

Cabinet

Date of Meeting: 3 December 2019

Report Title: Best4Business Update

Portfolio Holder: Cllr Amanda Stott - Finance, IT and Communications
Cllr Jill Rhodes - Public Health and Corporate Services

Senior Officer: Frank Jordan - Executive Director - Place

1. Report Summary

1.1. This report provides an update to Cabinet on the outcomes of this full programme review and makes recommendations to enable Cheshire East Council, and Cheshire West and Chester Council, to deliver this programme.

2. Recommendations

2.1. That Cabinet

2.1.1. Considers the recommendations of the Shared Service Joint Committee of 22nd November;

2.1.2. Endorses and approves the recommendations regarding the scope and phasing of the programme as outlined in section 6 of this report;

2.1.3. Agrees the revised programme governance arrangements that are being put in place as outlined in section 6 of this report;

2.1.4. Authorises the procurement of external advisors to provide ongoing support for the programme and delegates authority to Executive Director - Place to enter in to a contract for these services.

2.1.5. Supports the future arrangements for the member oversight of the programme as described in Section 6 and Appendix B of this report;

- 2.1.6. Approves the scope of the revised commercial arrangements with Agilisys as outlined in section 7 of this report;
- 2.1.7. Authorises the Executive Director – Place in consultation with the Director of Governance and Compliance and the Director of Finance and Customer Services to finalise the negotiations with Agilisys and to agree to variations to the contract in collaboration with Cheshire West and Chester Council;
- 2.1.8. Authorises the Executive Director – Place in consultation with the Director of Governance and Compliance, the Director of Finance and Customer Services, the Portfolio Holder for Corporate services and the Portfolio Holder for Finance IT and Communication to update the Inter-Authority Agreement between Cheshire East Council and Cheshire West and Chester Council to reflect any Deed of Variation agreed with Agilisys; and
- 2.1.9. Notes the revised forecast budget and programme plan in the confidential Appendix C.

3. Reasons for Recommendations

- 3.1. The review of the programme has concluded that the following key changes are required to enable the programme to be delivered:
 - 3.1.1. Rephrasing of the remainder of the programme;
 - 3.1.2. Revising the commercial arrangements for the programme;
 - 3.1.3. Revising governance arrangements within the programme; and
 - 3.1.4. Engaging appropriate external support.
- 3.2. Therefore, there is a need to reset the programme in terms of the timeframes and cost.
- 3.3. Approval of these recommendations would enable these key changes to be made to the programme to enable it to be delivered.

4. Other Options Considered

- 4.1. Section 6 and the confidential Appendix A of this report outline how the alternative approaches to implementation, support and solution hosting have been considered and the reasons why the recommended option represents the best option to Cheshire East Council and Cheshire West and Chester Council subject to the conclusion of the commercial negotiations.

5. Background

- 5.1. Cheshire East Council, in partnership with Cheshire West and Chester Council, has entered into a programme of work to procure a new system to replace the Councils' existing Finance and HR system, Oracle.
- 5.2. Both Councils' Cabinet meetings approved a recommendation in July 2017 to award a contract to Agilisys to implement the replacement of the Oracle with a system called Business World, which is produced by a company called Unit 4.
- 5.3. The original planned go live date for the programme was September 2018. This was not achieved, and subsequent target go-live dates have also not been achieved, the latest being April 2019.
- 5.4. At the end of the most recent testing phase, it was agreed on 14th February 2019 that the April 2019 go live date was no longer achievable.
- 5.5. 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.
- 5.6. As part of the Councils' response to the findings of the gap analysis outcomes, an external advisor, Ameo, was appointed following a competitive procurement exercise. The scope of their contract was to provide advice on the following:
 - 5.6.1. A review of the specification for the system;
 - 5.6.2. The phasing of the implementation of the programme;
 - 5.6.3. How the programme should be governed and managed;
 - 5.6.4. How the commercial arrangements with Agilisys should be amended; and
 - 5.6.5. What other resources are required to deliver the programme.
- 5.7. This report provides an update to Cabinet regarding the outcomes of this review and the recommendations from Ameo. It also outlines the key changes that need to be made to enable the successful delivery of the programme and hence the recommendations that are being made to the Cabinet.

6. External review outcomes

- 6.1. Ameo have considered different programme options with the objective of delivering a successful solution which can be supported appropriately once the system is implemented. The options considered were:
- 6.1.1. Resolve existing programme issues;
 - 6.1.2. Split delivery from support and hosting;
 - 6.1.3. Split hosting from delivery and support;
 - 6.1.4. Split delivery / hosting / support; and
 - 6.1.5. Move to internal delivery, hosting and support.
- 6.2. Based on the analysis of these options, considering impact on time, cost, risk and ongoing support, Ameo have recommended that the best option is to resolve the existing programme issues and to deliver the remainder of the programme using the Agilisys contract. The confidential Appendix A to this report provides more detail on the options appraisal to support this recommendation.
- 6.3. The programme to date has worked on the basis of a single implementation date with all aspects of the new solution being switched on at the same time, with all use of the existing Oracle system also ceasing at the same time.
- 6.4. As part of the programme review, other options have been considered in relation to phasing, such as going live with the Finance, Procurement, Income and Payments elements of the solution at an earlier date to the HR and Payroll elements. The risks and benefits associated with different approaches to segmenting the implementation have been assessed, and it is Ameo's recommendation that the programme is delivered in phases.
- 6.5. A programme implementation plan and supporting resource plan is being developed by the Councils and Ameo with support from Agilisys, setting out key dates and milestones associated with the revised programme delivery approach.
- 6.6. Appendix C to this report sets out a high level draft programme plan based on programme replanning activity at the time of report. It must be noted that this plan is indicative at the time of report and subject to finalisation, commercial dialogue, and approval by the Councils.
- 6.7. In addition, the commercial position with Agilisys has been reviewed. Based on the required changes the commercial position would need to be renegotiated, and the parameters for this negotiation are set out in Section 7 below.

6.8. Subject to Cabinet approval of the revised programme approach and timeline, the commercial agreement with Agilisys would be finalised, including agreeing the revised contract price and required variations to the contract. Delegated authority to finalise these commercial arrangements is requested.

6.9. Delegated authority is also requested to enable the Executive Director – Place to undertake the required procurement activity to source additional programme management for the duration of the programme. This will ensure this critical element of ongoing programme resource is delivered by the most appropriate organisation and will demonstrate best value to the Councils.

6.10. As part of the programme review, Agilisys have replaced their Programme Director.

6.11. Appendix B to this report sets out the proposed new governance structure for the programme, indicating the flow of information and reporting which will be used to update the Councils' leadership teams, Portfolio Holders, Shared Services Joint Committee, and each Council's Overview & Scrutiny Committee, via the established Joint Scrutiny Working Group.

6.12. A timetable of currently scheduled meetings is shown below:

Body	Cheshire West & Chester	Cheshire East
Corporate Leadership Team	<ul style="list-style-type: none"> • Weekly 	<ul style="list-style-type: none"> • Weekly
Overview and Scrutiny	<ul style="list-style-type: none"> • 14 November 2019 (cancelled due to Purdah protocols) • 20 January 2020 • 3 February 2020 • 11 March 2020 	<ul style="list-style-type: none"> • 31 October 2019 • 9 January 2020 • 3 February 2020 • 2 April 2020
	Cross-Council	
Joint Scrutiny Working Group	<ul style="list-style-type: none"> • Forward Plan of meetings to be agreed with group at their scheduled meeting on 22nd November to ensure optimal input at key points of the developing revised project plan. 	
Shared Services Joint Committee	<ul style="list-style-type: none"> • 22 November 2019 • December briefing 	

	<ul style="list-style-type: none"> • 24 January 2020 • February briefing • 27 March 2020 • April briefing
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- 6.13. It is to be noted that in the lead up to Cabinet meetings, the Cheshire East Corporate Overview and Scrutiny Committee has been briefed on the programme review, and the scheduled briefing for the Cheshire West & Chester Overview and Scrutiny Committee was planned but cancelled due to pre-election Purdah protocols. The Joint Scrutiny Working Group will be asked to provide assurance regarding the delivery of the programme once it has been reset.
- 6.14. A key element of the external support required by the programme is to drive forward overall programme delivery and to ensure all parties are working to a shared and agreed programme plan.
- 6.15. Roles and responsibilities will be redefined, with programme governance and reporting lines re-established to ensure delivery against the agreed programme plan.
- 6.16. It is essential that improved working practices are established and maintained for the remainder of the programme, to reduce the risk that a future agreed go-live date is not achieved. The role of external advisors part of overall programme governance is an important element of this approach.
- 6.17. As part of the cost of completing the implementation of this programme, an estimate of the cost of continuing external advice and support forms part of the estimated costs set out in Section 7 below.
- 6.18. Members of the Shared Services Joint Committee and Corporate Overview and Scrutiny Committee have received reports on progress during this period.
- 6.19. The Corporate Overview and Scrutiny Committee at Cheshire East was provided with a verbal update on the programme and the outcomes of the review on 31st October 2019. Cheshire West and Chester Council's Overview and Scrutiny Committee were scheduled to review the outcomes of the review on 14th November 2019 but this meeting was cancelled as a consequence of Purdah pre-election protocols.
- 6.20. The outcomes of the review and the recommendations to improve the delivery of the programme were reviewed by the Shared Services Joint

Committee on 22nd November 2019. Members of the Joint Scrutiny Task Group were invited to the Shared Services Joint Committee on 22nd November.

- 6.21. The comments from these Committees have been incorporated in to this report.
- 6.22. Cheshire West and Chester Council's Cabinet will be considering the outcome of the review and the same recommendations as outlined above on 27th November 2019. Implementation of the recommendations set out in this report is subject to the approval of the same by Cheshire West and Chester Council.

7. Implications of the Recommendations

7.1. Legal Implications

- 7.1.1. Each Council has signed a contract with Agilisys. Cheshire East Council are responsible for the implementation phase for both Councils.
- 7.1.2. A comprehensive Inter Authority Agreement has been entered into by both Councils, ensuring that the Councils' 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.
- 7.1.3. Following implementation, each Council's ongoing operational management of the system will be managed through separate contracts with Agilisys.
- 7.1.4. The proposed changes to the programme timeline and associated cost impacts are being addressed in contractual terms by Cheshire East Council and Agilisys through agreed contract mechanisms (following programme approval). These changes will then be reflected in amendments to the Inter Authority Agreement that exists between the two Councils where appropriate.
- 7.1.5. As part of this process the Councils continue to seek 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. Proposed changes to the contracts between the Councils and Agilisys, to reflect the new working principles and practices set out in this report, will be subject to appropriate internal and external legal advice and guidance.

7.2. Finance Implications

7.2.1. In July 2017, both Cabinets approved a package of investment and savings for this programme.

7.2.2. The total agreed investment at this time 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 over 2 years once the system went 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.

7.2.3. As at 31 March 2019, 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

7.2.4. As part of the prudent financial management approach taken by both Councils, the increasing costs have been reported to Members through the normal quarterly and outturn reporting cycle and additional funds identified to ensure that actual and potential future costs and available funding remain broadly aligned. As at 31 March 2019, available funding to the programme across both Councils had increased to £15.5m.

7.2.5. Since March 2019, further additional funds have been approved to ensure that actual and potential future costs and available funding remain aligned. There is therefore no further funding requests required to deliver this programme based on the revised forecasts. The table below summarises the total available funding for both Councils.

Available funding by Council	CW&C £000	CE £000	Total £000
Programme costs			
Total projected cost of the project	11,203	11,203	22,406
Less: costs funded to March 2019	5,751	5,751	11,502
Projected costs still to be incurred	5,452	5,452	10,904
Programme funding			
Approved funding available (B4B programme)	5,118	5,130	10,248
Planned funding available (Finance / HRP system development – capital programme)	500	500	1,000
Total Available funding			11,248
Surplus available funding			344

7.2.6. The key principles underpinning the renegotiated commercial arrangement and financial settlement with Agilisys include:

7.2.6.1. Councils take responsibility for the overall delivery of the programme – Agilisys role will be to focus on the technical delivery of the software solution;

7.2.6.2. A payment to be made for ownership of the system built which would only be paid once a mutually agreed and auditable assessment has been undertaken of the product that has been designed and built, including any defects rectification; and

7.2.6.3. Remaining contractual milestone payments under the current contract (which if the solution had gone live in April 2019 would have been fully paid at that time) are replaced with staged payments linked to a clear performance and payment mechanism.

7.2.7. Details of the further projected costs, and draft programme plan, to complete the implementation phase of the programme, and affordable with the budget set out in para 7.2.5, are set out in the confidential appendix C to this report.

7.3. Policy Implications

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

7.4. Equality Implications

- 7.4.1. At the current stage in the programme, an Equalities Impact Assessment (EIA) has been drafted, but further programme activity is required to finalise certain design aspects of the new solution before the EIA can be finalised.

7.5. Human Resources Implications

- 7.5.1. Implementation of the Business World solution will have a significant change impact on the Human Resources processes operated by the Council and its partners. This change impact will be addressed as part of the implementation plan which will be developed following approval to proceed with the revised programme approach as requested in this report.

7.6. Risk Management Implications

- 7.6.1. Programme risks will be identified and reported as necessary to the Programme Board, through agreed programme management mechanisms. The Board will escalate any significant risks to the Executive Steering Committee, as appropriate during the course of the programme.
- 7.6.2. As noted in paragraph 6.2 above, the risks associated with a number of different programme delivery options have been assessed, with the resulting recommendation to resolve existing programme issues and deliver the remainder of the programme using the Agilisys contract. The key risks associated with this approach are:
- 7.6.2.1. Costs - the final cost position is very dependent on the delivery timescales as a longer implementation drives a higher cost profile. A potential phased delivery approach may mitigate this to some extent. Costs are also dependent on the Agilisys commercial agreement which is yet to be agreed.
 - 7.6.2.2. Change - there is more work to be done to take the organisation on the journey to be ready for go live both from a skills and belief perspective. The programme team has mitigations in place for implementation skills but the change approach will need to be well managed as the system is implemented.

7.6.2.3. Delivery timescales - the solution's technical build position is untested and this drives some risk around delivery timing. To mitigate this, a proposal to split delivery into phases that (on our implementation) minimise the risk to timing and implementation is being considered.

7.6.2.4. Commercial negotiations – there is a risk that the detail of the commercial negotiations cannot be agreed. To mitigate this, appropriate resource including external advice is being obtained.

7.7. Rural Communities Implications

7.7.1. There are no direct implications for rural communities.

7.8. Implications for Children & Young People/Cared for Children

7.8.1. There are no direct implications for children and young people.

7.9. Public Health Implications

7.9.1. There are no direct implications for public health.

7.10. Climate Change Implications

7.10.1. There are no direct implications for climate change.

8. Ward Members Affected

8.1. The implications of the recommendations in this report are borough-wide.

9. Access to Information

9.1. Shared Services Joint Committee report, 2 August 2019.

9.2. Appendix A (Confidential) – Options appraisal

9.3. Appendix B – Proposed governance structure

9.4. Appendix C (Confidential) – Legal and Finance update and outline programme plan

10. Contact Information

10.1. Any questions relating to this report should be directed to the following officer:

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