

CHESHIRE EAST COUNCIL CHESHIRE WEST & CHESTER COUNCIL

SHARED SERVICES JOINT COMMITTEE

Date of Meeting:	22 September 2017
Report of:	Mark Wynn, Director of Corporate Services, Cheshire West and Chester Council (Programme Sponsor)
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 procuring and implementing a replacement HR and Finance system for the Councils and their partners.

2.0 Decisions Requested

Members are asked to:

- 2.1 Note and endorse the work of the Finance & HR System Replacement Programme ("Best4Business") since the previous report to this Committee in March 2017 and the subsequent report to the Cabinet meeting of both Councils in July 2017.

3.0 Reasons for Recommendations

- 3.1 To allow Members to review and comment on progress made in completing a formal procurement exercise for 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. This report provides an update to the Committee regarding progress toward completion of this activity.

5.0 Procurement Process and Cabinet approvals

- 5.1 At the time of the previous report to this Committee, the procurement process had reached the "detailed dialogue" stage. Two of the four shortlisted bidders chose to withdraw from the process early in this stage, while a third had chosen to withdraw at the time of the last Committee report. This left Agilisys, offering the Unit 4 Business World solution, as the remaining bidder. Internal legal and

procurement professionals, supported by our external legal advisors Sharpe Pritchard, carried out a thorough review of options at that point, and concluded that the preferred option for the Councils was to proceed through detailed dialogue with the remaining bidder.

- 5.2 Dialogue closed in May 2017 following comprehensive discussions between the evaluation team and the remaining bidder regarding their proposed solution, their pricing model, and key commercial and legal terms. Agilisys' final tender was received in mid-May and was formally evaluated as a bid which provided the Council with a good standard of response supported by a good level of comprehensive evidence showing full understanding of the requirements and gives the Councils a reasonable level of confidence the Councils' requirements will be met.
- 5.3 Based on the pricing information in the final tender, the business case supporting this procurement was refreshed, and demonstrated that the implementation of a new HR and Finance solution would provide a pay back over an acceptable period of time.
- 5.4 In parallel to the dialogue and evaluation process, work began on a comprehensive Inter Authority Agreement (IAA) between the two Councils. The working arrangements between the two Councils in relation to the HR & Finance System contract are set out in this IAA, which will be entered into by both Councils prior to entering into the contracts with Agilisys. The IAA has been approved by both Council's legal teams, and covers the following areas:
 - Contract management and performance management
 - Cost sharing arrangements and cross indemnification
 - Decision making processes
 - Governance arrangements; and
 - Effect of termination of the contract(s) with the Supplier
- 5.5 A joint Scrutiny Working Group session was held on 27 June, involving members of both Councils' Overview & Scrutiny Committees, to review:
 - the rationale and business case for investment / change
 - the procurement process and final contract and proposal; and
 - the transformation programme required to deliver the change
- 5.6 Members were reassured by the rationale and business case for investment / change and all Members agreed that the option to do nothing was not appropriate. Members were also satisfied that the correct procurement process had been followed despite their only being one bidder. During discussions relating to the transformation programme, Members requested that they have further opportunity to scrutinise the implementation process of the new system.
- 5.7 A recommendation was brought to both Councils Cabinets, on 11 / 12 July 2017; to conditionally award the HR & Finance System contract to Agilisys. This recommendation was approved by both Cabinets.

- 5.8 Final contractual issues are being resolved at the time of reporting. In the meantime, pre-mobilisation workshops are taking place involving the Councils' implementation team and key members of the Agilisys team. This ensures the combined team will begin the implementation with a well-developed and shared understanding of the plan, roles and responsibilities, and critical deadlines for delivering and signing off programme outputs and outcomes.
- 5.9 This programme will succeed only if the change in technology solution is accompanied by a business transformation programme, to drive out changes in processes, cultures and behaviours, and to maximise the benefits which the new solution will offer. The Councils have determined that the business change aspect of the implementation programme will be retained as an Authority responsibility, supported appropriately by the supplier. A Business Transformation team has been established, which will take responsibility for delivery of this activity throughout the life of the programme. The team is actively engaging with key stakeholders across the two Councils, including the senior leadership teams, Council directorates, Council-owned alternative delivery vehicles, schools and academies.

6.0 Next steps

- 6.1 Detailed solution validation workshops are scheduled throughout September, with the output of these sessions forming an agreed joint Solution Design Document, which goes on to form the basis of the solution which will be built and implemented across both Councils and our related organisations, including schools, academies, Council companies, and the Cheshire Pension Fund. Joint governance arrangements will be in place, involving both Councils and our supplier, throughout this process. The Solution Design is scheduled for signoff by the Programme Board on 28 September 2017.
- 6.2 A single page overview of the implementation programme plan is attached at Appendix A to this report. Also, a pictorial overview of the 12 month timeline is attached at Appendix B.

7.0 Wards affected

- 7.1 None.

8.0 Policy implications

- 8.1 None.

9.0 Financial Implications

- 9.1 Over the 7 year primary contract period the total gross cost of the new system (including business change) is estimated at £20.9m. This comprises the pre-implementation costs of £1.4m, total implementation costs of £11.8m and average running costs of £1.1m pa for 7 years.

- 9.2 The new solution is projected to deliver total net annual savings of £2.3m pa from a combination of decommissioning legacy systems, business process change savings and after allowing for the running costs of the new solution.
- 9.3 The procurement phase of the Best4Business programme had a budget allocation of £1.4m across both Councils. The procurement and pre-implementation activities have been delivered well within this budget.

10.0 Legal Implications

- 10.1 The terms of the contract agreed during the dialogue process are based on the Model Services Contract from the Government Legal Service which is commonly used for large scale ICT projects. Prior to the commencement of the procurement the terms of the contract were amended to reflect the Councils' standard position in terms of risk transfer.
- 10.2 The competitive dialogue process has been conducted in accordance with the Public Contract Regulations 2015. The Councils internal legal teams and external legal advisers have participated in and been consulted throughout the competitive dialogue process with relevant matters being escalated where relevant to the programme board or elsewhere as necessary. Compliance of the procurement has been reviewed by Internal Audit.

11.0 Risk management

- 11.1 Programme risks are being identified and reported as necessary to the ERP Programme Board, through normal programme management mechanisms. The Board escalates any significant risks to the ERP Steering Group, as appropriate during the course of the programme.

12.0 Access to Information

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

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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 A

Best4Business programme plan overview

	2017					2018											
Months	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	
Stage	Mobilise	Mobilise/ Design	Design	Build	Build	Build	Build	Test	Test	Test	Test	Test	Test	Deploy	Deploy	Deploy	
Key Milestones	MS04: Test strategy	MS01: PID	MS03: Integration approach	MS02: Solution design		MS06: Training Strategy	MS05: Build Complete					MS07: UAT complete	MS08: Go live	MS09: Exit Hyper Care	MS10: Decommission		
Programme	Governance	Programme management															
	Planning	Gateway review	Gateway review				Gateway review						Gateway review		Gateway review	Gateway review	
Functional solution (Finance, I2C, P2P, HR, Payroll, Projects)	Workshop planning	Alignment workshops	Solution design			IST preparation & set up		PPR preparation & set up			PPR1	Data entry	PPR2	Reg test	Go live		
			Build plans	System build / unit testing			Config docs		IST testing		UAT set-up	UAT testing		Cut over	Hyper Care		
Technical services (Infrastructure, Interfaces, Data migration, Testing, Reporting, System admin)		Infrastructure design															
		Build env ready	Pre-prod and prod environments ready					Infrastructure testing						Final Env deployed			
		Interface design	Tranche 1 interface spec	Tranche 1 interface build		T1 Unit tested		T1 UAT									
		Bitstalk for interfaces	Tranche 2 interface spec		Tranche 2 interface build		T2 Unit tested		T2 UAT								
		Legacy HRP data / Finance data mapping & extraction				IST data extract, transform & load		Data Load 1	Load 2	Load 3		Load 4		Final data deployed	Legacy data archived		
		Data migration strategy & design		Build transformation & load routines													
		Test strategy	Test plans	Unit test scripts & prep			IST scripts & prep	UAT scripts & prep									
					End to end process mapping		Process change impact assessments				Cut over plan	Council support team training	Cut over test	Readiness Check	Support & handover		
Business change (Training, Process re-design, Communications, Benefits, Handover)	Comms / change approach & plan	Training strategy & plan							UAT training Set-up	UAT Training	End user training Set-up		Pre go live user training	Post go live user training			
	Communication / Change management delivery																
	Benefits approach	Benefits identification	Benefits analysis						Benefits development			Benefits tracking					

Appendix B

Best4Business timeline overview

