

Managing the commercial lifecycle



Good practice guide

February 2025

This guidance draws on 20 years of NAO reports to provide focused advice on how to best manage each part of the commercial lifecycle. It provides examples of good practice to support the advice at each stage and is developed with input from commercial experts across government and our other stakeholders

We are the UK's independent public spending watchdog

Communications Team
DP Ref 015320

Insights

Our insights products provide valuable and practical insights on how public services can be improved. We draw these from our extensive work focused on the issues that are a priority for government, where we observe both innovations and recurring issues. Our good practice guides make it easier for others to understand and apply the lessons from our work.

We are the UK's independent public spending watchdog. We support Parliament in holding government to account and we help improve public services through our high-quality audits.

The National Audit Office (NAO) scrutinises public spending for Parliament and is independent of government and the civil service. We help Parliament hold government to account and we use our insights to help people who manage and govern public bodies improve public services. The Comptroller and Auditor General (C&AG), Gareth Davies, is an Officer of the House of Commons and leads the NAO. We audit the financial accounts of departments and other public bodies. We also examine and report on the value for money of how public money has been spent. In 2023, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £1.59 billion. This represents around £17 for every pound of our net expenditure.

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Foreword

Public sector bodies spend an estimated £407 billion each year on goods and services, but public procurement is largely decentralised, with many public sector and private sector organisations operating within the system. Procurement of goods and services makes up around one-third of total public spending, and has increased by 22% in real terms in the five years since 2017-18. Public sector procurement in the UK is subject to a legal framework that is intended to encourage value for money and free and open competition, in line with internationally and nationally agreed obligations and regulations.

This good practice guide has been updated in response to the implementation of the Procurement Act 2023. The National Audit Office (NAO) publishes this good practice guidance to reflect upon findings and recommendations drawn from over 200 reports concerning commercial arrangements that it has published over the past 20 years – including recent examinations of commercial activities triggered in response to the global pandemic.

By ‘commercial lifecycle’, we mean the entire process starting with the identification of a requirement that may be delivered by a supplier to government, legally compliant or engagement with suppliers through to the selection and appointment process, contract management activity, and ending with contract termination or transition to alternative arrangements.

This is a revised and condensed edition of commercial good practice guidance that we have updated regularly since 2008 and most recently in 2021. This revision is being updated with new guidance on market engagement and tender evaluation as set out in the Procurement Act 2023. It remains essential reading for policy and commercial staff involved at all levels of public procurement and commercial activities, including senior leaders and non-executive board members of public authorities.

We have presented our guidance in 10 sections, addressing both strategic and procedural considerations. We provide a definition for each section, list our expectations based on the lessons we have drawn from our reports, and give our view as to what needs to improve. Each section is also supported by case studies from our reviews to provide relevant context.

The government has continued to update its own guidance in support of some of our recommendations and lessons learned from its own management of commercial activities. Therefore, for the first time, we also signpost relevant sections of guidance issued by the Government Commercial Function.

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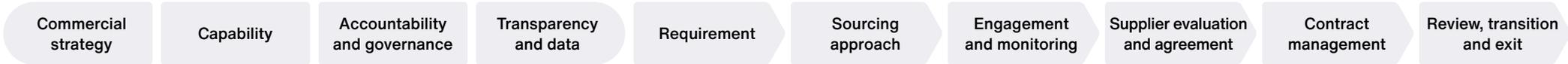
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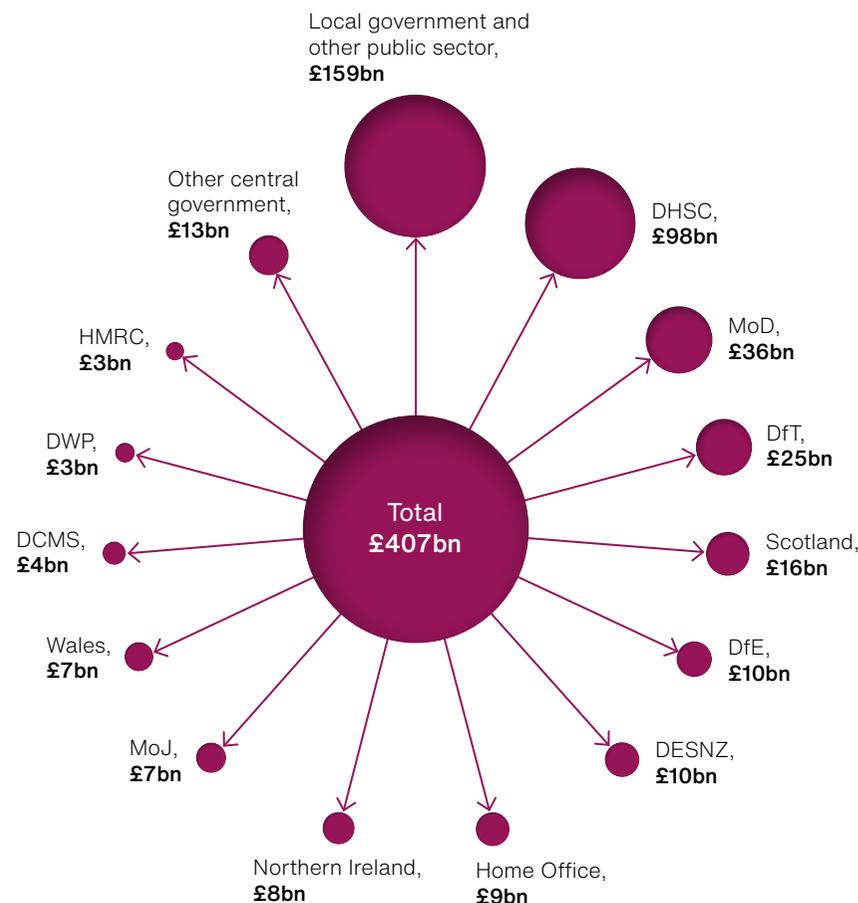
Introduction

Government spending on goods and services exceeds £400 billion a year

- The government incurs significant expenditure on goods and services supplied by commercial partners. The July 2024 Public Sector Statistics show that the public sector spent £407 billion on the purchase of goods and services for 2023-24, and that central government spent £248 billion. This figure includes capital expenditure. The data for central government gives a breakdown by departmental groups, but there is not a similar breakdown for local government. These data include amounts that create assets on the government's balance sheet.
- This £407 billion is estimated to be 33% of the total spend by the public sector of £1.2 trillion in 2023-24. It ranges from infrastructure projects (such as constructing hospitals, military equipment and high-speed rail lines) and outsourced services such as asylum accommodation, to the purchase of common goods and services such as laptops or school equipment. Common goods and services are increasingly bought using frameworks managed by providers such as the Crown Commercial Service (CCS). In 2022-23, CCS estimated that public sector spend on common goods and services was some £125 billion a year, with its frameworks being used for £25 billion.
- Some contractual arrangements involve substantial commitments to future expenditure. For example, at the end of the 2022-23 financial year, the balance of financial commitments from non-cancellable contracts that were neither leases nor Private Finance Initiative (PFI) contracts or other service concessions arrangements and due to expire in future years was £96 billion.
- This significant expenditure and commitment to future spending underpins the importance of effective management of commercial relationships and contracting arrangements.

Purchase of goods and services by the public sector, 2023-24

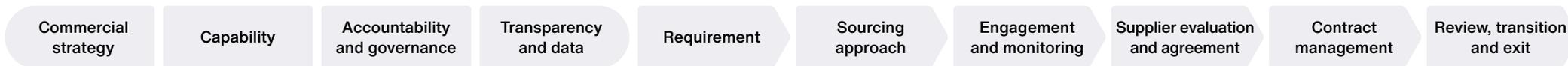
The public sector spent £407 billion on goods and services in 2023-24



Note

1 Figures may not sum due to rounding.

Source: National Audit Office analysis of HM Treasury, Public Sector Statistics, July 2024



The development and purpose of this guidance



How our good practice guidance has evolved

The guidance represents an evolution of our prior publications on the commercial lifecycle – including those on [insights and emerging best practice in commercial and contract management](#) published in 2016, the [Good practice contract management framework](#) published in the same year and the [short guide to commercial relationships](#) published in 2017 as part of a suite of guides for Parliament.

To support our revised guidance, we have reviewed our findings and recommendations to identify good practice, drawing on our extensive evidence base. We have published over 200 reports concerning commercial agreements between 2000 and 2024.

We have also reviewed a range of guidance issued by the Government Commercial Function and relevant professional bodies, including the Chartered Institute of Procurement & Supply and World Commerce & Contracting. We consulted a range of stakeholders in central and local government, and relevant professional bodies, to identify current and emerging best practice.

The challenge for the government’s commercial activities

The government has made sustained progress to develop its commercial profession, improve commercial guidance and learn lessons from past performance. However, its established processes have lacked resilience under the pressure of responding to the global pandemic. While committed to an ambitious legislative change programme, the government encounters frequent legal challenges in relation to its adherence to existing regulations.

Our numerous reviews of commercial activity confirm that departments fall short of good practice too often. It remains likely that substantive reviews of procurement and commercial activity will continue to be a mainstay of our investigations and value for money work to challenge and support the government and enable Parliament to hold it to account.

The purpose of this guide and the opportunity for the government

Our revised guidance for managing the commercial lifecycle is intended to support public bodies to implement effective arrangements and processes. A proportionate approach is required, corresponding to the risks and complexities of commercial activities under consideration.

There are also opportunities to make better use of the government’s commercial data and digital solutions to improve efficiency, promote social value, respond to climate change, enhance transparency, facilitate new techniques to audit and assure value for money across the entire annual expenditure on goods and services.



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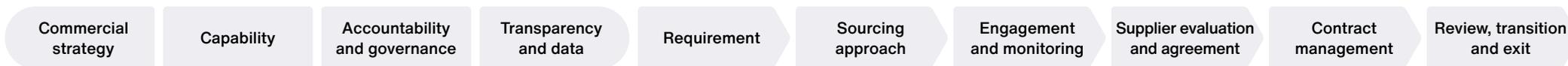
How this good practice guidance complements our recent publications

The publication draws on the NAO's extensive record of publishing substantive reviews of government commercial activity.

This guidance is part of a series of good practice guides released by the NAO and aimed at those interested in the insights and expectations for accountability and transparency in government activities and arrangements. It provides updated insights on managing the commercial lifecycle and supports public authorities to adopt a strategic approach to public procurement. It complements other NAO guidance that supports best practice in specific categories of spend and wider programmes, including:

- [Government's approach to technology suppliers: addressing the challenges](#), published January 2025, examines government's overall approach to its dealings with digital and technology suppliers. This report sets out lessons for the centre of government and departments to learn from government's approach to digital procurement.
- [Tackling fraud and protecting propriety in government spending during an emergency](#), published February 2024. In an emergency, the government may need to set up new protocols for spending very quickly. In previous reports, the NAO has identified areas where fraud or propriety issues can arise when spending at pace. This report identifies high level lessons with recommendations on what the government can do to better prepare for spending in the next emergency.

- [Good practice guidance: Fraud and Error](#), published in March 2021. Every commercial process needs a mitigation system to minimise the risk of fraud and error. This guidance sets out the increased level of fraud and error risk, and how the NAO will ensure accountability and transparency over the level of risk through its audits. The guidance is also intended to help organisations understand how best to tackle the level of risk.
- [Improving operational delivery in government](#), also published in March 2021, shares insights on how to improve performance on operational delivery in government, and includes examples of good practice, such as aspects of delivery that could improve. Effective operational delivery is an important consideration when engaging external suppliers on government programmes.
- [Framework to review programmes](#), published in April 2021, sets out audit questions that have been developed based on the NAO's learning from auditing major programmes, and considers those factors that have proved vital to the successful delivery of programmes. Many contracts are part of a wider government programme, and so the framework to review programmes complements our guidance focused on commercial activity.
- [Initial learning from the government's response to the COVID-19 pandemic](#), published in May 2021, draws out the learning from the reports that we have published to date and sets out the learning across six themes: risk management; transparency and public trust; data and evidence; coordination and delivery models; supporting and protecting people; and financial and workforce pressures.
- [Principles of effective regulation](#), published in May 2021, is a useful tool for policymakers and regulators overseeing any given market, sector or regulatory issue.
- [Managing PFI assets and services as contracts end](#), published in June 2020, provides information on managing PFI contracts as they come to an end. It draws out the challenges and best practice that can most benefit those managing PFI contracts coming to an end.



The good practice guidance for managing the commercial lifecycle

The guidance has 10 sections:

- Four strategic sections address arrangements that public bodies should have in place to support effective commercial activities at both project and programme levels. They are presented as a supportive wrapper around the six procedural stages.
- Six procedural sections address the practical and statutory requirements that support effective public procurement. Although the sections are presented in the order in which they are likely to be encountered during the commercial lifecycle, users of this guidance should recognise that there are interrelationships between all 10 sections of the guidance.

Each section of the good practice guidance is structured as follows:

- A description of what we mean by each stage;
- expectations based on lessons from NAO reports;
- what needs to improve;
- case studies; and
- relevant guidance including new government Procurement Act 2023 guidance, as well as other resources.





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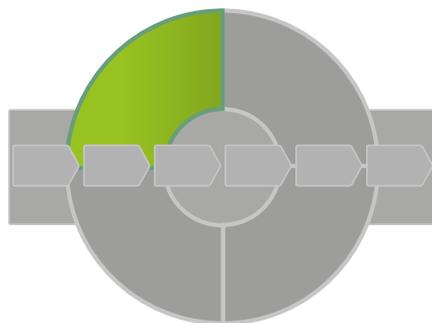
Definition

Commercial strategy means the overall approach that government as a whole, and each public body individually, adopts to ensure that public procurement and commercial activities deliver the intended outcomes in line with value for money requirements, public procurement legislation and other policy objectives – including social value and sustainability and propriety. For the centre of government this is articulated through key publications, including the national procurement policy statement, periodic policy notices and guidance documents or decisions by the procurement review unit. At an organisational level, the commercial strategy establishes the public authority's approach to governance risk management, transparency and data, and the organisational capacity and capability to manage the entire commercial lifecycle effectively and to respond and adapt to uncertainty or emergencies. It may outline the approach to managing major categories of spend and strategic suppliers and the approach to maintaining sourcing flexibility and promoting resilience. The strategy reflects the specific functions of the public body and its operating

environment, and potentially wider economic considerations, including the approach to small and medium-sized enterprises, innovation, the overall supplier landscape and possible sovereign capability.

What needs to improve

Commercial strategies should demonstrate more consistently how each commercial agreement aligns with wider strategic objectives at an organisational, or wider regulation and public policy level. The strategy should establish the approach for managing commercial risks and incentives throughout the commercial lifecycle.



Expectations based on lessons from National Audit Office reports

- There is adherence to overarching principles of public procurement (transparency, proportionality, equality of treatment and mutual recognition).
- There is clear alignment between policy and intended outcomes within the commercial strategy.
- The strategy is informed by early engagement with commercial, operational and business teams and the market, and is linked to the business case.
- The business case is clear and contains a realistic appraisal of the commercial options and strategy.
- There is consideration of how the commercial strategy and contract will react under different scenarios.
- The strategy incorporates the extent to which innovation, social value and the use of small and medium-sized enterprises should be considered.

Relevant guidance

HM Government guidance including:

Plan phase: [Strategy and plan](#), [Market strategy and management](#)

Define phase: [Business need](#), [Sourcing strategy](#)

Other guidance:

[The Sourcing Playbook](#), [Commercial Continuous Improvement Assessment Framework](#), [Government Functional Standard: Commercial](#), [People standards for the commercial profession](#)



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Commercial strategy | Case studies

Case study

Preparations for potential COVID-19 vaccines

Maximising security of supply

The government made a strategic decision to place orders ahead of regulatory approval to maximise its potential to secure its supply, accepting that some investment may be lost if the vaccine failed to achieve regulatory approval.

Extremely high global demand, coupled with scarcity of vaccine resources, put added pressures on the government to make fast-paced decisions to secure access to potential vaccines.

The government decided to purchase different types of vaccines from different pharmaceutical companies to create a diverse set of options, in recognition of the uncertainty over which ones would be approved as safe and effective.

The government agreed up-front payments of £914 million to start manufacturing and support clinical trials. Contracts varied on the extent to which payments could be refunded should the vaccines fail to receive regulatory approval. The government, therefore, accepted the risk of investment write-off if some of the vaccines purchased were not approved by the regulator.

This case example highlights the following expectations:

- There is clear alignment between organisational policy and intended outcomes with the commercial strategy.
- The strategy is informed by early engagement with commercial, operational and business teams, and the market, and is linked to the business case.

Case study

Government's spending with small and medium-sized enterprises

Aligning with wider strategic priorities

Strategies need to align wider strategic considerations and individual approaches.

We reported in 2016 on the government's spending with small and medium-sized enterprises (SMEs). The government recognised that SMEs can offer a number of benefits to the public sector, compared with other providers – for example, by offering more flexibility, innovative approaches and better value for money due to lower overhead costs. The Cabinet Office told us that SMEs, particularly voluntary and community sector entities, can also offer value in the public sector marketplace in terms of local investment and improved social outcomes. The government had previously introduced initiatives aimed at reducing barriers to participation.

We recommended that the government take a more focused approach, identifying where SMEs could bring

the most benefit, and assessing the feasibility of an integrated cross-government procurement platform to support its commercial strategy. The government has since introduced [guidance for SMEs applying for contracts](#) and promised to invest in joining up the different procurement systems to drive the commercial benefits from better sharing of data – as part of its changes to procurement following the country's exit from the European Union.

This case example highlights the following expectations:

- The strategy incorporates the extent to which innovation, social value and the use of SMEs should be considered.
- There is clear alignment between policy and intended outcomes within the commercial strategy.



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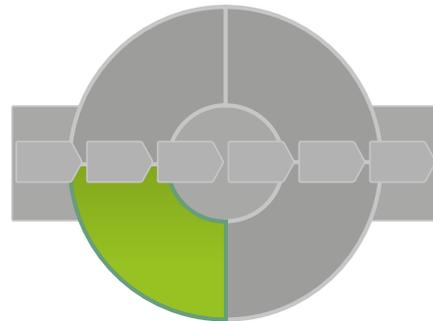
Capability

Definition

Capability covers both organisational and personal effectiveness across all aspects of the commercial lifecycle. Senior commercial leaders require the capability, acumen and right skills to implement the organisation's commercial strategy and use data insights in accordance with updated public procurement obligations and best practice. Investment in people and processes builds capability. Capability can also be sourced through collaboration with specialist functions in government. Organisational capability should be proportionate to scale, complexity and need for operational resilience. Relevant knowledge and experience of underlying commercial agreements should be retained by organisations throughout the commercial lifecycle, recognising that contracts may last for many years.

What needs to improve

Organisations should ensure that appropriate skills and sector expertise are in place and that procurement and contract management teams complete accredited training, engage with the relevant communities of practice, work collaboratively with finance, digital and departmental policy experts to apply relevant knowledge and remain effective throughout the commercial lifecycle.



Expectations based on lessons from National Audit Office reports

- Government Commercial Function and the Cabinet Office set out arrangements for learning and development to ensure government buyers have (and continue to develop) commercial capability.
- Commercial, policy, operational and business teams work together to develop a clear understanding of the contracts and produce required outcomes.
- Commercial activity is supported by capability appropriate to managing the risks and complexity identified in the strategy.
- Each contract staffing model is developed early, regularly reviewed and tailored to different contract stages.
- Capability plans include operational resilience to address unplanned demands.
- Knowledge and experience of underlying contract issues is retained throughout the lifecycle of a commercial relationship.
- Contract managers have appropriate skills and authority to engage with stakeholders.
- There is investment in the organisation and its people to ensure adequate access to training and development to support commercial awareness and expertise.

Relevant guidance

HM Government guidance including:

[The Sourcing Playbook](#), [Commercial Continuous Improvement Assessment Framework](#), [Government Functional Standard: Commercial](#), [People standards for the commercial profession](#)

Other guidance:

[Guidance for SMEs applying for contracts](#)



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Case study

Managing the HMRC estate

Using specialist capability to improve its supplier relationship

The government used specialist capability to improve its supplier relationship.

In our 2009 report we recommended that HM Revenue & Customs (HMRC) should strengthen its management of its Strategic Transfer of Estate to the Private Sector (STEPS) estate management contract, and that senior managers should work directly with the provider's board to resolve issues, agree strategies and manage risks. HMRC employed a specialist team to oversee the contract, adapting resources as required for different stages of the remaining term. Both HMRC and the provider told us that they had generated a good working relationship, being open and honest with each other about performance, future plans and requirements. The contract ended in April 2021.

This case example highlights the following expectations:

- Contract managers have appropriate skills and authority to engage with stakeholders.
- Commercial, policy, operational and business teams work together to develop a clear understanding of the contracts and produce required outcomes.

Case study

Progress report: Terminating the Magnox contract

Understanding the capability needed to manage risks

Managing the end of a nuclear decommissioning contract involved assessing required capability.

In 2014, the Nuclear Decommissioning Agency (NDA) awarded a 14-year, multi-site reactor decommissioning contract. In July 2016, the High Court ruled that the NDA had wrongly decided the outcome of the procurement process. In March 2017, the Secretary of State for Business, Energy & Industrial Strategy announced that the NDA had decided, based on legal advice, to terminate the contract with Cavendish Fluor Partnership due to a "significant mismatch" between the work specified in the tendered contract and the work that needed to be done. The NDA decided to renegotiate the contract with the incumbent, with the contract ending in 2019, nine years earlier than originally planned.

The NDA strengthened its executive team, including a new commercial director, and increased the capacity of its day-to-day contract management team, increasing complement from 18 to 34, including 16 contracted commercial specialists. The NDA also commissioned a review of the delivery plan to improve its intelligent client capability in advance of a transition to new management arrangements.

This case example highlights the following expectations:

- Commercial activity is supported by capability appropriate to manage the risks and complexity identified in the strategy.
- Each contract staffing model is developed early, regularly reviewed and tailored to different contract stages.



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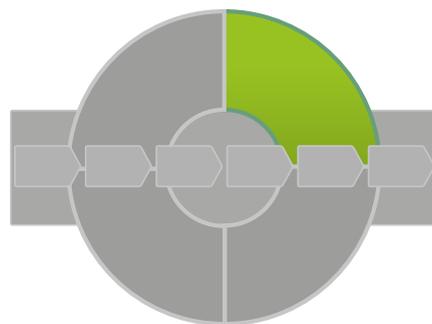
By 'accountability', we mean supporting the Accounting Officer to fulfil their duties with respect to managing public money and reporting to Parliament. By 'governance', we mean arrangements that oversee commercial activity at an organisational level. To be effective, governance arrangements should be strategic focused to facilitate open discussion and continuous improvement. Management reporting, arrangements to review contract and risk registers, published key performance indicators (KPIs) and lessons learned exercises should be subject to regular oversight by the Audit and Risk Committee and others charged with governance, to ensure that effective tools and techniques are in place to manage contracts and commercial risks, and to maintain operational effectiveness. These should be subject to periodic independent assurance. The approach to accountability and governance should include giving reasonable assistance and compliance with procurement investigations and decisions of the Procurement Review Unit.

Governance includes setting and continuously monitoring targets for the desired level of performance of suppliers against KPIs to measure and demonstrate a supplier's progress

against those targets as part of performance improvement planning. The approach to monitoring supplier performance includes publication of contract performance notices in the event of supplier breach or poor performance and giving the supplier a proper opportunity to improve their performance. Measuring performance should include assessments against expected benefits of major projects throughout the lifecycle and after transition or exit.

What needs to improve

Public bodies should demonstrate robust, effective, independent oversight of both their contractual arrangements and overall commercial portfolios.



Expectations based on lessons from National Audit Office reports

- Accountability is defined and responsible officers are appropriately empowered.
- There is effective independent scrutiny of commercial activity.
- Lessons learned promptly feed into the wider strategy and plans for other contracts, and are integrated into needs assessment and the list of strategic suppliers.
- Reliable, timely management information is used for rapid diagnosis of issues and prompt action.
- The organisation's own performance against obligations and the supplier's view of performance are known and considered.
- Industry expertise is valued and used, subject to robust independence controls.
- Business cases should be approved at appropriate levels.
- Appropriate assurance regimes are in place and there is clarity over responsibilities for internal governance.

Relevant guidance

HM Government guidance including:

Define phase: [Conflicts of interest](#)
 Procure phase: [Central Digital Platform and Publication of Information, Procurement oversight](#)
 Manage phase: [Contract performance notices, Key performance indicators, Contract termination](#)

Other guidance:

[The Sourcing Playbook, Commercial Continuous Improvement Assessment Framework, Government Functional Standard: Commercial](#)



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Case study

Initial learning from the government's response to the COVID-19 pandemic

Setting up governance that supports resilience

The COVID-19 response showed the importance of data and effective governance with clear responsibilities and accountabilities in rapidly responding to an emergency situation.

We reported on our initial thoughts on the learning that the government could draw from its response to the pandemic to date. Our work has repeatedly emphasised the importance of evidence-based decision making at all levels of government activity, and the problems that arise with inadequate data. The pandemic has again highlighted the role of high-quality data in enabling effective

service delivery, monitoring and improvement. We also highlighted that effective governance and clear responsibilities and accountabilities are important for an effective rapid response in an emergency.

This case example highlights the following expectations:

- Reliable, timely management information is used for rapid diagnosis of issues and prompt action.
- There is effective independent scrutiny of commercial activity.

Case study

Improving local bus services in England outside London

Achieving accountability within a deregulated model

The management of bus services requires a strategy with consideration of how to define accountability.

In 2020, we reported on value for money in the local bus service system overseen by the Department for Transport (DfT), including the effectiveness of the government's support for local bus services and the extent to which the enablers to improve local bus services are in place. DfT is not accountable for delivering bus services, but it has national policy responsibility. We found that, during the COVID-19 pandemic, DfT came together with local authorities and operators, intervening rapidly to target

the weakest areas and keep buses running, which offers learning for the future.

This case example highlights the following expectations:

- Accountability is defined and responsible officers are appropriately empowered.
- Appropriate assurance regimes are in place and there is clarity over responsibilities for internal governance.



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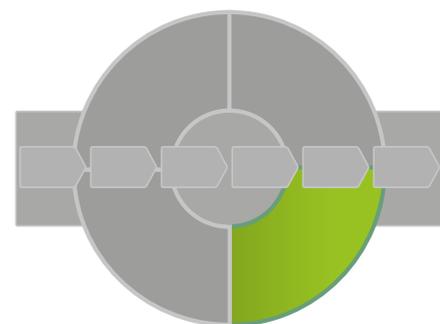
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By 'transparency', we mean publishing relevant information on a timely basis to improve supplier engagement throughout the commercial lifecycle, enhancing market effectiveness, probity and confidence in public spending. By 'data', we mean having good-quality, relevant information available on a timely basis, and the expertise to interpret and act on it effectively. Commercial data may relate to a procurement process, a contract, supplier, department, industry or market. The data may be derived from multiple sources, including suppliers, finance and accounting systems, or market data and price indices. Organisations may derive benefits from investment in data analytics and automation capability.



What needs to improve

The government must address the issues with late and incomplete publication of information about its contracts, in accordance with the Procurement Act 2023. A significant opportunity exists to make better use of the government's commercial data and digital solutions to improve value for money throughout the commercial lifecycle.

Expectations based on lessons from National Audit Office reports

- Transparency rules and guidance are consistently followed in full, including publication of required notices on the Central Digital Platform.
- Transparency principles are applied to what is procured and how, as well as to performance and changes to the contract.
- Where appropriate, open book options are understood and used consistently to provide transparency in the contract process and increase confidence.
- The collection of data is transparent, proportionate and timely to support the understanding of processes and the market.
- Data specification makes the data easy to share and use – open data standards, including common taxonomies and unique contract identifiers should be used.
- Data protection guidelines are followed with clear, consistent and agreed principles for what is commercially sensitive, and in line with section 94 of the Procurement Act 2023.
- Price indices, benchmarks and market intelligence are used to establish what things should cost and how supplier profit margins or measures of return relate to risk.
- Supplier performance reports are triangulated with other information and used to actively manage performance.
- Sufficient assurance processes are undertaken on information provided through performance reporting.
- Expertise is used to interpret and act on information to improve contract management and outcomes.

Relevant guidance

HM Government Procurement Act 2023 guidance including:

Plan phase: [Pipeline notices](#)

Procure phase: [Central Digital Platform and Publication of Information](#), [Contract details notices](#)

Manage phase: [Contract performance notices](#), [Key performance indicators](#), [Contract termination](#)

Other guidance:

[The Sourcing Playbook](#), [Commercial Continuous Improvement Assessment Framework](#), [People standards for the commercial profession](#)



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Case study

Non-competitive procurement of defence equipment

Using contracts and compliance data to reduce costs

The Ministry of Defence's management of non-competitive procurement demonstrated the power of improving data on contracts.

In 2017, we reported on how the Ministry of Defence (MOD) had responded to the need to deliver better value for money for the taxpayer for non-competitive procurement, including through working with the Single Source Contract Regulations. We recommended that MOD should develop standard analytics to allow it to absorb and challenge information quickly on non-competitive procurement. These would cover, for example, contract status, details of contracts excluded and exempted from the

Regulations, the extent of suppliers' compliance with the Regulations, action taken or planned in response to Single Source Regulations Office referrals and the timelines of future contracts.

This case example highlights the following expectations:

- Where appropriate, open-book options are understood and used consistently to provide transparency in the contract process and increase confidence.
- The collection of data is transparent, proportionate and timely to support the understanding of processes and the market.

Case study

Government procurement during the COVID-19 pandemic

Publishing statutory returns on time

Awards of contracts under emergency procedures highlighted the importance of maintaining a transparent process.

Our 2020 report on the government's procurement in response to the COVID-19 pandemic identified transparency as a key control for ensuring accountability in procurement decisions, and for mitigating risks associated with increased use of direct awards. Risks included potential unequal treatment of suppliers and a lack of documentation around key procurement decisions due to procuring at speed.

Looking at contracts awarded in early 2020 in response to the pandemic, we found that many of the contracts had not been published in a timely manner.

We recommended that awarding bodies should publish basic information on contracts in a reasonable time, and in line with guidance.

This case example highlights the following expectations:

- Transparency rules and guidance are consistently followed in full.
- Data specification makes the data easy to share and use – consider open data standards, including common taxonomies and unique contract identifiers.



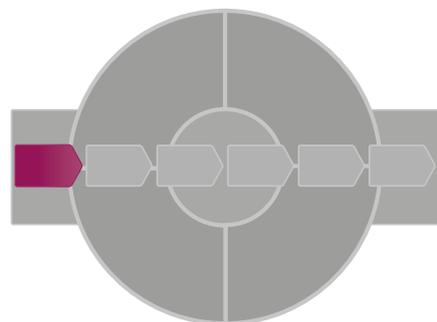
Requirement

Definition

The requirement is the outcomes to be delivered and their purpose. The underlying policy objectives establish the outcomes, which may require the delivery of goods or services. We would expect the commercial lifecycle to start by forming this understanding. Focusing mainly on the intended outcomes gives potential suppliers more opportunity to offer alternative solutions, whereas providing a detailed specification of how outcomes will be delivered may make it easier to compare offers. The commercial strategy will dictate the overall approach.

What needs to improve

Organisations should be clear about what outcomes they are seeking to achieve, to help set out their requirements when entering into commercial agreements. Departments should familiarise themselves with the innovations introduced under the Procurement Act 2023 to use market engagement, pilots and competitive flexible procedures to learn how the market will be able to meet the requirements and refine approaches accordingly.



Expectations based on lessons from National Audit Office reports

- The requirement is defined in business cases, with evidence to support appropriate gateway reviews and approvals. The business case also demonstrates all the points below.
- The requirement is designed based on an evidence-based consideration of the purpose of the arrangement and its anticipated outcome.
- When developing requirements, organisations engage users and the market to help understand what can be delivered and how.
- The requirement is designed to be sufficiently clear to suppliers, while leaving room for flexibility and innovation if appropriate to the contract.
- Sustainability assessments are undertaken that clearly demonstrate the consideration of risk, uncertainty and capability.
- There is a clear and realistic assessment of what flexibility is required to meet the outcome, updated as conditions change.
- The Full Business Case includes a review that the requirement is still appropriate.
- The strategy demonstrates sufficient consideration of the complexity and demands of the requirement.

Relevant guidance

HM Government Procurement Act 2023 guidance including:

Define phase: [Preliminary market engagement](#)

Procure phase: [Modifying a competitive procurement](#)

Other guidance:

[The Sourcing Playbook](#), [Commercial Continuous Improvement Assessment Framework](#), [People standards for the commercial profession](#), [Buying through the Digital Outcomes and Specialists framework](#)



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Requirement | Case studies

Case study

How the government increased the number of ventilators available to the National Health Service in response to COVID-19

Defining requirements to drive a faster process

The government took a flexible approach to meeting developing requirements.

At the beginning of the pandemic, scientific advice led the government to believe that it needed to massively increase the nation's capacity to build and deliver new medical ventilators. The Cabinet Office realised that traditional procurement alone would not achieve this. Instead, it decided to work with multiple teams of industry consortia to develop multiple new products and supply lines against changing requirements for the volume and mix of ventilators required. It worked with industry to develop new or modified designs to meet the standards that the Medicines and Healthcare products Regulatory Agency (MHRA) developed for rapidly manufactured ventilators.

The MHRA updated the ventilator specification several times, reflecting growing clinical experience of treating COVID-19 in the UK. Later iterations of the specification emphasised more sophisticated features such as suction and assisted breathing.

The Cabinet Office convened a 'technical design authority' to assess ventilators and

inform decisions. The design authority supported 17 participants and gradually reduced this number as each device proceeded through the regulatory testing process, considering the developing picture of demand and the government's targets at the time. Those consortia whose products and production facilities met the regulatory standard first were commissioned to provide ventilators, creating a more sophisticated competitive process over speed and quality but not price.

This case example highlights the following expectations:

- The requirement is designed based on an evidence-based consideration of the purpose of the arrangement and its anticipated outcome.
- There is a clear and realistic assessment of what flexibility is required to meet the outcome, updated as conditions change.
- When developing requirements, organisations engage users and the market to help understand what can be delivered and how.

Case study

The new generation electronic monitoring programme

Understanding requirements, costs and benefits

Organisations need to understand the requirement and consider its potential costs and benefits.

In 2017, we reported on the Ministry of Justice's (MOJ's) programme to replace its contracts for electronic monitoring ('tagging') services. MOJ assumed that there would be high demand for location monitoring from those who sentence offenders, but it did not run a pilot to test this before launching the programme. It also did not understand the potential financial costs and benefits of expanding location monitoring.

MOJ identified from early discussions with industry that achieving all its objectives would need new software and hardware that were not available in the market. Over time, MOJ developed some 900 prescriptive requirements for the new tags, but did not sufficiently appreciate that it could not have all that it wanted.

The NAO recommended that MOJ ensured that it had a robust, well-evidenced business justification for developing new applications for technology before starting procurement, and clearly understood the complexities of delivering the programmes.

This case example highlights the following expectations:

- The requirement is designed based on an evidence-based consideration of the purpose of the arrangement and its anticipated outcome.
- The strategy demonstrates sufficient consideration of the complexity and demands of the requirement.



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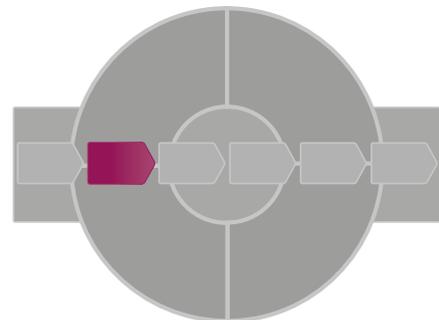
Review, transition and exit

Sourcing approach

Definition

By 'sourcing approach', we mean the assessment of how the requirement may be met using in-house capability or that of an external supplier. This includes how the authority applies procurement legislation and the specific procurement tools and procedures that it adopts – including the use of framework agreements, open competition and other approaches.

This good practice guide is aimed primarily at public procurement processes but recognises that an authority's commercial strategy and the specific requirement may support other approaches that are not the main focus of this guide. These include public sector delivery models that operate as market participants, entering into public partnerships and other long-term agreements. The approach will also determine the nature of any engagement with suppliers, which should reflect the overall procurement principles of transparency, equal treatment and non-discrimination.



What needs to improve

There should be better consideration of all sourcing alternatives and of how effective competition supports value for money. When direct awards and/or urgent procedures are used, a robust justification for doing so should be recorded.

Departments should be fully informed of the new opportunities and risks that the Procurement Act 2023 brings to sourcing approaches, including competitive flexible procedures, frameworks and dynamic markets, and make informed decisions about the sourcing approach. The application of the Procurement Act 2023 will present a new set of challenges to government bodies, but also opportunities to improve commercial value for money.

Expectations based on lessons from National Audit Office reports

- An appropriate sourcing approach is chosen, aligned with risk management, procurement principles and an assessment of the market.
- Trade-offs are assessed in a review of the required commercial outcomes.
- Procurement processes and a contract management plan are defined alongside a sufficient knowledge base to support the approach.
- The commercial case sets out the nature of the product/service, commercial relationship and supporting arrangements.
- Pilot schemes are used when appropriate to inform commercial aspects of the approach ahead of mass roll-out.
- Sourcing adopts practices that address the equality, diversity and inclusion agenda in procurement.
- The approach incorporates measures of social value when appropriate.

Relevant guidance

HM Government Procurement Act 2023 guidance including:

Plan phase: [National procurement policy statement](#)

Define phase: [Preliminary market engagement](#)

Other guidance:

[The Sourcing Playbook](#),
[Commercial Continuous Improvement Assessment Framework](#),
[People standards for the commercial profession](#)



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Case study

Free school meals vouchers

Using framework agreements for rapid procurement

The government prioritised speed of procurement and adapted an existing framework agreement to appoint a known supplier.

When the government announced that schools would close to most pupils in response to the COVID-19 pandemic, the Department for Education (DfE) said that it expected schools to continue to provide free school meals during term time to pupils eligible for benefits-related free school meals. The government considered options and concluded that a national electronic voucher scheme was the most viable and cost-effective solution that it could put in place quickly.

To get the scheme running quickly, DfE looked first to existing framework agreements and suppliers. A Crown Commercial

Service framework agreement for employee benefits, created following a competitive tendering exercise in 2019, included electronic voucher provision. DfE awarded the contract to the sole provider on that framework agreement. It recognised that there were risks arising from the speed of procurement, including the provider's capacity to deliver and its financial standing for the potential £473 million contract.

This case example highlights the following expectation:

- Trade-offs are assessed in a review of the required commercial outcomes.

Case study

Transforming rehabilitation

Creating sustainable delivery models

The Ministry of Justice learned from reviewing its reforms and revised its sourcing approach.

In 2019, we published a progress update on the Ministry of Justice's (MOJ's) transforming rehabilitation reforms. We found that MOJ had limited time to procure new contracts and would need to manage risks posed by the interfaces between different organisations.

Following our work and a report from the Chief Inspector of Probation, MOJ acknowledged some of the challenges in its original approach, such as using payment by results, and took the decision to move supervision of those on probation back into the public sector – supporting this with a dynamic purchasing framework to award over 110 contracts to provide access to specific rehabilitation services.

This case example highlights the following expectations:

- An appropriate sourcing approach is chosen, aligned with risk management, procurement principles and an assessment of the market.
- The commercial case sets out the nature of the product/service, commercial relationship and supporting arrangements.



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Market engagement and monitoring

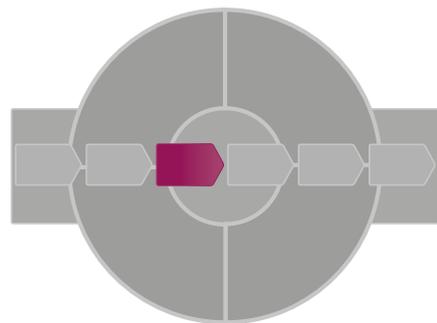
Definition

This is the process by which an authority engages with potential suppliers throughout the commercial lifecycle, keeping itself informed of the nature and capabilities of its markets.

We would expect it to be a continuous process that shapes requirements and processes, informs performance against current contracts, and helps plan for future ones. Consideration of the market should give due regard to including small and medium-sized enterprises and should track the status of excluded suppliers on the debarment list. Authorities should understand the overall financial resilience of providers.

What needs to improve

Market engagement should be used to understand how the commercial landscape will respond to opportunities. There should be consistent awareness of when and how to engage with the market, including meeting new market transparency requirements. Authorities should understand the financial resilience of their commercial landscape and use lessons to improve competition.



Expectations based on lessons from National Audit Office reports

- Detailed information about the market is collected whenever possible, including from existing suppliers, and is used to inform operational requirements.
- Procurement is transparent on the requirement and includes uncertainties and likely variations.
- Engagement with suppliers in the market informs understanding of their capabilities and circumstances.
- The convenience of established relationships and framework agreements is balanced with developing competitive markets.
- The capacity and capability of potential suppliers are analysed in a wider context, including the impacts of planned contracts on the market.
- Market capability and diversity are assessed and managed to avoid sole supply or low competition situations when other options may be available.
- Market monitoring is undertaken to support the development of successor contracts when appropriate.
- The government monitors the financial health of suppliers and develops appropriate contingency plans to maintain service delivery.

Relevant guidance

HM Government Procurement Act 2023 guidance including:

Plan Phase: [Pipeline Notices](#)

Define Phase: [Planned Procurement Notices](#), [Preliminary Market Engagement](#)

Procure Phase: [Debarment](#), [Exclusions](#)

Other guidance:

HM Government, [Sourcing Playbook](#) and [Commercial Continuous Improvement Assessment Framework](#)



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Case study

Improving broadband

Engaging with SMEs

The government is reforming its approach, to encourage wider participation from smaller suppliers, while acknowledging the risks this creates.

The government believes that the locally administered contracts on the Superfast Broadband Programme were too lengthy and covered too many premises, discouraging smaller suppliers from participating. For its £5 billion Project Gigabit, some intervention areas will feature more, smaller, local contracts with shorter duration and involving fewer premises, alongside its larger and cross-regional offering. These are aimed at encouraging greater competition and innovation on broadband infrastructure. The government will need to manage risks around integration issues

created by more suppliers offering competing infrastructure. It will also need to monitor the potential complexity of managing increased numbers of contracts centrally. It has acknowledged that the approach also brings risks around the long-term financial stability of smaller providers, and their ability to deliver on contracts, although all suppliers – including those for these smaller contracts – will be subject to financial scrutiny.

This case example highlights the following expectations:

- Market capability and diversity are assessed and managed to avoid sole-supply or low-competition situations where other options may be available.
- Knowledge of the market is used to inform operational requirements.

Case study

The adult social care market in England

Assessing the financial health of suppliers

Stakeholders do not have sufficient visibility of sustainability across the entire market.

The adult social care market depends upon the financial resilience of care providers operating within it. In 2020, consultants commissioned to analyse provider viability advised the Department of Health and Social Care (DHSC) to improve the quality of financial data and its internal processes to track provider finances in real time. While social care is mainly funded by local authorities and some individuals purchasing their own care, the Care Quality Commission (CQC) has a statutory responsibility for overseeing the financial sustainability of around the 65 most-difficult-to-replace care providers. The CQC is required to give local authorities advance notice if it considers that there is likely to

be a disruption to continuity of care caused by business failure. The legal requirement to only focus on larger providers means that some smaller (but regionally significant) providers will be excluded from national oversight. We recommended that DHSC should assess the performance and cost data it needs to gain assurance over the system's performance as a whole and the potential costs to the sector of providing the data, and explore how best to increase visibility of, and transparency over, providers' financial sustainability and costs.

This case example highlights the following expectation:

- The capacity and capability of potential suppliers are analysed in a wider context, including impacts of planned contracts on the market.



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Process, supplier evaluation and agreement

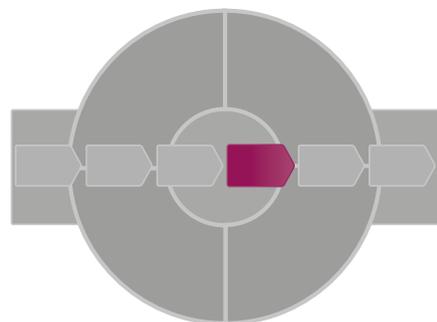
Definition

By 'procurement process', we mean the end-to-end public procurement process, including issuing documentation, handling supplier engagement, bidder evaluation and award decision, standstill period, formal notification to all bidders, and public transparency. The Procurement Act 2023 provides new processes, options and requirements. Adherence to procurement processes minimises the risk of challenge, and digital systems support efficient workflow. By 'supplier evaluation' we mean ensuring that evaluators have the right skills and expertise and are checked for objectivity and conflicts of interest, assessing supplier responses using relevant evaluation criteria, documenting rationale for awarding scores, evidencing alignment with relevant evaluation criteria, and coordinating post-submission clarification questions. By 'agreement' we mean the negotiation and agreement of the legally binding contract, which sets out the expectations and obligations on each party, including the requirement, services, price, risk

and incentives, payment mechanisms, key performance indicators, provision of information to the customer and access rights, warranties and indemnities, dispute mechanisms, and transition and termination provisions. Agreeing contracts that are clear about the requirement, allocation of risk and rewards, contain appropriate flexibility and exit arrangements, are foundations of successful contracts. Appropriate expertise should be applied by authorities to get things right.

What needs to improve

There should be consistent adherence to public procurement processes and timetables in order to realise the benefits of the procurement process, including competition.



Expectations based on lessons from National Audit Office reports

- Requirements are specified clearly so that they can be assessed properly by all potential suppliers.
- Potential conflicts of interest and how to address them are considered, acted on and documented.
- The procurement approach is structured according to established procedures, reflecting risk tolerance.
- Processes balance speed and agility with the benefits of competition derived from participation by a range of potential suppliers.
- Regular engagement with the potential marketplace is encouraged, to assist with developing a requirement.
- The procurement process attracts capable suppliers and includes appropriate due diligence activities.
- The contract establishes suitable incentives and mechanisms to drive the desired relationship and act in the interest of the organisation.
- Performance measures focus on key strategic outcomes linked to the requirement.
- Processes encourage ways of working and operational delivery to achieve social value objectives.
- Procurement and transparency rules and principles are followed in full.

Relevant guidance

HM Government Procurement Act 2023 guidance including:

Plan Phase: [National Procurement Policy Guidance](#)

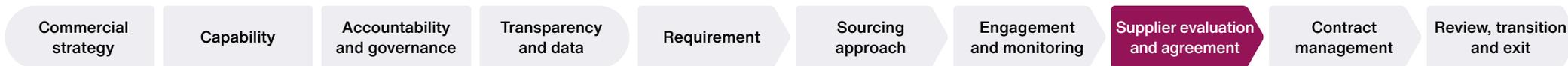
Define Phase: [Competitive tendering procedures](#), [Direct award](#)

Procure Phase: [Assessing competitive tenders](#), [Modifying a competitive procurement](#), [Assessment summaries](#)

Other guidance:

HM Government, [The Sourcing Playbook](#), [Commercial Continuous Improvement Assessment Framework](#)

World CC, [Contracting Principles](#), [Conformed Clause Standard Library](#)



Process, supplier evaluation and agreement | Case studies

Case study

Asylum accommodation and support

Producing a sustainable bid

The government used lessons learned to select a more appropriate procurement process and risk transfer arrangement.

We reported that the ‘reverse auction’ process used by the Home Office (HO) to award previous COMPASS asylum accommodation contracts had produced unsustainably low bids. When re-procuring the service, HO’s analysis of average rents estimated that, on a like-for-like basis, the replacement contracts should cost at least 20% more. HO designed the new contracts to be more sustainable by transferring risk away from providers

through the pricing mechanism. Changes included more fixed-price elements, longer contracts and greater scope to renegotiate prices.

This case example highlights the following expectations:

- The contract establishes suitable incentives and mechanisms to drive the desired relationship and act in the interest of the organisation.
- The procurement process attracts capable suppliers and includes appropriate due diligence activities.

Case study

Protecting the clinically extremely vulnerable during lockdown

Negotiating alongside rapid service mobilisation

The government used provisional contracting arrangements to allow rapid service mobilisation while still negotiating price.

The government signed provisional agreements with suppliers to allow food box deliveries to start three days after beginning negotiations.

Three further provisional agreements were signed, before full contracts were signed a month later. During that time, the government used information from industry consultants and cost benchmarks to negotiate reductions on the initial pricing quoted by providers.

In return, the government took on more of the financial risk involved in maintaining sufficient stock levels to meet uncertain demand.

This case example highlights the following expectations:

- Processes balance speed and agility with the benefits of competition derived from participation by a range of potential suppliers.
- The procurement approach is structured according to established procedures, reflecting risk tolerance.



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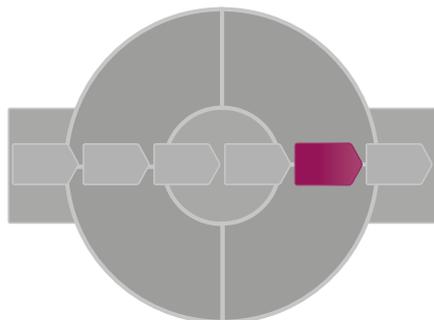
Definition

Contract management covers all activities relating to the performance and monitoring of a contract. This includes formal and informal monitoring and taking action as required. A constant underlying good practice is building consistent knowledge and understanding of the contract, requirements, supplier and costs, and retaining this knowledge throughout the commercial lifecycle. These support organisations to assess and approve contract delivery against agreed milestones, contract amendments and variations, and other change requests. There should be regular reviews of delivery and key performance indicators (KPIs) and contractual provisions for change requests. Before entering into a contract with a total estimated value of more than £5m, at least three KPIs should be agreed with the supplier and published as part of the contract

details notice. Open-book access should be applied to scrutinise and assure commercial performance and actual profits or returns, supporting effective contract delivery.

What needs to improve

Organisations should give active attention to the quality of performance and delivery throughout the commercial lifecycle, to supplement routine monitoring.



Expectations based on lessons from National Audit Office reports

- Strategic relationship management is used to provide leadership and use relationship levers alongside formal contract mechanisms.
- Levers are used to ensure that the contract provides what is wanted, including when this differs from what was originally defined.
- Organisation and supplier obligations and responsibilities are clearly set out, and both parties work closely and flexibly together.
- Contract management is informed by a good knowledge base (including understanding reasons for variations to expected costs and outcomes).
- Contracts have a bespoke compliance programme aligned to risks, and key performance indicators are used to provide a rounded view of performance.
- Information provided is subject to sufficient targeted assurance.
- Processes for meeting contractual obligations are formalised, and incentives and penalties are used consistently and appropriately.
- There is an appropriate administration infrastructure in place and managers can draw on the right support including more senior people.
- Mechanisms in the contract are used to create the desired relationship between client and supplier.

Relevant guidance

HM Government Procurement Act 2023 guidance including:

Manage Phase: [Key Performance Indicators](#), [Contract performance notices](#)

Other guidance:

HM Government, [The Sourcing Playbook](#), [Commercial Continuous Improvement Assessment Framework](#), [People standards for the commercial profession](#)

World CC, [Relational Contracting and Governance Guide](#)



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Case study

Managing infrastructure projects on nuclear-related sites

Creating performance incentives

Major nuclear contracts had limited performance incentives.

In 2020, we reported on the Ministry of Defence's (MOD's) management of its large and complex infrastructure projects at nuclear-regulated sites. These included a long-term single-source contract for core production capability (CPC) facilities. We found that the contract had limited incentives to improve contractor performance, such as key performance metrics linked to costs and profit. MOPD had limited termination opportunities should performance deteriorate, and could not exit the contract without decommissioning the facilities.

It recognised the challenges and aimed to address them in the second phase of the CPC facilities project.

This case example highlights the following expectations:

- Mechanisms in the contract are used to create the desired relationship between client and supplier.
- Processes for meeting contractual obligations are formalised, and incentives and penalties are used consistently and appropriately.

Case study

Mental health in prisons

Using performance management mechanisms

Organisations need to use performance management mechanisms to identify and address performance issues.

In our 2017 report on mental health in prisons, we found that NHS England had developed a standardised set of measures, called 'health and justice indicators of performance (HJIPs)', for its prison contracts. HJIPs contained the only national-level data on mental health care in prisons. However, the performance indicators reported to NHS England did not contain any measures of quality, or outcomes – such as improvement in a prisoner's health.

We recommended that NHS England ensured that contracts for mental health services be underpinned by

appropriate performance management mechanisms. We also reported that NHS England needed to ensure that it robustly validated performance data to identify and address areas of poor performance. We understand that the current programme is to transfer all healthcare to the NHS.

This case example highlights the following expectations:

- Contracts have a bespoke compliance programme aligned to risks, and key performance indicators are used to provide a rounded view of performance.
- Information provided is subject to sufficient targeted assurance.



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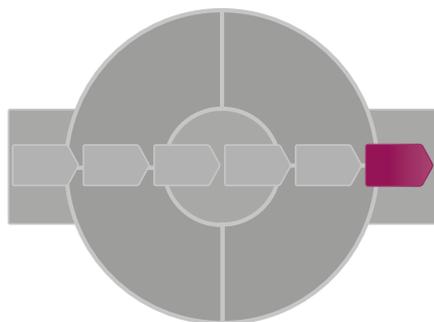
Review, transition and exit

Definition

Review, transition and exit encompasses the factors that inform a decision in relation to the extension or re-procurement of a requirement. This also involves the process by which a contract is transitioned to a new supplier or ended. Authorities should monitor their contract registers regularly to review how and when they return to the market for a given requirement, and plan accordingly. In some circumstances, an authority may decide to extend contracts via their standard provisions, but this is generally for a short period when operational flexibility provides clear benefits. Authorities need to have the information necessary to manage transitions to new arrangements, including reversion of assets to the public sector, and to respond to supplier failure if required. New transparency requirements around termination will need to be met.

What needs to improve

Planning and preparation for a range of future options should always be in evidence from the outset, and built into cost estimation. Public bodies need to prepare well ahead of contract expiry to plan for what happens after the expiry of a contract, for example transfer of operational assets to the public sector, which will require ongoing funding.



Expectations based on lessons from National Audit Office reports

- Plans for potential routes to end a contract are built in from the start, including logistical requirements, governance and reporting.
- Information that will be needed to transition is understood and arrangements made for its availability.
- Capabilities and data are effectively transferred from the supplier.
- Required levels of flexibility are built into the contract process at all stages and agreed changes are formally written into the contract.
- Contingency plans are put in place for supplier failure, and coordinated where suppliers work across government.
- Performance continues to be benchmarked against market measures throughout.
- Suppliers are incentivised to maintain performance, and performance risks are actively managed and assured.
- There is a plan for digital and technological changes, including the obsolescence of legacy systems.
- Lessons learned are built into the plan for the contract review and transition.

Relevant guidance

HM Government Procurement Act 2023 guidance including:

Plan Phase: [Pipeline Notices](#)

Define Phase: [Planned Procurement Notices](#), [Preliminary Market Engagement](#)

Manage Phase: [Contract Termination](#)

Other guidance:

HM Government, [Sourcing Playbook](#)

Infrastructure and Projects Authority, [Preparing for PFI contract expiry](#)

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Case study

The government's handling of the collapse of Carillion

Addressing supplier failure

The Cabinet Office oversaw the establishment of contingency measures to ensure that almost all services continued uninterrupted when Carillion went into liquidation.

In the summer of 2017, when talk first started about the possibility of Carillion's financial failure, the Cabinet Office coordinated contingency planning across central government bodies, appointing advisers and requesting information on government contracts with Carillion, including whether contingency plans were in place. The Cabinet Office received 65 contingency plans from 26 public bodies. This meant that, when Carillion asked for £223 million of financial support from the government in January 2018, the government was able to say no. The Cabinet Office carried out an options appraisal and concluded that the best result for

the government would be a trading liquidation rather than providing financial support. Although work stopped on Carillion's hospital construction projects, the Cabinet Office arranged for and financed the Insolvency Service to ensure that Carillion continued to provide services until other arrangements could be made for each contract, ensuring minimal disruption to public services.

This case example highlights the following expectations:

- Contingency plans are put in place for supplier failure, and coordinated where suppliers work across government.
- Information that will be needed for transition is understood and arrangements made for its availability.

Case study

Managing PFI assets and services as contracts end

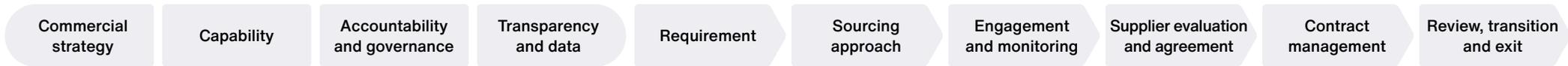
Planning for the end of contracts

The government planned for contract expiry and how to revert assets to the public sector.

We looked at the management of Private Finance Initiative (PFI) contracts as they came to an end, and what could be learned from cases where this had already happened. We found that early preparations and a collaborative approach between public and private stakeholders can help to ensure a successful exit from PFI contracts. These will require all parties seeking to understand each other's goals, establishing a partnership approach on each PFI project and sharing experiences on how to manage contract expiry across all levels of government.

This case example highlights the following expectations:

- Plans for potential routes to end a contract are built in from the start, including logistical requirements, governance and reporting.
- Suppliers are incentivised to maintain performance, and performance risks are actively managed and assured.



Appendix

Developments since the last version of our good practice guidance

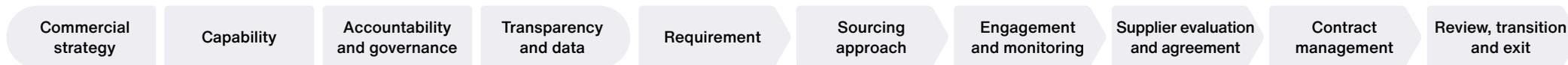
This update of the National Audit Office’s *Managing the commercial lifecycle* good practice guidance reflects changes to the procurement landscape brought in by the Procurement Act 2023. New approaches under the 2023 Act will become operational in early 2025.

The Cabinet Office and the Government Commercial Function have produced updated guidance and training reflecting the requirements of the 2023 Act. Key elements of this new guidance are outlined on this page, along with pre-existing guidance that continues to support commercial practice across the public sector.

This good practice guidance is intended to supplement this work, drawing on the recommendations and findings from our own examinations of commercial activity across government. These insights are intended to support ongoing improvement in commercial practice throughout the transition to the new procurement regime.

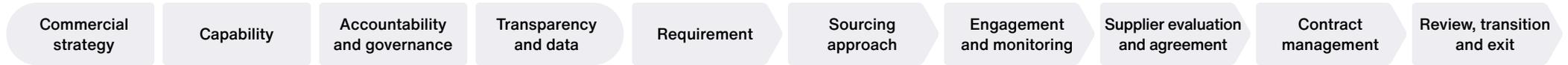
A selection of commercial guidance published by the government

Last updated	Main author(s)	Guidance	Scope
March 2019	Government Commercial Function	Government Functional Standard – GOVS 008: Commercial	Sets out the expectations and drives consistency in the planning, management and execution of commercial activities, ensuring that contracts and relationships with suppliers realise value for money and result in delivery of high-quality public services. This standard is currently being updated.
May 2021	Cabinet Office and Government Commercial Function	The Sourcing Playbook The Consultancy Playbooks	Sets out key policies and guidance for making sourcing decisions for the delivery of public services, including specific guidance on sourcing consultancy services.
May 2021	Government Commercial Function, Cabinet Office and the National Health Service	Commercial Continuous Improvement Assessment Framework	This framework is designed to help drive continuous improvement in commercial practices across the public sector.
May 2021	Cabinet Office and Government Commercial Function	People Standards for the Commercial Profession	Sets out the standards expected from commercial professionals in government and lists requirements for each of the different professional levels. It is intended to help with recruitment or career development.
May 2024	Cabinet Office	Procurement Act 2023 – Guidance documents	Sets out guidance documents addressing aspects of the new procurement regime, intended to provide technical guidance and help with interpretation and understanding of the new regime.
July 2024	Cabinet Office	Procurement Pathway	Provides guidance for new procurement regime across the commercial lifecycle, comprising the plan, define, procure and manage stages of the process.
February 2025	Cabinet Office and Government Commercial Function	Procurement Act 2023 – Guidance documents	Procurement Act 2023 comes into effect.



Reference material

Cabinet Office/ Government Commercial Function/Crown Commercial Service/ Infrastructure	The Chartered Institute of Public Finance & Accountancy	Chartered Institute of Procurement and Supply	Committee of Public Accounts	HM Treasury	National Audit Office	World Commerce & Contracting
The Sourcing Playbook	A Practical Guide to Outsourcing in the Public Sector	Procurement & Supply Cycle	Strategic Suppliers (2018)	Managing Public Money	Government Commercial and Contracting: an overview of the NAO's work (2016)	A Procurement Path to Equity
Government Functional Standards				The Green Book: appraisal & evaluation in central government	Commercial and contract management – insights and emerging best practice (2016)	Faster contracts. Better contracts. Eliminating the friction points in contracting
Commercial Continuous Improvement Assessment Framework				The Orange Book: management of risk – principles & concepts	Good practice contract management framework (2016)	Building the case for digital procurement
Buying through the Digital Outcomes and Specialists framework (2021)					A Short Guide to Commercial relationships (2017)	Commercial Contract Management Tips & Checklists
Principles for project success					Managing government suppliers (2013)	Most Negotiated Terms 2020
Procurement Act 2023: Guidance documents					Framework to review programmes (2021)	Relational Contracting and Governance Guide
Procurement Pathway					Successful Commissioning Toolkit	Conformed Clause Standard Library
					Lessons learned: competition in public procurement (2023)	
					Efficiency in government procurement of common goods and services (2024)	
					Tackling fraud and protecting propriety in government spending during an emergency (2024)	
					Government's approach to technology suppliers: addressing the challenges (2025)	
					Commercial audit framework (updated 2025)	



Stakeholders we engaged with in developing this guidance

Central government	Other public bodies	Professional bodies	Advisers
Crown Commercial Service	Institute for Government	Chartered Institute of Procurement & Supply	A number of professional advisers and audit firms
Government Commercial Function	Local Government Association	World Commerce & Contracting	
	Procurement Research Project Group (a collaboration of universities)	Chartered Institute of Public Finance & Accountancy	
		Institute of Chartered Accountants in England & Wales	