CHESHIRE EAST COUNCIL
CHESHIRE WEST & CHESTER COUNCIL

REPORT TO: SHARED SERVICES JOINT COMMITTEE

Date of Meeting: 21 January 2022

Report of: Jane Burns, Executive Director Corporate Services, 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 November 2021.

1.2   The report provides an update to Members of the Committee on the following key areas:

- Update on the second programme go live and system launch;
- Update on next steps leading to programme closure;
- 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   Note the successful transfer of all remaining payroll activity to the new Unit4 ERP system in December;

2.2   Note the progress with activities leading to formal closure of the Best4Business programme;

2.3   Note the reported financial position of the programme; and

2.4   Note the remaining 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 status of 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 have received reports during 2021, on 19 February, 11 June, 23 July (held as an informal Committee), 24 September, and 26 November.

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 post go-live, the programme budget, and continuing arrangements for Member oversight of the programme.

5.0 Programme Update

HR and Payroll "Go Live"

5.1 At previous meetings of this Committee, members have been presented with a summary of the key programme plan dates for the remainder of the implementation of the Unit4 ERP solution, with the go-live of the new system being phased across two different dates for different "modules" of the system. Key milestone dates in the approved plan relating to the second of the two "go live" dates, and their current status, are as follows:

	Milestone Activity	Outcomes	Target Completion	Progress Update
8	Build and unit test of remaining HR functionality and all payroll functionality	• Build and first level of testing of all defects and changes for the remaining HR and Payroll functionality	August 2020	• Complete
9	Integrated System Test remaining HR functionality and all payroll functionality	• An end to end test of the functionality to ensure it works and no unintended or cross-functional issues are present	November 2020	• Complete

	Milestone Activity	Outcomes	Target Completion	Progress Update
10	Data Migration activity to support HR and Payroll testing	• 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 or live cutover activity as required	Multiple rounds of testing to September 2021	• Complete
11	User Acceptance Test of the remaining HR functionality and all payroll functionality across both Councils	• Testing to ensure all required processes can be completed • Go live critical tests to be completed by August with further round of lower priority testing into September	September 2021	• Complete
12	Payroll Parallel Run for all payroll functionality across both Councils	• A Payroll Parallel Run is the process of comparing the results of the current Oracle payroll with the new Unit4 ERP payroll to ensure the new system is calculating payroll accurately	September 2021	• Complete
13	Training and Business Change completed for remaining HR functionality and all payroll functionality	• 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	October 2021	• Complete
14	Go-Live for remaining HR functionality and all payroll functionality	• Final snapshot of data uploaded to the system and employees / system users migrated	November 2021 for initial payrolls / December 2021 for remaining payrolls	• Complete (see below)

	Milestone Activity	Outcomes	Target Completion	Progress Update
15	"Hypercare"	• 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	December / January 2021	• Underway
16	Programme Closure	• A post implementation review following the second go-live is undertaken • All programme artefacts and documents are stored securely for future use and programme team are stood down	April 2022	• Underway • Preparation for technical programme closure is in hand

5.2 Members have previously been informed that the Programme Board approved the launch of new HR and Payroll functionality in advance of November 2021's payroll, and that payroll payments for Pensioners, Academies and Externals were successfully processed using Unit4 ERP for November.

5.3 The more complex Council payrolls (including Council staff and employees of Council-owned companies) were processed using the legacy Oracle system for November, allowing additional time for resolution of outstanding issues. These payrolls were processed as planned using the new Unit4 ERP system in December, representing a further 16,000 or 33% of payroll recipients being paid using the new system. This completes the transfer of live system activity from the legacy Oracle system.

Training and Communications

5.4 A range of training and business change activities have been undertaken, to ensure the Councils and our partners were prepared for the HR and Payroll go-live. Where appropriate these activities are continuing and will be taken forward as necessary as part of "business as usual" solution support:

	Subject	Activities
1	Training	• The formal training programme in support of the solution launch is complete • The network of Change Champions remains in place and is providing day to day advice and guidance to their service areas on best practice and resolving practical system queries and challenges • All online training material remains available to end users • The central Governance & Support team review requests for support arising from end users (including Council staff, Council owned companies, schools and academies) and will identify

	Subject	Activities
		the most appropriate mechanisms for ensuring the skills base amongst the end user community is maintained and refreshed
2	Communications and Stakeholder Engagement	• Communications to end users are continuing on a regular basis or in response to specific issues, and are being managed at present as a continuing programme activity • Regular updates for Members have been issued throughout the go live period and will continue until programme closure.
3	Cutover	• Cutover activities are now complete
4	Council Companies	• Specific go-live engagement activities with Council Companies are complete
5	Schools	• Specific go-live engagement activities with schools are complete
6	Business Processes	• Ownership of business processes, and any outstanding queries relating to specific processes at go live, has been handed over to nominated business process owners within the Councils

6.0 Programme Budget

6.1   Current forecast programme expenditure is as follows:

Programme Spend	Previously forecast 20/21 and 21/22 expenditure £m	Financial Year (actual) 20/21 £m	Financial Year (estimated 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	3.03	2.44	0.64	3.08
Programme Management costs	3.18	2.34	0.84	3.18
Other (including training)	0.54	0.35	0.19	0.54
Less: chargeable to COVID	(0.20)	(0.06)	(0.14)	(0.20)
Less: costs charged outside programme	(0.27)	(0.27)	0	(0.27)
Total	**6.53**	**4.80**	**1.78**	**6.58**

6.2   Both Councils have made available funding sufficient to accommodate the overall costs of the programme as outlined above. For Cheshire West & Chester, funds have been set aside in an earmarked reserve as part of the 2020-21 outturn report and approval has been sought as part of mid year reporting to draw an appropriate level of funding down. For Cheshire East, capital funding, which has already been approved to support Core ERP systems during 2021-22, has been identified and will be transferred as necessary to the main B4B programme. Both Councils will continue to fund an equal share of programme costs. Some elements of the cost of the remaining programme relate to COVID-19 challenges and will be charged to appropriate COVID contingency funds. A final review of programme expenditure will be carried out and reported as part of the programme lessons learned review referred to in the following section.

6.3   There is 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. Further dialogue has been initiated regarding certain charges and additional delays. The programme is looking to resolve these issues as part of overall programme closure.

6.4   Additionally, as reported previously some costs have been 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.

7.0 **Programme closure process**

7.1   The programme is now drawing towards its conclusion. The programme team are preparing for the initial technical closure of the programme, with formal full closure following planned to be achieved at a later point.

7.2   The key outcomes which will be delivered in order to achieve technical programme closure are:

Activity	Status
Finalise reconciliation and adjustment activity for December payroll	Complete
All staff to be paid from Unit4 ERP for December payroll	Complete
Support the upgraded system in "hypercare" mode until it is assessed as ready to move into "business as usual" – expected to take until into the new year, and with a formal hypercare exit decision required;	Review of hypercare exit criteria and decision on formal exit of hypercare schedule for Programme Board on 27 January 2022
Programme management support resources from Ameo, and software delivery resources from Agilisys, cease involvement and leave the programme team	Resources required from Ameo and Agilisys to support programme closure have been approved by Programme Board with appropriate contractual arrangements in place.
Most seconded Council employees who have formed part of the programme team return to their substantive roles within the Councils	Transfer of the majority of the programme team back to business as usual roles has either been achieved as at end of December 2021 or is taking place during January 2022.

7.3   Having achieved technical programme closure, final activities required prior to formal programme closure include:

- Programme management records and documentation are finalised and archived;
- Post implementation review carried out and reported to Programme Board;
- Any remaining seconded Council employees who have formed part of the programme team return to their substantive roles within the Councils.

7.4   From the point of programme closure, the Unit4 ERP system will operate entirely in "business as usual" mode. Key points to note in this respect include:

- Council support activity for the system will be delivered entirely by the Councils, led by the Governance & Support team and the ICT Service Desk, and supported by other key corporate service areas including Finance and HR;
- Most elements of the system continue to be hosted by the software provider Unit4;
- Third party support and maintenance is provided via each Council's ongoing support contract with Agilisys – this includes external helpdesk support and fixes for any faults or errors arising during live operations;
- Regular upgrades and updates to the system will be made available by Unit4 and applied to our live system as part of contractual support arrangements;
- Performance against the service contracts will be reported by Agilisys and overseen and managed by the Governance & Support team;
- Any changes to the built system required by the Councils will be delivered as a contractual change and will come at additional cost.

7.5   In addition, a formal lessons learned review will be undertaken, to be overseen by the Joint Committee and Scrutiny members. The terms of reference for the review will be agreed by those Members. The results of the review will be reported to the relevant Member bodies in both Councils.

8.0 Member oversight of the programme

8.1   Member oversight of the programme has been key to its success. The table below summarises key member engagement events which have taken place during 2021 and which are planned for 2022:

Date	Meeting
Shared Services Joint Committee	
19 February 2021	Update report
12 March 2021	Update report
11 June 2021	Update report
23 July 2021	Update report (informal)
24 September 2021	Update report
26 November 2021	Update report
21 January 2022	Update report
25 March 2022	Update report
To be scheduled for early Financial Year 2022/23	Programme closure report
Joint Scrutiny Working Group	
18 February 2021	Review Finance go-live
31 August 2021	Update report
1 November 2021	Review of HR and Payroll go-live

Date	Meeting
To be scheduled for early Financial Year 2022/23	Post implementation review
Scrutiny Committees	
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
Cheshire West and Chester Scrutiny Committee – 15 November 2021	Feedback from Joint Scrutiny Working Group held on 1 November 2021
Cheshire East Policy Committee – 10 February 2022	Feedback from Joint Scrutiny Working Group held on 1 November 2021
Cheshire West and Chester Scrutiny Committee – tbc 2022	Feedback from Joint Scrutiny Working Group to be held early in Financial Year 2022/23
Cheshire East Policy Committee – tbc 2022	Feedback from Joint Scrutiny Working Group to be held early in Financial Year 2022/23

8.2   In addition, regular all-Member briefings have been produced since October. An update report will be provided to the next meeting of the Shared Service Joint Committee.

9.0 Wards affected

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

10.0   Policy implications

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

11.0   Financial Implications

11.1   The budget implications of the programme are noted at section 6 to this report.

12.0   Legal Implications

12.1 Each Council entered into a contract with Agilisys for the ERP System. Cheshire East Council are responsible for 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, work packages are agreed with Agilisys, setting out the services to be provided by them and the target price of the relevant resources, which are priced in accordance with the mechanism contained in the Deed of Variation provided that the Councils responsibilities and dependencies are met. The cost of current works orders has been reflected in the budget update in section 6.

12.2 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

Council's 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. A further update to reflect the final phasing of the programme and associated costs, and handover to business as usual, has been scheduled.

12.3 Following implementation, each Council's ongoing operational management of the system will be managed through the separate contracts with Agilisys.

12.4 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 current cost of programme management support has been reflected in the budget update at section 6.

12.5 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. Contracted costs with Augere have been included in the budget update at section 6.

13.0   Risk management

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

Risk	Previously reported severity	Mitigation	Post mitigation severity
• November pay differences for Councils and Council-owned companies require further reconciliation and resolution prior to December payroll	Red	• Now resolved – December payroll has been paid for all recipients using Unit4 ERP	Closed
• Delaying access to some system functions to enable continued payroll reconciliation activity will mean users cannot input until later in November.	Amber	• Now resolved – system access fully rolled out	Closed
• Staff wellbeing – post programme delivery and resolution of ongoing business as usual challenges continues to place some individuals under pressure	Amber	• Close monitoring and engagement with individuals • Planning for end of programme and utilisation of outstanding leave and flexi balances	Amber
• Forecasting module support model is outside existing contractual arrangements and requires definition	Amber	• Workshops planned to work through responsibilities and relationships • Contractual amendment required	Green
• Residual programme planning – programme being managed in an agile manner to completion	Amber	• Regular programme leadership reviews of activities and deadlines prior to programme closure	Green

14.0   Access to Information

14.1 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
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