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# Procurement Fitness Check for: Powys

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

## Powys Executive Summary

### Overall Maturity Rating

**Developing towards conforming**

### Organisational Context

- The Head of Procurement has only recently been appointed to the role but they are already beginning to implement changes to raise the profile of procurement, increase its effectiveness and expand procurements span of influence.
- The central procurement unit (CPU) comprises of 3 staff and is limited in the range of activities it can support. Historically the CPU has focused on managing compliance to 'OJEU' and service directorates have managed their own procurements. More recently the CPU has been working to offer support to the directorates but there are barriers to overcome. The Adult Social Care (ASC) directorate has been employing an interim to provide their procurement resource but this manager will be leaving the Authority shortly.
- The CPU has cleansed the contracts register (held on the Bravo system) and has recently introduced a suite of contract spend reports that are published to Heads of Service, the Commissioning & Procurement Board, and the Portfolio holders for Procurement & Finance. This is beginning to raise the profile of procurement and encouraging the departments to call on CPU for their advice and support.
- The Head of Procurement has introduced workshops with the directorates to discuss these spend reports and discuss how procurement might help.

### Model Dimension

### Recommended Actions

Procurement leadership & governance

- The role of procurement and the value it can add is not well understood but the new Director of Resources recognises the benefits procurement can bring. A Commissioning & Procurement strategy has been published externally and the CPU has developed an internal document that describes this strategy and the process for conducting a procurement action.

Procurement strategy & objectives

- CPU should develop a procurement strategy implementation plan and build on the spend workshops to raise its profile.

Defining the supply need

- The process for defining the supply need is not well understood across the Authority. CPU should develop standard templates to be disseminated to directorates for use on higher value/risk procurements that prompt support from CPU.

Commodity/project strategies and collaborative procurement

- CPU do not have capacity to be organised on a category basis or to take this more strategic approach. Templates should be developed to help directorates develop 'light' category strategies for the higher value/risk spend areas.

Contract and supplier management

- Contract and supplier management is managed by departments and is limited and unstructured. Due to limited capacity, CPU should select a few high value/risk contracts and introduce contract management disciplines on these with directorates

Key purchasing processes and systems

- The Authority has an eProcurement module (covering P2P) within the finance system which is poorly used and outside the control of CPU. Plans should be developed to improve the use of this. The eSourcing (Bravo) system is well established.

People

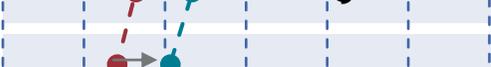
- Procurement skills and knowledge are limited to the CPU. Procurement resource plans should be developed that include both procurement and non-procurement staff and a training programme should be rolled-out across the Authority.

Performance management

- Contract-spend reports have been introduced and published to heads of services. Plans are in hand to extend these to include a focused suite of performance metrics that will highlight the value lost and the benefits procurement could deliver.

# Fitness Check – Procurement Maturity Assessment

## Powys Executive Summary

Model Dimension	Comparison	Welsh Gaps	UK Public Sector Gaps	Comments
Procurement leadership & governance		24	11	Historically the value of procurement has not been recognised at senior level
Procurement strategy & objectives		27	37	A Commissioning and Procurement strategy has been developed but is not widely understood
Defining the supply need		18	37	The benefit of defining supply needs is not well developed and rarely prepared for procurements
Commodity/project strategies and collaborative procurement		23	29	CPU have methods for developing commodity strategies, but only influence limited spend
Contract and supplier management		9	33	Procurement have skills and tools but this support is not being offered widely across the Council.
Key purchasing processes and systems		15	55	Procurement have developed the esourcing system (Bravo) this will improve as it is rolled-out
People		22		The CPU have training and skills, but have been unable to transfer these to the wider organisation
Performance management		22	37	Contract-spend reports are being published to heads of service – these should be developed

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

### Benefits from implementing recommendations

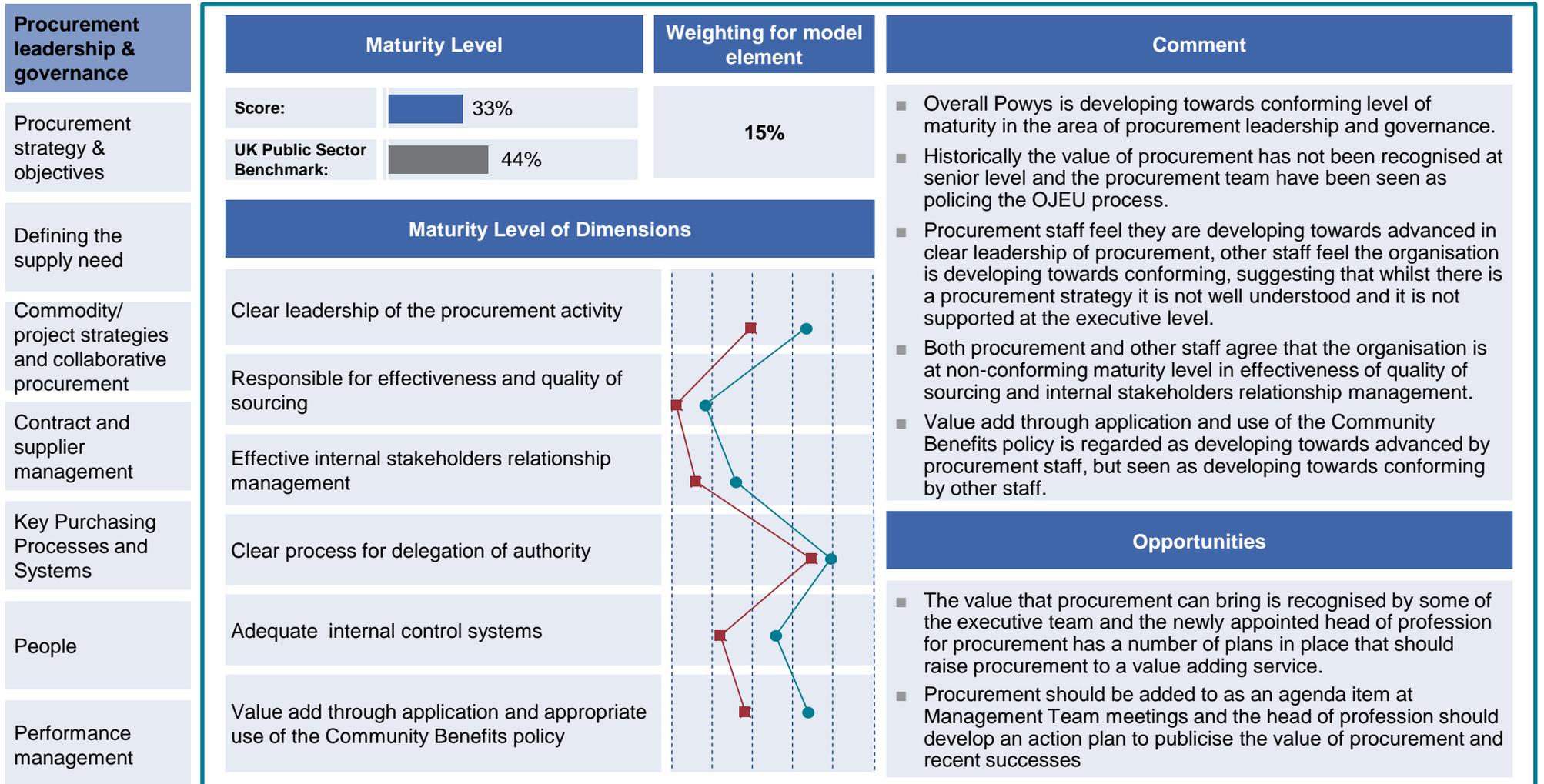
- Powys maturity is relatively low compared with the benchmarks. The benefits from moving forward one or two levels of maturity will be significant. It should allow Powys to take better control of its spend and drive increased value from that spend. Where similar organisations have been able to increase their maturity by two levels they have typically achieved savings and/or value added benefits of between 1.5% and 2.5% of total spend.

### Overall Recommendations

- Powys has a relatively small central procurement team. A case is being prepared for a larger central team, where the plan is to increase central procurement’s control of spend to drive procurement benefits. In the current financial climate it is unlikely that funding will be available to expand the team to the size required to cover all spend. Once the central team has been strengthened the CPU should take professional responsibility (but not operational) for procurement skilled staff in the directorates, who would report jointly to the CPU head of profession and to their directorates.

# Procurement leadership & governance

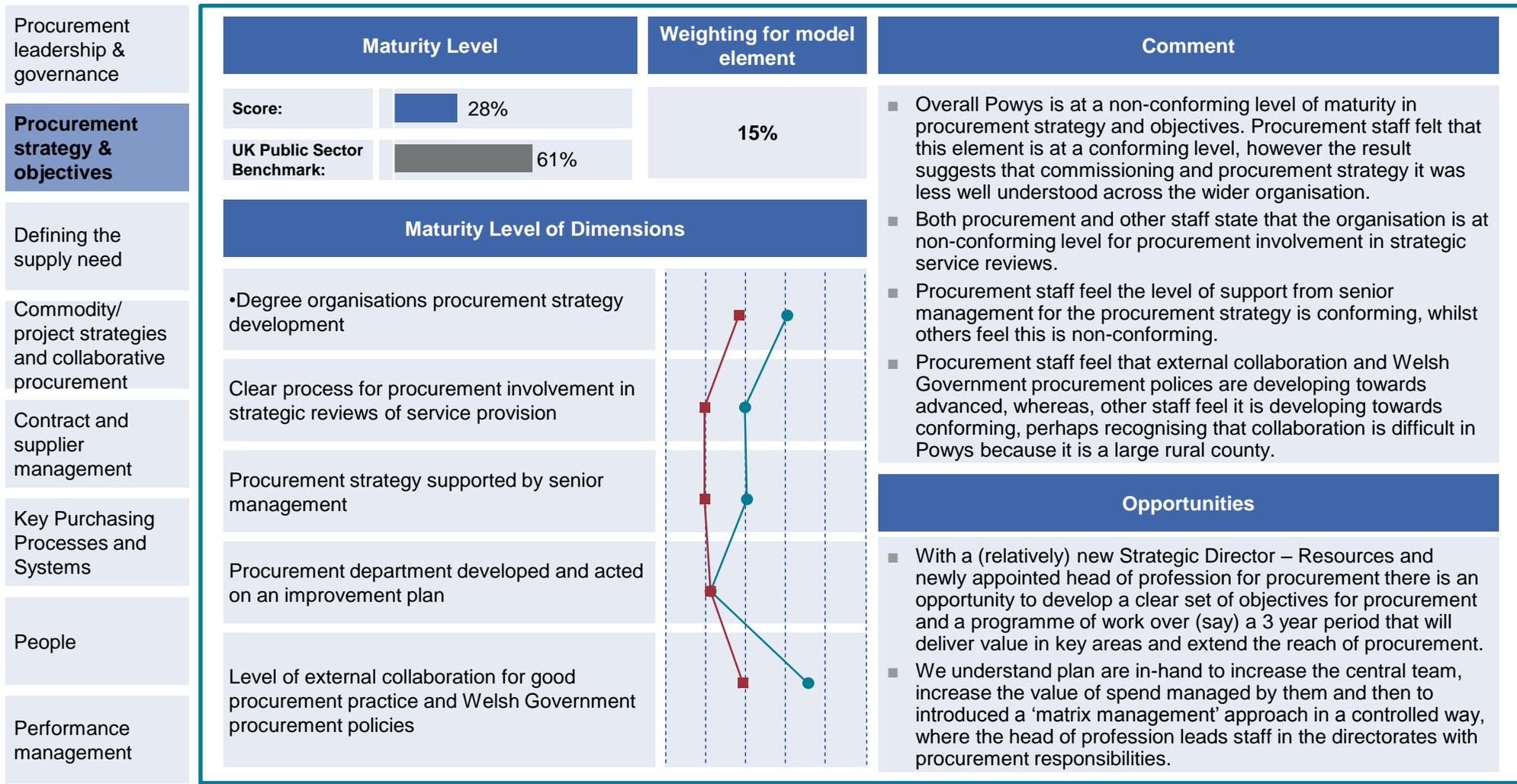
## A detailed overview of the results per dimension KPMG found ...



■ Powys Average Maturity Grade ● Average of Welsh Authorities

# Procurement strategy and objectives

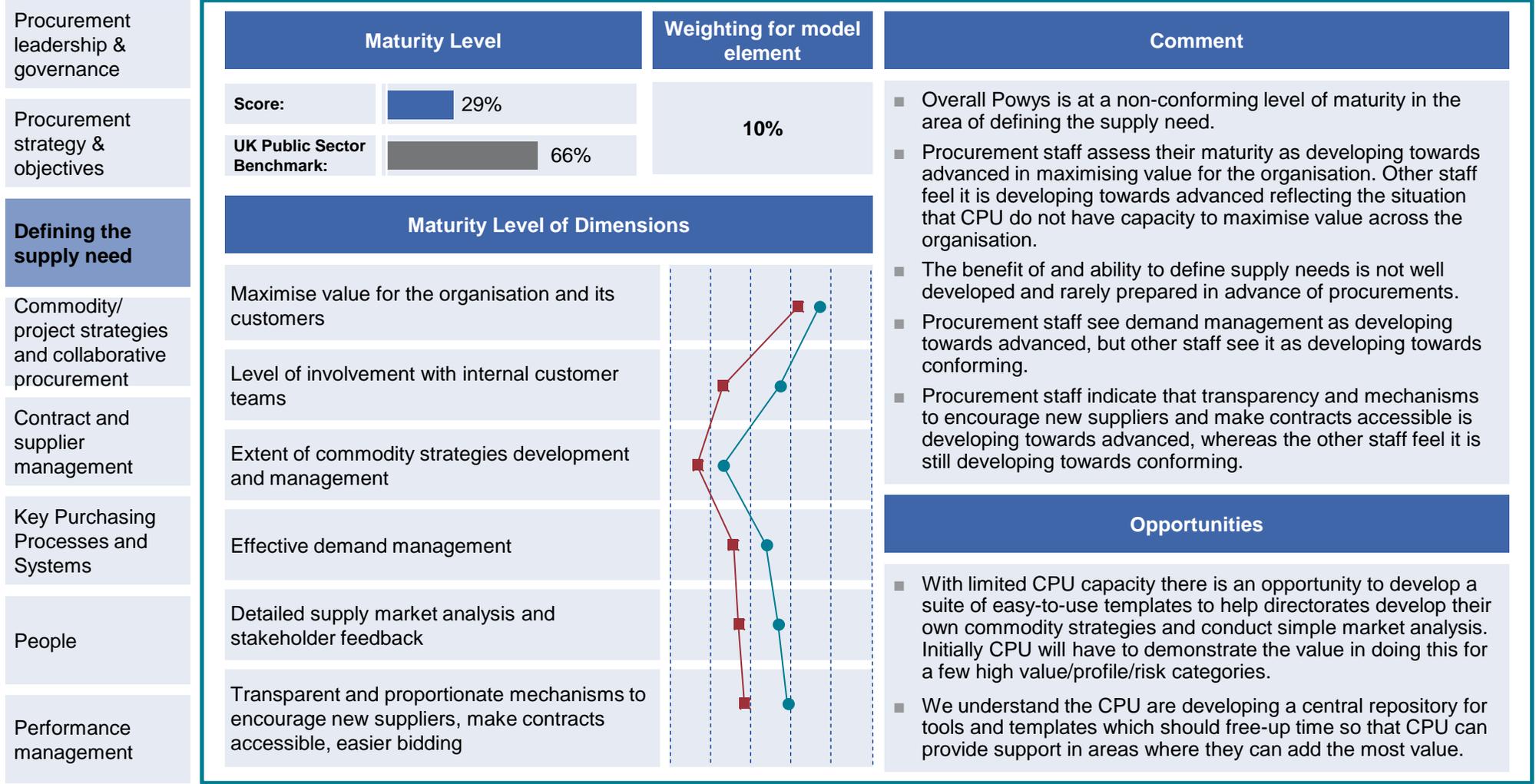
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# Defining the supply need

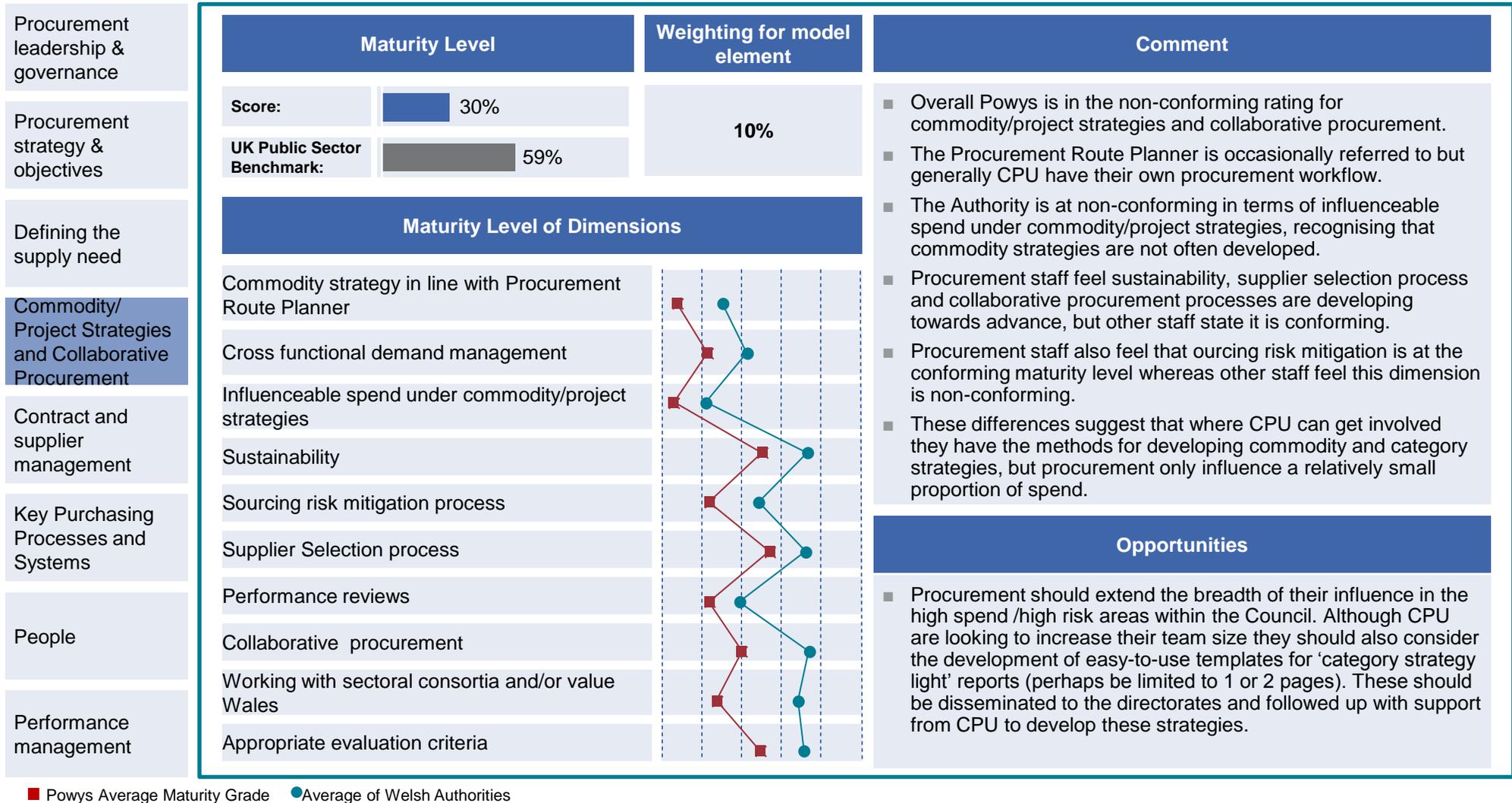
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# Commodity/ project strategies and collaborative procurement

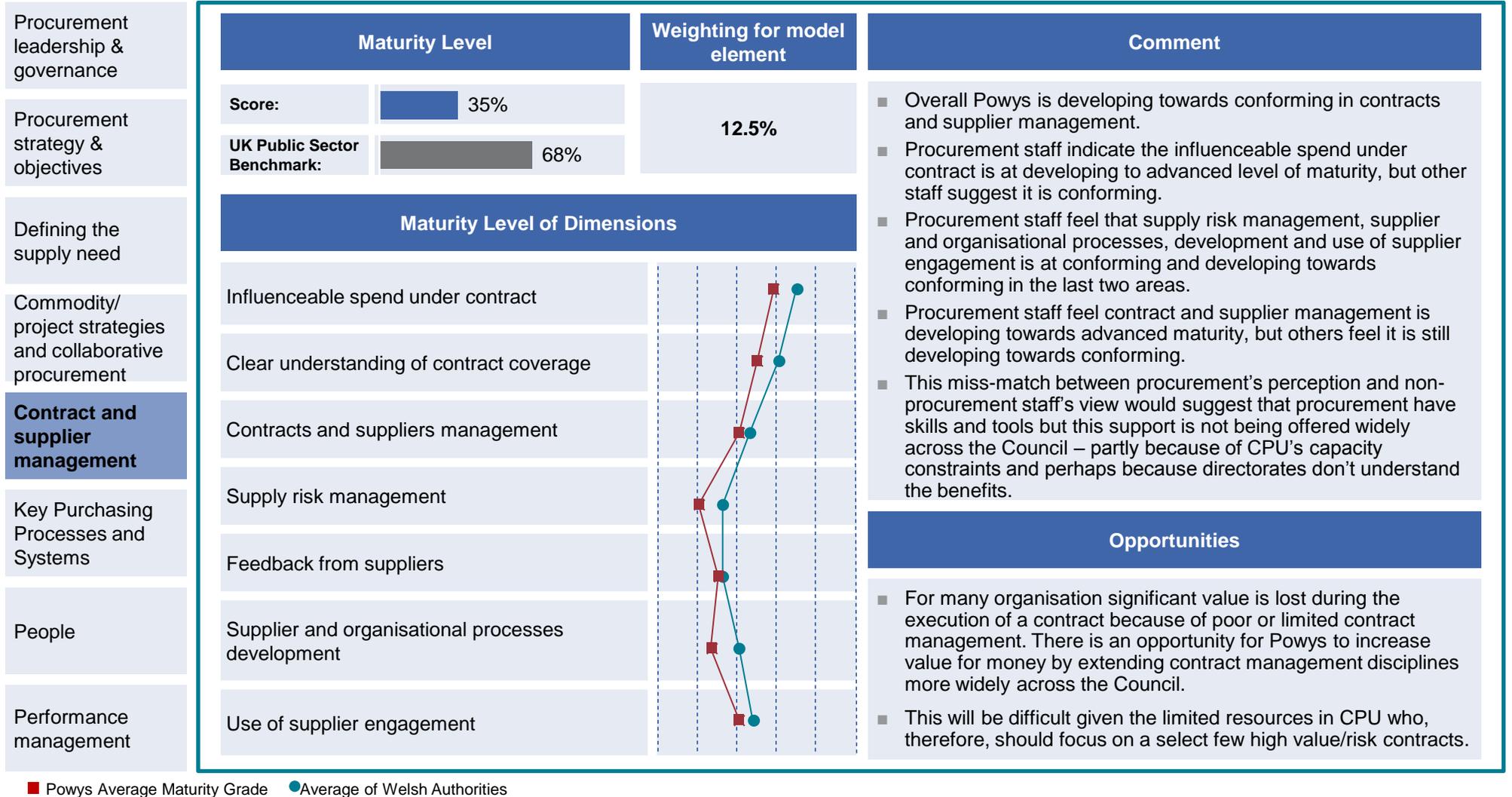
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# Contract and supplier management

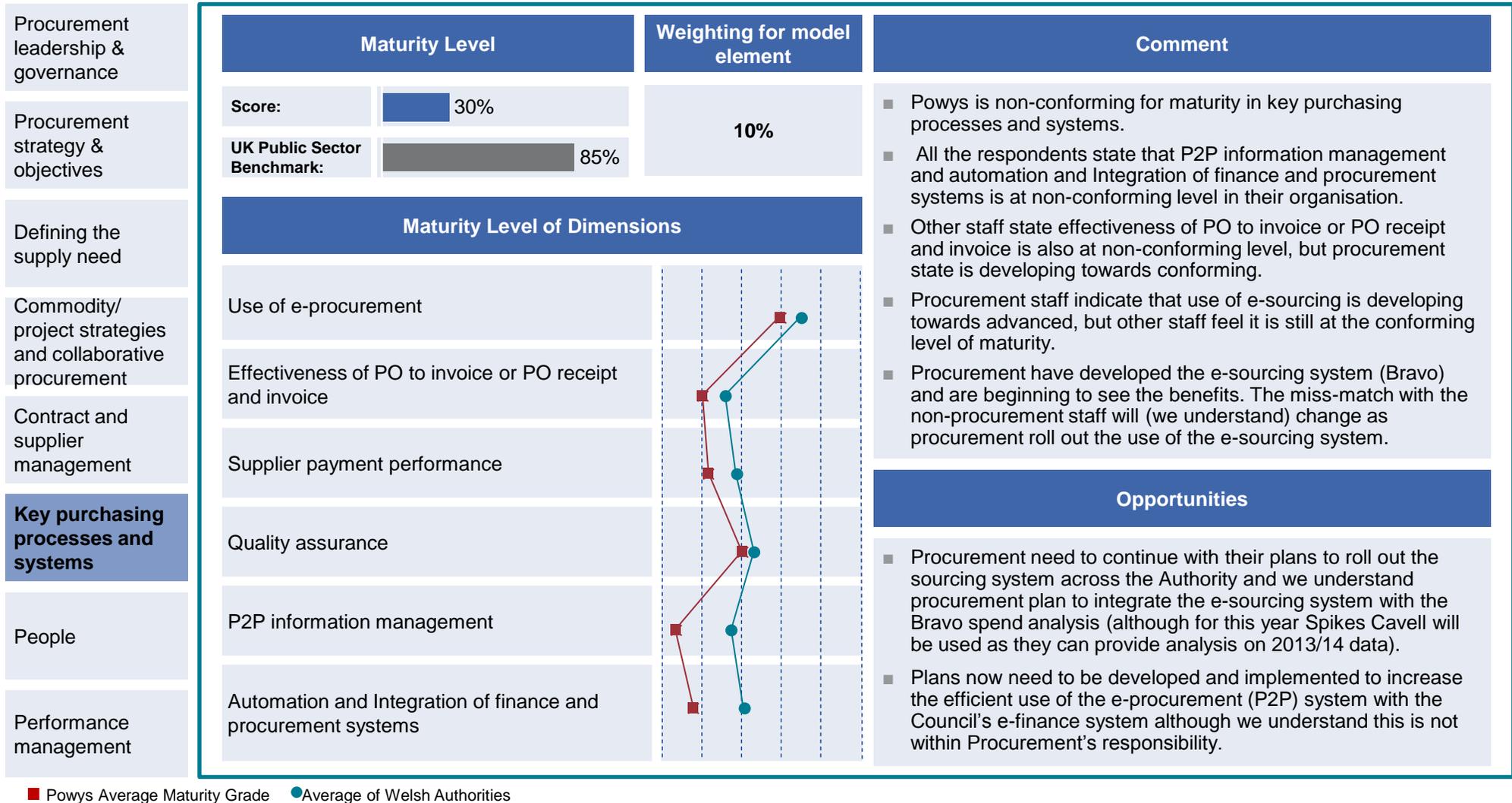
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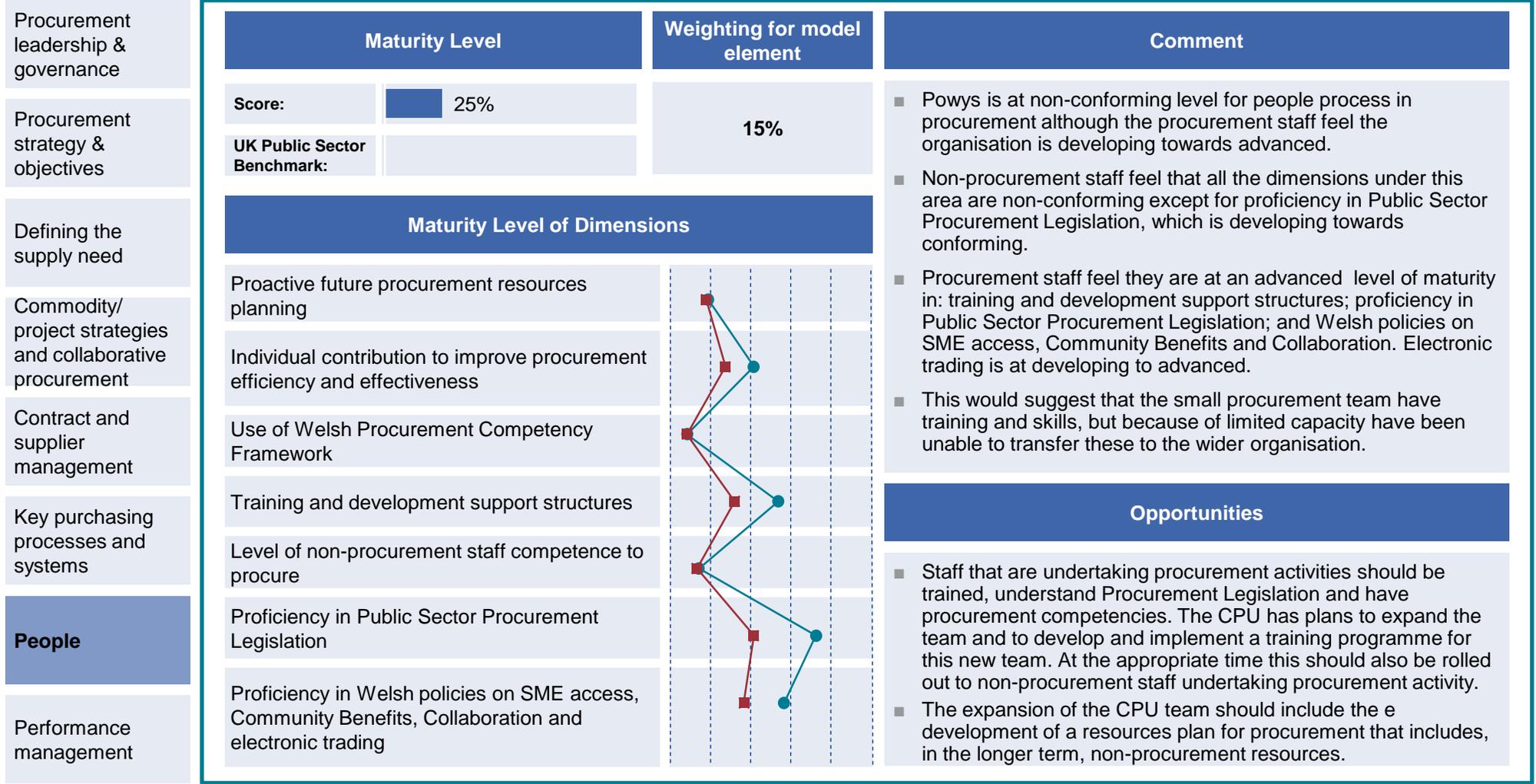
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# Key purchasing processes and systems

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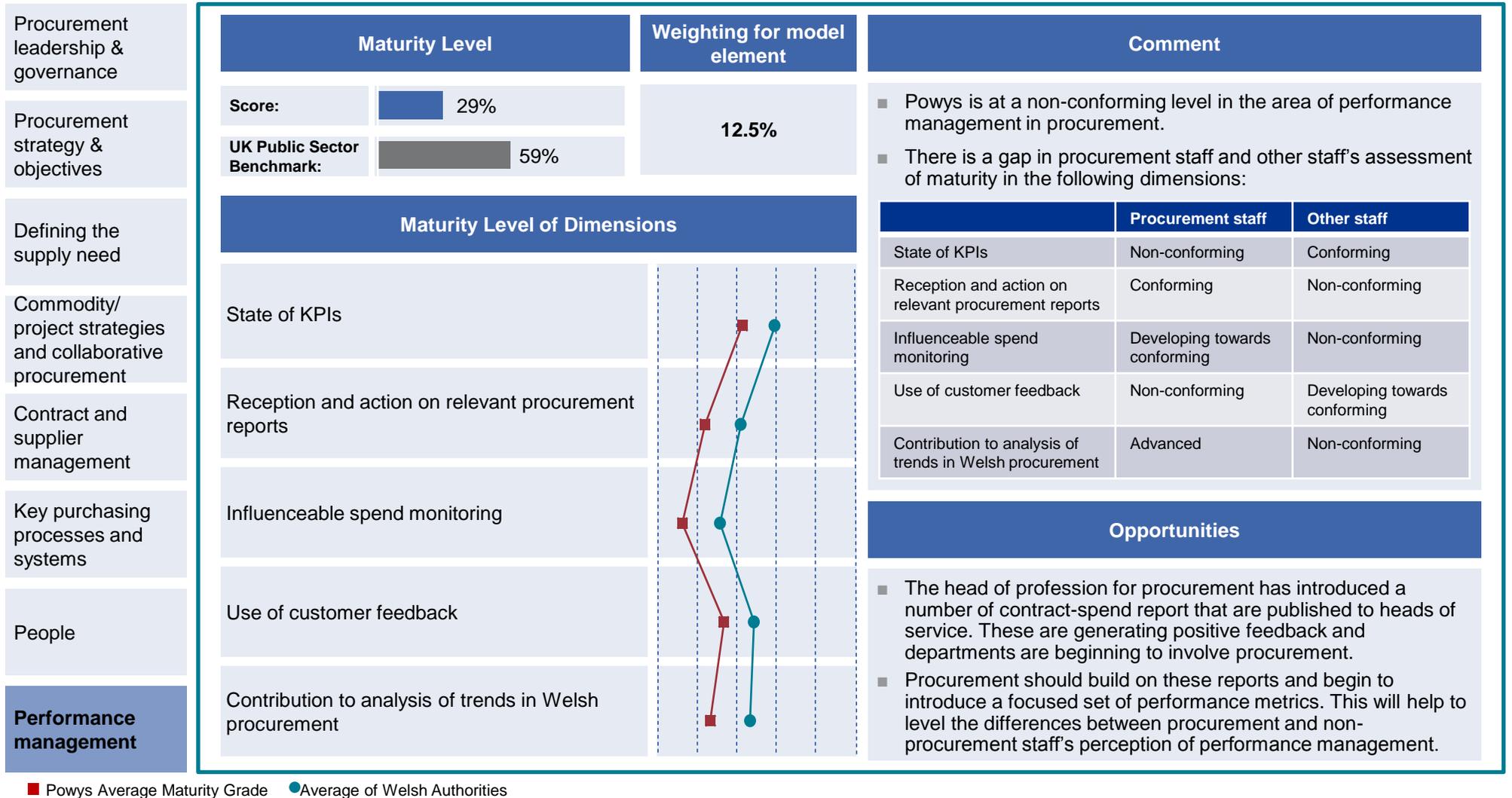


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# Fitness Check – Procurement Maturity Assessment

## Profile of respondents

Position	Number of respondents
<b>Total</b>	<b>38</b>

Years Experience	Number of respondents
Less than 5	3
5-10	6
10-15	9
15-20	3
20-25	5
25-30	5
30-35	2
More than 35	5
<b>Total</b>	<b>38</b>

Qualification	Number of respondents
Degree (or equivalent)	58%
Masters	13%
MBA	3%
CIPS	3%
MCIPS	5%
Other	45%
<b>Total</b>	<b>38</b>

Contract Value responsibility	Number of respondents
Between £0 -£500K	0
Between £500K - £10m	0
Greater than £10m	38
<b>Total</b>	<b>38</b>



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