

CHESHIRE EAST COUNCIL CHESHIRE WEST & CHESTER COUNCIL

SHARED SERVICES JOINT COMMITTEE

Date of Meeting:	24 November 2017
Report of:	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 Consider and endorse the work of the Finance & HR System Replacement Programme (“Best4Business”) in finalising the Councils’ contracts with Agiligys and in mobilising the joint implementation team with Agilisys since the previous report to this Committee in September 2017;
- 2.2 Consider, endorse and provide advice to the Programme Board, following their approval of three contractual milestones to date and as they prepare to approve the Solution Design milestone, based on the update provided by officers at the Committee;
- 2.3 Consider and comment on the approach being taken with regard to assessing the change impact on both Councils and our partners resulting from the implementation of the new system;
- 2.4 Consider and comment on the approach being taken with regard to ensuring the delivery of business process savings as set out in the business case approved in July 2017;
- 2.5 Consider the scope and agreed terms of reference for the Joint Scrutiny Working Group, and agree to support the work of the Group by receiving support and contributions from the meetings of the Group which will continue between now and the programme completion; and
- 2.6 Consider and comment on the next steps in the programme timeline, reflecting on the challenging nature of the target implementation date the Councils and Agilisys are working towards.

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 Contract award

- 5.1 At the time of the previous report to this Committee, final contractual issues were being resolved, and pre-mobilisation workshops were taking place involving the Councils' implementation team and key members of the Agilisys team.
- 5.2 Since the last report, all outstanding contractual issues were resolved satisfactorily, and the contract between each Council and Agilisys was signed on the day of the previous Shared Services Joint Committee meeting. At the same time, an Inter Authority Agreement was signed, setting out the working arrangements between the two Councils in relation to the HR & Finance System contract.

6.0 Programme Mobilisation

- 6.1 Since contract finalisation, the implementation team has rapidly mobilised and begun delivery of the implementation plan. A programme team, formed of representatives from both Councils and from Agilisys, are now collocated in Goldsmith House in Chester.
- 6.2 The team is formed of specialist "functional" groups, focussing on specific areas of functionality such as Finance, Payroll, Payments, etc; specialist "technical" groups, focussing on elements of the technical solution such as interfaces, data migration and reporting; the business change team, whose role is to ensure the Councils and partners are supported through the transformation process which will underpin this implementation; and the programme management team, who ensure that programme planning, reporting and governance activities are operating effectively and are supporting the wider programme team.

7.0 Programme Milestones

- 7.1 The contract with Agilisys includes a schedule of milestone payments, payable by Cheshire East Council on behalf of both Councils to Agilisys upon delivery of a number of outcomes during the life of the programme. These are set out in Appendix A to this report. A mechanism ensuring Cheshire West and Chester

Council make appropriate financial contributions to Cheshire East has been agreed as part of programme governance and financial management arrangements. Appendix A to this report sets out the agreed milestone payments and values.

- 7.2 To date, and in accordance with the programme plan, Milestones 1 (Project Initiation Document signoff), 3 (Integration Strategy signoff) and 4 (Testing Strategy signoff) have been signed off by the Best4Business Programme Board, following confirmation that the deliverables associated with each milestone have met the quality criteria agreed in the contract. Therefore the relevant milestone payments have been made to Agilisys, in addition to the up-front licence purchase payment of £1.35m which became payable upon contract signature.
- 7.3 At the time of this Committee meeting, the Programme Board are preparing to sign off Milestone 2, the Solution Design Document, on Thursday 30 November. The significance of the Solution Design, and therefore the importance of the Solution Design signoff milestone, cannot be overestimated. The Solution Design underpins everything which will be built and tested as part of the remainder of the programme. Therefore, the Programme has taken the decision to allow an additional week for the consideration and review of the documentation which supports this milestone.
- 7.4 A structured process has been put in place which supports the Programme Board and the supporting team, leading up to this significant approval milestone. Draft design documents have been reviewed by the programme team, allowing significant organisational impacts to be identified and flagged with relevant stakeholders, as well as ensuring any decisions to move away from the “Agilisys Public Sector Template” are understood and justified. Key issues will be summarised and used in support of the Programme Board signoff.

8.0 Business Change Approach

- 8.1 The programme has produced a Business Change Approach document, which sets out how the programme team are identifying and quantifying the change impacts to both Councils, and to schools and council companies (“alternative service delivery vehicles”).
- 8.2 The areas being detailed are:
- Size of the changes required
 - Number of staff and other stakeholders affected
 - The nature of changes and how they will affect
 - People
 - Process
 - Technology
 - Policy
 - Organisation
 - Actions required to make the changes
 - This is likely to be different across the two Councils and partner organisations, who may be coming from a different “as is” position

- Risks
 - A complete assessment of risks which, again, are likely to be organisation-specific

8.3 In addition, the programme is completing “readiness assessments” for each Council and for our partner organisations. These will be informed by the above change impact information, supplemented with additional data from staff opinion surveys and workshops.

8.4 All this information will be used to produce a comprehensive “stakeholder engagement plan”, which will be used to identify and focus where programme resources will be required, to ensure meaningful engagement, support and training can take place, ultimately to ensure a successful transition to the new solution.

9.0 Benefits Realisation Approach

9.1 The approved business case included a total of £1.2m of annual business process savings from the corporate services of both Councils. The savings comprise £0.5m in CE, £0.3m in CWaC, and £0.4m in the Transactional Service Centre shared service. In addition, the savings included the Councils’ share of £1.1m ICT annual savings.

9.2 The approved business cases did not include business process savings for schools or front line services. However, the new HR & Finance solution will have a significant impact on the way they work and will undoubtedly bring efficiencies.

9.3 In order to ensure that the programme delivers its targets there is a strategy and plan in place which has the following four main objectives:

- Provide assurance that the proposed detailed design has the potential to deliver at least the £1.2m of cashable savings identified in the business case;
- Provide assurance that the approved detailed design is implemented in accordance with the agreed approach;
- Provide evidence of savings to support budget adjustments; and
- Understand the overall impacts of the new HR & Finance solution on maintained schools and front line services.

10.0 Joint Scrutiny Working Group

10.1 Following the initial joint Scrutiny Working Group session held on 27 June in support of the Cabinet decisions in July, the Working Group has agreed to continue to provide scrutiny to the implementation programme, and met for a second time on 9 October. The agreed Terms of Reference for the Scrutiny Working Group during the life of the programme is to scrutinise:

- The governance process supporting the approval of the solution design;
- The approach to business change and training; and
- The outcome of the processes which support the recommendation to go live with the new solution.

10.2 The key conclusions from the meeting of the Scrutiny Working Group on 9 October were:

- Members were comfortable with the process which has led to the Cabinet decisions in July and the progress since then;
- The next meeting of the Working Group will be set for March 2018, to avoid the busy Budget period for both Councils;
- Members recognise the importance of the change process and the training necessary to deliver the vision for both Councils and our partners;
- The programme Transformation Lead to be invited to the next meeting in relation to the approach to business change approach and training strategy, including how the impact on end users is being assessed; and
- Members requested the opportunity to contribute to the design signoff at the end of November.

10.3 In relation to the final conclusion noted above, the Scrutiny Working Group emphasised the importance of receiving positive confirmation from the officers representing the Programme Team that the solution design being signed off will meet the needs of the Councils and our partners.

11.0 Next steps

11.1 A summary of the programme timeline is shown at Appendix B to this report.

11.2 Following the signoff of the Solution Design milestone, the Agilisys team will focus on the system build activity required to deliver the specified solution, ready for subsequent testing activities which will be carried out initially by the supplier and then by the Councils' User Acceptance Testing team.

11.3 At the same time, the Business Change workstream will focus on analysing the business impact of the process changes arising from the agreed solution design, as compared to current ways of working supported by the Oracle system. This will result in the production of a comprehensive transformation and training programme, designed to ensure all affected user groups and stakeholders will be supported appropriately prior to and following the new system going live.

11.4 The Councils set a challenging implementation deadline of September 2018 when entering into the contracts with Agilisys. The experience of the programme to date reinforces our view that the implementation timetable, while achievable, remains challenging. Delivery against the detailed programme plan and the remaining milestone target dates will be kept under continual review by the programme team, with any significant concerns being escalated through programme governance to this Committee as required.

12.0 Wards affected

12.1 None.

13.0 Policy implications

13.1 None.

14.0 Financial Implications

- 14.1 At the time of reporting, the programme is operating within the budgetary approvals agreed at the two Cabinet meetings in July 2017, covering the payments due to Agilisys and the cost of the Council team required to support the implementation. The Programme Board monitor the budget position at regular intervals, and reviewed the overall position at its last meeting on 25 October 2017.
- 14.2 To date, payments of £1.35m for purchase of licences, and £1.98m for signed off milestones, have been paid to the supplier Agilisys.

15.0 Legal Implications

- 15.1 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.
- 15.2 Following implementation, each Council's operational services will be managed through their separate contracts with Agilisys.

16.0 Risk management

- 16.1 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 C to this report.

17.0 Access to Information

- 17.1 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,

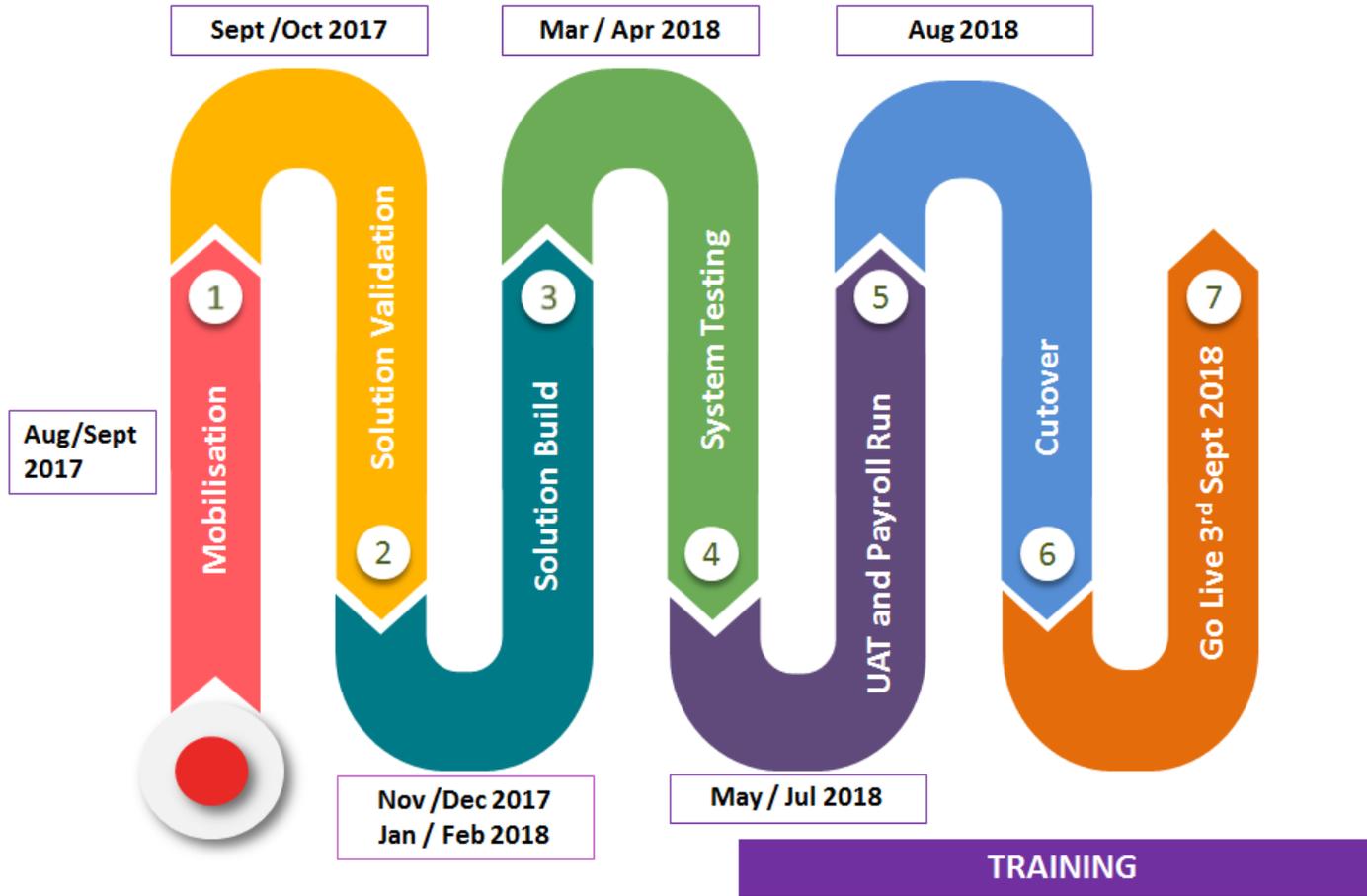
Chester,

CH1 2NP

Appendix A
Best4Business contractual milestones

No	Milestone	Value	Planned Date	Achieved / revised date
1	Sign-off programme initiation document	£0.66m	25/09/2017	28/09/2017
2	Sign-off of solution detailed design	£0.66m	20/11/2017	30/11/2017
3	Sign-off of integration approach	£0.66m	16/10/2017	26/10/2017
4	Sign-off of testing strategy	£0.66m	21/09/2017	28/09/2017
5	Build complete	£0.66m	26/02/2018	
6	Sign-off of training approach	£0.33m	24/01/2018	
7	Sign-off of user acceptance testing	£0.66m	12/07/2018	
8	Go live	£1.65m	03/09/2018	
9	Exit from three-month intensive support	£0.33m	26/11/2018	
10	Decommissioning of legacy Oracle platform	£0.33m	26/11/2018	
	Total	£6.59m		

Appendix B
Best4Business timeline overview



Appendix C

Best4Business summary of key risks

Risk	Likelihood	Impact	Score Lxl	Mitigation
End Users (managers or staff) are reluctant to accept changes to processes and adhere to new approach, leading to business case savings not being achieved.	4	4	16	Solution design process – change impact of decisions on solution design and process will be identified and mapped against stakeholders to identify change effort needed. Ongoing engagement with stakeholders to identify concerns.
Insufficient programme resources, or inefficient use of available resources and skills available, to deliver project workload, leading to programme milestones being missed and delay to implementation.	3	4	12	Detailed activity plans per workstream leading to solution design signoff. Regular review of deliverables, commitments to design workshops, and other activities, to identify any resource gaps.
Failure to appropriately engage senior stakeholders including Programme Board members as the Solution Design deliverable is developed, leading to a failure to achieve signoff of this key deliverable and a delay in the programme timeline.	3	4	12	Development of clear process which ensures design decisions are captured, reviewed, approved at an appropriate level, business change impact identified, shared with stakeholders, and communicated to Programme Board ahead of signoff.
Failure to develop effective partnership with Agilisys, both during the 12 month implementation programme, but also in support of the remainder of the 7 year contract, leading to suboptimal outcomes.	3	4	12	Regular and open dialogue with Agilisys about process and outcomes. Design decisions hold to the programme vision (the four Ss) and consider long term impacts as well as shorter term programme timeline.