

Cheshire East Council Cheshire West and Chester Council

Shared Services Joint Committee

Date of Meeting: 11 June 2021

Report of: Frank Jordan, Deputy Chief Executive, Cheshire East Council

Mark Wynn, Chief Operating Officer, Cheshire West & Chester Council

Subject/Title: Best4Business Update

1.0 Report Summary

- 1.1 The purpose of this report is to update Members on the latest position with regard to implementation of the replacement HR and Finance system for the Councils and their partners. The report provides an update on progress since the meeting of this committee in February 2020.
- 1.2 The report provides an update to Members of the Committee on the following key areas:
- Update on remaining programme plan for delivery;
 - Update on the financial position of the remaining programme; and
 - Update on governance and oversight of the Programme.

2.0 Decisions Requested

That Members:

- 2.1 Agree the current position on the implementation plan and timetable for the remaining programme;
- 2.2 Note the reported financial position of the remaining programme; and
- 2.3 Agree ongoing activity in relation to Member oversight and governance.

3.0 Reasons for Recommendations

- 3.1 This paper provides information to the Committee Members to enable them to review the plans for the implementation of the replacement Finance and HR system for both Councils.

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 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 Unit4 ERP system.

- 4.2 In November 2019 (Cheshire West & Chester) and December 2019 (Cheshire East), each Council's Cabinet approved recommendations relating to the Best4Business programme. This Committee was provided with an update regarding the scope and phasing of the programme, the revised programme governance arrangements, the procurement of external advisors, future arrangements for Member oversight of the programme and the scope of revised commercial arrangements with Agilisys.
- 4.3 Delegated authority was also given to senior officers to finalise negotiations and agree variations to the contract with Agilisys, and to update the Inter-Authority Agreement.
- 4.4 This Committee received a report on progress on 19 February 2021, and was scheduled to receive a further report on 12 March 2021, prior to the cancellation of the scheduled meeting on that date.
- 4.5 This report provides an update to members of this Committee on progress in the implementation of these decisions, with a particular focus on progress with the programme plan, the programme budget, and continuing arrangements for Member oversight of the programme.

5.0 Programme Update

Finance "Go Live"

- 5.1 As reported at the February meeting of this Committee, the first Finance element of the new Unit4 ERP solution was successfully launched to users on 8 February. Since then the solution has been accessed by around 2,500 users across the Councils, schools, academies and Council-owned companies.
- 5.2 The first period of operation immediately following the system go-live is referred to as "hypercare", which is a period of time prior to entering normal operational running where additional resources are on standby to monitor the solution and provide rapid solutions to any issues arising. As is to be expected, during this period our user base reported a range of issues and queries, and these were managed by the newly-established Governance & Support team within Transactional Services, who have worked closely with our implementation partner Agilisys and the software owners Unit4 to identify and resolve issues following the solution launch.
- 5.3 Key support issues arising since go live relate to:
 - Processing of supplier invoices and payments, where a combination of unexpected software issues and end-user familiarity challenges have led to a backlog of payments to suppliers, which has since been largely addressed; and
 - Requests for additional training and support for some of our schools-based users, with additional targeted briefing sessions having since been held, and the approach to training and support for schools users for the second go-live being updated to reflect experiences to date (refer to section 5.16 below).
- 5.4 The Finance element of the Best4Business programme team continues to support the live system, as well as continuing to develop the element of the Unit4 ERP product which

delivers budget forecasting and monitoring, which was not needed alongside the first main Finance go-live, and which is due to go live in advance of the second main HR and Payroll go-live.

Programme Plan – HR and Payroll “Go Live”

- 5.5 Since the first Finance go-live, as well as focussing on supporting the new solution for our end user base, the programme team with our implementation partner Agilisys have continued to ensure delivery of the remaining HR and Payroll elements of Unit4 ERP, currently still being delivered by our legacy Oracle system.
- 5.6 Since the last report to this Committee, the programme has ensured completion of the system setup and build for the HR and Payroll functionality required by the Councils. The build has been tested internally by our implementation partner Agilisys, and has been handed over to the Council’s programme team to allow full testing to begin.
- 5.7 To allow system testing to take place using realistic data rather than “staged” test data, a full data migration test exercise has been carried out, which allows the process of extracting data from the Oracle system and converting and loading it into Unit4 ERP to be subjected to an end-to-end testing process.
- 5.8 At the time of the last report to this Committee, a number of specific factors were reported in relation to the ongoing review of risks associated with the implementation of the HR and Payroll element of the solution:
- Mandatory HR and Payroll changes
 - Data Migration accuracy
 - Payroll Parallel Run risks
 - COVID-19 challenges
- 5.9 Since the programme’s last report, our programme management advisors Ameo have continued to assess the risks and issues associated with a number of factors impacting the delivery of the remaining programme timeline. Key identified risks and issues at the time of reporting are:

Risk area	Impact
Mandatory HR and Payroll changes	A number of mandatory changes were made in the legacy Oracle system during 2020 in order that the current payrolls could function and meet statutory requirements. This required additional work to ensure the Unit4 ERP system was up to date in order to allow testing. Options were explored, but it was not possible to defer these changes to beyond the payroll go live, as the impact was across many thousands of employees which would make performing reliable payroll testing almost impossible.
Data migration accuracy	Transfer of data from the legacy Oracle system and mapping this data to the new Unit4 ERP system identified issues which impacted accuracy. These needed to be resolved to ensure that payroll testing can be progressed accurately and reliably. The resulting approach to resolving data inaccuracies before commencing payroll testing was in line with external experience and learning from the first Finance go live.

	Whilst adding time, resolving data issues will ensure that the testing is of a higher quality and provides greater confidence.
Competing demands from Finance go live and HR Payroll delivery	Due to resource demands to successfully support the first Finance go-live, activities relating to HR and Payroll delivery in January and early February were paused to allow a successful cutover and hypercare. The live Finance system formed the basis of the environments to be used in HR and Payroll testing.
Payroll testing plan	The assumed testing rate developed for planning purposes was not achieved. Some testing had been undertaken before and assumptions were made about test rates, defect levels and rectification effort required. This base planning assumption proved to be unachievable. The testing pace was therefore revised to reduce the number of tests planned to be completed per week. This increased the planned time required to complete payroll testing.
Linking go live date to existing live payroll cycle	Any change to the go-live date must be aligned with the monthly payroll cycle. Key tasks such as data extraction and data migration need to be planned around natural live payroll cut-off dates.

5.10 As previously reported to Members, the programme's priority with respect to the HR and Payroll element of the new system is to ensure the implementation is carried out safely and without exposing the Councils and our partners to unnecessary risk. The programme plan has had to take account of developing a new Payroll system and also allowing business as usual activities using the live Finance system to continue in parallel.

5.11 Taking this into account, our programme management advisers Ameo have now advised the Programme Board that the previously reported timeline for the implementation of the HR and Payroll components of the Unit4 ERP solution should be revised to ensure a safe implementation. The revised programme for this remaining element of the programme has been approved by Programme Board, and is summarised as follows:

	Milestone Activity	Outcomes	Target Completion	Progress Update
8	Build and unit test of remaining HR functionality and all payroll functionality	<ul style="list-style-type: none"> This would be a build and first level of testing of all defects and change for the remaining HR functionality and Payroll 	Aug 2020	<ul style="list-style-type: none"> Complete
9	Integrated System Test remaining HR functionality and all payroll functionality	<ul style="list-style-type: none"> An end to end test of the functionality to ensure it works and no unintended or cross functional issues are present A change to the previous approach to test to a greater extent before end users are involved 	November 2020	<ul style="list-style-type: none"> Complete

	Milestone Activity	Outcomes	Target Completion	Progress Update
10	Data Migration activity to support HR and Payroll testing	<ul style="list-style-type: none"> Data is extracted from the existing Oracle system, transformed and loaded into the test Unit4 ERP system, reconciled to ensure quality, and prepared for testing activity 	March 2021	<ul style="list-style-type: none"> Delayed to April 2021 due to data migration challenges (see paragraph 5.9)
11	User Acceptance Test of the remaining HR functionality and all payroll functionality across both Councils	<ul style="list-style-type: none"> The final test that the solution will meet users' requirements from day 1 and ensure all activities can be complete to maintain Council operations Further sample testing of finance functionality will be required to ensure it continues to operate after 2nd go-live 	June 2021 (was February 2021)	<ul style="list-style-type: none"> Underway
12	Payroll Parallel Run (PPR) for all payroll functionality across both Councils	<ul style="list-style-type: none"> A Payroll Parallel Run is the process of comparing the results of the current Oracle payroll with the new Unit4 ERP payroll to ensure it is being accurately calculated by the new system 	August 2021 (was March 2021)	<ul style="list-style-type: none"> "Pre PPR" testing is underway
13	Training and Business Change completed for remaining HR functionality and all payroll functionality	<ul style="list-style-type: none"> Alongside technical development of the new system, new business process, training and stakeholder engagement activities will be delivered to ensure users are ready to work with the new system and will adopt any new ways of working 	August 2021 (was March 2021)	<ul style="list-style-type: none"> Replanning activity complete (see below)
14	Go-Live for remaining HR functionality and all payroll functionality	<ul style="list-style-type: none"> Final snapshot of data uploaded to the system and employees / system users migrated 	August 2021 with first payroll run in September (was March 2021 for April payroll)	

	Milestone Activity	Outcomes	Target Completion	Progress Update
15	“Hypercare”	<ul style="list-style-type: none"> • Hypercare is a period of heightened support from the programme team to ensure any go live issues are resolved at pace • The support team gradually take over the day to day support 	October 2021 (was May 2021)	
16	Programme Closure	<ul style="list-style-type: none"> • A post implementation review following the second go-live is undertaken • All programme artefacts are documents and stored securely for future use and programme team are stood down 	October 2021 (was May 2021)	

5.12 The amended dates indicated above have changed since the last report to this Committee, in accordance with the latest approved programme plan.

5.13 It is noted that the remaining implementation of the payroll element of the solution is highly complex and requires the careful management of several key risks and challenges (outlined at section 11 below). The programme is mindful of assurances provided to members of this Committee previously that the implementation of payroll would prioritise safety over speed, and continues to monitor the target dates set out above to ensure they remain achievable while maintaining an acceptable exposure to risk. Any challenges arising which require change to the proposed timeline will be raised with Members as they are identified.

5.14 The programme plan currently allows for the go-live timeline set out in the table above, recognising that there continue to be significant challenges to manage. However, it is clear from dialogue with schools users that this timeline, with the solution launch coinciding with the start of the new academic year, presents specific challenges and concerns for this user community. The programme will continue to engage with schools and will review the appropriateness of the proposed timeline above in this context. Any impact on the proposed programme timeline will be reported to Members in due course.

5.15 The impact on the Best4Business programme budget of the revised timeline for delivery of the HR and Payroll element of the solution is noted at paragraphs 5.21 to 5.27 below.

Training and Business Change

5.16 Alongside ongoing activities to prepare for the recent Finance “go live” and to thoroughly test the HR and Payroll elements of the system, a range of training and business change activities have been and continue to be undertaken, to ensure the Councils and our partners were well prepared for the Finance launch, and continue to prepare for the planned HR and Payroll go-live date for the new system.

5.17 The initial focus of the Training and Business Change workstream since the previous report to this Committee was to support the launch of the Finance element of the new system. Key successes during the launch of the new system included:

- The programme supported an entirely “remote” system launch, with the programme team working from home and supporting the wider user base who were also largely based at home;
- Hundreds of “cutover” tasks were communicated to and delivered by the business to support the solution launch;
- A range of business processes were redesigned to optimise business activities when using the new system and to support user training, including “interim” processes to allow the dual running of Unit4 ERP and Oracle;
- Training delivery, originally planned to include face to face classroom training for some users, was reconfigured to allow delivery entirely remotely;
- Multiple training “channels” were utilised to deliver training to all users, including online classroom training, online conferences, eLearning courses, “quick reference” cards, and video guides;
- A specific online “microsite” was established as a repository for all training material and also a library of frequently asked questions;
- Regular communications and engagement activities were carried out with all stakeholders across multiple channels; and
- A new solution support team was designed, recruited, trained, and in place to support the new system launch.

5.18 The programme has carried out a “lessons learned” review of the successes and learning points arising from the training and business change approach to supporting the first go-live. Key learning points arising include:

- Ensure the network of “change champions” across the two Councils and partner organisations are given as many opportunities as possible to develop their skills and knowledge, so that they are in an optimal position to support their colleagues and to take pressure of the central support team;
- Consider specifically the needs of the schools community as a specific stakeholder group, to maximise their opportunities to engage with the training materials and communication channels being provided;
- Engage regularly with senior managers across the Councils and partners, to ensure they are fully cognisant and supportive of the approaches taken to training and business change, and are able to reinforce these approaches throughout their teams; and
- As the training strategy focusses on online training delivery for the majority of end users, ensure the mechanisms allowing users to engage with online material are as intuitive and accessible as possible, and consider whether any specific opportunities for face-to-face training should be explored as COVID restrictions begin to ease.

5.19 A high level summary of training and business change activities planned to support the delivery of the remaining HR and Payroll solution is set out below:

	Subject	Activities
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	Subject	Activities
1	Training	<ul style="list-style-type: none"> • Conferences for Councils, schools, companies • Virtual face to face training delivery • Change champions training • Window for online training for all users
2	Communications	<ul style="list-style-type: none"> • Change champion network refresh • Ongoing comms and engagement throughout launch • Maintain “microsite” information repository
3	Cutover	<ul style="list-style-type: none"> • Review and update detailed cutover plans and guides • Management of cutover process to support second go live
4	Schools	<ul style="list-style-type: none"> • Impact assessment of new HR and Payroll processes • Review of Academy approval hierarchy design • Engagement and readiness sessions prior to launch
5	Council Companies	<ul style="list-style-type: none"> • Impact assessment of new HR and Payroll processes • Engagement and readiness sessions prior to launch
6	Support	<ul style="list-style-type: none"> • Transition of HR and Payroll support resources into team • Finalise proposals for permanent team structure
7	Business Processes	<ul style="list-style-type: none"> • Update process documentation • Carry out impact assessments arising from new processes • Communicate processes to relevant business owners • Handover processes to “business as usual”

5.20 Members will receive regular updates on ongoing training and business change activities as part of ongoing reporting to this Committee.

Programme Budget

5.21 Forecast remaining programme spend for the financial year 2020/21 was previously reported to be £5.04m during 2020/21, of which £0.04m was expenditure attributable to COVID-19 delays.

5.22 The remaining payroll implementation is continuing into the financial year 2021/22. Revised forecast expenditure based on the approved programme plan described at para 5.11 is as follows:

Programme Spend	Previously reported £m	Financial Year (actual) 20/21 £m	Financial Year (forecast) 21/22 £m	Total forecast £m
Retained element for asset purchase	0.25	0.00	0.25	0.25
Estimated payments to software provider	1.90	2.44	0.15	2.59
Programme Management costs	2.31	2.34	0.45	2.79
Other (including training)	0.58	0.35	0.20	0.55
Less: chargeable to COVID	(0.04)	(0.06)	(0.14)	(0.20)
Less: costs charged outside programme	0.00	(0.27)	0.00	(0.27)
Total	5.00	4.80	0.91	5.71

- 5.23 As reported in June 2020, the spend on the programme up 31st March 2020 was £18.46m. With the additional £5.71m spend forecast for the previous and current financial year, the overall projected total spend for the programme is £24.17m.
- 5.24 Both Councils have made available funding sufficient to accommodate the remaining costs of the programme as outlined above. Both Councils will continue to fund an equal share of remaining costs. Some elements of the cost of the remaining programme relate to COVID-19 challenges and will be charged to appropriate COVID contingency funds.
- 5.25 Any further changes to the programme timeline, for example as a consequence of the concerns raised by stakeholders in our schools as described at para 5.14, will inevitably result in additional costs being incurred. Should this arise, a further report will be brought to Members on the affordability of the programme resulting from any proposed change to the remaining implementation timeline.
- 5.26 There is continuing ongoing dialogue as to the cause of previously reported delays to the programme plan reported in November 2020, and the associated costs between the Councils and the provider.
- 5.27 Additionally, some costs are being incurred within the Councils to support the delivery of this programme. Directors in each Council have agreed to absorb the costs of Council staff within their own budgets, subject to a cost sharing mechanism between the Councils as agreed by this Committee in November 2019. These will be reported to members as part of the regular financial reporting within the Councils.

6.0 Member oversight of the programme

- 6.1 Member oversight of the programme remains key to its success. The table below summarises key member engagement events which have taken place during 2020 and which are planned for 2021:

Date	Meeting
Shared Services Joint Committee	
24 January 2020	Update report
26 June 2020	Update report
25 September 2020	Update report
27 November 2020	Update report
19 February 2021	Update report
12 March 2021	Update report
11 June 2021	Update report
Shared Service Committee Members Briefings	
24 February 2020	Briefing of Shared Services committee members ahead of the 'contract signing'
4 May 2020	Progress update to Shared Services Members

Date	Meeting
14 September 2020	Progress update to Shared Services Members
Joint Scrutiny Working Group	
Joint Scrutiny Working Group 13 February 2020 (working group formed of 3 Members from each of the Councils' O&S committees)	Update on progress on programme review and commercial dialogue
15 May 2020	Progress update and update on Change Management and Testing strategies. Agreement to future work programme.
23 November 2020	Progress update
18 February 2021	Review Finance go-live
To be scheduled for September 2021	Review of HR and Payroll go-live
TBC	Post implementation review
Scrutiny Committees	
Cheshire West and Chester Scrutiny Committee - 11 March 2020	Progress update
Cheshire East Corporate Scrutiny Committee – 4 June 2020	Progress update
Cheshire East Corporate Scrutiny Committee – 26 November 2020	Verbal update
Cheshire West and Chester Scrutiny – 21 January 2021	Briefing note in lieu of Committee meeting
Cheshire East Corporate Scrutiny Committee – 8 April 2021	Verbal update
Cheshire West and Chester Scrutiny Committee – 7 June 2021	Feedback on published SSJC report

6.2 An update will continue to be provided to each meeting of the Shared Service Joint Committee.

7.0 Wards affected

7.1 The implications of the recommendations in this report are borough-wide for both Councils.

8.0 Policy implications

8.1 There are no policy implications arising from the recommendations in this report.

9.0 Financial Implications

9.1 The budget implications of the programme are noted at paragraph 5.21 to 5.27.

10.0 Legal Implications

- 10.1 Each Council entered into a contract with Agilisys for the ERP System. Cheshire East Council are responsible the managing the contract through the implementation phase for both Councils. The Councils entered into a Deed of Variation with Agilisys to reflect the reset of the programme. Under the Deed of Variation, monthly works orders are agreed with Agilisys, setting out the services to be provided by them and the cost of the relevant resources. The estimated forecast for future works orders has been revised in accordance with the revised proposed programme plan set out in this report, and the estimated costs of the remaining works orders are included in the budget update at paragraphs 5.21 to 5.27. No changes to the Deed of Variation itself are required.
- 10.2 A comprehensive Inter Authority Agreement (IAA) was entered into by both Councils, at the time the original contracts were agreed with Agilisys. The IAA ensures that each Councils' obligations to the programme are documented and ensures that Cheshire East Council are in a position to meet their contractual obligations on behalf of both Councils during the implementation phase. The IAA was updated when the Deed of Variation was entered into to reflect the reset of the programme, and will be updated to reflect the rephrasing of the remaining programme plan set out in this report.
- 10.3 Following implementation, each Council's ongoing operational management of the system will be managed through the separate contracts with Agilisys.
- 10.4 Cheshire East entered into a contract with programme management advisors Ameo on behalf of both Councils. The costs of the agreement with Ameo are shared equally between the Councils through the IAA. The revised proposed programme plan has resulted in additional programme management costs being forecast. In line with the revised programme plan approved by Programme Board, the related milestones in the contract with Ameo have been revised to reflect the amended deliverables and timelines. The estimated costs of the remaining deliverables are included in the budget update at paragraphs 5.21 to 5.27.
- 10.5 Cheshire West & Chester entered into a contract for change management support with Augere Ltd on behalf of both the Councils. The costs of the agreement with Augere are shared equally between the Councils through the IAA. The contract with Augere has been reviewed in line with the revised programme plan, with additional forecast costs included in the budget update at paragraphs 5.21 to 5.27.

11.0 Risk management

- 11.1 The programme has a detailed risk register which is monitored regularly. The main risks to the delivery of the programme at the time of reporting are:

Risk	Severity	Mitigation	Post mitigation severity
<ul style="list-style-type: none"> Data migration issues delaying delivery of user acceptance testing, impacting on programme critical path to second go live. 	Red	<ul style="list-style-type: none"> Additional data migration “cycles” prior to go live, to refine the process. Additional Council resources supporting user acceptance testing to recover lost time. 	Amber
<ul style="list-style-type: none"> Timing of planned HR and Payroll training and second go live date, relative to end of current academic year and start of next academic year, causing challenges for schools. 	Red	<ul style="list-style-type: none"> Engagement with Directors of Education to develop acceptable timeline and approach, with appropriate communications to schools. 	Amber
<ul style="list-style-type: none"> Support team capacity to continue to deal with service queries from the user base while preparing to support the second go live may be insufficient. 	Amber	<ul style="list-style-type: none"> Monitor ongoing workloads Temporary additional resources secured to supplement support team during remainder of programme. 	Amber
<ul style="list-style-type: none"> User engagement with training strategy focus on online training may be insufficient, leading to greater demand on support team post go live and failure of users to adopt new processes. 	Amber	<ul style="list-style-type: none"> Review options to i) reinforce existing strategy and communicate accordingly, or ii) assess cost of introducing additional people-led engagement sessions. 	Amber
<ul style="list-style-type: none"> Early challenges arising from operational service provision (Agilisys / Unit4), including process for managing service incidents, quality of contractual reporting processes, and management of technical processes for maintaining different versions of Unit4 ERP for live and testing purposes. 	Amber	<ul style="list-style-type: none"> Regular feedback via Agilisys through formal contract management mechanisms and ongoing dialogue. Finalise service management processes which meet Council expectations. 	Amber

12.0 Access to Information

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

: *Mark Wynn*
: *Best4Business Programme Sponsor*
: *Tel No: 01244 972890*
: *Email: mark.wynn@cheshirewestandchester.gov.uk*

: *Frank Jordan*
: *Best4Business Programme Sponsor*
: *Tel No: 01270 686640*
: *Email: frank.jordan@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*