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# Procurement Fitness Check for: Ceredigion

Output from the on-line survey and telephone  
meetings

December 2013



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

## Ceredigion Executive Summary

### Overall Maturity Rating

### Developing towards advanced

### Organisational Context

- As of April 2013, Ceredigion have restructured and now have four strategic Heads of Service, all of whom have clear visibility and responsibility to ensure procurement is strategic and has service level buy in.
- The Authority has sourced expertise from neighbouring Pembrokeshire to replace the Chief Procurement Officer who recently left the authority. The central procurement team currently has 2 FTEs.
- The central procurement team provides support, compliance and advice to directorates to ensure procurement processes are optimised and ensure compliance with established procedures.
- The central team lead on supporting procurement exercises that are high risk/high value, major corporate contracts and manage EU contracts and standards.
- Ceredigion have achieved on average an annual saving of £1.6 mill over a 3 year rolling period, of which 54% is attributable to procurement activities.

### Model Dimension

### Recommended Actions

Procurement leadership & governance

- Following the organisational structuring, repeat the communication about current structures and governance procedures, this will bring focus back to key procurement requirements and strategy.

Procurement strategy & objectives

- Develop communication strategy and implement across the organisation relating to the new procurement strategy and its place at the heart of the Authority's vision is shared and understood by all staff.

Defining the supply need

- Widen commodity strategies beyond large, high risk spend to all categories of spend and review on an annual basis to ensure relevance and market information is maintained and alignment to strategic objectives.

Commodity/project strategies and collaborative procurement

- Develop process for monitoring influenceable spend as part of the cross-service commodity strategy, additionally to aid compliance and performance management measures.

Contract and supplier management

- Extend risk management to periodic review over the life of the contract and also increase the regularity of collecting formal supplier feedback to better inform supplier management and processes.

Key purchasing processes and systems

- Ensure service areas are aware of current payment procedures (including immediate payment) and quality assurance practice.

People

- Continue to raise awareness about the changes in procedures. Continue communications to raising the profile of procurement. Ensure non-procurement staff are up-skilled appropriately.

Performance management

- Increase visibility and monitoring of all spend, including influenceable spend, by including spend analysis in commodity strategies and by updating the purchasing system. Ensure KPIs are shared across the Authority and have senior buy-in.

# Fitness Check – Procurement Maturity Assessment

## Ceredigion Executive Summary

Model Dimension	Comparison	Welsh Gaps	UK Public Sector Gaps	Comments
Procurement leadership & governance		19	32	<ul style="list-style-type: none"> <li>Good structures and reporting lines in place following April 2013 restructure.</li> </ul>
Procurement strategy & objectives		39	29	<ul style="list-style-type: none"> <li>Newly formulated strategy that places procurement at the heart of the Authority's vision.</li> </ul>
Defining the supply need		22	3	<ul style="list-style-type: none"> <li>Formalise the good practice in supporting suppliers to ensure e-tendering participation.</li> </ul>
Commodity/project strategies and collaborative procurement		17	11	<ul style="list-style-type: none"> <li>Collaboration with neighbouring authority to strategically drive procurement internally.</li> </ul>
Contract and supplier management		20	4	<ul style="list-style-type: none"> <li>Processes in place to manage contract/suppliers which could be increased to enhance data.</li> </ul>
Key purchasing processes and systems		18	22	<ul style="list-style-type: none"> <li>Policies and procedures in place, including early payment for SMEs.</li> </ul>
People		14		<ul style="list-style-type: none"> <li>Good response to supplier feedback in varying contract renewal frequency.</li> </ul>
Performance management		28	13	<ul style="list-style-type: none"> <li>Good level of performance management reporting to highest level within authority.</li> </ul>

Non-Conforming    Developing Conforming    Developing Conforming    Advanced

● Ceredigion Average Maturity Grade    ● Average of Welsh Authorities    ● UK Public Sector Benchmark

### Likely benefits from implementing recommendations

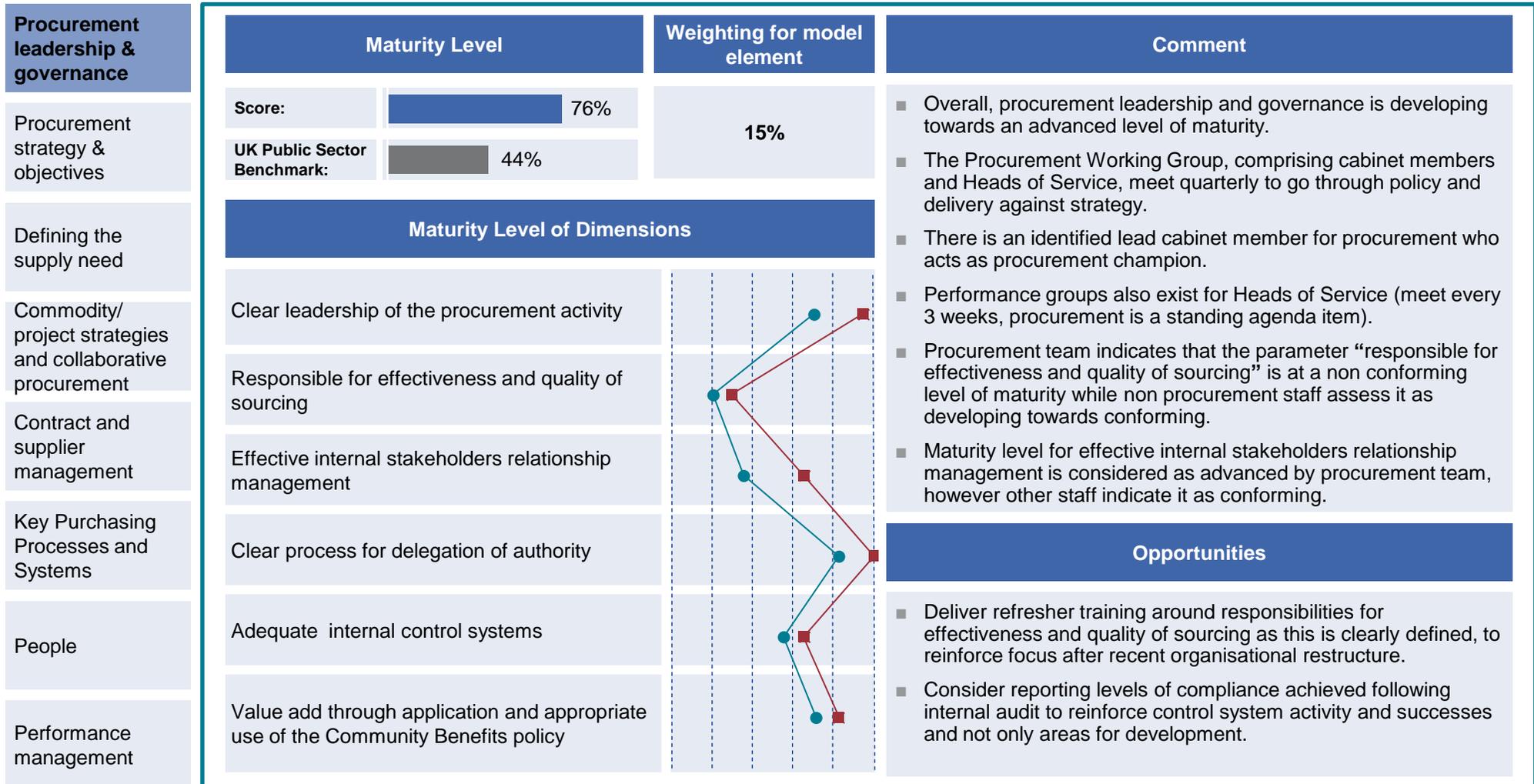
- Implementing commodity strategy across all spend categories and providing clearer visibility across all spend, the authority will be able to better analyse procurement activity and strategically drive supplier and product management.
- Ensuring understanding of all procurement policies and procedures throughout Departments will drive central procurement support and the benefits/savings they can achieve for the authority.

### Overall Recommendations

- Update purchasing system to provide better visibility and analysis of all spend.
- Develop commodity strategy across all categories of spend.
- Ensure newly developed processes and procedures are communicated and understood by all Departments generally and key stakeholders.

# Procurement leadership & governance

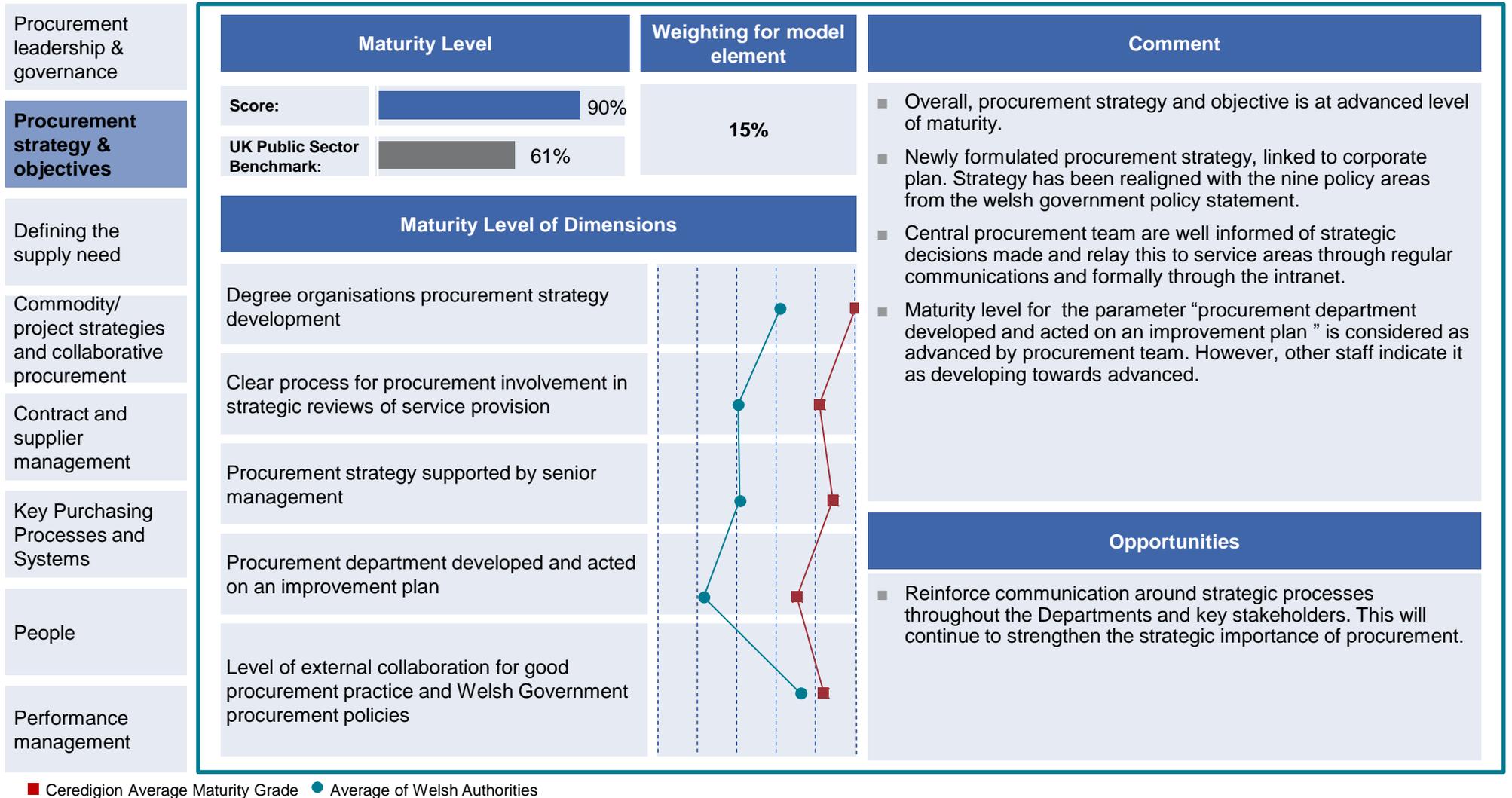
## A detailed overview of the results per dimension KPMG found ...



■ Ceredigion Average Maturity Grade ● Average of Welsh Authorities

# Procurement strategy and objectives

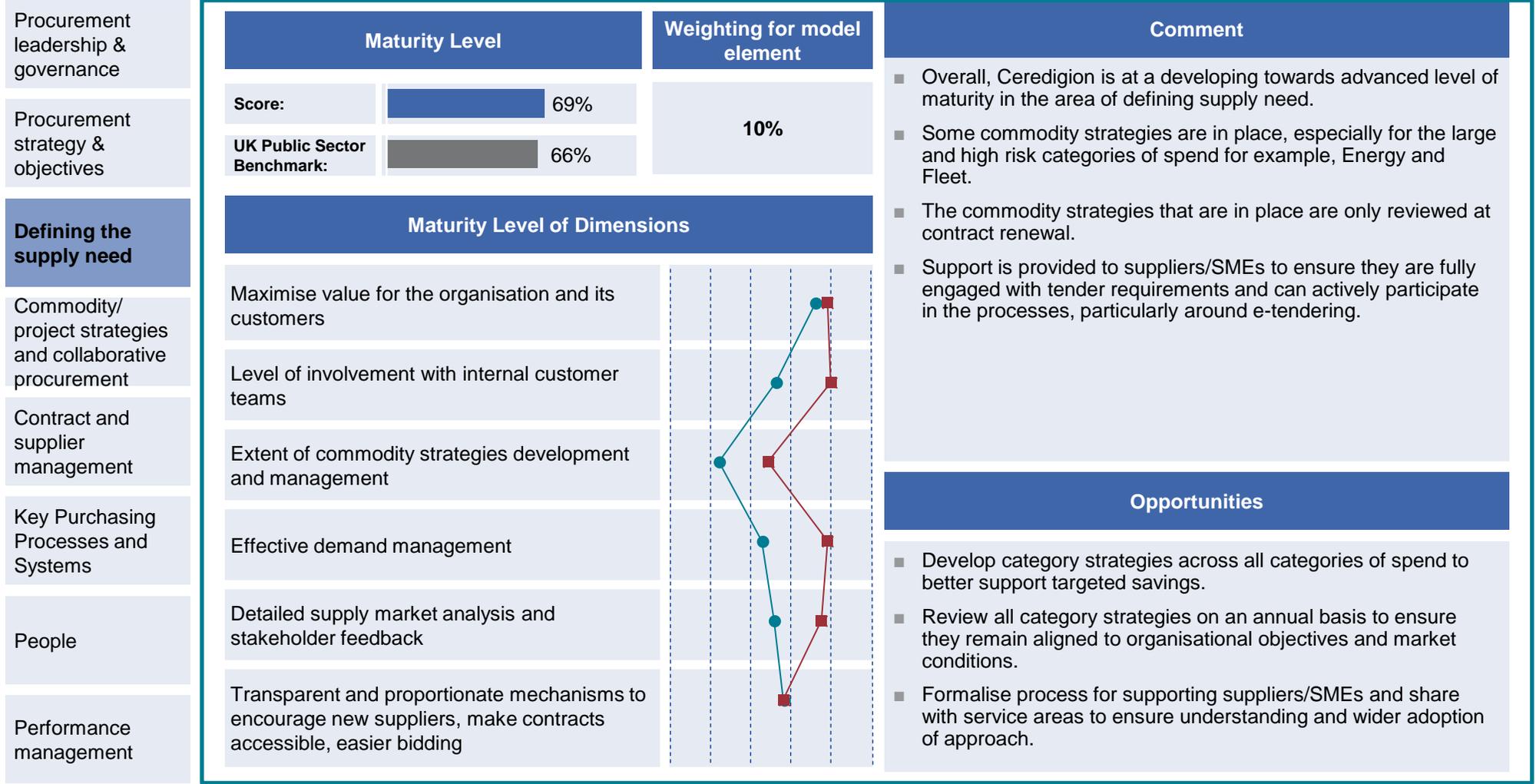
## A detailed overview of the results per dimension KPMG found ...



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# Defining the supply need

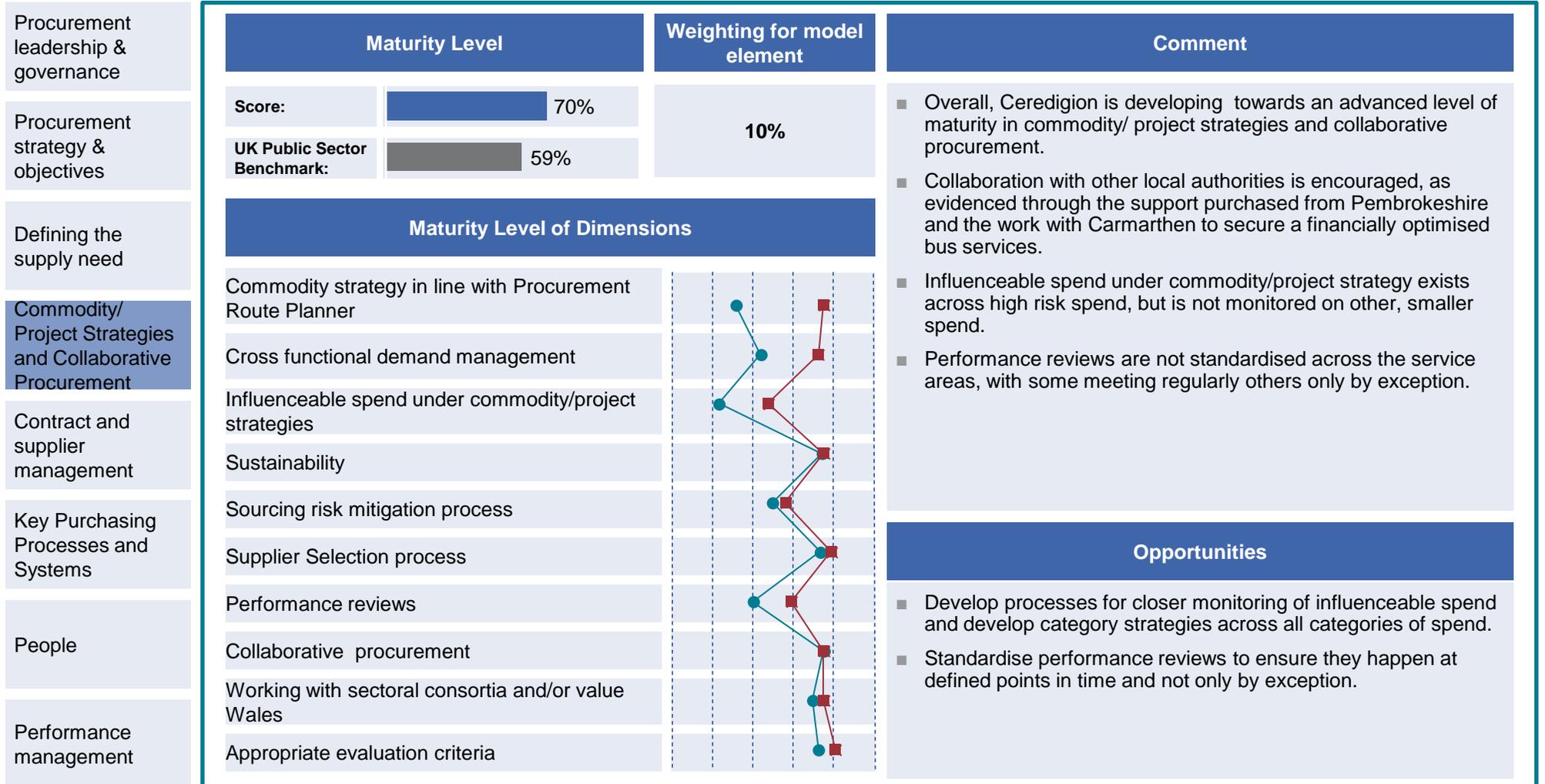
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# Commodity/ project strategies and collaborative procurement

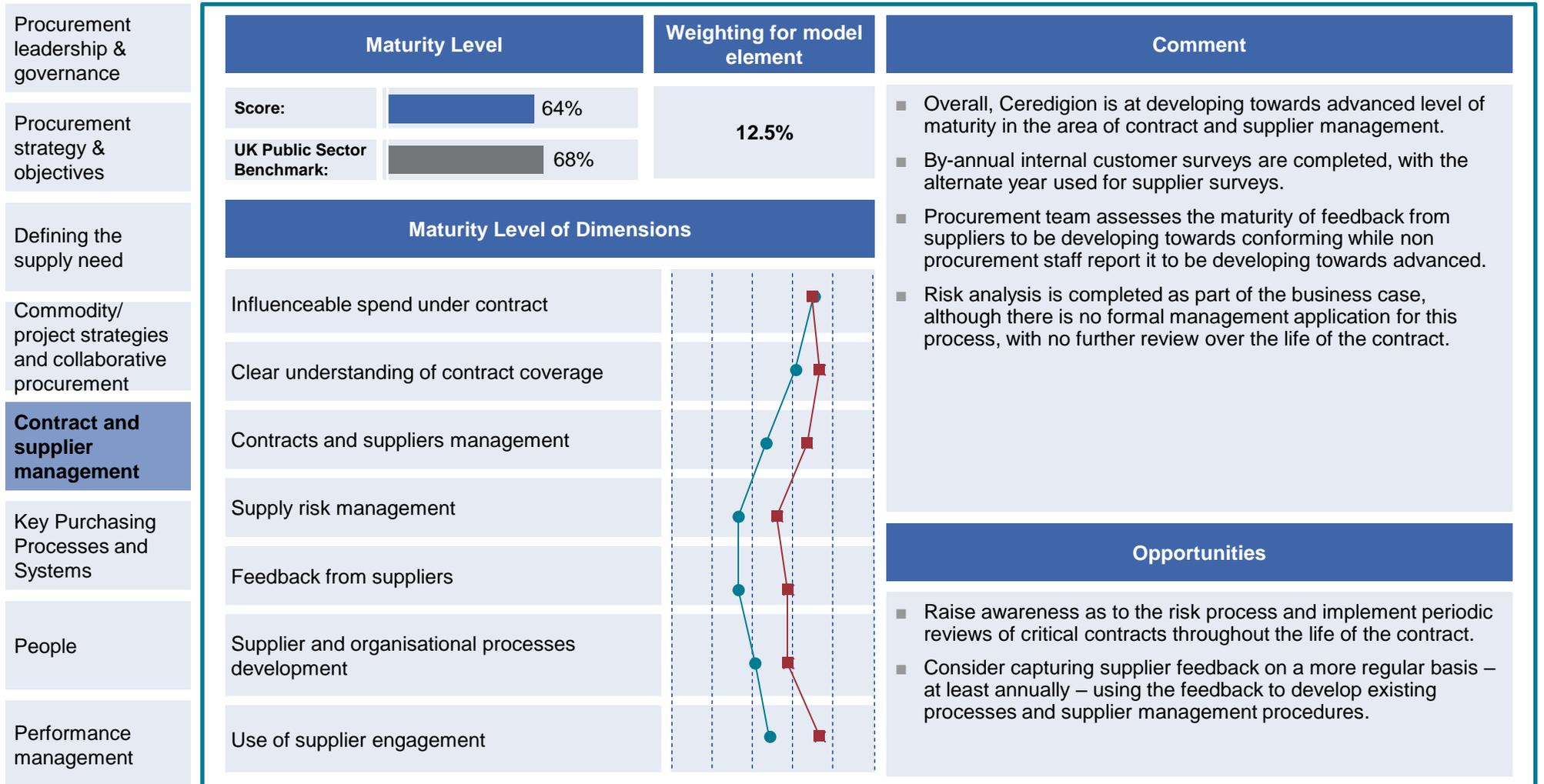
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# Contract and supplier management

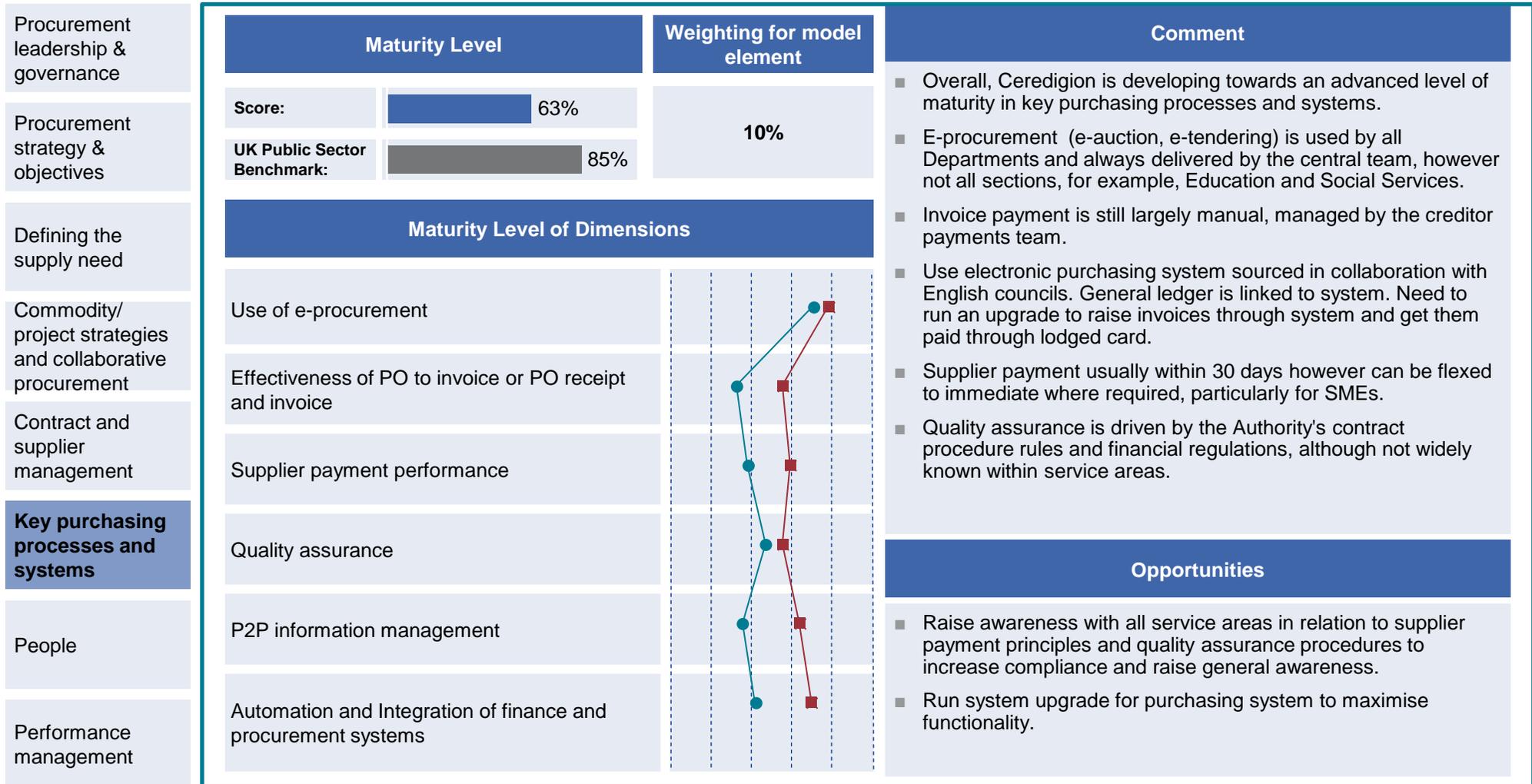
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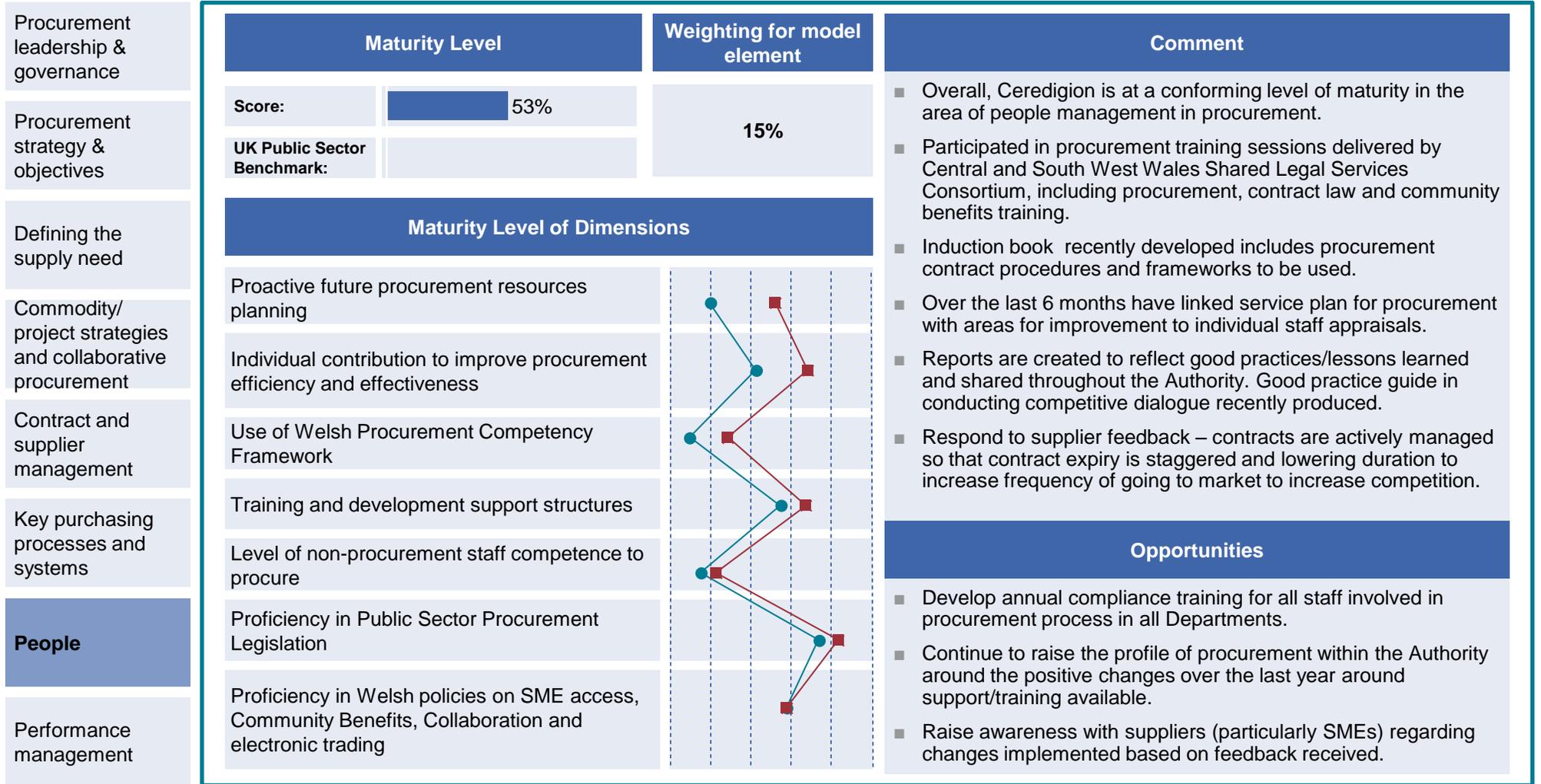
# Key purchasing processes and systems

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



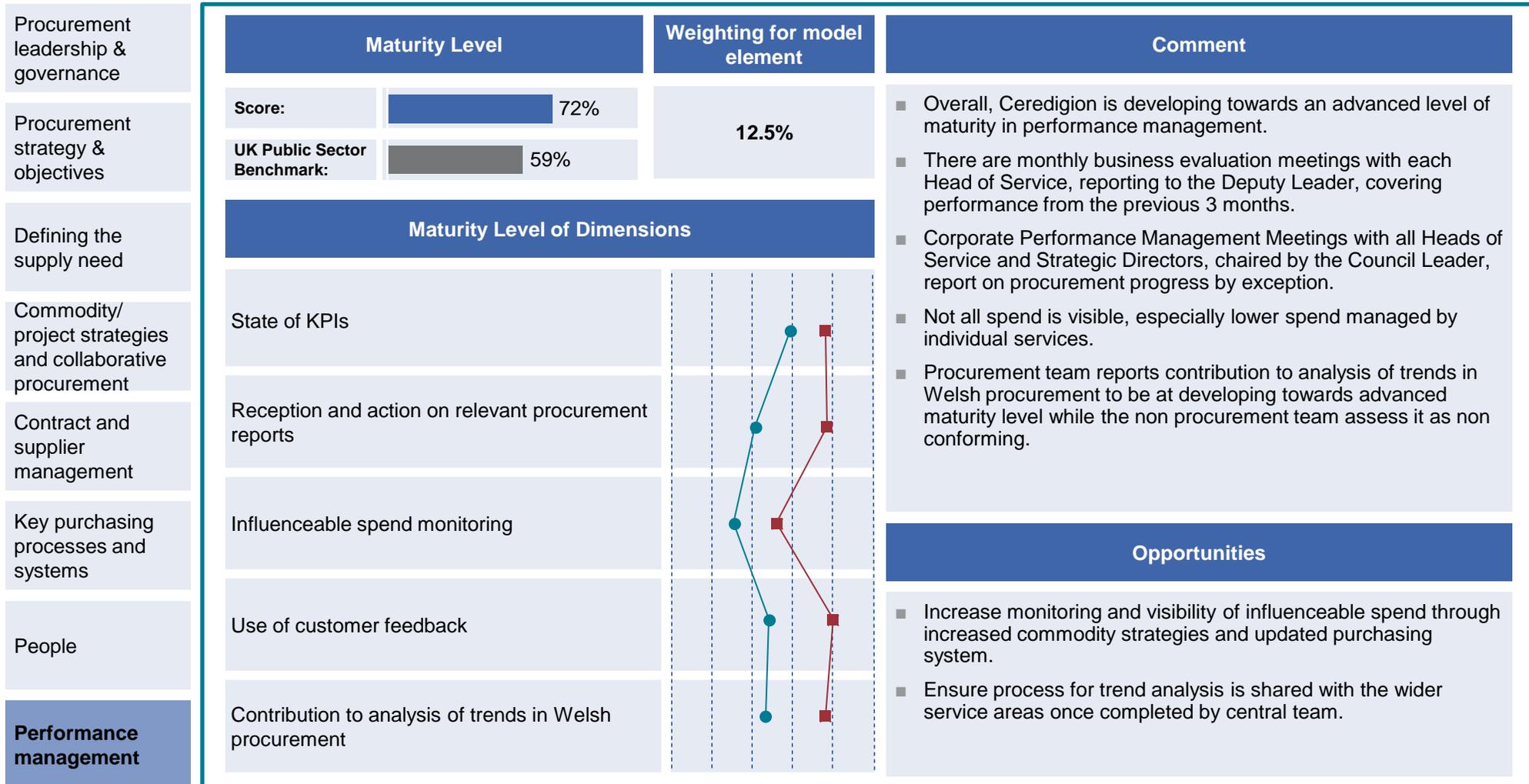
■ Ceredigion Average Maturity Grade ● Average of Welsh Authorities

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



# Performance management

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



■ Ceredigion Average Maturity Grade ● Average of Welsh Authorities

# Fitness Check – Procurement Maturity Assessment

## Profile of respondents

Years Experience	Number of respondents
1-10	3
11-20	0
21-30	2
More than 30	3
<b>Total</b>	<b>8</b>

Qualification	Number of respondents
Degree (or equivalent)	75%
Masters	13%
MBA	0%
CIPS	0%
MCIPS	13%
Other	63%
<b>Total</b>	<b>8</b>

Contract Value responsibility	Number of respondents
Between £0 -£500K	3
Between £500K - £10m	3
Greater than £10m	2
<b>Total</b>	<b>8</b>



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