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# Procurement Fitness Check for: Neath Port Talbot

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

## Neath Port Talbot Executive Summary

### Overall Maturity Rating

### Developing towards conforming

### Organisational Context

- Neath Port Talbot have a devolved procurement structure, with a central team supporting key tender processes and contractual/legal compliance.
- Centrally, there are 3.5 FTEs, supported by a full time Corporate Procurement Manager and two additional staff supporting the full time e-Procurement Manager.
- Neath Port Talbot have a significant savings target post Settlement announcements in late 2013.
- Procurement has a modest savings target for common/repetitive spend, through purchasing and reviewing existing contract arrangements to assist in the authority meeting the overall savings requirements.
- Neath Port Talbot is also currently transitioning to a new P2P system (Oracle) across the authority.

### Model Dimension

### Recommended Actions

Procurement leadership & governance

- Formalise internal relationship plans to clearly define roles of central procurement team and their connection/interaction with the devolved service areas

Procurement strategy & objectives

- Finalise strategy update, including the strategic review process and secure senior management and member sign off

Defining the supply need

- Ensure utilisation of P2P system drives effective commodity management, real time visibility of spend and demand analysis

Commodity/project strategies and collaborative procurement

- Develop process to monitor all spend across all service areas following implementation of P2P system

Contract and supplier management

- Successful use of e-tendering with complimentary support provided to local SMEs to ensure inclusion and participation

Key purchasing processes and systems

- Continue introduction of P2P system to provide real time visibility of all contract spend/s including comprehensive end-user training and review of take-up

People

- Establish formal knowledge sharing and networking activities to enhance relationships and ensure a consistent approach to procurement throughout the authority

Performance management

- Ensure understanding across the authority with regard to influenceable spend and accompanying policies and procedures, monitored through monthly reporting and KPIs

# Fitness Check – Procurement Maturity Assessment

## Neath Port Talbot Executive Summary

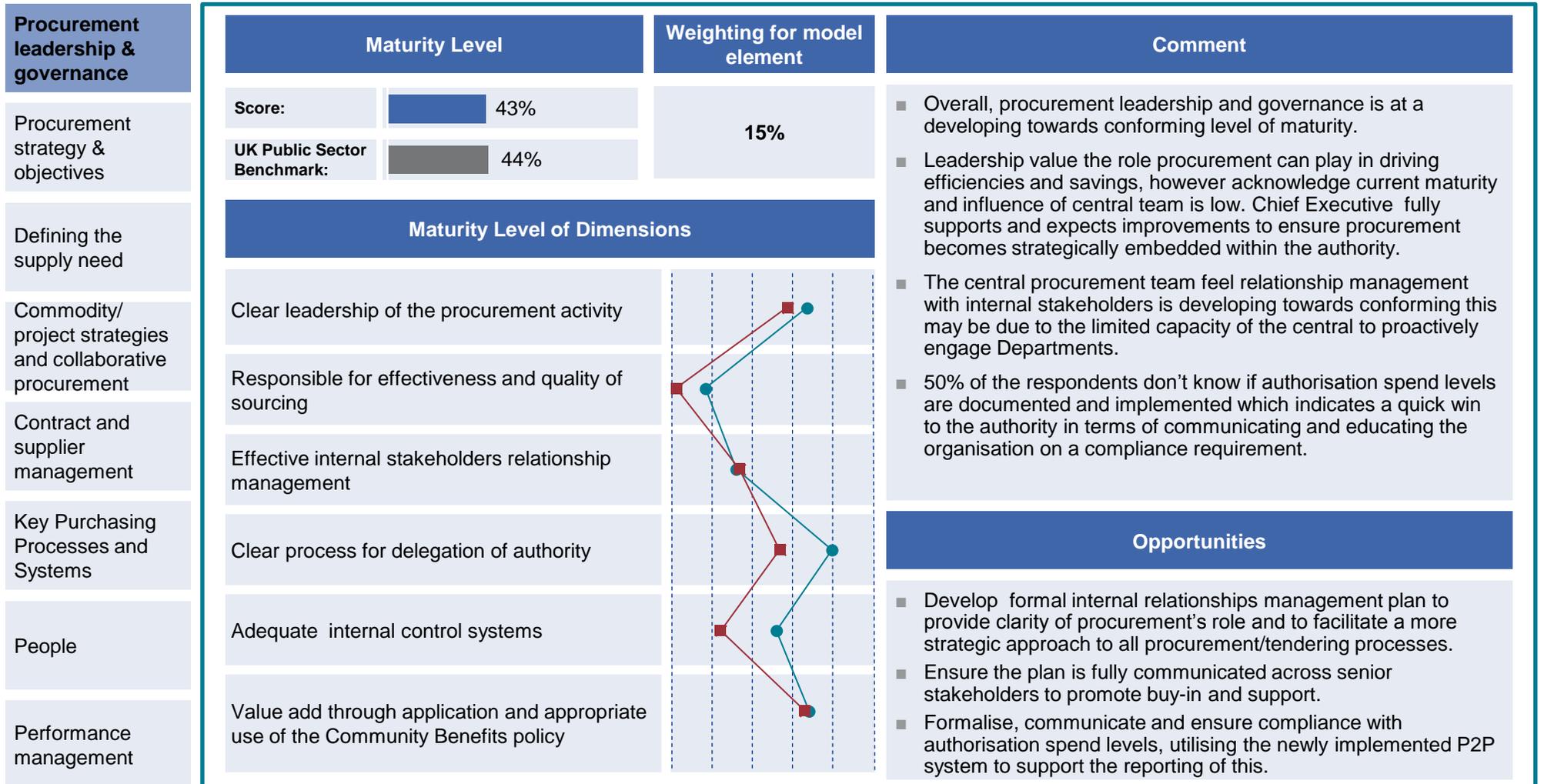
Model Dimension	Comparison	Welsh Gaps	UK Public Sector Gaps	Comments
Procurement leadership & governance		14	1	<ul style="list-style-type: none"> <li>Targeted communication will provide detailed process oversight beyond senior management</li> </ul>
Procurement strategy & objectives		13	23	<ul style="list-style-type: none"> <li>Staffing levels are challenging for central team, and procurement is more reactive at present</li> </ul>
Defining the supply need		14	33	<ul style="list-style-type: none"> <li>Commodity strategy and demand management need to be formally developed and implemented</li> </ul>
Commodity/project strategies and collaborative procurement		10	16	<ul style="list-style-type: none"> <li>Expectation that P2P system across all services will provide data for strategic spend management</li> </ul>
Contract and supplier management		17	41	<ul style="list-style-type: none"> <li>Limited interaction with suppliers and no single, formal approach across the authority.</li> </ul>
Key purchasing processes and systems		5	35	<ul style="list-style-type: none"> <li>Key area being developed through introduction of P2P system</li> </ul>
People		1		<ul style="list-style-type: none"> <li>Annual refresher training would complement existing online course for staff involved in sales</li> </ul>
Performance management		11	26	<ul style="list-style-type: none"> <li>Limited real time visible spend data is a barrier to analysis and management of influenceable spend</li> </ul>

● Neath Port Talbot Average Maturity Grade ● Average of Welsh Authorities ● UK Public Sector Benchmark

<b>Benefits from implementing recommendations</b>	<ul style="list-style-type: none"> <li>Completing implementation of P2P system to provide real time visibility of all spend will allow the procurement team to monitor and analyse all spend, which, in turn, will support supplier and category management.</li> <li>Further development of policies and procedures, and ensuring directorate understanding, will further embed procurement strategically and ultimately create capacity to provide a pro-active approach centrally to support the directorates.</li> </ul>
<b>Overall Recommendations</b>	<ul style="list-style-type: none"> <li>Continue with implementation of P2P system and once implemented develop a program of reporting and analytics to allow real time spend analysis and information to be provided to the authority.</li> <li>Implement active communication to the procurement team and active buyers within directorates regarding key processes and policies to ensure a deeper understanding of current procurement strategy and activity.</li> </ul>

# Procurement leadership & governance

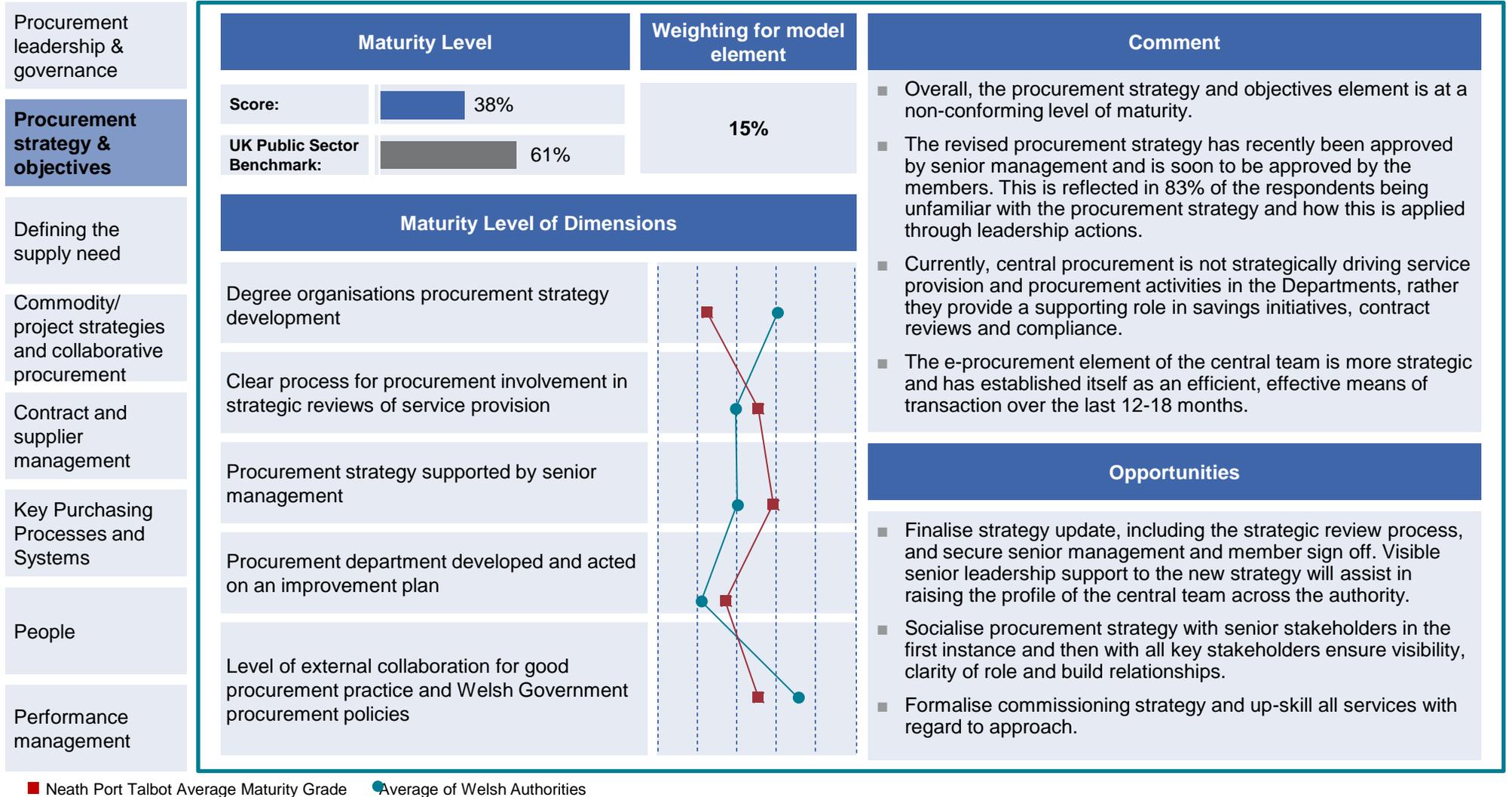
## A detailed overview of the results per dimension KPMG found ...



■ Neath Port Talbot Average Maturity Grade ● Average of Welsh Authorities

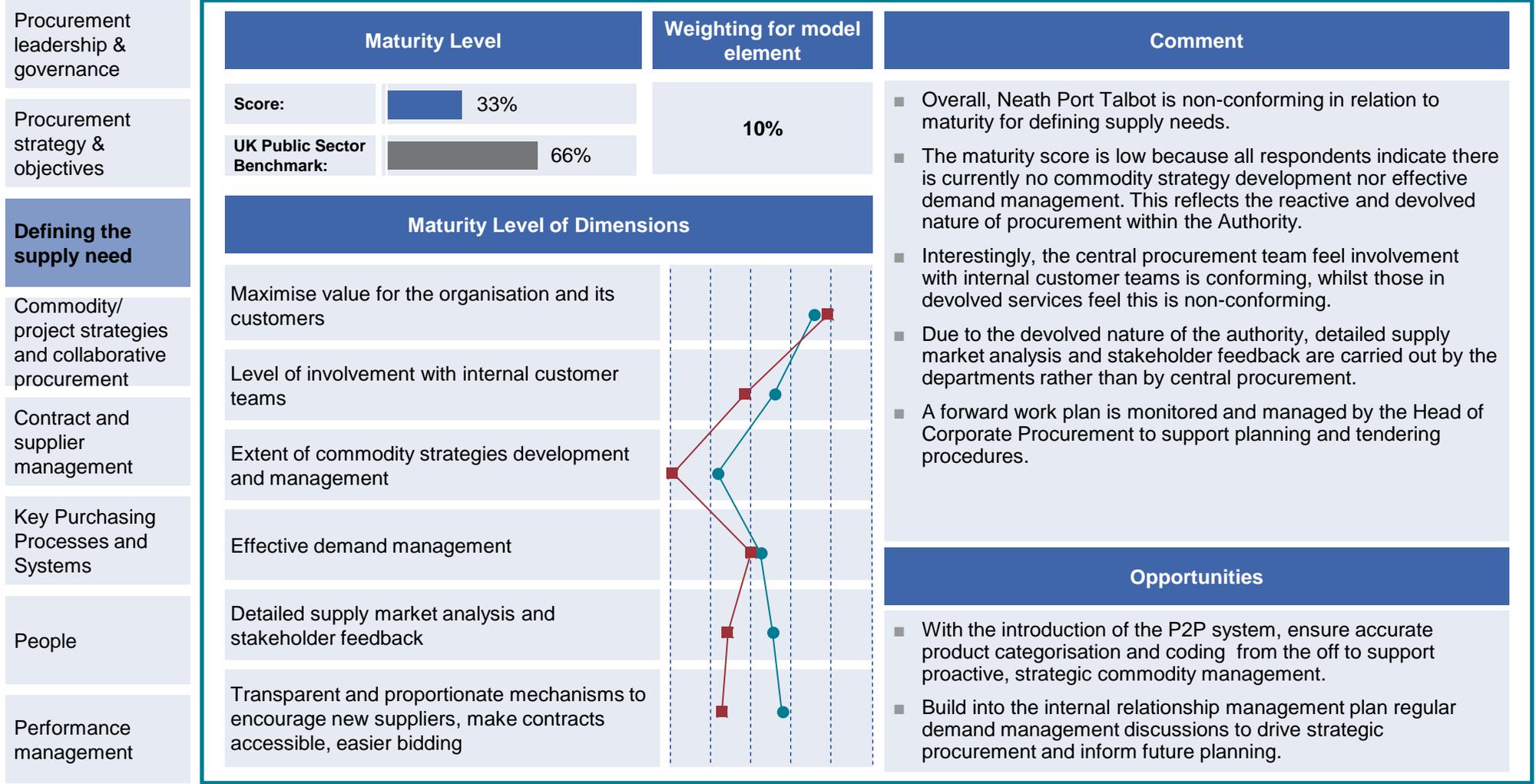
# Procurement strategy and objectives

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



# Defining the supply need

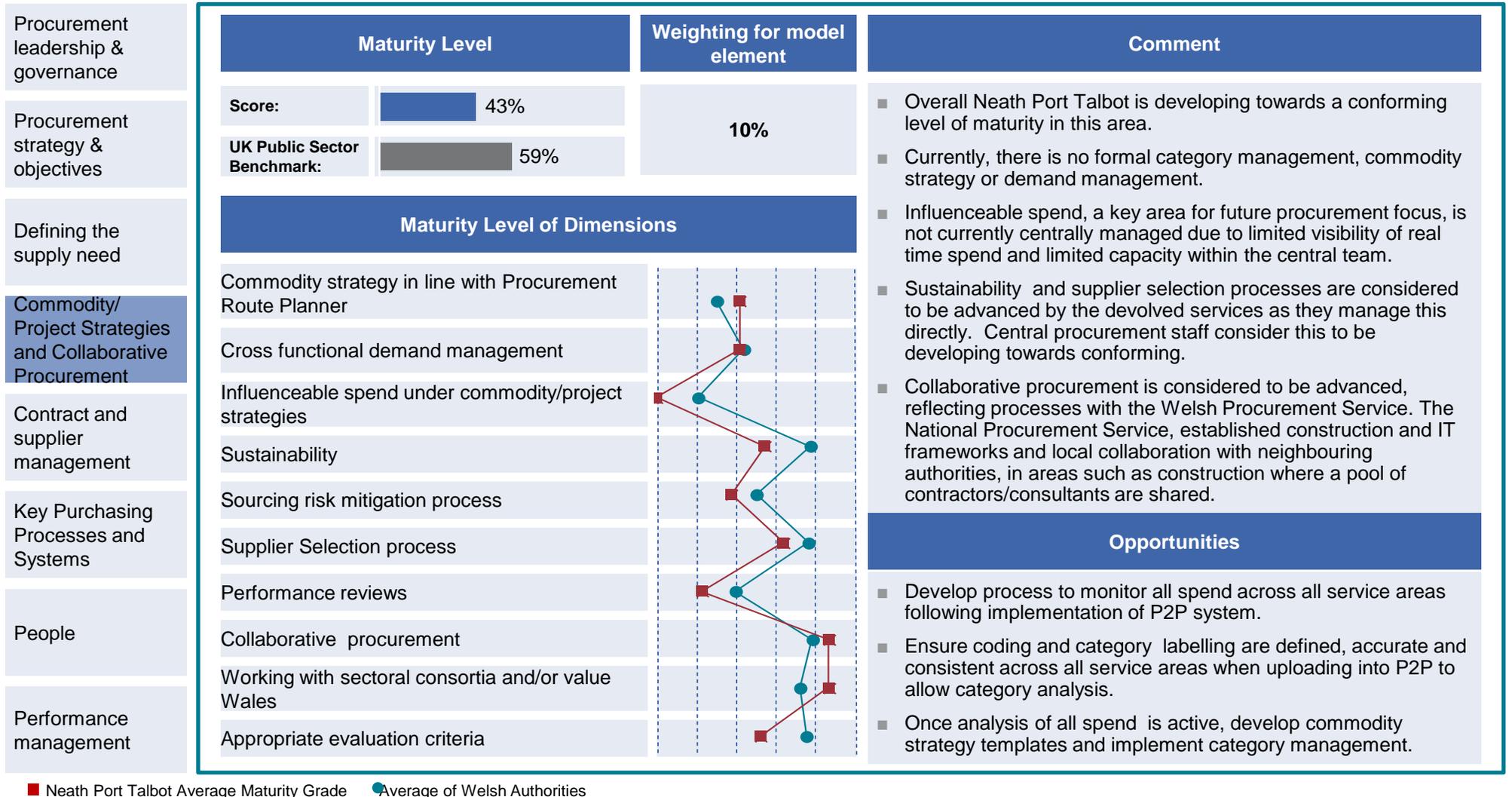
## A detailed overview of the results per dimension KPMG found ...



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# Commodity/ project strategies and collaborative procurement

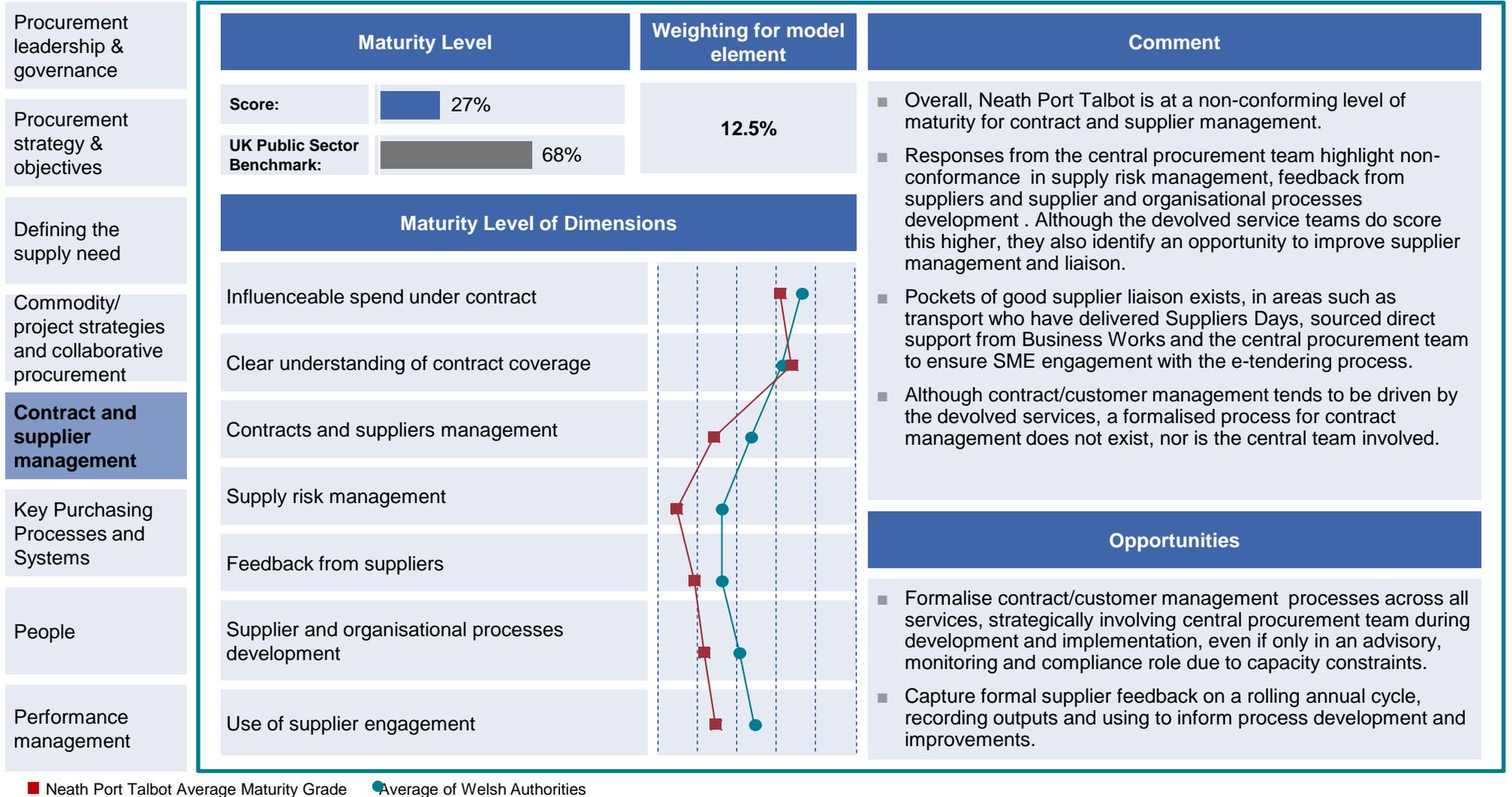
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# Contract and supplier management

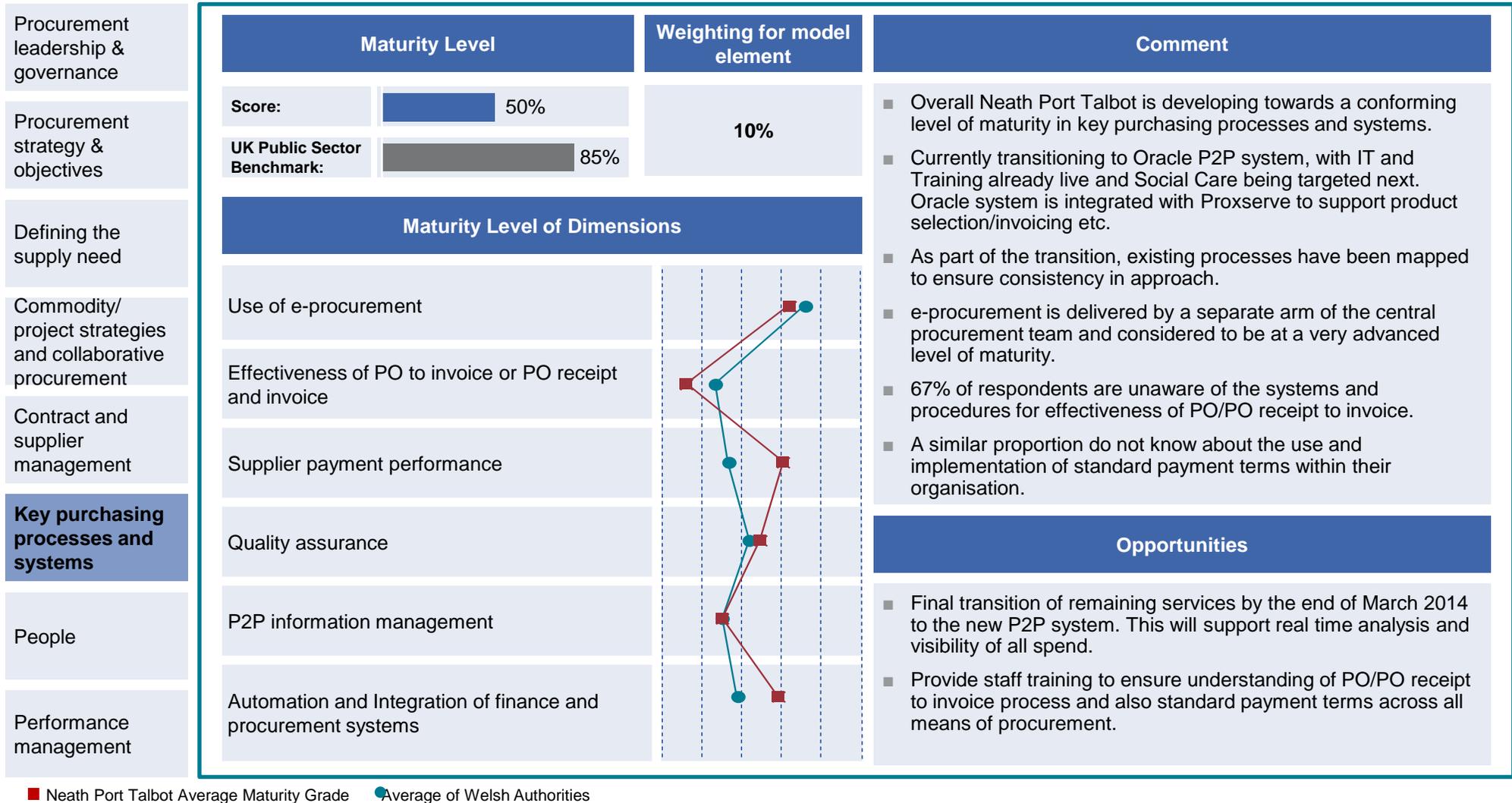
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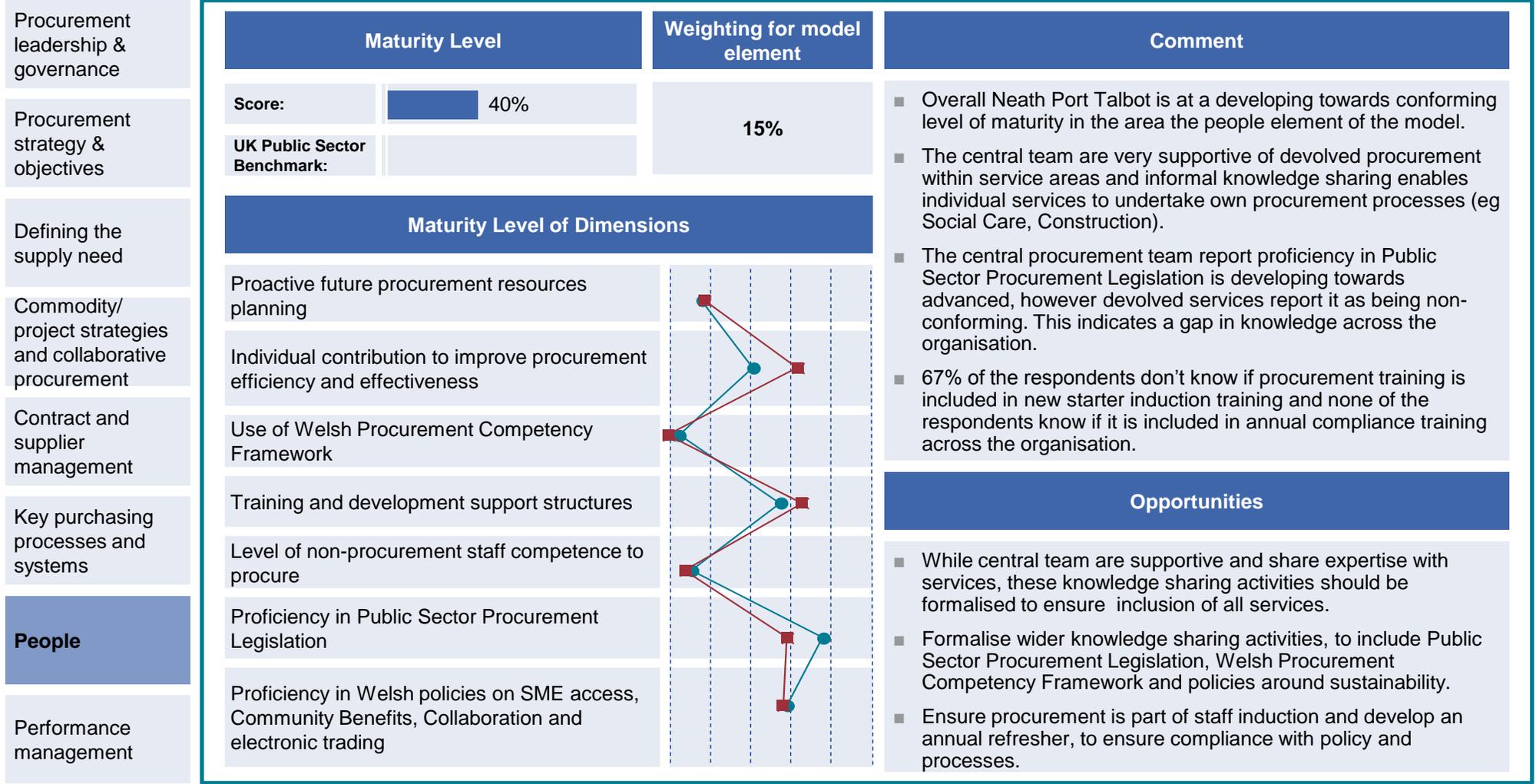
# Key purchasing processes and systems

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



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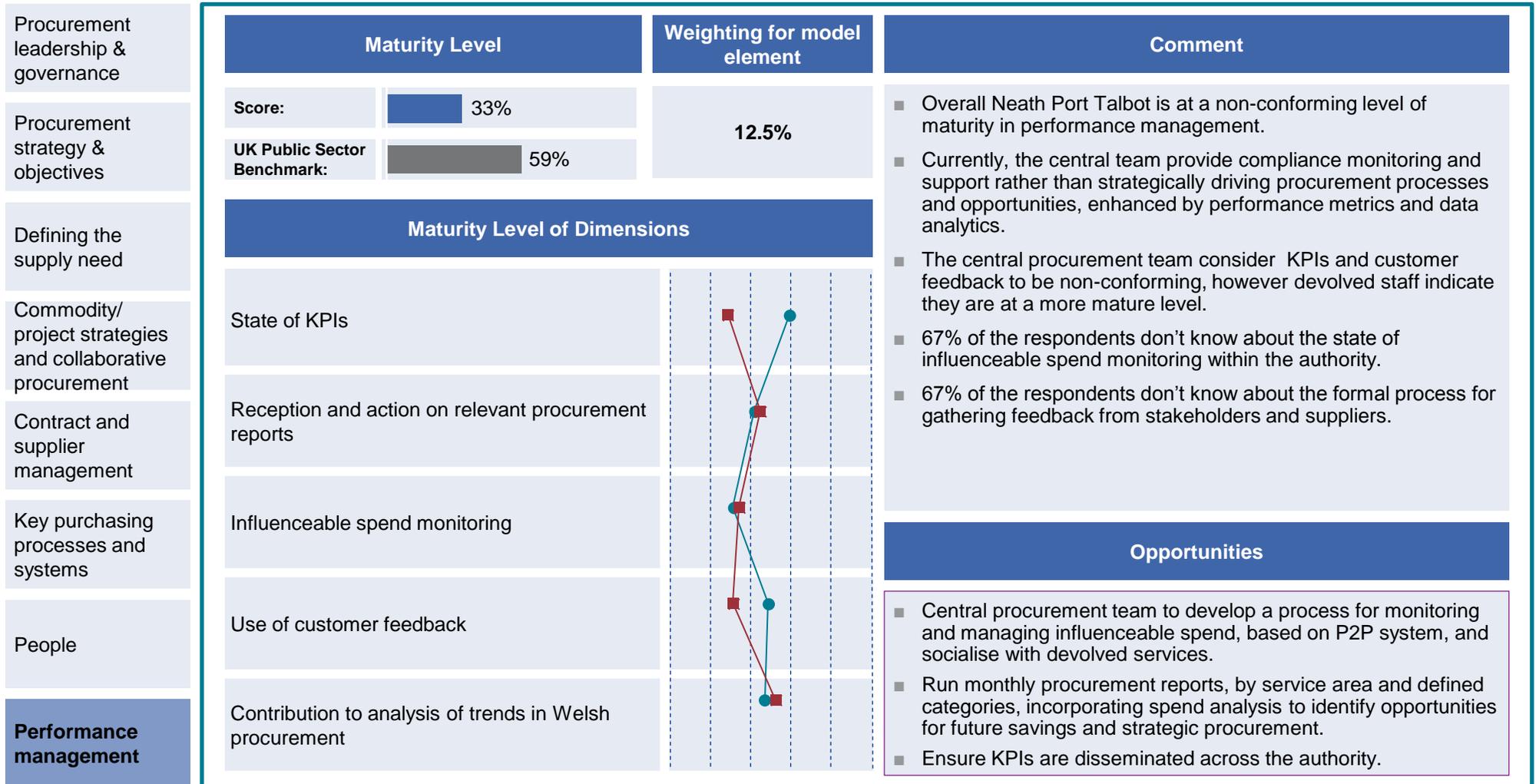
# A detailed overview of the results per dimension KPMG found ...



■ Neath Port Talbot Average Maturity Grade ● Average of Welsh Authorities

# Performance management

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



■ Neath Port Talbot Average Maturity Grade    ● Average of Welsh Authorities

# Fitness Check – Procurement Maturity Assessment

## Profile of respondents

Qualification	Number of respondents
Degree (or equivalent)	67%
Masters	17%
MBA	0%
CIPS	33%
MCIPS	17%
Other	67%
<b>Total</b>	<b>6</b>

Years Experience	Number of respondents
Less than 5	3
5-10	1
20-25	1
40 years	1
<b>Total</b>	<b>6</b>

Contract Value responsibility	Number of respondents
Between £0 -£500K	1
Between £500K - £10m	4
Greater than £10m	1
<b>Total</b>	<b>6</b>



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