Transforming Angus Programme Governance					
Programme	PROCUREMENT REVIEW	**Programme SRO**	IAN LORIMER	**Date Issued**	N/A

TA Procurement Review Programme Outline Business Case	
Author:	Mark Allan, Corporate Procurement Manager
Programme SRO	Ian Lorimer, Head of Corporate Improvement & Finance
Programme Sponsor/Client:	Mark Armstrong, Strategic Director of Resources
Version Number:	Final v1.1

SharePoint Document Location	

Purpose	This Outline Business Case (OBC) for the Transforming Angus Procurement Review (TAPR) programme is based on the Office of Government Commerce (OGC) "5 case" model, as adopted for TA programmes.
	Its purpose is to provide the SRO and TA Programme Board with sufficient information to answer the question "is the investment in this programme worthwhile" and contain sufficient detail to enable the TA Board to make an informed decision on:
	- whether the programme is viable, - the benefit outcomes are necessary and achievable should the programme proceed on an phased basis.
	This OBC seeks approval to proceed with: (a) detailed identification and validation work on the scope and scale of the benefits opportunity with Services and Service experts to produce a Full Business Case (FBC) containing that validated detail for approval by the SRO and TA Programme Board on a "gateway" basis (i.e. as a pause to check continued approval before proceeding) before proceeding with full implementation of the programme; and also (b) initial opportunity delivery activity in parallel with that FBC work as "proof of concept" in terms of the delivery of benefit by the proposed new ways of procurement working.
	The OBC also sets out the estimated resource required to deliver the TAPR as quickly as possible and with adequate resource to achieve as early

	delivery as possible of maximum benefit for the Council from the TAPR. It seeks approval from the TA Programme Board to identify a preferred option for that resourcing and to come back to the TA Programme Board in early course with a recommendation allowing resource to be deployed and the FBC / initial opportunity delivery work to proceed. This is in line with Executive Management's mandate to proceed with full implementation

Approvals	This document requires the following approvals. Signed approval forms are filed in the programme files.			
Name	Title	Signature	Date	Version
Ian Lorimer	Head of Corporate Improvement & Finance			Final v1.1
Gordon Cargill	TA Programme Manager			Final v1.1
Version 1.1 produced to address: • *clarification of meaning of "Year 1" re benefits delivery (calendar year 2017)* • *correct reflection of impact on programme timescales from ongoing consideration of programme resourcing* • *minor typographical / clarity corrections*				
Ian Lorimer	Head of Corporate Improvement & Finance	"Ian Lorimer"	14/12/15	Final v1.0
Gordon Cargill	TA Programme Manager	"Gordon D Cargill"	15/12/15	Final v1.0
Distribution	This document has been distributed to:			
Name	Title		Date	Version
Ian Lorimer	Head of Corporate Improvement & Finance		11/12/15	Draft 0.1
Allan Harrow	TPC Head of Procurement		11/12/15	Draft 0.1
Gordon Cargill	TA Programme Manager		11/12/15	Draft 0.1
Gillian Bright	EY Lead Adviser		11/12/15	Draft 0.1
Sheila Petrie	Senior Accountant		11/12/15	Draft 0.1
N/A	Update re comments received		14/12/15	Draft 0.2

Contents

Background	***The Council's Vision for Procurement***
	The strategic context for procurement in Angus Council is set out in the Council Plan 2014/17 and other Council governance documents (reviewed in **Background Document 1** in the List of Background Documents at the end of this business case) which, together, set out a vision for Council procurement as follows:
	❖ We need to keep achieving financial savings while at the same time achieve the following local outcomes for Angus:
	▪ We have a sustainable economy with good employment opportunities
	▪ Angus is a good place to live in, work in and visit.
	❖ Local economic support is of great importance to Angus Council.
	❖ The Council Plan 2014/17 also recognises the need for a strategic review of procurement as a Transforming Angus project.
	❖ We remain committed to a Tayside Procurement Consortium (TPC) shared service. However, none of the 3 TPC partners has an appetite to deliver procurement fully through the shared service at this time.
	❖ Angus Council has agreed a range of policies to get the most out of its procurement, including "Buying Local", "Sustainable Procurement" and "Community Benefits" policies, but they are not being consistently delivered / reported on.
	The Council has come to realise that if we are to secure our vision for our procurement, fundamental and transformational change is required. This business case sets out why and how the Council should address the need for change in our procurement.
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Strategic Case	***The Case for Change***
	The Council's vision for its procurement is set out in the **Background** above.
	Change in procurement in Angus Council is currently incremental and we can do better. We have gone about as far as we can on our current arrangements. A current state analysis has been carried out on a "Balanced Scorecard" basis which forms **Background Documents 2.1 and 2.2** to this business case.
	The key evidence of the need for change is as follows:
	• **Payment performance:** we continue to be behind national benchmark (c. 92%) and our target (90%) for 30-day payment performance (2014/15 – 86%)
	• **People:** of the order of 2,000 members of staff (c. 40% of the workforce) have some involvement in transactional Purchase to Pay P2P. We also have 300+ authorised procurement officers. Quite simply this is too many people many of whom are not sufficiently skilled or experienced to carry out procurement best practice
	• **Capability:** there is no corporate visibility of the training needs

assessment and development of procurement staff across the organisation

- **Contract savings:** 2 – 5% from Scottish LA experience equates to £2.06m - £5.15m p.a.; We're currently only achieving an average of £0.7m p.a.
- **Cost reduction:** no early procurement involvement in planning = initiatives are not applied systematically in procurement proposals, similarly contract / supplier management is not consistent / focussed
- **Operating model:** multiple (5) approaches, still some procurement in Service silos (ICT, soft FM, consultancy); no whole-procurement project discipline / benefits tracking; governance / gateway approval limited to Committee reporting / budget management; we don't agree on / pursue best practice as one Council
- **Overall performance:** PCA score is poor by comparison (2013 – 51% in the bottom 5 Scottish Councils, national average = 56%) and relatively worsening.

The conclusions presented on a Balanced Scorecard basis are:

Financial Results	**Customer / Stakeholder Perspective**
Overall conclusion: the financial results from our procurement could be better. Early involvement of a capable and resourced procurement function would drive cost / contract savings. *Scottish Model of Procurement* Delivering Savings and Benefits	Overall conclusions: the Council procurement function needs to move from being a perceived barrier to effective Service delivery to being an easy and efficient process where it can be and a sought-out strategic enabler where it needs to. We need to harmonise and simplify our procurement process both for internal and external stakeholders wherever we can and we need to work to a single Angus Council procurement operating model, irrespective of where the procurement resource is located. *Scottish Model of Procurement* Improving Supplier Access to Public Contracts
Internal Business Processes	**Learning & Growth**
Overall conclusions: Our P2P model / process requires simplification and harmonisation. There is a case for considering centralisation / specialisation with less staff involved on a more dedicated and expert basis. As for our customer / stakeholder perspective, we need to harmonise and simplify our procurement process both for internal and external stakeholders	Overall conclusion: We need to move to a procurement operating model with far fewer but better trained and full-time procurement officers who will provide the required dedicated resource to deliver best practice procurement, including achievement of sustainable objectives.

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wherever we can and we need to work to a single Angus Council procurement operating model, irrespective of where the procurement resource is located.
Earlier involvement of a capable and resourced procurement function would better support setting the optimum balance of quality & cost and help drive cost / contract savings.

Scottish Model of Procurement
Maximising Efficiency & Collaboration

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Scottish Model of Procurement
Embedding Sustainability in all that we do

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Key Stakeholder Perspective

A key stakeholder engagement exercise preceded the making of this business case. This was undertaken jointly between Council staff and EY, the Council's strategic partner and adviser in the TA Programme. A copy of the report from that exercise forms **Background Document 3** to this business case document.

The exercise identified stakeholders' views on what work and what doesn't about Angus Council's current procurement model:

WHAT WORKS	WHAT DOESN'T
People / Operating Model • Corporate Procurement team provide good support and advice • TPC offers real added value and effective collaboration is key	**People / Operating Model** • No scope for development within current constraints • Procurement is reactive, not strategic and not recognised as a professional function/valued partner • Not all procurement activities are undertaken by procurement professionals • Current operating model does not support the drive to procure best value for the Council.
Process • The tools and guidance provided by Corporate Procurement are valued • Good proportion of spend is now compliant, "on-contract"	**Process** • Inefficient , inconsistent P2P process • Needs time-consuming, inefficient CP Team intervention • Procurement is a cause for complaint / "a dirty word"
Systems & Technology • Good proportion of transactions go through e-Purchasing systems	**Systems & Technology** • Senior management do not have access to appropriate Council-wide reporting to enable effective

> management of compliance / risk
> • Systems are not 'fit for purpose' and use of technology is not optimal.
> • No consistent one-Council plan to procurement technology / integration / e-Commerce

It was identified that a **'phased'** approach to change would be needed and some **early projects** should be delivered to demonstrate credibility.

At the same time, the Executive Management Team (meeting on 24/11/15) expressed an appetite for resourcing the TAPR fully so that the maximum benefit was delivered as early as possible. The need to do this given the savings potential from the TAPR programme is reinforced by the Council's financial challenges.

Strategic Objectives of the Programme

The strategic objectives for the programme identified through that the Case for Change and Key Stakeholder Perspective work referred to above are therefore as follows:

The following table has 2 columns and 6 rows

1	**Improve the efficiency of Procurement / P2P Processes** • Streamlined & efficient whole Council consistent process • Clear roles & responsibilities to drive compliance to contract
2	**Embed a Strategic, Collaborative, "Best Practice" Approach** • End-to-end process with early procurement involvement to drive savings by requirements • Develop and introduce a consistent gated process (i.e. with scrutiny and approval to ensure quality, consistency, etc. of planned activity before proceeding) for all procurement projects
3	**Review the Council's Procurement Operating Model** • Phased approach which may require different approaches for specialised areas • Provide a corporate view of spend / benefits & procurement undertaken by skilled people
4	**Introduce Category Management** • Tayside Procurement Consortium (TPC) / Tayside Contracts (TC) shared service procurement team • Benchmark with comparable / leading LA's and drive financial savings
5	**Contract & Supplier Management** • Develop and apply a single Council Contracts & Supplier Management (CSM) model managed

by procurement

- Drive /embed greater sustainable benefits – social, community, economic, environmental

6 ▶ **Develop Procurement Capability**
- Undertake skill analysis of Council procurement staff
- Map Council's future needs & develop a training programme to address gaps

Strategic Objectives Options Appraisal

An options appraisal against a long list of potential delivery options was carried out against the strategic objectives of the programme. This is set out in full in **Background Document 4** to this business case.

In summary, the outcome of that appraisal was as follows:

Long List Option	Comments	Short-Listed?
A. Do nothing – status quo	Not considered further; does not meet 4 out of 6 strategic objectives	No
B. Do minimum – procurement remains devolved	Not considered further; does not meet 4 out of 6 strategic objectives	No
C. Co-ordinated model for Angus Council "category C"	Potentially meets all objectives, carry out economic appraisal.	**Yes**
D. Co-ordinated model as for Option C but "big bang" approach to achieve quicker benefit delivery	Same strategic options appraisal impact / profile as C.	No
E. Fully centralised model for Angus Council "category C" procurement management centralised in one team	Potentially meets all objectives, carry out economic appraisal.	**Yes**
F. Partially centralised model as for E.	Potentially meets most objectives, carry out economic appraisal.	**Yes**
G. Transfer all procurement management activity / staff to TPC CPU	Dependent on 2 other TPC partner Councils agreeing to do same and both have just invested in own resource; not worth pursuing at this time (but keep under review)	No
H. Fully outsource all procurement management activity / staff to an external provider.	Potentially meets all objectives, carry out economic appraisal.	**Yes**
I. Cease membership of Scotland Excel and/or TPC and	Does not meet all strategic objectives but merits cost –	**Yes**

used saved funding to directly employ Angus-only procurement resource.	v- benefit appraisal; carry out economic appraisal.	

The options which were short-listed were then subjected to economic appraisal which takes us to the economic case part of this business case.

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Economic Case	5 short-listed delivery options were appraised to assess the economic costs and benefits of the proposal to the council as a whole, and spans the entire period covered by the proposal. This is set out in full in **Background Document 4** to this business case. The 5 short-listed options appraised were as follows: **Option 1 –** Co-ordinated model for Angus Council "category C" procurement management amongst existing Angus procurement teams with TPC CPU continuing to manage category "A", "B" and "C1" procurement. **Option 2 –** Fully centralised model with Angus Council "category C" procurement management centralised in one team and with TPC CPU continuing to manage category "A", "B" and "C1" procurement **Option 3 –** Partially centralised model as for Option 2 except that Angus Council "category C" procurement management is partly centralised but also partly devolved to Services where the case is met for that **Option 4** - Fully outsource all procurement management activity / staff to an external provider **Option 5 –** Cease membership of Scotland Excel and/or TPC and used saved funding to directly employ Angus-only procurement resource. Each option is described in detail in the options appraisal **Background Document 4.** ***Economic Options Appraisal Results Summary*** The criteria against which the short-listed options were appraised were: *1 - the extent to which the option meets the strategic programme objectives qualitatively* *2 - the estimated whole life costs which the option would incur* *3 - the estimated annual cash(able) savings opportunity which the option* *4 - any other non-cash benefits which the option offers* *5 - any negative or dis-benefit which the option threatens* **Notes & Assumptions:**

1. The criteria were deemed to be of equal importance and therefore were unweighted.
2. A programme duration of 3 years (to achieve full business-as usual) was assumed for whole life assessment.
3. For all assessments it was assumed that filling of any new posts would be achieved by internal recruitment and funded by re-allocation of budget from the efficiency achieved.

The results were as follows:

	1 - programme objectives, qualitative	2 - whole life costs	3 – whole life cash(able) savings	4 - non-cash benefits	5 - dis-benefits	TOTAL SCORE
Option 1 – Co-ordinated model	1	5	1	1	-3	**5**

This is an almost "no change" model. It offers a poor prospect of meeting the strategic programme objectives.
It would require an investment of £136k and yield a cashable benefit of £2.71m. After completion of the programme and embedding as our business-as-usual model, it offers an annual cashable benefit of £0.8m p.a. for the following 3 years.
It would offer only limited non-cash benefits and risk missing savings / improvement opportunity and causing adverse reputational impact from reported underperformance.

	1 - programme objectives, qualitative	2 - whole life costs	3 – whole life cash(able) savings	4 - non-cash benefits	5 - dis-benefits	TOTAL SCORE
Option 2 – Fully centralised model	5	2	5	5	-3	**14**

This model offers the best prospect of meeting all strategic programme objectives through a single, capable team working to one end on a one-Council basis.
It would require an investment of £1.389m and yield a cashable benefit of £10.02m. After completion of the programme and embedding as our business-as-usual model, it offers an annual cashable benefit of £4.5m p.a. for the following 3 years.
It also offers a good prospect of achieving non-cash benefits by way of sustainable procurement, community benefits and maximisation of local supply opportunity, again, through the establishment of a single, capable team working to one end on a one-Council basis.
The dis-benefit it offers is creation of inefficiency for Services where procurement is currently integrated with design (construction).

	1 - programme objectives, qualitative	2 - whole life costs	3 – whole life cash(able) savings	4 - non-cash benefits	5 - dis-benefits	TOTAL SCORE
Option 3 – Partially centralised model	3	2	5	3	0	**13**

This model is similar to Option 2 but with centralisation not applied to those Services (construction) where procurement is fully integrated with design functions, i.e. addressing the potential dis-benefit of Option 2. Against this, however, some of the short span of control and staff capability assurance is at risk. It offers comparable cash benefits however and does not suffer from the dis-benefit of option 2, assuming that:

- The case is made out for the risk of inefficiency creation
- The non-centralised team is committed to be as fully trained and capable and will work to the same process to one end on a one-Council basis.

It would require an investment of £1.389m and yield a cashable benefit of £10.02m. After completion of the programme and embedding as our business-as-usual model, it offers an annual cashable benefit of £4.5m p.a. for the following 3 years.

	1 - programme objectives, qualitative	2 - whole life costs	3 – whole life cash(able) savings	4 - non-cash benefits	5 - dis-benefits	TOTAL SCORE
Option 4 – Fully outsourced	3	0	2	4	-3	**9**

This model offers early introduction of a capable, ready-made procurement service. A direct cost comparison is not available to the Council because we do not currently have corporate visibility of the true cost (per £100 of procurement spend) but wider procurement experience indicates that the direct cost of outsourcing a professional and specialist service like procurement could be (conservatively) + 40% over the internal cost. It is unlikely that an outsourced service would perform better in terms of reduced input costs than the optimised in-house service in options 2 and 3.

The risks to the Council from outsourced its procurement service are:

- Loss of control, in-house expertise / skills
- Tends to be more expensive than in-house but may be offset by reduced overall costs through better procurement
- High dependency on quality / performance of external provider – for some Services, procurement is so strategic / integral to service provision that it is effectively a "core" function (one reason why procurement is rarely outsourced as a complete service)
- More time and effort may be required in managing a provider against a contract than managing employees; less flexible
- Loss of knowledge of the business

	1 - programme objectives, qualitative	2 - whole life costs	3 – whole life cash(able) savings	4 - non-cash benefits	5 - dis-benefits	TOTAL SCORE
Option 5 - Cease membership of Scotland Excel and/or TPC	0	2	0	1	-5	**-2**

This option is evaluated on a strategic review basis to answer the question – is Angus Council getting value for money from its membership of Scotland Excel and its participation in the Tayside Procurement Consortium?

As well as not meeting the strategic project objectives (and running counter to the principle of gaining benefit from collaboration), the cash saving available to the Council (only from 1 April following 12 months' notice) over a 3 year reference period (£495k) if fully applied to resourcing additional in-house procurement staff would be more than offset by an increase in contract pricing and relative inefficiency in the cost of procurement / duplication of effort / core SXL services (£1.03m)

Angus Council therefore receives value for money from its membership of Scotland Excel and participation in TPC on the current benefits profile.

Conclusions

1. The marginally preferred option is Option 2 (Fully centralised model with Angus Council "category C" procurement) but Option 3 (Partially centralised model; otherwise as for Option 2) is almost equally viable provided that the following assumptions are validated:
   - The case is made out for the risk of inefficiency creation
   - The non-centralised team is committed to be as fully trained and capable and will work to the same process to one end on a one-Council basis.

2. The benefit / cost ratio for Option 2 is £10.02m/£1.389m = 7.21. The ratio is significantly greater than 1 so the economic case is made to proceed with the programme.

3. The annual cashflow of savings for Option 2 is as follows:

	Year 1 (£000)	Year 2 (£000)	Year 3 (£000)
Contract Savings	-	2,080	3,740
P2P Efficiency	300	600	600
TOTALS	300	2.680	4,340

The profile for contract savings in Year 2 is tail-ended so the payback period on the required £1.389m investment for Option 2 is therefore assessed at around 2.0 years.

This is a reasonable period but does assume investment of the required resource to deliver this benefit on this accelerated timescale.

For clarity, the estimated cost of the project is now assessed (see below) slightly higher at £1.413m but this does not affect the validity of the assessment set out above.

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Commercial Case	There are no externally procured services identified as required to deliver the programme at this time. The business case is prepared on the assumption that sufficient (primarily) internal resources can be deployed to deliver the programme on the proposed accelerated timescale of 3 years. If that assumption proves to be incorrect there are a number of possible approaches to address the resourcing issue (subject to funding) and the procurement strategy will depend on the solution chosen: • Conventional recruitment of temporary posts – this is the default option and it is the standing Council HR advice that, other than exceptionally, conventional recruitment should be attempted before other, more expensive options are considered. • Interim Professional Posts – Recruitment Agency services – there is a national Scottish framework which will be in scope for this requirement. There are 3 providers on this Framework for interim

professional services. The required way to use this Framework is by "mini competition" amongst all 3 providers who are capable meeting the requirement. It would be good practice to verify first that they can bid before issue of the mini comp invitation (using PCS Quick Quote).

- If a sufficiently competitive arrangement can't be commenced using the Framework Agreement, then depending on whole life value a quotation exercise with selected capable providers can be deployed.

- If expert support is required, EY have already been engaged to provide strategic partnering to the TA Programme and the contract / contract rates / basis for that support on either a consultancy or a gainshare model are in place to be called off on a short lead-in.

Needless to say, good procurement practice including the early influence of design and preparation of procurement strategies will be at the heart of the approaches applied in delivery of this programme. That level of implementation detail is outwith the scope of this business case.

Procurement of systems will ultimately be required to support Council MI and functional procurement requirements. Again, that level of implementation detail is outwith the scope of this business case.

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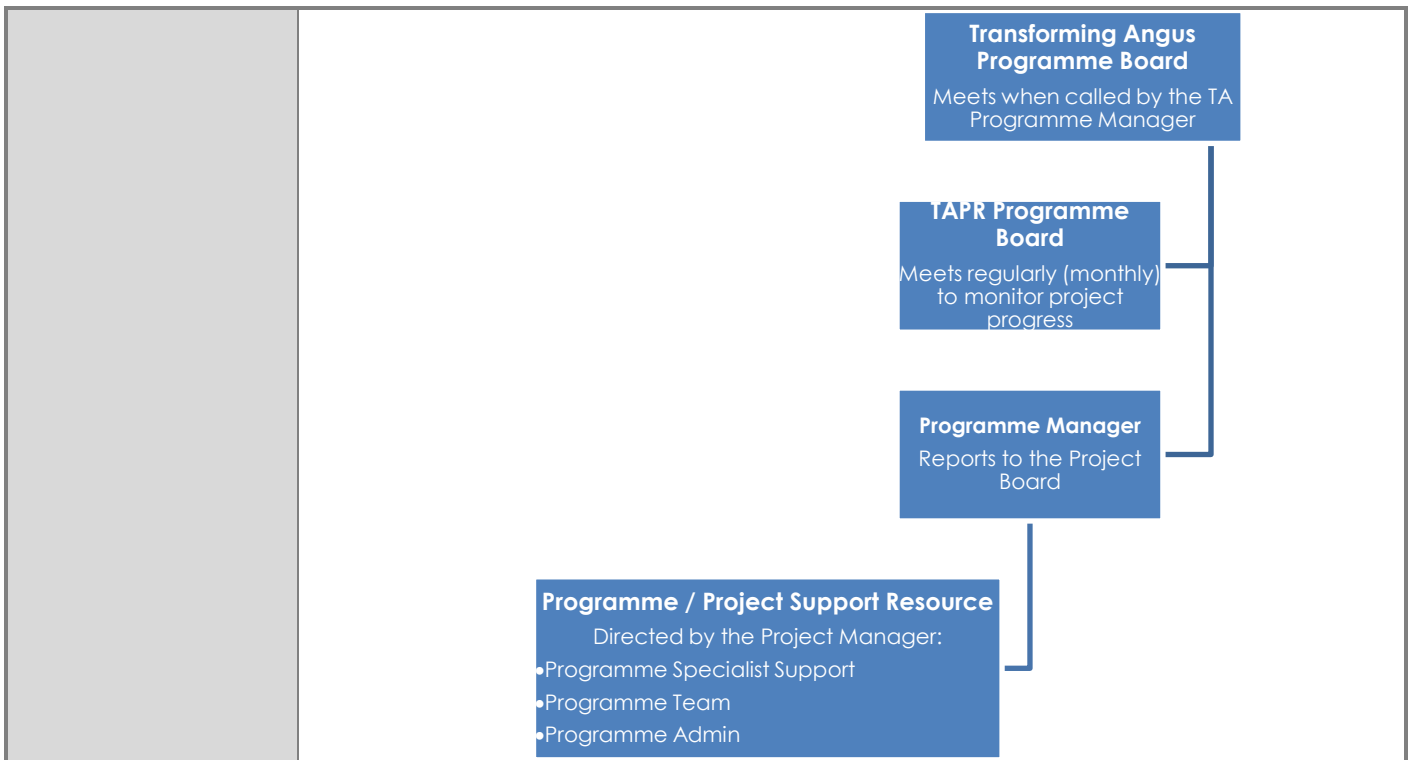
Financial Case	The proposed funding of the programme is as follows:

- No capital funding is required
- Revenue funding is required as follows:-

Notes	*Preferred option:*	**Option 2: Fully Centralised Team**				
		Year 1 2015/16	**Year 2 2016/17**	**Year 3 2017/18**	**Year 4 2018/19**	**Total**
		£000	**£000**	**£000**	**£000**	**£000**
1	Cost of secondment	39	48	8	-	**95**
2	Cost of EY Support	31	34	-	-	**65**
3	Cost of extended support	81	161	161	-	**403**
4	P2P Team Cost	-	255	340	340	**935**
5	New Proc Team Cost	-	193	772	772	**1,737**
	Total Revenue Costs	**151**	**691**	**1,281**	**1,112**	**3,235**
	Funded by:					
6	CIF Revenue carry forward	39	48	8	-	**95**
7	TA Budget	31	34	-	-	**65**
8	Existing Budgets Re-Allocation	-	448	1,112	1,112	**2,672**
9	Investment/Funding Required (to be sourced)	81	161	161	-	**403**
	Total Funding Required	**151**	**691**	**1,281**	**1,112**	**3,235**

	Notes
1	Until April 2017. May require to be re-visited towards the end of 2016.

2	Original = £34k, extended +£7k, December '15
3	Not budgeted for yet
4	Establishment to be validated; aim to be established from July '16
5	Establishment to be validated, e.g. if Option 3 progressed, TaPS staff costs = £0; aim to be established from Dec '16
6	Agreed additional spend /carry forward request from 2014/15 CIF revenue budget (Report 504/14)
7	Funded from TA budget
8	
9	This is the level of investment which is unfunded and is required to deliver the programme

It should be noted that, although the overall funding costs are firm, the funding model for the programme is tentative only at this time. There are a number of dependencies / assumptions to be resolved before the funding model and related budgets can be fixed. Specifically:

- The resourcing of the required extended support is to be established - e.g. can it be provided by redeployment without actual cash cost?
- the new operating model (fully or partially centralised) is to be established and the financial implications / budget can only be finalised after that.
- This statement assumes that the Procurement and P2P Teams will be established by internal recruitment and that budget will be re-allocated to reflect transfer of responsibilities.

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| Management Case | The Procurement Review programme will be managed as part of the Transforming Angus Programme management arrangements.

Management Plan

The management and governance arrangements for the programme are as follows:

Governance Structure Diagram |

A RACI matrix summarises the roles and responsibilities described in terms of who is:-

Responsible - Those who do the work to achieve the task

Accountable - Those ultimately answerable for the correct and thorough completion of the deliverable or task, the approver(s)

Consulted - Those whose opinions are sought

Informed - Those who are kept up-to-date on progress

for each task within the streams of work.

An outline is provided – to be populated / updated by Project Manager and approved by the Project Board at project mobilisation.

The project RACI matrix will be used to guide effective communications throughout the lifecycle of the project and will therefore require to be reviewed and updated periodically.

Tasks	TA Programme Board	Project Board	Project Sponsor	Project Manager	Project Admin & Support	Project Specialist Support	Project Team	Other Stakeholder
Programme / Project Management	I	A	I	R	I, R	I, C	I	?
Data gathering	-	-	I	A	R, C	R, C	R, C	?
Full Business Case	A	C	C	R	I, R	C	C	?
Category scoping	-	A	I	I,R	R	R,I	C, R	?
Training provision	R	R	R	A	C	R	C, I	?
New Governance arrangements	-	A	I	I,R	R	R,I	C, R	?
Benefits tracking	-	A	I	I,R	R	R,I	C, R	?
Scrutiny / Audit	-	A	I	I,R	R	R,I	C, R	?

Roles & Responsibilities

Transforming Angus Programme Board
Provides overall governance of the Transforming Angus programme. Specific to the TA Procurement Review programme, the Board reserves to it approval of the following milestone documents: • OBC approval project initiation • Milestone report on Phase 1 completion and FBC approval • Programme completion report

TAPR Programme Board
Provides control and direction to the project from a strategic perspective and provide an escalation point for issues and risks. Steer the project and act as forum for resolving obstacles or issues. Monitor progress against agreed work plans. Agree recovery plans as required if there is slippage. Enlist support from the other bodies (e.g. Scotland Excel, Scottish Procurement and Commercial Directorate) to deal with issues where appropriate.

Senior Responsible Owner
To champion the project. Plays a key role to help communicate the reason for and demonstrate commitment to change. Ultimately accountable for the project.

Programme Manager
Manage the successful implementation of the project within Angus Council in accordance with agreed processes and deliverables. Taking decisions regarding the implementation of services, commodities and suppliers. Managing the project plan, risks and project resources. Interface with steering group and external communications. Identification of gaps between the future state process model and existing processes, and development of business process support material for new processes. Reporting progress in agreed formats locally and centrally (if required). Responsible for facilitating definition of the Category management model, managing and communicating the change. Providing additional cover for other project team members.

Programme Administration & Support
Data and information collection. Production of category management opportunity models (supported by other project officers from Depts.) Initial configuration of the category management model. Providing first line of contact for end user enquiries about the project. All stakeholder enquiries and resolutions should be tracked and documented Providing additional cover for other project team members.

Programme Specialist Support
Providing specialist procurement support and advice as required by the Project Manager. Provision of data, models and recommendations as the project progresses. Proof of Concept / Benefits Delivery support work.

P2P specialist support.
Category Management modelling.

Programme Team
Providing further support and input as required by the Project Manager. Validation and approval of data, models and recommendations as the project progresses.

Programme Resource Plan

A Programme Resource Plan has been created to identify how these roles and responsibilities will be filled. The Programme Resource Plan is not yet finalised in respect of Programme Specialist Support / Programme Team and the time value that will be contributed by these roles.

ROLE		DURATION
Programme Board	**Name**	
Head of Corporate Improvement & Finance	Ian Lorimer	Part-Time - occasional
TPC Head of Procurement	Allan Harrow	Part-Time - occasional
TAPR Programme Manager	Mark Allan	80% Full-Time - part of PM role
TA Programme Manager	Gordon Cargill	Part-Time - occasional
TA Project Partners / Consultants	Gillian Bright, EY	Part-Time - c. 6 days in total for governance / assurance role
People Directorate (social care)	Elaine Hughes	Part-Time - occasional
Communities Directorate (construction)	Ian Cochrane	Part-Time - occasional
Communities Directorate (other)	Catriona Ferrier	Part-Time - occasional
Senior Responsible Owner		
Head of Corporate Improvement & Finance	Ian Lorimer	Part-Time - occasional
Programme Manager		
Corporate Procurement Manager	Mark Allan	80% Full-Time
Programme Admin Support		
Transforming Angus Programme Team PA	Shirley Taylor	Part-Time - occasional - part of PA role
Programme Specialist Support		
Senior Procurement Officer (Temp)	Julie Thompson	[Part-Time - 10%]*
Senior Procurement Officer	Carol Johnston	[Part-Time - 10%]*
Procurement Officer	Lesley McLauchlan	[Part-Time - 10%]*
TPC Commodity Managers	Rhonda McKay & Yvonne	Part-Time - 10%

		Graham	
Corporate Procurement Manager	Mark Allan	Part-Time - 10% (in specialist advice role)	
Communities Directorate (construction)	Walter Scott	Part-Time - occasional	
People Directorate (social care)	Dave Sim	Part-Time - occasional	
Communities Directorate (other)	Lyndsey Penman	Part-Time - occasional	
Resources Directorate (corporate payments systems adviser)	Pam Baikie / Pamela Rennie	Part-Time - occasional	
Resources Directorate (corporate payments systems development)	Gill Rennie	Part-Time - occasional	
Communities Directorate (construction P2P adviser)	T.B.A.	Part-Time - occasional	
Communities Directorate (housing P2P adviser)	T.B.A.	Part-Time - occasional	
People Directorate (social care P2P adviser)	T.B.A.	Part-Time - occasional	
Programme Team			
Corporate Procurement Group	Whole Group	Part-Time - occasional	

In line with the EMT steer /mandate to proceed with this programme, consideration has been given to the resource required to deliver this programme on an accelerated basis within a 3 year time frame. The calculations on this are set out **in Background Document 5 - Accelerated Resource Requirement** but its conclusions are as follows:

- The primary additional requirement is for establishment of a core team of about 4 officers who will work on delivery of the Programme full-time
- Some additional specialist support work will be required but this relatively at the margins.

What has not been determined at this time is how that additional resource requirement can be met. This is proposed to be the subject of a report back to the TA Programme Board with an update to this Business Case setting out that identified resource and how it will be deployed.

Delivery Plan

A Programme Delivery Plan has been developed to set out what the Programme resource will do and when to deliver the Progamme objectives.

As referred to above, delivery of the Programme Plan within the indicated 3 year time frame is dependent on identification of the additional resource requirement to deliver this on an accelerated basis.

A **Transformation Map** has been prepared and forms **Background Paper 6.1** to this business case. In summary this proposes the following overall activity & milestones:

Milestone / Activity	Start	Complete
Proof of Concept / Benefits Delivery Health & Social Care Market Development	Nov-15	Feb-16
Programme Management Finalise Resources Update OBC to TA Board Mobilise and start	Dec-15	Jan-16
Processes Angus "Procurement Journey" Strategic Procurement Benefits Tracking P2P Process Contract Rules	Jan-16	Aug-16
Proof of Concept / Benefits Delivery Services Engagement Procurement Initiatives Portfolio	Jan-16	Mar-16
Proof of Concept / Benefits Delivery Corporate solution for IT Procurement	Jan-16	Apr-16
People & Operational Model Design Corporate Procurement Operating Model Design P2P Operating Model Identify 'Best practice' procurement	Feb-16	Jun-16
Processes Lean Review	April-16	Feb-17
Proof of Concept / Benefits Delivery Other Early Commodity Activity	May-16	Nov-17
Programme Management - MILESTONE Report FBC with finalised operating models and processes to TA Programme Board	Jul-16	Jul-16
People & Operational Model Procurement / P2P JOs Development Needs Analysis Training Programme Implement the new Operational Models	Sep-16	Jun-17
People & Operational Model Review Construction Operating Model (unless construction included within single centralised team)	Jul-17	Dec-17
Systems & Technology Financial Management / Accounting Structures Review	Aug-16	Dec-16
Systems & Technology Implementation	Jan-17	Mar-17
Systems & Technology P2P Technology Strategy e-Commerce Strategy	Feb-17	Jun-17
Processes Implementation	Mar-17	Jun-17
Processes CSM Review	Jul-17	Dec-17
Programme Management - MILESTONE Completion Report to TA Programme Board	Jan-18	Jan-18

Specific attention is drawn to the "milestone review" by the TA Programme Board planned for July 2016 where the Board will be asked to approve a Full Business Case (FBC) setting out the finalised operating models and processes and updating the benefits delivery plan etc. accordingly. This milestone review allows he board to ensure that the risks, dependencies and assumptions in this business case are being properly managed and

that delivery of the programme remains on track.

An **Activity Plan for the 1st 6 Months** of the Programme has also been developed and forms **Background Paper 6.2** to this business case.

The timescales referred to above will require to be reviewed and updated to reflect slippage as a consequence of ongoing consideration regarding the resourcing of the programme. However, they remain broadly correct nonetheless.

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Overall Risk Profile	A **Programme Risk Register** has been prepared forms **Background Document 7** to this business case. It will be developed with the TAPR Programme Board. In summary, thisn identifies the main risks as follows:

Description	Scores			Control Actions
	Likelihood	Impact	Overall	
1. Delays to project timescales may be incurred if local resource cannot be made available as described in the document. This includes the risk of overburdening the procurement specialist resource.	3	3	9	The project controls proposed in the PID, including a communications plan to ensure all parties are aware of resource commitments required in advance, are adequate for the mitigation of this risk.
2. The project suffers slippage in progress against the project plan	3	3	9	The project controls proposed in the PID, including a communications plan to ensure all parties are aware of resource commitments required in advance, are adequate for the mitigation of this risk.
3. After implementation of the project, UIGs / client side groups / category management groups do not work together properly to deliver the anticipated better procurement.	2	3	6	Application of the project controls proposed in the PID, including regular progress and milestone reporting, are adequate to assure effective delivery of the project and therefore mitigation of this risk.
4. After implementation of the project, it does not realise the projected benefits set out in the PID. This includes the risk that, after implementation of the project, the Council's purchase to pay processes are not improved as anticipated in the PID.	1	5	5	Application of the project controls proposed in the PID, including regular progress and milestone reporting, are adequate to assure effective delivery of the project and therefore mitigation of this risk.

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Expected Programme Benefits	As identified from the options appraisal and economic case, the main identified benefits expected from delivery of the programme are:

1. Contract Savings from deployment of best procurement practice:

	Year 1 (£m)	Year 2 (£m)	Year 3 (£m)	**Total (£m)**
Baseline (current) saving	1.00	0.90	0.81	**2.71**
Additional saving		2.08	3.74	**5.81**
TOTALS	1.00	2.98	4.55	**8.52**

The main ways in which this level of savings can be achieved are:

- Ensuring that our purchasing meets the whole business need and avoiding unnecessary purchasing. For example, bringing together the current multiple contracts we have for "soft facilities management services" like shredding / document management, travel and transport; addressing spend with recruitment agencies to minimise usage.

- Driving out unnecessary cost from the specification of our requirement. This could be through over-specification of our requirement, e.g. imposing logistics / delivery or reporting costs that we don't need and even through business process review, e.g. can we cut the cost of storage and inventory management by organising "just in time" delivery?

- Migrating all relevant spend to contracts (incl. collaborative contracts) on best value terms and reducing unnecessary product variation. For example, do we need 8 varieties of office paper or 15 varieties of envelope when just a few cheaper options would do and could also cut mailing costs?

All of this is at the heart of the opportunities workshop activity planned with Services for the outset of the programme.

Assuming early provision of adequate resource to achieve the delivery plan (see below), "Year 1" above is Calendar Year 2017.

2. Efficiency savings from implementation of a centralised P2P team:

	Year 1 (£k)	Year 2 (£k)	Year 3 (£k)	**Total (£k)**
Efficiency from new centralised P2P Team	300	600	600	**1,500**

The calculation is set out more fully in the options appraisal work but, in short, it is a simple efficiency moving from 1,000+ members of staff having occasional involvement in transaction processing and product sourcing to c. 17 members of staff doing this full-time.

Again, assuming early provision of adequate resource to achieve the delivery plan (see below), "Year 1" above is Calendar year 2017.

3. Delivery of the Council's strategic objectives for its procurement activity on a "one-Council" basis:

- *Improve the efficiency of Procurement / P2P Processes (Streamlined & efficient whole Council consistent process, Clear roles & responsibilities to drive compliance to contract)*
- *Embed a Strategic, Collaborative, "Best Practice" Approach (End-to-end process with early procurement involvement to drive savings by requirements, Develop and introduce a consistent gated process for all procurement projects)*
- *Review the Council's Procurement Operating Model (Phased approach which may require different approaches for specialised areas, Provide a corporate view of spend / benefits & procurement undertaken by skilled people)*
- *Introduce Category Management (Introduce specialist commodity experts to manage a range of categories, aligned to TPC/TC, Benchmark with comparable / leading LA's and drive financial savings)*
- *Contract & Supplier Management (Develop and apply a single Council CSM model managed by procurement, Drive /embed greater sustainable benefits – social, community, economic, environmental)*
- *Develop Procurement Capability (Undertake skill analysis of Council procurement staff, Map Council's future needs & develop a training programme to address gaps)*

A Benefits Delivery Plan will be developed with the TAPR Programme Board mapping delivery time scales for those benefits against the Delivery Plan.

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Communications Strategy	A Stakeholder Engagement and Communications Plan for the TAPR programme will be developed to align with the overarching TA Programme communications and engagement strategy to ensure there is effective stakeholder engagement. The specific TAPR Stakeholder Engagement and Communications Plan will be developed in detail, applying the RACI diagram included in this business case and addressing the following: • Identifying Key stakeholder groups, including the Corporate Procurement Group • Methods of communication and engagement with each group • Frequency of communication with each group • Methods of tracking feedback from each group, addressing and responding to such feedback The key platforms / comms methods that will be considered in the Plan will include: • Informal staff contact forums for services 'in-line' for TAPR programme (e.g. tea break talks) • Regular updates to the Corporate Procurement Group and cascading arrangements • Leadership forum • Committee Update Reports/ elected member update briefings • A TAPR programme intranet mini website (on Council intranet within the TA area) • Mini-matters news (including specific hyper- links) • Yammer (a TAPR programme group) • Direct communication/ engagement to support specific services as

	required **Go To List of Contents**

Dependencies & Assumptions	***Dependencies:***
	
	The following dependencies (which have a relationship with the risks register) affect the programme:
	
	• The resourcing of the required extended support is to be established - e.g. can it be provided by redeployment without actual cash cost?
	• The financial implications / funding model for the TAPR Programme is dependent on first establishing the new operating model (fully or partially centralised).
	• Achievement of a financially neutral position on the establishment of a new procurement operating model in terms of staff resource is dependent on (a) the new Procurement and P2P Teams being established by internal recruitment and (b) budget being re-allocated to fund those teams reflecting transfer of responsibilities.
	• There is a risk of delays to project timescales may be incurred if local resource cannot be made available as described in the document. This includes the risk of overburdening the procurement specialist resource.
	• There is a risk that, after implementation of the programme, UIGs / client side groups / category management groups do not work together properly to deliver the anticipated better procurement.
	• There is a risk that, after implementation of the programme, it does not realise the projected benefits set out in the business case.
	• There is a risk that,, after implementation of the programme, the Council's purchase to pay processes are not improved as anticipated in the PID.
	
	Assumptions:
	
	The following assumptions have made in this business case:
	
	• Option 3 (partially centralised operating model) is an appropriate option for delivery assumes that: (a) The case is made out for the risk of inefficiency creation; and (b) the non-centralised team is committed to be as fully trained and capable and will work to the same process to one end on a one-Council basis.
	• For the options appraisal, it was assumed that:
	   o The criteria were deemed to be of equal importance and therefore were unweighted.
	   o A programme duration of 3 years (to achieve full business-as usual) was assumed for whole life assessment.
	   o For all assessments it was assumed that filling of any new posts would be achieved by internal recruitment and funded by re-allocation of budget from the efficiency achieved.
	• The investment payback period of 2.0 years assumes investment of the required resource to deliver this benefit on this accelerated timescale.
	• The business case is prepared on the assumption that sufficient (primarily) internal resources can be deployed to deliver the programme on the proposed accelerated timescale of 3 years.
	• The funding model assumes:
	   o The resourcing of the required extended support is to be established

	- e.g. can it be provided by redeployment without actual cash cost?
	
	  o the new operating model (fully or partially centralised) is to be established and the financial implications / budget can only be finalised after that.
	
	  o This statement assumes that the Procurement and P2P Teams will be established by internal recruitment and that budget will be re-allocated to reflect transfer of responsibilities.
	
	Risks, Dependencies and Assumptions will be actively managed through regular reporting to the TAPR Programme Board.
	
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Recommendations	It is recommended that the Transforming Angus Programme Board agrees: (i) To approve this Outline Business Case (OBC) as the business basis for progressing with the TA Procurement Review programme (ii) To approve the plan for the way forward set out in the OBC (iii) That an update to this OBC will be presented to the TA Programme Board on the outcome regarding resourcing of the programme to achieve the accelerated delivery plan (target for conclusion - Jan '16) (iv) To approve that a "milestone review" will be carried out, presenting a Full Business Case (FBC) setting out the finalised operating models and processes before the programme proceeds with implementation. **Go To List of Contents**

List of Background Documents

The following documents were prepared or relied upon to support production of this business case. They are referred to in the body of the business case for relevant detail supporting the positions stated in this document.

1. Strategic Context Review
2.1 Current State Analysis
2.2 Current State Analysis - Further Explanation of Balanced Scorecard Results
3. TA Procurement Review - Stakeholder Engagement; Summary Report – October 2015
4. Options Appraisal
5. Accelerated Resource Requirement
6.1 TAPR Transformation Map
6.2 Activity Plan for 1st 6 Months of Programme
7. TAPR Programme Risk Register