West Berkshire Council

Procurement Strategy 2020 – 2022

West Berkshire
COUNCIL

Contents

1 Executive Summary

Purpose of the strategy

The West Berkshire Council Procurement Strategy explains how we will continue to embed and develop effective procurement practices within the council, whilst delivering effective services on a value for money basis.

The strategy is for those interested in how the council spends public money, offering a comprehensive view of the mechanisms used by officers and elected members to ensure public funds are spent wisely.

The Councils aspiration is to help support a wide range of businesses that can thrive and support its delivery requirements, ensuring that all suppliers get the opportunity to bid for council business. The Commissioning Service and other dedicated officers within West Berkshire Council manage the interaction with business and ensure a fair and equitable level of opportunity for all businesses wishing to work with the council.

Webpage

The West Berkshire Council Procurement webpage sets out some basic information, and is available at the following URL:
https://info.westberks.gov.uk/procurement

"The Commissioning Team within West Berkshire Council manage the interaction with business and ensure a fair and equitable level of opportunity for all businesses wishing to work with the council. "

2 Introduction

Why now

The Council is operating in an increasingly challenging financial climate and over the last nine years we have had to make savings of £60 million as a result of reduced funding from central government. This has only been possible by increasing the efficiency of our services (delivering 38% of total savings), reducing some of our administrative functions and transforming how we deliver services (20%), and increasing income (12%) whilst protecting, as far as possible, the services (particularly the statutory services) provided to local residents.

Procurement within the council has operated in a devolved model, and to date has been a workable model that has delivered results. To drive future developments and ensure the council continues to deliver its strategy, the requirement for more effective and efficient procurement have become foremost.

Good procurement is therefore increasingly important to ensure all opportunities are identified to add value in this spend and make it stretch as far as possible.

This strategy sets out the ambition for procurement to meet the needs of an evolving council.

What is procurement

With a significant percentage of Council funding is spent through outsourced contractors, the role of procurement is important to ensure the efficient delivery of public sector requirements across multiple layers of spend. Procurement is the interface between providers and Council Services, with the basic aim of achieving the outcomes of:

- Right price
- Right quality
- Right place
- Right time
- Right quantity

Public sector procurement can be viewed as following three phases:

1) Planning generally refers to the decision around what needs to be bought. Sometimes this is referred to as commissioning, which is a process typically associated with securing the supply of 'people' based frontline services – see below. The planning phase entails a significant amount of time and resource to understand what the organisation needs to spend its budget on. This phase requires significant commercial planning to ensure that public funds are spent effectively, delivering the requirements to end users.

2) The award phase involves the placing of a contract to acquire the goods/services/works. This is a regulated environment with the Council aligning its work in this segment to the legal requirements laid out in The Public Contracts Regulations 2015 (PCR).

3) The execution phase refers to the administration of contracts, where the council ensures that work is delivered in accordance with the previous two stages. There is a legal obligation for providers to deliver what they have been contracted to, in line with the requirements and terms of contract.

Commissioning as a concept has grown up around the provision of care and support services in sectors such as health, education, social care and housing. As a broad definition, commissioning is the strategic activity of identifying requirements, designing and planning services to meet those requirements, securing what is required and monitoring and evaluating them. Commissioning is not to be confused with procurement – simplistically put, commissioning is the context in which procurement takes place.

3 Background

The council has three directorates- Resources, Place and People and spends approximately 66% of its total budget each year externally commissioning and procuring goods and services from third parties. The People Directorate is the largest spending part of the Council accounting for two thirds of the total third party spend.

A Commissioning Service was established centrally in 2017 to drive forward the Council's ambitions for a council wide category management approach. This Service operates across all three directorates, with the most significant amount of resource spent on social care service requirements (People Directorate) and corporate spend for generic areas such as agency/temporary workers and energy.

For other spend there is a devolved model of procurement, with some service areas managing significant portions of spend for service specific requirement which are most typically for capital programmes of work in areas such as highways.

Category Management

In 2017 the Council agreed an ambition to move forward and implement a full Category Management approach. Good progress has been made in some of the high spending corporate areas but there is more to do. The structure for this is still evolving and is most likely the council will mirror the governments common areas of spend (available at www.gov.uk; also see appendices).

To move the implementation of a full category management approach forward and to achieve

a more streamlined procurement process the following actions will be taken over the next 2 years. A more detailed action plan can be found in appendices.

Year 1 – 2020/2021

- All public procurements will be tendered in line with the council constitution through the adopted e-procurement system, with oversight from the councils constituted Procurement Board – see Governance Section.

- All tendered contracts to be moved to the Council's e-procurement system (excluding spot purchases).

- Category Management Plans will be in place that review an area of spend, looking at trends, supplier positions, historical spend, amongst other constraints and opportunities. The category plan will then drive the overall trajectory of spend within each category, which will be intrinsic to the delivery of the Council Strategy.

- A Procurement Strategy will be developed for each specific tender within an overarching category, and is the mechanism for seeking approval to tender (gateway 1).

- The Category Plan and Procurement Strategy documents will outline the commercial nature of each tender and the position taken by officers to ensure the most efficient and effective use of public money.

Year 2 – 2021/2022

- Category Strategy plans in place for all areas of spend (covering forthcoming 5 years).

- Category Managers allocated to all categories of spend.

- Category initiatives implemented across all areas of spend, driving savings

- Procurement to drive all procurement strategies over £100k, securing gateway achievement, commercial initiatives and probity.

Getting this done

Procurement professionals are crucial to deliver an effective procurement service, and these staff need to have the appropriate skills and experience. The council supports the training and development of procurement staff which includes informal coaching and training, and more formal training and professional qualification through the Chartered Institute of Procurement and Supply (CIPS).
This professional development has focused for the last three years on the Commissioning Service.
The benefit of this is that it has created a body of expertise that is now ready to move the Council's procurement forward and the expectation is that it is this service area that will drive forward and own the two year implementation plan.
By adopting this approach across the Council there will be clear accountabilities and therefore roles and responsibilities which will underpin successful working between the Commissioning Service and individual directorates.

"Procurement professionals are crucial to deliver an effective procurement service, and these staff need to have the appropriate skills and experience."

Partnerships

Connectivity with partners is a key strand of effective public sector procurement, and the council is working closely with colleagues in the NHS to ensure social care is effectively procured and that any delays to service provision are limited.

The Council is jointly commissioning a range of services, across social care and public health using a variety of methods all geared to getting the maximum benefit from the spend.

Contract types

The Council makes use of a variety of approaches to market including:

- Low value goods and services (these may not be awarded through e-procurement route).

- Competitive tender is used for a wide range of goods/services/works.

- Frameworks are often used to encourage a wide range of suppliers, used frequently for adult social care and transport services.
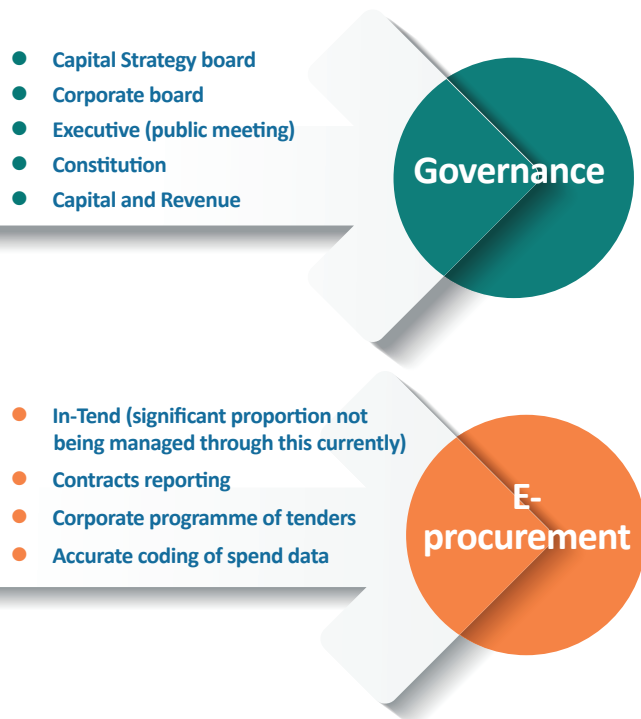
Value for money

Council procurement delivers value for money and efficiency by ensuring the goods, works or services acquired are suitable; concluding with an arrangement to secure what is needed on the best possible terms and ensuring the contracting partner is able to provide the goods, works or services on the agreed terms. In accordance with the PCR, the Council uses a principle called 'most economically advantageous tender' to determine which bid wins, with a split between quality and price within most tenders. Each invitation to tender will detail how this is applied.

Governance

The two core procurement controls are governance and e-procurement. All contractual spend is reported through governance boards, in line with the Council's Constitution. The first gateway is Procurement Board, where procurement strategies are considered by a multi-disciplinary group of officers and Elected Members of the Executive.

This group considers all aspects of contractual spend within the Council, including capital and revenue above £100k and exception levels above £50k. All projects are considered for legal risks, commercial application and probity in line with the Council's Constitution.

The second gateway (proceeding procurement process and prior to award) ensures the Board is appraised of how the procurement strategy has delivered.

- Capital Strategy board
- Corporate board
- Executive (public meeting)
- Constitution
- Capital and Revenue

Governance

- In-Tend (significant proportion not being managed through this currently)
- Contracts reporting
- Corporate programme of tenders
- Accurate coding of spend data

E-procurement

All council spend is to be managed through the adopted e-procurement system. This system is the mechanism through which all contracts are 'let', with all tendering activity reported monthly to Procurement Board for an overview. The e-procurement software provides a mechanism for reporting and highlighting which tenders will be expiring. E-procurement is managed and monitored by the Commissioning Service.

Procurement Board comprises of four key contributing elements of the council operation:

Procurement Board

- Procurement
- Legal
- Finance
- Elected Members
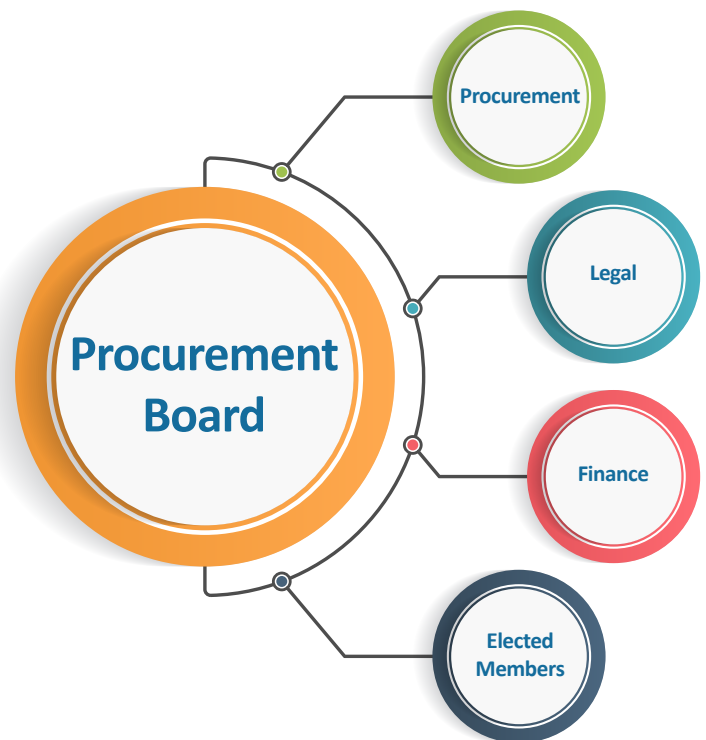
- **Procurement:** who advise on commercial, practical and regulatory aspects of procurement activity.

- **Legal:** who ensure value for money compliance, and advise on the regulatory procurement framework and constitution.

- **Finance:** who approve budgets and link any financial risk into budget management operations.

- **Elected Members:** ensure the Council Strategy is achieved, and key decisions are in line with political requirements.

Conflicts of interest

Employees ensure that their interests outside the Council do not conflict with their responsibilities at work. They also ensure that these interests could not be reasonably considered as conflicting with their responsibilities at work. Where such an actual or apparent conflict of interest occurs, or is about to occur, the employee will take all reasonable steps to prevent that conflict from arising or continuing. The Commissioning Service will adhere to West Berkshire Council policies and CIPS professional standards.

E-procurement

Regulatory requirement for E-procurement is currently managed through In-Tend for the Council. The system allows for all procurement activity to be managed through a single source, which records key information used to monitor and manage each exercise and its expiry date.
In-Tend can be access via the following URL
https://in-tendhost.co.uk/westberks/aspx/Home

Registering your organisation is free and takes a few minutes. Once registered you will be able to express interest in any open opportunities when they are made available. We'll also be able to access your details whenever we have a requirement and you may be invited to tender or quote for work.

If you encounter any difficulties whilst using the portal, please contact the In-tend Support Team by phoning 0844 272 8810 or by emailing support@in-tend.co.uk.

Sustainability

West Berkshire Council has declared a 'climate emergency', and will ensure that sustainability is integral to the delivery of services for residents.

Before starting any procurement procedure, when procuring certain services, the Council is legally required by the Public Services (Social Value) Act 2012 to consider how the services they propose to procure "might improve the economic, social and environmental well-being" of the area in which the services are to be provided.

Sustainability is based on the principle that successful, thriving communities are created by balancing the three key pillars of social, economic and environmental needs. Successful organisations also understand that these pillars are interlinked and equal in importance, and by applying this principle they achieve both profitable growth and positive social impact. West Berkshire Council will integrate sustainability, environmental and social issues into our procurement process. The action plan outlines the approach that will be taken in order to ensure that natural resources are used prudently, that there is effective protection of the environment whilst ensuring the efficient use of resources and delivery of value for money.

Specifically, this will mean that procurements have a scoring matrix which includes the delivery of sustainability objectives including but not limited to: reduction of carbon footprint; improving local delivery and use of apprenticeships.

What follows in the appendices is a procurement maturity assessment – which details the current position of procurement within the council, and indicates the aspiration to be achieved over the coming two years. In summary, there are some pockets of good practice in procurement, but the council will benefit from a strengthened and unified category management approach.

At the end of this document is an action plan which sets out the requirements to deliver the procurement strategy. The actions detailed will act as milestones for the implementation of an effective category management solution for the council.

4 Contact details

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https://info.westberks.gov.uk/procurement

5 Procurement Maturity Assessment

Legend	Current	Within 2 years

Ref	Question Title	Question	1	2	3	4	5
Q1	**Procurement Strategy & Governance**						
Q1.01	**Procurement Positioning**	How is Procurement viewed across the organisation?	> Perceived as purely transactional and focused on the purchase to pay process (e.g. raising purchase orders, expediting, query management).	> Procurement's remit is perceived as limited to price negotiation, contracts and handling disputes but Procurement are taking steps to address this. Some successes in specific functions and/or categories of spend.	> Recognised by functions where Procurement has successfully engaged. In other areas of the business Procurement still regarded as bureaucratic and adding little value.	> Recognised as a strategic partner by senior management across the organisation but there is still resistance to consulting Procurement from middle managers and staff in some areas	> Recognised across the organisation as a strategic partner to the business in managing costs and as a provider of innovative sourcing solutions and commercial expertise
Q1.02	**Procurement Positioning**	What role does Procurement play in corporate strategic and operational planning?	> Procurement have no involvement in business planning.	> Some limited involvement in providing cost data to some business functions. No involvement in decision-making.	> Supports Leadership Teams in business functions/units by providing costs analysis. Not involved in formal decision making forums	> Involved in helping other functions develop plans & budgets as a provider of cost data. Consulted on supplier and service issues.	Integral member of the executive management team, actively involved in strategic and operational planning.

ID	Category	Question	Level 1	Level 2	Level 3	Level 4	Level 5
Q1.03	**Procurement Strategy**	How well is Procurement strategy integrated with corporate strategy?	> No company'-wide Procurement strategy exists. Local Procurement teams do not produce procurement strategies.	> Localised Procurement strategies developed by Procurement teams but no enterprise'-wide procurement strategy. No clear links to corporate strategy.	> Enterprise'-wide Procurement strategy developed by Procurement. Strategy goes beyond pure cost reduction but is not fully integrated with corporate strategy. Developed by Procurement without collaboration of other functions and signed off within the Procurement function.	> Enterprise'-wide Procurement strategy developed by Procurement with reference to wider corporate strategy and key competitive strengths but with limited cross'-functional input and no C'-level sign'-off.	> Enterprise'-wide Procurement strategy developed with participation of key business stakeholders. Strategy formally integrated with corporate strategy and agreed at C Suite level.
Q1.04	**Procurement Strategy**	How effectively is strategy being actioned?	> No documented procurement strategy. No monitoring of performance against improvement goals.	Procurement strategy is poorly understood even within Procurement and is not a factor in decision'-making. There is no regular tracking of progress against strategy.	Procurement staff are aware of Procurement strategy but there is little evidence that it is a factor in day'-to'-day decision'-making. KPI's regularly reported to the CPO are primarily focused on cost reduction and do not cover broader strategic goals.	Strategy is frequently referenced by Procurement but has limited weight in decision'-making outside the Procurement function. A balanced set of KPI's is used to track progress against strategic goals. Progress reported to CPO and Procurement management only.	There is clear evidence that strategy is being used to guide decision'-making in Procurement and in procurement activity across the business. A balanced set of KPI's is used to regularly monitor performance against strategic goals. Performance against strategy is regularly reported to C'-Suite.

		Level 1	Level 2	Level 3	Level 4	Level 5
Q1.05	To what extent does Procurement foster and promote a culture of continuous improvement?	> Procurement does not articulate its contribution convincingly either in quantitative or qualitative terms. '- No evidence of a focus on excellence or continuous improvement. '- No plans in place to deliver new procurement capabilities.	> Procurement does not regularly measure or report its financial contribution to the business. The value delivered by Procurement is often questioned by stakeholders. '- Procurement struggles to gain investment funds and there is limited history of projects to improve Procurement capability. '- No promotion of the Procurement function to the wider business.	> Procurement regularly reports on savings delivered but struggles to demonstrate the financial contribution it has made. Savings claims are widely disputed. '- There is a history of projects and investments to improve Procurement efficiency for which benefits realised have been questionable. '- Procurement does not actively promote its contribution to the business.	> Procurement reports a trend of continuing improvements in efficiency and operating / capital cost reduction but evidence is not always backed up by good data and there is some dispute within the business over the true impact delivered. '- Procurement is able to point to investments & improvements in its internal capability but benefits have not been rigorously measured. Resources are often diverted away from these projects. '- Procurement promotion is ad hoc rather than planned.	> Procurement is able to demonstrate a trend of continuing improvements in enterprise efficiency and operating / capital cost reduction supported by Finance and widely accepted across the business. '- Procurement can also demonstrate improvements in internal productivity as a result of process improvements or technology or skills investments. '- Procurement Leadership actively promotes its contribution to the business and conducts internal marketing campaigns to raise its profile.

Continuous Improvement

Ref	Area	Question	Level 1	Level 2	Level 3	Level 4	Level 5
Q1.06	**CSR & Sustainability Strategy**	To what extent has a strategy been defined for CSR & sustainability in Procurement?	> No vision or plans in place for CSR or sustainable procurement.	> No reference to CSR or sustainable procurement in local procurement strategies. '- No attempt has been made to engage business stakeholders on sustainable procurement.	> Sustainable procurement & CSR referenced in Procurement Strategy but with few tangible goals and lack of clarity as to how ambitions will be achieved through procurement processes. '- Limited stakeholder understanding of the concepts and value of CSR & sustainable procurement. Inconsistent approach across the business and within Procurement.	> Developing a vision and level of ambition for CSR & sustainable procurement and starting to identify priority areas and strategic options. '- Variable stakeholder buy'-in to the concepts and value of sustainable procurement.	> A clear vision and level of ambition for CSR & sustainable procurement has been articulated and priority areas identified based on a clear understanding of what will drive value for the business and support the overall procurement strategy. '- Strong stakeholder buy'-in to the strategy from across the business.

| Q1.07 | P2P Governance | To what extent has governance been defined in the P2P process? | > No clear governance established for the P2P process. Finance operate the process and do not engage with Procurement. '- Procurement processes are not audited by an internal or external audit function. There are no documented purchasing procedures. '- Procurement do not actively monitor or manage the Procure to Pay process or seek to drive efficiencies. | > Plans to put in place a Governance framework for the P2P process exist. Responsibilities between Procurement and Finance are not defined currently. There is little evidence of effective collaboration between the two parties. '- Procurement processes were audited by an internal or external audit function as part of implementation but no regular audit scrutiny applied since. There are limited documented purchasing procedures and inconsistent practices within the organisation. '- Procurement do not actively monitor or manage the Procure to Pay process or seek to drive efficiencies. | > No formal governance established for the P2P process. Some confusion over responsibilities. Procurement and Finance do not collaborate closely and there is a certain amount of tension over who is responsible for issues in the process. '- Procurement processes were audited by an internal or external audit function as part of implementation but no regular audit scrutiny applied since. Procedures have been documented but there is little evidence of these being followed consistently throughout the organisation. '- No evidence of Procurement collaborating with Accounts Payable to reduce order and invoice volumes. | > Basic governance framework established for the P2P process. Some 'grey areas' in terms of ownership and responsibilities but Procurement and Finance work closely together to manage issues within the P2P process. '- Changes to Procurement processes are approved by an internal or external audit function. Documented and understood procedures exist and are implemented across the organisation. Compliance is variable with some persistent non compliance in some business areas. '- Procurement periodically engage with Accounts Payable to seek to reduce order and invoice volumes | > Governance clearly established for the P2P process with a Business Process Owner and clear responsibilities between Procurement and Finance. '- Procurement processes are regularly audited by an internal or external audit function. Comprehensive, documented, well understood procedures are implemented consistently throughout the organisation. '- Procurement regularly work with Accounts Payable to seek to reduce order and invoice volumes |

Ref	Dimension	Question					
Q1.08	Cross-Functional Working	How effective is stakeholder engagement by Procurement?	> No Central Procurement. Local teams respond to requests for support from within their Business Unit/Division. No recognition of need to proactively engage stakeholders.	> Central Procurement do not have a clear view of who the stakeholders are by category. Engagement is ad hoc based on where work is taking place.	- Procurement have identified key stakeholders by category. Little evidence of systematic approach to engagement as yet.	> Procurement maintains a dialogue with some key category and BU stakeholders to establish and challenge their needs and support performance management. In other areas engagement is limited.	> Procurement maintains a dialogue with all key category and business unit stakeholders to establish and challenge their needs and take the lead on strategy development and performance management. '- Category teams actively manage all key stakeholders to build relationships.
Q1.09	Policies & Procedures	To what extent do policies & procedures exist covering Procurement activity?	> General procurement policies or guidelines have not been defined. Informal rules are driven by Business Unit management locally.	> Procurement policies, guidelines and procedures only partially in place.	> Policies & guidelines documented for indirect and direct procurement, covering Procurement purpose, roles and responsibilities, governance, processes, authorisation levels and compliance. '- Policies and procedures are infrequently revisited.	> Policies & guidelines documented for indirect, operating and capital procurement, covering Procurement purpose, roles and responsibilities, governance, processes, authorisation levels and compliance. '- Policies and procedures are infrequently revisited.	> Policies & guidelines in place and widely communicated across indirect, operating and capital procurement, covering Procurement purpose, roles and responsibilities, governance, processes, authorisation levels and compliance. '- Policies and procedures are continually reviewed and examined to ensure best practices are employed and available.

	Q1.10 Procurement & Sustainability Positioning	How is procurement positioned in terms of the corporate sustainability strategy?	Procurement is not considered by senior management to be a key function in delivering the corporate level CSR/sustainability programme or managing CSR/sustainability risks.	Procurement viewed by senior management as being relevant to managing supply chain sustainability risks and protecting the company's reputation.	Procurement considered by senior management to be important in terms of driving operational efficiency through sustainability initatives and managing sustainability risk in the supply chain.	Procurement viewed by certain senior stakeholders as being critical to driving the company's sustainability programme,'- in addition to risk and operational efficiency, key to helping to innovate and identify market opportunities.	Procurement viewed by senior management and the board as a strategic function, critical to delivering the sustainability programme and helping to create value for the business.

Q2   Planning

ID	Question				
Q2.01 **Portfolio Planning**	Is there a process in place to develop and maintain a forward-looking portfolio/pipeline of value delivery projects (e.g. sourcing, supplier management, and demand management) and enabling projects (e.g. process or technology improvement)?	No formal activity plan portfolio or pipeline management across the Procurement function	No formal process for developing and managing the Procurement activity plan occurs throughout the year. Some limited and informal development of a sourcing plan may occur on an ad'-hoc basis to support the upcoming year's value delivery target. However, this is inconsistently applied across the organization and incomplete in nature (e.g. plan is comprised only of the expiring contracts that need to be sourced). Procurement's activity set is seen as reactive and unplanned.	>Formal process definition for the development of the annual procurement activity plan , but does not cover all activities (e.g. may not include all categories or all enabling projects) '-Annual plan is not used by the organization as a tool to manage resource activities and performance '-Limited effort is made to proactively identify potential projects for the upcoming year's plan. Procurement is still largely seen as being more reactive than proactive in regard to planning and managing its activity set.	>Standard process for the development of the annual procurement activity plan has been defined, but is not consistently implemented (e.g. all sites in the enterprise) or is not well'-integrated cross'-functionally. '-Annual plan is not consistently used by the Procurement teams to manage resource activities throughout the year, or is not well'-integrated into performance objectives and the performance management process '-An ongoing planning process is defined, but not consistently used to capture potential projects for upcoming years or is not cross'-functionally integrated. Procurement has proactive approach to managing its activity set, with inconsistent implementation.	>Standard process for the development of the annual procurement activity plan is implemented and consistently used to align functional value delivery against functional strategy objectives. The process includes cross'-functional (and enterprise) engagement and approval. '-Annual plan is actively used to manage resource activities throughout the year, with well'-defined KPI(s) and accountabilities integrated with performance management process '-Ongoing planning process to capture potential projects for upcoming years, including cross'-functional (and enterprise) engagement and approval, is implemented and consistently used

| Q2.02 | **Capital Procurement** | To what extent is capital procurement co-ordinated and managed across the organisation? | > Procurement has no or limited involvement in capital projects, being generally consulted on price related issues or when contractual issues arise. | > A traditional project based approach to procurement with inconsistent involvement of Procurement, providing no opportunities for long term planning and aggregation of demand. | > A traditional project based approach to procurement is taken with limited opportunities for long term planning and aggregation of demand. Procurement is consistently involved in project definition. Limited collaboration across the supply chain. | > Master procurement plans are in place across some parts of the business to aggregate demand across projects and identify opportunities to bundle contracts. Planning in collaboration with internal stakeholder groups and supply chain members is evident, giving a degree of visibility of long term demand. | > A programme view is taken, master procurement plans being used to aggregate demand across projects and identify opportunities to bundle contracts. Planning is routinely done in collaboration with all internal stakeholder groups and supply chain members and is aligned with the up'-front planning for capital investment, giving visibility of long term demand. |

| Q3 | **Strategic Sourcing** |

Ref	Area	Question	Level 1	Level 2 (Orange)	Level 3	Level 4	Level 5 (Green)
Q3.01	**Category Strategy**	To what extent are comprehensive category strategies in place for major spend categories?	> The organisation does not have a consistent view of its spend categories. '- No sourcing strategies are in place. Procurement have no involvement in sourcing decision'-making beyond administration of the formal RFP.	> There is no evidence of strategies being developed at a spend category level. '- Local procurement activity is reactive to individual Business Unit/functional need rather than planned or co'-ordinated across enterprise. Central Procurement have had some success in co'-ordinating activity for some enterprise'-wide indirect requirements. '- Sourcing decision'-making still handled by the business '- in most cases with no Procurement involvement. Sourcing strategies are not formally documented. Procurement involvement is typically limited to tender and negotiation strategy.	> Category sourcing strategies are in place only for a small minority of direct and indirect categories. '- Procurement category teams tend to develop sourcing strategies as part of the strategic sourcing process being applied at sub'-category level but there is little evidence of alignment with an over'-arching category strategy. '- Limited or inconsistent consideration of a wide range of sourcing levers. Limited consideration of the wider supply chain opportunities. '- Category strategies owned by Procurement are infrequently revisited and there is limited evidence that they are shaping the way Procurement manages its day'-to'-day activity	> Category sourcing strategies are in place for most areas of major direct spend. This is less well developed in areas of major indirect and capex spend. Some portfolio analysis considered. '- Strategies show evidence of consideration of a wide range of sourcing levers. Limited consideration of the wider supply chain opportunities. '- Category strategies tend to be owned by and understood in Procurement but understanding of stakeholders outside Procurement is inconsistent.	> Advanced and differentiated category sourcing strategies are in place for all major categories of indirect, direct and capital spend, based on comprehensive portfolio analysis. '- Portfolio is regularly reviewed with supplier and industry input and all sourcing levers are considered. Category strategies address opportunities across the broader supply chain. '- Alternative supply sources are developed in conjunction with current suppliers for key purchases. '- Category strategies are communicated within Procurement and to all key stakeholders for important categories.

Q3.02 **Procurement Leverage**	How effective are efforts to leverage spend for major spend categories?	> No use of consolidated purchasing at any level. Fragmented purchasing across departments with a silo culture. '- Sourcing occurs only at business unit/divisional level.	> Consolidated purchasing at a BU/Division level only '- No evidence of attempts to bundle services with existing suppliers. '- No evidence of attempts to develop suppliers to take on additional supply responsibilities.	> Consolidated purchasing across the key procurement entities for some major categories of spend. '- Limited evidence that existing suppliers are considered for extended or bundled services. '- No evidence of attempts to develop suppliers to take on additional supply responsibilities.	> Consolidated purchasing across the key procurement entities for most significant areas of spend. '- Existing suppliers are sometimes considered for extended or bundled services. '- No evidence of attempts to develop suppliers to take on additional supply responsibilities.	> Consolidated purchasing conducted across all procurement entities for all significant and appropriate areas of spend. Opportunities for further consolidation reviewed regularly '- Existing suppliers are routinely considered for extended or bundled services. '- Key suppliers are developed to take on additional supply responsibility.

			Level 1	Level 2	Level 3	Level 4	Level 5
Q3.03	**Sourcing Processes**	What level of involvement does Procurement typically achieve across the organisation?	> Procurement is never involved service development or design discussions. '- Procurement's remit is seen to be limited to processing orders and administering contracts.	> Rarely involved in new service/product development and design and then only to assist with calculating costs. There is no opportunity for Procurement to actively influence design based on acquisition or ownership costs. '- Across the organisation Procurement's role is seen to be limited to running tenders, negotiations and contracting. No recognition of a broader remit with other value levers (demand management, challenging specification, make vs buy).	> Some involvement in new service developments and design although the level of involvement varies considerably across categories, projects and business areas. The opportunity for Procurement to actively influence is limited. '- Procurement can point to examples where they have successfully demonstrated an ability to apply wider value levers beyond competitive tender but these have been rare and most business takeholders see Procurement's role as limited.	> Procurement is often but not always involved at the earliest stage of product/service development and design, having the opportunity to influence specification design and drive standardisation and advise on sourcing strategy and contracting approach. '- Some areas of the business recognise Procurement's role and remit with the full range of value levers but in other areas opportunities are constrained.	> Procurement is consistently involved at the earliest stage of product/service development and design, having the opportunity to influence specification design and drive standardisation and advise on sourcing strategy and contracting approach . '- Across the organisation Procurement's role is seen to encompass all value levers: demand management, design & specification, make vs. buy, transportation & supplier performance management
Q3.04	**Sourcing Processes**	How much of the spend is covered by signed-off sourcing strategies?	> No areas at all.	> Some areas covered by sourcing strategies but normally by exception.	> Many sourcing groups have sourcing strategies, but they are not fully signed off.	> Over 75% of spend covered by strategy, which is signed'-off by appropriate business stakeholders.	> The entire spend is covered by sourcing strategies which are signed'-off by senior management.

	Question	Level 1	Level 2	Level 3	Level 4	Level 5
Q3.05	**Specification Rationalisation**	How advanced are the processes for maintaining specifications?	Specifications are not maintained.	Specifications are reviewed reactively, due to cost pressures or quality issues. Review conducted by company A resource only.	Comparison of supplier performance to defined standards. Feedback to suppliers on a regular basis. Feedback from around user community and across company A. Formalized process for key suppliers, with clear internal accountabilities. Analytically based	The process is well documented. Responsibility agreed for specification maintenance. Communication process in place. Some challenge and input from cross functional teams. Active supplier involvement in process.	Key specifications are reviewed on a regular basis. Cross functional input is gained. Technological solutions are utilized. The process is common through'-out the company (i.e. cross'-Group). Supplier involvement fully leveraged.
Q3.06	**Demand Management**	How rigorously are consumption and compliance procedures applied?	There are no consumption policies in place.	Some application of demand management procedures. Primarily measurement of usage / volumes.	Consumption and compliance procedures are regularly reviewed. Target cost management is applied in key areas.	Consumption and compliance procedures are regularly reviewed and updated. Key measures are incorporated in business. Improvements / benefits can be demonstrated.	A total cost management approach is applied. Design for manufacture and assembly principles are used. Demand management fully integrated in NPD and procurement processes.

		> Little or no supply market knowledge. No supply market research conducted. '- Basic informaiton availablein current suppliers	> Procurement has limited understanding of the competitive supply market or critical factors impacting commercial or operational performance. Research not integrated into overall sourcing process and tends to be conducted on ad hoc basis. '- Analysis conducted on basic supply market information. High level benchmarking completed, based on existing supply base and limited number of other sources '- Procurement do not attempt to analyse suppliers' costs as part of sourcing engagements.	> Infrequent supply market research conducted for key categories and commodities. Supply knowledge tends to be stronger amongst customers than in Procurement. Some analysis of the supply market is built into the sourcing process. '- Procurement will only rarely attempt to analyse suppliers' cost base as part of sourcing engagements or compare performance against other similar companies.	> Periodic supply market research conducted for key categories and commodities. '- Detailed cost and performance information, supply market dynamics, market trend and competitor activity information available across some sourcing groups. '- Strong regional supply knowledge among cross functional team but limited global industry knowledge. '- Procurement will sometimes attempt to analyse suppliers' cost base as part of major sourcing engagements but this is not routine.	> Sourcing strategies for most sourcing groups based on coherent and deep understanding of supply market. Cost drivers fully understood and used to drive strategy decisions. '- A market intelligence programme is in place, web'-enabled technology being applied to provide regular updates for important supply market factors such as commodity prices, fuel / energy costs, currency exchange rates and supply benchmarks. '- Procurement routinely looks into suppliers' processes and raw material costs to understand quality and cost drivers, and compares their performance against other similar companies
Q3.07	**Market Research**					
		To what extent does Procurement research the supply market?				

		Question	Level 1	Level 2	Level 3	Level 4	Level 5
Q3.08	**Implementation**	Is a quality implementation plan developed for each sourcing group and is it agreed across the business?	> A sourcing strategy exists but no implementation plan has been developed.	> Basic implementation plans exist covering some major aspects of implementation, but are inconsistent in content and depth.	> Implementation plan incorporates all Procurement requirements, detailing supply base and pricing changes, together with timing implications.	> Additionally, the plan includes a risk assessment, business case, timing plan. The plans are developed and agreed by cross functional teams.	> Sourcing strategies are in place for all key commodities. Implementation plans include key activities, phased timing plan and addresses all the key processes. Responsibility and program management mechanisms are agreed.
Q3.09	**Sustainable Category Strategy**	To what extent do strategies for major spend categories consider specific sustainability risks and opportunities?	> No sourcing strategies are in place for specific categories. '- Supply chain sustainability risks and opportunities have not been considered.	> Supply chain sustainability risks and opportunities have been considered, but not at the category level.	> Sustainability risks and opportunities identified for some but not all spend categories, but are not integrated into procurement decision making.	> Sustainability risks and opportunities identified for all major spend categories but not integrated into procurement decision making.	> Sustainability risks and opportunities identified for all major spend categories and are integrated into procurement decision making '- from specification, through to evaluation and contract management).

Q4	Contract Management

	Q4.01 Contract Management	To what extent is contract management formalised within the organisation?	> No formal contract management framework or process in place.	> Contract management happens on an adhoc basis and to inconsistent standards. Limited development of contracting strategies. '- Procurement has no involvement in ongoing contract management.	> Basic contract management processes documented and in place supported by a formal contract management structure and contracting models. Not fully integrated with the SRM and/or sourcing strategy. '- Contract management is performed by business managers with very limited Procurement involvement.	> Formal contract management framework integrated with the sourcing strategy. Clearly defined contract management roles and responsibilities. One size fits all approach with limited guidance on different contract models and differentiated levels of contract management. '- Contract service delivery and administration for some major contracts managed by professional contract managers. Contract management tends to operate independent of Procurement or with limited Procurement support.	> Formal contract management framework integrated with the SRM and sourcing strategy. Clearly defined contract management roles and responsibilities, contracting models, processes and differentiated contract outputs (obligations) based on contract / relationship type. '- Contract service delivery, relationship, administration and risk for key suppliers managed on a routine basis by professional contract managers in Procurement or with Procurement support.

Ref	Category	Question				
Q4.02	**Capital Procurement & Contracts**	How sophisticated is Procurement understanding of capital contract delivery needs and options?	> No involvement in or knowledge of the range of contracting models available for capital projects or how these models relate to the objectives and scope of a project. Procurement have limited or no involvement in the contract delivery model selection process	> Procurement have some knowledge of the range of contracting models available for capital projects but Procurement are rarely consulted in the selection of the contract delivery model.	> Procurement have some knowledge of the range of contracting models available for capital projects and how these models relate to the objectives and scope of a project and the asset management strategy deployed. '- Procurement are consulted in the selection of the contract delivery model.	> In most cases, the appropriate contract delivery model is selected based on the strategic objectives and scoping of the capital project. '- The range of contracting models is reasonably well understood by procurement (eg. Alliance Agreements, Design & Construct and Engineering Procurement & construction) and they are consulted in the selection process. '- Procurement knowledge is only partially leveraged to provide insights into potential risks to help select the right contract delivery model that supports the project's needs and the organisation's asset management strategy.	> The most appropriate contract delivery model is always selected based on the strategic objectives and scoping of the capital project. '- The range of contracting models is well understood by procurement (eg. Alliance Agreements, Design & Construct and Engineering Procurement & construction) and they play a key role in the selection process. '- Procurement knowledge is fully leveraged to provide insights into potential risks to help select the right contract delivery model that supports the project's needs and the organisation's asset management strategy.

Q5	Supplier Management

Ref	Category / Question	Level 1	Level 2	Level 3	Level 4	Level 5
Q5.01	**Supply Base Management** — To what extent do Procurement actively manage supplier numbers?	> No evidence that Procurement is aware of need for supplier rationalisation despite very high numbers of suppliers. '- Supply base is growing aggressively year on year with new suppliers added constantly.	> Procurement recognise that supplier numbers are too high but there is no evidence of Procurement attempting supplier rationalisation in last 3 years. '- Supply base is growing strongly year on year.	> Procurement aware of need to rationalise suppliers. Some evidence of efforts to reduce supplier numbers in last 3 years but no current activity in progress. Supplier numbers widely recognised as too high. '- Supply base is still growing strongly year on year.	> Supplier rationalisation initiatives have made some progress in reducing numbers of active suppliers but Procurement believe there is more work to do. '- Procurement have performed reviews of transaction volumes to identify opportunities to reduce the supplier tail but this is not regularly repeated. '- Supply base is still growing year on year but net increase is small.	> Supplier rationalisation initiatives have succeeded in reducing numbers of active suppliers to a point where Procurement believe they have the optimal number of suppliers. '- Procurement perform an annual review of transaction volumes to identify opportunities to reduce the supplier tail. '- Few new suppliers required. Existing relationships cover almost all requirements.
Q5.02	**Supplier Performance Management** — How is supplier feedback captured?	> Procurement is not seeking supplier feedback.	> Procurement do not seek or collect supplier feedback.	> Procurement do not seek supplier feedback in a consistent or structured fashion. No evidence of Procurement acting on feedback.	> Collection of supplier feedback is ad hoc through contract review meetings. Some limited evidence of Procurement management reviewing feedback to identify recurrent themes.	> Supplier councils used to gather feedback from suppliers, identify improvement opportunities and provide improved communication.

			> Very little evidence of Procurement involvement in supplier performance management of any kind except for disputes.	> Performance management effort is reactive and focused exclusively on problem suppliers. No focus on continuous improvement.	> Focus is on supplier performance and contractual performance rather than continuous improvement. Some limited evidence of continuous performance being introduced into contrcats but little ongoing management of this.	> Continuous improvement is typically discussed as part of supplier negotiations and features in contracts but there is little tracking of progress against goals. '- Metrics that can be used to measure progress towards improvement goals agreed with the supplier are typically not well defined and obtaining reliable data is an issue.	> Continuous improvement is routinely built in at the tendering and design stage and considers cost, service and process improvements. Continuous improvement plans are put in place and regularly reviewed based on the project and relationship type, supplier strategy and agreed KPIs / targets. Incentivisation frameworks are negotiated such as rebate /gain share arrangements. '- Comprehensive metrics used to measure progress towards improvement goals agreed with the supplier.
Q5.03	**Supplier Performance Management**	To what extent is continuous improvement built into supplier contracts?					

Q5.04 Strategic Relationship Management	To what extent does the organisation have a defined strategy and approach for managing strategic suppliers?	> All suppliers are treated the same '- the supply base is managed on a purely transactional basis with no partnerships or alliances in place.	> There is no formal SRM strategy which differentiates supplier management based on supplier strategic importance. Management of supplier relationship is down to business stakeholders and is not consistent. The organisation does not have a single view of its strategic suppliers. '- Procurement's focus is on supplier performance management. Standard approaches are applied across teh supply base with effort invested driven by the business stakeholder requirements and spend. '- There is no documented SRM process.	> SRM strategy includes a view of different relationship types but processes, objectives, governance arrangements, KPIs and continuous development requirements are only partially defined. Governance currently only operates within Procurement. '- Procurement have identified Procurement relationship leads but business stakeholder involvement has not been formalised. '- Some initial efforts have been made to define SRM processes but these are not operating in practice. '- Procurement is taking the lead on developing a process but there is very limited business recognition of the strategy, process or Procurement's responsibilities in this area.	> SRM strategy includes clearly defined relationship types linked to differentiated objectives, governance arrangements, KPIs and continuous development plans. Governance operates across the organisation for strategic suppliers. '- Executive sponsorship of individual strategic relationships through a designated owner within each organisation. '- SRM processes have been defined but application is inconsistent and commitment of resources is an issue. '- Procurement seen to be owner of process and is involved in the majority of key relationships.	> SRM strategy includes clearly defined relationship types linked to differentiated objectives, governance arrangements, KPIs and continuous development plans. Governance operates across the organisation for strategic suppliers. '- Senior executive sponsorship of individual strategic relationships through a designated owner within each organisation. '- Defined SRM processes operational and consistently applied with all strategic suppliers. '- Procurement seen to be owner of process and facilitator. Fully involved in all key relationships.

Ref	Category	Question	Level 1	Level 2	Level 3	Level 4	Level 5
Q5.05	Strategic Relationship Management	To what extent is the value delivered through SRM measured?	> No attempt to measure value from suppliers.	> No attempt to measure value from suppliers beyond contract price re'-negotiations.	> There is no consistent view of how SRM is delivering value to the organisation beyond vague notions of partnering. No business case has ever been made.	> A case has been made for SRM but using soft benefits. There is a lack of hard data to demonstrate the value delivered by SRM.	> Value delivered through SRM measured, reported and recognised by the business. Quantitative data available as the basis for ongoing investment in SRM strategy.
Q5.06	Supplier Collaboration	To what extent are planning schedules/forecasts developed with suppliers ?	> Suppliers receive schedules infrequently or not at all. '- There is a low level of accuracy. Schedules out of date. No consideration of supplier's capacity.	> Longer term forecasts given but subject to considerable change. Regular short term forecasts given to suppliers. Subject to frequent change.	> Suppliers receive schedules subject to amendment. Not always on a timely basis. Suppliers acknowledgments checked.	> Contingency plans established. Suppliers receive mostly accurate schedules with few amendments.	> Suppliers receive accurate & topical schedules. Long term capacity planning conducted with suppliers.
Q5.07	Supplier Collaboration	To what extent are suppliers involved in specifications of products or services?	> No agreed specification standards in place for most products. Many specifications developed without supplier input. company A specification for most products.	> Some standards in place but not revised regularly. Many specifications developed without supplier input. company A specification for most products.	> All strategic purchases covered by specification & signed off as acceptable by supplier. Supplier has influence on specification post contract.	> All strategic purchases covered by specification. Suppliers involved in product development at an early stage for many areas of spend. Supplier influence on specification after Invitation To Tender	> Specification standards in place. Complexity reviews undertaken regularly. Suppliers make a positive contribution to the design of the product from initiation, for most spend areas.

Q6 — **Purchase to Pay**

Q6.01	**Buying Channels**	To what extent are a range of buying channels available suitable to the needs of different purchases?	> Basic buying channels are available (PO and invoice approval) but are poorly defined and inconsistently used across the organisation. There is no evidence of Procurement actively managing buying channels. '- There is significant use of verbal ordering and manual invoice approval with only limited use of purchase orders.	> Basic buying channels are available (PO and invoice approval) with processes and policies defined to support these. The Procurement function has attempted to mandate the use of PO's for all purchases but no PO invoices still account for a large volume of purchases. No PO invoice approval is manual (no workflow).	> The organisation has begun implementing a range of buying channels (moving away from a one'-size'-fits'-all approach based on the use of POs) but progress to date is limited. Some use of purchasing cards and T&E cards as well as no PO invoice approval for some purchases. There is some lack of clarity around usage guidelines and controls, leading to sub optimal arrangements and usage.

> It has been recognised that a one'-size'-fits'-all approach with PO's is counter'-productive. A range of clearly defined and appropriately controlled buying channels is available or being implemented in major corporate locations: e.g. purchasing cards, T&E cards, e'-procurement (catalogue and non catalogue), framework orders, MRP orders, invoice approval workflow etc. In other locations purchasing options tend to be limited.

> It has been recognised that a one'-size'-fits'-all approach with PO's is counter'-productive. A consistent range of clearly defined and appropriately controlled buying channels is available across the organisation to support different transaction types: e.g. purchasing cards, T&E cards, e'-procurement (catalogue and non catalogue), framework orders, MRP orders, invoice approval workflow etc.

Q6.02	**Buying Channels**	How effective is Procurement control of buying channels?	> Use of buying channels is principally based on convention and varies by business area. '- Procurement make no sustained efforts to monitor and manage buying channels.	> Procurement have prescribed PO's for all purchases but business users typically make their own decisions about the best way to purchase. '- Procurement do not regularly measure compliance and have no real ability to act against non compliance where they find it.	> Procurement have defined guidelines around the use of different buying channels but there is limited evidence that theses are being applied across the organisation. '- Procurement measure compliance but do not have any real ability to act against non compliance where they find it.	> Procurement are involved in setting policy and governance for buying channels and matching buying channels to different purchase categories. '- Appropriate usage of buying channels is monitored by Procurement but there is limited support from the business in managing compliance.	> Procurement take the lead in setting policy and governance for buying channels and matching buying channels to different purchase categories. '- Appropriate usage of buying channels is monitored by Procurement and governance is in place to manage non compliance with policy and procedure. Compliance is high.

Q6.03   Low Value Purchases

To what extent does a strategy and toolset exist for managing low value transactions efficiently?

Level 1	Level 2	Level 3	Level 4	Level 5
> No evidence of knowledge of Purchasing Card as a procurement tool. There is no strategy for maximising processing efficiency on low value purchases. '- Purchase Cards are not used for low value purchases.	> Procurement are aware of Purchase Cards but do not currently have any plans to introduce them. The same purchasing process is used for high and low value orders. There is no strategy for maximising processing efficiency on low value purchases. '- Purchase Cards are not currently used. '- No clear usage strategy or guidelines are in place for high volume, low value purchases and for low volume, low value purchases.	> The organisation has begun to develop a strategy for low value purchases. '- The organisation has begun to implement Purchase Cards but they are not available in all areas. '- Purchase Card usage is low and inconsistent. The business is unclear on what they should be used for and there is resistance from some budget holders.	> A strategy exists for driving processing efficiency on low value purchases but does not cover the full scope of transactions. '- Purchase Cards have been implemented for high volume, low value purchases but there is no clear approach for managing low value, low volume purchases. '- Purchase Card usage is on target with the level planned in the original strategy and business case.	> A clear strategy exists for maximising processing efficiency on low value purchases whilst maintaining appropriate control, spend visibility and VAT reclaim potential as appropriate. '- Purchase Cards have been implemented for specific types of low value purchases. Clear usage strategy / guidelines are in place for high volume, low value purchases and for low volume, low value purchases. '- Purchase Card usage has reached or exceeded the level planned in the original strategy and business case. Opportunities to extend usage within the strategy revisited at least annually.

	To what extent does a strategy and toolset exist for managing low value transactions efficiently?	> No evidence of knowledge of Purchasing Card as a procurement tool. There is no strategy for maximising processing efficiency on low value purchases. '- Purchase Cards are not used for low value purchases.	> Procurement are aware of Purchase Cards but do not currently have any plans to introduce them. The same purchasing process is used for high and low value orders. There is no strategy for maximising processing efficiency on low value purchases. '- Purchase Cards are not currently used. '- No clear usage strategy or guidelines are in place for high volume, low value purchases and for low volume, low value purchases.	> The organisation has begun to develop a strategy for low value purchases. '- The organisation has begun to implement Purchase Cards but they are not available in all areas. '- Purchase Card usage is low and inconsistent. The business is unclear on what they should be used for and there is resistance from some budget holders.	> A strategy exists for driving processing efficiency on low value purchases but does not cover the full scope of transactions. '- Purchase Cards have been implemented for high volume, low value purchases but there is no clear approach for managing low value, low volume purchases. '- Purchase Card usage is on target with the level planned in the original strategy and business case.	> A clear strategy exists for maximising processing efficiency on low value purchases whilst maintaining appropriate control, spend visibility and VAT reclaim potential as appropriate. '- Purchase Cards have been implemented for specific types of low value purchases. Clear usage strategy / guidelines are in place for high volume, low value purchases and for low volume, low value purchases. '- Purchase Card usage has reached or exceeded the level planned in the original strategy and business case. Opportunities to extend usage within the strategy revisited at least annually.
Q6.03	**Low Value Purchases**					

Ref	Category	Question					
Q7.01	**Procurement Resourcing**	To what extent are the Procurement resources available aligned with the role Procurement is expected to play?	> There is no procurement resource plan. '- Procurement management do not have a clear view of their resource requirements.	> The procurement resource plan only takes account of the routine management of standard procurement activities. '- Procurement leadership feel they are under'-resourced to maintain current performance levels.	> The procurement resource plan partially reflects the ambition to provide strategic input but is primarily driven by the requirements for routine management of standard procurement activities. '- Procurement leadership feel they need additional resources to drive improved performance.	> The procurement resource plan fully reflects both the strategic role of Procurement, major planned projects & initiatives and the routine management of standard procurement activities. '- Procurement leadership feel they are hampered in delivering full potential by a lack of resources.	> The procurement resource plan fully reflects both the strategic role of Procurement, major planned projects & initiatives and the routine management of standard procurement activities. '- Procurement leadership feel they are adequately resourced for the role they play.
Q7.02	**Procurement Resourcing**	How capable are Procurement personnel of operating outside their immediate role, over & above using skills linked directly to Procurement?	> Unable to cope with different roles. Does not recommend or take part in implementing improvements. Not comfortable in team environments.	> Capable of performing further activities where necessary. Prepared to take part in teams, irregular involvement. Some experience of taking part in improvement projects.	> Able to manage priorities. Capable of performing several roles. Regular team involvement, developing good working relationships. Involved in improvement projects, understands need.	> Regularly & effectively performs several roles. Sometimes recommends improvement opportunities, regular involvement in implementing improvements. Regular team involvement, making constructive contributions.	> Regularly & effectively performs several roles. Regularly recommends opportunities for improvement. Actively involved in implementing these. Regular team involvement, making constructive contributions. Demonstrates team building skills.

		Level 1	Level 2	Level 3	Level 4	Level 5
Q7.03	**Business Acumen**	How much business knowledge & strategic awareness is demonstrated by Procurement people in general?	> Limited understanding of site business & products. Limited understanding of customers.	> General understanding of site business only (i.e. products & volumes). Aware of key customers for site.	> Understands business for site & division. Good knowledge of site divisional customers.	> Good understanding of company & division performance, market & competition. Understanding of key issues facing site. Understanding of key strategies of site.	> Good understanding of company & division performance, market & competition. Understanding of key issues facing company. Understanding of key strategies.
Q7.04	**Procurement Skills**	What proportion of staff in the Procurement function hold recognised external purchasing qualifications ? (e.g.CIPS) ?	> No formal Procurement qualifications within the function (e.g. CIPS).	> Very few Procurement employees have professional Procurement qualifications (CIPS, advanced degree etc). Some university educated staff in management positions.	> Some Procurement employees have professional Procurement qualifications (CIPS, advanced degree etc).	> A good proportion of Procurement employees have some form of professional Procurement qualifications (CIPS, advanced degree etc).	> The majority of Procurement employees have some form of professional Procurement qualifications (CIPS, advanced degree etc).

Q7.05	Procurement Training & Development	To what extent does the organisation invest in Procurement training?	> No formal training plan is in place '- No evidence of formal personal development process or assessment of skills. '- Minimal or no training or skills development provided to employees.	> Very limited range of training options available. Some formal training available but on-'the'-job coaching typically used. '- Training is very focused on transactional activities. '- Training budget is typically very small and is often diverted for other purposes in practice. '- Function attaches little importance to external qualifications or memberships. No financial support available for qualifications or subscriptions.	> Limited set of training programs linked to procurement needs. Periodically reviewed and training often cut when costs come under pressure. '- Training covers job/technical competencies only. '- Budget available for skills training for function varies significantly each year. Typically training opportunities are only available to a small proportion of staff each year. Training is normally internally delivered. '- External qualifications welcomed but not funded. Individuals expected to pay subscriptions for membership of professional bodies.	> Comprehensive range of training programs linked to procurement and business needs and regularly reviewed. '- Training focused on technical skills with limited options for soft skill development. '- Budget in place for skills training for function each year. Training investment is managed centrally by Procurement management. Training is normally internally delivered. '- External qualifications welcomed but not funded. Function pays subscriptions for membership of professional bodies.	> Comprehensive range of training programs linked to procurement and business needs and regularly reviewed. '- Training covers technical, project and soft skills. Training given high priority and targets set for training days per year. '- Budget in place for skills training for each employee each year. Employees are empowered to manage their own training budgets and are not restricted to internal courses. '- External qualifications and membership of professional body supported financially.

		> No personal development plans. '- No formal staff appraisal scheme	> Personal development plans are created annually but rarely reviewed and not linked to appraisals, reward or training. Objectives often not clear nor linked to business strategy. '- Performance managed via a business function appraisal scheme.	> Development plans in place and periodically reviewed during the year to assess progress. Objectives typically not linked to procurement strategy and link with reward, training and development is patchy '- Performance managed via a business function appraisal scheme.	> Development plans in place, linked to competency framework, appraisal, training and promotion. No obvious link to Procurement strategy. Plans are frequently referenced and used by staff to guide decisions. '- The performance of procurement staff is effectively managed within a well established Business wide appraisal scheme.	> Development plans in place, linked to competency framework, appraisal, training and promotion. Clear objectives based on procurement strategy and linked to reward, training and development. Staff actively refer to objectives set and use these to direct their energies. '- The performance of procurement staff is effectively managed within a well established Business wide appraisal scheme.
Q7.06	**Procurement Training & Development**	To what extent is staff development promoted within Procurement?				

Q7.07	Does procurement have the right skills and adequate resources to implement the sustainable procurement programme?	> Procurement team do not have the right skills to manage sustainability issues in the supply chain '- No training on CSR procedures is given to staff.	> Basic awareness training of sustainable procurement issues and procedures is given.	- Basic awareness training of sustainable procurement issues and procedures is given '- Procurement teams have adequate sustainable procurement skills in some business units but not others, '- Resources are not adequate to manage all procurement responsibilities as well as CSR across all business units.	> Procurement staff consistently have the right skills and experience to manage sustainability issues in the supply chain '- Resources are not adequate to manage all sustainable procurement responsibilities, across all business units. '- Staff have been appropriate depth of training and tools in relation to sustainable procurement	> Procurement staff have the right skills and experience to manage sustainability issues in the supply chain. '- Resources are adequate to manage all sustainable procurement responsibilities, across all business units. '- Staff have been appropriate depth of training and tools in relation to sustainable procurement
Sustainable Procurement Resourcing						

Q8.01 **Spend Data**	To what extent is detailed and accurate spend data easily accessible to the Procurement organisation?	> Invoice and payment data by supplier is available from Finance systems but lacks granularity. '- Procurement do not have the resources or skills to perform spend analysis.	> Spend data is available from the corporate ERP systems via reports. Very limited reporting available outside of the ERP system. Limited use of POs means that supplier invoice data is only comprehensive source of data. '- Historical spend view can only be constructed manually with effort. '- Spend analysis is typically performed by supplier and using data supplied by the supplier. '- No visibility of contract spend or ability to separate opex and capex spend by supplier.	> Spend data is available from a data warehouse covering the corporate ERP systems. Coverage is 70% of spend. Manual consolidation is required for other buying channels. '- Spend analysis is not performed to a granular level except as part of a sourcing exercise (at a category level). Procurement rely on supplier data for product/SKU level granularity. '- Procurement cannot analyse spend on contract and outside contract with particular suppliers. '- Capex and Opex spend can only be analysed separately by supplier with manual data manipulation.	> Spend data is available from a data warehouse covering most of the corporate IT systems. Coverage is 80% of spend. Some data (e.g. Pcard data) is excluded and needs to be accessed separately. '- Spend can be tracked to a product/SKU level only for catalogue suppliers in eProcurement. '- Procurement cannot analyse spend on contract and outside contract with particular suppliers. '- Capex and Opex spend can only be analysed separately by supplier with manual data manipulation.	> Last year's spend can be immediately recreated from a data warehouse fed by all relevant corporate IT systems. Provides 100% coverage. '- Full and consistent spend data is available on a routine basis (by supplier, category, project, Division, etc). '- Spend can be tracked to a product/SKU level for contract suppliers. '- Procurement can analyse spend on contract and outside contract with particular suppliers. '- Capex and Opex spend can be extracted and analysed separately by supplier.

Area	Q#	Question	Level 1	Level 2	Level 3	Level 4	Level 5
Spend Data	Q8.02	To what extent is there common coding of spend across the organisation?	> There is no commonality of procurement master data, leading to coding issues and major difficulties in identifying the nature of procurement spend.	> Integrated vendor and item masters do not exist across Divisions and Operating Companies. Major issues with accuracy and inconsistency in item and GL coding, leading to large elements of spend being unidentifiable.	> Integrated vendor and item masters do not exist across Divisions and Operating Companies. Inconsistencies in the use of item and GL codes and overuse of 'general' or 'other' or 'miscellaneous' categories mean that all spend data is regarded as subject to a +/- 10% accuracy.	> Integrated vendor and item masters exist across Divisions and Operating Companies. There is some evidence of indiscipline in the use of item and GL codes and of 'general' or 'other' or 'miscellaneous' categories.	> Integrated vendor and item masters exist across Divisions and Operating Companies without duplicate entries. Item and GL codes are assigned accurately and consistency with limited usage of 'general' or 'other' or 'miscellaneous' categories.
Master Data Management	Q8.03	How is information managed and governed across the company?	> Data exists in many places with no single source of truth. '- No enterprise'-wide validated definition of master data exists. '- No enterprise'-wide data is available.	> Data exists in many places, but a single source of truth exists only in BUs '- Data management is an IT issue. '- Master data is defined at the BU level. '- Definitions vary across the company.	- Data exists in many places and a single source of truth exists. '- Data management is both an IT and business issue. '- Master data rules defined in an end'-to'-end process.	- Data standards are in place and defined across the enterprise. '- Enterprise data warehouse is used. '- Process and organization structure is in place to manage data.	- Information is managed as a corporate asset. '- Data quality is a strategic issue. '- There is a focus on continuous improvement. '- Data quality is measured.
Application Support for Procurement	Q8.04	Does Procurement have a contract database?	Not applicable	> No contracts database or overview of contracts. Contracts kept in hard copy locally by the business.	> A basic static database is used to provide an inventory of Procurement's contracts but contract documents are filed as hard copy. Business 'owned' contracts are stored locally all over the business. No complete central visibility.	> A stand'-alone contract database is used, contract information is complete and maintained, and contract documents are scanned and linked to the database. Some contracts 'owned' by the business not included.	> An integrated contract management solution is used with complete and accurate contract data and access to scanned contract documentation.

Q9	Structure			
				- Procurement function has direct or indirect influence over >90% of third party external spend. '- The Head of Procurement reports directly into C Suite.
			> Procurement function has direct or indirect influence over >60% of third party external spend. '- The Head of Procurement reports into one or two levels below C Suite.	- Procurement function has direct or indirect influence over >75% of third party external spend. '- The Head of Procurement reports into level below C Suite.
		> Procurement has limited influence over spend (40'-60% of spend influenced) '- Most senior Procurement officer is at general management level.		
		> Procurement influences less than 40% of spend. '- Most senior Procurement officer is middle management level.		
Q9.01	Procurement Organisation Structure	How much influence does the Procurement organisation have?		

		> Procurement not recognised as a function. Staff performing procurement transactional and admin activities do this as part of broader administrative roles embedded in other functions. '- No central Procurement team. No clear visibility of who 'does' procurement across the organisation.	> Procurement teams and resources are decentralised and fragmented across Divisions/Business Units. No central Procurement control or effective co'-ordination of procurement activity. '- Procurement resources are tactical and reactive to customer needs. Staff are transactional/admin focused without any knowledge of supply markets or categories.	> Centre'-led model in place but acting as decentralised in practice. Central Procurement function in place but with limited direct influence over the Procurement teams located in and reporting to Business Units/Divisions. '- Central Procurement function focused on setting policy and procedures but with limited ability to manage compliance. '- No category teams. Buyers are generalists and work across many categories as the demand from the business dictates.	> Centralised or centre'-led Procurement organisation structure in place for key cross'-enterprise categories but pockets of de'-centralised procurement activity still exist only loosely linked to central Procurement. '- Category teams in place for major spend categories for which Procurement has responsibility. Category buying model (centralised/de'-centralised) partially dictated by Procurement. Some areas where Procurement has been unable to challenge established buying models.	> Centralised or centre'-led Procurement organisation structure in place. Co'-located/de'-centralised buyers support specific business needs. '- Category teams in place for all major spend categories. Flexibility within structure to move junior resources between teams and allocate resources to support projects. Category buying model (centralised/de'-centralised) dictated by Procurement and aligned with agreed category strategy.
Q9.02	**Procurement Organisation Structure**	How well does the Procurement organisation structure support leveraged procurement?				

Q10	**Performance Management**					
Q10.01	**Procurement Measurement and Performance Management**	What is the key objective used to drive Procurement decisions?	> Minimize Price .	> Minimize price with selective focus on other costs (e.g. Inventory).	> Consideration of Total Acquisition Costs, including supplier cost breakdowns. Service level consideration.	> Total Supply Chain and service level focus.	> Maximize Value.

Ref	Category	Level 1	Level 2	Level 3	Level 4	Level 5
Q10.02	**Procurement Measurement and Performance Management** — How regularly is performance measured?	> No evidence of Procurement making efforts to measure performance or use metrics to drive improvement.	> Measurement is irregular and management monitoring, action planning and follow-'up is poor.	> Measurement is regular but management monitoring, action planning and follow-'up is sporadic.	> Performance measured on a regular basis (at least monthly) by Procurement management with clear action plans to correct off track performance and drive continuous improvement.	- Performance measured on a regular basis (some metrics reviewed weekly; others monthly) by Procurement management with clear action plans to correct off track performance and drive continuous improvement.
Q10.03	**Procurement Measurement and Performance Management** — How effective are performance management mechanisms in place?	> Management reports are not produced by Procurement. '- There are severe quality issues with basic spend and transactional data. There is little confidence in the data available.	> Producing management reports requires major manual data manipulation in Procurement and Finance. '- There are severe quality issues with management data. There is little confidence in the data available.	> Reports and dashboards require considerable manual effort to produce. '- Performance data has known flaws and is a cause of frequent disputes around contribution delivered.	> Reports and dashboards require some manual effort to produce. '- Performance data is broadly accurate but data issues leave results open to challenge.	> Reports and dashboards are automated and require minimal manual effort to produce. '- Performance data is accurate and trusted across the organisation.
Q10.04	**Procurement Communications** — Is there a mechanism in place to capture feedback from the business?	> Business typically unaware of whom to direct feedback on suppliers/contracts to.	> Feedback on suppliers/contracts is not requested. Occasional feedback by email or face'-to-'face from users. No formal logging of feedback.	> Feedback on suppliers/contracts is sporadically requested by email or face'-to'-face from users. No clear process for acting on this.	> Mechanisms in place to capture & analyse feedback from end users on supplier and contract performance. Results reviewed by Procurement management.	> Mechanisms in place to capture & analyse feedback from end users on supplier and contract performance. Results reviewed with suppliers and Procurement management.

		No regular reporting	Evidence of inconsistent approaches	A standard approach (sign off at contract)	A standard approach (initial locking)	A standard approach (booked)
Q10.05	**Benefits Management**	To what extent is there a rigorous benefits management process in place?	> No regular reporting of benefits from Procurement. Procurement focus is on transaction processing and administration not cost reduction.	> Evidence of inconsistent approaches to reporting benefits being used within Procurement. Procurement report realised benefits at the conclusion of negotiation with limited involvement from Finance. No effort has been made to track savings to the P&L. '- Procurement's reports of cashable savings are typically not regarded as credible by Finance and business management.	> A standard approach is used to track benefits benefits from identification (forecast benefits during sourcing process) through realisation (forecast benefits agreed by Finance at completion of sourcing process). Finance sign off the savings identified at the point the contract is signed. No effort made by Procurement to track booked savings (recognised in P&L). '- Procurement is frequently involved in disputes with business units/functions around the benefits realised form Procurement activities.	> A standard approach is used to track benefits benefits from identification (forecast benefits during sourcing process) through realisation (forecast benefits agreed by Finance at completion of sourcing process). Initial attempts have been made to lock cashable benefits into budgets but there are frequently gaps between realised savings reported and savings seen in the P&L. '- Benefits reported by Procurement are sometimes disputed by functional/divisional/BU management.	> A standard approach is used to track benefits from identification (forecast benefits during sourcing process) through realisation (forecast benefits agreed by Finance at completion of sourcing process) to booked (benefits recognised in the P&L) '- Benefits reported by Procurement are regarded as accurate and trusted by functional/divisional/BU management.

ID	Category	Question					
Q10.06	**Benefits Delivery**	Are benefits being achieved according to plan?	> No measurement is conducted.	> Periodic reviews of benefits achievement are conducted. Benefits achievement is behind plan.	> Benefits are being achieved, however business changes are either not tracked or are behind schedule.	> Performance measurement mechanisms are in place. Benefits and business changes are being achieved according to the plan.	> Detailed performance measurement mechanisms are in place tracking business and benefit changes. A process for handling 'slippage' is in place. The changes are reported through'-out the organization. Significant benefits / changes are being achieved.
Q10.07	**Benefits Management**	To what extent is Procurement's non financial contribution measured?	> No regular reporting of benefits from Procurement. Procurement focus is on transaction processing and administration not cost reduction.	> No attempt is made to measure non financial contribution. Reporting is limited to cashable benefits.	> Attempts to measure Procurement's non cashable contribution are inconsistent. There is evidenc eof differeing views on the validity of cost avoidance benefits and there is no attempt to report contribution in other areas such as risk management or innovation.	> An agreed process exists for measuring and reporting cost avoidance and productivity benefits but Procurement has difficulty in illustrating the full benefit of procurement activity in areas such as risk management, relationship management and access to innovation.	> An agreed process exists for measuring and reporting Procurement's full contribution across areas such as risk management, innovation, and supplier relationship management.

	Q10.08 Stakeholder Satisfaction	To what extent does Procurement measure stakeholder satisfaction?	> There is no evidence of Procurement seeking customer feedback.	> There is no consistent or regular approach to gathering customer satisfaction feedback. Individual Procurement managers seek anecdotal feedback but this is not consolidated.	> Procurement assesses customer satisfaction via annual surveys but there is limited evidence that this informs planning in Procurement. '- There is no regular collection of feedback on projects.	> Procurement regularly assesses customer satisfaction against key performance dimensions and uses this to inform internal capability development plans and marketing/promotion plans. '- Feedback is captured for each project but there is limited evidence of links to action plans.	> Procurement regularly assesses customer satisfaction against key performance dimensions and uses this to inform internal capability development plans and marketing/promotion plans. '- Feedback is captured for each project and there are regular relationship review meetings between Procurement senior managers and key stakeholders to review how Procurement can best serve its internal customers.

	How is compliance monitored and managed?	> Little or no compliance monitoring takes place. Procurement do not know level of leakage from agreements. '- No consistent monitoring or process compliance. Levels of non compliance are high. Frequent purchasing outside buying channels e.g. use of no PO invoices. Accounts Payable still process non compliant invoices. '- No attempt to report on levels of compliance with process or contracts.	> No consistent monitoring or process compliance. Levels of non compliance are high. Frequent purchasing outside buying channels e.g. use of no PO invoices. Accounts Payable still process non compliant invoices. '- Procurement produce periodic reports to identify off contract and non contract spend. No mandate or management support to take effective action.	> Process compliance is controlled through internal monitoring and controls but non compliant invoices will still be paid. Levels of non compliance are stable. '- Procurement produce periodic reports to identify off contract and non contract spend. There is limited evidence of successful action by Procurement to address issues.	> Process compliance is controlled through internal (audits) and external controls (no PO, no Pay policies). Non compliance is limited. '- Standard reports are produced monthly to identify off contract and non contract spend. Procurement seek to engage business stakeholders to drive action but with varying success.	> Process compliance is controlled through internal (audits) and external controls (no PO, no Pay policies). Non compliance is minimal. '- Standard reports are produced monthly to identify off contract and non contract spend and shared with business units/divisions. Effectiveness of actions taken jointly monitored by Procurement and business.
Q10.09	**Compliance Management**					

Q#	Category / Question					
Q10.10	**Benchmarking** Is Procurement involved in benchmarking performance against other organisations?	Not Applicable	> No attempt at formal benchmarking. Organisation does not cultivate relationships with competitors or other companies to share ideas;	> Some sporadic involvement in benchmarking/sharing information with other organisations but this is reactive rather than part of a plan to drive performance. Benchmarking extremely limited.	> Organisation deals at high levels with competitors or other companies periodically and is willing to share ideas; benchmarking is restricted to the organisation's industry sector; the organisation does not actively seek to learn from other sectors.	> Organisation deals at high levels with competitors or other companies and is willing to share ideas; outside relationships are regularly tapped to compare incumbent's capabilities; benchmarking is not restricted to industry sector; the organisation actively seeks to learn from other sectors and to identify applicable opportunities.
Q10.11	**Sustainable Procurement Performance Management** To what extent are sustainability considerations included in procurement KPIs?	> No KPIs exist to track sustainability performance in the supply chain.	> Reporting of progress on sustainability takes place, but no KPIs or targets exist.	> Procurement KPIs include sustainability for major areas of spend but data for all suppliers is not obtainable.	> Procurement KPIs include sustainability for major areas of spend and data for all suppliers is regularly reported.	> Sustainable procurement KPIs exist and are reported to the Sustainability committee and the Procurement Leadership team regularly.

Ref	Category	Question					
Q10.12	**Continuous sustainable procurement improvement**	To what extent is sustainability performance improvement promoted in the supply chain?	> No processes in place to drive continuous improvement.	> Suppliers are encouraged to measure social and environmental impacts.	> Suppliers are incentivised to reduce social and environmental impacts, and report on progress.	> Suppliers are incentivised to innovate to produce low sustainability impact products and services.	> Suppliers are incentivised to innovate to produce low sustainability impact products and services. '- Sharing of best practice amongst suppliers enables sustainability performance improvement.

Q11	**Risk Management**						
Q11.01	**Policies & Procedures**	How well are procurement policies and procedures understood internally?	> General procurement policies or guidelines have not been defined. Informal rules are driven by Business Unit management locally. '- Major variations in internal processes and no evidence of effort to drive standardisation.	> Procedures not generally shared with the business or integrated with other guidelines. '- Non compliance is a major issue right across the organisation.	> Policies & procedures available in policy documents but not always accessible. Employees outside Procurement are often unaware of them or how to access them. '- Low levels of non compliance with policy & procedures can be found all across the organisation.	> Policies & procedures easily accessible on the corporate intranet. '- Compliance is generally high but there are persistent issues in certain areas.	> Policies & procedures easily accessible on the corporate intranet and widely understood. Integrated with induction training for all relevant staff. '- High levels of internal compliance with policy & procedures across the organisation.
Q11.02	**Policies & Procedures**	Are procedures in place for code of ethics, gifs and hospitality, disclosure of interests, fair dealing?	No procedures and no evidence of plans to develop any.	Work is underway to develop procedures but not yet complete. No evidence that Procurement has plans to actively monitor compliance.	Clear procedures in place but there are known gaps. Plans in place to monitor compliance but no action taken yet.	Comprehensive procedures documented but not well communicated. Compliance monitoring designed but rarely applied.	Clear, comprehensive procedures in place and widely communicated. Compliance monitoring operational

Q11.03	Policies & Procedures - Compliance Monitoring	To what extent is compliance to policies & procedures monitored in the organization	No formal monitoring of policy & procedure compliance	> Audits conducted to monitor compliance are generally driven by anecdotes of noncompliance issues, i.e. there is not a formal program in place	> Audits conducted to monitor compliance are sporadic and/or superficial '- Few performance measures are in place to monitor some key compliance issues '- Remediation of compliance issues is sporadic	> Audits conducted regularly to monitor compliance '- Performance measures are in place to monitor some key compliance issues '- An action plan to address noncompliance is documented, but not rigorously implemented	> Audits conducted regularly to monitor compliance '- Performance measures are in place to monitor key compliance issues '- Actions to address noncompliance are regularly taken '- Compliance reviews are integrated with training program and performance management process

6 Procurement Key Performance Indicators

Appendices

Apendix 1: Categories

Category								
Clinical and Medical	Clinical and Medical Support Services	Clinical Furniture	Drugs and Biologicals	Medical and Surgical Consumables	Medical and Surgical Equipment and Supplies	Patients Appliances		
Communications	Advertising	Communication Services	Communications	Marketing	Promotion	Signage and Exhibition Equipment		
Construction	Construction Service Providers	Construction Supplies						
Energy and Fuels	Energy and Fuels	Fuel						
Engineering Goods	Engineering Components	Engineering Materials	Engineering Products and Equipment	Industrial Goods	Non-Medical Chemicals Minerals and Gases	Tools		
Facilities	Building Operation	Business Support	Catering	Food and Beverages	Office Furniture Fixtures and Fittings	Property Occupation	Security	
Fleet	Fleet Management	Purchase	Vehicle Conversion	Vehicle Hire and Lease				
ICT	End User Software and Hardware	Specialist Software and Hardware	Hosting	Networking	Telecoms	IT Management and Change	Support	
Industrial Services	Operation of Facilities	Operation of Industrial Facilities	Operation of Infrastructure	Operation of Water Supplies and Distribution	Operational Services	Transportation Support Services		
Learning and Development	Development and Training	Learning						
Logistics	Specialist Transport Provision	Transport	Warehousing and Storage					
Office Solutions	Courier	Office Machines	Office Supplies	Post	Record Management			
Operational Goods	Art and Exhibits	Clothing and Textiles	Domestic Goods	Environmental Goods	Furniture	Learning and Development Materials	Multimedia Equipment	Operational Goods
Personnel Related	HR Services	Staff Childcare	Staff Health and Safety	Staff Medical Care	Staff Relocation	Subscriptions and Admissions		
Print and Print Management	Printed Products	Printing Machinery and Equipment	Printing Services	Printing Supplies				
Professional Services – CCL	Consultancy	Contingent Labour						
Professional Services Other	Business and Commercial Services	Business Process Outsourcing Services	Environmental Services	Financial	Interpretation and Translation	Legal	Professional Services Other	Technical Services
Research	Market Research	Science and Environmental Research	Social and Economic Research					
Social Care	Community Entertainment Services	Social Care	Social Service					
Travel	Business Travel	Business Travel Accommodation	Travel Management					
Waste Management	Waste Management Goods	Waste Management Services						
Welfare to Work	Welfare							