



cutting through complexity

Procurement Fitness Check for: Pembrokeshire

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

January 2014



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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

Pembrokeshire Executive Summary

Overall Maturity Rating

Developing towards Advanced

Organisational Context

- The procurement team have established themselves as a centralised operation over the last 12 years, following the recruitment of their current Head of Procurement. The team are currently 9 FTEs strong, with a matrix structure of Head (1), Principal Officers (3) and Officers (5).
- The team are strongly supported by the Corporate Management Team (CE and all Directors). Procurement is clearly seen as being strategically important and is valued throughout the Authority.
- Procurement takes a very proactive role within the Authority, targeting savings during retendering and during the lifetime of key contracts and service areas, such as social care and transport.
- Collaborations are welcomed and are always analysed to ensure they present the best deal for the authority and their constituents.
- A great deal of effort has gone into working with local providers to ensure they are on relevant frameworks and in a position to bid for local and national contracts. Currently, 52% of procurement spend is with Pembrokeshire based companies.
- Current spend analysis is formally undertaken annually. A new financial system is being introduced over the next 12 months which will provide real time view of spending.

Model Dimension

Recommended Actions

Procurement leadership & governance

- Continue to establish newly formed Community Benefits Group, and develop processes/approaches to address Policy directives.

Procurement strategy & objectives

- Continue with flexible, targeted focus on services and savings but ensure all staff are aware of strategic approach and how the process is driven.

Defining the supply need

- Communicate targeted spend and categories, as agreed with cabinet, with the wider procurement team and then across the Authority to ensure stakeholder buy-in.

Commodity/project strategies and collaborative procurement

- Continue with collaborative processes. Ensure all staff are aware of risk management and performance review processes undertaken throughout supplier contract duration.

Contract and supplier management

- Introduce supplier feedback form for external suppliers to replicate feedback gathered from internal stakeholders.

Key purchasing processes and systems

- Continue introduction of P2P system to provide real time visibility of all contract spend and streamlined processes.

People

- Introduce refresher compliance course to complement existing online programme currently completed by all staff involved in procurement. Implement a formal mentoring program within the central team to develop junior team members.

Performance management

- Complete real time spend analysis once P2P system in place and ensure KPIs are promulgated across the Authority to increase visibility and transparency.

Fitness Check – Procurement Maturity Assessment

Pembrokeshire Executive Summary

Model Dimension	Comparison	Welsh Gaps	UK Public Sector Gaps	Comments
Procurement leadership & governance		20	33	■ High levels of performance. Ensure all processes/procedures are communicated with wider team.
Procurement strategy & objectives		23	13	■ Clear processes in place - need to ensure understanding beyond senior management.
Defining the supply need		27	8	■ Strategies agreed with cabinet need to be communicated with wider team/directorates.
Commodity/project strategies and collaborative procurement		22	16	■ Sharing of expertise with neighbouring authority will improve regional delivery.
Contract and supplier management		25	1	■ Processes in place are sound – need to be extended and shared with team.
Key purchasing processes and systems		15	25	■ Key area of development - introduction of P2P system.
People		11		■ Annual refresher training would complement existing course for staff involved in purchasing.
Performance management		29	14	■ Current manual processes will be replaced with automated responses following P2P roll out.

● Non-Conforming
 ● Developing Conforming
 ● Developing Conforming
 ● Advanced

● **Pembrokeshire Average Maturity Grade**
 ● **Average of Welsh Authorities**
 ● **UK Public Sector Benchmark**

Benefits of implementing recommendations

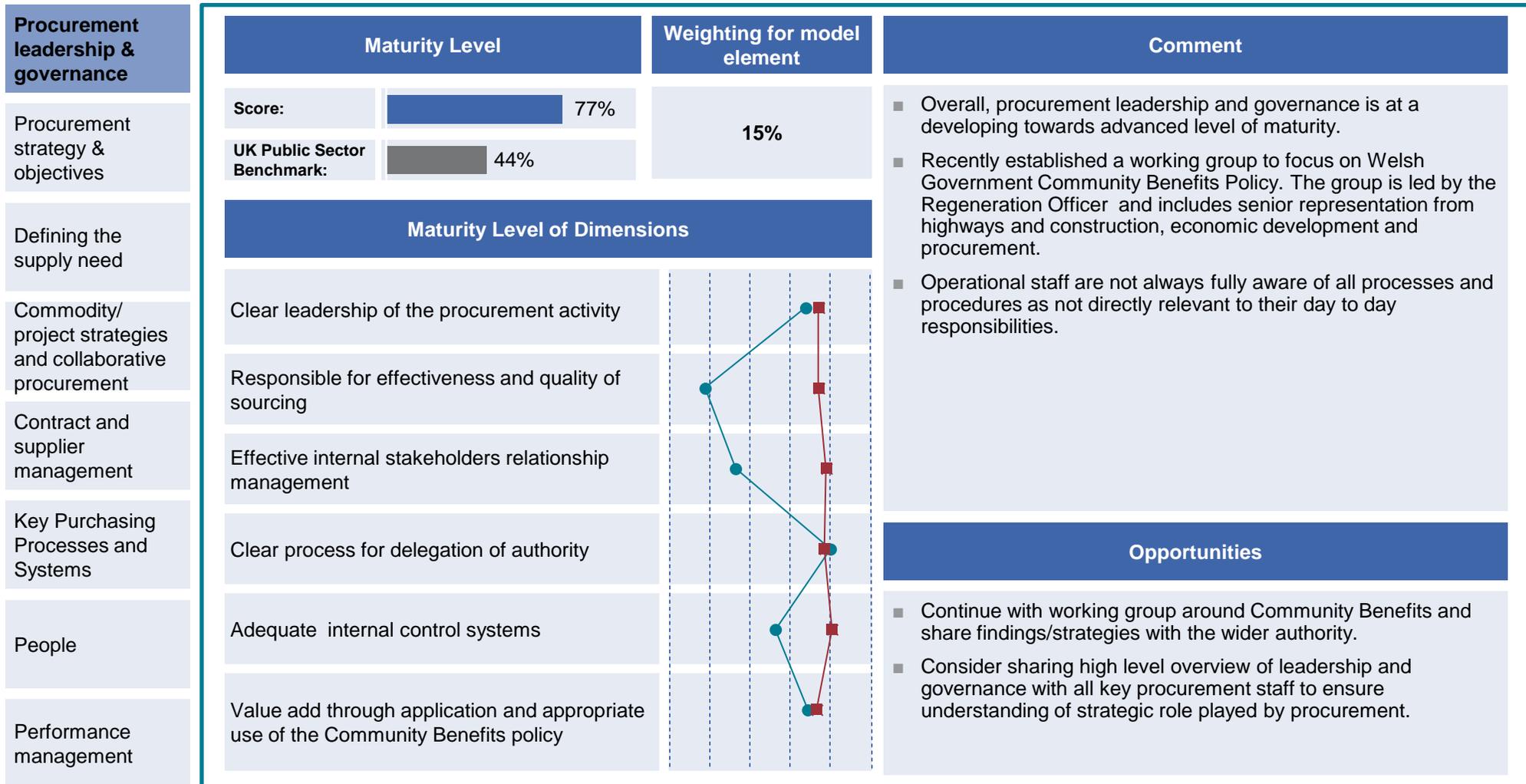
- Completing the implementation of the P2P system will further enhance the strategic role the central procurement team within the authority and increase efficiency and detailed spend analysis.
- Ensuring all staff involved with purchasing are informed about internal policies and procedures will better support all procurement activity.

Overall Recommendations

- Continue with implementation of P2P system to allow real time spend analysis and recording to drive the next level of contract management and analytics to support procurement activity. Ensure communication with all members of procurement team regarding key processes and policies to ensure a deeper understanding of current procurement activity and to provide transparency in the team and across the Authority.

Procurement leadership & governance

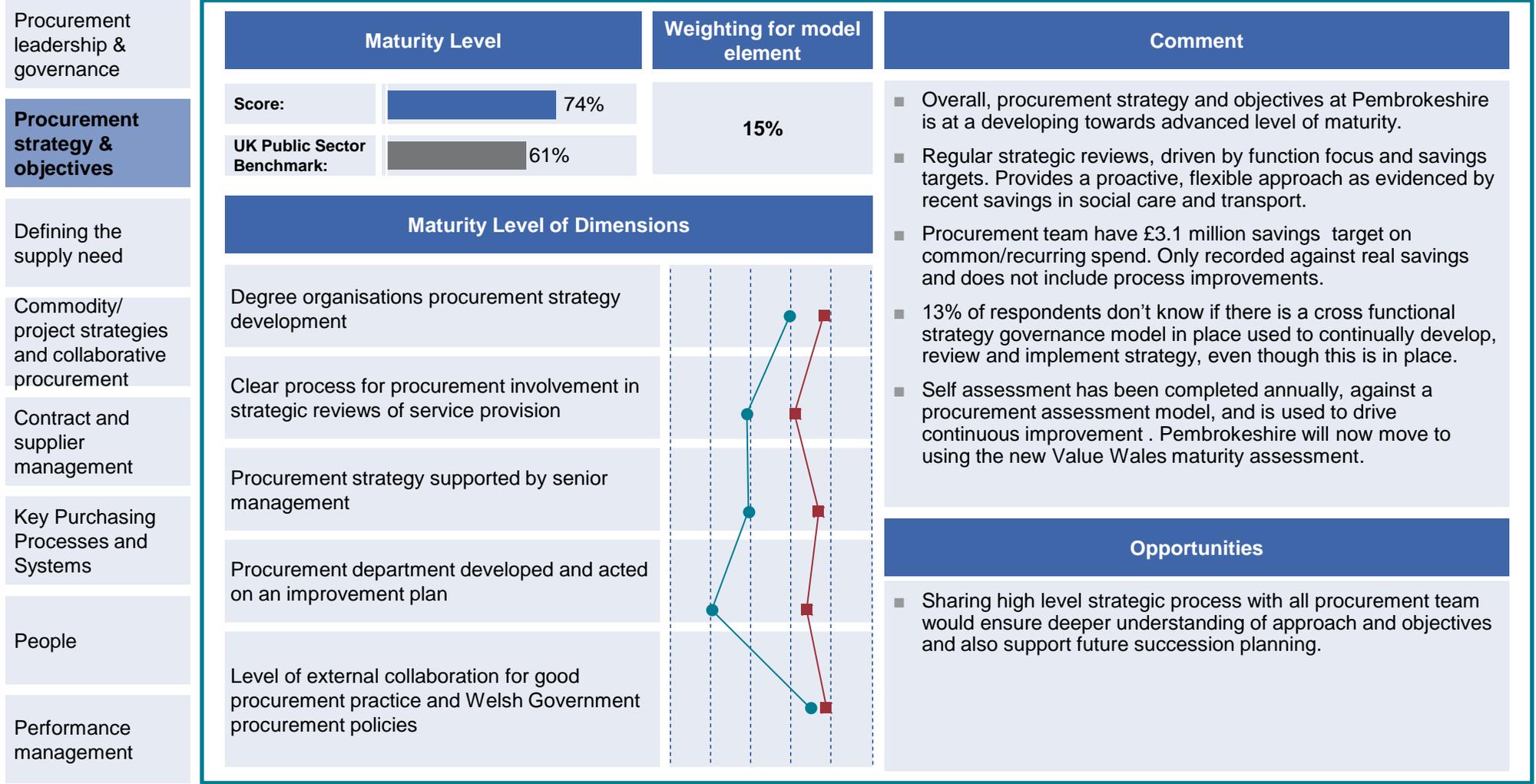
A detailed overview of the results per dimension KPMG found ...



■ Pembrokeshire Average Maturity Grade ● Average of Welsh Authorities

Procurement strategy and objectives

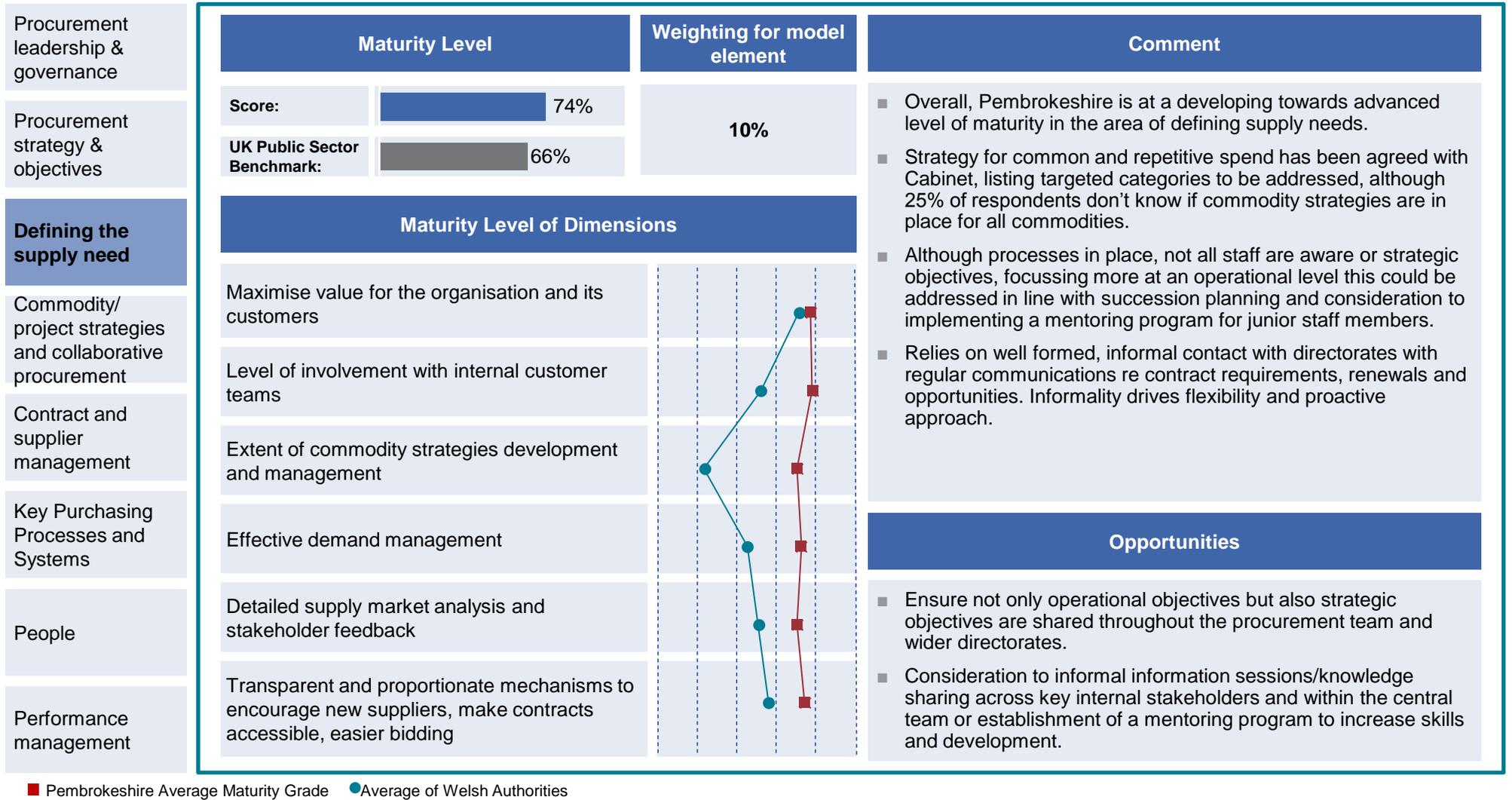
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Defining the supply need

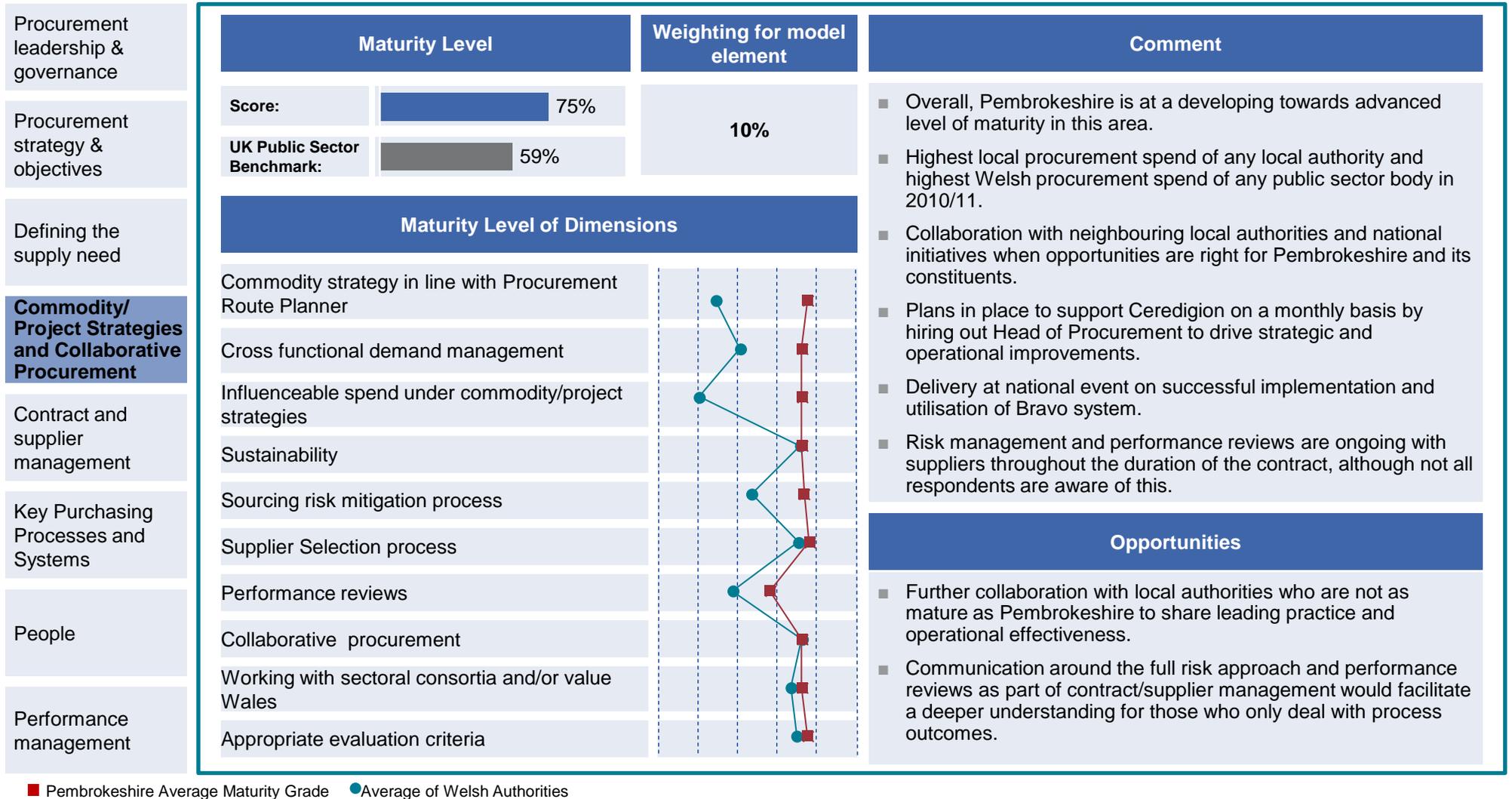
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Commodity/ project strategies and collaborative procurement

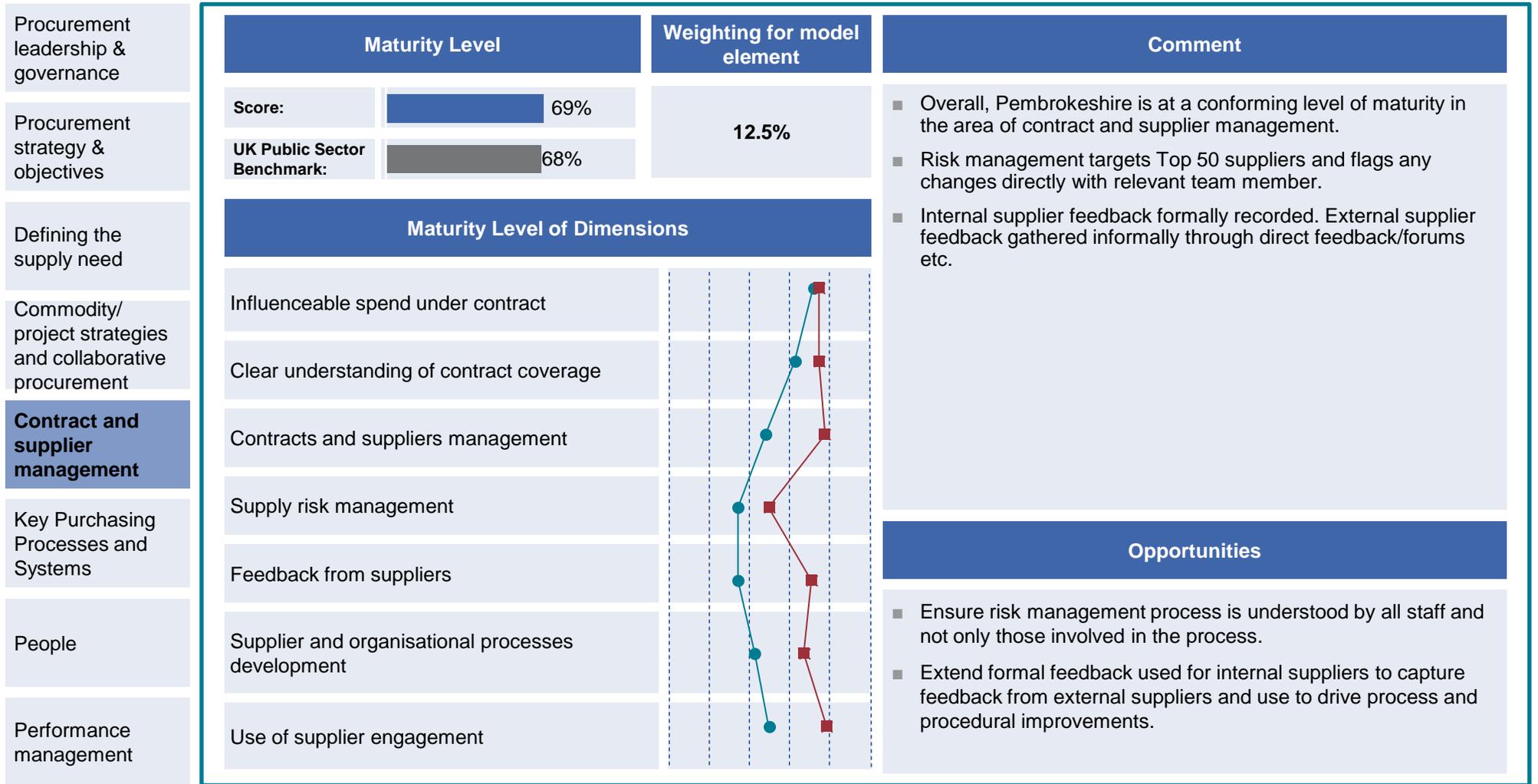
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Contract and supplier management

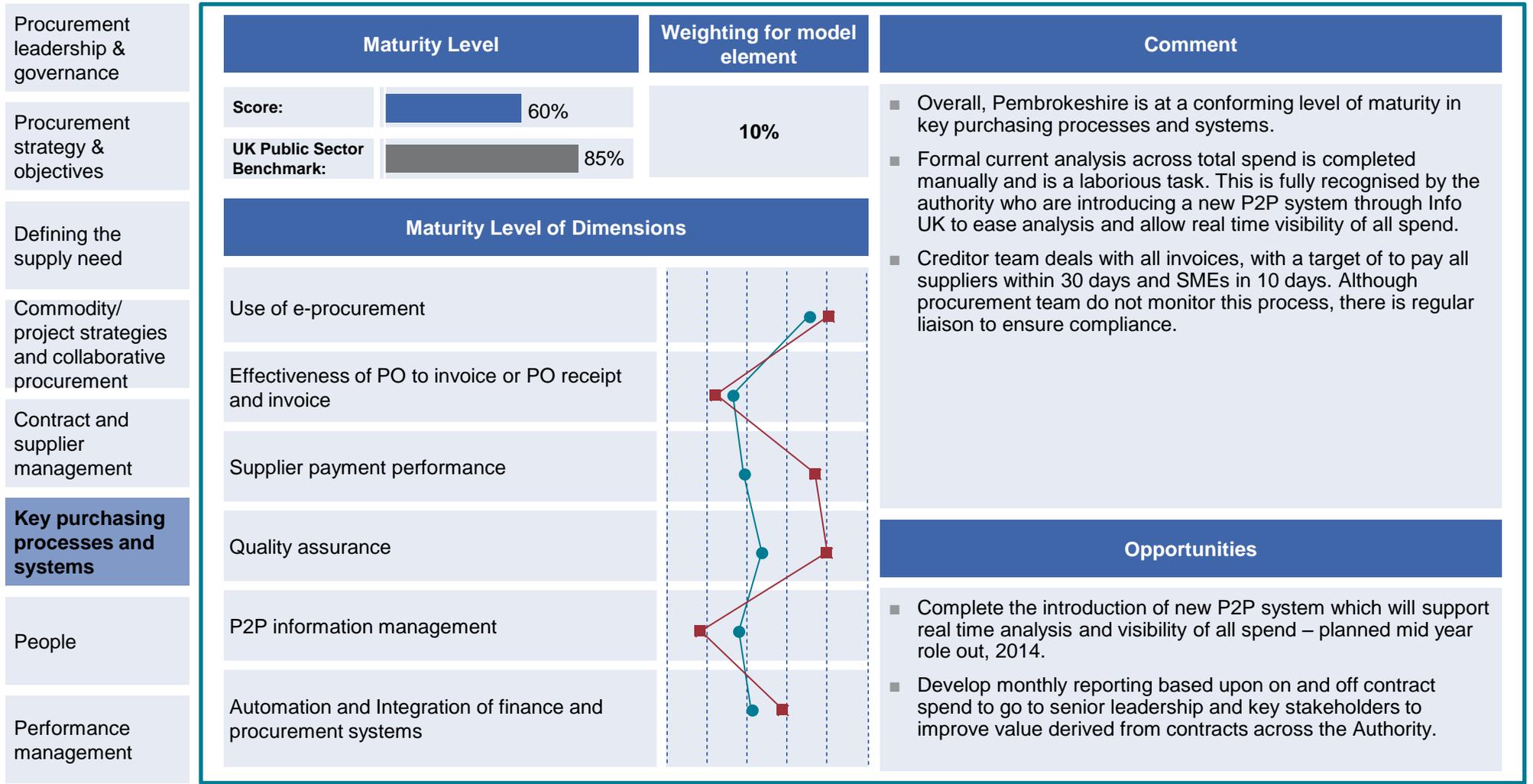
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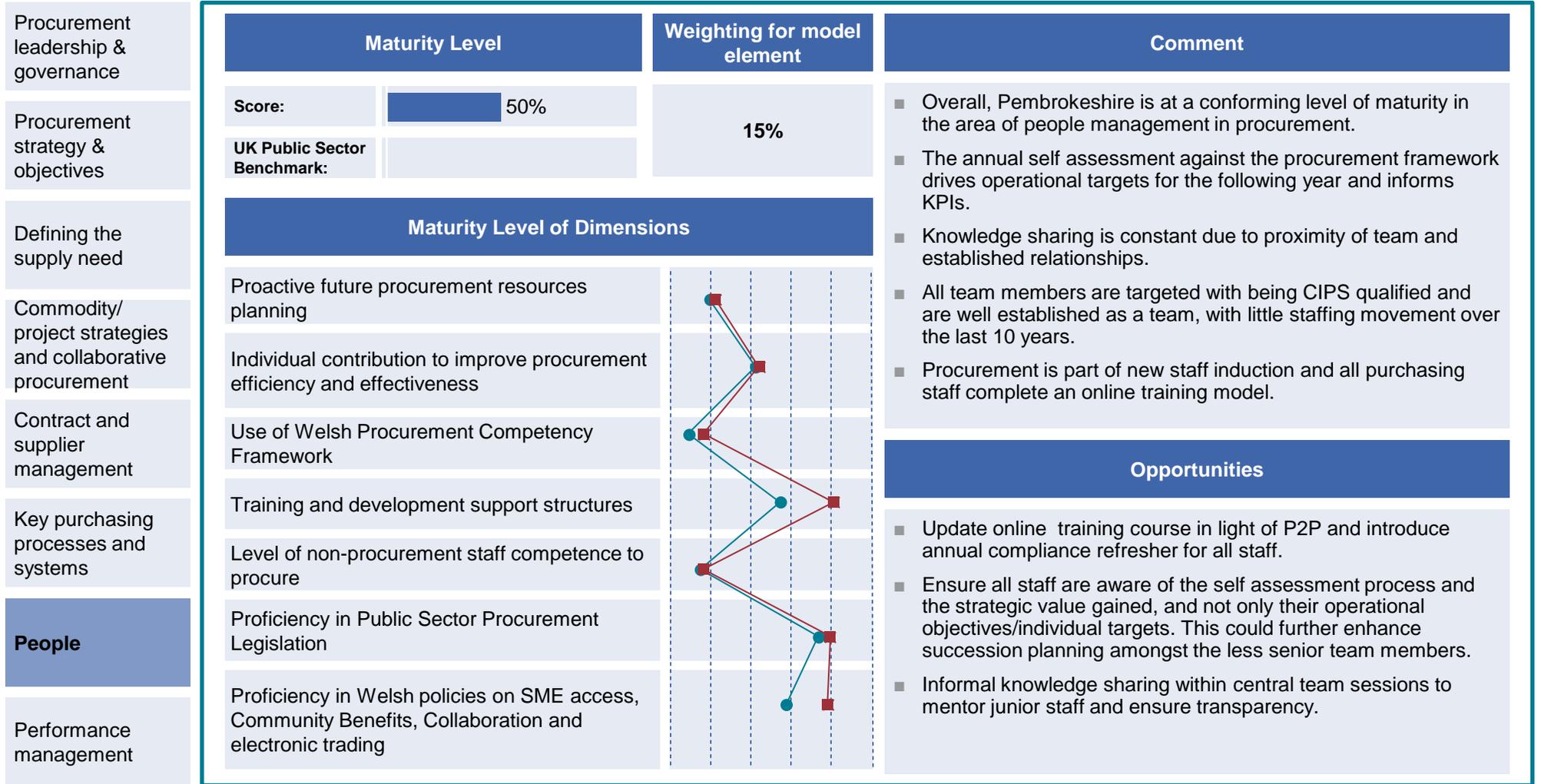
Key purchasing processes and systems

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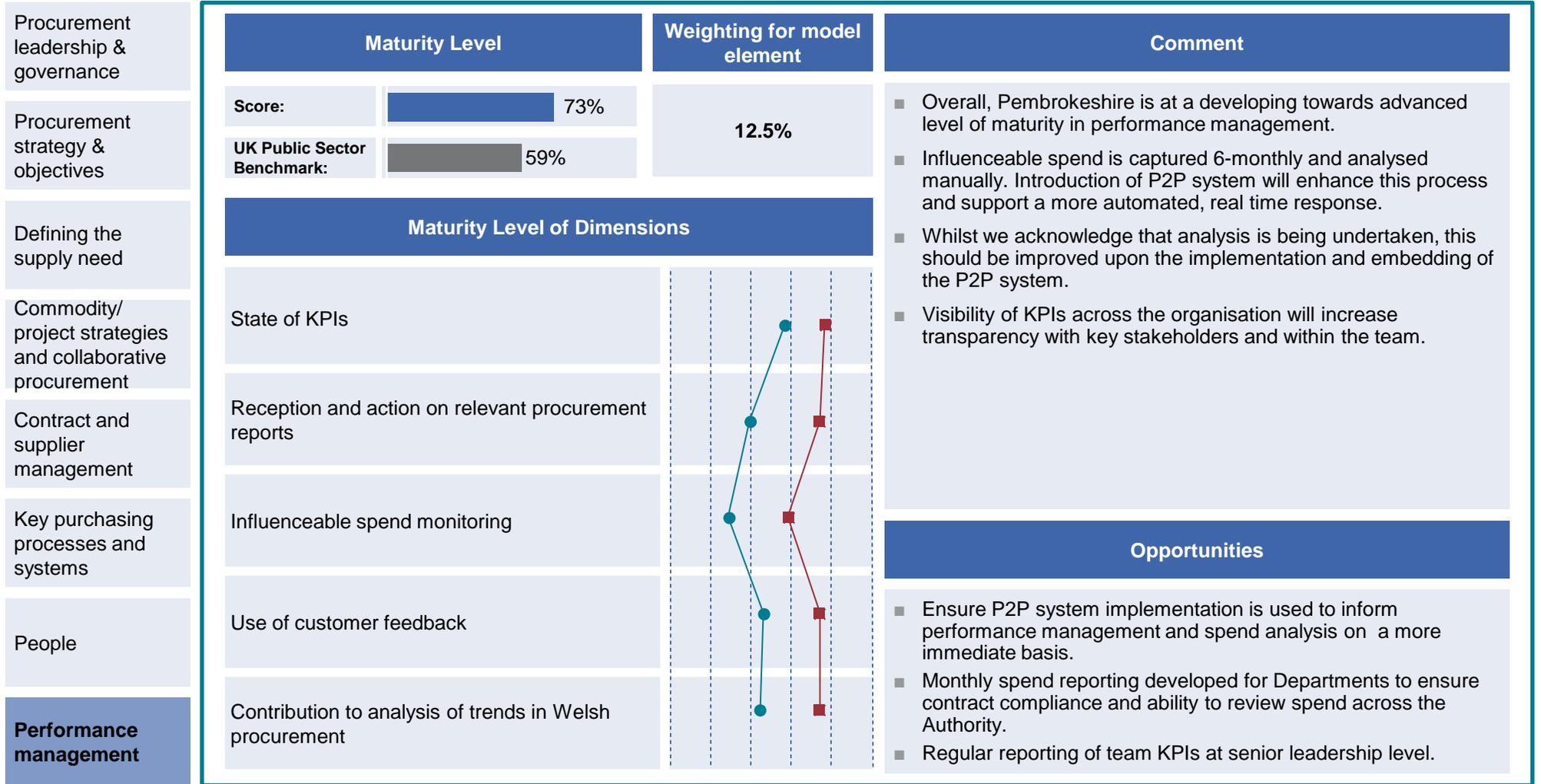
A detailed overview of the results per dimension KPMG found ...



■ Pembrokeshire Average Maturity Grade ● Average of Welsh Authorities

Performance management

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



■ Pembrokeshire Average Maturity Grade ● Average of Welsh Authorities

Fitness Check – Procurement Maturity Assessment

Profile of respondents

Years Experience	Number of respondents
0-5	2
5-10	3
10-15	1
15-20	0
20-25	1
25-30	0
More than 30	1
Total	8

Qualification	Number of respondents
Degree (or equivalent)	50%
Masters	0%
MBA	0%
CIPS	50%
MCIPS	25%
Other	25%
Total	8

Contract Value responsibility	Number of respondents
Between £0 -£500K	1
Between £500K - £10m	0
Greater than £10m	7
Total	8



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