



cutting through complexity

Procurement Fitness Check for: Torfaen

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

Torfaen Executive Summary

Overall Maturity Rating

Developing towards advanced

Organisational Context

- Torfaen have a small central procurement team with a devolved structure across their organisation.
- The current central team consists of 2 FTE and both have strong relationships across the organisation. This established team drives a centrally defined procurement process that has been implemented hand-in-hand with Directorates.
- It should be noted that Torfaen's maturity score is at the upper spectrum of the 'Conforming' rating.
- This Authority geographically is very small and make use of collaborative initiatives wherever possible, in fact maximising collaboration is a key procurement strategy for the organisation.
- Current Chair of the Welsh Procurement Consortium's Officers' Group.
- One of the key risks identified to the Authority is the nature of the small central procurement team and level of corporate knowledge retained by these individuals where no defined succession plan is currently in place.

Model Dimension

Recommended Actions

Procurement leadership & governance

- Formalise internal stakeholder management and ensure role and processes of central procurement team are shared across the Authority with all key stakeholders.

Procurement strategy & objectives

- Central procurement team to become more involved in developing service area improvement plans and strategic service reviews.

Defining the supply need

- Review processes for commodity strategy and demand management to ensure they are fully effective and understood across all service areas.

Commodity/project strategies and collaborative procurement

- Develop a strategic process to record, monitor and manage influenceable spend across multiple commodities and all service areas.

Contract and supplier management

- Develop and implement process to regularly capture and act upon formal supplier feedback such as the provider feedback form currently used in Adult Social Care. Central team to become involved in contract management for critical contracts.

Key purchasing processes and systems

- While processes are in place, they are not understood across all service areas. Develop knowledge sharing exercise to present the wider context and checks within the procurement process.

People

- Key person exposure needs to be addressed. Formalise current mentoring undertaken by Head of Procurement and build into a formal succession plan.

Performance management

- Raise awareness of process for monitoring influenceable spend with all service areas.

Fitness Check – Procurement Maturity Assessment

Torfaen Executive Summary

Model Dimension	Comparison	Welsh Gaps	UK Public Sector Gaps	Comments
Procurement leadership & governance		21	34	<ul style="list-style-type: none"> Good level of maturity. Enhance by formalising procedures and knowledge sharing activities.
Procurement strategy & objectives		17	7	<ul style="list-style-type: none"> Clear strategic involvement of procurement, with minor formalisation suggested to enhance role.
Defining the supply need		31	12	<ul style="list-style-type: none"> Supply need defined by Directorates, with good relationships and engagement of the central team.
Commodity/project strategies and collaborative procurement		20	14	<ul style="list-style-type: none"> Positive collaboration both internally/externally, delivering savings/standardised approach.
Contract and supplier management		29	5	<ul style="list-style-type: none"> Formalising risk management and supplier feedback will drive a high level of maturity overall.
Key purchasing processes and systems		18	22	<ul style="list-style-type: none"> Continue to implement process for stopping all non-contract spend.
People		15		<ul style="list-style-type: none"> Key area for development is around succession planning.
Performance management		30	15	<ul style="list-style-type: none"> Good process/practice could be enhanced by sharing with wider service teams.

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

Overall recommendations

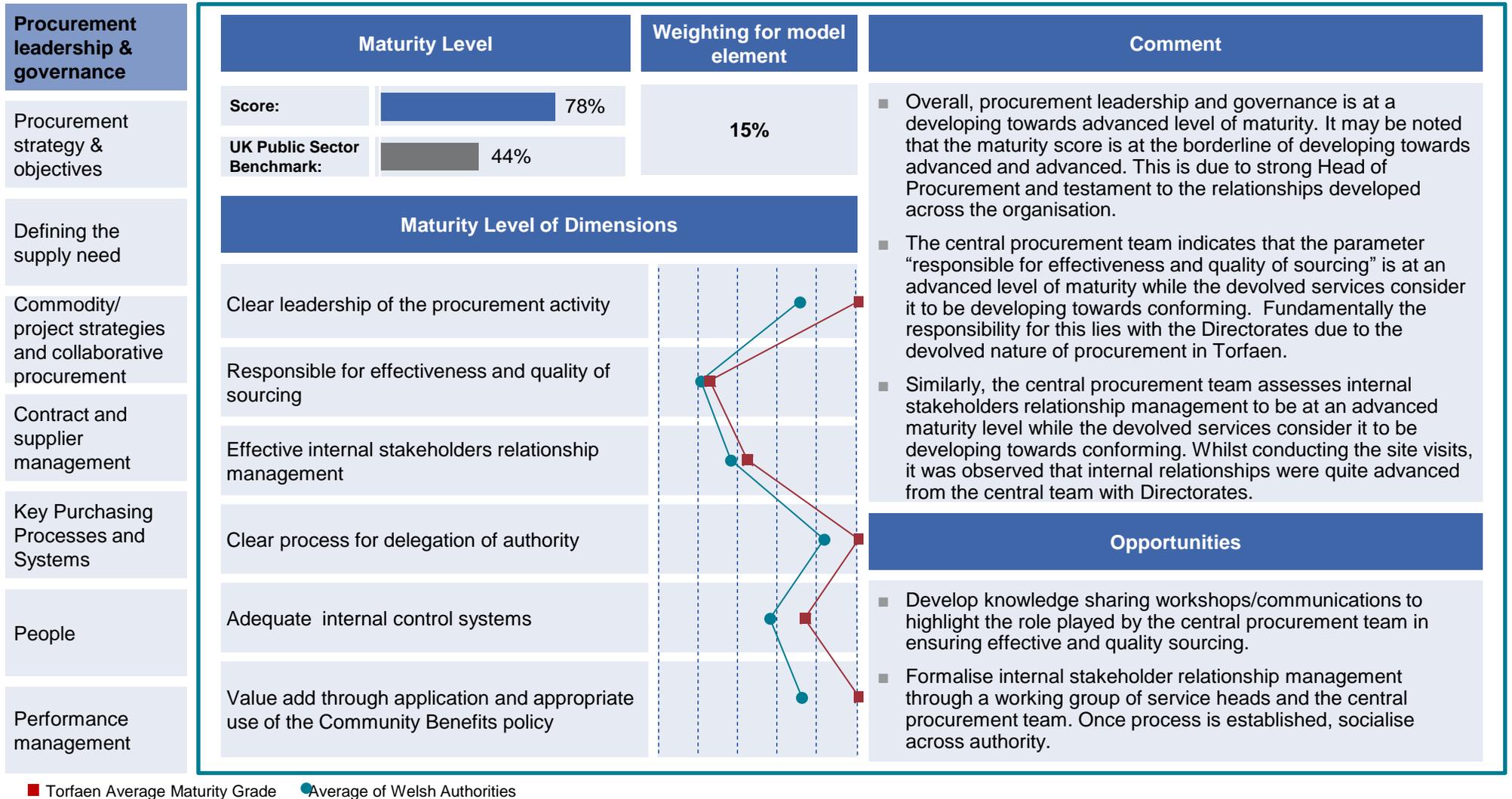
- Formalise current activities to ensure procurement is involved in all strategic plans and reviews.
- Develop knowledge sharing processes to raise awareness throughout the whole authority of the value/benefits provided by central procurement.
- Consider formalising mentoring programme to assist succession planning.
- Conduct training requirements survey with Directorates to leverage Value Wales training opportunities and reduce burden on small central team.

Likely benefits from implementing recommendations

- Formal capturing of all processes and approaches within the Authority will ensure that there is a business continuity plan should any of the resources in the central team becomes unavailable and will provide a consistent template and approach across the organisation.
- Training of Directorate staff would reduce the burden on the central team and allow them to fully focus on value adding activities, best making use of their expertise.

Procurement leadership & governance

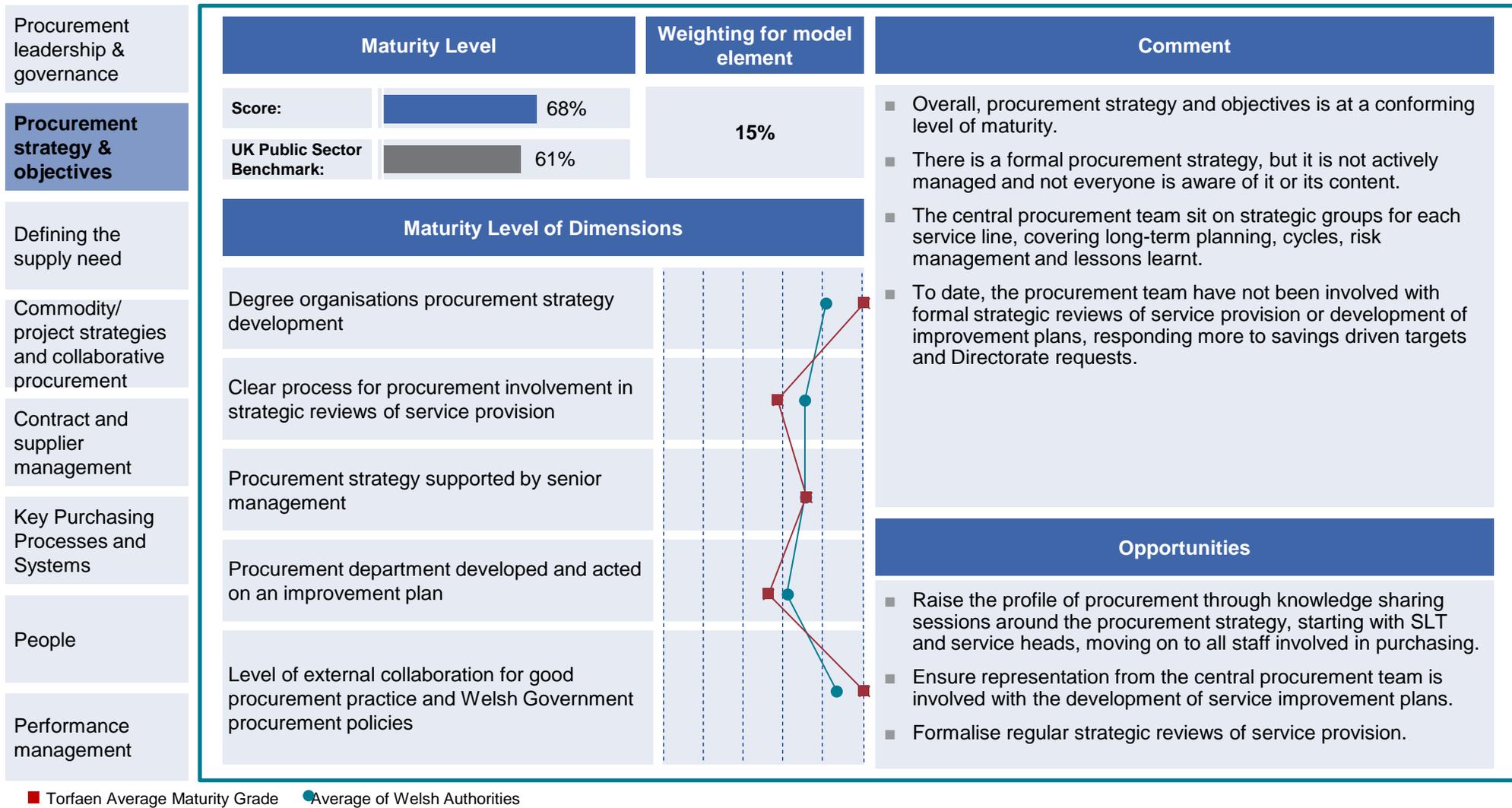
A detailed overview of the results per dimension KPMG found ...



■ Torfaen Average Maturity Grade ● Average of Welsh Authorities

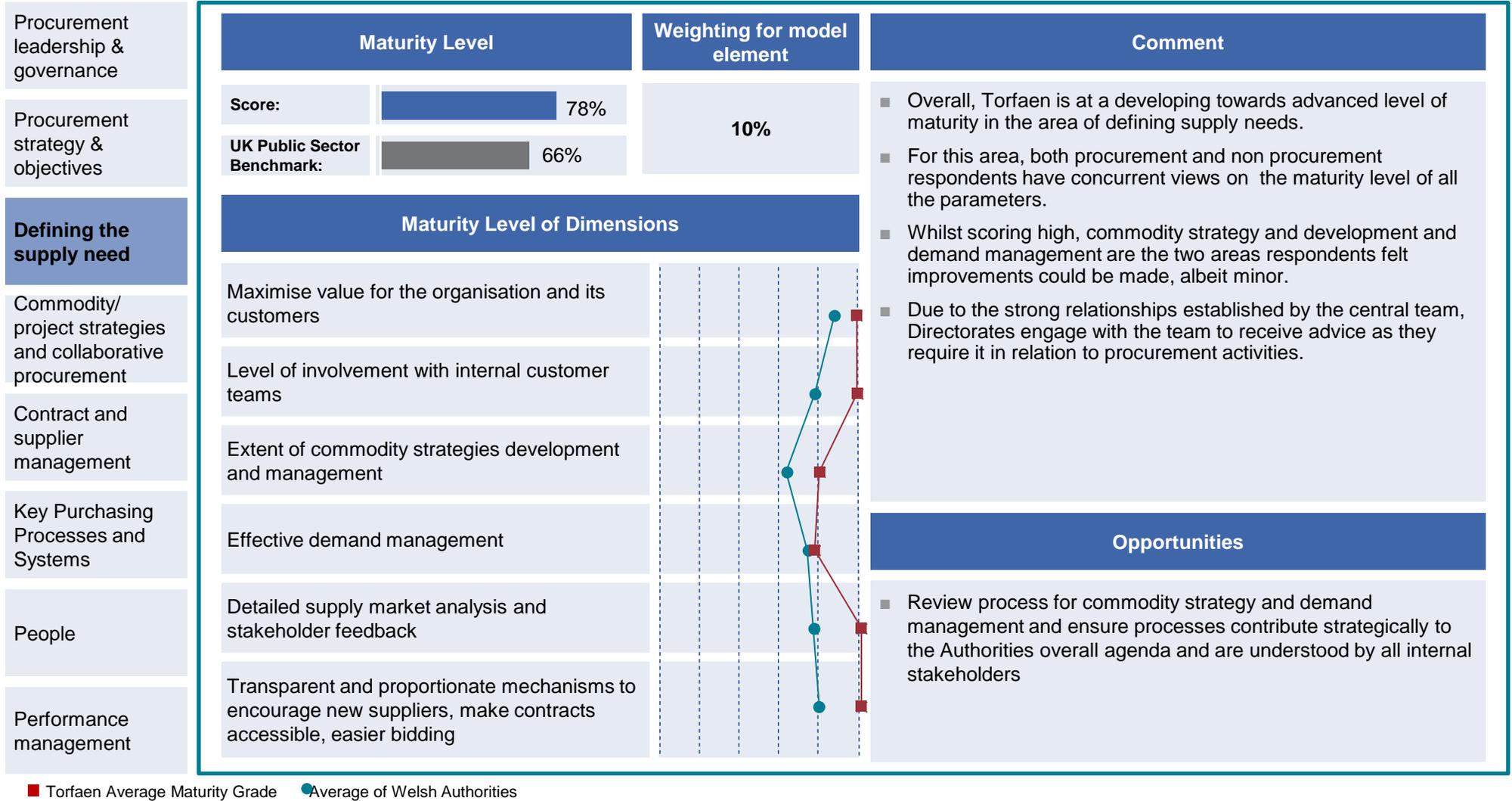
Procurement strategy and objectives

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Defining the supply need

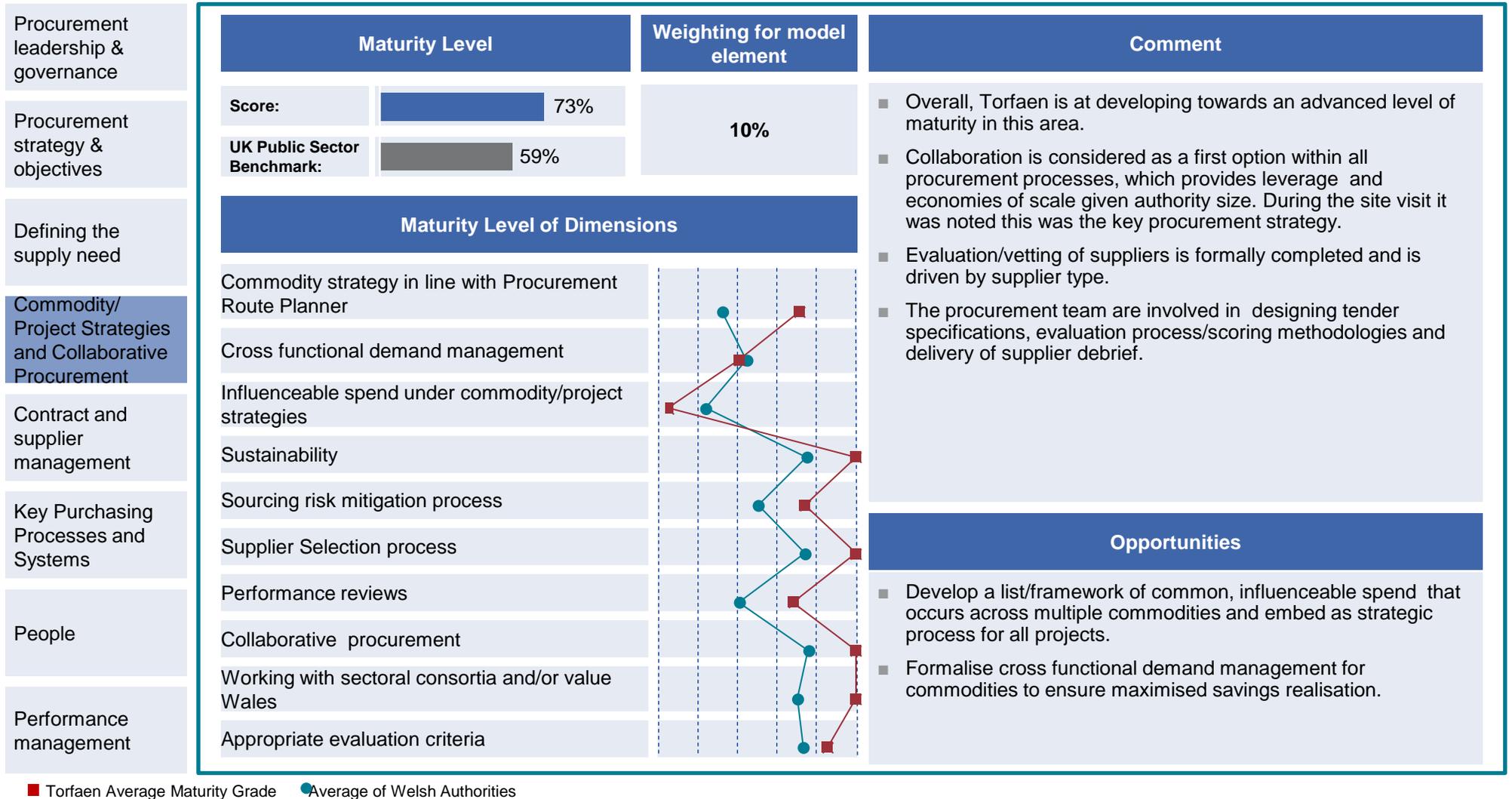
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■ Torfaen Average Maturity Grade ● Average of Welsh Authorities

Commodity/ project strategies and collaborative procurement

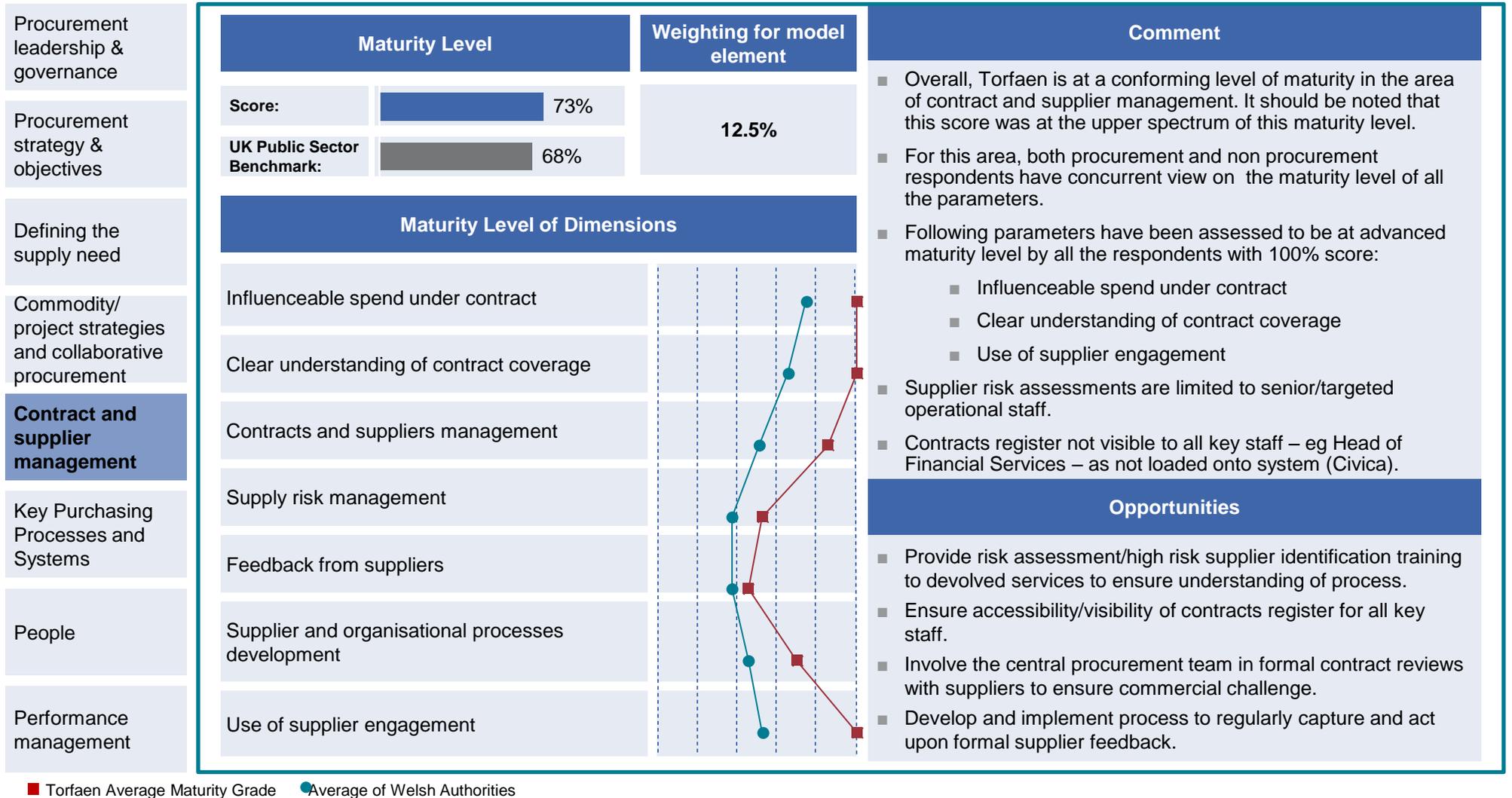
A detailed overview of the results per dimension KPMG found ...



■ Torfaen Average Maturity Grade ● Average of Welsh Authorities

Contract and supplier management

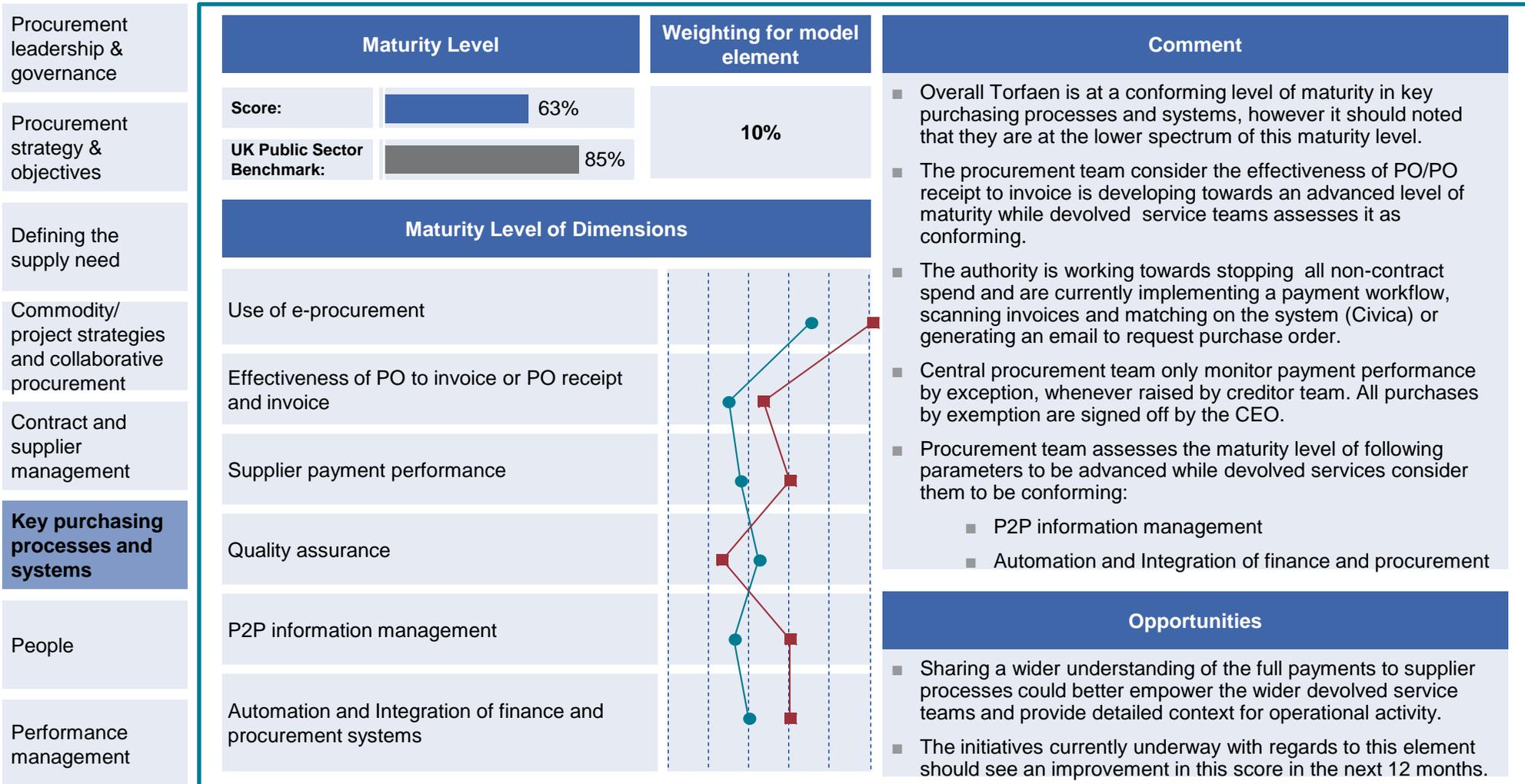
A detailed overview of the results per dimension KPMG found ...



■ Torfaen Average Maturity Grade ● Average of Welsh Authorities

Key purchasing processes and systems

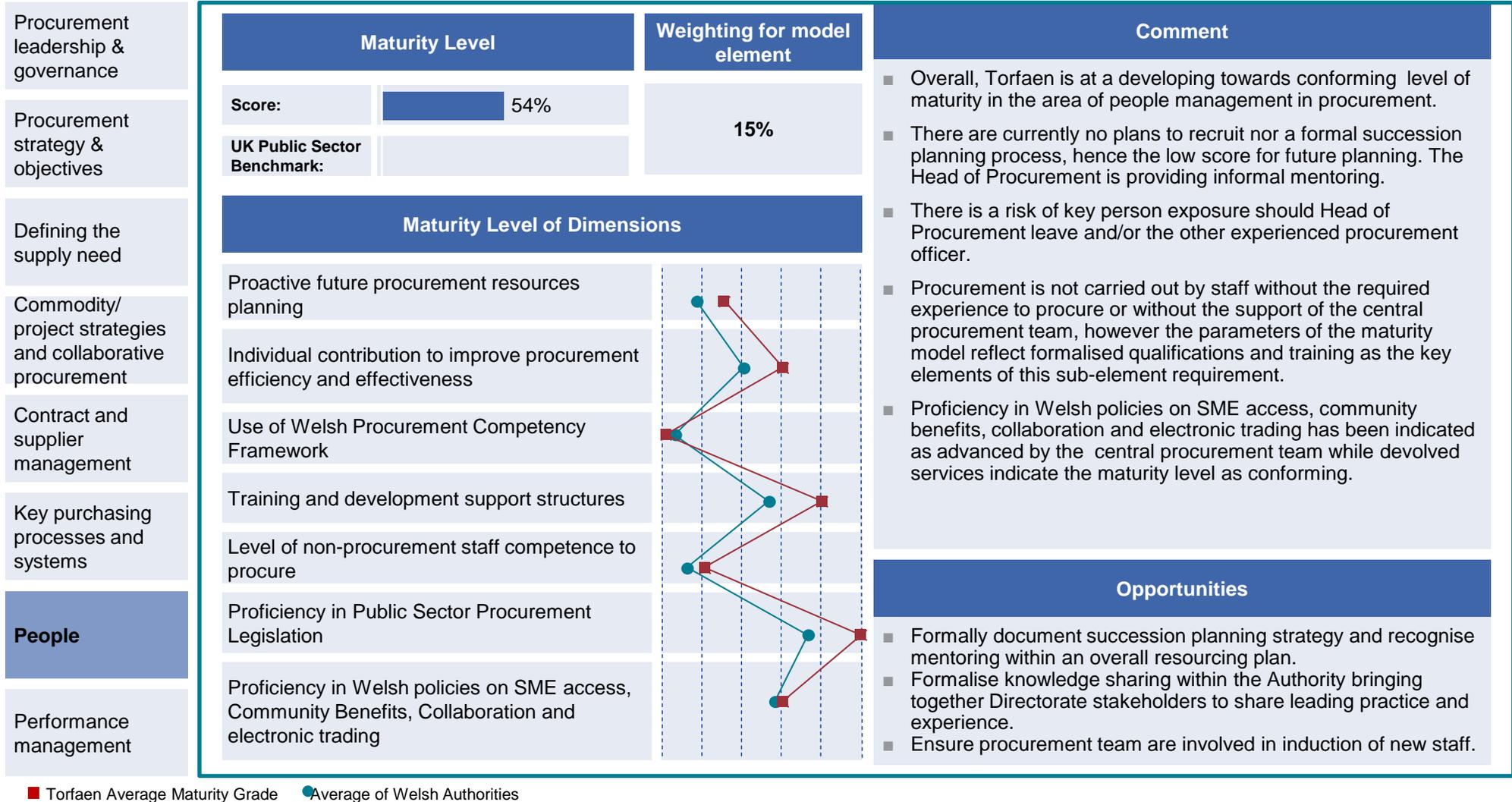
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■ Torfaen Average Maturity Grade ● Average of Welsh Authorities

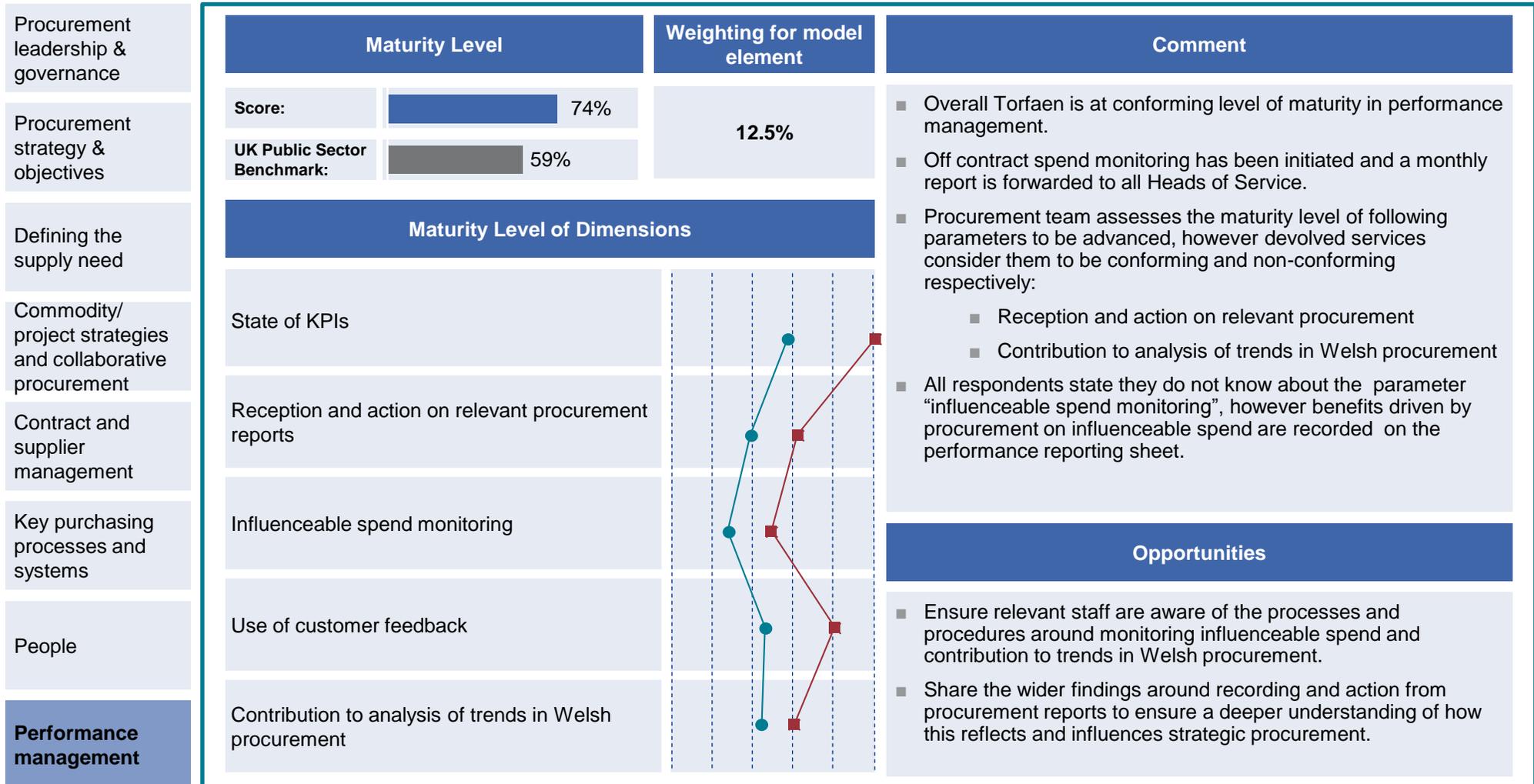
People

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



■ Torfaen Average Maturity Grade ● Average of Welsh Authorities

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■ Torfaen Average Maturity Grade ● Average of Welsh Authorities

Fitness Check – Procurement Maturity Assessment

Profile of respondents

Years Experience	Number of respondents
1-10	2
11-20	2
21-30	0
More than 30	1
Total	5

Contract Value responsibility	Number of respondents
Between £0 -£500K	0
Between £500K - £10m	4
Greater than £10m	1
Total	5

Qualification	Number of respondents
Degree (or equivalent)	80%
Masters	20%
MBA	0%
CIPS	0%
MCIPS	0%
Other	20%
Total	5



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