

Committee(s):	Date(s):
Efficiency and Performance Sub-Committee of Finance Committee	18 September 2012
Subject: Addendum - Review of the Procurement and Procure to Pay (PP2P) Programme	Public
Report of: Chamberlain	For Information
<u>Summary</u>	
<p>This addendum to the report on the review of the PP2P programme has been drafted to show all the information relating to savings and fees as used by officers. It sets out the detailed information relating to Year 1, the current information for Year 2 and the forecasts for years 3, 4 and 5 of the programme.</p> <p>The purpose of the report is to inform members of the data which is available so that members may select the data which should be included in the monthly Finance Committee reports.</p> <p>Recommendations</p> <ul style="list-style-type: none"> • Members are asked to receive this report and comment on the metrics that should be reported to Finance Committee on a monthly basis. 	

Main Report

Background

1. This addendum contains the detail of the savings forecasts, actual savings to date, the forecast for the remainder of the programme and the associated fees paid to Accenture.
2. The information has been included in different reports and from this comprehensive set of metrics we want to seek the views of the sub-Committee regarding the information should be contained in the monthly update on the PP2P programme for the future.

Savings

3. There are a number of ways in which the savings from this programme are being tracked. Contractually we have annual targets which drive an element of the fees which Accenture receive for delivering the savings

element of the programme. We also report the savings on the basis of the value they deliver against the overall target of £30.1m and the value of the savings compared to the ongoing annual value. The estimate for that being £9.4m per annum.

Fees

4. The fees paid to Accenture are made up of three elements as discussed in the main report. These are analysed in Table 2 of Appendix 1 showing the fixed and the two variable elements which we pay to Accenture. This shows that the savings related element is a small part of the fees overall.

Appendices

5. There are three appendices which have been compiled to show how much information we have and how we use it to track the progress of the project. This is all maintained on an ongoing basis but it is a complex model because of the very way in which it was put together.
6. Appendix 1 sets out the detail of savings, fees and what has been delivered up to end of August. Appendix 2 shows how we can represent this graphically. Appendix 3 is the tabular version of the figures which drive the graphs.

Conclusion

7. We have always felt that the key financial parameters for the programme are:
 - the comparison of actual savings against the forecast savings; and
 - the comparison of actual fees against the forecast fees,

which together produce the break-even point. If members agree with this then we would recommend that we continue to produce Appendices 2 and 3 for the main Finance Committee report and from time to time e.g. at the end of each project year or for target setting prior to a new project year, we give the detail contained in Appendix 1.

Background Papers:

Procurement & Procure to Pay report and Addendum – (Finance Committee 24/01/12)

Procurement & Procure to Pay – Due Diligence (Finance Committee 26/07/11)

Efficiency Review – Procurement and Procure to Pay (Finance Committee 23/11/10)

Procurement and Procure to Pay Efficiency Review (PP2P) – Further Report (Finance Committee 14/12/10)

PP2P Update Report (Efficiency & Performance Sub Committee 23/5/11)
Procurement & Procure to Pay Updates (Finance Committee 28/6/11, 20/9/11,
18/10/11, 15/11/11, 13/12/11, 24/01/12, 21/02/12, 20/03/12, 01/05/12, 26/06/12,
25/07/12, 04/09/12)

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