



Procurement and Commissioning Transformation Maturity Index

The index below sets out the typical **Procurement and Commissioning characteristics** demonstrated by councils at each stage of their transformation maturity.

It is split into five levels (Level 1 being lowest and Level 5 being the highest).

A fuller definition of the typical characteristics of councils at each level is set out at the end of this document.

The following **Procurement and Commissioning capabilities** are covered.

- Understanding council needs and spend
- Market analysis and management
- Specification development
- Market engagement
- Tender evaluation
- Contract definition and management

	Level 1	Level 2	Level 3	Level 4	Level 5
Understanding council needs and spend	<p>There is a lack of understanding of how legislative, policy and regulatory change impacts the provision of goods and services.</p> <p>Commissioning needs and service demands are not captured.</p> <p>No analysis of supplier, contract or category spend.</p> <p>Procurement specialists tend to be engaged reactively, often in retrospect.</p>	<p>There is a process in place to capture commissioning needs as part of ongoing service engagement.</p> <p>Spend analysis is completed, but not applied at a category or supplier level to drive changes to commissioning and/or services to reduce costs.</p> <p>No procurement plan is in place.</p> <p>Contract register may not be fully accurate.</p>	<p>Commissioning and procurement needs are embedded within the service planning and budgeting cycle.</p> <p>All business needs are gathered for the next budget year, and procurement plan approved by Cabinet with forward look of upcoming tender processes.</p> <p>Spend analysis is completed at a category and supplier level and used to reduce risks and costs.</p>	<p>Analysis of business needs and spend informs the development of a commissioning/sourcing strategy, which drives best value from existing and future contracts.</p> <p>Cross organisation opportunities for rationalisation of spend are identified and acted upon.</p> <p>Supplier risk is quantified and mitigated.</p>	<p>Level four has been met.</p> <p>In addition to reduction of costs and risk, analysis is also completed to improve outcomes linked to supplier and contract performance management, maximising buying power.</p>

	Level 1	Level 2	Level 3	Level 4	Level 5
Market analysis and management	<p>There is little or no understanding of the supplier market and sufficiency to respond to business needs.</p> <p>Market pricing is not understood or benchmarked.</p> <p>There is a lack of access to market insight tools.</p>	<p>Processes are in place to complete soft market testing to fill any gaps in market knowledge / and or understanding before procurement exercise is undertaken.</p> <p>Local and national supplier market is understood but not analysed.</p> <p>Use of market insight tools to conduct market research is completed on an ad hoc basis.</p>	<p>Market analysis is embedded within every procurement exercise to inform approach to market, specifications, and pricing.</p> <p>Market insight tools are in regular use.</p> <p>Supplier relationships are managed at a contract level.</p>	<p>PESTLE analysis (or similar) is completed as part of strategic planning to understand any risks to supplier markets.</p> <p>Relationships with suppliers are owned corporately, and ongoing engagement with the wider market undertaken to mitigate risk.</p>	<p>Level four has been met.</p> <p>In addition, predictive analytics are in place to help horizon scanning for any potential risks to supplier costs, and availability.</p>

	Level 1	Level 2	Level 3	Level 4	Level 5
Specification development	<p>Specifications are written, without understanding of or definition of business requirements.</p> <p>There is a lack of consideration for cyber security, social value, or other impacts.</p> <p>Low maturity of requirements prioritisation, leading to potential risks in response quality and lack of competition.</p>	<p>Understanding of the difference between input and output specifications is in place, however there is often a lack of measurable performance indicators.</p> <p>Where they do exist, focus tends to be on volumes and not quality of service delivery and impact/outcomes.</p> <p>Award criteria is clear, and approach to scoring documented.</p>	<p>Templates for different types of goods and services are in place to ensure consideration of all legal, policy, social value, and security impacts.</p> <p>There is an integrated approach to development of specifications, with subject matter experts ensuring risks any risks are mitigated.</p>	<p>Level three has been met.</p> <p>In addition, social value, climate change, GDPR, cyber security and other strategic outcomes and risks are embedded within all tender specifications to ensure compliance.</p>	<p>Level four has been met.</p> <p>In addition, continuous improvement is embedded within specification development, with lessons learned on previous similar procurements reviewed.</p> <p>Contract performance feedback is integrated into future specifications for similar contract types.</p>

	Level 1	Level 2	Level 3	Level 4	Level 5
Market engagement	<p>Limited understanding of the different frameworks, and procurement routes to market available.</p> <p>Contracts are often extended to maximum limits as time to engage the market has not been factored into timescales.</p>	<p>Defined, legally compliant processes are in place for engagement of suppliers through the various routes to market.</p> <p>Soft market testing is completed to inform the specification and requirements in most cases.</p>	<p>There are clear routes to market, aligned to different threshold limits, and types of goods/services.</p> <p>Procurement policy is set within the wider context of the scheme of delegation for the council.</p> <p>Frameworks and DPS are in place to support efficient procurement processes, reducing the time and effort required.</p>	<p>Procurement policy and strategy is aligned to the strategic outcomes of the organisation.</p> <p>There is evidence of effective tendering processes, with quality responses and competition driving down costs and improving quality of service/project delivery.</p>	<p>Level four has been met.</p> <p>In addition, the organisation seeks to be innovative in its approach – developing partnerships with other local authorities to maximise buying power and reduce effort.</p>

	Level 1	Level 2	Level 3	Level 4	Level 5
Tender evaluation	There is no formal framework or guidance on evaluation matrixes, or processes in place to support a legally compliant tender evaluation exposing the organisation to legal challenge.	<p>Basic understanding of confidentiality, conflicts of interest, and equality exists and ate built into evaluation processes.</p> <p>Award criteria is set, and approach to scoring clear within tender documentation.</p> <p>Evaluators are recruited on an ad hoc basis with limited training or guidance in place.</p> <p>Evaluations are documented and moderated, but not standardised.</p>	<p>Standardised processes are in place for tender evaluation to ensure confidentiality and equality for all bidders.</p> <p>Evaluators are engaged early, as part of specification and requirements development and trained in the approach to evaluation and scoring.</p> <p>Moderation is standard practice, and a transparent audit trail is in place.</p>	<p>Evaluation criteria is set in alignment with strategic outcomes and objectives, ensuring the right balance of quality. price and social value from all contracts.</p> <p>There is evidence of effective evaluation being in place, with the right outcomes being achieved through contract performance monitoring.</p>	<p>Level four has been met.</p> <p>In addition, a continuous improvement approach is taken to evaluation process, with the development of an evaluation report setting out the approach taken, outcome and lessons learned to take forward into future tender processes.</p>

	Level 1	Level 2	Level 3	Level 4	Level 5
Contract definition and management	<p>No defined contract templates in place, or processes for contract mobilisation.</p> <p>Performance management meetings are not in place, and changes are uncontrolled and difficult to track.</p> <p>There is no supplier offboarding process defined in the contract leading to risk for transition to any new supplier.</p>	<p>Supplier relationships are operational, with some performance management in place using the measures and metrics defined within the contract, linked back to the specification.</p> <p>Contract templates are in place and mitigate key operational and strategic risks.</p> <p>May be a lack of documented change control processes.</p>	<p>Contract / supplier performance is reviewed corporately to mitigate service delivery, quality and spend risks.</p> <p>A contracts register is in place.</p> <p>Contract owners proactively manage supplier performance and engage at a service level.</p> <p>Documented processes and templates exist for performance review meetings, change control and dispute resolution.</p>	<p>A strategic approach to contract and supplier management is in place.</p> <p>Relationships are built with key suppliers and managed or monitored centrally.</p> <p>Exit strategies are in place for key contracts, and projects mobilised to support effective transition.</p> <p>Poor performance is escalated where necessary, and the appropriate mitigations and controls put in place.</p>	<p>Level four has been met.</p> <p>In addition, there is advanced use of technology and real time data to drive decision making and focus efforts on contract and risk management within defined tolerances.</p>

Maturity level definitions

The following definitions define the general characteristics of councils at each stage of their transformation journey and should be read in combination with the specific characteristics of each capability.

Level One: Level one describes the typical capabilities and characteristics of councils who do not yet have whole organisation approaches to transformation in place. These councils are characterised by having lots of individual projects happening within services and with no joining up between them corporately.

Typically, success depends on the efforts of individuals rather than on processes and established ways of working. Coordination and communication are usually limited. Senior leaders may plan strategically but do not put the mechanisms in place to translate their vision into joined up action, often becoming disappointed or frustrated when initiatives fail.

Level Two: Councils with Level two transformation capabilities may have consistent practices in place within individual service areas or projects, or in pockets of the authority. This may include templates, standard processes, reporting and some repeatable ways of working.

Cross-functional teams, with representation outside of the service area, are often pulled together to drive project delivery, but these defined ways of working do not span the whole organisation.

Typically, at this stage there is some analysis and focus on strategic outcomes, and basic benefit capture and tracking (e.g. identifying and tracking savings). Usually there are a small number of defined roles in place including Project Management capacity.

Level two organisations are beginning their transformation journey.

Level Three: At Level Three, councils have integrated transformation capabilities and are applying standard ways of working across the whole organisation, incorporating continuous learning and best practice.

Changes are managed effectively against an integrated governance structure that spans people, process, technology and financial. Teams share information across departments and effective, co-ordinated communication is in place that sets out clear organisational vision and makes the 'golden thread' between projects and organisational outcomes clear.

Roles and responsibilities are clear, enabling employees to understand their role in transformation and to be empowered to take decisions within their remit. Staff engagement is regular and enables two-way communication and problem solving. Change resistance is managed and Senior Leaders understand, and invest appropriately in, all the levers needed to deliver effective transformation.

Level three councils understand what good looks like and are developing their capacity and capability to support transformational change.

Level Four: Councils who reach Level 4 are strategic in their approach to transformation.

This means that they go beyond aligning ways of working and linking activity back to the Golden Thread, implementing and embedding consistent, predictable, best practice ways of working that support transformational outcomes.

Accurate, real time or near real time data analysis is consistently used to enable actionable insights that drive decision-making and track progress. Metrics are used to understand what is working, and what is not, enabling changes to be made where needed.

The organisation has confidence in its decision making and is mature enough to stop activity where value has diminished. Change resistance in Level 4 organisations is minimised and there is a more consistent culture across service areas due to effective communication and leadership.

Level Five: Level Five represents a best practice organisation that is fully optimised and self-optimising.

It is rare for councils to reach a fully optimised transformational capability and those that do set the benchmark for the sector.

A fully optimised transformation capability is evident in optimised processes, maximum productivity and efficiency, evidence of significantly positive impact on outcomes and the use of capacity created to drive innovation.