National Infrastructure
& Service Transformation
Authority

Intelligent Client Function

A practical guide to developing and operating your intelligent client function for PFI contract management

PFI Centre of Excellence
Published 2026

Intelligent Client Function

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.

Purpose of this Guidance

1. Explain what the intelligent client function (ICF) is and why it matters.
2. Provide a structured approach to designing, sourcing and operating your ICF.
3. Help you assess current capability and plan for future needs, including resilience and scalability.
4. Introduce practical toolkits to support context mapping, capability diagnostics and resource planning.

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 |

Intelligent Client Function

Toolkits

TOOLKIT 1: ICF Context Mapping Worksheet

TOOLKIT 2: ICF Capability Diagnostic

TOOLKIT 3: ICF Calculator

Intelligent Client Function

1. Understanding the ICF in the PFI context

The intelligent client function (ICF) is the internal capability that enables a public sector organisation to act as a strategic, informed and empowered client in managing PFI contracts.

PFI contracts are long-term, complex and high value. They require active, capable management to protect public value, ensure service continuity and manage risk. The ICF is how the contracting authority maintains control, not just over day-to-day delivery, but over the long-term outcomes of the contract.

2. The ICF in practice: What it needs to do

The ICF enables the contracting authority to:

- Manage performance and risk across the contract lifecycle.
- Protect value for money through commercial oversight and strategic planning.
- Support service delivery by aligning contract management with frontline needs.
- Plan for future events, including expiry and benchmarking.

These responsibilities are delivered through a set of core functions (see Appendix 1 for more details):

- Strategic leadership and governance.
- Commercial and contract management.
- Relationship and stakeholder management.
- Performance and service management.
- Risk and issue management.
- Financial oversight.
- Asset and lifecycle management.
- Capability and knowledge management.
- Expiry and transition management.

A strong ICF is proactive, not passive. It shapes outcomes, anticipates risks, and ensures the contract continues to serve public needs.

Intelligent Client Function

3. Setting the ICF in context

The ICF does not operate in isolation. Its effectiveness depends on how well it is aligned with the wider contract management framework:

- **Contract management strategy:** Sets the strategic direction, i.e. what the contract is meant to achieve.
- **Contract management plan:** Defines operational roles, processes and expectations.
- **Governance:** Determines how decisions are made, issues escalated, and performance reviewed.
- **Resources and expertise:** The ICF's capacity depends on available staffing, funding and access to legal, technical and commercial support.

A well-functioning ICF is embedded in governance, aligned with strategy and plans, and supported by the right people and tools.

4. Building a resilient and scalable ICF

PFI contracts do not stand still. In addition to delivering its core functions, the ICF must be able to respond to:

- Planned events such as benchmarking, market testing or expiry planning.
- Unplanned challenges including disputes, compliance failures or refinancing.
- Shifting priorities such as contract phase transition, strategic changes, emerging risks or performance issues.

This means the ICF must be:

- **Adaptable:** Able to shift focus as risks and priorities change.
- **Scalable:** Able to draw in additional expertise when needed.
- **Resilient:** Able to maintain continuity despite staff turnover or organisational change.

Intelligent Client Function

5. Developing and operating your ICF: A step-by-step guide

This section provides a practical, step-by-step guide to developing and operating an ICF. Whether you are establishing a new ICF or reviewing an existing one, the steps below will help you align it with your contract's complexity, risk profile and stage.

Step 1 **5.1 Understanding what your ICF needs to do**

Start by clarifying the role and purpose of your ICF in the context of your wider contract management framework. This will help ensure your ICF is proportionate, focused and aligned with organisational needs. Use Toolkit: 1 ICF context mapping worksheet to help you consider:

- **Strategic intent:** What does your contract management strategy say about the outcomes you are trying to achieve?
- **Operational delivery:** What demands does your contract management plan place on the ICF in terms of roles, processes and oversight?
- **Governance expectations:** What reporting, assurance or escalation responsibilities will the ICF need to fulfil?

- **Resource realities:** What capacity and expertise are realistically available to support the ICF?
- **Contract performance:** Is the contract performing well or are there issues that require more active management?

Looking ahead

In addition to understanding current needs, consider how your ICF may need to evolve. Thinking ahead will help ensure your ICF is not only fit for today, but resilient and scalable for the future.

This step sets the foundation for designing or adapting your ICF by grounding it in the real-world context of your contract and organisation, both now and in the future.

Intelligent Client Function

Step 2 **5.2 Access your current ICF**

Before designing or adapting your ICF, take stock of how it currently operates. This step helps you understand what's working, where there are gaps and what needs to change. The aim is not to create a perfect model, but to build a realistic picture of your current capability so that any future design is grounded in fact not assumptions. As part of this, consider how resilient and scalable your current ICF is: can it adapt to change, flex during high-risk periods and maintain continuity if key staff leave?

Use

TOOLKIT 2: ICF Capability Diagnostic to support this step.

This is best done collaboratively, drawing on the insights of colleagues across legal, finance, estates and service delivery.

Step 3 **5.3 Design or adapt your ICF**

Once you understand your current context **(Step 1)** and have assessed your existing ICF **(Step 2)**, the next step is to design or adapt your ICF to ensure it is fit for purpose i.e. the ICF is proportionate to the complexity, risk and stage of your PFI contract and ensuring it is resilient, scalable and capable of evolving over time.

There are two aspects to designing or adapting your ICF:

- **Structure:** Determining the size and shape or your ICF to ensure that you have right quantity and mix of skills to delivery its outputs.
- **Sourcing:** Deciding whether to make, buy or borrow those skills.

Each of these aspects is considered below.

TOOLKIT 3: ICF Calculator

can be used to capture your assessments in a structured way and enable a rounded review to balance need and available budget.

Intelligent Client Function

5.3.1 Structuring your ICF

The structure and size of the ICF should reflect the complexity, risk profile and maturity of the PFI contract. There is no one-size-fits-all model, what matters is that the ICF is proportionate, purposeful and capable of delivering its core functions effectively.

The structure and composition of the ICF will vary depending on the nature of the PFI contract. Below are two illustrative models:

- **Schools PFI:** A lean ICF team supports three primary schools, often relying on shared services or part-time roles in a low-risk, steady-state environment.
- **Government offices PFI:** A more structured ICF with dedicated leads for commercial, technical and financial oversight to support the scale, risk and high levels of contract change.

Regardless of the model, the ICF should be:

- **Function-led, not role-led:** Focus on ensuring all ICF functions are covered, rather than creating fixed job titles.
- **Flexible and scalable:** Able to adapt to changes in contract phase, workload or emerging risks.

- **Integrated within the contracting authority:** Drawing on wider organisational expertise (e.g. legal, finance, estates).
- **Clearly accountable:** With roles and responsibilities defined, documented and understood.

Designing for resilience and scalability:

When structuring your ICF, it's important to build in the ability to adapt and endure when changes in circumstances happen.

Intelligent Client Function

5.3.2 Sourcing your ICF capability: Make, buy or borrow
Once you have considered how to structure your ICF for resilience and scalability, the next step is to determine how to access the skills and expertise needed to deliver its functions effectively. This is about sourcing capability: identifying the right mix of people and knowledge and deciding how best to bring them in. Contracting authorities can source this capability in three main ways:

- **Make (build in-house):** For core roles and continuity.
- **Borrow (shared or seconded):** For short-term needs or capability gaps.
- **Buy (external expertise):** For specialist input or complex issues.

A blended approach is often most effective, combining a stable internal team with access to external or shared resources as needed.

Attribute	Make (build in-house)	Borrow (secondments/shared services)	Buy (external expertise)
Use when	For core roles and continuity.	For short-term needs or where expertise is already available elsewhere in the organisation.	For specialist input or complex issues.
Examples	Contract manager, performance lead, stakeholder liaison, commercial management.	Shared legal or commercial team.	Legal advice, asset surveys, expiry planning.
Pros	Builds internal knowledge. Supports continuity, enhances control.	Cost-effective, encourages collaboration across the organisation, supports knowledge transfer, resilient.	Rapid access to expertise. Fills urgent or complex gaps. Brings external perspective.
Considerations	Requires investment in recruitment and training, slower to scale, risk of turnover.	May lack continuity, availability may be limited, requires coordination.	Can be costly, risk of dependency, needs strong contract management.

Intelligent Client Function

Worked example: Library PFI

Need	Sourcing approach	Rationale
Lifecycle condition survey	Buy (external technical advisor)	Specialist expertise required for asset verification
Monthly performance monitoring	Make (in-house contract manager)	Core function requiring continuity and local knowledge
Expiry legal review	Borrow (shared legal service)	Short-term need – cost-effective and timely

Establishing a core in-house team provides continuity and control, while external advisors and shared services can offer specialist input and surge capacity. Planning, especially for lifecycle events like expiry, market testing or major disputes, helps ensure the right expertise is available when needed and avoids delays or market scarcity.

Building your team

When building your team, consider both recruitment and learning and development needs. Effective contract management relies on equipping staff with the right skills and knowledge. Learning and development opportunities include:

- PFI guidance available on the PFI Centre of Excellence website.
- PFI eLearning via the Government Commercial College, accessible to all public sector employees.
- Government Commercial Function (GCF) contract management training, also available through the Government Commercial College.

We encourage all those involved in contract management to seek relevant GCF accreditation to strengthen PFI contract management across the public sector.

Intelligent Client Function

Step 4 **5.4 Embed and operate**

Designing the ICF is only part of the journey. To deliver value, the ICF must be embedded into the organisation's governance, culture and day-to-day operations. This step focuses on how to activate and sustain the ICF so that it becomes a living, functioning part of your contract management approach.

5.4.1 Embedding the ICF in governance

The ICF must be integrated into the organisation's governance structures to ensure visibility, accountability and alignment with strategic objectives.

Key actions include:

• Defining clear reporting lines and escalation routes.
• Embedding ICF roles in decision-making forums (e.g. contract boards, risk committees).
• Establishing regular performance and assurance reviews.
• Aligning with internal audit and compliance processes.

> **Use your contract management plan and governance framework to map where and how the ICF interacts with oversight bodies and decision-makers.**

5.4.2 Operating the ICF day-to-day

To function effectively, the ICF must have:

• **Clarity of roles:** Everyone involved in contract management should understand their responsibilities and how they contribute to ICF functions.
• **Access to information:** The ICF should maintain up-to-date records, performance data and contract documentation.
• **Routine processes:** Regular monitoring, reporting and issue resolution processes should be in place and consistently followed.

Revisit and update

TOOLKIT 2: ICF Capability Diagnostic to ensure all ICF functions remain clearly assigned, role holders are up to date and any gaps in responsibility or resilience are addressed.

Intelligent Client Function

5.4.3 Create a collborative culture

While commercial competence and contractual rigour are essential, the success of the ICF also depends on how it engages with others. A collaborative culture, built on trust, transparency and shared goals, can significantly improve service outcomes and reduce conflict.

Key behaviours include:

- Engaging constructively with PFI Co and internal stakeholders.
- Escalating issues appropriately but seeking informal resolution where possible.
- Using the contract as a tool for accountability, not a weapon for confrontation.

Refer to the White Frasier Report (IPA, 2023) for practical recommendatons on fostering collaborative behaviours in PFI partnerships.

5.4.4 Monitoring and improving your ICF

The ICF should not be static. It should evolve in response to contract performance, organisational priorities and lifecycle stage. Key practices include:

- Reviewing how well the ICF is delivering its core functions.
- Assessing whether roles, skills and capacity remain appropriate.
- Considering whether the ICF is resilient and scalable – able to adapt, flex and maintain continuity.
- Identifying areas for improvement or reconfiguration.
- Tracking how the ICF supports strategic goals and risk management.

Revisit and update

TOOLKIT 2: : ICF Capability Diagnostic to reflect how well the ICF is operating in practice. Use it to track improvements, identify emerging gaps and inform future development.

Intelligent Client Function

Appendix 1: Core ICF functions

The core functions of a PFI contract intelligent client function are described below. It is adapted from the Cabinet Office's intelligent client function framework which provides guidance on the roles and responsibilities necessary for effective contract management in the public sector.

Function	Key elements
Strategic leadership and governance	• Provide strategic direction for the PFI contract, ensuring alignment with public service priorities. • Maintain effective governance structures to support decision-making, performance and risk oversight. • Oversee change management and ensure leadership continuity as the contract matures or nears expiry.
Commercial and contract management	• Manage the contract proactively, including variations, commercial negotiations and interpretation of terms. • Maintain a clear understanding of the financial model, payment mechanisms and obligations. • Ensure service specifications remain relevant and enforceable, adapting through formal variation processes.
Relationship and stakeholder management	• Maintain a constructive and professional relationship with the PFI Co and key subcontractors. • Engage internal stakeholders (e.g. estates, finance, legal, service leads) to ensure alignment. • Include service users as a distinct stakeholder group to ensure their needs are reflected in service delivery. • Facilitate effective communication and issue resolution across all parties.
Performance and service management	• Monitor service delivery against KPIs and SLAs, ensuring consistent quality and compliance. • Apply payment mechanisms fairly and transparently, including deductions where necessary. • Use performance data to drive continuous improvement and accountability.
Risk and issue management	• Identify and manage operational risks, including service continuity and contract compliance. • Maintain a live risk register with clear ownership and mitigation strategies. • Lead on dispute resolution processes and escalation protocols.

Intelligent Client Function

Function	Key elements
Financial oversight	• Monitor unitary charge payments and ensure deductions and adjustments are correctly applied. • Track lifecycle and maintenance spend to ensure value for money. • Support financial planning for both ongoing operations and future transition.
Asset and lifecycle management	• Ensure the asset is maintained to contractual standards and remains fit for purpose. • Monitor and verify lifecycle works are delivered on time and to specification. • Coordinate with expiry planning to ensure asset performance is sustained through to handback.
Capability and knowledge management	• Maintain institutional knowledge and documentation to support effective contract management. • Ensure staff are trained and supported to manage complex, long-term contracts. • Support succession planning, knowledge transfer and organisational resilience.
Expiry and transition management	• Lead early and structured planning for contract expiry, in line with IPA guidance. • Establish governance, resource plans, and timelines for expiry and transition. • Carry out checks to confirm the condition and compliance of assets and services prior to handback. • Ensure contractual rights and obligations are fully understood and enforced. • Engage stakeholders to plan for future service delivery and continuity. • Coordinate legal, commercial and operational preparations for handback or transition.