



cutting through complexity

Procurement Fitness Check for: Rhondda Cynon Taff

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

Rhondda Cynon Taff Executive Summary

Overall Maturity Rating

Developing towards advanced

Organisational Context

- We understand RCT has had a central corporate procurement unit (CPU) in place for over 10 years and in the last 2 years formally adopted a category management structure. However, the CPU has been working on a category basis for a longer period. The CPU has 26 FTE, with 15 dealing with operational procurement and 11 with category management.
- Recognition of the importance by the Senior Leadership team means procurement is a key part of the strategic agenda across the whole Authority.
- The CPU have built credibility and have a strong profile due to facilitating and improving the effectiveness in securing cost savings and value for money for the Authority.
- RCT is active in external collaboration, leading on many WPC cost saving initiatives and actively undertakes supplier engagement to ensure suppliers are appropriately supported to fully participate in the tendering process
- The procurement team is well placed to continue to develop and maximise value for money in providing greater flexibility within contracts and in supporting contract management.

Model Dimension

Recommended Actions

Procurement leadership & governance

- Regular catch up session with stakeholders to ensure the profile and reputation of the CPU is further utilised to widen its influence on spend within the Authority as it begins to focus on lower value areas of spend and develops its work with social care related activity.

Procurement strategy & objectives

- Opportunity to further enhance cross function governance and procurement via formal and informal catch up sessions.

Defining the supply need

- To further develop its demand analysis information. Increasing its knowledge of key demand drivers and future volumes for key categories to further enhance its category strategies and plans.

Commodity/project strategies and collaborative procurement

- Continue to develop strategies, as appropriate, especially as the CPU team begins its focus on lower value spend.

Contract and supplier management

- Further develop procurement teams involvement in contract management with defined, regular and documented contract performance meetings with a CPU representative should ensure commercial contract aspects are maintained.

Key purchasing processes and systems

- Opportunities exist to introduce more automated methods of processing and payment of suppliers which are integrated with the contract database.

People

- Increase knowledge sharing across the authority via both formal and informal catch up sessions.
- Increased communication and training events would develop procurement capabilities within the Authority outside of CPU.

Performance management

- The CPU have identified that there is an opportunity for further development of KPI's and how KPI's are used to monitor and inform continuous improvement.

Fitness Check – Procurement Maturity Assessment

Rhondda Cynon Taff Executive Summary

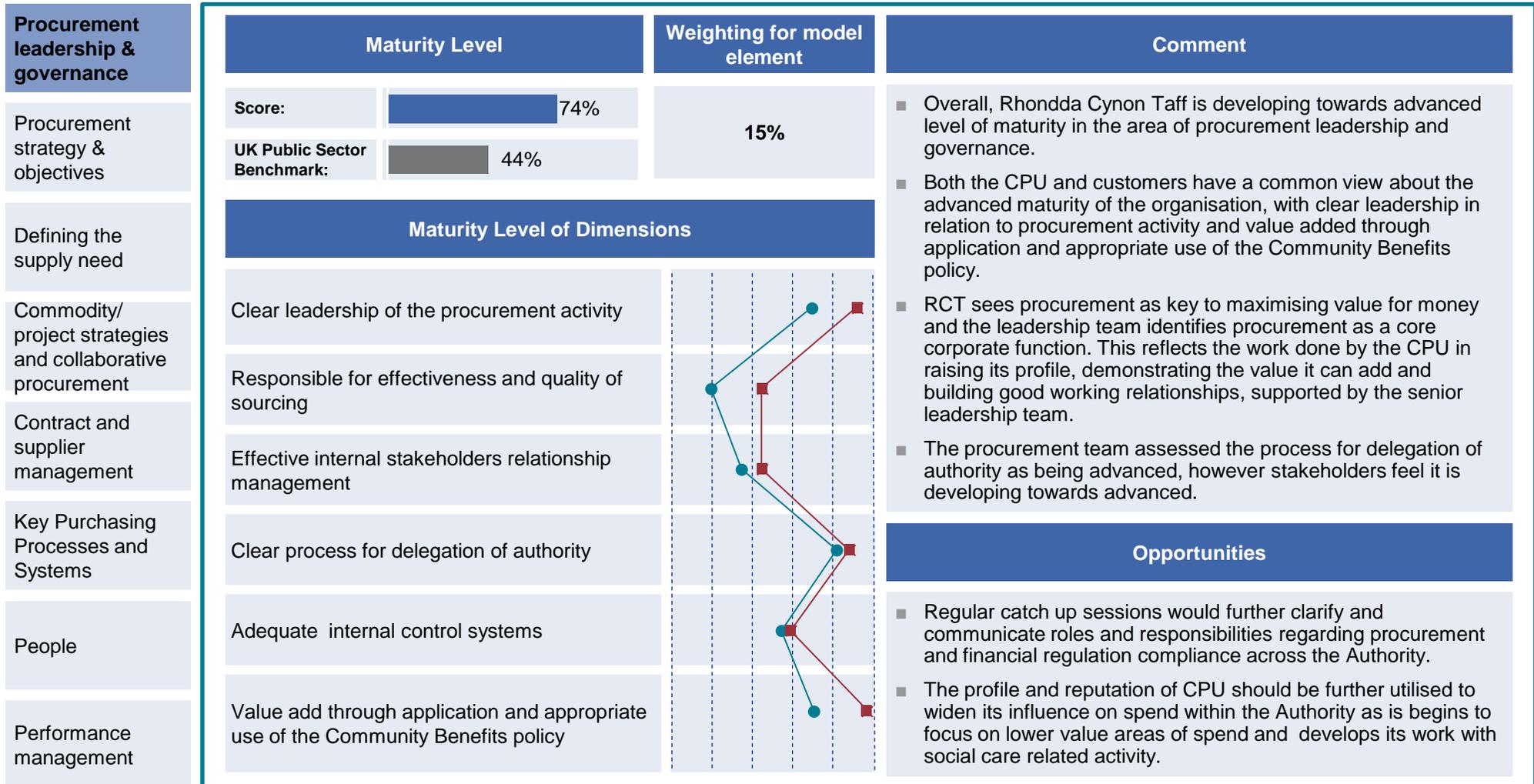
Model Dimension	Comparison	Welsh Gaps	UK Public Sector Gaps	Comments
Procurement leadership & governance		17	30	■ Procurement is seen as integral part of corporate strategy and plans, championed by SLT
Procurement strategy & objectives		28	18	■ Clear procurement objectives and strategies in place
Defining the supply need		29	10	■ Clear awareness of supply need supported by good information and data analysis
Commodity/project strategies and collaborative procurement		22	16	■ Commodity strategies in place and extensive involvement in external collaboration
Contract and supplier management		31	7	■ Good supplier management, opportunity to further enhance involvement in contract management
Key purchasing processes and systems		29	11	■ Extensive use of e-procurement tools with opportunities to further integrate and automate processes
People		18		■ Mature training and appraisal process in place, opportunity to increase knowledge sharing
Performance management		23	8	■ Mature Performance management

● Rhondda Cynon Taff Average Maturity Grade ● Average of Welsh Authorities ● UK Public Sector Benchmark

Overall Recommendations	<p>RCT has done significant work in creating a mature and modern approach to procurement. As it now moves into the next phase of operations to further expand its influence on spend across the Authority there are opportunities to:</p> <ul style="list-style-type: none"> ■ Increase involvement in contract management and cross function knowledge sharing ■ Enhance demand analysis and demand drivers information to inform procurement strategies and plans
Likely benefits of implementing recommendations	<p>Greater involvement of the procurement team in different parts of the Authority, such as social care, and other lower value areas of spend should help identify more areas where greater value for money can be achieved. Coupled with greater input into service strategies and contract management the Authority should be able to identify more areas where savings can be made.</p>

Procurement leadership & governance

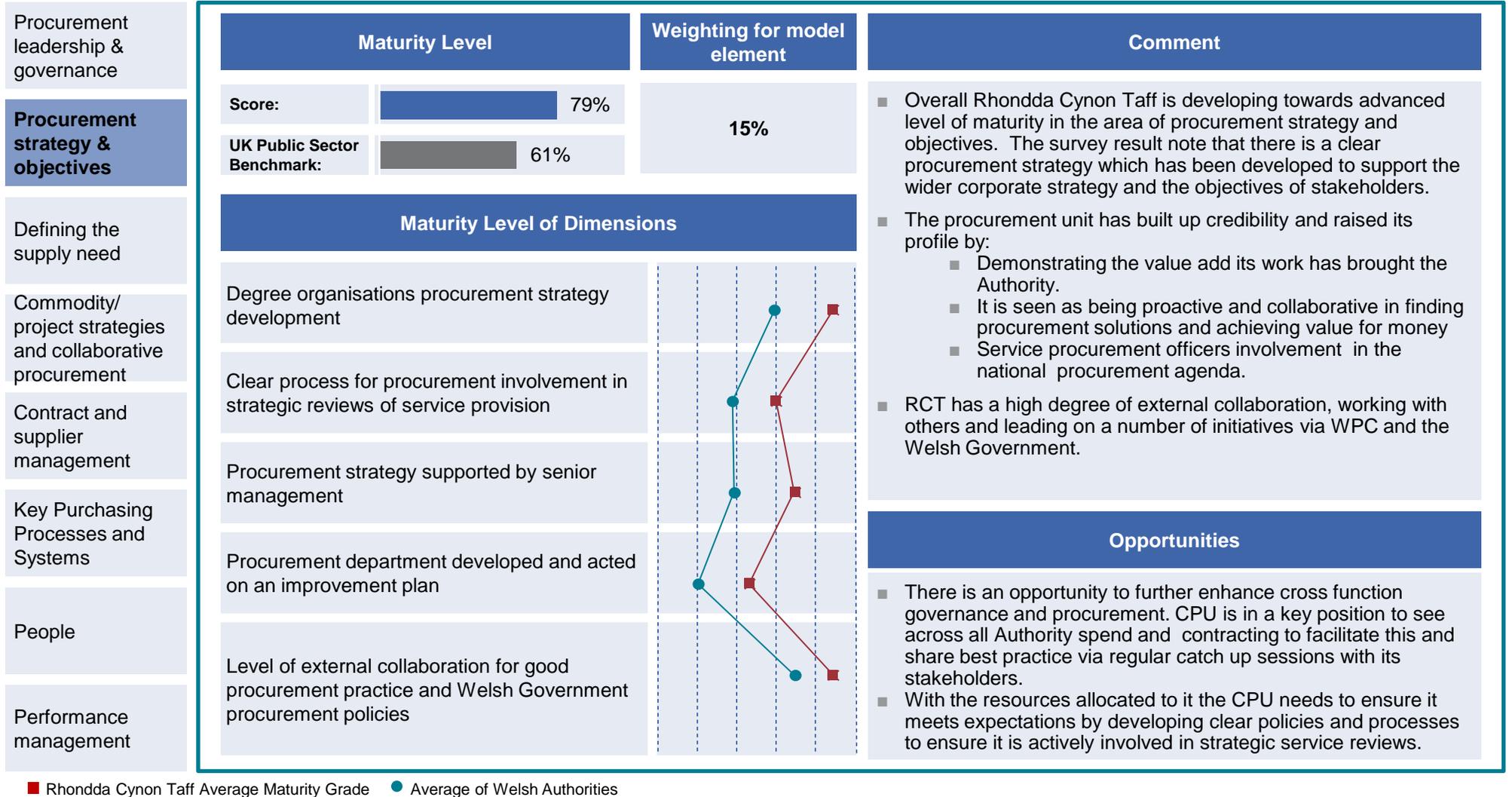
A detailed overview of the results per dimension KPMG found ...



■ Rhondda Cynon Taff Average Maturity Grade ● Average of Welsh Authorities

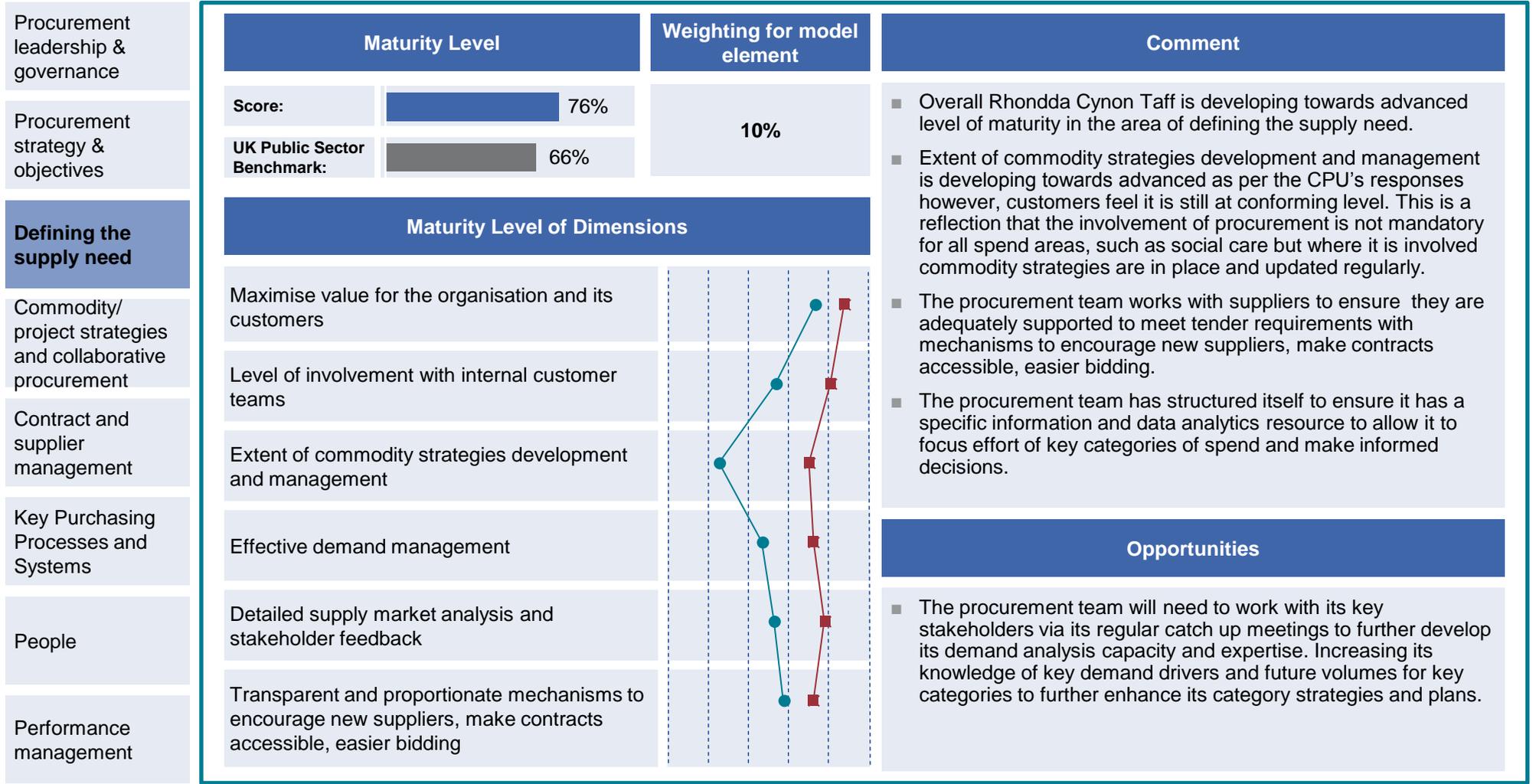
Procurement strategy and objectives

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



Defining the supply need

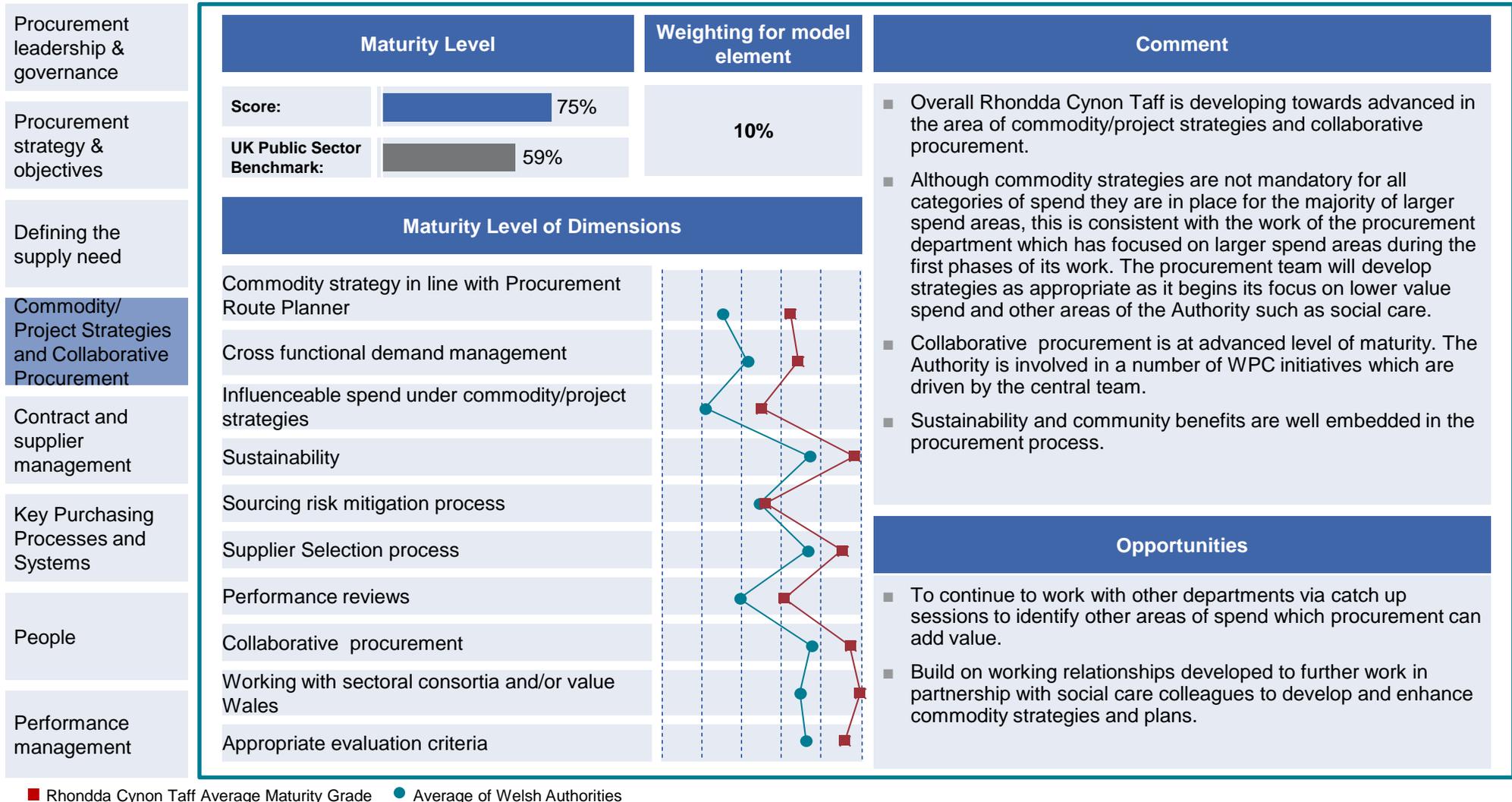
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Commodity/ project strategies and collaborative procurement

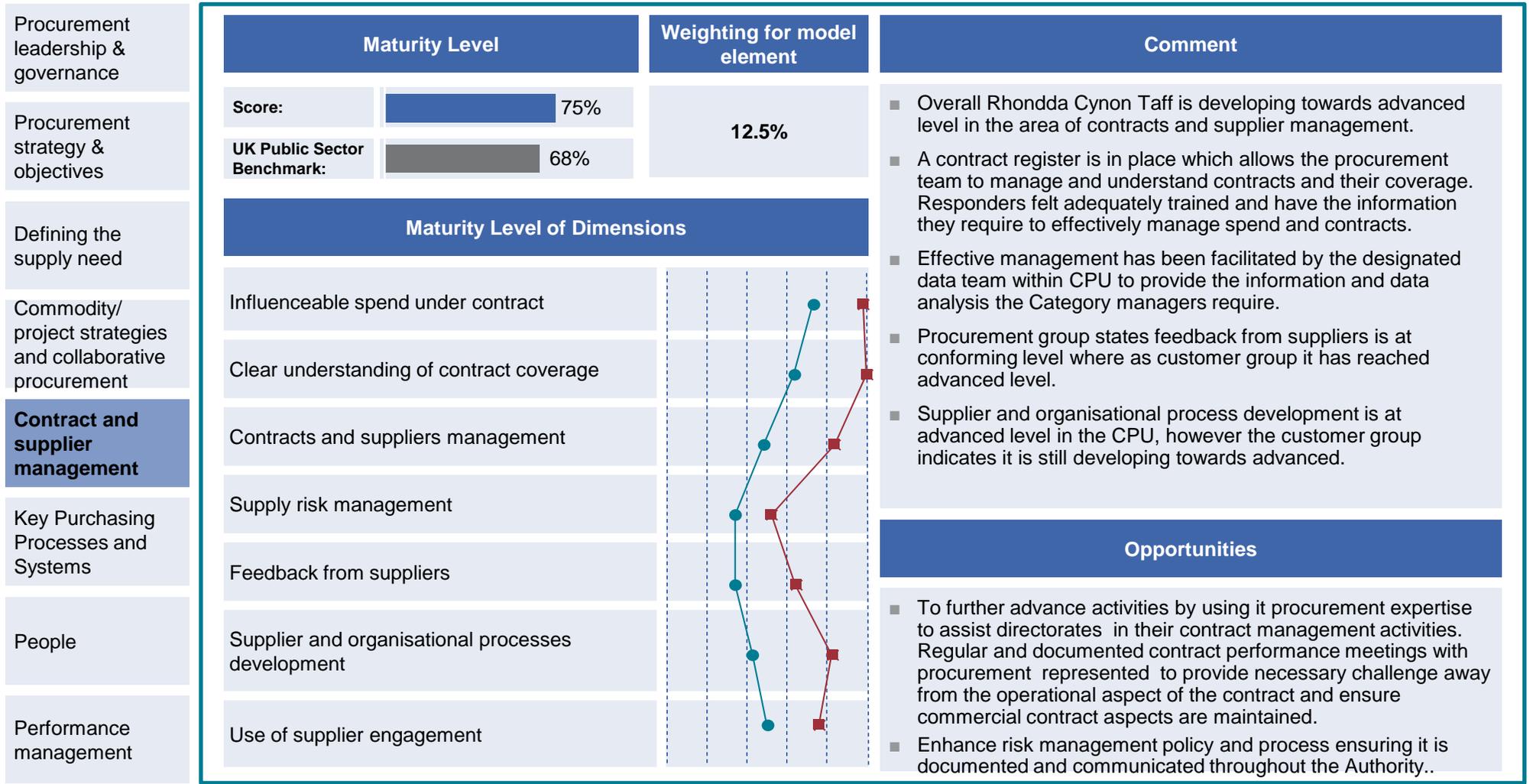
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Contract and supplier management

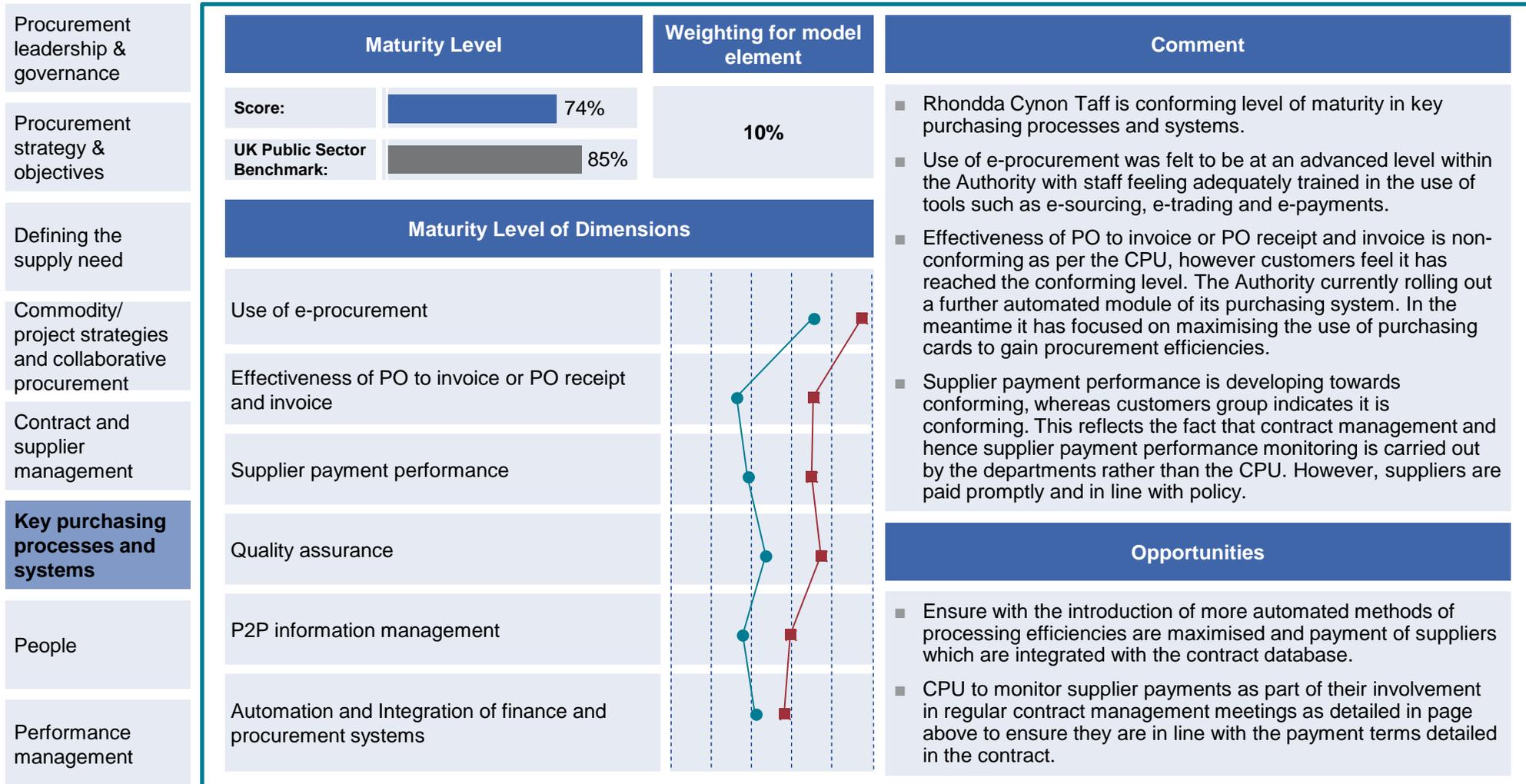
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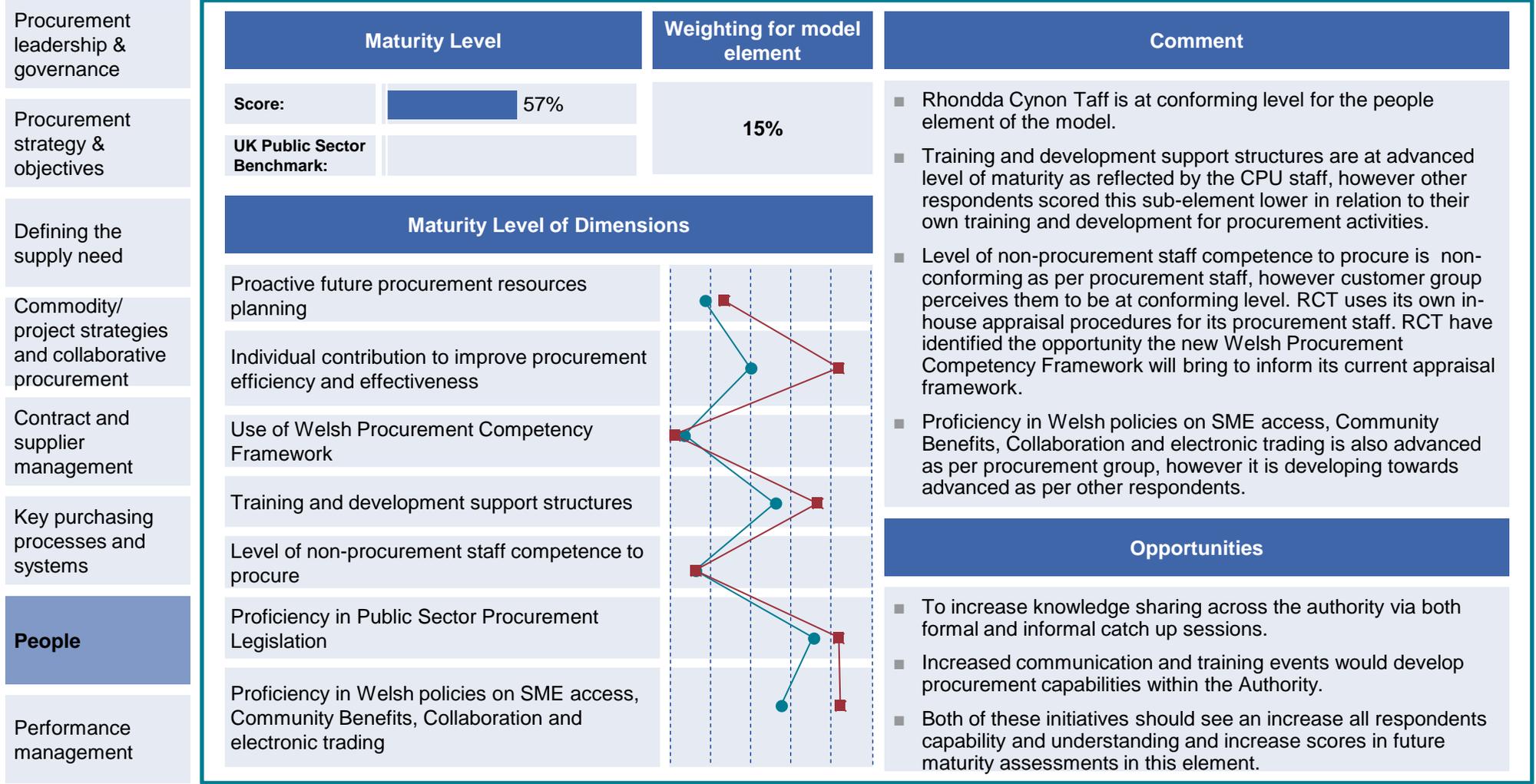
Key purchasing processes and systems

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



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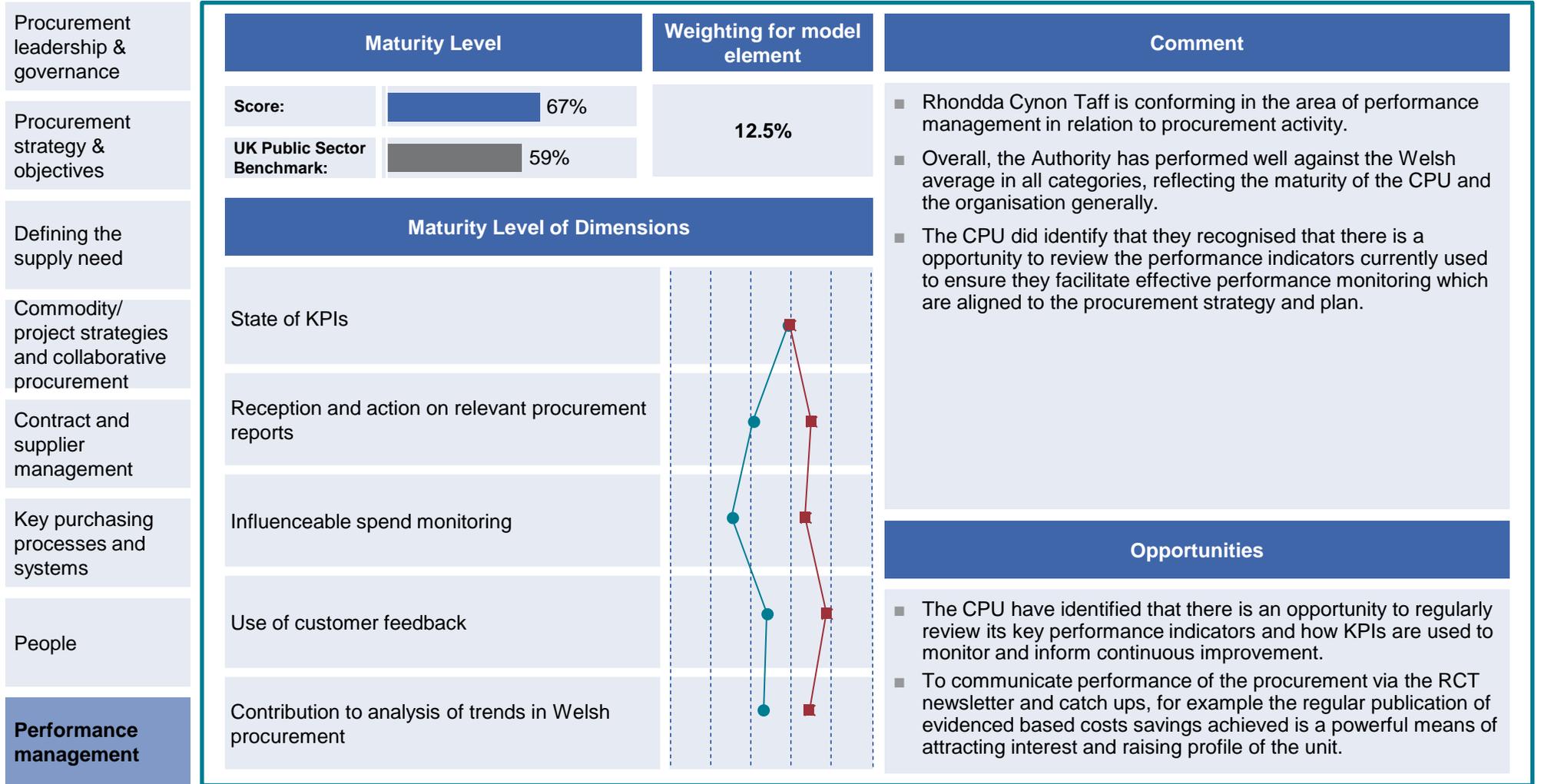
A detailed overview of the results per dimension KPMG found ...



■ Rhondda Cynon Taff Average Maturity Grade ● Average of Welsh Authorities

Performance management

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



■ Rhondda Cynon Taff Average Maturity Grade ● Average of Welsh Authorities

Fitness Check – Procurement Maturity Assessment

Profile of respondents

	Number of respondents
Total	19

Years Experience	Number of respondents
0-5	2
5-10	4
10-15	2
15-20	5
20-25	2
25-30	2
More than 30	2
Total	19

Contract Value responsibility	Number of respondents
Between £0 -£500K	3
Between £500K - £10m	8
Greater than £10m	8
Total	19

Qualification	Number of respondents
Degree (or equivalent)	37%
Masters	11%
MBA	5%
CIPS	11%
MCIPS	58%
Other	21%
Total	19



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