Allerdale Borough Council

Executive – 25 November 2020

Finance System Replacement

Portfolio holder	Councillor Mike Johnson Portfolio Holder for Economic Growth, Community Development and Placemaking
	Councillor Jim Lister Portfolio Holder for Finance and Legal
Report from	Catherine Nicholson
	Head of Financial Services
Wards affected	All
Is this a key decision	Yes

1.0 The reason for the decision

1.1 A procurement has been undertaken to replace the current finance system with a modern 'cloud' based application. The Council, rather than just replacing the existing system on a like for like basis, has opted for an Enterprise Resource Planning (ERP) system, which will provide integrated applications to manage the business and offer greater opportunities to transform back office functions in Finance, Payroll and HR.

2.0 Recommendations

2.1 It is recommended that the Executive approve award of the contract to Supplier A

3.0 Background and Introduction

3.1 The Council currently uses the Total Mobile finance system. This system is coming to the end of its useful life, as the company has limited plans for its future development and may therefore withdraw support for the system at some point in the future.

3.2 This is a key system for the Council and as such it was decided to reduce this risk by looking at options for replacing the system.

3.3   A project team was set up and managed through the Programme Office and the Transformational Board, led by the Head of Financial Services as the Project Executive.

3.4   The objectives of the project team were to review the options available to the Council to ensure that it can take a more strategic approach to how it deals with resources, both financial and people, and to drive transformational change to ensure flexible access to systems for customers and officers.

3.5   A number of options were reviewed as part of the project. These included either replacing the systems for Finance, HR and Payroll with standalone systems, or looking for an Enterprise Resource Planning (ERP) solution from a single supplier. The option of status quo was rejected due to the potential of the finance system being withdrawn within the next 2 years. The option to procure and implement an ERP system was identified as the favoured option in best meeting council requirements for transforming services.

4.0   Content (to include alternative options considered)

4.1   Having decided on procuring an ERP system the next step was to identify the most appropriate procurement route for the Council.

4.2   In devising a procurement strategy several different procurement methods were considered. Open Tender, G-Cloud 11 Framework or other Digital Frameworks were all appraised. G-Cloud 11 was found to be the best fit. It is the largest supplier of commoditised cloud-based services. Services are up to date and innovative. There is transparency, using G Cloud 11, including service definitions, pricing and Terms and Conditions being available upfront. There are also over 4000 suppliers 90% of which are 'Small to Medium Enterprises' (fewer than 250 employees), which fits with the Allerdale Strategic Commissioning and Procurement Strategy objectives.

4.3   The Council began the procurement exercise using the G-Cloud 11 framework. The exercise involved a detailed list of requirements being written by stakeholders from finance, HR and payroll and then starting a search on the Digital Market place using a key word search to create a long and then a short list. Selected suppliers then responded to clarification questions. Supplier responses were evaluated by a team of Council officers representing all services impacted by the change. Responses were evaluated against the Council's requirements, and in accordance with the framework rules, and this resulted in the selection of a preferred supplier.

4.4   The initial procurement on G-Cloud11 was not taken through to contract award. The Project Team were provided with information from a supplier on the Framework prior to the Executive meeting in September that needed to be clarified. The project team stopped the procurement, whilst additional information was obtained, and guidance sought from Crown Commercial Services who manage the framework. An Options appraisal identifying a range of options was considered by the Project Board.   A decision was made by the Project Executive and Team that withdrawing from the procurement and running the competition again using the latest G-Cloud iteration (G–Cloud 12 launched on the 28th September) was the preferred option.

All suppliers impacted were written to and made aware that the Council would be using G-Cloud 12 to start searches and the process again.

4.5   The Council reserves the right not to award a contract where confidence in the procurement has been impacted. The reasons for running the procurement again on G-Cloud 12 are as follows:

- Delays meant that the end date for using G Cloud11 was approaching (27/09/20), which left less time to proceed to contract award. Although G-Cloud 11 and G-Cloud 12 are almost the same in many respects, in the number of suppliers etc. G-Cloud 12 is the most up to date version of the framework.

- The original tender had included pricing for two authorities (Allerdale and Copeland) as well as for Allerdale alone. This may have made pricing the bids more problematic for bidders meaning the authority may have been open to challenge.

- The financial situation post Covid-19 means implementation of the ERP system and the transformation that this will bring, is now more urgent then when the procurement first set off.   Running the process again allowed the Project Team to ensure the non-functional evaluation criteria was updated to ensure key priorities and implementation times could evaluated.

4.6   Therefore having followed a robust commissioning and procurement process and having involved stakeholders from all services as well as wider users of financial and HR services, Officers are confident that the specification, and the subsequent revised evaluation criteria, was structured so as to ensure the Council has the system with the most appropriate functional, technical and non-functional characteristics to deliver Council objectives and that a compliant and fair procurement process has been followed.

5.0   Delivery arrangements

5.1   The ERP procurement and implementation is one of the key Projects in the Transformation Programme, which aims to deliver a self-sufficient Council by 2030. The project is managed by the Programme Office. The Project Executive is the Head of Finance, Catherine Nicholson and the Transformation Programme Manager is Head of Projects and Programmes, Brenden Carlin. There is a Project Team with larger membership of all services impacted, and a Project Board with Programme and Project Executive, legal and procurement.

5.2   An Outline Business Case and Options Appraisal was taken by the Project Executive to the Transformation Board in November 2019, which identified an ERP system as the best fit for meeting the Council's requirement for transformation. The business case informed the subsequent commissioning and procurement strategy. In all procurement activity the Council will seek to make savings and deliver value for money to Allerdale taxpayers by maximising best value on every pound spent.

6.0   Implications and Impact

6.1   **Contribution to Council Strategy**

Making sure that the Council is on a sound financial footing is a key priority in the Council Strategy 2020-30. Governance and progress is reported to the Transformation Programme Board, monthly to the Senior Management Team and quarterly to Executive Members through the Interim Delivery Plan 2020/21.

6.2   **Finance/Resource implications**

This is a significant project for the Council and dedicated resources are required both to implement the project and to identify and drive the business transformation and improved business processes. It has been recognised that staff who are subject matter experts will need to be seconded during major stages of the delivery and that this may require funding to back-fill those positions.

6.3   **Legal and Governance Implications**

Following the decision to select an integrated ERP system, rather than a series of separate applications, as being to the best advantage of the Council, the project team proposed that the system should be procured via the G-Cloud 12 framework provided by Crown Commercial Services, this was agreed by the Transformation Board in September 2020.

G-Cloud 12 is an OJEU (The Official Journal of the European Union Journal which is home to all public sector frameworks above a certain value) compliant framework, with set procedures and rules, the main points are:-

- The maximum contract length is 24 months, which can be extended by 2 periods of 12 months, giving a total length of 4 years
- Once the framework is live no changes can be made to the documentation each company has submitted, the only exception is that the supplier may reduce its costs, provided the new cost is available to all customers
- Customers must follow the 6 steps laid out in the process
    1. Prepare, identify what it is they require
    2. Search and compile Long List
    3. Use keywords, and the supplied filters to reduce the number of suppliers listed in in the Long list to a Short list of potentially suitable suppliers
    4. Evaluate and select
    5. Award
    6. Report benefits to CCS

At the end of the allowed extension periods, another procurement exercise will be required.

6.4   Risk analysis

A scored and mitigated risk log

Risk	Consequence	Controls required	Mitigated

			score
Migration of data and the implementation of a new system requires strong project management	Failure to deliver a system and benefits of the ERP system not realised.	Risks Recorded in Project/Programme Risk register and monitored throughout the project by the Transformation Programme Board	2
Results of the procurement fail to achieve intended outcomes.	The Council's reputation is damaged by failing to deliver and not achieving value for money for ratepayer's money.	Monitor that objectives are met through the Transformation Programme Board	2
The ERP system is not delivered in full.	The project delivers a function that does not fully support the Council in delivering priorities and transforming services.	Project Implementation team to include business change officers from the business to ensure implementation of the ERP delivers anticipated	2

6.5   Increasing satisfaction and service

The benefits from implementing an ERP system are wide and will extend beyond Finance and HR.   There is an opportunity to deliver significant business improvements and efficiencies and a fundamental review of existing processes and procedures that will underpin the strengthening of the Council's overall financial management arrangements

The customer / user experience will be at the heart of this new solution. Much of the internal user benefit lies in self-service application of system functionality, information management and empowered devolved decision making moving away from the reliance on core traditional HR operational and Finance teams.

Benefits for Manager and Employees - the new ERP will provide a greater focus on data and information management which supports accurate decision making. Live information/reporting dashboards will be available, which update in real-time and will be presented in a format that is easy to understand. The improved workforce management tools will link finance and HR that will provide a single source of Finance and HR data.

Budget Holders – the new system will support self-service budget management providing real-time reporting and accountability.   User friendly tools will be developed to help budget holders to forecast and monitor expenditure. The Chart of

Accounts will be reviewed so that it accurately represents the business and is flexible for reporting.

Line Managers – will be able to access and manage a range of self-service activities such as live dashboard information about employees and improved processes for approving and managing leave requests, staff performance and recruitment processes.

Employees – will be able to access and manage a range of self-service activities including- booking annual leave, recording sickness absence, updating training and performance objectives and managing their personal data. The new functionality will support both agile and flexible mobile working.

6.6   Equality impacts

An Equality Impact has been carried out 25/09/20. It has identified a neutral impact of this change and has been reviewed by the Policy Team.

6.7   Health and Safety impacts

None

6.8   Health, wellbeing and community safety impacts

None

6.9   Environmental/sustainability impacts

An ERP system will reduce duplication within processes and lead to less printing and copying of information, which fits with the Council objective to be a sustainable greener Council.

6.10   Other significant implications

None

Appendices attached to this report

Appendix number	Title of appendix
1	Evaluation Results (Confidential)

Background documents available

Name of background document	Where it is available

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