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# Procurement Fitness Check for: Isle of Anglesey

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

January 2014



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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	6
■ Procurement strategy & objectives	7
■ Defining the supply need	8
■ Commodity/ project strategies and collaborative procurement	9
■ Contract and supplier management	10
■ Key purchasing processes and systems	11
■ People	12
■ Performance management	13

# 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 Isle of Anglesey Executive Summary

## Overall Maturity Rating

### Non-conforming

## Organisational Context

- Anglesey is embarking on a significant transformational program across the organisation. A key component of this program should be to focus on reforming current procurement practices across the organisation to ensure consistency, compliance and good commercial outcomes for the organisation.
- There are a number of recommendations outlined in the Internal Audit Report relating to procurement across the organisation dated December 2012. This report outlines a number of recommended which should be included in the Project Board for procurement transformation in addition to the recommendations outlined in this report.
- Anglesey has a small central team, who have limited influence across the organisation. This team has had significant personnel change over recent years which has affected consistency of support to the organisation.
- There were only two respondents to the survey from across the organisation which could affect the accuracy of the survey results of Anglesey's maturity assessment, however, after conducting site visit interviews with key stakeholders, the survey result are consistent with the responses from stakeholders..

## Model Dimension

## Recommended Actions

Procurement leadership & governance

- Complete Internal Audit actions from Report 1825.12/13 to increase compliance to Procurement Framework and allow leadership a platform of accountability for procurement activities.

Procurement strategy & objectives

- Develop procurement strategy and objectives aligned to the Authorities overarching transformational agenda and devise an internal engagement plan to educate and promote this strategy across the Authority.

Defining the supply need

- Develop templated documents to standardise quality and approach to defining the supply need across the Authority, implement 'sourcing plan' document to improve transparency and planning of resources and effort.

Commodity/project strategies and collaborative procurement

- Develop category/commissioning plan template for Directorates to use which will include spend data analysis and market analysis from the central team. Initially Directorates will complete and once more mature the central team can assist.

Contract and supplier management

- Develop a contract management strategy/guideline for implementation in the Directorates and for top 10 critical contracts involve central team representative in the formalised periodic contract management meetings.

Key purchasing processes and systems

- Continue to embed systems upgrades and training across the organisation.

People

- Central team to develop an informal network across internal stakeholders responsible for procurement in the Directorates by to knowledge share, provide updates and build relationships. Develop central team roles and responsibilities aligned to procurement strategy.

Performance management

- Ensure KPIs are aligned to strategy documentation once developed. Use of new system to capture on and off contract spend and data analytics in time.

# Fitness Check – Procurement Maturity Assessment

## Isle of Anglesey Executive Summary

Model Dimension	Comparison	Welsh Gaps	UK Public Sector Gaps	Comments
Procurement leadership & governance		37	24	<ul style="list-style-type: none"> <li>There has been a changing leadership presence across the Authority and the procurement team in recent years</li> </ul>
Procurement strategy & objectives		48	58	<ul style="list-style-type: none"> <li>There is a lack of clear procurement strategy and framework for compliance within the Authority</li> </ul>
Defining the supply need		35	54	<ul style="list-style-type: none"> <li>Currently defined by individual Directorates, interim Head of Procurement forming good relationships to assist requirements definition</li> </ul>
Commodity/project strategies and collaborative procurement		36	42	<ul style="list-style-type: none"> <li>Overarching strategies not in place across the Authority, individual Directorates planning on a case by case basis</li> </ul>
Contract and supplier management		40	64	<ul style="list-style-type: none"> <li>Led by Directorates and is as mature as individual skill sets and experience allow</li> </ul>
Key purchasing processes and systems		12	52	<ul style="list-style-type: none"> <li>Current system implementation occurring</li> </ul>
People		28		<ul style="list-style-type: none"> <li>Very small central team, roles and priorities need to be defined and communicated across Authority</li> </ul>
Performance management		15	30	<ul style="list-style-type: none"> <li>Limited, however should increase with systems upgrade</li> </ul>

● Isle of Anglesey Average Maturity Grade    
 ● Average of Welsh Authorities    
 ● UK Public Sector Benchmark

### Benefits of implementing recommendations

- The benefit of the Isle of Anglesey implementing the recommendations from the December 2012 Internal Audit Report 1825.12/13 and from this report is that the Authority will have a consistent and compliant approach to procurement for the organisation. This approach will act as the building blocks from which future improvement and cost savings can be achieved in the coming years.

### Overall Recommendations

- In conjunction with the ongoing transformation of Anglesey Council, the foundations of establishing a solid procurement function focused on - consistency across the Directorates by communicating a clear strategy, templated documentation, allocation of resources to assist Directorates and build relationships, training of key stakeholders and forward planning to establish spend and requirements across the organisation, need to occur in order to ensure compliance and consistent commercial outcomes in the interest of the Local Authority.

# Procurement leadership & governance

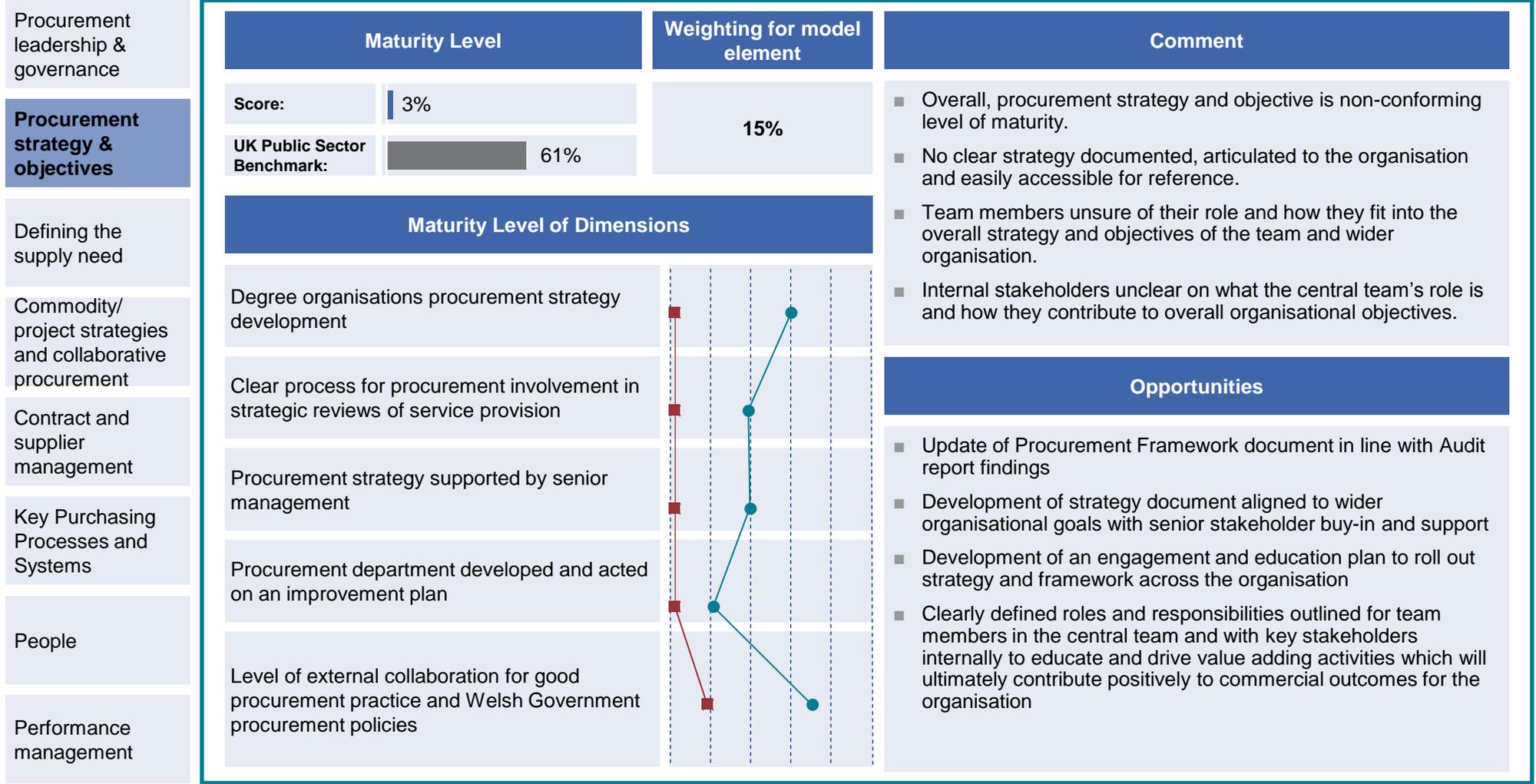
## A detailed overview of the results per dimension KPMG found ...

Procurement leadership & governance	Maturity Level	Weighting for model element	Comment
Procurement strategy & objectives	Score:  20%	15%	<ul style="list-style-type: none"> <li>Overall, procurement leadership and governance is at a non-conforming level of maturity.</li> <li>The Corporate Procurement Framework, Internal Audit Report 1825.12/13 dated December 2012 highlighted a number of areas required to be rectified in order to improve general governance and compliance, as well as set direction for procurement activities across the organisation. At the time of the site visit, little had been done to action these recommendations.</li> <li>With changes in central procurement team resources over the past two years, there has been an element of inconsistency in driving outcomes and setting direction for the team.</li> <li>Clear leadership from the top down, supporting procurement objectives and profile within the organisation is critical to changing organisational culture and improving the team's profile internally.</li> </ul>
Defining the supply need	UK Public Sector Benchmark:  44%		
Commodity/ project strategies and collaborative procurement	<b>Maturity Level of Dimensions</b>		
Contract and supplier management	Clear leadership of the procurement activity		
Key Purchasing Processes and Systems	Responsible for effectiveness and quality of sourcing		
People	Effective internal stakeholders relationship management		
Performance management	Clear process for delegation of authority		
	Adequate internal control systems		
	Value add through application and appropriate use of the Community Benefits policy		
	<b>Opportunities</b>		
		<ul style="list-style-type: none"> <li>Implement recommendations from Internal Audit Report 1825.12/13 dated December 2012</li> <li>Establish key internal change champions to represent procurement's agenda at Senior Leadership level with an aim to establish strong networks across Directorate Heads and their next level of management down</li> <li>Inclusion of 'Procurement' as a regular agenda item on SLT meetings</li> <li>Develop templated documents for tender and planning activities</li> </ul>	

■ Isle of Anglesey Average Maturity Grade    ● Average of Welsh Authorities

# Procurement strategy and objectives

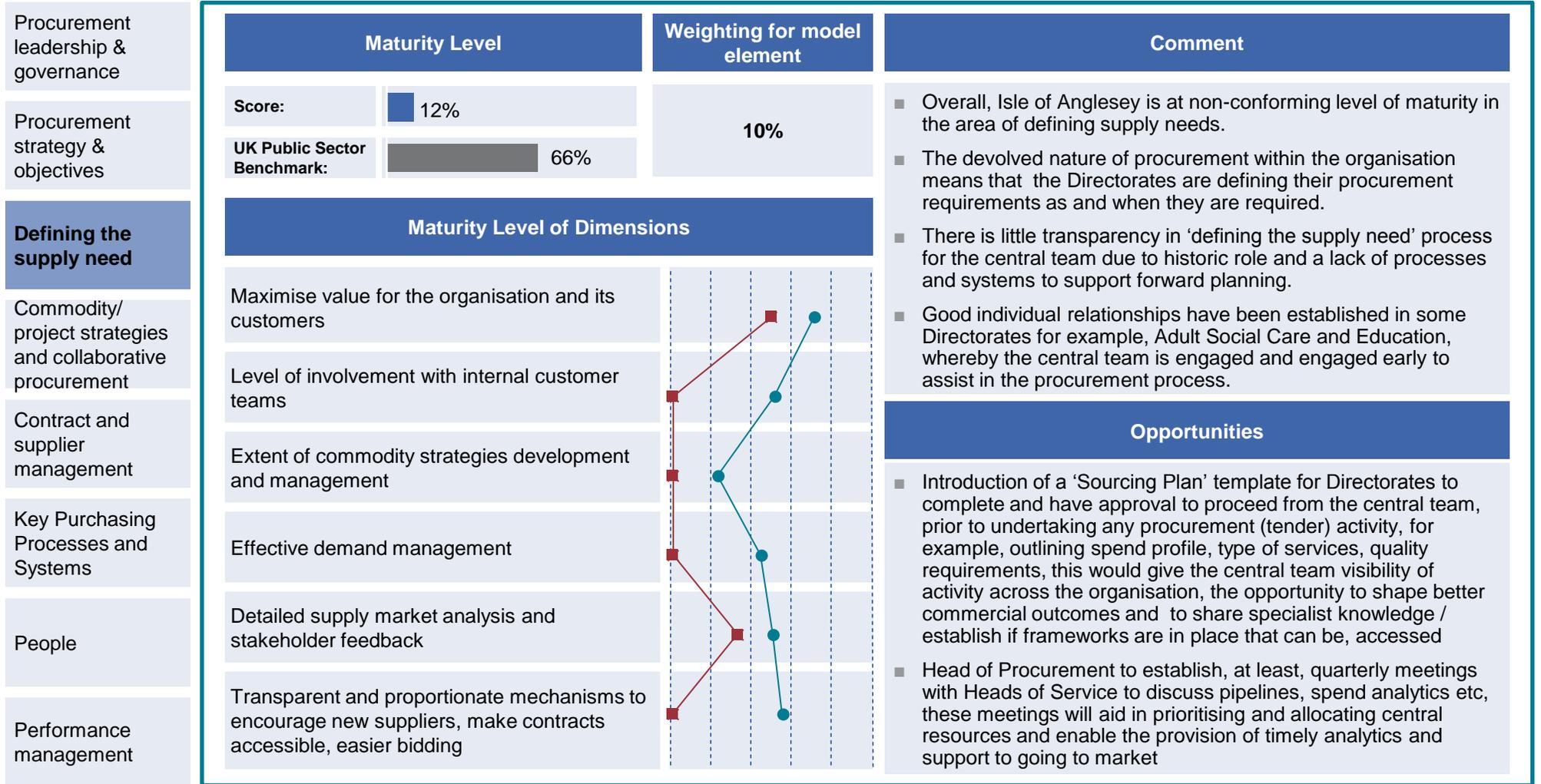
## A detailed overview of the results per dimension KPMG found ...



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# Defining the supply need

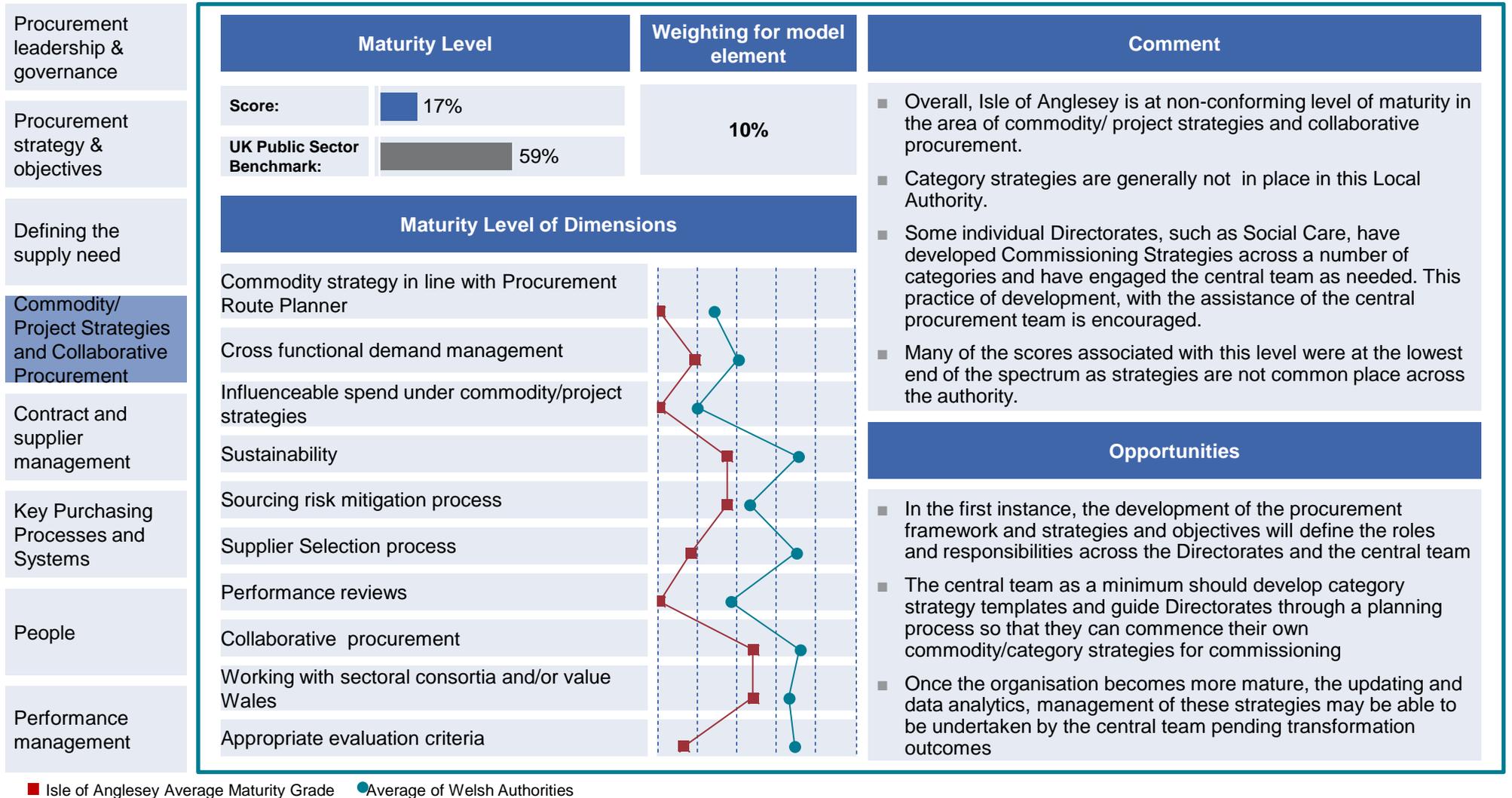
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# Commodity/ project strategies and collaborative procurement

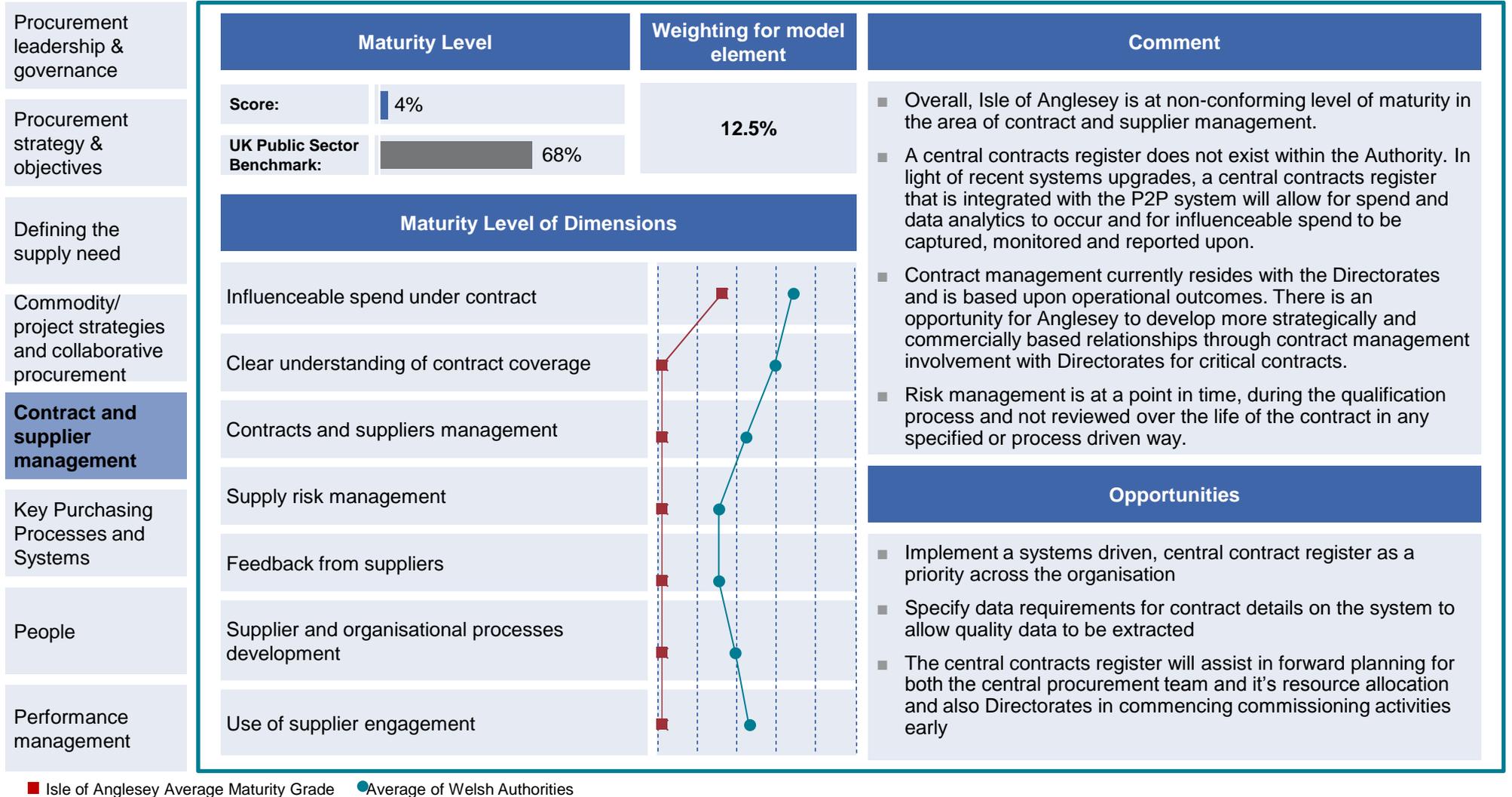
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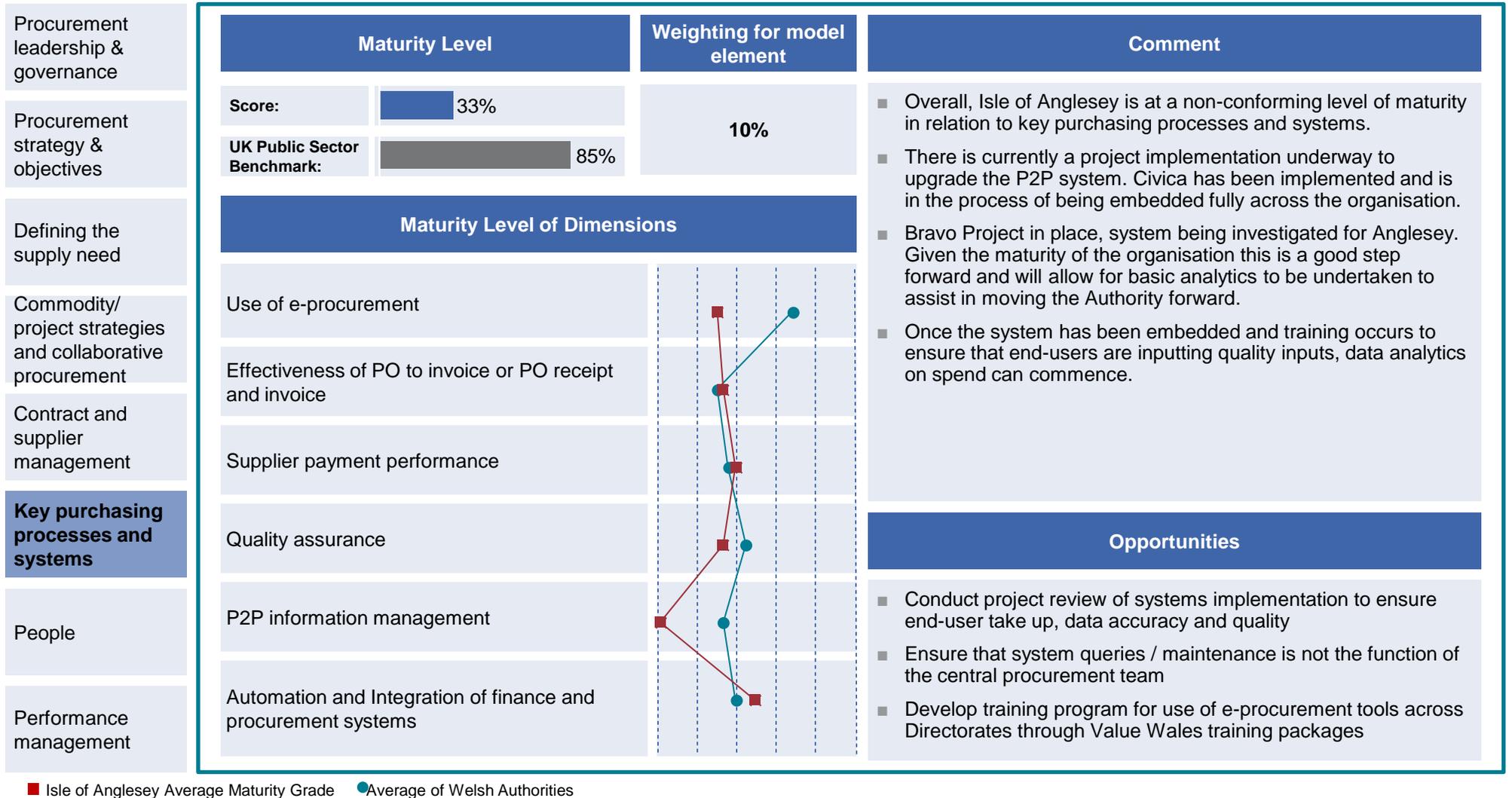
# Contract and supplier management

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



# Key purchasing processes and systems

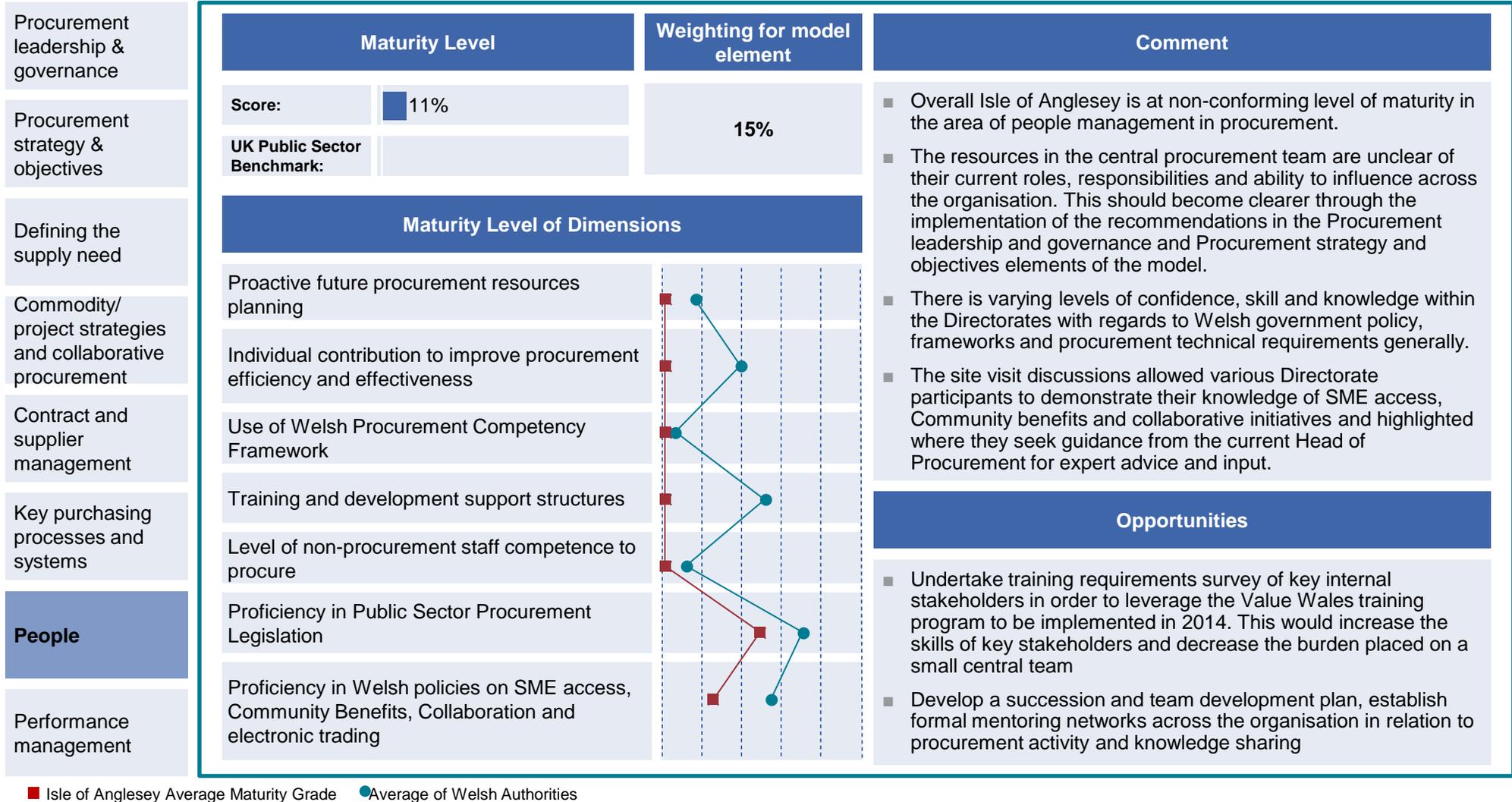
## A detailed overview of the results per dimension KPMG found ...



■ Isle of Anglesey Average Maturity Grade    ● Average of Welsh Authorities

# People

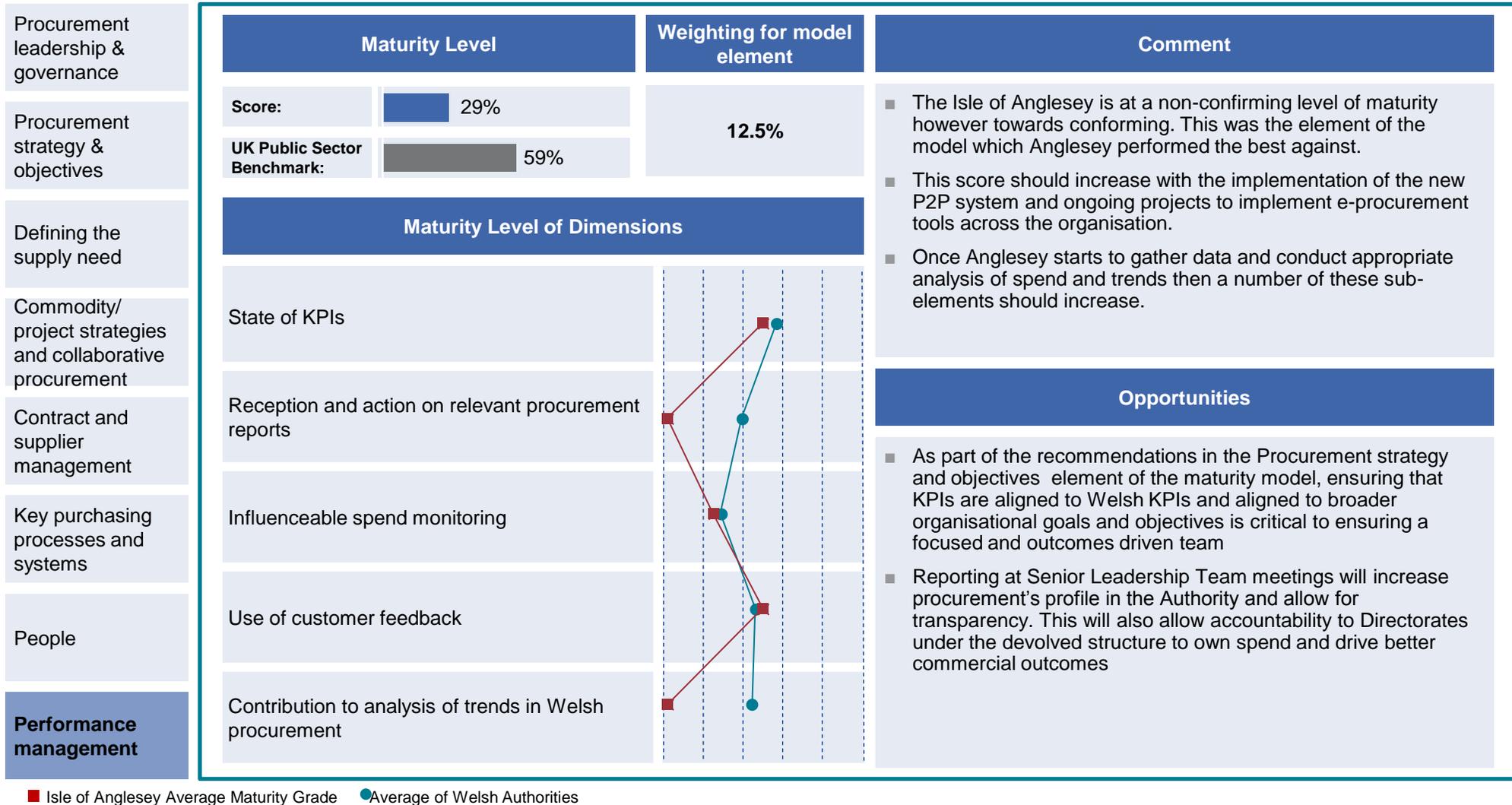
## A detailed overview of the results per dimension KPMG found ...



■ Isle of Anglesey Average Maturity Grade    ● Average of Welsh Authorities

# Performance management

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



■ Isle of Anglesey Average Maturity Grade    ● Average of Welsh Authorities



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