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Cheshire East
Council

To members of the
Shared Services Joint Committee

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DATE: 1 August 2019

Dear Councillor

SHARED SERVICES JOINT COMMITTEE - FRIDAY 2ND AUGUST 2019

I am now able to enclose, for consideration at next Friday, 2nd August, 2019 meeting of the Shared Services Joint Committee, the following reports that were unavailable when the agenda was printed.

Agenda Item 10   Finance & HR System Replacement ("Best4Business") Programme (Pages 3 - 10)

Part 2
Agenda Item 12   Finance & HR System Replacement ("Best4Business") Programme (Pages 11 - 14)

Yours sincerely

Rachel Graves

Democratic Services Officer

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SHARED SERVICES JOINT COMMITTEE

Date of Meeting: 2 August 2019

Report of: Frank Jordan, Executive Director Place and Acting Chief Executive, Cheshire East Council / Best4Business Programme Co-Sponsor

Mark Wynn, Chief Operating Officer, Cheshire West & Chester Council / Best4Business Programme Co-Sponsor

Subject/Title: Finance & HR System Replacement ("Best4Business") Programme

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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.

2.0 Decisions Requested

Members are asked to:

2.1 Acknowledge the programme developments since the previous report to this Committee

2.2 Agree current programme activities intended to develop and approve a revised programme plan and go live date

2.3 Acknowledge the potential next steps as set out in the Confidential Appendix to this report

2.4 Agree that a further report should be brought to the next meeting of the Committee with an update on the revised programme

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 future Finance and HR systems.

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

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award a contract to Agilisys for the implementation of the Unit 4 Business World system.

At the meeting of 18 July 2018, members noted progress with the programme at that stage and had recommended a revised Go Live date from 3 September 2018 to 3 December 2018, due to significant issues identified during the first phase of UAT which would fail to meet the programme's Acceptance Criteria.

4.2   This report provides an update to the Committee regarding the status of the programme since that report.

5.0   Programme status

5.1   Following the last update to the Committee the Programme Board on 19 July 2018 approved a revised programme plan targeting a revised go-live date of 3 December 2018. Commercial and legal terms were agreed with Agilisys in support of this revised plan in line with the financial information presented to this Committee on 13 July 2018.

5.2   By September 2018, the Programme Board was informed that UAT was significantly behind progress due to the volume of gaps in solution functionality and unresolved defects. Additionally, progress in completing the "payroll parallel run" (where payroll outputs from Business World are reconciled in detail to those from the live Oracle system) was also significantly behind schedule. During October the programme began a further replanning exercise, which led to a 1 April 2019 go-live date being targeted. This revised go live date was approved by Programme Board on 10 January 2019, subject to finalisation of a commercial and legal agreement in support of the revised plan, and subject to the resolution of a number of key go-live critical issues. At the time of writing the legal agreement remains unsigned. The Executive Director for Place for Cheshire East Council has identified this issue and is seeking appropriate authority to enable the Executive Director to sign this legal agreement on behalf of both councils.

5.3   As part of the planning for the 1 April 2019 go-live target, and in response to challenges during earlier phases of UAT activity, a "solution validation" exercise was carried out, comparing the Councils' original contracted requirements with an Agilisys assessment of the built solution. At this stage, the programme had assurance that over 90% of the Councils' stated requirements at the time were met or could be met as part of a 1 April 2019 go-live. Other related assurances were provided regarding supplier resourcing and provision of a UAT "environment" to carry out a final cycle of testing prior to go-live. Therefore it was considered that the programme was deliverable at this stage.

5.4   The programme therefore communicated to the Councils and our partners that we were targeting a 1 April 2019 go live date. This was contingent on User Acceptance Testing (UAT) activity in January and February 2019 being carried out successfully and the solution being signed off as ready for implementation.

5.5   At the end of the most recent UAT phase, it was agreed on 14 February 2019 that the April go live date was no longer achievable. On 26 February 2019 a

communication was issued which confirmed that the programme had taken the decision to defer the go live date.

5.6   As a consequence of this decision to defer the April go live target, the Councils and Agilisys agreed to carry out a thorough "solution gap analysis", comparing the Business World solution as built by Agilisys with the requirements the Councils originally specified when we entered into our contract with Agilisys. The purpose of this review was to identify the gaps between requirements and the system as currently built, and by prioritising those required for the live solution on day one, to develop a revised programme plan which ensured that Business World could be built to meet our requirements, and could be thoroughly and successfully tested before we launch the new system.

5.7   The gap analysis outcome categorised existing issues into a comprehensive list of corrections and some Council requested changes which need to be addressed/rectified and applies to the solution as currently built in order to provide a system that meets the Council's requirements. It also identified a dependency on a number of design and knowledge sessions required from our supplier in order to finalise some aspects of the solution design, provide clarity on how some components of the solution will work, and alignment to business processes.

5.8   Members have been updated on progress in various forums since the last report on this subject to the Shared Services Joint Committee:

- Members of this Committee received a confidential briefing on 25 January 2019, focussing on commercial and legal matters;
- The programme's Member Steering Group received a briefing on 14 February 2019;
- The programme's Joint Scrutiny Working Group received a briefing on 13 March 2019, with update reports being taken to the Councils' Overview & Scrutiny Committee meetings on 14 March 2019 (CW&C) and 4 April 2019 (CE).

6.0   Current Programme Activity

The Council Team

6.1   A number of personnel changes relevant to the programme have taken place at a senior level since the last committee report:

- The Best4Business Programme Director from the outset of the programme retired from Cheshire East in December 2018; at this stage of the programme an April 2019 go-live was anticipated, and a programme manager was in place to oversee the agreed implementation, to ensure programme continuity.
- The executive sponsorship within Cheshire East Council has changed and since 24 June 2019 has been undertaken by the Executive Director Place and Deputy Chief Executive.

6.2   The current programme team is configured in a manner appropriate to deliver the solution alongside the agreed implementation plan for an April 2019 go-live. The recent gap analysis has made it clear the programme will need to replan, and as such a lead "Client Director" will be required to drive this new programme forward, given the retirement of the previous Programme Director in December 2018.

6.3   This role is vital to providing direction and focus to the Council team, and to maintaining a positive ongoing relationship with our supplier, Agilisys. Procurement has commenced to identify a suitable experienced external partner to support the programme and the next steps.

6.4   Our supplier Agilisys will be required to review the identified gaps in solution functionality, arising from the gap analysis, necessary to ensure a system that meets the Councils' requirements, and assess the effort required to implement those corrections. The outcome of this exercise will form a key part of a revised programme plan for the remainder of the Business World implementation.

6.5   Agilisys are also required to schedule the required design and knowledge sessions identified as part of the gap analysis outcomes. These will clarify any outstanding design issues, and will ensure the Councils have sufficient knowledge to define the target operating model and to execute UAT across all elements of the system.

Revised programme plan and go live date

6.6   It is anticipated that a plan will be compiled to support the assessment of the gaps in solution functionality and delivery of the design sessions. Agilisys and the Councils will work together through "impact assessments" for the identified list of corrections, and Agilisys will determine how much time is required to deliver these corrections. The output from this exercise will feed into a revised programme plan, for discussion and agreement with the Councils.

6.7   At the time of reporting therefore it is not possible to indicate a revised go-live date, until the revised programme plan is drafted, reviewed by the Councils, and approved. Once approved by Programme Board, the revised plan will be shared with the programme's Member Steering Group and will be brought to the subsequent meeting of this Committee.

6.8   There is on going dialogue with the supplier regarding the production of a revised programme and resourcing plan.

6.9   A commercially sensitive and confidential (part 2) appendix, Appendix A, attached to this report gives an indication of potential considerations for the re-plan.

Business engagement / change readiness

6.10   In parallel with the implementation activities described above, the programme has continued to engage with managers and staff, schools, Council-owned

companies, and other customers and stakeholders, to raise and maintain awareness of the programme. Key activities include:

- Change Strategy and Plan is in place
- Senior management in both Councils briefed on change approach
- Schools workshops attended at all levels
- Engagement with Council-owned companies
- Communication plan for all stakeholders in place and ready to re-launch as part of revised programme plan
- Engagement meetings on the new system's organisation structure, to assist with system understanding, are ongoing with senior business managers and Council-owned companies
- Engagement has been linked with other Council transformation programmes such as "Evolution" to create synergy and effectively deploy resources across the Councils
- Training strategy agreed and training plan ready to deploy as part of revised programme plan
- New operational business processes developed for core Council functions, supported by "how to" process description documents
- Operational impacts of new processes have been identified, and action plans created for service areas to assist with the business change
- Support documentation, including user guides / fact sheets are being developed
- "B4B Change Champions" are in place, mapped to services and locations, to help to support and deliver the business and system changes.

7.0 Wards affected

7.1   All wards.

8.0 Policy implications

8.1   None.

9.0 Financial Implications

 Background

9.1   In July 2017, both Cabinets approved a package of Best4Business investment and savings. The total investment was £11.8m (£5.9m per Council) based on a September 2018 go-live date. The annual net savings were £2.3m, to be phased in over 2 years post go-live. The savings comprised £2.2m for decommissioning legacy systems (mainly Oracle) and £1.2m in business process efficiencies (total £3.4m), offset by £1.1m for running and support costs of the new system.

9.2   In May 2018, there was a report to this Committee setting out the reasons why the original go-live date was no longer achievable. To reflect this change, additional implementation budget provision of £1.2m was approved, increasing the total approved investment to £13m. There we no changes to the total revenue savings.

Expenditure to March 2019

9.3   As at 31 March 2019, the new system is partially complete. Actual implementation expenditure to this date was £11.5m.   This expenditure comprised:

	£m
Agilisys – purchase of user licences	1.4
Agilisys – implementation	5.0
Council resources – programme management / functional teams	2.9
Council resources – business change	1.0
Council - technical	1.1
Other Council costs	0.1
Total expenditure to March 2019	**11.5**

9.4   Details of the further projected costs to complete the implementation phase of the project are set out in the confidential appendix to this report.

Ongoing revenue savings and costs

9.5   The delay in the Business World go-live has inevitably delayed delivery of the projected savings. The current expectation is that the majority of the £3.4m of gross savings will still be delivered once the system goes live. The phasing of these savings will be reviewed later in the year.   Some limited savings have already been delivered from the replacement of Oracle Taleo with Business World Recruitment, and in legacy system support.

9.6   The original estimated annual costs of £1.1m consisted of support and maintenance payments to Agilisys system hosting and maintenance based on 5,464 users, and for a small internal support team. The payments for support and maintenance to Agilisys will not commence until Business World goes live. The design of the new support team has not been finalised, but is likely to be in place a few months before Business World implementation is complete.

10.0 Legal Implications

10.1   Each Council has signed a contract with Agilisys. Cheshire East are responsible for the implementation phase for both Councils.

10.2   A comprehensive Inter Authority Agreement has been entered into by both Councils, ensuring that both Council's obligations to the programme are documented, and ensuring Cheshire East Council are in a position to meet their contractual obligations on behalf of both Councils during the implementation phase.

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

10.4   The proposed changes to the programme timeline and associated cost impacts are being addressed in contractual terms by Cheshire East and Agilisys through

agreed contract mechanisms (following programme approval). These changes will then be reflected in amendments to the Inter Authority Agreement where appropriate. As part of this process the Councils have sought ongoing external legal advice from Sharpe Pritchard, who supported the finalisation and award of the Councils' contracts with Agilisys and the Inter Authority Agreement at the conclusion of the procurement process.

11.0 Risk management

11.1 Programme risks are being identified and reported as necessary to the Best4Business Programme Board, through agreed programme management mechanisms. The Board escalates any significant risks to the Best4Business 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
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Middlewich Road
Sandbach
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or:

Cheshire West & Chester Democratic Services
HQ Building,
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Agenda Item 12

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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