



cutting through complexity

Procurement Fitness Check for: Carmarthenshire

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

December 2013



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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

Carmarthenshire Executive Summary

Overall Maturity Rating

Developing towards Conforming

Organisational Context

- Carmarthenshire have a relatively small central procurement unit (CPU) (headcount of 6 fulltime employees, 1 officer working four days a week and 1 temporary European officer) made up of a contracting unit and an enabling and innovation unit, procurement activity is devolved to departments.
- CPU is experienced at the technical aspects of tendering and compliance. However there is no central contract register to ensure the Authority is compliant with financial regulations, current activity tends to be reactive with departments often seeking their expertise at short notice, hindering its ability to create internal capacity for example the development of tools to delegate some procurement activity.
- Although there is ambition for CPU to develop and innovate its procurement activities – such as a move to a category management approach and utilising procurement expertise within departments – it is limited by the capacity of the central team.
- The Authority has a requirement to make savings and identify efficiencies and procurement can support this but it needs to ensure procurement is higher on the leadership strategic agenda and it maximises the use of procurement resources available.

Model Dimension

Recommended Actions

Procurement leadership & governance

- Assign an SLT director with responsibility to develop, champion and push forward the procurement agenda and maximise a range of benefits including the cost savings a high performing procurement function would bring. Develop and communicate procurement strategies and plans which are integrated with the Corporate strategic agenda and championed by SLT.

Procurement strategy & objectives

- Implement a procurement forum to identify procurements, bring officers together to develop a consistent approach and maximise the use of all procurement resources and expertise (not just the central team).

Defining the supply need

- Identify areas to increase capacity – such as a tendering tool kit – to allow procurement officer to identify and analyse categories of spend and demand drivers.

Commodity/project strategies and collaborative procurement

- Consider implementing a category management approach to procurement – at least for the major categories of spend.

Contract and supplier management

- Implement a central contracts register and introduce procurement team involvement in management of the major and critical contracts to provide more commercial input into contract management.

Key purchasing processes and systems

- P2P and the integration of finance and procurement systems requires a contract register to be in place with all contracts on the finance system.

People

- Develop a training plan via the procurement forum to ensure teams remain up to date with legislative and policy developments, increase use and understanding of e-tendering developments and build competencies across the Authority

Performance management

- Develop a contracts register to allow CPU to monitor spend across the Authority and extend the performance metrics monitored to include spend under contract, contracts expired and extended etc and report on a regular basis

Fitness Check – Procurement Maturity Assessment

Carmarthenshire Executive Summary

Model Dimension	Comparison	Welsh Gaps	UK Public Sector Gaps	Comments
Procurement leadership & governance		5	18	<ul style="list-style-type: none"> A procurement forum with strategic leadership is required to bring together expertise and innovate.
Procurement strategy & objectives		3	7	<ul style="list-style-type: none"> Strategy in place, opportunity for greater integration with corporate and strategic strategies
Defining the supply need		13	32	<ul style="list-style-type: none"> No formal category management approach or data gathered to define spend and need
Commodity/project strategies and collaborative procurement		9	15	<ul style="list-style-type: none"> External collaboration is good. No formal category management and strategies
Contract and supplier management		8	32	<ul style="list-style-type: none"> No central contracts register in place, little CPU involvement in contract and supplier management
Key purchasing processes and systems		2	42	<ul style="list-style-type: none"> E-procurement developing. P2P information and management not in place
People		3		<ul style="list-style-type: none"> A procurement forum would facilitate training and sharing of best practice
Performance management		5	20	<ul style="list-style-type: none"> Performance is monitored by CPU for known spend, introduce contract register and report

● Carmarthenshire Average Maturity Grade ● Average of Welsh Authorities ● UK Public Sector benchmark

Overall Recommendations

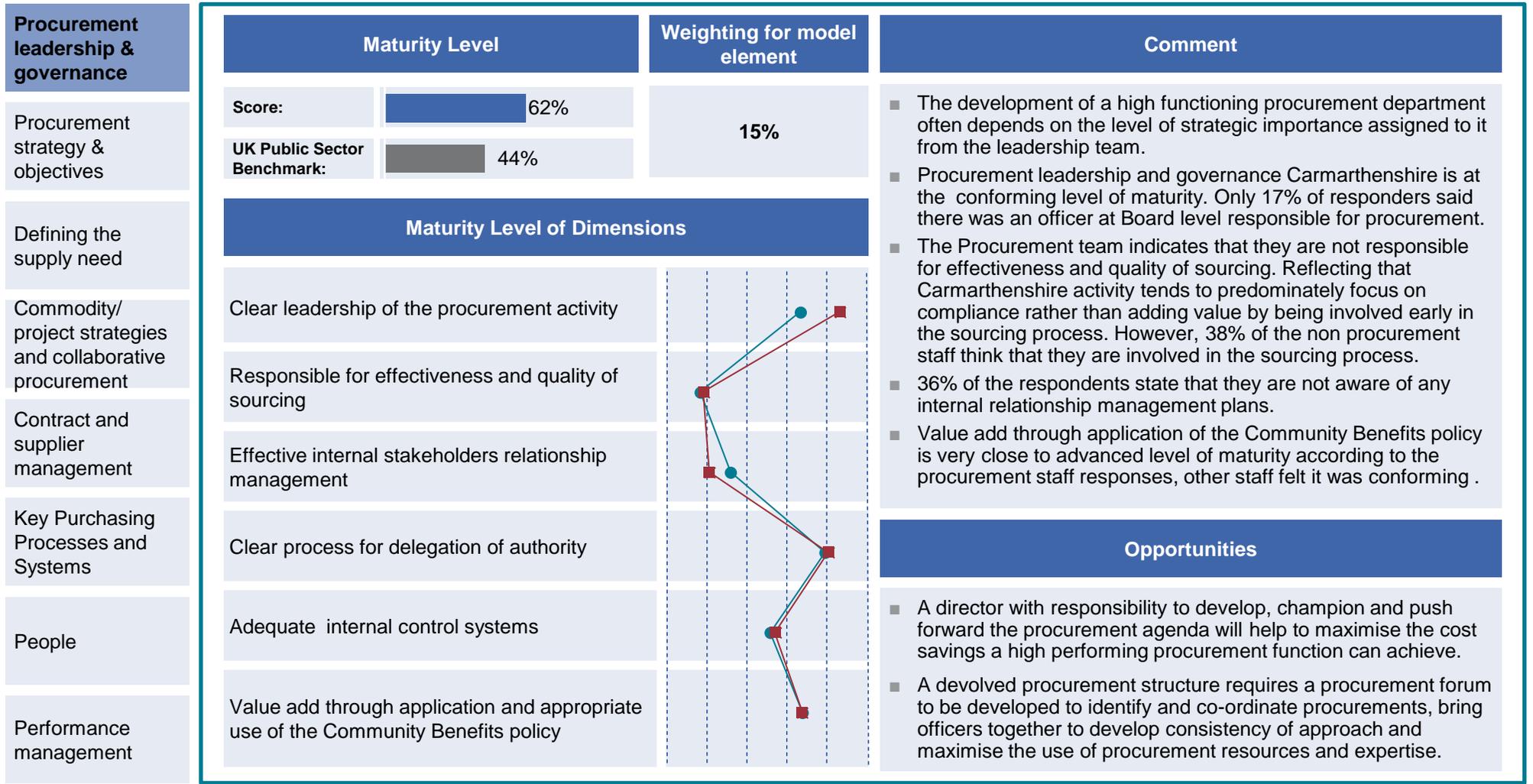
Category management, supported by robust spend and data analytics could deliver significant savings and provide strategic alignment for the Authority. Consideration should be given to review the place of procurement within the Corporate Strategy and plans. Any change in approach will need to be supported and championed by Senior leadership. A central contract register needs to be put in place, procurement resource and expertise needs to be identified and a procurement forum introduced.

Likely benefits of implementing recommendations

The Authority's procurement resources (in the wider organisation as well as the central team) needs to be better utilised to meet the significant savings required. A category management approach has the potential to do this by identifying key spend areas, reviewing demand drivers, bringing market and supplier insights and managing contracts on a more commercial basis to maximise value for money.

Procurement leadership & governance

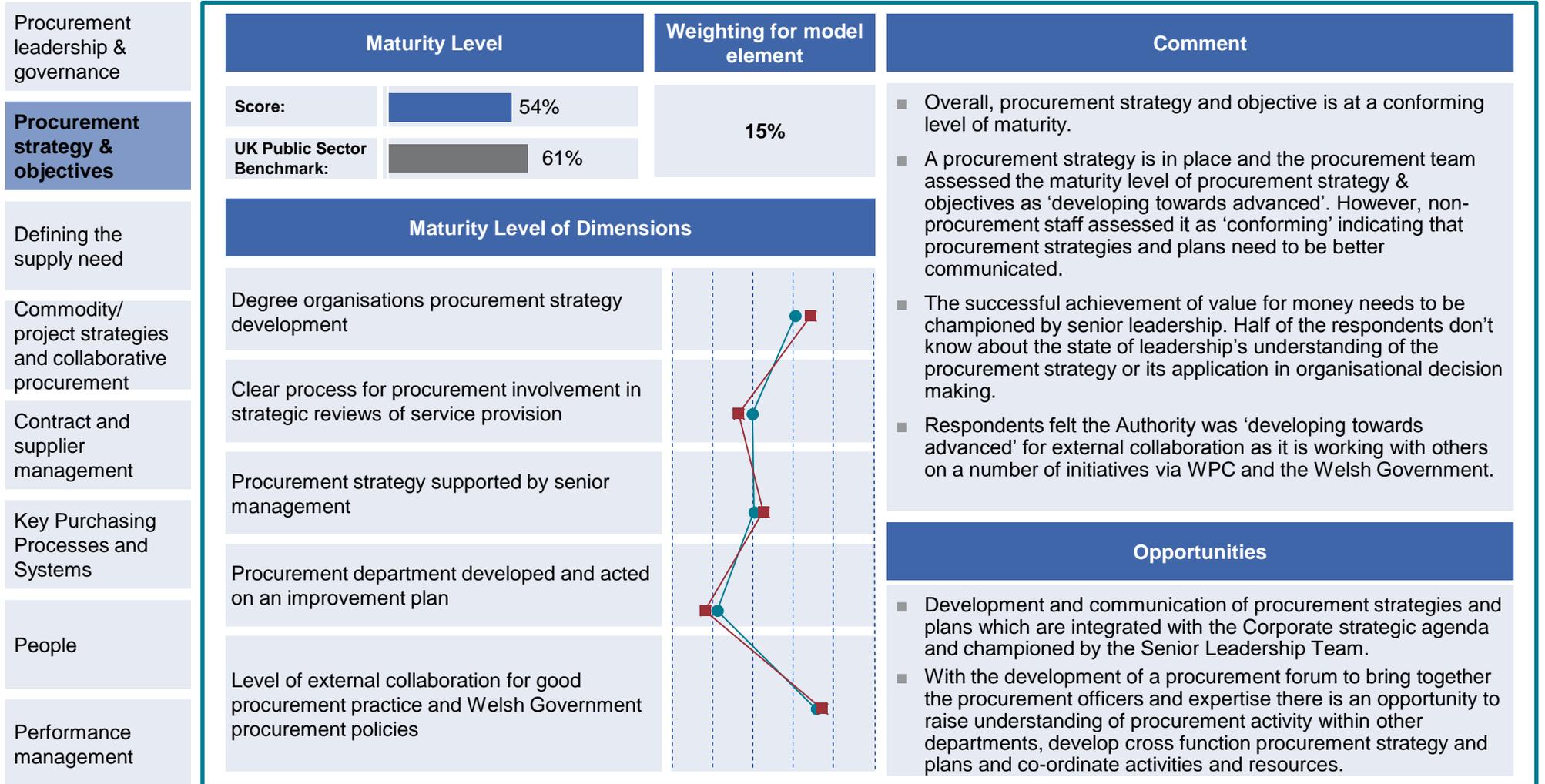
A detailed overview of the results per dimension KPMG found ...



■ Carmarthenshire Average Maturity Grade ● Average of Welsh Authorities

Procurement strategy and objectives

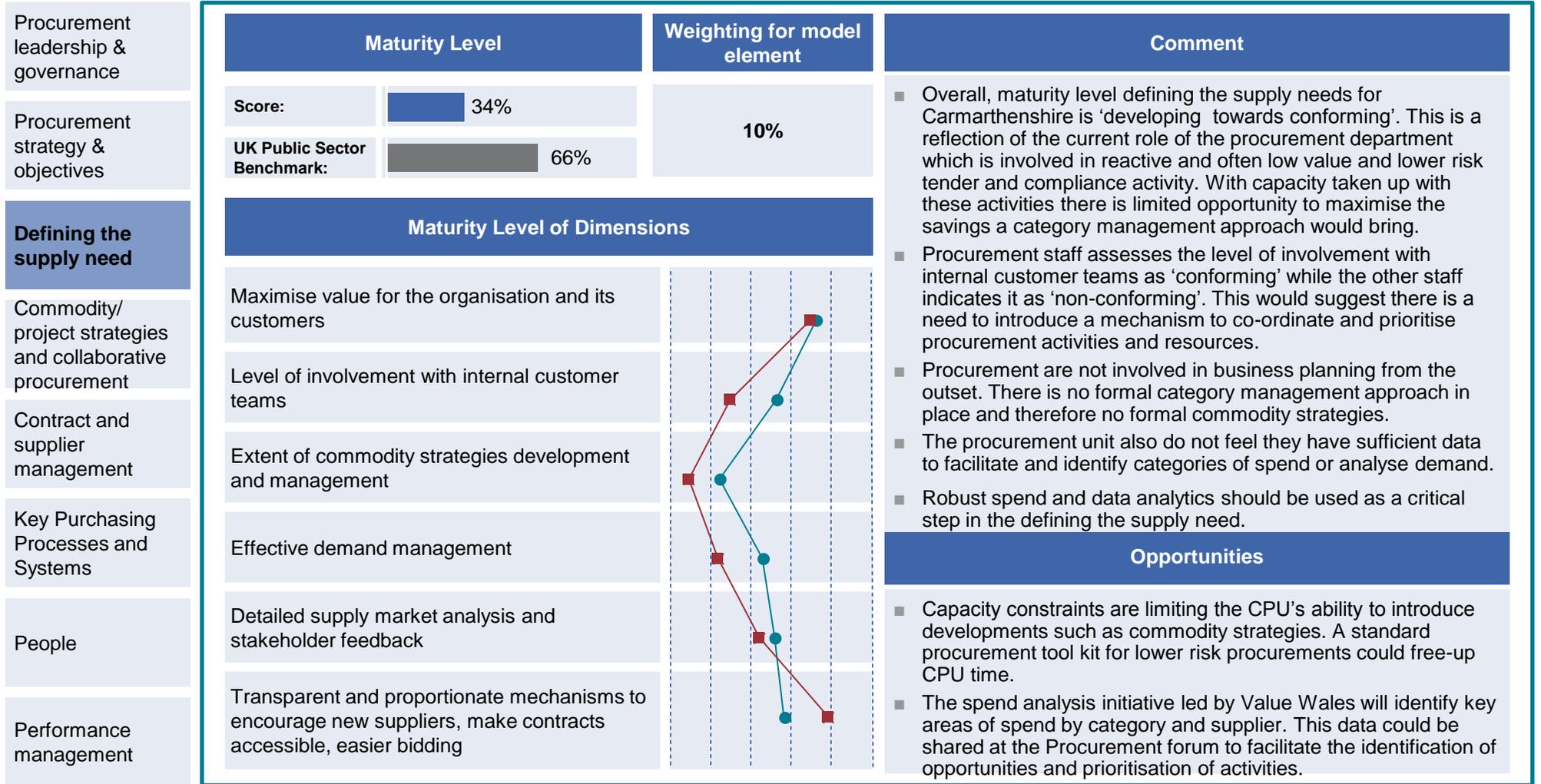
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Defining the supply need

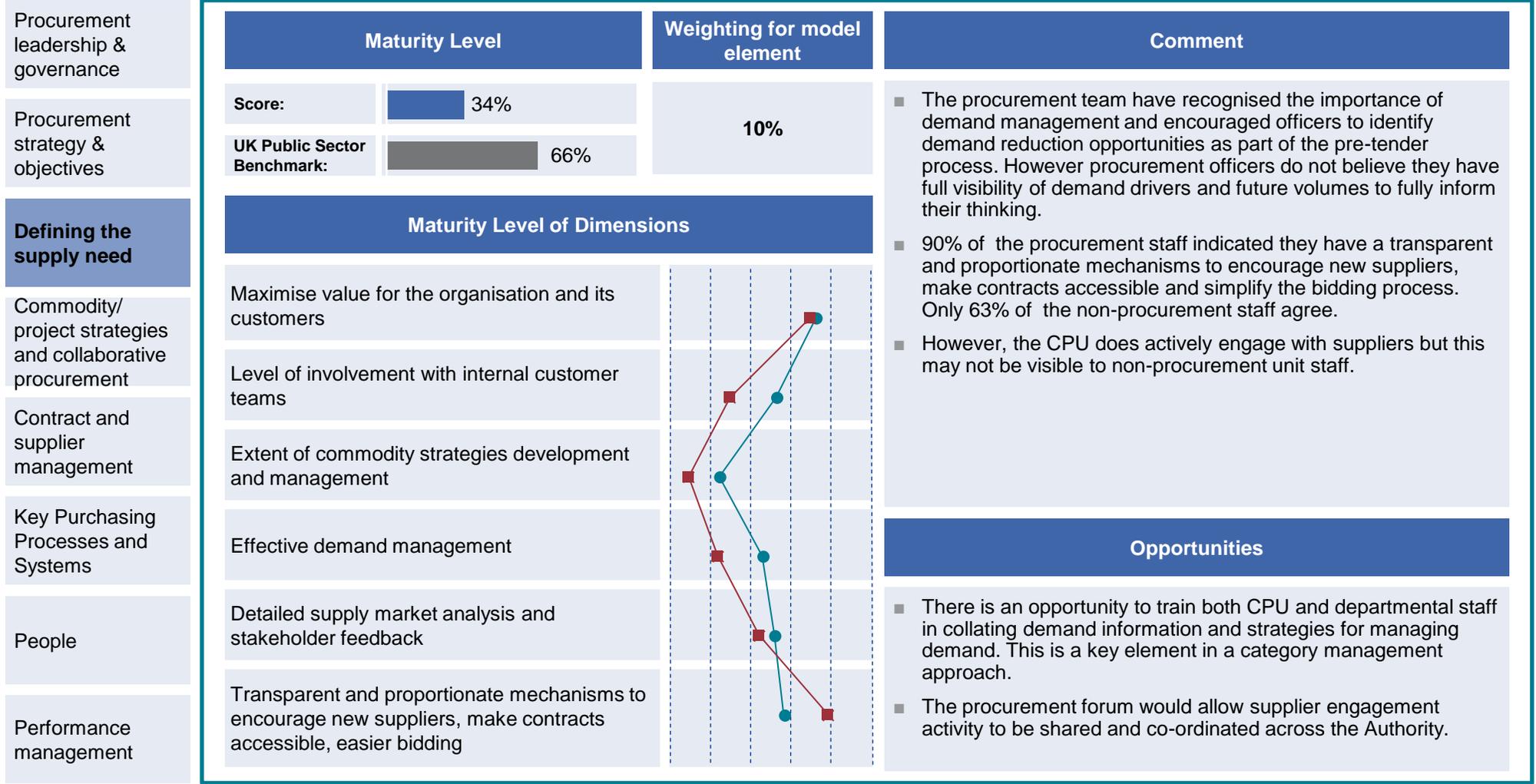
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Defining the supply need

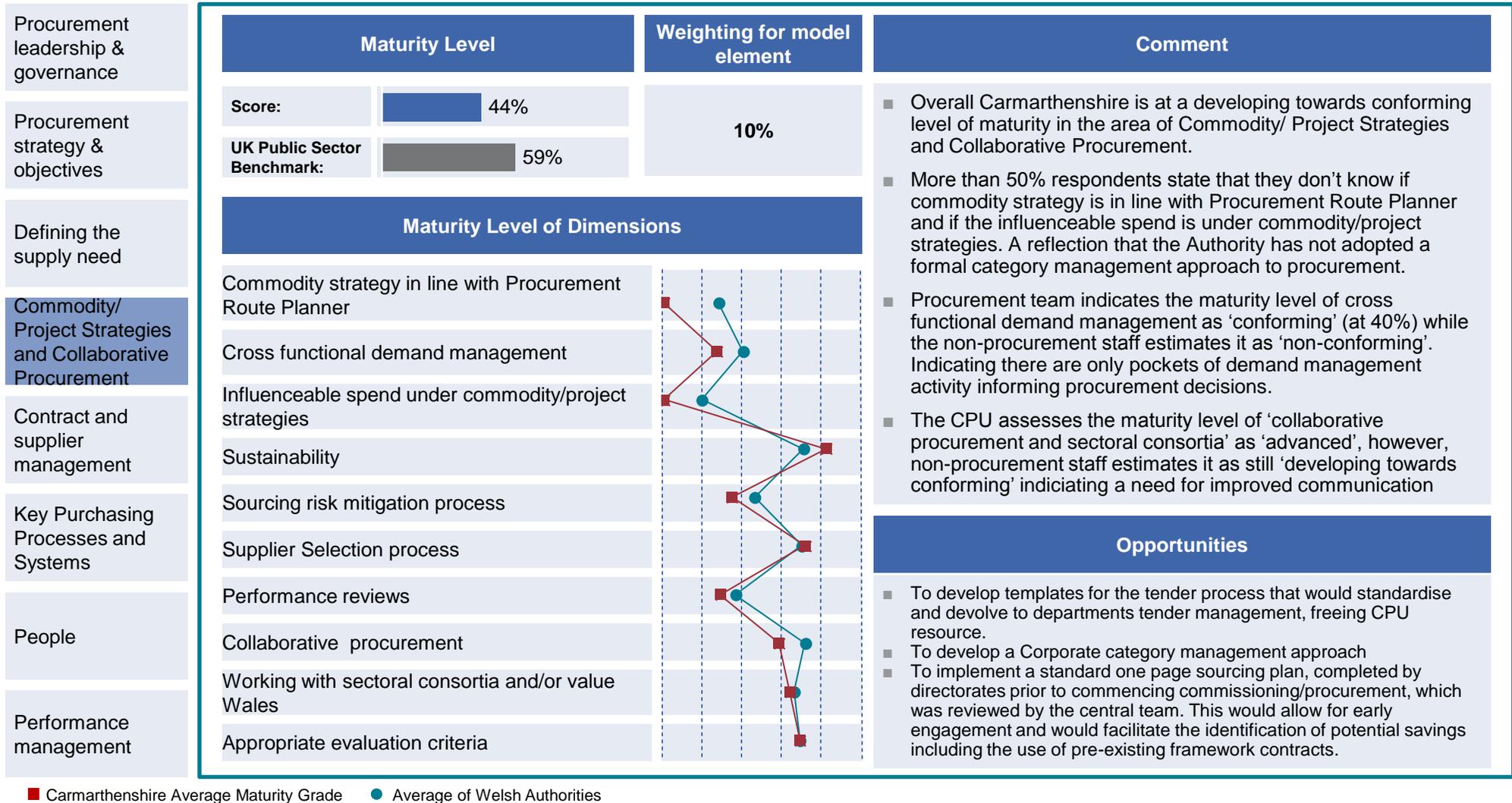
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Commodity/ project strategies and collaborative procurement

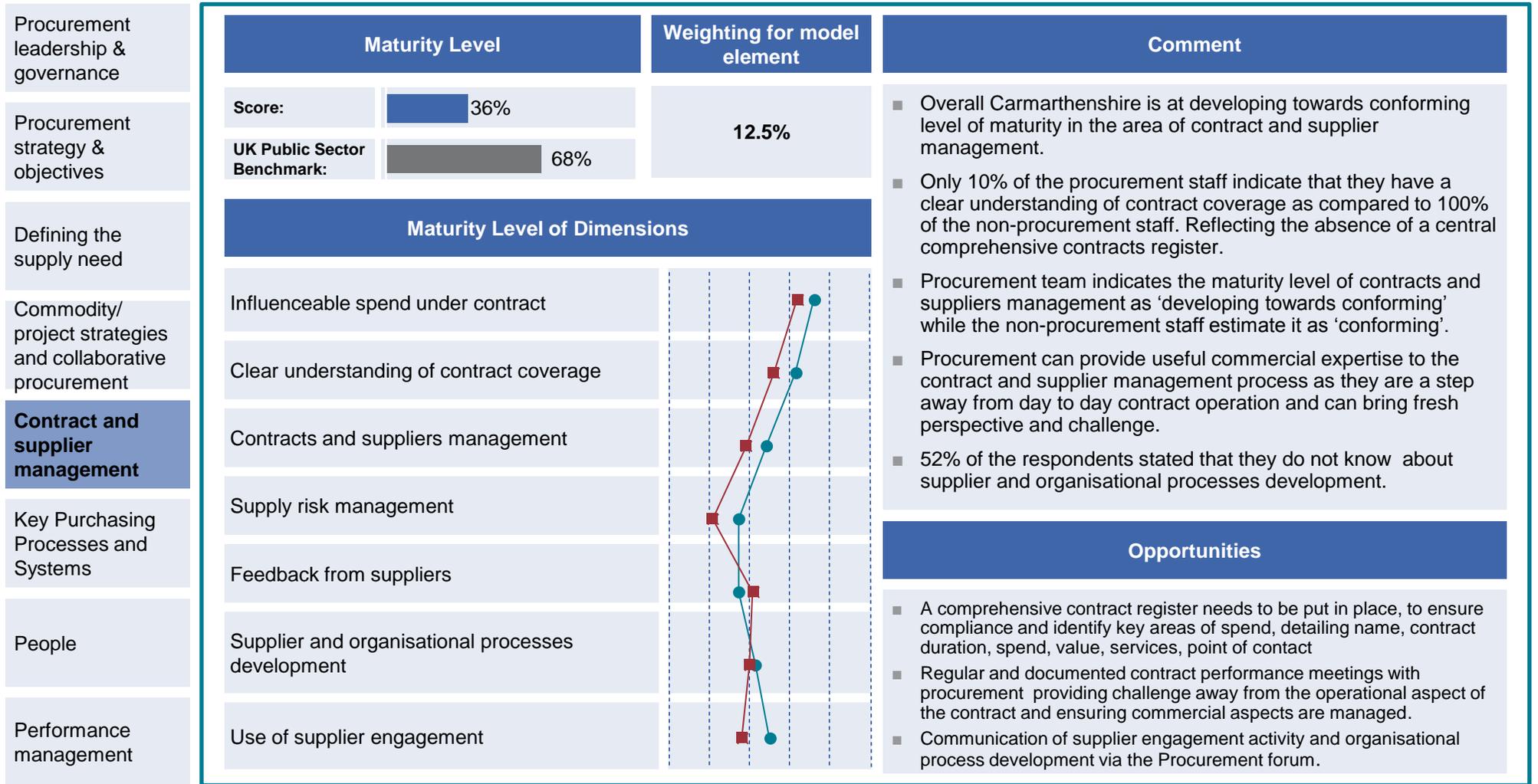
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Contract and supplier management

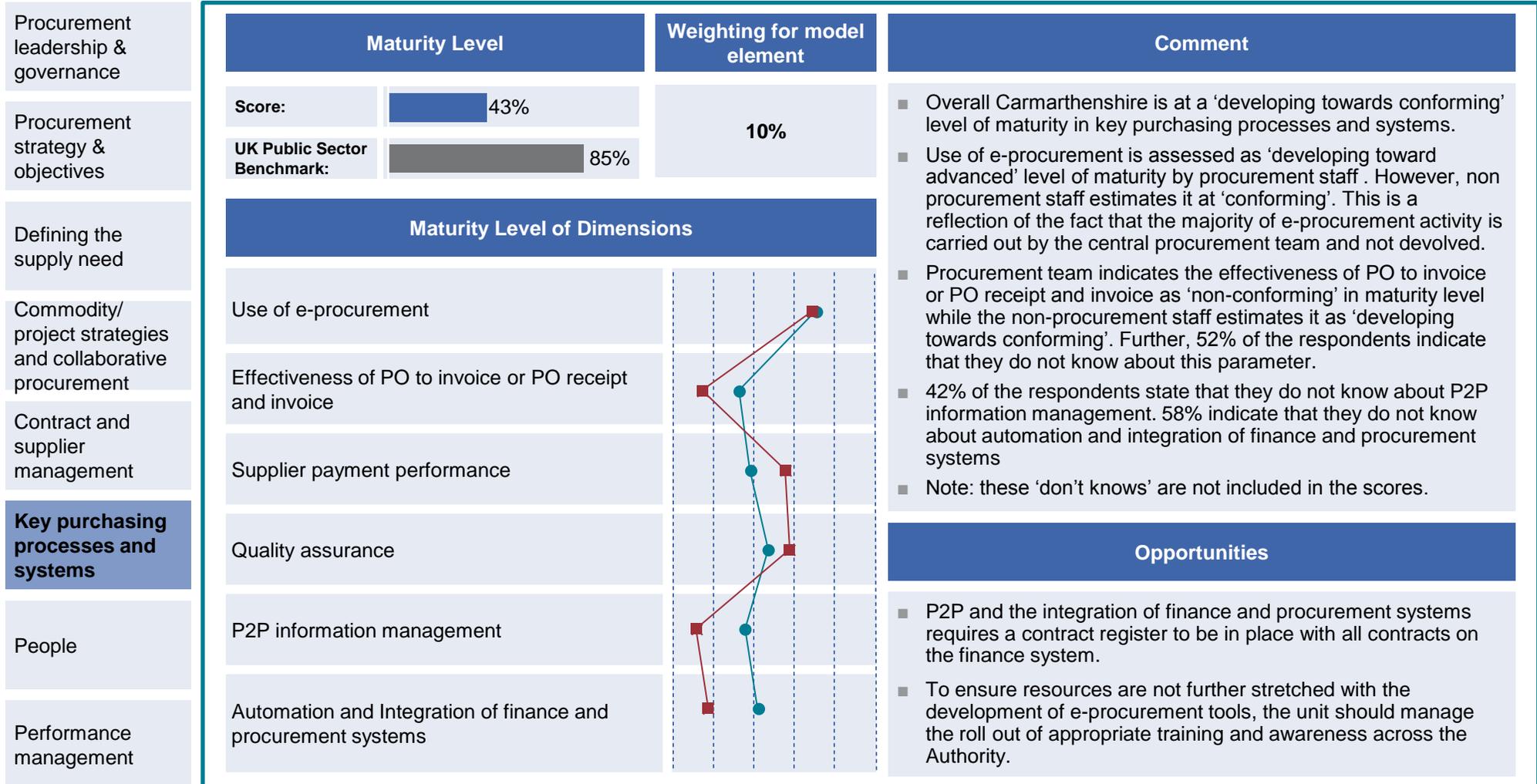
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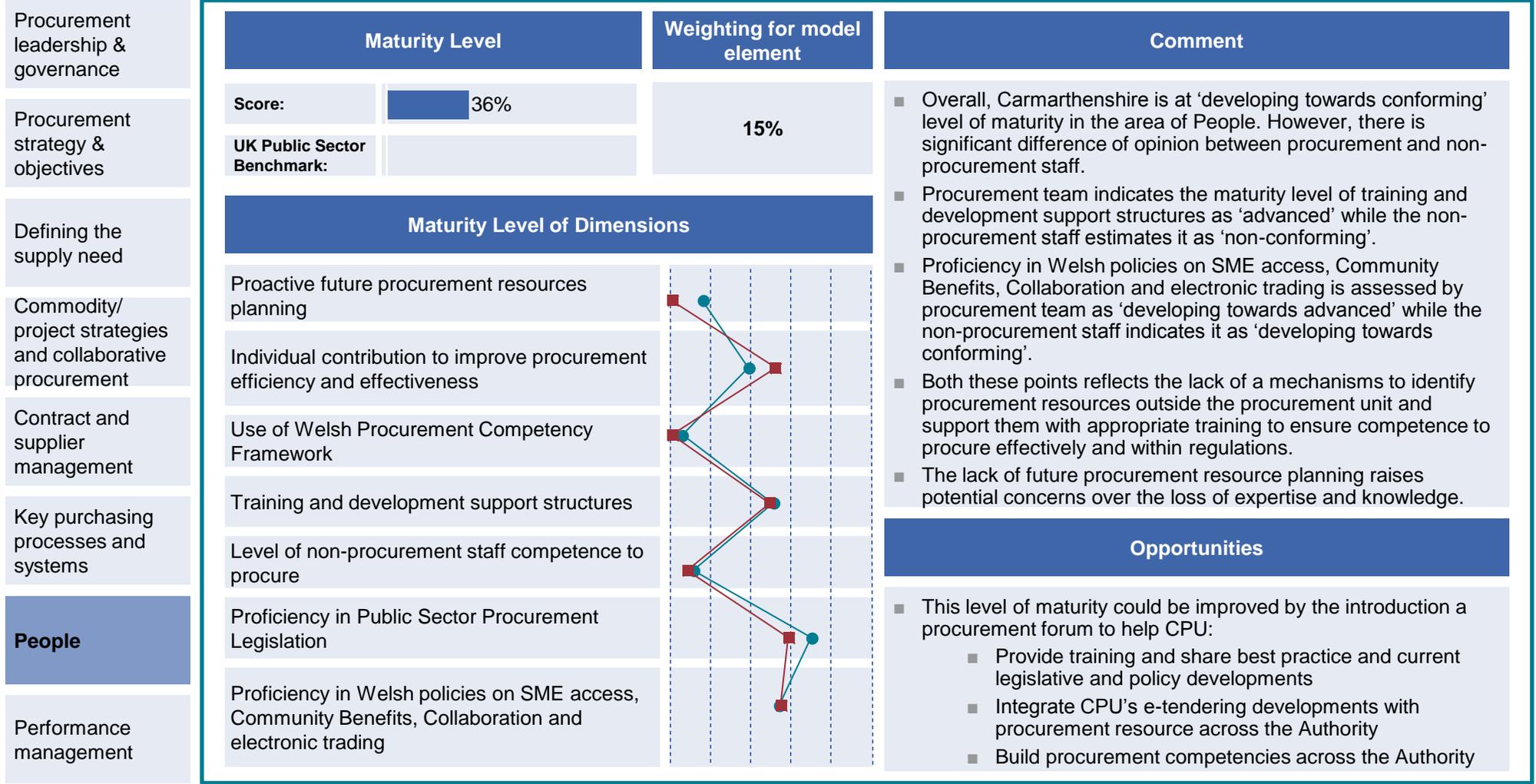
Key purchasing processes and systems

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



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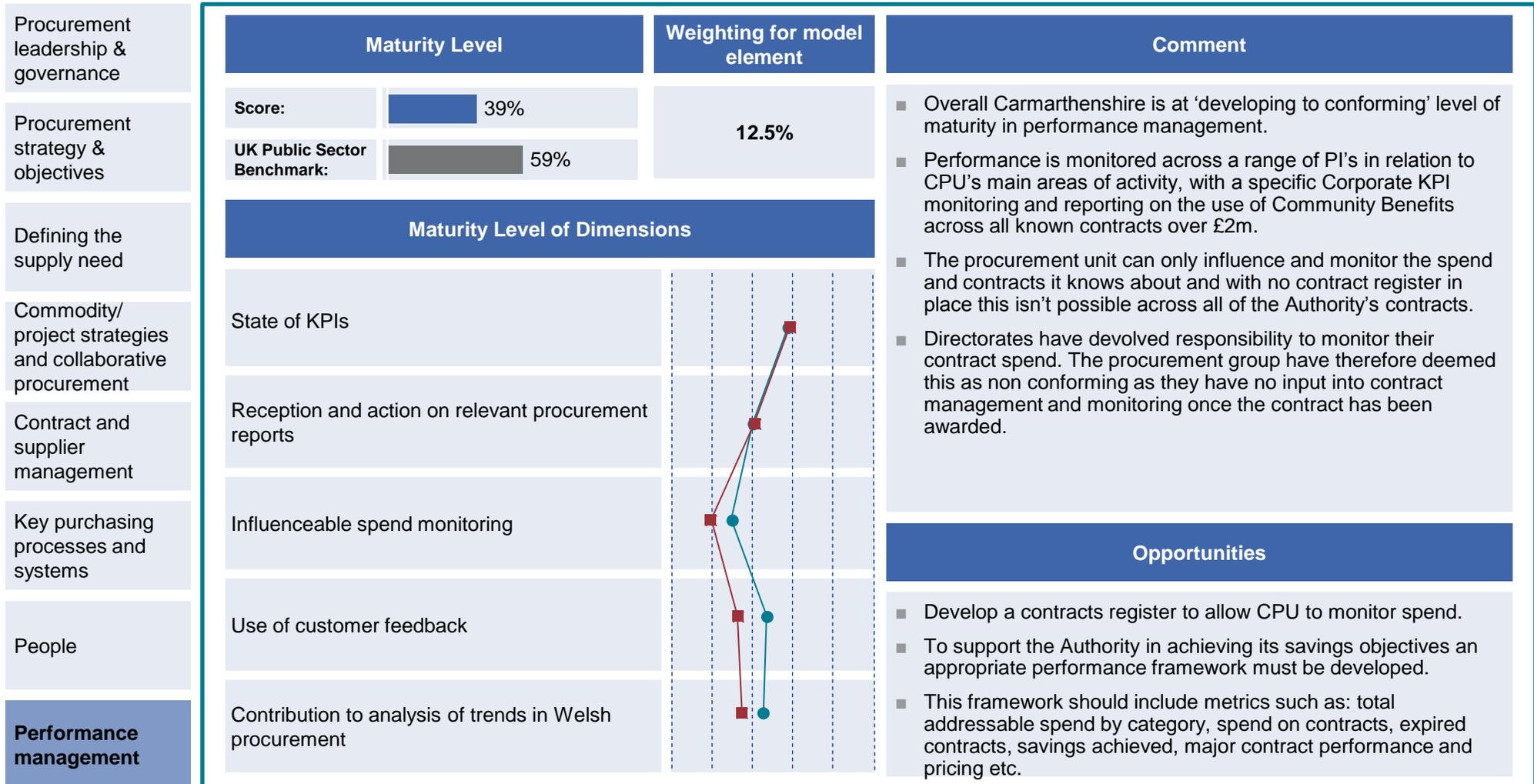
A detailed overview of the results per dimension KPMG found ...



■ Carmarthenshire Average Maturity Grade ● Average of Welsh Authorities

Performance management

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



■ Carmarthenshire Average Maturity Grade ● Average of Welsh Authorities

Fitness Check – Procurement Maturity Assessment

Profile of respondents

	Number of respondents
Total	18

Qualification	Number of respondents
Degree (or equivalent)	44%
Masters	0%
MBA	0%
CIPS	6%
MCIPS	33%
Other	50%
Total	18

Years Experience	Number of respondents
1-10	8
11-20	6
21-30	3
More than 30	1
Total	18

Contract Value responsibility	Number of respondents
Between £0 -£500K	9
Between £500K - £10m	3
Greater than £10m	6
Total	18



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