



JUST THE HEADLINES - Things you should know when working in a commercial role for any Department in UK Central Government

Government Commercial Function (GCF)



Government Commercial Function is one of the Civil Service Functions providing a network of senior commercial managers to Government Departments to deliver consistent and high quality commercial expertise to support Departments in managing important commercial contracts and planning for future commercial needs; such as prioritising the use of CCS frameworks and assisting in the development and running of complex procurements and the supply chain.

This has resulted in commercial civil servants moving over to GCF from their home Departments (if they pass the assessment centre!) and then seconded back to deliver commercial outcomes in line with the GCF best practice approach.

How much spend do GCF have influence over?

£49 Billion annual spend across Government on the provision of contracts for vital goods and services

How are GCF set up? Headed up by a Government Chief Commercial Officer and supported by Directors (X-Government) and their teams. The network meets regularly to discuss how agenda items will be funded, developed and implemented.

Complex Transactions supports Departments with complex procurements, negotiations with suppliers and on all cross-Government disputes. They are very busy with EU Exit at the moment... 😞

Markets and Suppliers provide supplier, market and sector intelligence. They led on the Carillion failure and continuity planning.

Commercial Continuous Improvements offers guidance, support, standards and controls on good commercial practice.

Commercial Capability is a programme set up to develop the commercial capability of colleagues across Government.

Top 5 Commercial Must Knows!

1. Government Commercial Function
2. Commercial Operating Standards
3. Governance & Procurement Assurance
4. Wider-Government Agendas
5. Key Strategies & Policies

About GCF:

<https://www.gov.uk/government/organisations/government-commercial-function/about>

Contact APS for any advise on how to work effectively and in partnership with Government Departments

Why is it important to know this?

- Client-side, commercial managers will more than likely be GCF employees and will be hardwired to follow the GCF approach so be sure you know what that is!
- GCF may well be asked to approve or comment on your board papers or business cases so make sure you are aware and are considering the key GCF drivers and supporting the underlying commercial approach of GCF.
- The approach of GCF is based on key policy and commercial drivers, signed off at the highest level, so these are not negotiable!

- In our experience, GCF commercial professionals are quite nice people 😊 with a collective vision to commercially do things better! They are a good source of information and support with significant analysis on markets, suppliers and best practice benchmarking.



- GCF want to deliver a **targeted** and best practice approach to all significant commercial undertakings across Government. By centralising their commercial approach, it is more likely to produce more beneficial outcomes.



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Governance & Assurance



Over the last 5 years commercial governance and assurance has increased dramatically; especially for complex transactions where multiple internal stakeholders and external organisations are required to review or approve your strategies and business cases.

Governance structures vary depending on the value and what is being bought. For significant projects, an Integrated Assurance and Approval Plan (IAAP) is designed to ensure that appropriate assurance activities are effectively planned, scheduled, coordinated and that resources are secured in advance. The initial IAAP is defined and validated by the IPA and HM Treasury. Cabinet Office will check compliance with the spending controls. For ICT main spend there will be other approval governance to consider. Internally, large project will be subject to Investment Boards (ROI and VfM) and Programme Boards and Functional Boards (e.g. technical, finance, security etc..). The main governance Gateways align to the business case development.

When the NAO and Parliamentary Select Committee ask questions, the first thing they will investigate is the process for governance and assurance!

Assurance comes in many forms (e.g. analytical, independent, project and cyber), but Procurement assurance has become more front-and-centre due to some high-profile procurement failures by Government over recent years. Procurement assurance is no longer a bolt-on activity to the procurement process. It is becoming more common to have progressive assurance where assurance teams are involved in all phases of a procurement and are seen as a critical friend; not trying to trip you up! Procurement assurance panels are used to challenge procurement and commercial decisions during the procurement process. Due to their involvement on many complex projects, the assurance team can provide constructive feedback on alternative approaches used on comparable projects e.g. costing models, contracting terms, incentivisation schemes and evaluation criteria.

Tips for dealing with Governance and Assurance Teams

- Allow plenty of time in your project timescales to engage with governance and assurance teams. Engage early and develop effective communication channels.
- They provide valuable feedback and knowledge. Take their commentary onboard; it will be based on good lessons learned.
- Make sure the project is aware of all the Governance & Assurance gates and they are clearly built-in to the project plan.
- Obtain feedback from previous projects so you know what types of activity are seen as an issue and what other considerations are deemed value adding to the project.

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Wider-Government Agendas



There are many commercial outcomes that the Government want to achieve when taxpayer's money is spent to improve public services. When operating in a commercial role, there are some key agenda items that are common across all procurements and project delivery. It is important to build these considerations in to the procurement strategy and future business cases. Why?... because you are demonstrating supplementary value, in addition to obtaining the core requirement...some might say you are getting something for nothing, but that something is still valued from a wider Government perspective.

The consideration is built in to the way the requirement is specified to encourage bidders to think about wider-Government initiatives and also how the bids will be evaluated to take in to account wider value that may not be directly linked to the subject-matter (this is where evaluation can become tricky and lawyers get nervous!) Consideration of wider-Government agendas improves the effectiveness and credibility of commercial business cases and strategies.

A pound spent with full consideration of wider-Government agendas is better than a pound spent without any consideration...

Example of wider-Government Agenda consideration

- **Large FM contract** - can produce significantly more engineering apprenticeships and services sourced from the UK
- **Rail Franchise** - can make significant and positive impacts in areas in-need of regeneration and enhancements to the community.
- **Large infrastructure contract** - significant weighting to ensure Equality & Diversity is built in to all aspects of the bid.

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What are some of the key wider-Government agendas?

SME Agenda – A healthy supply chain ensures small businesses have the opportunity to bid for Government work. This includes fair payment terms

UK Growth – A strategy to encourage and promote UK business (within the procurement rules!)

Apprenticeships – A recognised skills shortage has prompted Government to produce initiatives and targets to fill the gaps, especially in construction and infrastructure sectors

Social Value – What other benefits can be achieved in the delivery of core requirements? e.g. social or community

Innovation – Subjective to specify and evaluate, but important to allow the market to suggest alternative delivery

Equality & Diversity – Bidders must demonstrate inclusivity throughout the business – not just a bolt-on!

CCS– There is soft mandate to use CCS frameworks for common goods and services as the preferred procurement route. You need a good reason not to use a CCS framework!



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Commercial Operating Standards



Crown Commercial Service (CCS) is responsible for the strategic direction across Government for commercial activity. Born out of the old OGC Buying Solutions, which then morphed in to Government Procurement Service...CCS is now a much more powerful and mandated organisation that Government Departments can no longer ignore!

The Commercial Operating Standards (COS) are one of many tools that CCS has created to assist Government Departments improve commercial capability and instil professional, best practise across commercial teams in Government. The COS contains a roadmap of key commercial activities that clearly defines the importance of consideration in these areas. Whether you agree or not on the centralised approach by CCS, the content in the COS contains recognised best practice and commercial common sense. Remember, CCS is trying a 'one-size-fits-all' approach across multiple organisations of varying commercial capability so we think the COS should work for any commercial team in terms of applying the principles and enabling consistent reporting.

CCS need a standard approach to commercial activity that can be recognised as best practice and can be easily reported to demonstrate progress and evidence savings...hello Commercial Operating Standards!

When viewed within the Government Commercial Function, the COS provides the standards and governance support needed for CCS to deliver its three main commercial activity: 1) Commercial Capability 2) Complex Transaction 3) Markets & Supplier Partnerships

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About COS:

<https://www.gov.uk/government/publications/commercial-operating-standards-for-government>

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Commercial Governance & Planning

- Commercial strategy and plan
 - Commercial pipeline
 - Approvals/Business case
 - Commercial assurance
 - Roles and responsibilities
- Commercial constraints e.g. PCR

Commercial Life Cycle

DEFINE

- Shaping the business need – make/buy, market analysis, commercial options

PROCURE

- Route to market, supplier selection and evaluation, contracting options

MANAGE

- Mobilisation, managing delivery, risk management, change control, exit & re-procure

Commercial Management Practice

- Category strategies
- Collaborative procurement
- Market development
- Supplier relationship management
 - Commercial risk
 - Commercial capability
- Systems & management information
 - Reporting
- Continuous Improvement



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Key Strategies & Policies



Central Government has hundreds of policy documents and strategy papers that are linked to commercial activity. The role of commercial has never been so important and in the spotlight to deliver public services and protect the public purse. With the growth and influence of the Government Commercial Function, along with recent events such as the collapse of Carillion and the uncertainty of Brexit, key documents have been produced to give guidance and leadership to the future, commercial landscape where key decisions can cost or save many £millions.

When developing project strategies, always consider the bigger picture and which strategies and policies are current, most relevant and high-profile...

What can be guaranteed, is that all the key strategies and published policies will be well-evidenced and subjected to scrutiny from peer reviewers and governance boards. You may disagree with some elements of these documents, but the principles will be clear and based on best practice and demonstrable benchmarking.

Why is it important to have knowledge of these key documents? - Linking to these key documents will help when developing business cases and approval papers for your projects. Demonstrating that your projects are supporting multiple Government strategies and policies will strengthen your recommended options... so be sure that you are up-to-date on the priorities of Government.

Below are just some of the key documents that all commercial teams should have a working knowledge of:

Commercial Operating Standards – a roadmap of commercial activity that all Government Departments must follow

The Outsourcing Playbook– new guidelines for major Government outsourcing projects following the collapse of Carillion

CCS Agreements – expectation that all Government Departments will consider and use, if appropriate, one of the many agreements CCS has set up for common goods and services

Contract Management Professional Standards – a clear approach to plan and manage contracts and the capability of CM resources

Industrial Strategy – to boost productivity by backing businesses to create good jobs and increase the earning power of people throughout the UK with investment in skills, industries and infrastructure.

Spend Controls – managed by the Cabinet Office to help control unnecessary spend

Government Technology Innovation Strategy – This strategy sets out the foundations needed for government to innovate through emerging technologies.

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Find out about other key strategies:

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