



cutting through complexity

Procurement Fitness Check for: Newport

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

December 2013



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Fitness Check – Procurement Maturity Assessment

Newport Executive Summary

Overall Maturity Rating

Developing towards conforming

Organisational Context

- Newport has a devolved procurement structure, supported by a small central procurement team.
- Procurement is part of the Authority's change programme and over the last 12 months the Authority has introduced a category management approach across the organisation.
- There has been a conscious plan to invest in resources with the creation of three new category management roles, with the final two being filled in October 2013.
- The new procurement approach is in its infancy and the Authority has the opportunity to use the procurement resources created and the new structure to make the savings it needs in line with the Settlement targets.
- Consequently the maturity score is expected to improve significantly over the next year or two as the new procurement organisation begins to embed itself.

Model Dimension

Recommended Actions

Procurement leadership & governance

- Recruitment of an experienced Head of Procurement should be a priority. Senior leadership support across the organisation to develop, champion and push forward the procurement agenda, with Procurement being a standing agenda item for SLT.

Procurement strategy & objectives

- Procurement team to work with Heads of Service to develop Service and Commissioning plans across the organisation to tie in organisational objectives, savings targets and forward work plans for Departments and the central procurement team.

Defining the supply need

- Implement a process across the organisation which acts as a gateway to procuring services including submission of 'sourcing plans' to the central team for all procurement activity up front outlining service need, scope of requirement and proposed route to market (supported by analytics)

Commodity/project strategies and collaborative procurement

- The new procurement team will need to develop, implement and manage commodity/category strategies and plans, formulated in collaboration with departments and aligned to commissioning strategies. Regular Head of Service meetings should be implemented with Category managers.

Contract and supplier management

- Develop a central contract register and monitor and report on spend monthly . Central team involvement required in contract and supplier management to provide commercial challenge and market insights with Departments and suppliers.

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

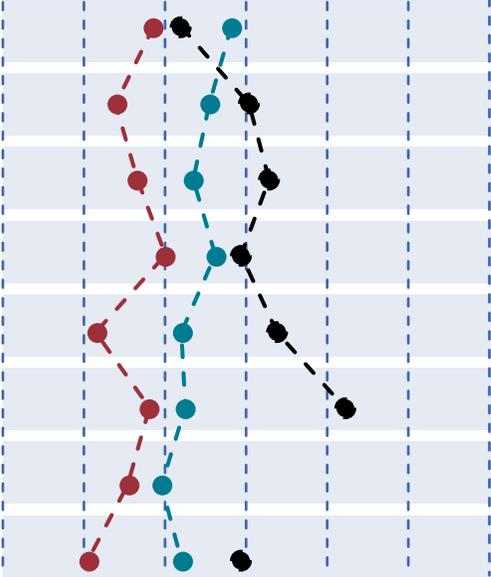
- A training programme should be developed for staff to maximise the benefit of the category management approach and ensure non-procurement staff have the appropriate skills to buy effectively.

Performance management

- As the category management approach develops it will be important to develop a range of measurements to monitor performance of the procurement team and the spend they are influencing

Fitness Check – Procurement Maturity Assessment

Newport Executive Summary

Model Dimension	Comparison	Welsh Gaps	UK Public Sector Gaps	Comments
Procurement leadership & governance		20	7	<ul style="list-style-type: none"> Procurement is part of the Authority's change programme demonstrating leadership support
Procurement strategy & objectives		23	33	<ul style="list-style-type: none"> Opportunity with new approach to develop and integrate strategies and plans
Defining the supply need		14	33	<ul style="list-style-type: none"> New category management approach will assist in defining the supply need moving forward
Commodity/project strategies and collaborative procurement		13	19	<ul style="list-style-type: none"> New category management team critical task to work with Directorates to develop strategies
Contract and supplier management		21	45	<ul style="list-style-type: none"> Carried out within the Directorates rather than by the central team currently
Key purchasing processes and systems		9	49	<ul style="list-style-type: none"> Full integration of contacts and purchasing not yet in place
People		8		<ul style="list-style-type: none"> New structure still requires education across the organisation
Performance management		23	38	<ul style="list-style-type: none"> Suite of performance measurements to be developed and rolled out in 2014

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

Overall Recommendations

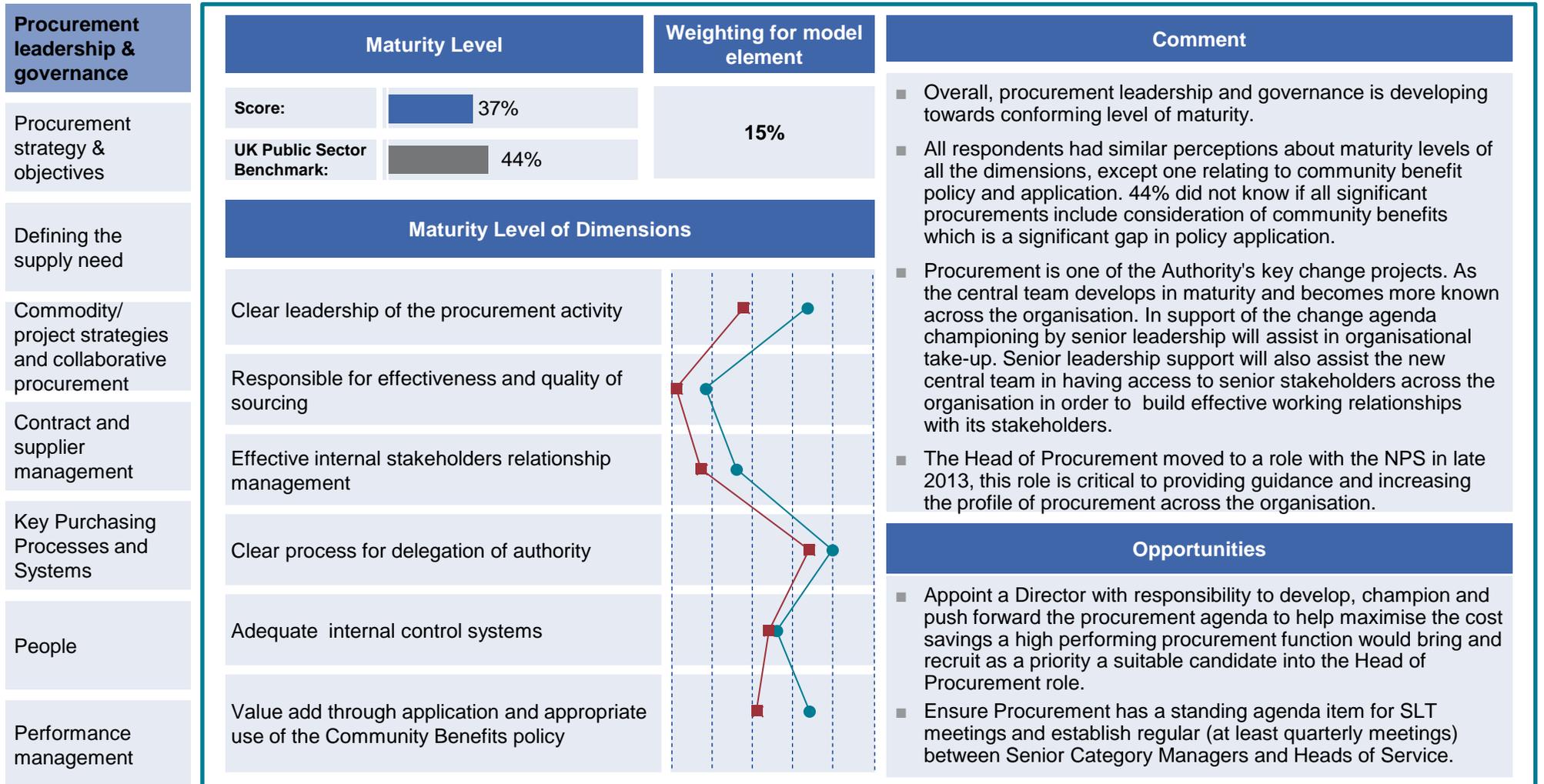
- Newport has recognised the importance of procurement and is developing a category management approach which it hopes will bring it more in line with the maturity of the rest of the UK public sector. The key steps for ensuring maturity occurs across the organisation include: recruiting a suitably experienced Head of Procurement as a priority, ensuring the implementation of category management across the organisation is understood by Departments and benefits are communicated, establishing up front 'sourcing plans' in Departments that are aligned with Department Service and Commissioning plans..

Likely benefits of implementing recommendations

- By implementing effective change and communications plans to the organisation of the new central team role, the benefit to the Authority will be significant. The embedding of standardised process, a strategic outlook in relation to category management and forging of strong relationships will allow Newport to focus on delivering savings and consistent commercial outcomes in a devolved structure.

Procurement leadership & governance

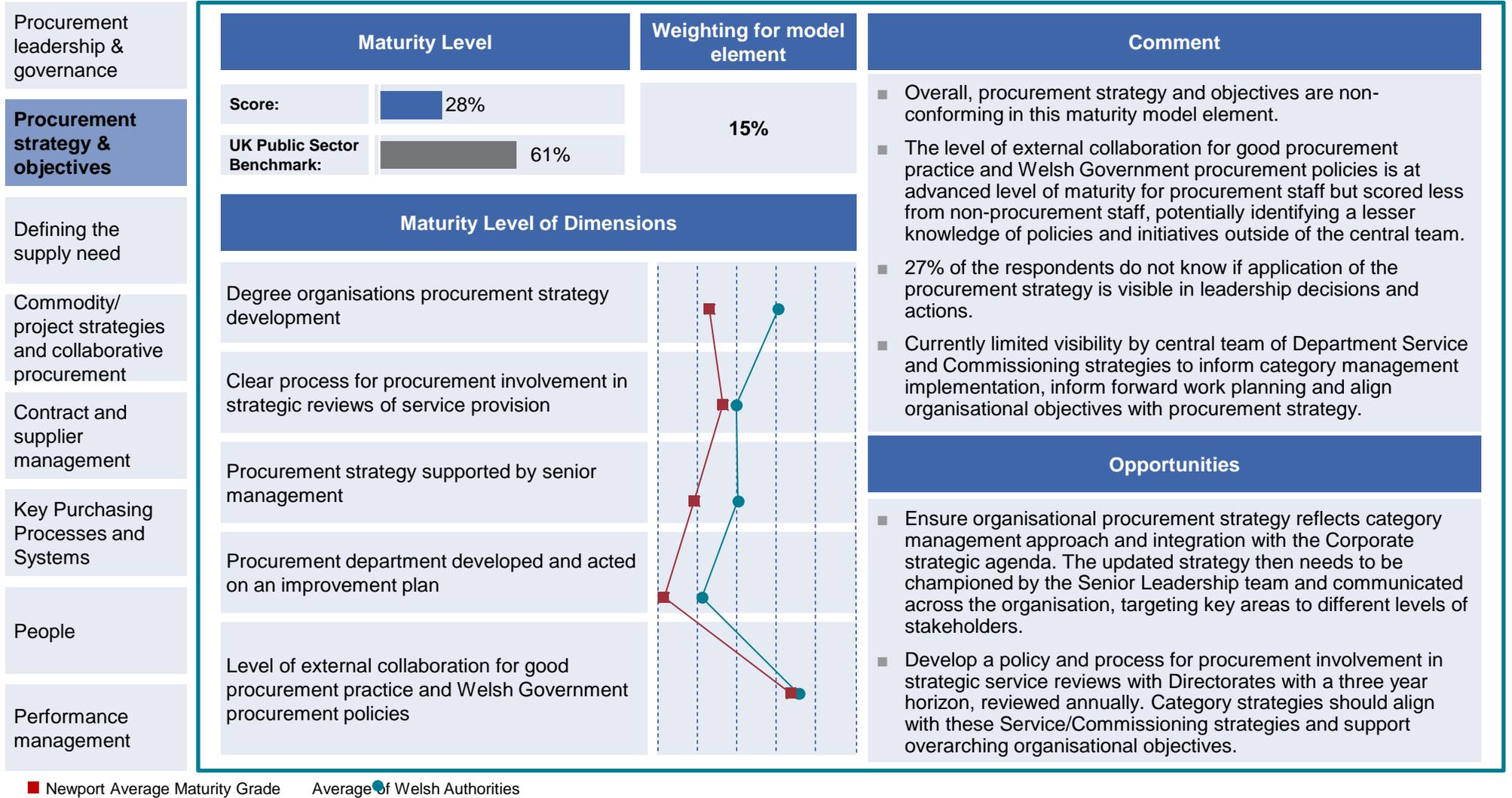
A detailed overview of the results per dimension KPMG found ...



■ Newport Average Maturity Grade ● Average of Welsh Authorities

Procurement strategy and objectives

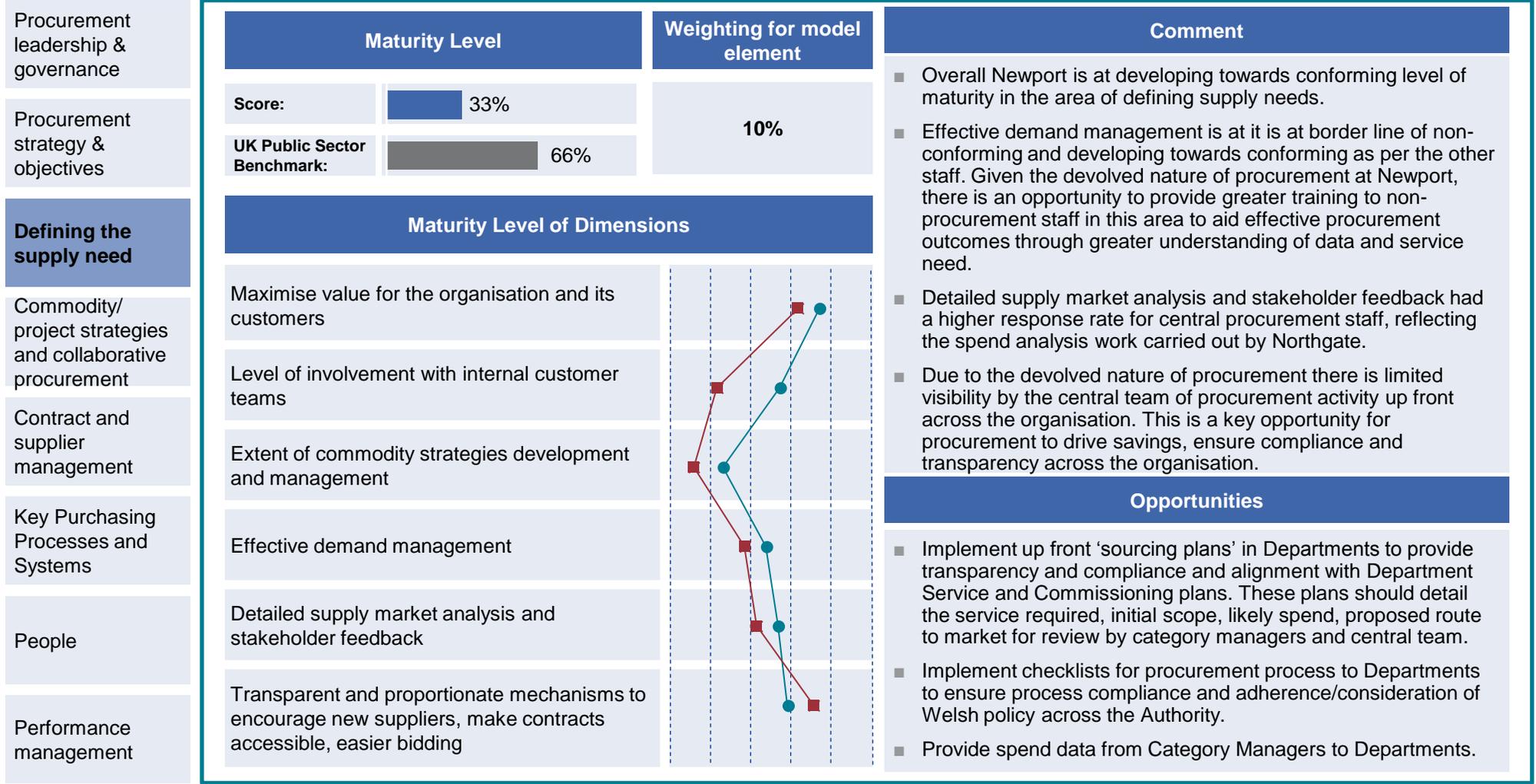
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Defining the supply need

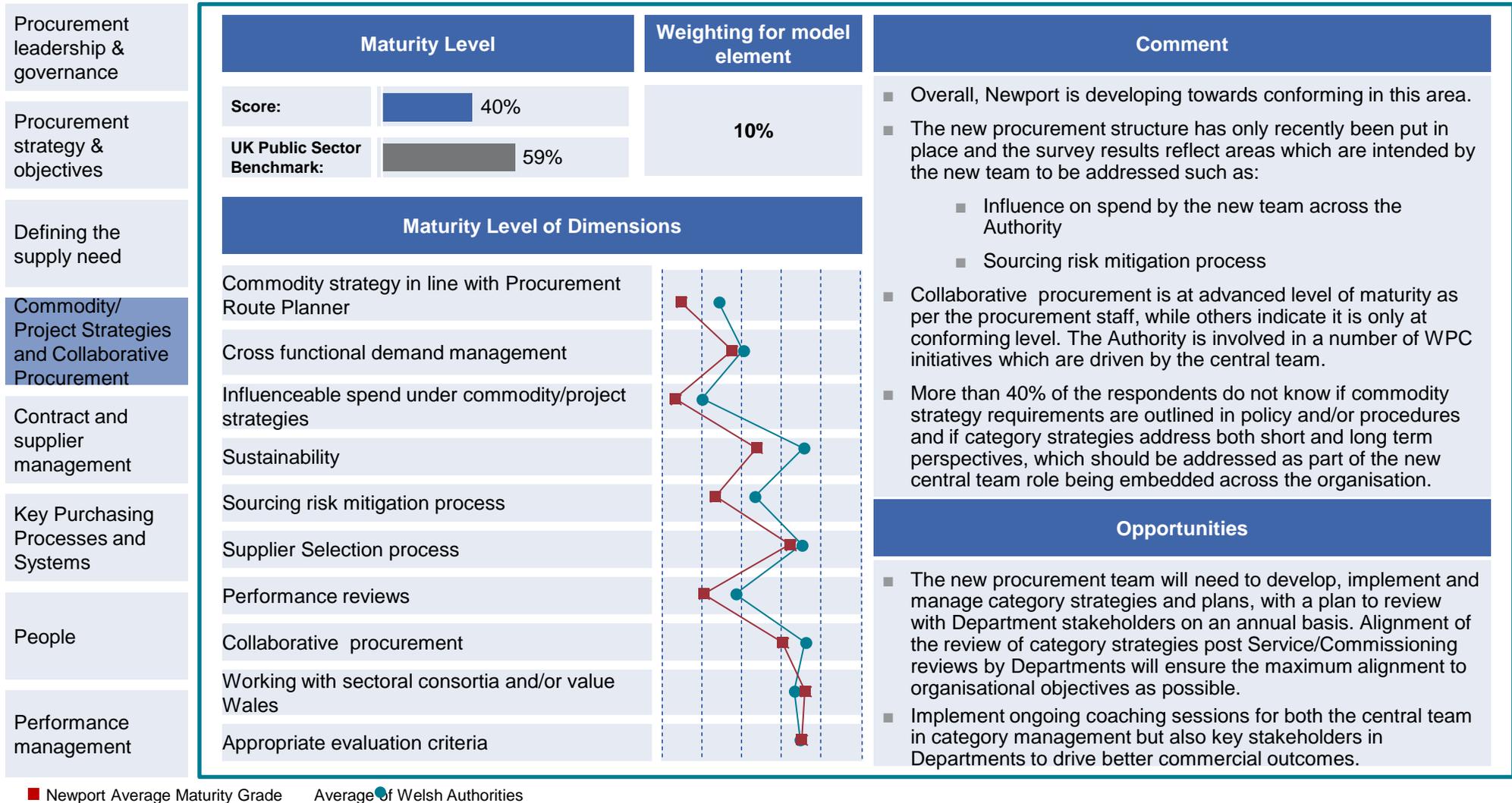
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Commodity/ project strategies and collaborative procurement

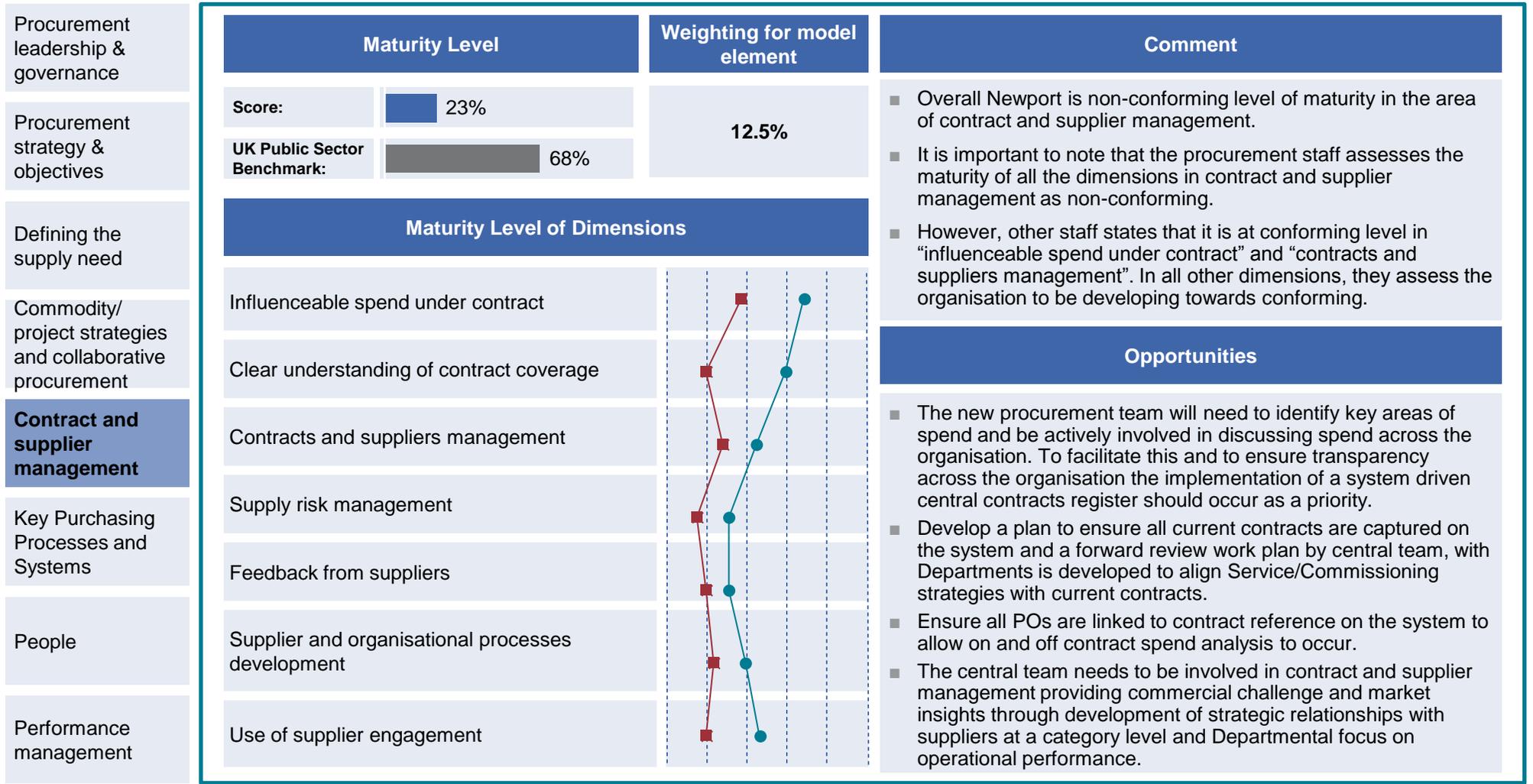
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Contract and supplier management

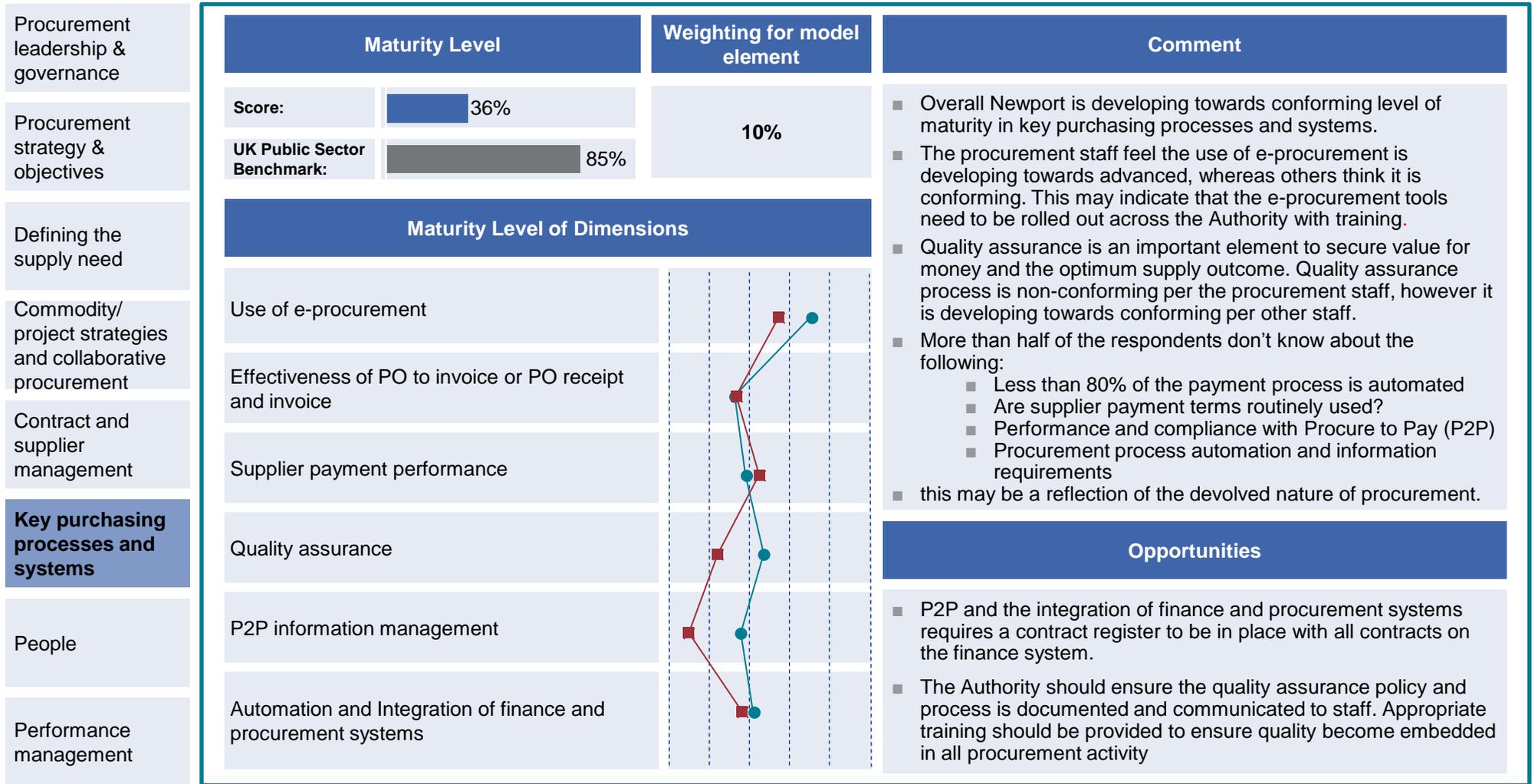
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Key purchasing processes and systems

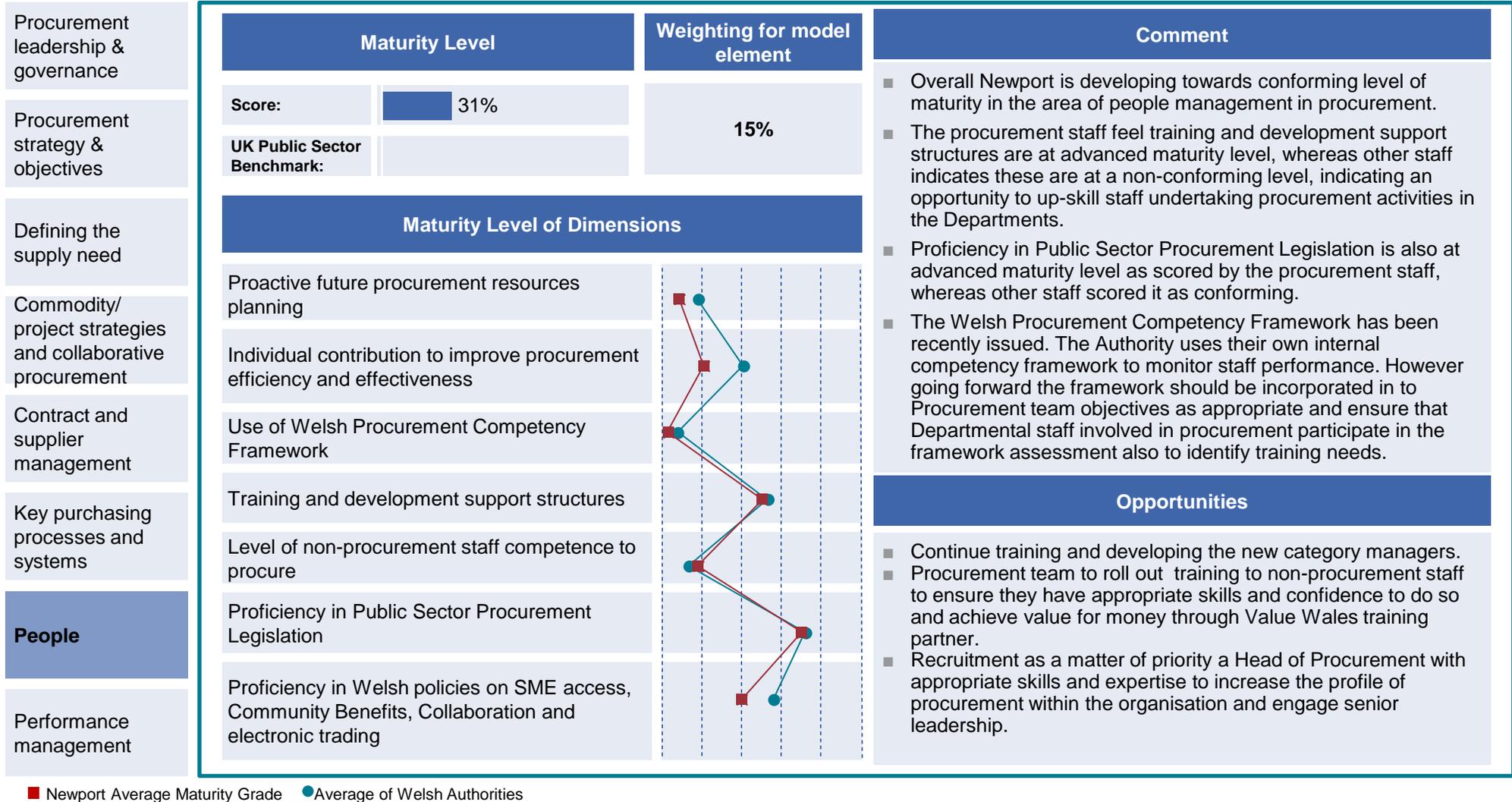
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People

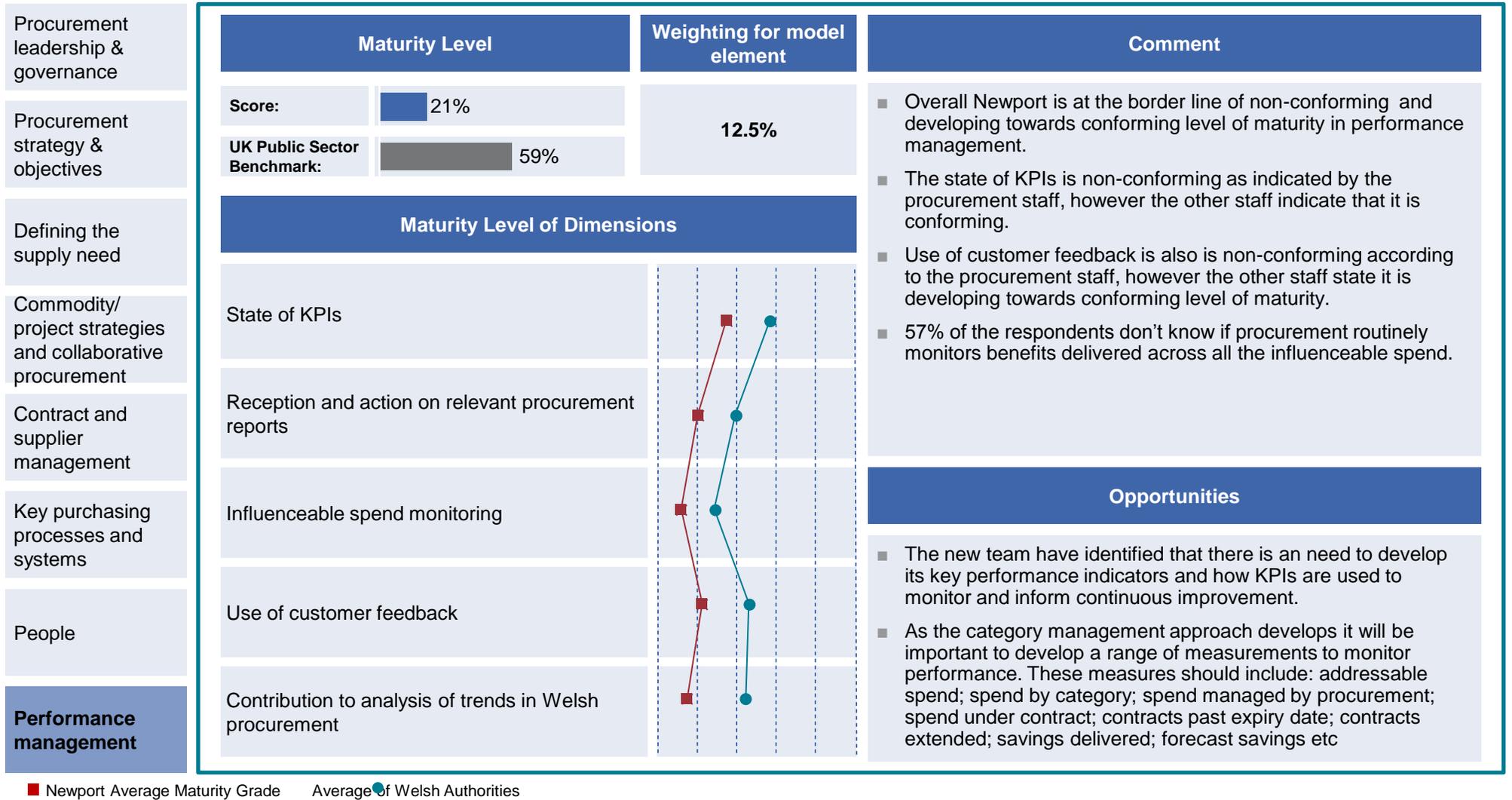
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■ Newport Average Maturity Grade ● Average of Welsh Authorities

Performance management

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



■ Newport Average Maturity Grade ● Average of Welsh Authorities

Fitness Check – Procurement Maturity Assessment

Profile of respondents

Position	Number of respondents
Total	16

Years Experience	Number of respondents
0-5	1
5-10	2
10-15	4
15-20	3
20-25	1
25-30	3
More than 30	2
Total	16

Qualification	Number of respondents
Degree (or equivalent)	44%
Masters	13%
MBA	13%
CIPS	19%
MCIPS	25%
Other	25%
Total	16

Contract Value responsibility	Number of respondents
Between £0 -£500K	5
Between £500K - £10m	5
Greater than £10m	6
Total	16



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