



cutting through complexity

Procurement Fitness Check for: Cardiff

Output from the on-line survey and face-to-face
meetings

January 2014



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| | Page |
|---|-------------|
| Background and Approach | 3 |
| Executive summary | 4-5 |
| ■ Site Specific Executive Summary | |
| ■ Output from the on-line survey | |
| A detailed overview of the results per dimension | 6-13 |
| ■ Procurement leadership & governance | 6 |
| ■ Procurement strategy & objectives | 7 |
| ■ Defining the supply need | 8 |
| ■ Commodity/ project strategies and collaborative procurement | 9 |
| ■ Contract and supplier management | 10 |
| ■ Key purchasing processes and systems | 11 |
| ■ People | 12 |
| ■ Performance management | 13 |
| Profile of respondents | 14 |
| ■ Profile of respondents | |

Fitness Check – Procurement Maturity Assessment

Background and Approach

Background

- In March 2012, the Minister for Finance commissioned a review into 'Maximising the Impact of Welsh Procurement Policy'. That review recommended the re-introduction of capability assessments or fitness checks, which the Minister subsequently confirmed would be re-introduced. This is also supported by the Public Service Leadership Group (PSLG) chaired by the Minister for Local Government and Communities.
- After a competitive tender, KPMG were appointed by Value Wales (within the Welsh Government) to deliver these capability assessments for all the Local Authorities in Wales.
- The objective of this work was to determine whether organisational procurement capability is adequate and also enable organisations to identify their strengths and areas for improvement. These assessments include actions for improvement which are to be presented to senior management at each Local authority and a copy is to be provided to Value Wales.
- Value Wales intends to provide on-going support for improvement through a 'Procurement Development Service' concept. This support will be linked to national improvement themes that this work identifies within Local Authorities across Wales.

Approach

- Value Wales provided the, previously developed, Welsh Government Capability Model, which KPMG used to develop an on-line questionnaire to assess the Local Authorities capability against this model.
- Each local authority was invited to prepare a list of staff who would be asked to complete the on-line questionnaire confidentially. These staff were either directly or in-directly involved in procurement and the list was intended to cover procurement across the authority.
- KPMG analysed the responses and prepared an initial assessment of the authority's procurement capability (based on the Welsh Government's maturity model). This assessment was then tested and moderated in face-to-face interviews conducted on site at the authority with key procurement managers and stakeholders from across the authority.
- The output of this analysis and these interviews is presented here in this report, together with KPMG's recommended actions for improvement.
- These actions for improvement recognise the activities that are already on-going and planned within the authority and are intended to support those activities and provide practical advice to support the improvements.

Next Steps

- Once this report has been approved by the Head of Procurement and other senior stakeholders at the authority (if appropriate), it will be sent to Value Wales.
- A copy of the two-page executive summary (only) will be provided to the Minister.
- KPMG will also prepare an overall report that summarises the assessments across all the Authorities, identifies common themes for improvement and makes recommendations for Value Wales on how it can support the Authorities through its Procurement Development Service.

Fitness Check – Procurement Maturity Assessment

Cardiff Executive Summary

Overall Maturity Rating

Developing towards advanced

Organisational Context

- Over the last 2 years the central procurement team has increased headcount by 14 FTE to a total of 37 FTE. We understand this investment has supported the transformation of the procurement function and supported the implementation of a category management approach across the organisation.
- The first 3 phases of the procurement transformation are being embedded, and the final phase relating to Contract Management is currently being implemented across the team and organisation.
- In 2013, changes to the Council's senior management structure saw 6 new Directors, a Head of Legal Services and County Clerk & Monitoring Officer commence work in the summer. The C&P team developed Directors, Procurement Packs and held 1-2-1 meetings to review strategic priorities and savings targets.
- The Cardiff Procurement Team has an innovative partnership with the University of South Wales which has led to the development of a procurement framework, designed to instilling better processes and increase skills.
- The central team is well respected across the organisation and there is an opportunity for the team to provide added value through experience and expertise to deliver maximised outcomes through the procurement process for their stakeholders.

Model Dimension

Recommended Actions

Procurement leadership & governance

Procurement strategy & objectives

Defining the supply need

Commodity/project strategies and collaborative procurement

Contract and supplier management

Key purchasing processes and systems

People

Performance management

- To further strengthen strategic planning and governance, a Procurement Forward Plan for all procurements over £150,000 should be developed and agreed by senior managers and cabinet members. Regular progress reports should be provided.
- Senior leadership across the organisation should continue to work together to develop strategies for service delivery and a commitment to deliver savings by working with procurement. This should be completed as a high priority.
- The transformational journey to maturity for category management across the organisation is ongoing. Knowledge sharing sessions within category teams and the wider procurement team will continue to increase individual and team skill sets.
- This is the next focus area for the procurement team's transformation and is currently being implemented. The Head of Procurement and team should ensure project outcomes are updated and that a review of implementation occurs mid 2014.
- Continue to investigate PROACTIS for purchase by the organisation to improve system functionality and streamlining of process between interoperable systems.
- Continued up-skilling of staff (central team and organisational wide) to embed category management through informal catch ups – lunch time knowledge sharing sessions, formalised meetings etc and formal training where appropriate.
- Calculating and reporting performance is critical to central procurement offering a value adding service and demonstrating that value. Implement planned improvements to data management systems and utilise data to further improve the management of influencable spend.

Fitness Check – Procurement Maturity Assessment

Cardiff Executive Summary

| Model Dimension | Comparison | Welsh Gaps | UK Public Sector Gaps | Comments |
|--|------------|------------|-----------------------|---|
| Procurement leadership & governance | | 29 | 42 | <ul style="list-style-type: none"> Clearly defined procurement strategy driven by a central team, strong Head of Procurement |
| Procurement strategy & objectives | | 40 | 30 | <ul style="list-style-type: none"> Procurement strategy defined and driving transformational journey |
| Defining the supply need | | 29 | 10 | <ul style="list-style-type: none"> Still developing working with Directorates to define more flexible solutions/outcomes |
| Commodity/project strategies and collaborative procurement | | 21 | 15 | <ul style="list-style-type: none"> Journey to maturity ongoing, increasing team skill sets in this area |
| Contract and supplier management | | 22 | 2 | <ul style="list-style-type: none"> Is the next focus area of transformational procurement journey |
| Key purchasing processes and systems | | 17 | 23 | <ul style="list-style-type: none"> Currently reviewing the functionality of PROACTIS for purchase by organisation to enhance outputs |
| People | | 26 | | <ul style="list-style-type: none"> Ongoing development of individual up-skilling within the centralised team |
| Performance management | | 43 | 28 | <ul style="list-style-type: none"> Foundations in place, new systems being investigated will increase this score in the future |

Cardiff Average Maturity Grade

Average of Welsh Authorities

UK Public Sector Benchmark

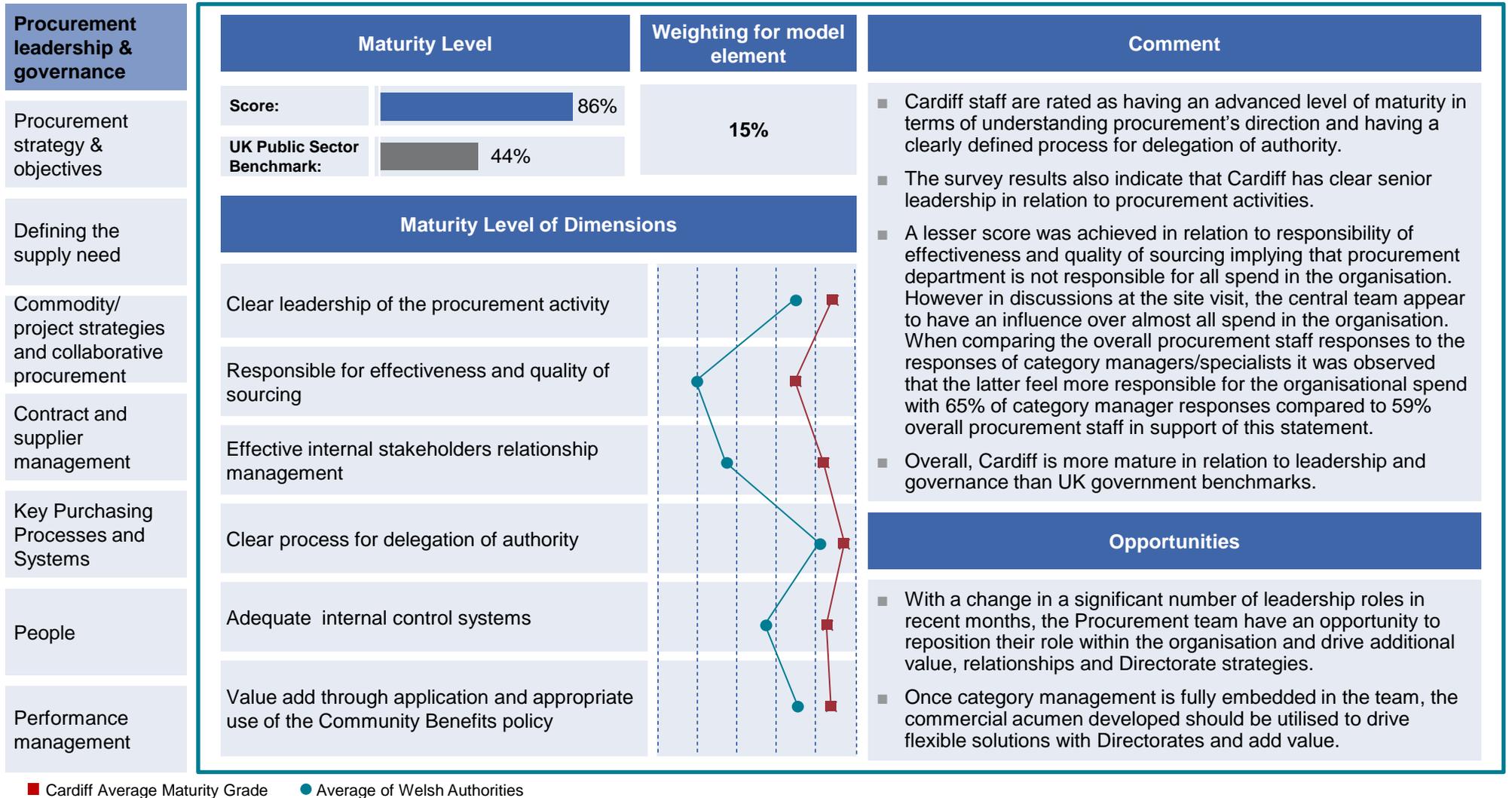
Benefits from implementing recommendations

As the team continues to roll out category management across the organisation and stronger commercial contract management is implemented, our experience would suggest Cardiff should reasonably expect to achieve additional savings of 2% - 4% of total third party spend each year.

Overall recommendations

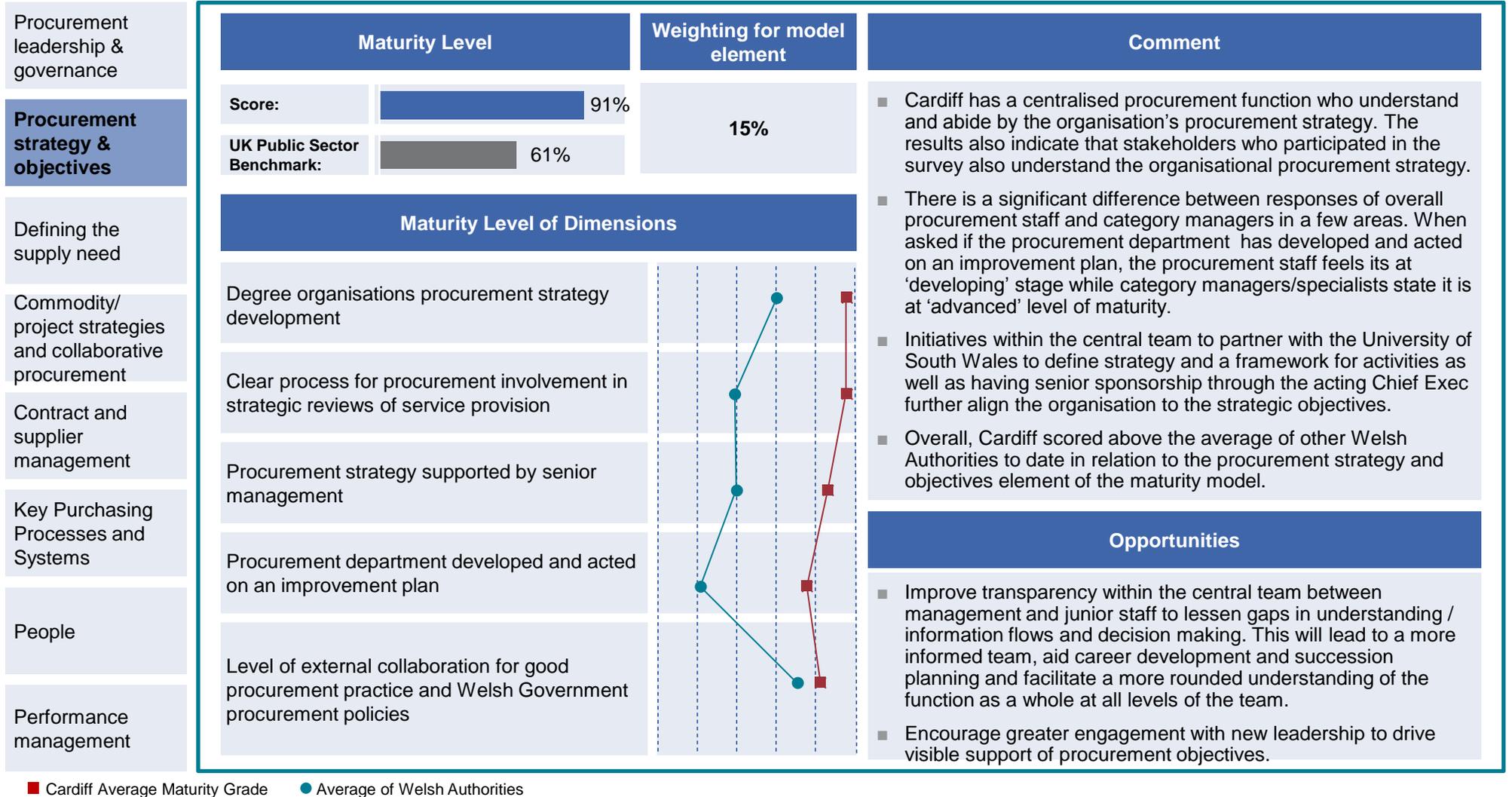
There is alignment to the current project delivery plan for procurement transformation within Cardiff Council, whereby the recommendations note the progress and good work the team has undertaken to date. Organisations with this level of maturity should be beginning to accelerate the benefits they can deliver to the organisation both in terms of savings, quality of the services procured and the service to internal customers.

A detailed overview of the results per dimension KPMG found ...



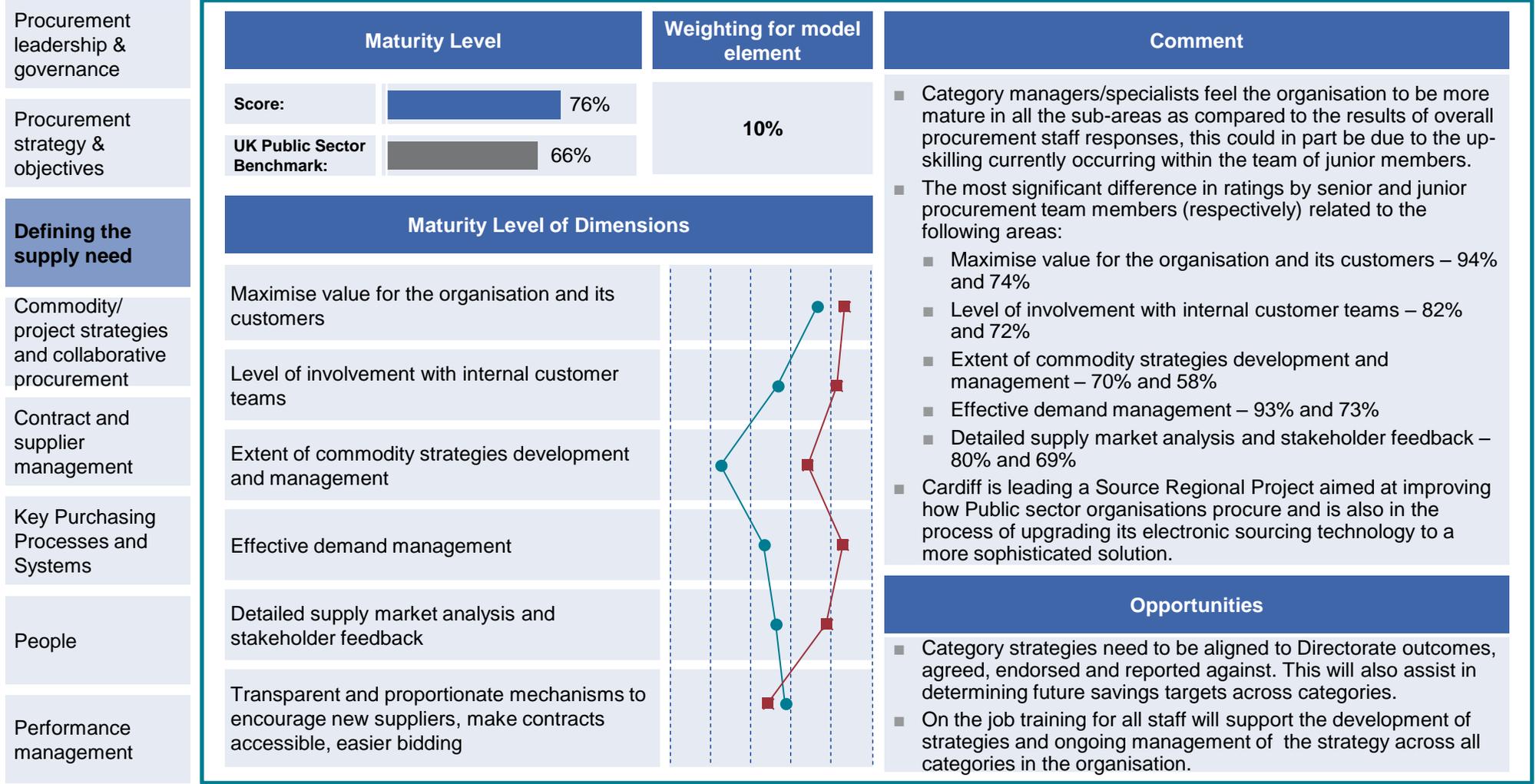
Procurement strategy and objectives

A detailed overview of the results per dimension KPMG found ...



Defining the supply need

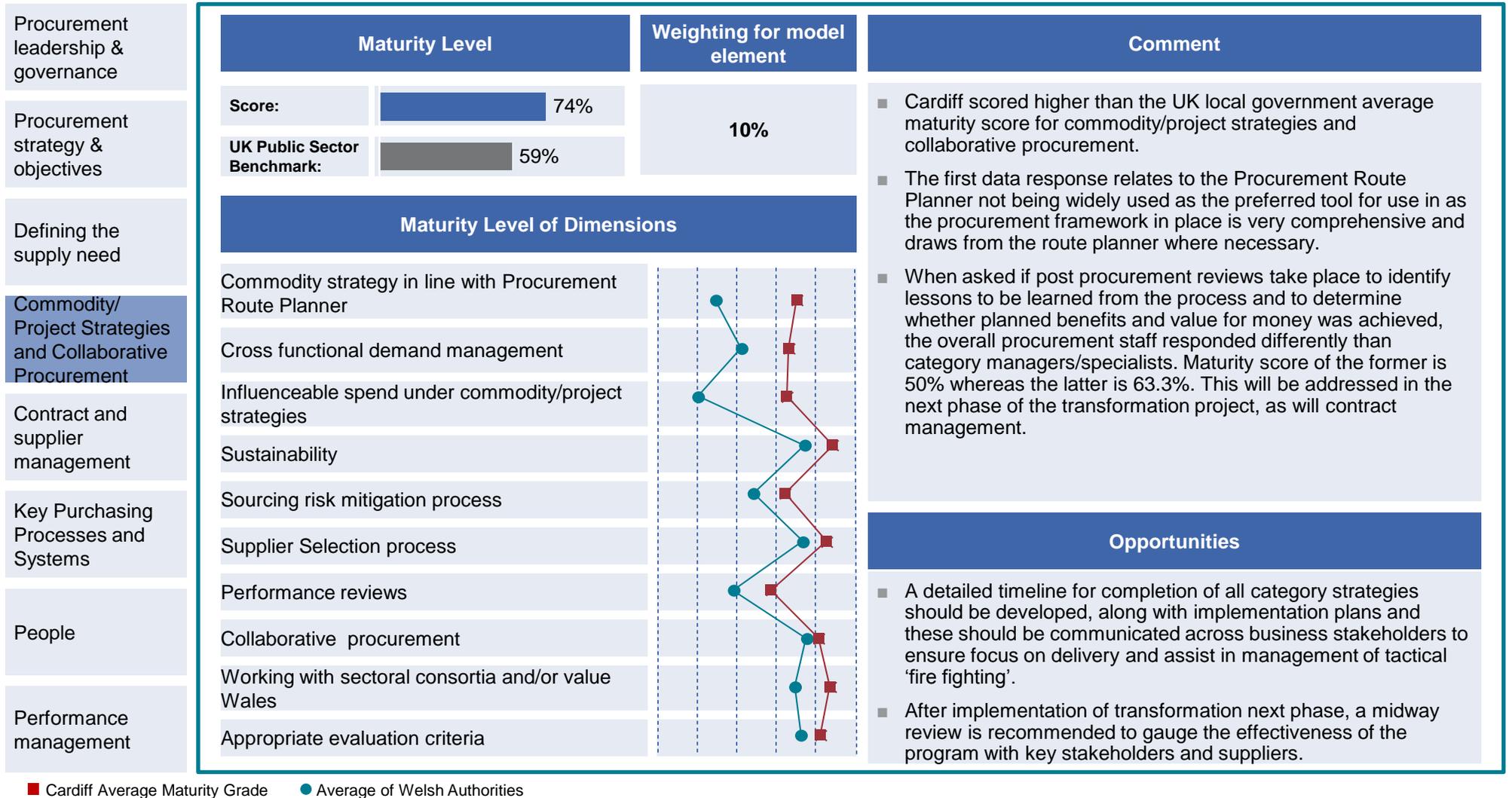
A detailed overview of the results per dimension KPMG found ...



■ Cardiff Average Maturity Grade ● Average of Welsh Authorities

Commodity/ project strategies and collaborative procurement

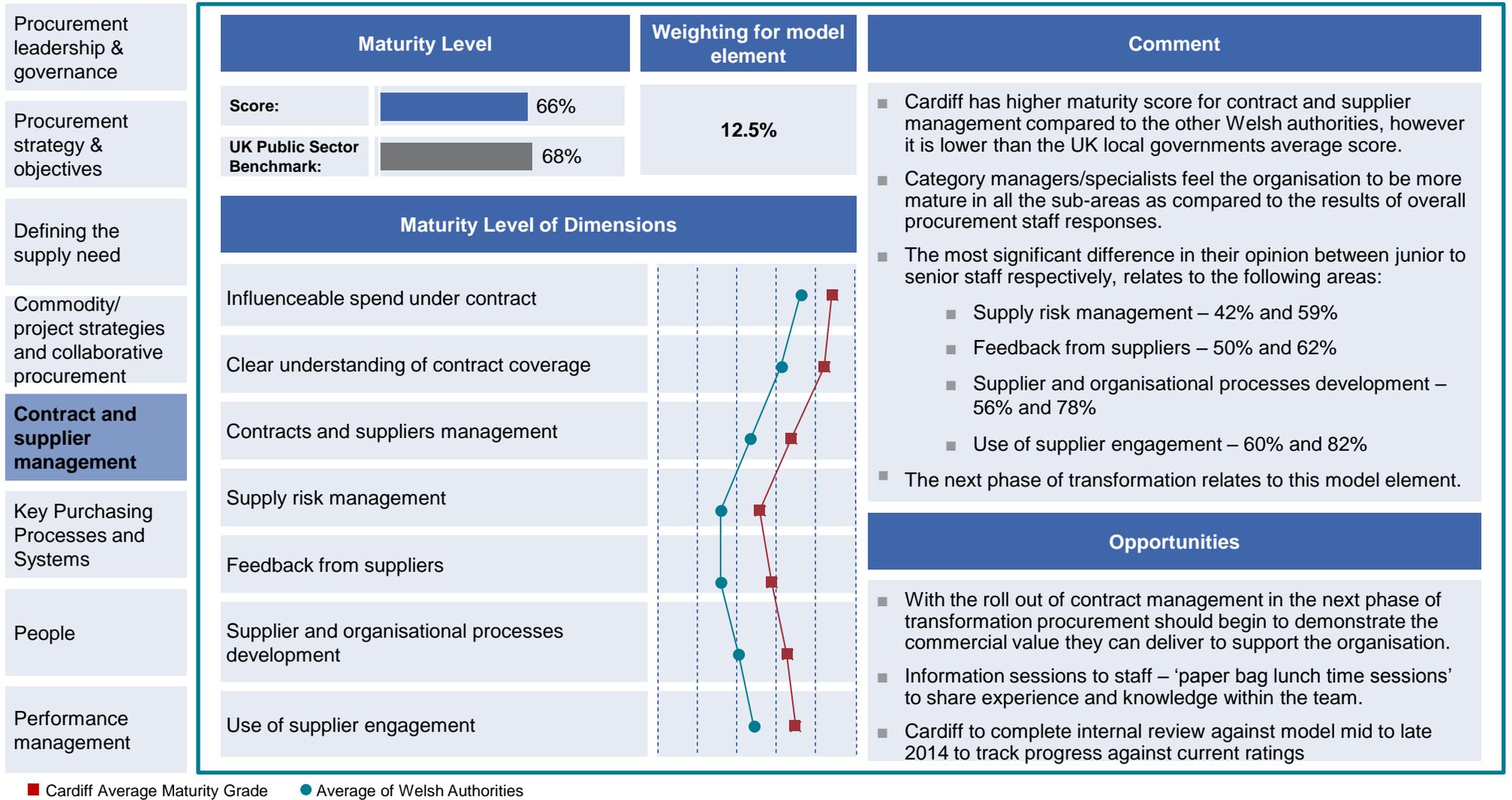
A detailed overview of the results per dimension KPMG found ...



■ Cardiff Average Maturity Grade ● Average of Welsh Authorities

Contract and supplier management

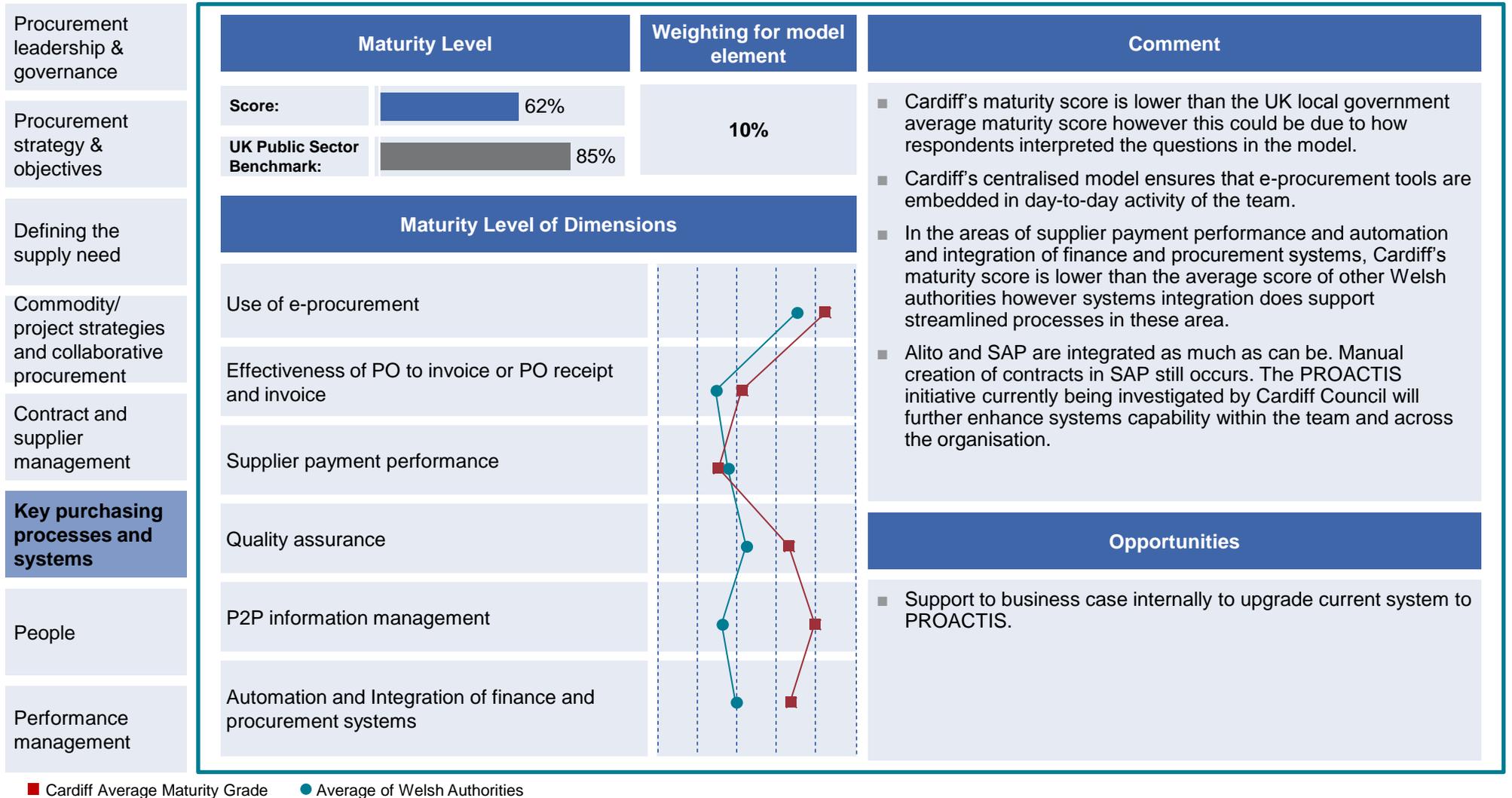
A detailed overview of the results per dimension KPMG found ...



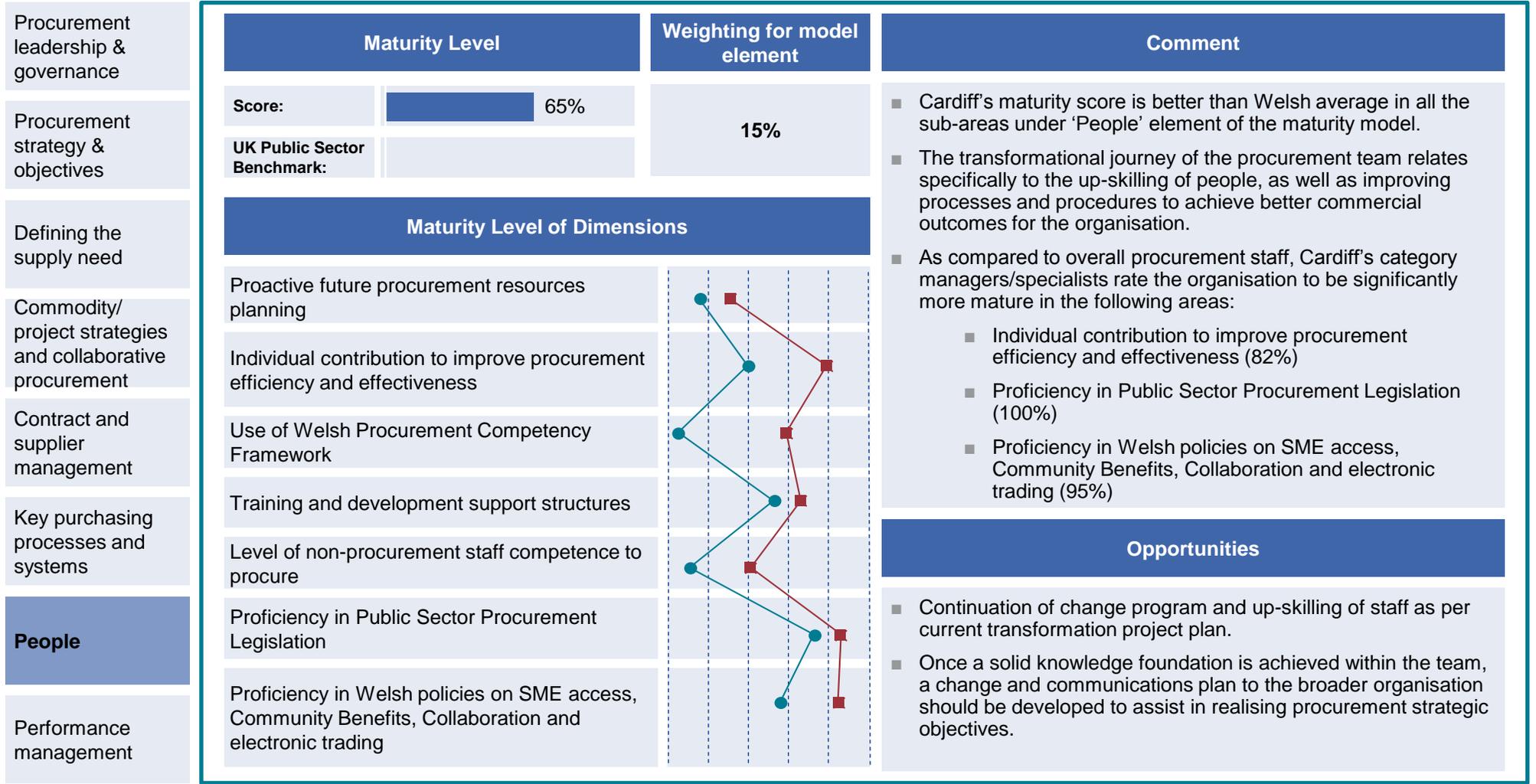
■ Cardiff Average Maturity Grade ● Average of Welsh Authorities

Key purchasing processes and systems

A detailed overview of the results per dimension KPMG found ...

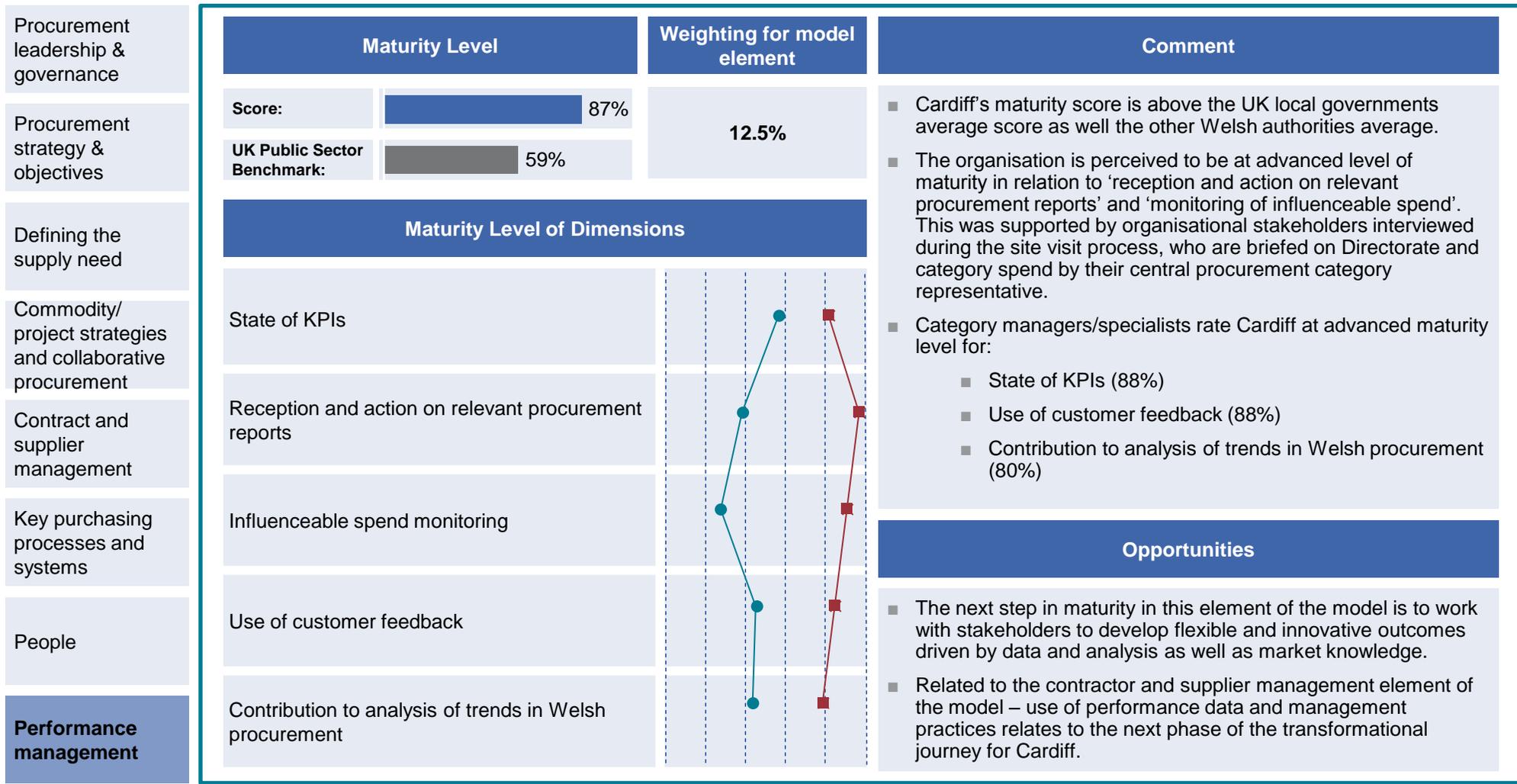


A detailed overview of the results per dimension KPMG found ...



■ Cardiff Average Maturity Grade ● Average of Welsh Authorities

A detailed overview of the results per dimension KPMG found ...



■ Cardiff Average Maturity Grade ● Average of Welsh Authorities

Fitness Check – Procurement Maturity Assessment

Profile of respondents

| | Number of respondents |
|--|-----------------------|
| | 39 |

| Qualification | Number of respondents |
|------------------------|-----------------------|
| Degree (or equivalent) | 46% |
| Masters | 8% |
| MBA | 0% |
| CIPS | 15% |
| MCIPS | 23% |
| Other | 36% |
| Total | 39 |

| Years Experience | Number of respondents |
|------------------|-----------------------|
| Less than 10 | 25 |
| 10 - 15 | 4 |
| 15 - 20 | 2 |
| 20 - 25 | 1 |
| 25 - 30 | 3 |
| Greater than 30 | 4 |
| Total | 39 |

| Contract Value responsibility | Number of respondents |
|-------------------------------|-----------------------|
| Between £0 -£500K | 25 |
| Between £500K - £10m | 6 |
| Greater than £10m | 8 |
| Total | 39 |



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