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# Procurement Fitness Check for: Wrexham

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

## Wrexham Executive Summary

### Overall Maturity Rating

**Conforming**

### Organisational Context

- Historically, Wrexham Council has had a devolved approach to procurement with a small central team, however, this is now progressing forward via increase in central resource and adoption of a Category Management approach to its procurement activities.
- The central team has had minimal resources (2 FTE for the past few years) and therefore their ability to have significant and wide reaching impact across the organisation has been limited.
- A new structure was recently created which increased the team's headcount however the headcount approved was less than the business case identified as being required to be effective across the organisation. The new team has varied experience and skills.
- The new Procurement Strategy (incorporating the Welsh Government Procurement Policy Statement and best practice) and the Category Management organisational structure are endorsed by the Council and are being communicated across the Council.

### Model Dimension

### Recommended Actions

Procurement leadership & governance

- Increase the profile of procurement's new structure across the organisation through senior leadership support encouraging collaboration and compliance. Standardise templates for use across the Council to improve governance controls.

Procurement strategy & objectives

- Devise a communication and implementation strategy with regard to the new role of the central procurement team and the procurement strategy generally across the organisation.

Defining the supply need

- Review of spend analytics and category management plans to refine and develop savings targets and contribute to the ongoing development of category strategies.

Commodity/project strategies and collaborative procurement

- Develop detailed forward work programmes including timeframes and consideration of short term and strategic objectives. These plans should describe how to manage the conflicting priorities of tactical and strategic objectives.

Contract and supplier management

- Involve the category managers in devolved contract management activities to strengthen commercial / strategic relationships and aid in category management development. Implement routine commercial reviews for main contracts.

Key purchasing processes and systems

- The full integration of Proactis and Masterpiece will streamline the systems. With increased resources now available the next step in maturity is to provide spend data analysis for Directors and to provide expert advice on spend.

People

- Coaching / mentoring program for new category managers in central team in conjunction with the continuation of professional training programme.

Performance management

- Historical performance data should be utilised to drive category understanding and development. As the team matures, ongoing performance data can be analysed and provided to Department to increase engagement with Procurement.

# Fitness Check – Procurement Maturity Assessment

## Output from the on-line survey – Exec summary

| Model Dimension  | Comparison | Welsh Gaps | UK Public Sector Gaps | Comments  |
|--|------------|------------|-----------------------|---|
| Procurement leadership & governance                        |            | 2          | 15                    | <ul style="list-style-type: none"> <li>There has been limited resources within the central team for a number of years</li> </ul>                |
| Procurement strategy & objectives                          |            | 7          | 17                    | <ul style="list-style-type: none"> <li>New strategy now in place incorporating relevant Welsh policies and best practice</li> </ul>             |
| Defining the supply need                                   |            | 3          | 22                    | <ul style="list-style-type: none"> <li>Devolved structure, supply need defined and carried out by individual Departments</li> </ul>             |
| Commodity/project strategies and collaborative procurement |            | 5          | 1                     | <ul style="list-style-type: none"> <li>Very early stages of category management implementation and up-skilling of central team</li> </ul>       |
| Contract and supplier management                           |            | 1          | 23                    | <ul style="list-style-type: none"> <li>Managed by Departments</li> </ul>  |
| Key purchasing processes and systems                       |            | 6          | 34                    | <ul style="list-style-type: none"> <li>Proactis and Masterpiece are fully integrated but analysis has not been completed in detail</li> </ul>   |
| People   |            | 5          |                       | <ul style="list-style-type: none"> <li>Foundation team now established, growing skills and understanding of role within organisation</li> </ul> |
| Performance management                                     |            | 15         | 0                     | <ul style="list-style-type: none"> <li>No formal structure in place for contractors and new team performance to be reviewed in time</li> </ul>  |

Non-Conforming    Developing Conforming    Developing Conforming    Advanced

### ● Wrexham Average Maturity Grade

### ● Average of Welsh Authorities

### ● UK Public Sector Benchmark

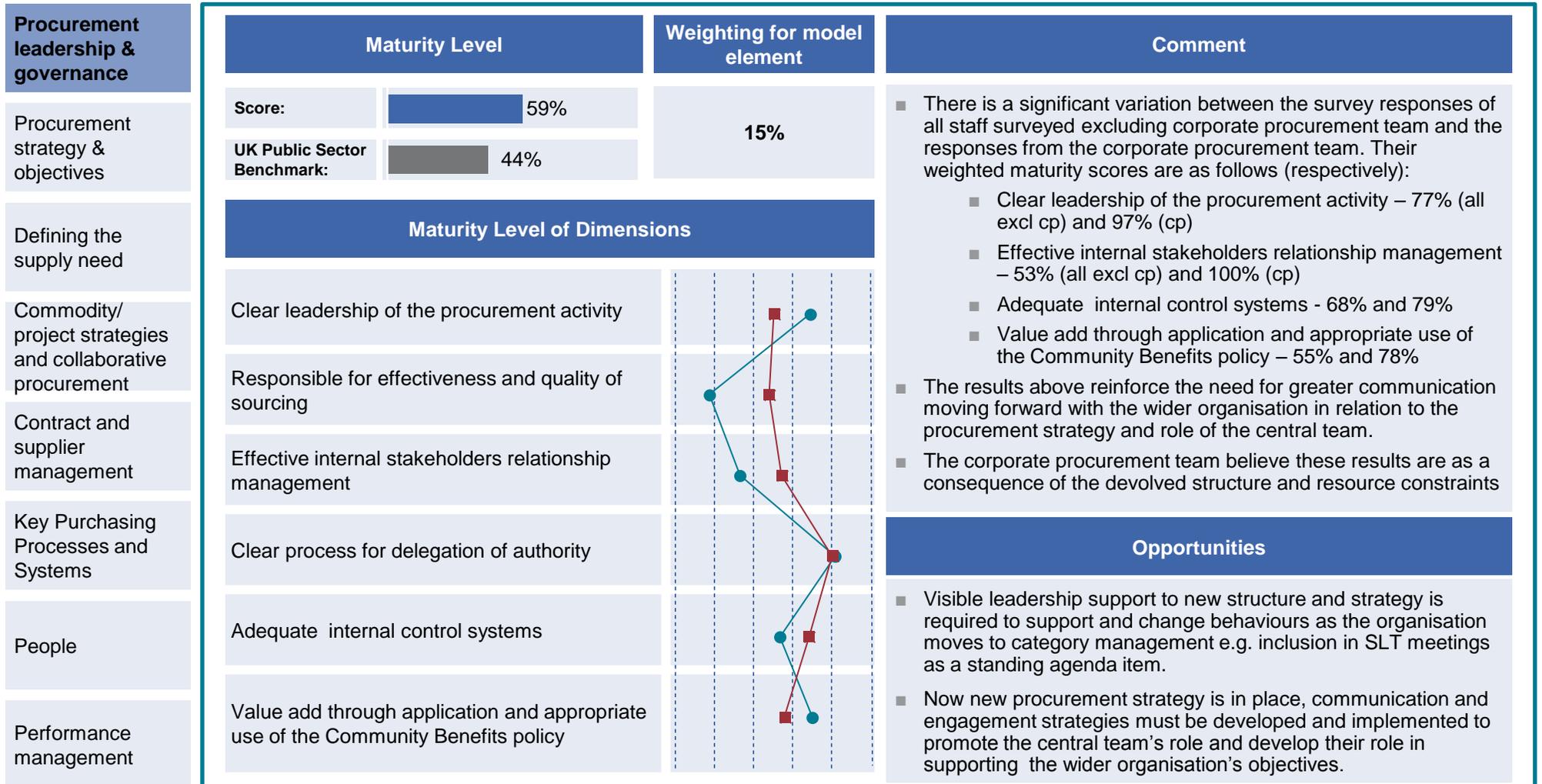
#### Overall Recommendations

- A concerted effort to develop and implement category plans will deliver a significant uplift in benefits for the council. A clear prioritisation plan will allow better management of the tension between immediate/ad hoc requests from departments and a more strategic objectives for improvement.
- Typically well managed procurement departments should be delivering 1% - 3% savings on total spend per annum, which with the embedding of category management should assist Wrexham in achieving.

#### Likely benefits from implementing recommendations

- The recommendations relating to internal stakeholder engagement and planning and the development of category strategies, will assist Wrexham in being able to take a more strategic view of service delivery, identification of more aggressive savings opportunities and shift the central team's focus away from 'fire fighting' to more planned activities on a routine basis.

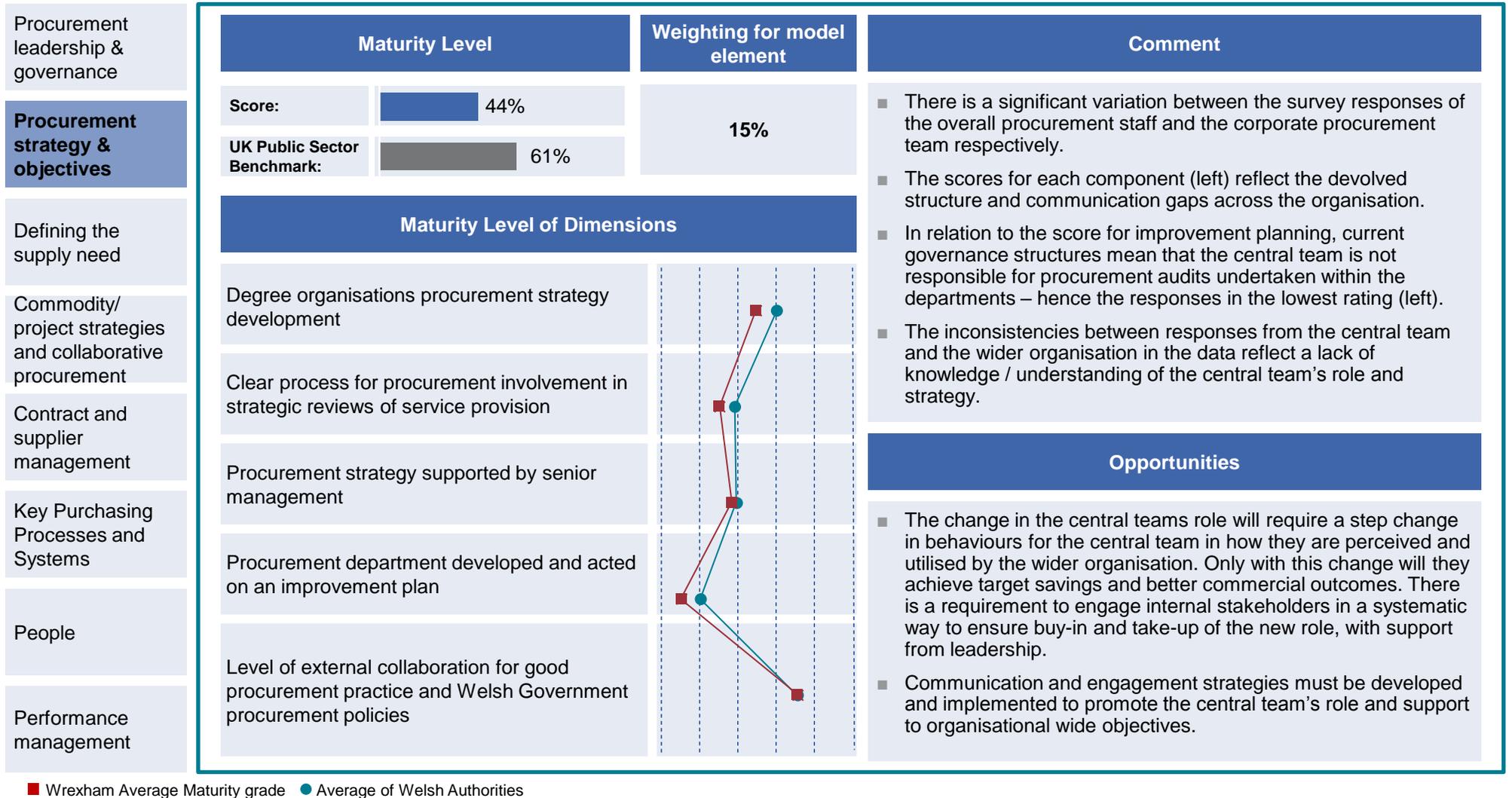
## A detailed overview of the results per dimension KPMG found ...



■ Wrexham Average Maturity grade ● Average of Welsh Authorities

# Procurement strategy and objectives

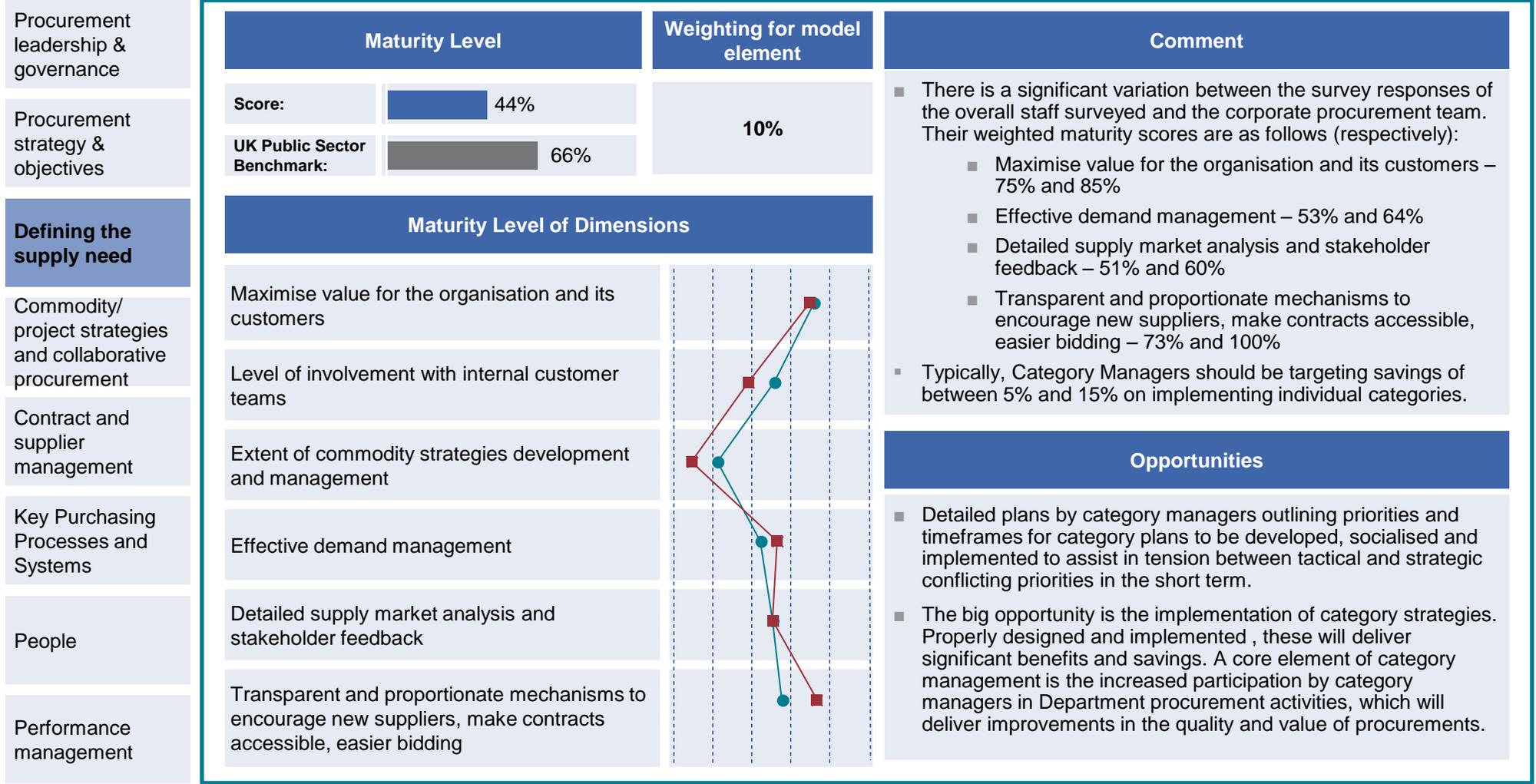
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■ Wrexham Average Maturity grade ● Average of Welsh Authorities

# Defining the supply need

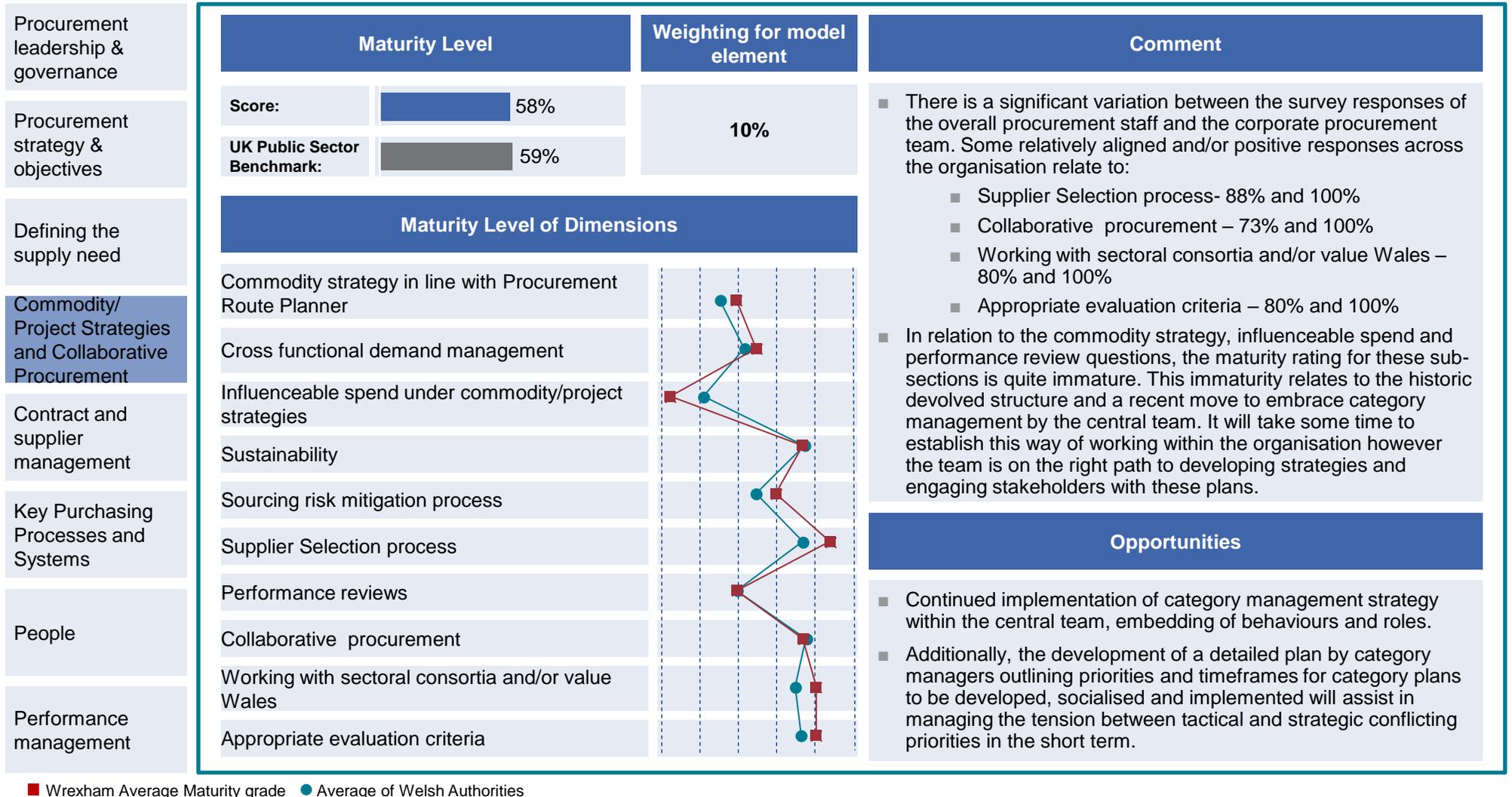
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# Commodity/ project strategies and collaborative procurement

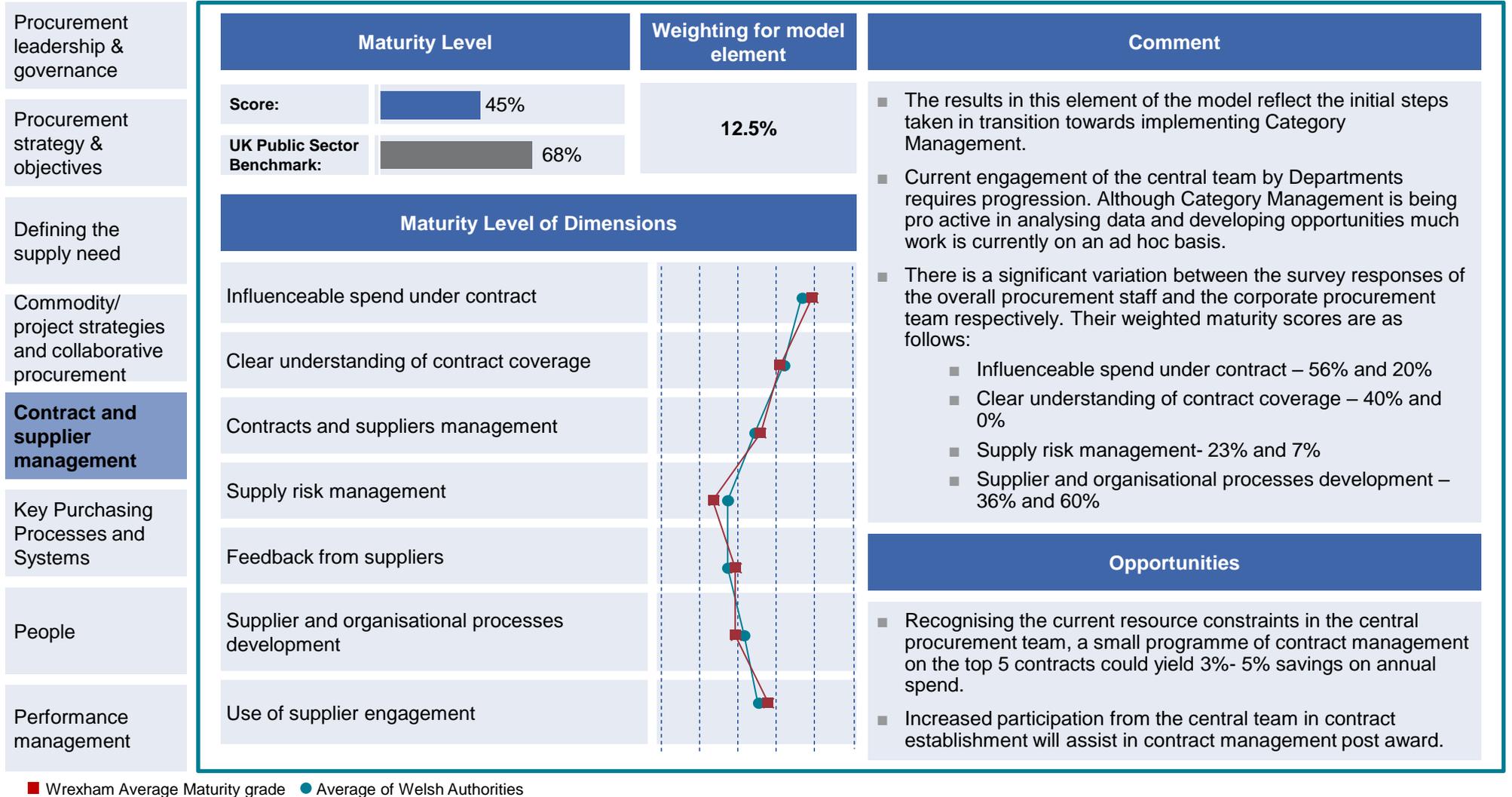
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# Contract and supplier management

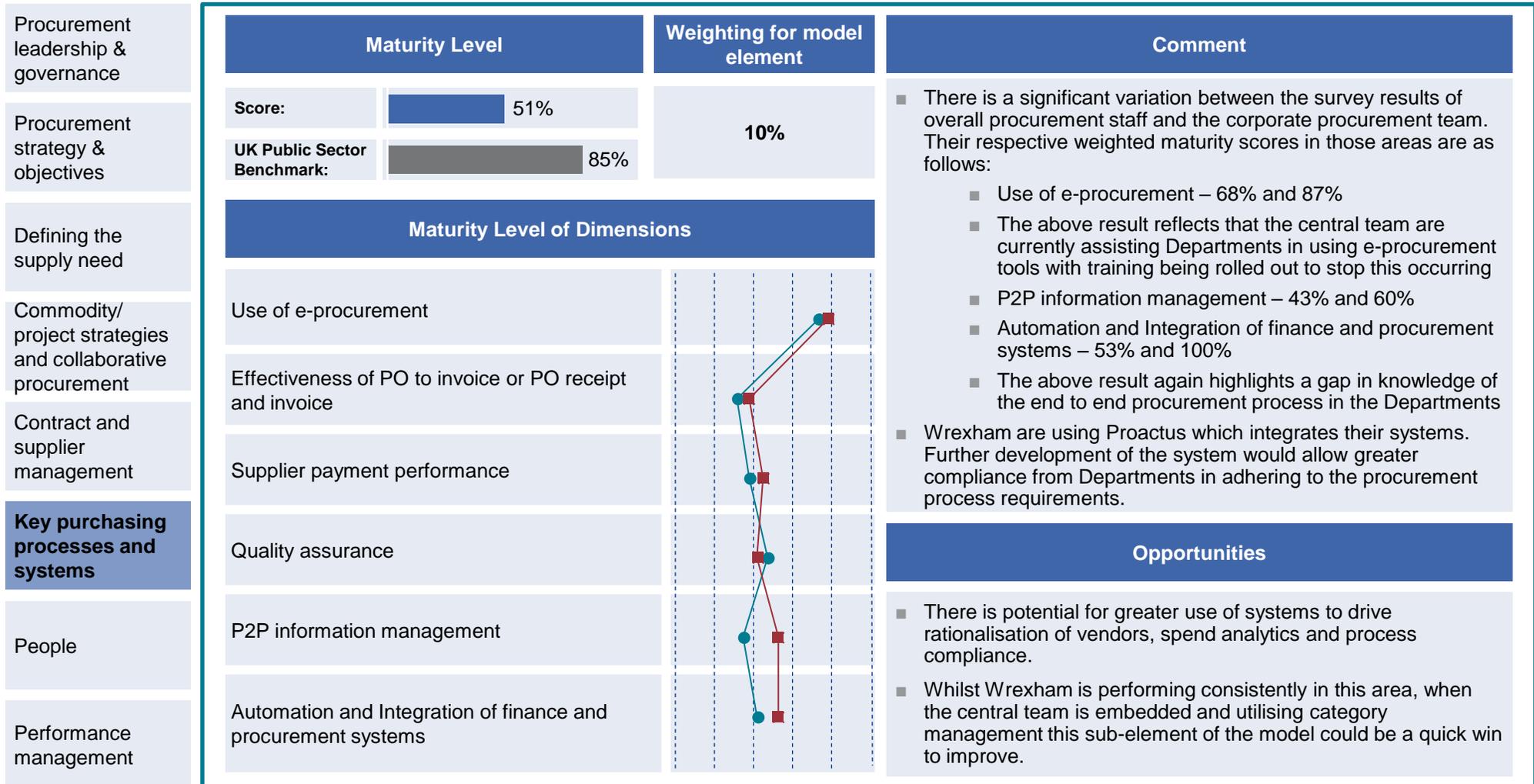
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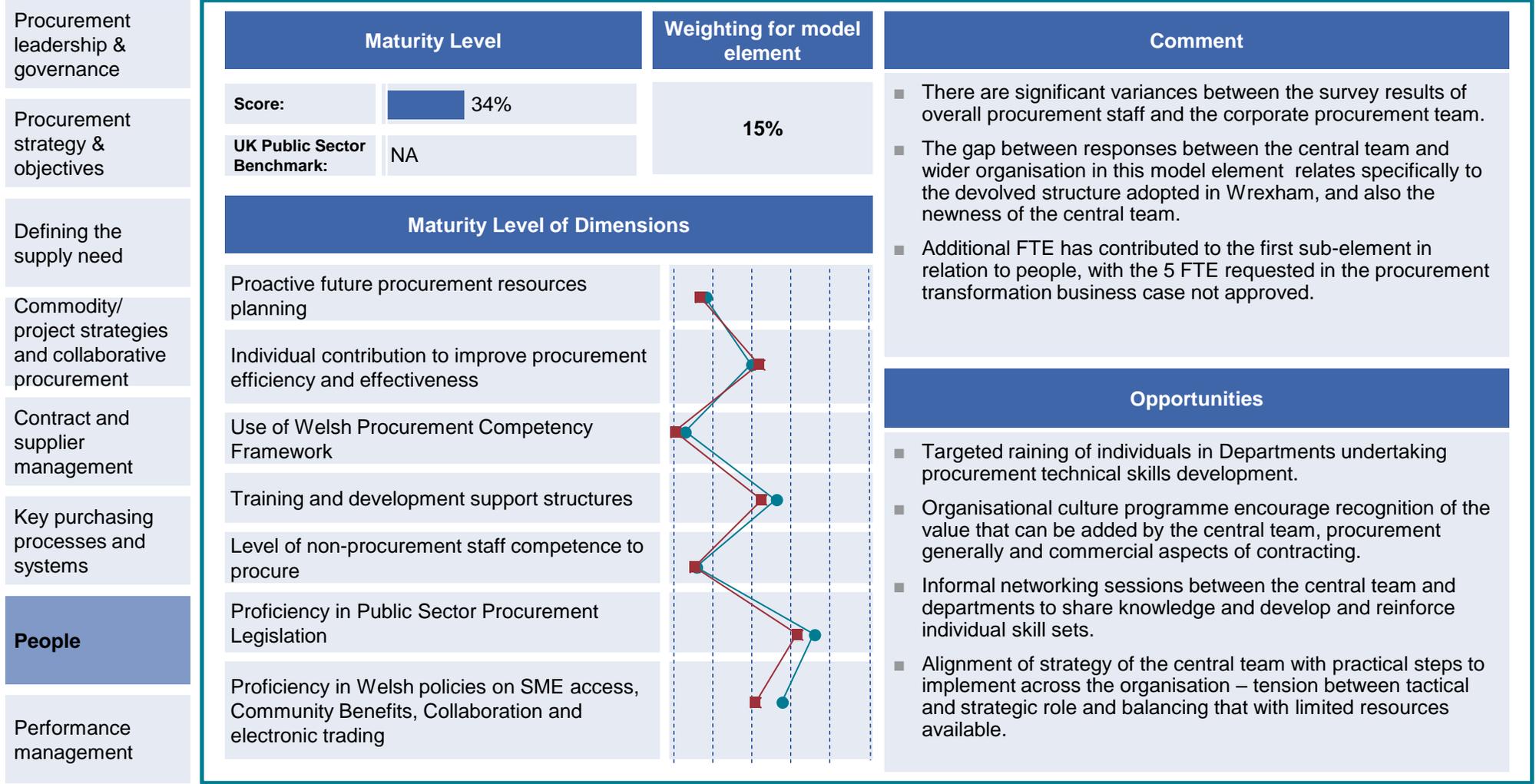
# Key purchasing processes and systems

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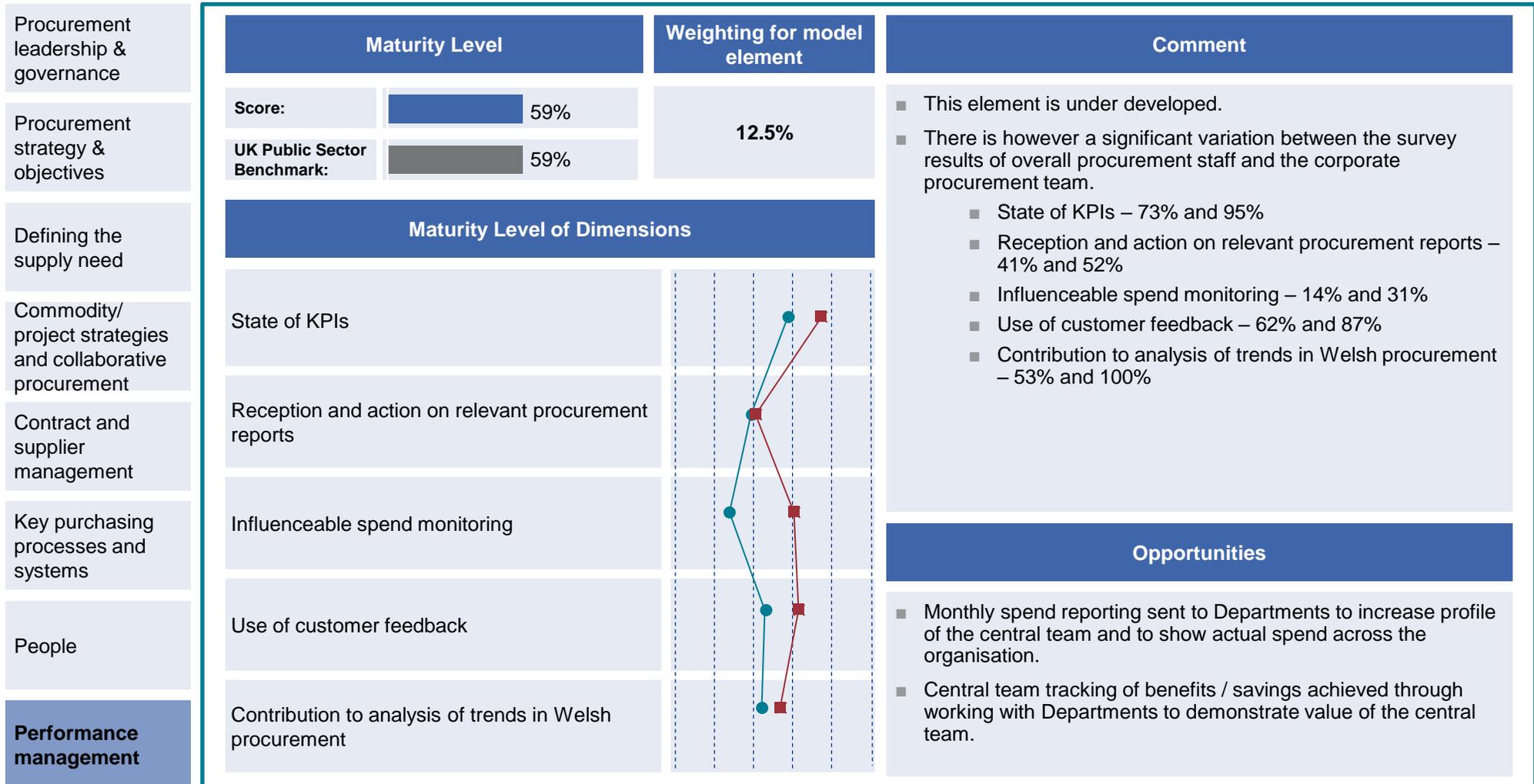
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■ Wrexham Average Maturity grade   ● Average of Welsh Authorities

# Fitness Check – Procurement Maturity Assessment

## Profile of respondents

| Position     | Number of respondents |
|--------------|-----------------------|
| <b>Total</b> | <b>15</b>             |

| Qualification          | Number of respondents |
|------------------------|-----------------------|
| Degree (or equivalent) | 47%                   |
| Masters                | 7%                    |
| MBA                    | 7%                    |
| CIPS                   | 27%                   |
| MCIPS                  | 13%                   |
| Other                  | 33%                   |
| <b>Total</b>           | <b>15</b>             |

| Years Experience | Number of respondents |
|------------------|-----------------------|
| Less than 10     | 4                     |
| 10 - 15          | 2                     |
| 15 - 20          | 2                     |
| 20 - 25          | 1                     |
| 25 - 30          | 6                     |
| <b>Total</b>     | <b>15</b>             |

| Contract Value responsibility | Number of respondents |
|-------------------------------|-----------------------|
| Between £0 -£500K             | 4                     |
| Between £500K - £10m          | 4                     |
| Greater than £10m             | 7                     |
| <b>Total</b>                  | <b>15</b>             |



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