Cheshire East Council
Cheshire West and Chester Council

Shared Services Joint Committee

Date of Meeting: 26 November 2021

Report Title: Best4Business Update

Report of: Jane Burns, Executive Director Corporate Services, Cheshire East Council

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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.   The report provides an update on progress since the formal meeting of this committee in September 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 decision 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 launch of the HR and Payroll elements of the new Unit4 ERP system and the remaining steps to transfer all remaining payroll activity to the new system for December;

2.2   Note and approve the proposed next steps leading to formal closure of the Best4Business programme;

2.3   Note the reported financial position of the remaining programme; and

2.4   Agree ongoing 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 plans for 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); and 24 September.

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 with the programme plan, activities relating to Change and Implementation, the programme budget, and continuing arrangements for Member oversight of the programme.

5.0 Programme Update

Key highlights

5.1 Best4Business programme highlights since the last report to this Committee include:

- User Acceptance Testing (ensuring system functionality is in place and working as expected) was successfully completed;
- Payroll Parallel Run (comparing payroll outputs between the legacy Oracle system and replacement Unit4 ERP system) was successfully completed;
- Data migration and cutover (the process of transferring activity and data from Oracle to Unit4 ERP) was completed within planned timescales;
- Final "confidence checks" on system functionality were completed satisfactorily;
- Access to existing Unit4 ERP users was reinstated following cutover; and
- Payroll activity for Pensions, Academies and External payroll customers in in November (around 33,000 out 49,000 or 66% of payroll recipients) was successfully carried out in November.

5.2   More detail is provided in the follow sections.

Programme Plan – HR and Payroll "Go Live"

5.3   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
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

	Milestone Activity	Outcomes	Target Completion	Progress Update
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 with first payroll run in November	• System went live 26 October • Pensions, Academies and External payroll customers (around 66% of payroll recipients) paid from new system in November • Councils and Council-owned companies payroll will transition in December
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

	Milestone Activity	Outcomes	Target Completion	Progress Update
16	Programme Closure	• A post implementation review following the second go-live is undertaken • All programme artefacts are documents and stored securely for future use and programme team are stood down	April 2022 (was January 2022)	• Not started

5.4 Based on successful completion of User Acceptance Testing and Payroll Parallel Run activities, and following completion of planned cutover and data migration activities between 14 October and 26 October 2021, the Programme Board approved the launch of the new HR and Payroll functionality. The new solution is now live and available to approximately 6,000 users of the full capabilities of the system, including HR and Payroll. To achieve this outcome, the programme team worked significant levels of overtime including many consecutive weekends.

5.5 In respect of the launch of payroll activity using the new Unit4 ERP system, payroll payments for Pensioners, Academies and Externals were successfully processed using Unit4 ERP for November. To allow additional time for further review activity and resolution of any outstanding issues, the more complex Council payrolls (including Council staff and employees of Council-owned companies) were processed using the legacy Oracle system for November. The current programme plan allows for payroll to be processed and paid for all employees by Unit4 ERP in December, completing the transfer of live system activity from the legacy Oracle system.

Update from Finance go-live

5.6 While the programme focus has been on completion of the remaining HR and Payroll elements of the new solution, Members are reminded that the Finance elements of the solution were launched in February 2021. These elements of the solution, including procurement of goods and services, payments to suppliers, aspects of customer billing, financial management and accounting, and capital project accounting, have been operating as "business as usual" activities for much of 2021.

5.7 Key points to note in respect of the initial system launch and the operational of the live system include:

• Around 2,700 staff have logged into the Unit4 ERP system since its launch in February;
• Following an anticipated initial peak of activity, the number of support calls requiring resolution by the ICT Service Desk and/or the B4B Governance & Support team have settled to an average of around 100 per week;

- The Governance & Support team have also responded to support queries by delivering additional virtual face-to-face briefing and training sessions to different user groups, and have developed additional system reports which make use of the new system more efficient and intuitive;
- Some early challenges with the end-to-end procurement and payment process were resolved, with payments to suppliers now being made within expected timescales;
- Both Councils successfully produced their annual financial statements for 2020-21 using the new Unit4 ERP system; and
- An additional system module delivering budget forecasting and report capabilities has been developed and launched following the main Finance go-live date and in parallel to continuing programme delivery of HR and Payroll functionality.

5.8 A review of lessons arising from the first phase of the system launch was carried out, leading to improvements being made to the programme's approaches to training and communications for the most recent go-live. These are outlined in the following section.

Training and Communications

5.9 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:

	Subject	Activities
1	Training	• Change Champion in place and trained in order to be able to support users in their service areas, as part of a comprehensive support package for end users • Virtual classroom training for "heavyweight" users of the new system in Transactional Services and Professional HR teams – over 120 users trained • E-Learning and virtual conferences for managers and staff in the Councils, schools, academies and Council-owned companies – over 1,600 staff engaged with training activity via these methods
2	Communications and Stakeholder Engagement	• Comprehensive communications programme in the period prior to and during system launch • Tailored messages for Council managers, staff, schools, academies, Council companies • Engagement with senior Council leadership teams to ensure support and buy-in across both organisations • Written briefings to all Members
3	Cutover	• Detailed technical cutover activities monitored as part of programme plan or in supporting detailed delivery plans • Detailed business-facing cutover activities captured in a shared plan which was accessed and reported on by a large number of staff in Council services
4	Council Companies	• Dedicated "conference" sessions for staff held • Specific communications material developed and issued

	Subject	Activities
5	Schools	• Equivalent process to Council Companies followed for schools
6	Business Processes	• Majority of revised business processes documented and shared with end users • System support processes reviewed and updated and communicated to end users • Any required interim processes at go live agreed and documented

6.0 Programme Budget

6.1 Based on the HR and Payroll go-live taking place in November (and noting the decision outlined at 5.5 to transition some payrolls in December – see paragraph 6.2 below), the current forecast 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	2.81	2.44	0.59	3.03
Programme Management costs	2.95	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	**6.08**	**4.80**	**1.72**	**6.52**

6.2 Additional costs associated with the decision to defer processing of the complex Council payrolls to the Unit4 ERP system to December, as described at paragraph 5.5 above, are to be confirmed. These relate to additional programme management support being provided by Ameo and additional technical resources being provided by Agilisys. A finalised budget position will be updated and reported to Members at the next meeting of this Committee.

6.3 Both Councils have made available funding sufficient to accommodate the remaining 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 remaining costs. Some elements of the cost of the remaining programme relate to COVID-19 challenges and will be charged to appropriate COVID contingency funds.

6.4 There is continuing 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.

6.5 Additionally, some costs are being 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 As the programme draws towards its conclusion, it is anticipated that it will shortly reach a point where a technical programme closure is achieved, with formal full closure following at a later point.

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

- Finalise reconciliation and adjustment activity for December payroll;
- All staff to be paid from Unit4 ERP for December payroll;
- 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;
- Programme management support resources from Ameo, and software delivery resources from Agilisys, cease involvement and leave the programme team; and
- Most seconded Council employees who have formed part of the programme team return to their substantive roles within the Councils.

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;
- Formal post-implementation review carried out and reported to Programme Board and to Joint Committee and Scrutiny members;
- Any remaining seconded Council employees who have formed part of the programme team return to their substantive roles within the Councils.

7.4 Reports will be brought to members of this Committee at appropriate points during these final stages of programme delivery.

7.5 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 Governance & Support team and the ICT Service Desk;

- 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.

8.0 Member oversight of the programme

8.1 Member oversight of the programme has been and remains 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
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

Date	Meeting
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 – tbc	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. Any additional costs arising from the continued reconciliation activity outlined at paragraph 5.5 will be reflected in a further work order, and set out in a future report to this Committee.

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, and will be updated to reflect the rephasing of the remaining programme as set out in this report.

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. Any additional programme management costs arising from the continued reconciliation activity outlined at paragraph 5.5 will be reflected in the contract with Ameo, and set out in a future report to this Committee.

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	Severity	Mitigation	Post mitigation severity
• November pay differences for Councils and Council-owned companies require further reconciliation and resolution prior to December payroll	Red	• Close coordination and monitoring of activity with nominated Ameo lead to drive delivery	Amber
• Delaying access to some system functions to enable continued payroll reconciliation activity will mean users cannot input until later in November.	Amber	• Communications to ensure impact on processes and end users is widely understood.	Amber
• Staff wellbeing – continuing pace of programme delivery places 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	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
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Sandbach
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or:

Cheshire West & Chester Democratic Services
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