LOCAL PARTNERSHIPS

Government Commercial Function | Crown Commercial Service | Ministry of Housing, Communities & Local Government | Local Government Association

CONTRACT MANAGEMENT PIONEER PROGRAMME

Embedding continuous improvement

PART OF CONTRACT MANAGEMENT SUITE OF TOOLS



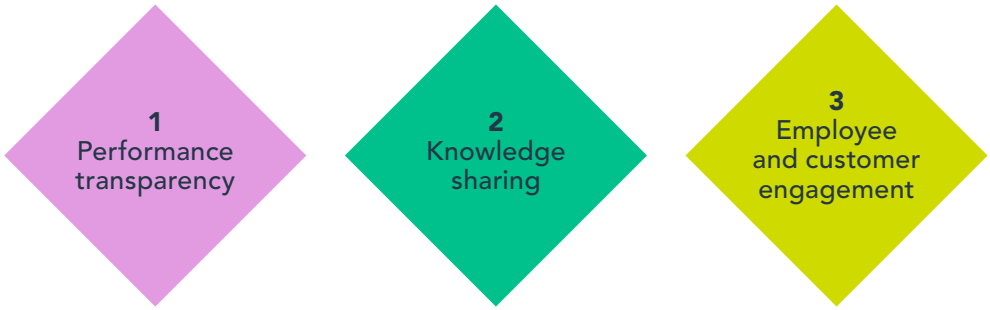
PURPOSE OF GUIDANCE

To provide an overview of a continuous improvement approach in councils' contract management and highlight some key practices that should be considered.

BACKGROUND

Continuous improvement is a goal that many organisations in the public, private and voluntary sector seek to achieve. It requires a culture of never settling, but always striving for better. Where it achieves the best results, employees at all levels are fully engaged in improvement activity.

Three key traits of continuous improvement are:



The challenge of continuous improvement is that it is very easy to theorise about, but much more difficult to put into practice – particularly in a wide-ranging field like contract management. Embedding a culture of continuous improvement is an improvement journey in itself.

However, there are a range of tools and techniques that can help support councils to apply this in practice – this section is an overview of some key elements, focusing on the three key traits of continuous improvement described above.

1: PERFORMANCE TRANSPARENCY

Measuring performance is key to understanding and showing how (and if) the organisation is continually improving. Continuous improvement should be apparent through better performance, and therefore measures of core performance are central to embedding the right culture.

If an organisation is continuously improving in its contract management, it should be reflected in better outcomes from external spend and in better commercial processes. It can, therefore, be helpful to split such metrics into two areas, that are distinct but should interrelate over time:

Outcomes metrics

These are focused on understanding whether the organisation is getting what it contracted and paid for. This is the most fundamental part of contract management and indicates the return on external spend. It is about the benefits being delivered through contracts and how they are performing against contractual obligations.

Process metrics

These are metrics to understand contract management performance in terms of approach, compliance, coverage, and use of information to identify issues and actions. The adoption of such metrics assumes that better processes, including training and capability levels of staff, should lead to better outcomes from external spend.

Hint: The Procurement Act 2023 requires three KPIs to be published and monitored for contracts over £2m, getting these right will be important and as in the public domain will attract public scrutiny. You can find out more on shaping KPIs through our interactive training – **Unlocking the power of KPIs – Local Partnerships**.

Councils may also wish to help drive improvements through a formal committee/cabinet report, setting out a commitment to continuous improvement and a series of objective measures that will be assessed on a quarterly/twice yearly basis and reported back, together with improvement actions.

Central Government has also created tools to support continuous improvement, though these cover a broader commercial scope, rather than majoring on contract management.

The Government **Guide to continuous improvement against functional standards – GOV.UK** (www.gov.uk) provides a helpful framework to define where an organisation is performing based on four statuses:

1. In development (not meeting functional standard)
2. Good (meeting the functional standard)
3. Better (exceeding the functional standard)
4. Best (best in class performance)

To provide an objective baseline for assessing the performance across eight commercial themes, the Government has also developed the **Commercial Continuous Improvement Framework** with a self assessment tool (**CCIAF-Assessment-Scoring-Tool-v-2.2.xlsx (live.com)**). By undertaking a baseline assessment, developing an action plan and reporting on improvements to a nominated committee, it provides a transparent performance and improvement framework.

While undertaking the baselining activity the council should weight each element to identify which activities should be a priority in driving ongoing improvement.

Ideally the performance improvement plan should be publicly accessible and clear for all to see where the council is on the journey.

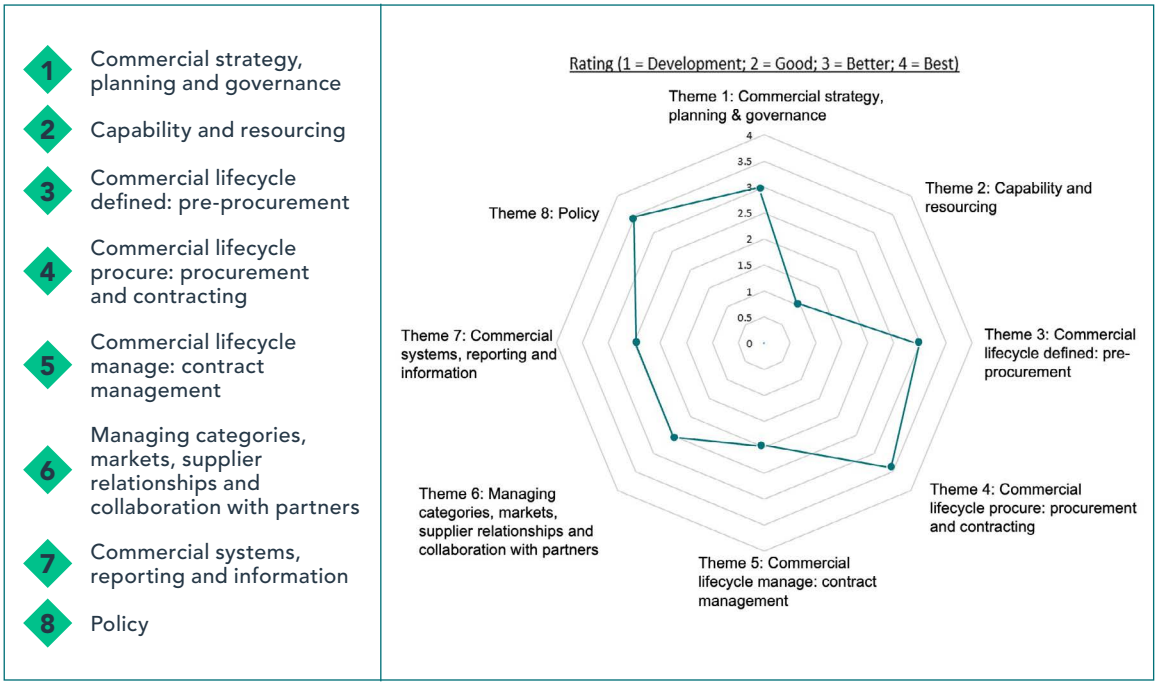


Figure 1: Sample scoring from the CCIAF assessment tool

2: KNOWLEDGE SHARING

Embedding a culture of knowledge sharing is critical to a healthy continuous improvement culture. Knowledge should be shared up and down and across the organisation, and not be contained within hierarchies or organisational silos. It is recommended that a range of measures to share knowledge and best practice are adopted, including:

- **A knowledge sharing protocol** – developing an agreed approach about what kind of knowledge and learning should be shared, how and where it will be shared. A lessons learnt section could be included in all reports and a log created and shared.
- **Cross team working** – developing a collective approach, involving all relevant teams, to solving problems.
- **Communication opportunities** – recognising that different people will communicate and engage in different styles so providing a range of communication opportunities, ranging from e-learning, to toolbox talks and roadshows. It should also engage a range of individuals and skill sets in sharing/presenting information.
- **Celebrating success** – part of the knowledge sharing should include celebrating successes that have been achieved.

3: EMPLOYEE AND CUSTOMER ENGAGEMENT

Central to any continuous improvement approach is strong engagement with employees, customers and other stakeholders such as suppliers. It is essential that all stakeholders recognise that they have the ability to influence change and to be part of the solutions. Therefore, it is recommended that a range of solutions are developed to achieve this based on:

- **Effective customer and supplier engagement** – providing real opportunities for customers and suppliers to feedback on strengths and weaknesses and also providing information on the result of their feedback.
- **Employee Engagement** – in large organisations a major barrier to improvement is often that many employees feel that they cannot influence or effect positive changes. To address this, it is recommended that a range of tools are developed to engage staff at all levels, helping them to identify with, and be involved in, change programmes and processes. This could involve working groups that are specifically non-hierarchical invited to participate and have their say in shaping improvement.

In addition, constructive feedback should be incentivised and celebrated and where individuals' views have led to positive change, this should be recognised.

Hint: The Government Commercial Function (GCF) have created a commercial community that is open and free for public sector staff to join. This includes a specific contract management community in the GCF Community Knowledge Hub (**Contract Management Best Practice Guide – Government Commercial Function (GCF) – Knowledge Hub (khub.net)**).

Local Partnerships 18 Smith Square, London SW1P 3HZ
020 4526 8474 I LPenquiries@localpartnerships.gov.uk

𝕏(🐦) @LP_localgov I local-partnerships-llp I localpartnerships.gov.uk