

# **COMMERCIAL COMMISSIONING and PROCUREMENT FRAMEWORK**

**2024-2028**

**Cambridgeshire County Council**

Version 5.0

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## Introduction

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With the changing and increasingly challenging economic, financial, and social landscape, this Commercial, Commissioning and Procurement Framework (the Framework) sets out the Council's intentions for the 2024-2028 period. The Framework details the Council's priorities for improving its commercial, commissioning, procurement and contract management practices across the organisation. It is designed to sit alongside service plans allowing services to assess their commercial approaches and practice against organisational expectations and excellence. Its delivery will enable the Council to review the effectiveness of the cycle across the whole organisation.

The purpose of the Framework is to support the Council in reaching a consistent and commercially minded approach to the way it makes decisions, commissions and procures goods and services and delivers better outcomes. The Framework will promote consistency and enable those services without dedicated commercial resource to develop a best practice commercial approach.

The Council has a gross annual spend of almost £1 billion with a significant proportion of this being spent with external suppliers delivering services on its behalf. This reliance on externally commissioned services means the Council must possess commercial skills and adopt a commercial mindset. It needs to be able to understand its marketplaces and how suppliers of the services it is contracting with operate so that it can optimise value for money, reduce risk and get the right outcome for our citizens.

Whilst contracting out services is often a very effective way of delivering those services, it is important that other models of delivery such as in-sourcing or using community organisations to deliver services are not overlooked, particularly as the markets become more fragile or gaps in capacity increase.

With so many of the services the Council delivers being part of a wider system where partnerships play an important role, being aware of the impact its commercial decisions have on partners is critical. It needs to be aware of how our commercial strategies may impact those of partners, but equally on a day-to-day level, it needs to be aware, and make partners aware, of how each action can impact on the markets and how we can work together to address the opportunities and challenges.

Whichever approach we take to delivering our services we need to know how to identify, quantify, control and mitigate risk. A clear and consistent approach to risk management is fundamental for commercial decision making, which should be underpinned by a robust governance process. That governance process is crucial in ensuring we make decisions in line with our Constitution. Being transparent in decision making and recording this compliantly will be more important in light of the pending Procurement Act 2023.

Through this Framework, the Council continues to signal the intention to work in a commercially minded way, and in a way that drives excellence.

## What is commercialisation?

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The term 'commercial' is used regularly across the Council but will often mean different things to different people. For the purposes of this Framework, a 'commercial' lens will encompass the entire commissioning, procurement and contract management lifecycle, and the actions that can be taken to influence the financial, social and environmental impact of that lifecycle to deliver better and more sustainable services to our residents. This includes setting the strategic direction for those commercial decisions.

Commercial decisions are taken across the Council daily, ranging from agreeing a contract change, commissioning work using our frameworks, engaging with suppliers, tendering a new contract, managing our contracts or assessing delivery models. Many of our commercial decisions are made during the design, commissioning or contract management phase of service delivery, and therefore it's important to get them right.

This document looks at how the Council can ensure decisions undergo a proportionate assessment of commercial considerations, have suitable controls and governance in place to manage risk, and have considered the implications on the wider Council.

This Framework does not focus on identifying opportunities where we can utilise the Council's resources for commercial gain, for example the operation of commercial investments which fall within the Land and Property Strategy or the Medium Term Financial and Treasury Management Strategies. Whilst these 'traditional' commercial practices still successfully exist in activities such as our income generating services, it is not a priority of this framework to seek out greater exposure to this type of activity.

## How to use this document

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The Council's roles of commissioning and contract management are delivered by service areas, supported by a central Procurement and Commercial function. This ensures that subject matter expertise can work effectively with the technical experience and knowledge of the central Procurement and Commercial Team. It can, however, lead to inconsistent skills and knowledge (as different service areas have different levels of subject experience and expertise), which can lead to lost value, lost opportunity and non-compliance, hence the need for this Framework.

In September 2022 the Procurement team and Commercial team integrated. This new joint function has responsibility for ensuring consistency and excellence in, and upskilling of, the organisation's commercial decision making. The themes outlined in this framework have been adopted to help the Council to achieve its ambitions.

This Framework is designed to sit alongside service plans allowing services and the Procurement and Commercial Team to enable the assessment of their commercial approaches and practice against organisational expectations and excellence. It ensures the Council's continual focus is on improving commercial practices. These practices have arisen from the various central government tools and guidance that have been written to support local authorities to become more commercially astute organisations.

This Framework is supported by more detailed guidance on procurement and contract management which should be used to deliver the outcomes detailed here. The implementation of this Framework will be overseen by the Procurement Governance Board.

## **Aligning to our Corporate Priorities**

This Framework will support the delivery of the Council's vision and 7 ambitions by:

- Ensuring that spend with third parties delivers value for money and appropriate outcomes. Where we can achieve savings or efficiencies, re-investment in delivering the Council's ambitions can take place.
- Achieving our net zero ambitions by ensuring that we are commissioning and procuring towards net zero in a commercially astute manner underpinned by clear strategy and policy.
- Through effective commissioning, ensure specifications across all service areas, but particularly transport, are designed in a way that lowers the climate change impact.
- Continuing to engage with local people and communities, and use insights gained to shape plans and services now and in the future, that will lead to people living healthy, safe and independent lives and helping people out of poverty.
- Delivering social value through our contracted services, this is a key part of this Framework. We will be ensuring that social value is considered from the outset of the commissioning process and providing suppliers with information and guidance on how to maximise social value contributing to areas such as social mobility.

In addition, the National Procurement Policy Statement published in June 2021 (and embedded in the Procurement Act 2023), outlines the national goals that public sector procurement will be expected to support the delivery of:

- Creating new businesses, new jobs and new skills;
- Tackling climate change and reducing waste; and
- Improving supplier diversity, innovation and resilience

The key driver for this work remains financial – gaining value for money.

## Procurement and Commissioning Cycle

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The effective application of the procurement and commissioning cycle is fundamental to the Council achieving its corporate priorities. A successful procurement and commissioning cycle consists of various roles across the Council which, by working together, will procure compliant services that are customer-focused and commercially sound underpinned by a clear, cross-functional strategic vision aligned to our corporate priorities.

This Framework looks at the whole cycle from strategy setting, commissioning, procurement to contract management and sets out how the various functions need to work together to achieve objectives. It acknowledges that the entire cycle is the joint responsibility of all those involved and only by working together throughout the cycle, will we achieve the best outcomes.

But it is important to recognise that service areas have different structures to deliver their procurement and commissioning activity, influenced by the frequency and complexity of the services being commissioned. Committing to a whole cycle approach to procurement, commissioning and contract management requires a culture change, which this Framework will support.

## Governance

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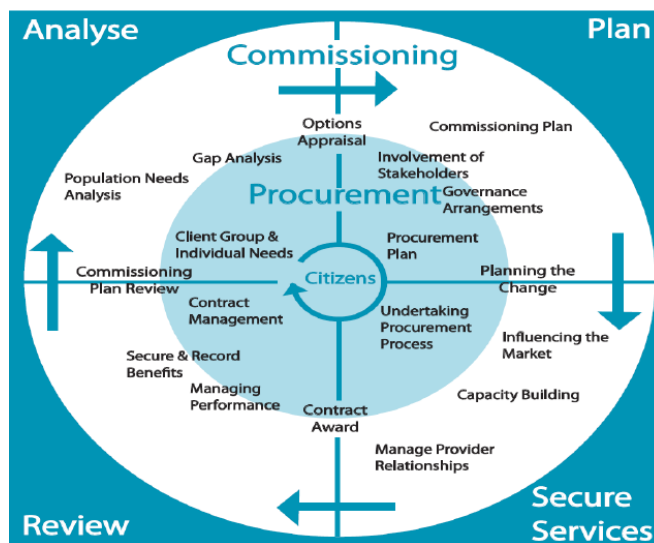
Governance for the Council's commercial processes as they are embedded in the commissioning, procurement and contract management cycle are as follows:

- The Public Contract Regulations (2015) and its successor legislation the Procurement Act 2023 and the Provider Selection Regime set out the high-level requirements for public sector commissioning, procurement and contract management. Individual service areas have their own legislation that they need to comply with, such as The Care Act.
- The Council's Constitution, particularly the Contract Procedure Rules and Finance Procedure Rules, provide specific detail on how the Council should operate across the cycle.
- Compliance is overseen by the Procurement Governance Board which has cross Directorate representation.
- Services areas have access to a range of guidance produced by the Procurement and Commercial Team, this guidance covers the whole cycle.

## Roles and Responsibilities

The Diagram below shows the various functions involved in the commissioning and procurement cycle. These are complex but often interconnected. It means that specialism needs to exist, but equally these specialisms need to work together to achieve a fully integrated and robust cycle.

The cycle as shown in the diagram below recognises a 'one team' approach. It is vital that the corporate Procurement and Commercial team is engaged with service commissioning and contract managers to plan and work as one team in a joined up way.



Like any successful team each must understand the other's roles and strengths, enabling those strengths to be used to their greatest advantage. Each service needs to view their spend/budget as a plan that everyone engages from the start set against the backdrop of that service's strategic direction. Each rotation of the cycle starts with the understanding and identification of need and then moves on to a decision on (as it is often referred to) 'make or buy', all decisions must be considered, including 'stop'. In the Council, these decisions are not solely a commissioning role, all parties should understand their skills, knowledge and data to challenge and develop commercial options.

By adopting this approach, the Framework looks to achieve savings and better value for the residents and businesses of Cambridgeshire. The Framework clarifies roles and the expected one team approach to all aspects of the Council's expenditure, as shown in the following table.

This new way of integrating decisions is a step away from the typical cycle, which sets out clear split of duties between commissioning, procurement and contract management. The Council will be moving towards a fluid integration of all roles in a

sensible, cohesive way. This Framework, and the governance around these decisions, is the route to achieving this.

Plan	Develop	Deliver	Review
Project planning	Financial analysis	Contract award	Exit strategy
Data gathering	Market engagement	Contract management	Benefits realisation
Soft market testing	Specification development	Risk management	Horizon scanning
Commissioning strategy / Make or Buy	Evaluation methodology	Financial reporting	Sustainability
Delivery model Assessment	Terms & Conditions	Stakeholder management	Whole life costing
Risk analysis		Continuous improvement	Lessons learnt
Option appraisal	Tender documentation	Value for money	

Roles				
Directors				
Commissioners				
Procurement & Commercial				
Contract Managers				
Data / Business Intelligence				
Finance				
Legal				

The benefits are that we will gain better outcomes, better value for money and lower costs, and we will focus resources where they are needed.



## Commercial Themes

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This Framework identifies seven themes selected as the key to ensuring effective and consistent commercial decision making. The themes are as follows:

- 1. Skills, Knowledge and Development**
- 2. Risks Management and Controls**
- 3. Strategic Commissioning and Sourcing**
- 4. Stakeholder Relationship Management**
- 5. Strategic & Sustainable Procurement**
- 6. Contract Management**
- 7. Working in Partnership**

These themes provide the structure and framework from which the Council will plan and prioritise its commercial activity. The key elements are summarised below and will be subject to review each year of the Framework. Each of the themes is important in ensuring the delivery of the Council's Strategic Framework 2023-28.

An explanation of how these themes will be measured and recorded is detailed in the [Annual Reporting](#) section at the end of this document.

## Themes in Practice

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Theme 1: Skills, Knowledge and Development	
1.1	To have clearly defined roles and skills within the Commissioning and Procurement cycle that recognise service and corporate responsibilities and create a one team approach to all stages of the cycle to deliver best value outcomes and costs.
1.2	To attract, develop and maintain the appropriate level of commercial expertise across our workforce to ensure value for money aligned to our strategic priorities.
1.3	Invest in our graduate schemes to build home-grown commercial skills alongside a fresh drive for continuous improvement.
1.4	Embed commercial skills, training, and development within job descriptions where roles require commercial decision making.
1.5	Signpost staff to high quality training opportunities that can form part of 'Our Conversations' and encourage management to invest time in learning commercial skills.
1.6	Using the 70:20:10 model, support embed commercial acumen using a variety of methods including support resources, Action Learning, setting up informal networks and coaching.
1.7	Create internal commercial knowledge sharing across services areas and embed a learning culture across teams.
1.8	Promote strong, professional supplier relationships where parties work together to achieve joint goals and embedding collaborative alliances. Where appropriate explore the benefits of a Behavioural Maturity Framework.
1.9	Continually test and report on the quality of internal and external commercial advisors including legal, finance, procurement and commercial teams.
1.10	Ensure contract managers and commissioners are aware of the requirements arising from the Procurement Act 2023 and Provider Selection Regime and ensure suitable training is provided.
1.11	Use consultants where appropriate to provide innovation and rapid improvement but undertaken in ways where knowledge transfer is at the heart of delivery.

Theme 2: Risks Management and Controls	
2.1	Understand how to robustly test the economic and financial standing of suppliers at point of award and throughout contract delivery.
2.2	Better supplier management through understanding the markets that we source from and our influence on these markets; designing commercial strategies and contracts that promote healthy markets over the short, medium and long term.
2.3	Develop a proactive approach to manage supply chain risk and business continuity planning across all strategic and critical suppliers (see <a href="#">risk matrix</a> )
2.4	Create an early warning positive culture for raising commercial risks and being open and transparent about the suitability of controls and mitigations.
2.5	For new or complex commercial ideas, develop effective testing and piloting of new approaches to allow for potential risks and legal issues to be identified.
2.6	Applying the Council's Consultants policy to have greater control and scrutiny on the use and management of consultants.
2.7	Have clear guidance to ensure appropriate and consistent governance is in place for commercial scrutiny and decision making.
2.8	Work with services areas that have significant and regular commercial decision making or policies to reduce risk and ensure value for money.

Theme 3: Strategic Commissioning and Sourcing	
3.1	Apply relevant sourcing good practices and the Sourcing Playbook to inform strategic commissioning decisions.
3.2	Consider alternative models for delivery (i.e., in-sourcing, Community Interest Companies) particularly to address gaps in provision or to reduce risks not just on a contract-by-contract basis but also across service provision.
3.3	Commissioning decisions to be made with full visibility of the financial costs, customer data and behaviour, the market view, and performance as well as service outcomes, to inform future commissioning strategy.

### Theme 3: Strategic Commissioning and Sourcing

3.4	Commercial decisions should be balanced appropriately to factor in specific market segments with resources proportioned to fit with strategic aims and market shaping.
3.5	Fully consider the social and environmental benefits in our commercial decision making alongside value for money.
3.6	Utilise the Commercial Pipeline to inform savings and investment opportunities and future business planning decisions.
3.7	Commissioning to be a co-design process using expertise and data across the organisation to tests ideas, inform commercial assumptions and generate robust options appraisals and business cases.
3.8	Promote co-production, where applicable, that involves residents, communities and providers working with the Council in designing and developing more effective services.
3.9	Support the Council's Net Zero ambitions by ensuring a commercial approach to embedding the 'Net Zero by Design' approach.

### Theme 4: Strategic & Sustainable Procurement

<b>4.1</b>	<b>We will support the growth of local businesses and the third sector by making procurement spend more accessible by:</b>
4.1.1	Increasing market engagement through 'meet the buyer' events, procurement, workshops, newsletters and better web pages
4.1.2	Using procurement approaches that support smaller businesses, for example splitting procurements into Lots (to support decentralisation), considering where procurements should/could be advertised.
4.1.3	Working with our key suppliers to ensure that their supply chains are as accessible as possible to local businesses and the third sector.
4.1.4	Exploring the use of speedy payment options for small businesses and the third sector.
<b>4.2</b>	<b>We will increase the level of social value delivered by our suppliers by</b>
4.2.1	Using market engagement to identify opportunities for leveraging social value in contracts.
4.2.2	Using the most appropriate TOMs (Themes, Outcomes and Measures) indicators for each contract.

## Theme 4: Strategic & Sustainable Procurement

4.2.3	Providing support and assistance to suppliers through the procurement and contract management process to enable their delivery of social value.
4.2.4	Learn and develop our approach to maximise the levels of social value delivered.
4.2.5	Work closely with our colleagues who work in our communities to understand more about their needs
<b>4.3</b>	<b>We will contribute to the Council's net zero targets by:</b>
4.3.1	Using market engagement to identify options with reduced or zero carbon
4.3.2	Considering whether purchases are necessary at all, whether quantities can be reduced or whether we can use of recycled goods.
4.3.3	Collaborate on the provision of whole life cycle carbon assessments
4.3.4	Use contracts to monitor and manage carbon emissions through supply chains
4.3.5	Using award criteria connected to climate change and reducing carbon emissions
4.3.6	Increasing the use of a whole life costing approach to price evaluation.
<b>4.4</b>	<b>We will deliver best value outcomes through procurement delivery by:</b>
4.4.1	Working together to identify opportunities for change and challenge current models of delivery
4.4.2	Challenging the demand for goods and services and seeking to rationalise core requirements.
4.4.3	Engaging markets, benchmarking and collaborating where appropriate
4.4.4	Developing robust contract management actions to ensure that contracts deliver financial and non-financial performance requirements.
4.4.5	Increasing the use of a whole life costing approach to price and carbon evaluation.
4.4.6	Working with suppliers to mitigate risks
<b>4.5</b>	<b>We will ensure that our procurement process is robust, transparent and compliant by:</b>
4.5.1	Delivering training to budget managers and contract managers
4.5.2	Establishing and reviewing standard documentation to support a consistent approach to procurement activity
4.5.3	Reviewing and improving controls to ensure compliance with Contract Procedure Rules and Financial Procedure Rules
4.5.4	Embedding best practice and regulatory changes as required

## Theme 5: Supplier Relationship Management

5.1	Ensuring all contracts valued over £100,000 have a named Contract Manager that is the person responsible for contract management and supplier relationship management.
5.2	Develop a clear understanding of who the Council's key strategic suppliers are and undertake risks assessment to ensure they are managed effectively.
5.3	Use accurate and reliable data to robustly understand the market that can inform relationship strategies (i.e. reliance on suppliers).
5.4	Ensure plans are in place for having better control of the market through either strategic change or commissioning practices.
5.5	Ensure appropriate training is in place so that Contract Managers can understand how to harness supplier relationships and use these to drive change and value for money.
5.6	Where appropriate, develop Local Provider pools where we can build relationships with local supplier and provide wrap around services easier.
5.7	Ensure that supplier engagement is 2 way, ensuring that we understand how to make doing with business with the Council easier and aligning our goals.
5.8	Periodically, use supplier engagement to drive continuous improvement, technological advancement and business development.
5.9	Ensure commissioners and contract managers know how to engage with suppliers in a compliant manner during procurement and through contract delivery.

## Theme 6: Contract Management

6.1	Ensure contract management and commercial assurance is considered at the start, and throughout, the commissioning and procurement cycle, so that the contract is aligned to the objectives and outcomes of the service delivery.
6.2	Embed the importance of mobilisation and, where appropriate, the development of commercial mobilisation plans to further develop the interactions between separate organisation to realise mutual project objectives.

6.3	Ensure that the best value identified at point of commissioning is achieved, measured and maintained during the life of the contract (using digital solution where appropriate); and take proportionate action when necessary.
6.4	Ensure suppliers are engaged and driven to continuously improve the service being delivered from identifying efficiencies and improving outcomes.
6.5	Explore digital solutions to contract management to allow for the automation, management and tracking of each stage of the contract lifecycle.
6.6	Develop commercial strategies to resolve contractual disputes and remove bottlenecks to enable continuous improvement.
6.7	Put in place appropriate policy and process to commercially negotiate price variations and supplier uplifts to maintain value for money and positive outcomes.
6.8	Utilise national and Cambridgeshire specific tools, guidance and templates to deliver consistency in supplier and contract management (see Tools & Guidance section below)
6.9	To drive forward social and environmental improvements through working with existing suppliers with long-term contracts.

### Theme 7: Working in Partnership

7.1	Explore commercial opportunities with the Combined Authority and the GCP (and others as applicable) to share resources, align strategies to optimise opportunities for value for money.
7.2	Create a plan to drive commercial good practice through working more cohesively with the ICB, whilst ensuring we can both offer equal choice to our service users.
7.3	Where joint contracts exist, ensure we have suitable agreements and governance in place that allow cohesive working without risking commercial positions and value for money.
7.4	Understanding the impact of Provider Selection Regime and how this still ensures commercial good practice and value for money.
7.5	Work with private sector to explore opportunities to drive innovation and continuous improvement through regular market testing.

## Theme 7: Working in Partnership

7.6	Maintain dialogue with and support to the Community and Voluntary Sector to allow them to be well placed to take on contracted services, particularly from high margin private sector suppliers.
7.7	Communicate with the market on our commercial pipeline; share data and insights to allow markets to mobilise in advance of contracts being procured.
7.8	Work with our system partners (particularly ICB) to ensure we complement how we contract our services, working with partners to ensure ours (or their) processes do not drive-up prices or reduce quality of service to end users.
7.9	Communicate to our partners and suppliers the opportunities for delivery of social value in additional to their contracted service provision.

## Tools and Guidance

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The following links provide tools and guidance that demonstrate how some of the commercial activities identified in this Framework can be delivered. These links include tools that have been produced externally by the Government's Commercial Function, as well as internal tools developed by the Procurement & Commercial Team.

### **Internal**

Social Value in Procurement Guidance

[CCC Finance and Resources - Social Value in Procurement Guidance FINAL 2023.pdf - All Documents \(sharepoint.com\)](#)

Procurement Guide:

[CCC Finance and Resources - Procurement Guide FINAL.pdf - All Documents \(sharepoint.com\)](#)

CCC Standard Terms:

[CCC Finance and Resources - 5. Contract Terms & Conditions - All Documents \(sharepoint.com\)](#)



Contract Management Toolkit:

[CCC Finance and Resources - Contract Management Toolkit FINAL v3.pdf - All Documents \(sharepoint.com\)](#)

CCC's Contract Management Risk Assessment Guidance:

[Contractual Risk Assessment Matrix Guidance.docx](#)

Commercial Pipeline:

[March-2023-Procurement-Pipelines.xlsx \(live.com\)](#)

Contract Procedure Rules: [Council Constitution - Cambridgeshire County Council](#)

### **External**

Delivery Model Assessments:

[Microsoft Word - DMA-Guidance-Note - suggested updates for Playbook v3 FINAL FOR APPROVAL.docx \(publishing.service.gov.uk\)](#)

The Sourcing Playbook:

[The Sourcing Playbook – May 2021 \(publishing.service.gov.uk\)](#)

Assessing and monitoring financial standing:

[Assessing and monitoring the economic and financial standing of suppliers guidance note May 2021.pdf \(publishing.service.gov.uk\)](#)

Market Management:

[Market Management \(publishing.service.gov.uk\)](#)

Testing and piloting models:

[Testing and Piloting Services \(publishing.service.gov.uk\)](#)

Five case methodology for producing business cases:

[How It Works | Five Case Model](#)

## Annual Reporting

It is proposed that a report on progress against this Framework will be produced annually and will be presented to the Procurement Governance Board and Assets & Procurement Committee.

The Annual Report will follow the structure below:

- Headline of key activities and outcomes
- Update on progress for each of the seven themes under the subheadings and identifying any key areas for success as well as areas for improvement.
- An annual survey to key contract managers will be conducted that will provide data to measure progress against activities.
- Periodic sampling of commissioning, procurement and contract management practices to measure progress against activities.

Success Measure	Activity
KPI 2: Number of employees that have completed accredited contract management training.	1.4, 1.5, 1.2, 5.5
KPI 4: Number of contracts that have undertaken contract management risk assessments.	2.3, 2.4, 5.2, 5.3,
KPI 5: Increase guidance documents and demonstrate impact where possible.	2.7, 3.1, 5.7, 5.8, 5.9, 6.6, 6.7, 6.8
KPI 6: Level of consultancy spend agreed through the Consultancy e-Form process.	1.9, 1.11, 2.6,
Success evaluation tool 1: Annual commercial skills survey to be sent to all contract managers to inform approach to improving contract management across the organisation.	1.3, 2.1, 1.6, 1.7, 1.10, 3.2,
Success evaluation tool 1: Case studies and sample testing of commissioning, procurement and contract management practices.	1.1, 1.8, 2.2, 2.5, 2.6, 2.8, 3.2, 3.3, 3.4, 3.6, 3.7, 5.4, 5.6, 5.8, 6.1, 6.2, 6.3, 6.6, 7.1, 7.5, 7.8
Annual Commercial & Procurement Report.	3.5, 3.8, 3.9, 5.1 6.4, 6.5, 6.9, 7.2, 7.4, 7.6, 7.7, 7.9,
Amount of social value achieved	3.4, 4.2, 6.9, 7.9
Number and value of contracts awarded to businesses and 3 <sup>rd</sup> sector organisations based in Cambridgeshire	4.1, 7.6
Number of suppliers signed up to the Council's climate change charter.	3.4, 6.9
% of waivers submitted less than 5 days before their proposed start date.	4.5