

Sourcing Strategy
Detailed Financial Assessment

APPENDIX 1

<u>Sourcing Strategy</u>	Year	0	1	2	3	4	5	6	7	8	9	10
Financial Year		10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
		£	£	£	£	£	£	£	£	£	£	£
Classification												
ERP - GO5												
Project Team	Capital	£56,317	£23,975									
Project initiation and solution design	Capital	£22,167										
Build / data conversion	Capital	£18,620										
HR/Payroll consultancy	Capital	£23,675										
Cloning / personalisation	Capital	£17,813										
Project / technical management	Capital	£19,800										
Training	Capital	£8,782										
Hardware / Infrastructure	Capital	£12,743										
Data Communication	Capital	£3,280										
Licence	Capital	£45,000										
Database Licence	Capital	£4,688										
Supplier & Spend - Data Cleanse	Capital	£2,603										
Interfaces	Capital	£10,000										
Hosting	Capital	£30,830										
Sellers Fee	Capital	£5,337										
Total Capital Investment		£281,655	£23,975	£0	£0	£0	£0	£0	£0	£0	£0	£0
Centres of Excellence Project Team	Revenue		£25,000									
Advice (Legal etc)	Revenue		£5,000									
Total Revenue Investment		£0	£30,000	£0	£0	£0	£0	£0	£0	£0	£0	£0
Internal Hosting	Revenue		£2,100	£2,100	£2,100	£2,100	£2,100	£2,100	£2,100	£2,100	£2,100	£2,100
Internal Hosting - Maintenance	Revenue		£1,296	£1,296	£1,296	£1,296	£1,296	£1,296	£1,296	£1,296	£1,296	£1,296
Support Centre of Excellence	Revenue		£24,250	£24,250	£24,250	£24,250	£24,250	£24,250	£24,250	£24,250	£24,250	£24,250
Hardware / Infrastructure	Revenue	£601	£601	£601	£601	£601	£601	£601	£601	£601	£601	£601
Data Communication	Revenue	£25,075	£25,075	£25,075	£25,075	£25,075	£25,075	£25,075	£25,075	£25,075	£25,075	£25,075
Database support	Revenue	£902	£902	£902	£902	£902	£902	£902	£902	£902	£902	£902
Licence / IT savings	Revenue			£-48,100	£-48,100	£-48,100	£-48,100	£-48,100	£-48,100	£-48,100	£-48,100	£-48,100
One-off employment costs	Capital / Revenue			£120,000								
Systems Thinking initiative	Revenue	£-13,300										
Procurement savings	Revenue			£-37,728	£-37,728	£-37,728	£-37,728	£-37,728	£-37,728	£-37,728	£-37,728	£-37,728
Total savings from service sharing	Revenue		£-32,960	£-131,841	£-131,841	£-131,841	£-131,841	£-131,841	£-131,841	£-131,841	£-131,841	£-131,841
Total Revenue Impact (saving)		£13,278	£21,264	£-43,445	£-163,445	£-163,445	£-163,445	£-163,445	£-163,445	£-163,445	£-163,445	£-163,445
Incremental impact on MTFs		£13,278	£7,986	£-64,709	£-120,000	£0	£0	£0	£0	£0	£0	£0
Cumulative impact												
Cumulative investment	Capital	£281,655	£305,630	£305,630	£305,630	£305,630	£305,630	£305,630	£305,630	£305,630	£305,630	£305,630
Cumulative investment	Revenue	£0	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000	£30,000
Total cumulative investment		£281,655	£335,630	£335,630	£335,630	£335,630	£335,630	£335,630	£335,630	£335,630	£335,630	£335,630
Cumulative savings	Revenue	£13,278	£34,542	£-8,903	£-172,348	£-335,793	£-499,238	£-662,683	£-826,128	£-989,573	£-1,153,018	£-1,316,463

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Classification		£	£	£	£	£	£	£	£	£	£	£
Net Cumulative Total		£294,933	£370,172	£326,727	£163,282	-£163	-£163,608	-£327,053	-£490,498	-£653,943	-£817,388	-£980,833
Revenues & Benefits												
ICT Provision	Capital		£40,000									
Total Capital Investment		£0	£40,000	£0	£0	£0	£0	£0	£0	£0	£0	£0
Project staff backfill	Revenue	£37,500	£12,500									
Specialist Advice	Revenue	£10,000										
Total Revenue Investment		£47,500	£12,500	£0	£0	£0	£0	£0	£0	£0	£0	£0
Sytems Thinking initiative - back office	Revenue	-£40,000	-£75,000	-£75,000	-£75,000	-£75,000	-£75,000	-£75,000	-£75,000	-£75,000	-£75,000	-£75,000
Sytems Thinking initiative - front office	Revenue		-£115,000	-£115,000	-£115,000	-£115,000	-£115,000	-£115,000	-£115,000	-£115,000	-£115,000	-£115,000
One-off employment costs	Revenue		£115,000									
Total Revenue Impact (saving)		-£40,000	-£75,000	-£190,000	-£190,000	-£190,000	-£190,000	-£190,000	-£190,000	-£190,000	-£190,000	-£190,000
Incremental impact on MTFS		-£40,000	-£35,000	-£115,000	£0	£0	£0	£0	£0	£0	£0	£0
Cumulative impact												
Cumulative Capital investment	Capital	£0	£40,000	£40,000	£40,000	£40,000	£40,000	£40,000	£40,000	£40,000	£40,000	£40,000
Cumulative Revenue investment	Revenue	£47,500	£60,000	£60,000	£60,000	£60,000	£60,000	£60,000	£60,000	£60,000	£60,000	£60,000
Total cumulative investment		£47,500	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000
Cumulative savings		-£40,000	-£115,000	-£305,000	-£495,000	-£685,000	-£875,000	-£1,065,000	-£1,255,000	-£1,445,000	-£1,635,000	-£1,825,000
Net Cumulative Total		£7,500	-£15,000	-£205,000	-£395,000	-£585,000	-£775,000	-£965,000	-£1,155,000	-£1,345,000	-£1,535,000	-£1,725,000

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Classification		£	£	£	£	£	£	£	£	£	£	£
<u>Procurement</u>												
Procurement savings (anticipated)	Revenue	-£30,000	-£100,000	-£130,000	-£130,000	-£130,000	-£130,000	-£130,000	-£130,000	-£130,000	-£130,000	-£130,000
Total Revenue Impact (saving)		-£30,000	-£100,000	-£130,000	-£130,000	-£130,000	-£130,000	-£130,000	-£130,000	-£130,000	-£130,000	-£130,000
Incremental impact on MTFS		-£30,000	-£70,000	-£30,000	£0	£0	£0	£0	£0	£0	£0	£0
Cumulative impact												
Cumulative savings		-£30,000	-£130,000	-£260,000	-£390,000	-£520,000	-£650,000	-£780,000	-£910,000	-£1,040,000	-£1,170,000	-£1,300,000

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		£	£	£	£	£	£	£	£	£	£	£
Classification												
ICT												
Specialist Advice	Revenue	£10,000										
Total Revenue Investment		£10,000	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Sytems Thinking initiative - back office	Revenue		-£30,000	-£30,000	-£30,000	-£30,000	-£30,000	-£30,000	-£30,000	-£30,000	-£30,000	-£30,000
Total Revenue Impact (saving)		£0	-£30,000	-£30,000	-£30,000	-£30,000	-£30,000	-£30,000	-£30,000	-£30,000	-£30,000	-£30,000
Incremental impact on MTFS		£0	-£30,000	£0	£0	£0	£0	£0	£0	£0	£0	£0
Cumulative impact												
Cumulative Revenue investment	Revenue	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000
Total cumulative investment		£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000	£10,000
Cumulative savings		£0	-£30,000	-£60,000	-£90,000	-£120,000	-£150,000	-£180,000	-£210,000	-£240,000	-£270,000	-£300,000
Net Cumulative Total		£10,000	-£20,000	-£50,000	-£80,000	-£110,000	-£140,000	-£170,000	-£200,000	-£230,000	-£260,000	-£290,000

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Classification		£	£	£	£	£	£	£	£	£	£	£
<u>Consolidated Work-Streams</u>												
Consolidated Capital investment		£281,655	£63,975	£0	£0	£0	£0	£0	£0	£0	£0	£0
Consolidated Revenue investment		£57,500	£42,500	£0	£0	£0	£0	£0	£0	£0	£0	£0
Consolidated Total Revenue Impact (saving)		-£56,722	-£183,736	-£393,445	-£513,445	-£513,445	-£513,445	-£513,445	-£513,445	-£513,445	-£513,445	-£513,445
Net Consolidated Total		£282,433	-£77,261	-£393,445	-£513,445	-£513,445	-£513,445	-£513,445	-£513,445	-£513,445	-£513,445	-£513,445
Cumulative impact												
Cumulative Capital investment	Capital	£281,655	£345,630	£345,630	£345,630	£345,630	£345,630	£345,630	£345,630	£345,630	£345,630	£345,630
Cumulative Revenue investment	Revenue	£57,500	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000
Total cumulative investment		£339,155	£445,630	£445,630	£445,630	£445,630	£445,630	£445,630	£445,630	£445,630	£445,630	£445,630
Cumulative savings		-£56,722	-£240,458	-£633,903	-£1,147,348	-£1,660,793	-£2,174,238	-£2,687,683	-£3,201,128	-£3,714,573	-£4,228,018	-£4,741,463
Net Cumulative Total		£282,433	£205,172	-£188,273	-£701,718	-£1,215,163	-£1,728,608	-£2,242,053	-£2,755,498	-£3,268,943	-£3,782,388	-£4,295,833
Payback	2.37 years											
ROI	963.99%											
NPV	-£3,157,996											