

Classification:	Decision Type:
Open	Non-Key

<b>Report to:</b>	Cabinet	<b>Date:</b> 15 January 2026
<b>Subject:</b>	Procurement Future Operating Model Business Case	
<b>Report of</b>	Deputy Leader and Cabinet Member for Finance and Transformation	

## Summary

1. The accompanying Procurement Transformation Outline business case, attached as an annex to the report, seeks Cabinet approval to invest in a comprehensive Procurement Transformation Programme that will modernise Bury Council's procurement function, strengthen financial control, and deliver significant efficiency savings.
2. Procurement accounts for c£200 million annually in third-party spend, yet current arrangements are fragmented, reactive, and expose the Council to potential financial, legal, and operational risk.
3. Recurrent investment of circa £400k is required to fund additional resource and new systems to deliver improved grip and control on 3<sup>rd</sup> Party spend, ensure compliance with regulatory requirements and also deliver a significant return on investment.
4. In addition, a one-off cost of £317k in Year 1 is needed to support systems implementation (£67k) and provide temporary "surge" capacity (£250k). This will enable rapid delivery of the programme and achieve procurement savings at pace whilst permanent posts are being recruited. This one-off investment is likely to be partially offset in 2026/27 by the timescales required to recruit to the permanent team.

## Recommendation(s)

5. Approve the recurrent and one-off budget provision to mobilise the new procurement team and recruit key roles and systems to deliver the aims and objectives of the programme.

## Reasons for recommendation(s)

6. The attached Business Case sets out the rationale and preferred approach for transforming procurement at Bury Council. It addresses the longstanding inefficiencies, risks, and missed opportunities in the way the Council manages its £200 million annual third-party spend on both revenue and capital procurement activity. The aim is to shift procurement from a largely reactive and

transactional function to a strategic enabler of financial savings, service outcomes, and organisational assurance.

7. The budget report considered at Cabinet in December included potential third party contract savings of £1m in 2026/27 which are predicated on the need for investment in additional procurement and contract management capacity and with the potential for further savings in 2027/28 and future years. The analysis indicates there is significant scope for efficiency savings through improved procurement planning, contract management, aggregation, and compliance.

### **Alternative options considered and rejected**

8. Doing nothing is not considered a viable option with investment in, and transformation of, the service considered as essential for delivering a modern, strategic procurement function that can deliver material savings, restore control, reduce risk, and reposition procurement as a key lever in the Council's financial and service reform agenda.

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### **Report Author and Contact Details:**

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### **Background**

9. Procurement in Bury Council was identified as a key area of opportunity in the development of the financial transformation business case and in subsequent programme work undertaken up to March 2025. As part of the early programme work, a procurement baseline assessment was undertaken assessing the level of third-party spending and the current state of the contract register. Alongside this, a high-level evaluation was undertaken of the procurement service that identified challenges but also significant areas for opportunity.
10. The conclusion was that there were very significant opportunities to transform procurement and secure efficiency savings of a scale that merited a business case, hence the development of the business case.
11. The attached business case sets out the rationale, opportunity, and proposed delivery model for transforming Bury Council's corporate procurement function and approach to drive best practice whilst securing efficiencies. It draws from a range of baseline assessments, stakeholder interviews, and other insights to define a compelling case for change. Industry benchmarking tools such as the LGA Maturity Model and the Crown Commercial Service CCIAF benchmarks are available for industry wide comparisons and can provide additional benchmarking.

12. This business case aims to secure the investment and mandate for a Procurement Transformation Programme that delivers improved control, compliance and cost savings, starting from January 2026 linked to investment in new systems and potentially going live with the new central procurement hub early in the 2026/27 financial year.

### 13. CASE FOR CHANGE

- **RESOURCE:** Procurement is currently underpowered, lacks strategic oversight, and operates with minimal capacity (under 3 FTEs). Comparable organisations procurement teams across local authority and NHS have circa 10 – 15 WTE dedicated to procurement.
- **SAVINGS OPPORTUNITIES:** Third-party spend is one of the Council's largest controllable costs. Even modest improvements (2–3.5%) could deliver £10million cumulative savings over the next 5 years, supporting financial recovery and resilience.
- **CONTRACT MANAGEMENT:** There is currently no contract management strategy, model or structure. Missed opportunity to deliver efficiencies, improve quality and cost control.
- **SYSTEMS:** Systems such as Unit4 are underutilised, with no category-level spend analysis or automated controls.
- **COMPLIANCE RISKS:** Lack of capacity to manage all contract renewals which undermines governance and value for money.
- **STATUTORY DUTIES:** The Procurement Act 2023 introduces new transparency, planning, and reporting requirements. Current processes fall short, risking non-compliance and reputational harm.

### 14. PROPOSED SOLUTION

- Create a procurement team aligned to the Council's four directorates supported by modern digital systems (Unit4/ScanMarket). This model will:
  - Increase the procurement expertise and governance while retaining service-led commissioning.
  - Improve governance controls regarding contract renewals, planning and compliance with statutory obligations utilising Unit4ScanMarket systems

- Enable proactive contract management, category planning, and supplier engagement.
- Deliver a fully integrated, data-driven procurement environment aligned with Council priorities to better support directorates and our partners.

## 15. RETURN ON INVESTMENT

- **Investment:** Approx. £400k recurrently per annum (11 WTE staff, and Unit4 systems). One off costs of £317k to support system implementation and target the quick wins whilst recruitment is undertaken.
- **Savings:** Gross savings rising from £1.0m in Year 1 to £3.0m by Year 5, delivering a cumulative £10m benefit and a forecast £7.6m net gain over five years.

## 16. ADDITIONAL BENEFITS

- **Improved Governance & Compliance:** Full electronic visibility of spend, contracts, and suppliers; reduced legal and operational risk.
- **Digital Transformation:** Automation of processes, documentation, real-time analytics, and integrated procurement workflows.
- **Strategic Capability:** Professionalised procurement function driving category management, market engagement, and delivering against the social value agenda.
- **Cultural Change:** Enhanced commercial awareness across services, supported by training and clear accountability.
- **Reporting:** Launch of a Procurement Group reporting to the Finance Board ensuring delivery of programme, procurement strategy aims and objectives delivered.
- **Futureproofing:** Compliance with new legislation, alignment with national procurement standards, and readiness for collaborative opportunities.

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### Links with the Corporate Priorities:

Approval of the business case and implementation of the new operating model will mitigate risk, improve compliance and control and support financial savings and ultimately financial sustainability.

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**Equality Impact and Considerations:**

N/A

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**Environmental Impact and Considerations:**

N/A

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**Assessment and Mitigation of Risk:**

<b>Risk / opportunity</b>	<b>Mitigation</b>
The current risks and issues are outlined in the business case. Approval of the business case will improve compliance and control, deliver improved outcomes and support the delivery of financial savings.	

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**Legal Implications:**

There are no direct legal implications arising from this report.

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**Financial Implications:**

The £400k recurrent annual additional cost will be included in the budget for 2026/27 and recurrently in the Medium Term Financial Strategy. Any additional requirement for additional one-off funding, up to the £317k outlined in the report, that is not offset by the likely timelines to recruit to the permanent team in 2026/27, and therefore only incurring part-year costs, will be met from capital receipt flexibilities

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**Appendices:**

Bury Procurement Business Case - Final

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**Background papers:**

None.

**Please include a glossary of terms, abbreviations and acronyms used in this report.**

<b>Term</b>	<b>Meaning</b>