability and new zero strategies.
- Workforce and people strategies.
- Corporate governance arrangements.
- National guidance.

### 3.1 Key Stakeholders

Engaging with stakeholders helps ensure the CM strategy reflects the organisation's full range of needs and reduces the risk of misalignment between strategic intent and operational delivery.

Typical stakeholders include:

- Senior responsible owner for the PFI, e.g. the finance director.
- Service leads, e.g. the director of education.
- Service users, e.g. school head and business manager.
- Corporate functions including finance, governance, legal, commercial and estates.
- Contract management team.
- Sponsoring departments, e.g. Department for Transport.



**Appendix 1 provides a suggested structure for your CM strategy, along with prompts to guide your thinking during its development.**



**Appendix 2 has an illustrative example CM strategy.**

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## 4. Implementing and reviewing your CM strategy

Once the CM strategy has been developed it will need to be implemented and embedded in the contracting authority. Regular reviews of the CM strategy should then be undertaken to ensure it remains relevant over the term of the PFI contract.

### 4.1 Implementing your CM strategy

Effective implementation depends on several key enablers:

- **Leadership:** Ensure senior leaders actively support and champion the CM strategy. Their visible commitment helps embed the strategy across the contracting authority and reinforces its importance.
- **Alignment of the CMP with the CM strategy:** The CMP should operationalise the CM strategy, translating strategic objectives into clear actions, timelines and responsibilities.
- **Resourcing and capability of the intelligent client function (ICF):** Ensure the ICF has the right structure, skills, capacity, budget and tools to deliver the strategy.

- **Governance and decision-making structures:**

Establish clear governance arrangements that support timely, transparent and informed decision making. This includes escalation routes, delegated authorities and reporting lines.

- **Processes, systems and data:** Ensure key organisational processes (such as performance monitoring, risk management and change control) support the CM strategy. Adapt or supplement them if needed. Systems should enable data-driven decisions and continuous improvement.
- **Stakeholder engagement and communication:** Define how the organisation will engage with internal and external stakeholders, including service users, the PFI Co, service provider and other related delivery partners. Set internal expectations for behaviours, collaboration and issue resolution.
- **Culture and behaviours:** Recognise that implementing a strategy may require shifts in culture, behaviours or ways of working.
- **Knowledge management and succession planning:** Ensure key decisions, processes and lessons are documented to support continuity over time, particularly in the context of staff turnover and long contract durations.

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## Section 4.1 continued

The CM strategy should be approved by the senior responsible owner for the contract and owned by the contract management team, with oversight from relevant internal governance bodies.



**Poor implementation of your contract management strategy may result in inconsistent outcomes, with potential impacts on public services, value for money, relationships and reputation.**

## 4.2 Reviewing the CM strategy

PFI contracts are long-term arrangements, but the environment in which they operate, including organisational priorities, service needs and policy context, will inevitably change over time. The CM strategy must therefore be dynamic, adapting to the different contract phases or major contract events. These typically include:

- Mobilisation and operational change.
- Benchmarking, market testing and value for money reviews.
- Major contract changes arising from changing strategic needs.
- Significant performance or default events.
- Expiry and transition.
- Significant external or policy changes impacting the PFI contract.

Your CM strategy should be reviewed at key lifecycle milestones and in response to significant organisational changes or contractual events. Regular review, at least every five years, helps ensure continued alignment between the strategy, the contracting authority's objectives and the realities of contract delivery.

# Contract Management Strategy



## Appendix 1: CM strategy structure

The table below provides a structure for a CM strategy with prompts and tips to help you draft the document.

Section	Prompts	Common challenges	Tips
<b>Strategic objectives</b>	<p>What long-term outcomes are we aiming to achieve with this contract?</p> <p>How do these outcomes reflect public value (e.g. service quality, equity, sustainability)?</p> <p>How do they align with our organisational mission and statutory duties?</p> <p>How will these objectives shape the development of plans?</p>	<p>Objectives are too operational or vague.</p> <p>Lack of alignment with public value or organisation goals.</p> <p>Objectives not clearly linked to contract management activities.</p>	<p>Express objectives in terms of outcomes and public value, not tasks or activities<sup>1</sup>.</p> <p>Are objectives specific, measurable, actionable, realistic and time-bound (SMART).</p> <p>Test objectives against organisational mission and statutory duties.</p> <p>Ensure objectives provide a clear foundation for the CMP and other delivery plans.</p> <p>Keep objectives stable but reviewable over time.</p>
<b>Strategic priorities</b>	<p>What are the top three to five priorities for this contract over the strategy period?</p> <p>What risks, opportunities or constraints make these priorities urgent?</p> <p>How do these priorities guide resource allocation and team focus?</p> <p>Are these priorities realistic given current resources, capacity and capability?</p>	<p>Too many priorities dilute focus.</p> <p>Priorities do not reflect current risks or capacity/resources.</p> <p>Priorities not clearly linked to implementation.</p>	<p>Prioritise 3–5 high-impact areas aligned with risk and value.</p> <p>Use a prioritisation matrix to balance ambition with capacity.</p> <p>Ensure priorities are clearly reflected in plans.</p> <p>Review priorities annually or at key stages.</p>

1. For example, instead of 'Ensure lifecycle works are delivered on schedule', use 'Maintain asset quality and service continuity through proactive lifecycle management'.

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Section	Prompts	Common challenges	Tips
<b>Key personnel and roles</b>	<p>Who owns the CM strategy?</p> <p>Who provides strategic leadership (e.g. SRO, senior service lead)?</p> <p>What roles are needed to deliver the strategy (e.g. contract manager, commercial lead)?</p> <p>How do these roles relate to governance and decision-making?</p>	<p>Unclear ownership or accountability</p> <p>Gaps in strategic leadership.</p>	<p>Assign CM strategy ownership to a senior executive and embed in governance.</p> <p>Define strategic leadership roles (e.g. SRO, contract manager, commercial lead, operational lead, etc.).</p>
<b>Stakeholder engagement</b>	<p>What is the organisation's risk appetite in this contract?</p> <p>What are the top strategic risks?</p> <p>How does this influence oversight, escalation and decision-making?</p>	<p>Strategic risks are under-identified or unmanaged.</p> <p>No resilience planning for staff turnover or disruption</p>	<p>Define your organisation's risk appetite for this contract and how it influences oversight and decision-making.</p> <p>Identify strategic risks that could impact long-term outcomes (e.g. loss of capability, policy shifts, supplier failure).</p> <p>Set out how the strategy will build resilience e.g. through governance, knowledge retention and adaptability.</p>

# Contract Management Strategy

Section	Prompts	Common challenges	Tips
<b>Strategic risk and resilience</b>	<p>What is the organisation's risk appetite in this contract?</p> <p>What are the top strategic risks?</p> <p>How does this influence oversight, escalation and decision-making?</p>	<p>Strategic risks are under-identified or unmanaged.</p> <p>No resilience planning for staff turnover or disruption.</p>	<p>Define your organisation's risk appetite for this contract and how it influences oversight and decision-making.</p> <p>Identify strategic risks that could impact long-term outcomes (e.g. loss of capability, policy shifts, supplier failure).</p> <p>Set out how the strategy will build resilience e.g. through governance, knowledge retention and adaptability.</p>
<b>Approach to contract management</b>	<p>What is our strategic approach to managing the provider relationship (e.g. collaborative, transactional, assertive)?</p> <p>What factors (e.g. contract maturity, performance history, risk profile) influence this approach?</p> <p>How does our approach support delivery of strategic objectives and priorities?</p> <p>How do we want our contract management stance to be understood by internal stakeholders and external partners?</p>	<p>Relationship style is inconsistent or unclear.</p> <p>Approach is reactive or not aligned with strategic intent.</p> <p>Internal and external perceptions are misaligned.</p>	<p>Define the desired relationship approach based on contract context and strategic goals.</p> <p>Ensure the approach is clearly communicated and understood across teams.</p> <p>Use strategic behaviours (e.g. structured engagement, escalation protocols) to reinforce the chosen stance.</p> <p>Review and adapt the approach as the contract evolves.</p>

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Section	Prompts	Common challenges	Tips
<b>Resourcing approach</b>	<p>What level of resource (people and budget) is required or available to deliver the CM strategy?</p> <p>How does this reflect the organisation's priorities and appetite for involvement?</p> <p>Is the current resourcing model aligned with the desired approach (e.g. hands-on vs light-touch)?</p>	<p>Resource levels do not match strategic ambition.</p> <p>Skills gaps in key areas, for example, commercial, financial or technical.</p>	<p>Align resourcing model with CM strategy priorities and delivery style.</p> <p>Invest in capability building and the intelligent client function.</p>
<b>Key processes and enablers</b>	<p>Which organisational processes are critical to successful contract management (e.g. finance, risk, audit)?</p> <p>Which contract-specific processes require strategic oversight (e.g. performance management, change control, lifecycle planning)?</p> <p>What systems or data capabilities are needed to support these processes?</p> <p>Are there any gaps or misalignments that need to be addressed through coordination or escalation?</p>	<p>Misalignment between contract management and corporate processes.</p> <p>Lack of visibility or ownership of key contract processes or escalation of risk or issue.</p>	<p>Clarify how contract management will engage with key organisational processes to support strategic delivery.</p> <p>Ensure strategic oversight of contract-specific processes (e.g. performance, change control).</p> <p>Highlight any systemic gaps that may need escalation or cross-functional coordination.</p> <p>Confirm that systems and data support insight, assurance and decision-making.</p>

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Section	Prompts	Common challenges	Tips
<b>Technology use</b>	<p>How will technology support contract management?</p> <p>Consider systems for performance monitoring, risk tracking and data analysis.</p>	<p>Underutilisation of available technology.</p> <p>Lack of integration between systems.</p>	<p>Ensure systems support performance monitoring and data-driven decision-making.</p> <p>Invest in training to maximise the use of technology.</p> <p>Integrate technology tools to support the ICF.</p>
<b>Review and adaptation</b>	<p>What events or changes should trigger a review of the CM strategy (e.g. contract milestones, performance issues, organisational shifts)?</p> <p>How will lessons learned be captured and used to inform future strategies?</p> <p>How will continuity be maintained through changes in personnel or context?</p>	<p>Strategies are not updated in response to change.</p> <p>Lessons learned are not captured or applied.</p> <p>Review responsibilities are unclear.</p>	<p>Define clear triggers for ad hoc review alongside the routine cycle.</p> <p>Assign ownership for review and adaptation.</p> <p>Create a feedback loop to capture learning and inform future strategy.</p> <p>Embed succession planning and knowledge management to support continuity.</p>

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## Appendix 2: Example CM strategy

This fictional example shows how a contracting authority might complete a CM strategy using the structure above. It is intended as a guide, not a template, and should be adapted to reflect each authority's specific context.

Contracting authorities should decide how much detail to include in their CM strategy. Depending on the complexity of the contract, you may need more detail than in this example to meet your needs.

**Project:** Greenhaven Community Care Centre PFI

**Contracting authority:** Southshire Council

**PFI Co:** Vital Health Infrastructure Ltd

**Service provider:** Prime Serve Facilities Ltd

**Contract term:** 30 years from start of operations in 2012

**Expiry:** 2042

**Strategy period:** 2025–2030

### 1. Strategic objectives

- Ensure the care centre continues to provide a safe, accessible, high-quality environment for community care services. Measure: Stakeholder satisfaction score of 85% or higher in annual surveys.
- Maximise value for money through proactive lifecycle and performance management. Measure: Reduction in lifecycle maintenance backlog by 30% by 2027.
- Prepare for a major decarbonisation initiative aligned with the council's Net Zero 2035 target, including energy efficiency upgrades and sustainability benchmarking. Measure: Achievement of energy efficiency benchmarks aligned with Net Zero 2035 targets.
- Strengthen stakeholder confidence through transparent governance and reporting. Measure: Timely publication of quarterly performance reports with 100% compliance.

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## 2. Strategic priorities

- Address backlog in lifecycle maintenance and ensure compliance with current performance standards.
- Improve data quality and reporting on performance and deductions.
- Strengthen the intelligent client function through training and resource planning.
- Prepare for a major decarbonisation initiative aligned with the council's net zero 2035 target, including energy efficiency upgrades and sustainability benchmarking.

## 3. Timescale

- Strategy covers 2025–2030.
- Mid-point review in 2027 aligned with decarbonisation planning.
- Annual updates to reflect operational changes or strategic shifts.

## 4. Alignment map

CM strategy element	Aligned strategy
Asset management	Estates Strategy 2024–2029
Financial oversight	Medium-Term Financial Plan
Social value	Council's Community Wellbeing Strategy
Risk	Corporate Risk Register

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## 5. Key personnel and roles

- Senior Responsible Owner: Director of Adult Social Care.
- Contract Manager: Senior PFI Officer (Health).
- Commercial Lead: Senior PFI Commercial Manager.
- Technical Lead: Estates and Facilities Manager.
- Governance Body: Care Board (meets quarterly) and Estates Board (meets monthly)

## 6. Stakeholder engagement

- Internal stakeholders: Finance, Legal, Public Health, Estates and the Contract Management Team.
- Service users: Care Centre Manager.
- Engagement approach: Structured workshops during strategy development; quarterly internal review meetings to maintain alignment and responsiveness.

## 7. Strategic risk and resilience

### Top risks:

- Inadequate lifecycle investment leading to service degradation.
- Loss of key staff or capability in the intelligent client function.
- Failure to meet decarbonisation targets or secure funding for upgrades.

### Mitigation

- Improved lifecycle monitoring via support from the estates technical team with the option of a full survey during the strategy period.
- Succession plans will be established for key or difficult to-replace staff, along with knowledge management process to retain knowledge when staff leave.
- Decarbonisation of the care centre will be incorporated into the authority's central decarbonisation plan to align with corporate priorities, plans and funding processes through the central estates team.

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## 8. Approach to contract management

- **Relationship style:** Collaborative but firm in enforcing the contract.
- **Approach:** Proactive, with structured performance reviews and early issue escalation with the PFI Co. Open to innovation on net zero work.
- **Desired perception:** A fair but assertive and engaged client, focused on public value.

## 9. Resourcing approach

- Dedicated PFI team of 3 FTEs with support from commercial (0.5 FTE), finance (0.25 FTE) and estates (0.75 FTE).
- Budget for external legal and technical advisers particular to focus on lifecycle and net zero priorities.
- Training plan for intelligent client function to be refreshed annually with a focus on lifecycle and net zero to align with wider needs.

## 10. Key processes

- Performance management: Monthly facilities management reviews, monthly KPI audits.
- Change control: Formal process with financial, commercial and legal input. Contract process to be adjusted to align with corporate approvals process to improve efficiency.
- Lifecycle review and assurance: Annual review with service provider and technical adviser.

## 11. Use of technology

- Seek access to the PFI Co's CAFM system for asset monitoring, performance tracking and utilities consumption data.
- SharePoint-based document repository to support knowledge management and resilience.
- Explore AI tools for meeting minutes and data analysis to improve productivity of the CMT.

## 12. Review and adaptation

- Formal review every two years or upon major contract events.
- CM strategy updates approved by SRO and PFI Oversight Board.
- Lessons learned logged and shared across council PFI projects.