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To members of the
Shared Services Joint Committee

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DATE: 12 April 2018

Dear Councillor

SHARED SERVICES JOINT COMMITTEE - MONDAY, 16TH APRIL, 2018

I am now able to enclose, for consideration at next Monday, 16th April, 2018 meeting of the Shared Services Joint Committee, the following report that was unavailable when the agenda was printed.

Agenda Item No. 7 - Finance & HR System Replacement Programme

Yours sincerely

Rachel Graves
Democratic Services Officer

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CHESHIRE EAST COUNCIL CHESHIRE WEST & CHESTER COUNCIL

SHARED SERVICES JOINT COMMITTEE

Date of Meeting:	16 April 2018
Report of:	Dominic Oakeshott, Best4Business Programme Director, Cheshire Shared Services
Subject/Title:	Finance & HR System Replacement ("Best4Business") Programme

1.0 Report Summary

- 1.1 The purpose of this report is to update Members on the progress being made in implementing a replacement HR and Finance system for the Councils and their partners.

2.0 Decisions Requested

Members are asked to:

- Note that status of the programme as detailed in section 5, including the conditional signoff of the "build complete" milestone and the approach to resolving outstanding issues and releasing the remainder of the milestone payment;
- Endorse and agree that the Council and Agilisys teams (the Programme) formally review the Project Plan together, as detailed in section 9 which highlights an emerging and indicative two month extension to the programme, to assess and replan activity, risks, deliverables and benefits of the programme, reporting back to this committee on the proposals in May 2018;
- Note the broad range of business engagement activities which have been undertaken since the last update to the Committee as described in section 6, and the outcome of the first of a series of "change readiness assessments";
- Note and endorse the benefit realisation processes described in section 7 which is underway to assess and confirm the business savings which were set out in the July 2017 Cabinet reports;
- Note the key elements of the training strategy set out in section 8 which has been developed jointly in support of the programme;
- Note the financial pressures on the programme as noted in section 10 and endorse the proposal to bring a full update to the next meeting of this Committee; and
- Note the positive feedback arising from the Internal Audit report following completion of the design phase of this programme, as set out in section 11.

3.0 Reasons for Recommendations

- 3.1 To enable Members to review and comment on progress made in implementing the future Finance and HR systems and processes for the Councils and their partners.

4.0 Report Background

- 4.1 At the May 2016 meeting of this Committee, Members approved a programme of work to procure a new system or solution to replace the existing Finance and HR system. Both Councils' Cabinet meetings approved a recommendation in July 2017 to award a contract to Agilisys for the implementation of the Unit 4 Business World system. This report provides an update to the Committee regarding progress toward completion of this activity.

5.0 Programme status

- 5.1 The majority of system build activity by Agilisys is now complete. The Programme Board signed off the major programme milestone, "build complete", on 29th March. This was three weeks later than the planned signoff date of 7th March, which reflected the significant pressures and challenges being experienced and managed by the programme team as part of the build phase of the programme. The delayed signoff was provided on a conditional basis, recognising that certain core processes were not yet in a position to be demonstrated to the Councils to confirm that our requirements had been fully met, as set out in the agreed solution design. A proportion of the value of the build complete milestone has been retained, and will be paid to Agilisys upon demonstration of these outstanding elements.
- 5.2 The outstanding elements of the build that require further work include for example financial forecasting, employee recruitment, supplier invoice scanning and payment, online staff management processes for use by line managers, purging of redundant data, and secure access to the externally-hosted application for all users. The secure access to the system is one example where discussions between the Councils and Agilisys have been able to highlight issues earlier in the process than would normally be expected, which is via User Acceptance Testing. The access and control of the system has heightened sensitivity and risk in the light of the new General Data Protection Regulations (GDPR) where the responsibilities of both the data owners (Councils) and data processors become more explicit, with significantly greater penalty fines. The Councils, Agilisys and Unit4 have been working closely together to establish the practical improvements, which we will be able to provide an update for the the meeting. A plan is in place to complete these outstanding elements, alongside consideration and approval of a revised Milestone Acceptance Certificate. A further update will be reported to this committee in May 2018.
- 5.3 Whilst it is noted that there a number of outstanding elements, there have been many really positive elements of the programme to report, for example a successful "build showcase" event took place on 8th March, where Agilisys

demonstrated to the programme team a range of the core functions of the Business World system, that has been built based on the approved solution design. This event formed part of the assurance required to meet the criteria for the “build complete” milestone, providing a strong foundation of evidence of how the system will work and support the two Councils into the future.

- 5.4 Development of interfaces to other Council systems is underway. Required interfaces are being built by Agilisys in a number of tranches. Tranche 1 build is underway, with tranche 2 specifications being developed.
- 5.5 Data Migration testing is on track, with the second of a series of test data migration exercises successfully completed.
- 5.6 Mapping of new “end to end” processes, part of preparation for user acceptance testing as well as a fundamental component of business change planning, is progressing well, with many functional areas now complete.
- 5.7 A proposal for storing necessary archived data from our legacy Oracle system has been received from Agilisys and has been approved. This will see legacy data being held in a different part of the Business World system, allowing users to access the data via a consistent and familiar user interface.
- 5.8 Programme resources have focussed in recent weeks on certain critical aspects of the solution design and the translation of this into a built system, for example a significant exercise focusing on the detailed design of the organisation structure and the accounting structure which supports this, which has taken several weeks longer than anticipated. This has resulted in pressure on the delivery of other programme milestones due in parallel, for example, development of new “to-be” business processes to prepare for user acceptance testing, and mapping of user roles in the new system to the functions each role will have access to. Additional Council resources are being brought into the programme team, to ensure delivery against agreed milestones or to address slippage.

6.0 Business engagement / change readiness

- 6.1 A significant amount of business engagement has taken place in the period since the last report to this Committee:
 - Presentations have been given to both Councils’ Corporate Leadership Team meetings and the senior leadership team / wider leadership team groups;
 - A joint event aimed at Tier 4 managers and above from both Councils was held on 28 February – this was attended by around 100 senior managers, and received very positive feedback;
 - Briefings have been given to a number of Department / Directorate management teams across both Councils;
 - The programme team have met with representatives from many of the Council-owned companies and the Cheshire Pension Fund;
 - 80% of maintained schools and academies across both Council areas have been briefed on the programme and the impact on the schools community;

- Trade Union representatives from both Councils meet regularly with the programme team on a joint basis, to ensure they are kept aware of progress and potential impacts on staff;
- Members have been engaged through the Best4Business Steering Group, the Joint Scrutiny Working Group which has been established specifically for this programme, and via this Committee.

- 6.2 In addition, a network of over 200 “change advocates” has been identified across both Councils. These are volunteers across a wide range of service areas and locations who will act as a key point of contact for Best4Business amongst their colleagues, facilitating programme communications out to a wide range of staff across the Councils, as well as providing a vital feedback mechanism back into the programme team. These advocates will receive specific briefings and training, so that they are well placed to provide this type of support in their service areas.
- 6.3 During the life of the programme, a number of “change readiness” assessments will be carried out, to help assess the extent to which staff are aware of how they will be impacted by the new solution being implemented, and how informed and trained they feel in respect of the change.
- 6.4 The first change readiness assessment has been completed, and the overall conclusion is that the Councils, Schools and ASDVs are not quite at the right point in terms of readiness at this point in the programme. This outcome is not unexpected at this stage in the implementation timeline. Work is ongoing to fully identify impacts by audience, to help shape the tailored engagement (“user journeys”), communications and training activities which have begun.

7.0 Benefits realisation

- 7.1 The business case for investment in the Business World solution, approved by both Cabinets in July 2017, included an assumed level of business savings in addition to the savings associated with decommissioning the legacy Oracle solution. The business savings comprise approximately £0.5m in Cheshire East Council, £0.3m in Cheshire West and Chester Council excluding the Transactional Service Centre (TSC), and £0.4m in the TSC. These savings are shared amongst a number of corporate service areas including Finance, HR, Procurement, the Payroll and Payments & Income teams in the TSC, and a number of other business support and compliance functions.
- 7.2 As mentioned at 5.6 above, the Council and Agilisys have been working to map out the new business processes which will be supported by the Business World solution. This, in conjunction with greater visibility of the new system itself through the build process, supports the analysis of potential areas of savings in more detail, helping to validate the savings originally set out in the business case. This ongoing analysis involves three iterative phases of work:
- Identify and refine changes between current and new processes – business transformation team
 - Validate the list of process changes to ensure completeness and accuracy – business workstream leads

- Quantify impact on services across the Councils – change advocate network (as per 6.2 above)

7.3 Regular reports will be brought to the Programme Board setting out the achievability / risk status of each area of savings set out in the original business case.

8.0 Training strategy

8.1 While the Councils retain responsibility overall for the business change element of this programme, our supplier Agilisys is responsible for delivering the training programme which forms a part of the overall business change approach.

8.2 A training strategy for the programme has recently been approved by the Programme Board. The strategy has been developed with reference to information about users of the existing Oracle system, as well as training needs analysis workshops with key stakeholders across the two Councils.

8.3 The strategy seeks to incorporate lessons from previous Council technology implementations and their supporting change programmes, and will make best use of existing Council technology for delivery of training materials. The objective is to deliver a single training programme across all stakeholder groups, rather than distinct training programmes for each Council.

8.4 Training will be delivered through a number of learning methods:

- Classroom training (45%) – hands on classroom training experience, led by a trainer
- Video (36%) – quick, engaging training videos for most common processes
- e-Learning (19%) – self-led modular learning for widespread audiences, with in-built assessment and progress tracking

9.0 Programme timeline

9.1 The programme has targeted from the outset a go-live date of 3 September 2018, which is one of the most ambitious timelines for such a programme both in the public and private sectors. The progress delivering a design in three months and build in further three months is to be commended, and shows the commitment from both Agilisys and the Council teams. However, recognising the significant pressure that both the Council and Agilisys are working under in order to meet scheduled deadlines, and the slippage against certain deliverables which has already been experienced (as per 5.8 above), it is considered necessary to review the project plan and deliverables, and determine whether the go-live date of 3 September remains achievable and that the risks associated with this date can be managed appropriately. Appendix B provides members with an update with the programme timeline, with the red line indicating the current stage of the programme.

9.2 At the time of reporting, the review of risks against the current timeline, and the next phase of activities surrounding testing, all point to the two Councils experiencing significant delivery risk, and a high likelihood of not being able to

deliver the current go-live date. The emerging view when balancing the most significant risks would indicate a delay and a two month extension, which would provide time to complete the design and build activity alongside a more reasonable User Acceptance Testing Window. It should be noted that the programme is currently consuming approximately £0.5m per month, although it would not be appropriate to make a simplistic extension of the costs due to the make up of the programme and its timeline, this does provide a little supporting background information. It is suggested that further detailed planning work be carried out collaboratively with our supplier Agilisys. Any changes to the programme timeline will have a significant impact to both Councils and to our partner organisations, in terms of timescales, resources, and cost. Whilst initial thinking has commenced, it is now suggested that the Council and Agilisys jointly and formally review the project plan, deliverables and benefits, training and cutover along with resolving the remaining matters from the build phase as part of a formal re-plan. It is recommended that a formal report be brought to the next Shared Services Joint Committee in May 2018.

10.0 Resources and budget

- 10.1 As noted at 5.8 above, additional Council resources have been brought onto the programme team. This includes resources drawn from Council service areas such as Finance and HR, resources commissioned from the shared ICT service to support interface development, user acceptance testing management, and data cleansing and migration execution; and external resources which have been brought into the Council team to reinforce capabilities in specific subject areas, such as business change and interface impact assessment activities.
- 10.2 Any potential extension to the programme timeline referred to in section 9 above would also introduce additional cost to the programme, should a decision to target a later go-live date be agreed. Such potential costs are under discussion between the programme team and Agilisys at the time of reporting.
- 10.3 A full update on the financial position of the programme in light of the factors above will be brought to the next meeting of this Committee and, depending on the outcome, formal decision requests to the two Council Cabinets.

11.0 Internal audit

- 11.1 As part of the solution design signoff phase of the programme, a joint Internal Audit review was carried out by colleagues from both Councils' audit teams. The focus of this review was to ensure that the programme could demonstrate that the Councils' requirements would be met by the solution design being signed off, that any variations from the best practice solution being offered by Agilisys were justified and approved, and that appropriate stakeholder engagement took place during the design process.
- 11.2 The internal audit report arising from this review was published shortly after the last meeting of this Committee. It assessed the internal control environment as 3 on a scale of 1 – 4, where 4 is best, and offered a small number of recommendations to ensure appropriate programme management arrangements continued to be in place for the subsequent build and test phase of the

programme. These recommendations have been accepted and taken forward by the programme leadership team.

12.0 Next steps

- 12.1 The programme is now moving from the “build” to the “test” phase of the plan. Key next steps include:
- The detailed planning exercise referred to in section 9 to identify any requirement for, and confirm the extent of, any extension to the programme’s timeline;
 - Agree timescales for signoff of the outstanding elements of the “build complete” milestone, and the release of the retained element of this milestone payment;
 - Completion of outstanding build activity;
 - Agilisys complete their internal system testing prior to handing over to the Council’s user acceptance testing team;
 - Development of the user acceptance testing “scripts” which will be used by the testing team to confirm that the system which has been built is working as expected across a range of scenarios, and training of the team who will carry out the user acceptance testing;
 - Development of the cutover plan which will be executed when the Councils agree to migrate activity from the Oracle system to the Business World system;
 - Definition of the internal support function which will be required to support Business World once live, with consultation taking place with affected teams;
 - Ongoing development and testing of interfaces to other system which will integrate with Business World once live;
 - Ongoing development and testing of the reports which will be available in Business World once live; and
 - Continuing development of the training materials which will be used to educate the wide range of stakeholders who will use Business World once implemented.

13.0 Wards affected

- 13.1 None.

14.0 Policy implications

- 14.1 None.

15.0 Financial Implications

- 15.1 The budget for this programme has been approved by both Cabinets. Expenditure against the budget is monitored and reported regularly to the Programme Board. The financial position of the programme is discussed at section 10 above, and a full update will be brought to the next meeting of this Committee.

16.0 Legal Implications

- 16.1 Each Council has signed a contract with Agilisys. The implementation is being undertaken jointly, with contractual responsibility for the Authority responsibilities

being reflected in the Cheshire East contract with Agilisys. A comprehensive Inter Authority Agreement has been entered into by both Councils, ensuring that Cheshire West and Chester Council's obligations to the programme are also documented, and ensuring Cheshire East Council are in a position to meet their contractual obligations on behalf of both Councils during the implementation phase.

- 16.2 Following implementation, each Council's operational services will be managed through their separate contracts with Agilisys.

17.0 Risk management

- 17.1 Programme risks are being identified and reported as necessary to the Best4Business Programme Board, through normal programme management mechanisms. The Board escalates any significant risks to the Best4Business Steering Group, as appropriate during the course of the programme. The most significant risks at the time of reporting, with associated mitigating actions, are summarised in Appendix A to this report.

18.0 Access to Information

- 18.1 The background papers relating to this report can be inspected by contacting the report writers:

: Dominic Oakeshott
: Best4Business Programme Director
: Tel No: 07920 283473
: Email: dominic.oakeshott@cheshireeast.gov.uk

Background Documents:

Documents are available for inspection at:

Cheshire East Democratic Services

Westfields

Middlewich Road

Sandbach

CW11 1HZ

or:

Cheshire West & Chester Democratic Services

HQ Building,

Nicholas Street,

Chester,

CH1 2NP

Appendix B

Summary of key programme risks

Risk	Likelihood	Impact	Score LxI	Mitigation
Insufficient programme resources available to deliver workload. Lack of resource, knowledge and skills.	3	4	12	Ongoing and regular monitoring of deliverables, deadlines and workloads for individuals and teams.
Solution design signed off in December 2017 does not reflect the Councils' requirements in respect of controls for multiple team leaders in a single cost centre.	4	4	16	Significant post-design exercise to review options for cost centre control and to work with Agilisys to ensure the built solution meets requirements.
"Position" (HR structure) set up requires a significant data creation exercise.	4	3	12	Recognised as a key element of the solution design and included in programme plan.
Working patterns (individuals' daily / weekly pattern of work) is a significant data gathering exercise.	3	4	12	Recognised as a key element of the solution design and included in programme plan.
Tight timeline for development of UAT scripts and scenarios ahead of UAT training phase in April.	4	4	16	UAT script delivery deadlines have been reviewed and additional time allowed for completion.
Lack of clarity for workstream leads on user role mapping task and so risk not adequately resourced.	3	4	12	Agilisys have adapted the approach to user role mapping following a successful pilot in one team.
Uncertainty around timing of changes to Controcc (social care finance) by source system supplier OCC.	3	4	12	Meeting taking place with OCC to agree timescales and costs.
Testers may develop a negative impression through identifying faults, and may feed this back to colleagues.	3	4	12	Scene-setting for testing phase to be addressed during training prior to testing.

Appendix C

Programme Timeline

