

CHESHIRE EAST COUNCIL CHESHIRE WEST & CHESTER COUNCIL

SHARED SERVICES JOINT COMMITTEE

Date of Meeting: 24 January 2020

Report of: Frank Jordan, Executive Director - Place and Acting 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, and to advise Members on the progress in the implementation of decisions taken by each Council's Cabinet in late 2019.

2.0 Decisions Requested

That Members:

- 2.1 Note continuing programme activity to deliver the recommendations supported by this Committee in November 2019 and agreed by both Council's Cabinets in late 2019; and
- 2.2 Note the anticipated timescales for completion of commercial negotiations with the supplier Agilisys.

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. It also provides an update on the detailed commercial negotiations that have been undertaken with the provider.

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 Unit 4 Business World 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 report provided 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 appropriately.
- 4.4 This report provides an update to members of this Committee on progress in the implementation of these decisions with a particular focus on the scope and phasing of the programme, the revised commercial arrangements with Agilisys and arrangements for Member oversight of the programme.

5.0 Scope and phasing of programme

- 5.1 The report to this committee of November 2019, noted that different options had 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 recommendation approved by the committee and subsequently by the Cabinet meetings is that the programme is delivered in phases.
- 5.2 Further work has been undertaken to assess and validate the previously reported recommendation to pursue a phased approach to the programme. Having validated this approach in principle, a detailed programme plan is now being developed on this basis, in conjunction with our supplier Agilisys, which will confirm the target go live dates for each phase of the implementation. This plan will be presented to the Councils for approval via established programme governance mechanisms. It is currently expected that this plan will be available for review and approval by early February 2020.

6.0 Revised commercial arrangements

- 6.1 The key principles underpinning the renegotiated commercial arrangement and financial settlement with Agilisys include:
- The Councils will take responsibility for the overall delivery of the programme – Agilisys' role will be to focus on the technical delivery of the software solution;
 - A payment is to be made for ownership of the system built to date. This would only be paid once a mutually agreed and auditable assessment has been undertaken by Amey of the product that has been designed and built, including any defects rectification; and
 - 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.

- 6.2 These principles were reported to this Committee and approved on 22 November 2019. Building on these principles and the indicative commercial position outlined in the reports to Cabinet in 2019, commercial negotiations are continuing between the Councils and Agilisys, supported both by internal and external legal advisors.
- 6.3 Draft Heads of Terms, which represent the initial translation of the commercial position set out in the Cabinet reports into the foundations for a formal contractual update, have been shared between the Councils and Agilisys. Discussions are continuing at programme executive level to reach a position which is acceptable to both parties and which represents an acceptable position from a financial, commercial and risk perspective for the Councils.
- 6.4 The programme is currently targeting the end of January 2020 for conclusion of the commercial negotiations and the presentation of revised contractual arrangements for approval by the Councils. A report is therefore expected to be available at the 27 March 2020 meeting of this Committee setting out the finalised commercial settlement with Agilisys. Members will be updated through appropriate briefing mechanisms ahead of the next formal report to this Committee.

7.0 Member oversight of the programme

- 7.1 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"> 20 January 2020 3 February 2020 11 March 2020 	<ul style="list-style-type: none"> 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 13th February, to ensure optimal input at key points of the revised project plan. 	
Shared Services Joint Committee	<ul style="list-style-type: none"> 24 January 2020 February briefing 27 March 2020 April briefing 	

8.0 Wards affected

- 8.1 The implications of the recommendations in this report and the attached draft Cabinet report are borough-wide for both Councils.

9.0 Policy implications

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

10.0 Financial Implications

10.1 The reports to Cabinet set out:

- The original costs and savings set out in the approved Business Case for the programme;
- Total expenditure to 31 March 2019;
- Available funding across both Councils;
- Key principles underpinning the renegotiated commercial and financial settlement with Agilisys; and
- (In a confidential Appendix to the report) Details of further projected costs to complete the implementation phase of the programme.

10.2 At the time of this update report, with commercial negotiations ongoing as described in section 6, the financial parameters set out in the Cabinet reports remain valid. Negotiations will seek to ensure a financial settlement is obtained which falls within the budget approvals granted by the Cabinets in late 2019. A further update report will be provided once confirmation of the agreed financial settlement is available.

11.0 Legal Implications

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

11.2 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.

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

11.4 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.

11.5 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.

- 11.6 The inter-authority agreement serves as the document that gives Cheshire East Council and Cheshire West and Chester Council equal influence in decision making on the programme, and a commitment to meet their share of the costs.

12.0 Risk management

- 12.1 The previous reports to Cabinet noted four key areas of risk in relation to the recommendation from Ameo to resolve existing programme issues and deliver the remainder of the programme using the Agilisys contract:

- 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.
- 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 business change 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.
- 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.
- 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.

- 12.2 The mitigation of these risks forms part of the Councils' requirements as part of ongoing commercial negotiations. An update on the position with these key risks will be provided once confirmation of the overall commercial settlement is available.

13.0 Access to Information

- 13.1 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, HQ Building, Nicholas Street, Chester, CH1 2NP