

## **Corporate Policy Committee**

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<b>Date of Meeting:</b>	6 October 2022
<b>Report Title:</b>	Best4Business – Lessons Learned Review
<b>Report of:</b>	Jane Burns, Executive Director of Corporate Services
<b>Report Reference No:</b>	CP/18/22-23
<b>Ward(s) Affected:</b>	All

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### **1. Purpose of Report**

- 1.1** The Best4Business Programme was jointly commissioned and implemented by Cheshire East and Cheshire West and Chester Councils. It is a complex business change programme which replaced a legacy Oracle solution with a new system for Finance and Procurement and HR and Payroll, called Unit 4 ERP.
- 2.1** As part of the agreed programme governance, a Lessons Learned Review was commissioned by Members of both councils, to support a recommendation to close the programme and to ensure the lessons learned are captured and taken forward into future schemes. A comprehensive report was considered by the Shared Services Joint Committee on 23 September 2022.
- 2.2** This report provides the Corporate Policy Committee, as the parent committee for the Shared Services Joint Committee for Cheshire East Council, with the outcomes from the review and invites any further reflections and feedback.

### **2. Executive Summary**

- 2.1** The Best4Business programme is a complex, multi-year business change programme commissioned by Cheshire East and Cheshire West and Chester Councils in 2016. It replaced the Oracle e-Business Suite which had been in place for over 15 years, before the two Cheshire unitary councils were set up. This had become heavily customised and increasingly costly to

maintain. The supplier was also planning to cease support for the system. Both councils needed to move to modern web-based technology, externally hosted in the cloud. This new system aimed to be a catalyst for business modernisation through a 'simple, standard, shared, self-service' approach which would realise savings and efficiencies.

- 2.2** Appendix 1 gives a brief history of the B4B Programme.
- 2.3** The governance of the programme has been overseen by Members and officers of both Councils, as outlined in Appendix 2.
- 2.4** The Lessons Learned Review was commissioned by Members. Members and officers participated in a 'scrutiny in a day' event on 1 August 2022 which was facilitated by the Centre for Governance and Scrutiny. This allowed for an intense piece of work to be carried out in depth and at pace. Participants received a comprehensive pre-event briefing to cover key milestones and decisions points.
- 2.5** Participants were encouraged to reflect on the challenges and the successes under four headings: - the procurement decision, Phase 1 and the Programme pause, implementation Phase 2, Go Live and Programme Closure.
- 2.6** The outcomes of the review are attached at Appendix 3. The assurance statement from the Centre for Governance and Scrutiny is attached at Appendix 4.

### **3. Recommendations**

- 3.1** To note the key lessons and recommendations arising from the review;
- 3.2** To note that a final budget reconciliation report will be issued once the outstanding minor commercial and programme closure issues are resolved and final programme costs are confirmed; and
- 3.3** To request a report back on the practical actions being taken to address the lessons learned and recommendations.

### **4. Reasons for Recommendations**

- 4.1** This report provides information to the Committee to enable them to review the lessons learned following completion of the B4B programme to implement a replacement Finance and HR system for both Councils.

## 5. Other Options Considered

5.1 Not applicable.

## 6. Background

6.1 As part of the lessons learned review, Members reviewed key elements of the original approved business case, and the experience in delivering these elements as part of the Best4Business programme. These elements are set out in the tables below.

6.2 The first element of the business case was the overall “case for change”, i.e. the rationale for changing the system itself and the anticipated benefits of the new system:

Theme	Original business case	Outcomes
Case for change	<ul style="list-style-type: none"><li>• Replace aging Oracle solution and associated hardware – “do nothing” option not available</li><li>• Modernisation opportunity – “cloud first” approach to system hosting and support</li><li>• Ease of access to information held in system –more engaged workforce</li><li>• Flexible licencing model</li><li>• Flexible and mobile working opportunities</li></ul>	<ul style="list-style-type: none"><li>• Oracle product and hardware has been replaced</li><li>• Modern cloud-hosted solution implemented (mainly hosted by Unit4)</li><li>• Reporting capabilities have improved – but recognised that more work is needed</li><li>• Support costs are now driven by user numbers with flexibility</li><li>• Still work to do on mobile working / other modernisation opportunities</li></ul>

6.3 The above table shows that by implementing our chosen system the programme has achieved what was expected in the “case for change” – with some further work, currently in hand, to ensure the reporting requirements are completed. There are also further enhancements to be considered to allow fully modernised and flexible ways of working.

6.4 The second element of the case for change was to consider the approach taken to delivering the business case:

Theme	Original business case	Outcomes
Approach	<ul style="list-style-type: none"><li>• OJEU-compliant procurement process</li><li>• Standardised best process solution</li></ul>	<ul style="list-style-type: none"><li>• Compliant procurement - albeit with single bidder outcome</li><li>• Initial supplier-built solution required further changes – minimal differences between East and West Councils</li></ul>

<ul style="list-style-type: none"> <li>• Use of third-party expertise</li> <li>• Strong governance including Members</li> </ul>	<ul style="list-style-type: none"> <li>• Greater use of third-party expertise in second phase led to success</li> <li>• Strong programme governance model</li> </ul>
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**6.5** Overall the procurement was robustly managed and compliant, but the Councils believe they may wish to give more consideration to any future procurements where the process leads to a single bidder. There was also consideration as to whether, as part of major programmes in the future, third party implementation expertise should be brought in at the outset, as it was felt this approach clearly enhanced the delivery of this programme after the re-set.

**6.6** The third element of the case for change was to consider the financial element of the business case:

Theme	Original business case	Outcomes
Financials	<ul style="list-style-type: none"> <li>• Forecast savings: £2.1m annually</li> <li>• Anticipated cost of change resulting from procurement exercise: £11.8m</li> </ul>	<ul style="list-style-type: none"> <li>• Savings achieved: £1.7m annually</li> <li>• Cost of change - £25.1m programme cost (Phase 1: £11.5m &amp; Phase 2: £13.6m)</li> </ul>

**6.7** Note that the stated programme cost is as at the time of reporting. A final budget reconciliation will be provided during financial year 2022/23 when all cost and commercial/legal elements have been confirmed.

**6.8** The main lessons arising from the review can be summarised as follows:

### Strategy

- Establish a procurement and implementation strategy which draws on external expertise and which anticipates market and supplier responses to the process.
- Seek feedback from as many sources as possible on prospective suppliers, including evidence of delivery, in a scenario where supply is limited.

### Resourcing

- Engage trusted third-party advisors to the Council from the outset of a potentially complex delivery programme. Assess the internal skills which are available, assign internal resources and agree what is needed from third parties to supplement those skills.
- Ensure the role of Members in overseeing a major change programme is clearly defined and that appropriate training is provided where required.

- Ensure appropriate and balanced resourcing of major programmes across all organisations involved.
- Ensure programme plans are adequately resourced to allow team members to contribute appropriately to all delivery workstreams.
- Ensure programme continuity for changes in key personnel.

### **Requirements**

- Ensure defined requirements cover all aspects of the required solution, including functional and technical requirements, implementation requirements, business change requirements, and business as usual support requirements.

### **Supplier relationship**

- Ensure clear definition and understanding of programme delivery roles.
- Build time into programme plans to allow for thorough initial solution validation/expectation exchange between the supplier and the customer, and allow time for changes to the anticipated solution if required before proceeding with delivery.
- Ensure delivery and support contracts anticipate delay, disagreement and failure, and contain pragmatic mechanisms to allow timely resolution without immediate recourse to legal processes.
- Ensure any programme plan is appropriately approved, owned and managed by the Councils, utilising appropriate third-party expertise as required.

### **Delivery**

- Ensure a rigorous focus on go-live critical priorities at all times, while being mindful of the impact of delaying delivery of lower priority outcomes on the business case and on end users.
- When testing a new solution, ensure testing approaches and required resources are defined in advance and agreed with the solution supplier.
- In the case of IT system delivery programmes, ensure key technical processes such as interfaces between systems and data migration are fully understood and tested prior to go-live.

### **Business change and training**

- Ensure the approach to business change, communication and engagement and training is appropriately resourced. Ensure the change team have access to the technical delivery teams as required, and that the change team engage fully with all impacted user groups prior to go-live.
- Ensure that end user training is holistic and addresses all aspects of system and process change that end users need to be aware of, and ensures that the needs of specific user groups are considered when planning content and delivery.

## Support

- Where a new solution will require a detailed technical understanding by those providing post go-live support, ensure the programme/ support team are actively involved in the process of building the new solution.
- Ensure support arrangements for end users are communicated well in advance of go-live and are appropriately resourced to allow effective servicing of likely post go-live support demands, particularly if new arrangements contain known defects or issues at go-live.
- Give consideration to the role of Members as a stakeholder group with a role to play during the launch of a major system, process or service, and provide them with appropriate briefing which will allow them to provide appropriate support.

**6.9** The detailed report at Appendix 3 sets out, for each phase of the review, the key successes achieved by the programme, the main challenges faced and the lessons learned for future programmes and projects arising from the phase.

**6.10** Building on the key lessons identified from this review, the components of a successful programme of this nature which will be built into future best practice can be summarised as follows:

- Use of expert advice from the outset, supplementing internal resources with appropriate third-party skills and experience.
- Robust governance throughout major programmes, including appropriate Member involvement based on best practice.
- Appropriately balanced resources from all organisations involved, at leadership and delivery levels.
- Opportunities to ensure a robust and shared understanding of the nature of the solution required and proposed by all parties.
- Independent readiness / assurance assessments at key decision points, supported by Member briefing and involvement.
- Strong supplier management, with Council resources supported by experienced external advisors.
- Business change embedded from requirements through to completion, with involvement of key stakeholder groups and an approach which delivers cultural change. Relentless communications and engagement.
- On longer-running programmes, mechanisms for managed on-boarding and off-boarding resources to provide continuity and consistency.

**6.11** In order to ensure the lessons from this programme and this review are appropriately embedded into the delivery of future programmes of this scale, the Councils will take the following steps:

- Immediately share the lessons documented in this report with Council teams involved in current and future project and programme delivery and require teams to carry out an immediate gap analysis against their current plans and delivery mechanisms, to identify any immediate changes which may be required.

- Provide a report to each Council's senior leadership team, setting out key lessons learned and actions to ensure lessons are embedded in future practice.
- Engage with the teams within each Council responsible for defining best practice in relation to programme delivery, to ensure the lessons from this programme are built into standard guidance which will be utilised by future delivery programmes, ensuring these lessons become part of good practice.
- Engage with the Internal Audit teams within each Council, to share the lessons from this programme and ensure appropriate assurance checks are built into future independent reviews of major programmes by the Audit functions.

## **7. Consultation and Engagement**

- 7.1** There has been engagement with Members of the Shared Services Joint Committee and the B4B Joint Scrutiny Task Group. Officers involved in the programme have contributed towards the review through observations of the challenges and successes.
- 7.2** As set out in paragraphs 6.3 and 6.8, there has been important learning in relation to user experience. We are acutely aware of the impact of the changes brought about by this change. Additional support has been and will continue to be provided to users of Transactional Services who deliver the shared service on behalf of both councils, ASDVs, some schools and academies. Whilst progress has been made since the summer and the system itself is stable, there is more work to do to respond to all outstanding issues, to improve users experience and to build their confidence in using the new system. We will continue to listen to and respond to their feedback over the coming months.

## **8. Implications**

### **8.1 Legal**

Contract and procurement: The legal implications relating to the post go-live relationships between Cheshire East Council, Cheshire West & Chester Council, Agilisys and other organisations are as set out in the previous June 2022 report to the Shared Services Joint Committee.

### **8.2 Finance**

Paragraph 6.6 refers. The financial element of the programme is complex given the duration of the project and the changing nature of the relationship with the implementation supplier. Some key financial milestones and decision points during the programme are set out below:

- At the outset, a detailed financial case was produced that estimated that the cost of implementing the new system was at £5.2m less than the “do nothing” option over the initial seven-year contract term (as reported to both Cabinets in July 2017).

- By the end of the procurement process there was only one eventual bidder, with others withdrawing during the process. A decision to award a contract was taken, with a programme cost of £11.8m estimated (as reported to both Cabinets in July 2017). This took account of external legal advice, the cost of doing nothing which still existed, and the cost of ending the procurement and beginning again, which were assumed to be an additional estimated £1.4m.
- Excluded any potential legal costs arising from the decision to cease what was a compliant procurement process, with bidders incurring costs by participating in it. There was no guarantee at the time that a revised procurement would produce a better outcome,
- The existing provider of our legacy system was still proposing to remove support, reinforcing the fact that a viable “do nothing” option did not exist.
- In the first implementation phase of the programme, some delays occurred in the timelines needed to achieve the programme milestones set out in our contract with the supplier, and extensions to the go live date were agreed, targeting November 2018 and then March 2019, at a contract cost of between £600,000 and £700,00 for each extension.
- Each extension was negotiated between the Councils and the supplier at reduced fees, taking into account an agreed apportionment of the responsibility for each delay and extension. At these points, it was likely that any decision to abandon the programme would result in legal costs arising from the resulting dispute, plus the “do nothing” cost or the cost of restarting the procurement and implementation process from scratch.
- The decision to pause and reset the programme and change the programme management arrangements in November 2019 was a significant and bold decision. It gave the Councils control of the delivery timeline and programme plan, and also importantly it transferred to the Councils ownership of the asset (the system as built at that point) itself. The estimated cost of completing the implementation on the proposed reset basis was £10.7m (as reported to both Cabinets in November/ December 2019). At this point the costs incurred to date, which would have been deemed potentially abortive costs had the programme terminated, would have been £13.9m.
- The reset programme targeted new go live dates on a phased basis rather than as a single implementation, with Finance going live in October 2020 and HR Payroll in February 2021. Programme budget was approved in support of the estimated cost of £10.7m to complete the programme.
- Due to further unanticipated complexity throughout the revised implementation process, these go live dates were extended. The first extension was for Finance to go live in February 2021 and HR Payroll in March 2021, the cost of this extension being £1m. The Finance go live date was achieved, but the HR Payroll go live date was extended again, ultimately to November / December 2021, at an additional cost of £1.5m. Additional budget approvals were secured at each stage and the programme was completed in January 2022 within approved capital and revenue budgets.
- By this stage, due to the revised relationship with the system supplier, the risk of legal challenge arising from a decision to abandon the programme was much lower. However, the sunk cost of the programme at each point

was significant, and the cost of restarting the procurement and implementation process from scratch remained a significant factor.

- As noted above, the programme has delivered £1.7m of permanent savings in the Councils' budgets across ICT, in particular licence cost and corporate services. There is further scope to seek further business efficiencies across the wider Councils, for example standardising practices and further automation in order to increase the return on investment resulting from this programme.

### **8.3 Policy**

Further consideration will be given to procurement and project management.

### **8.4 Equality**

There are no specific implications.

### **8.5 Human Resources**

The programme implemented a new HR and payroll system which has had significant implications for HR and all users.

### **8.6 Risk Management**

The programme risk register has been reviewed and closed, with relevant ongoing risks identified as part of the "transition to business as usual" plan and being managed through ongoing management activity.

### **8.7 Rural Communities**

There are no specific implications.

### **8.9 Children and Young People/Cared for Children**

The system is used by many schools and academies on a buy-back basis. There has been robust feedback about the new system which has been responded to on an individual and sector basis. Additional support sessions have been delivered and more are planned for the Autumn term. Schools have clear routes for escalation of outstanding issues.

### **8.10 Public Health**

No specific implications.

### **8.11 Climate Change**

No specific implications.

**Access to Information**

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Appendices:	Appendix 1 – timeline Appendix 2 – governance arrangements Appendix 3 – outcomes report Appendix 4 assurance statement from the Centre for Governance and Scrutiny.
Background Papers:	Regular reports to the Shared Services Joint Committee on B4B can be accessed via the Council's website.