

	<b>Executive</b>  <b>13 July 2020</b>	<b>Agenda Item No.</b>  <b>8</b>
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<b>Title</b>	Use of Delegated Powers – Additional Recurring Budget for the Financial Management Solution
<b>For further information about this report please contact</b>	Keith Eales, Project Manager – 07817929798 or <a href="mailto:keith.eales@warwickdc.gov.uk">keith.eales@warwickdc.gov.uk</a>
<b>Wards of the District directly affected</b>	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>	Yes/No If yes state why
<b>Date and meeting when issue was last considered and relevant minute number</b>	18 December 2019 – Item 9
<b>Background Papers</b>	None

<b>Contrary to the policy framework:</b>	Yes/No
<b>Contrary to the budgetary framework:</b>	Yes/No
<b>Key Decision?</b>	Yes/No
<b>Included within the Forward Plan? (If yes include reference number)</b>	Yes/No
<b>Equality Impact Assessment Undertaken</b>	Yes/No (If No state why below)

Although there is no anticipated change from the use of IT resources, an impact assessment will be undertaken during the implementation to identify any specific matters arising.

<b>Officer/Councillor Approval</b>		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive/Deputy Chief Executive	15 June 2020	Chris Elliot
Head of Service	9 June 2020	Mike Snow
CMT	15 June 2020	Leadership Group Co-ordination
Section 151 Officer	9 June 2020	Mike Snow
Monitoring Officer	9 June 2020	Andrew Jones
Finance	9 June 2020	Mike Snow
Portfolio Holder(s)	9 June 2020	Councillor R Hales
<b>Consultation &amp; Community Engagement</b>		
Insert details of any consultation undertaken or proposed to be undertaken with regard to this report. N/A		
<b>Final Decision?</b>	Yes/No	
<b>Suggested next steps (if not final decision please set out below)</b>		

## 1. **Summary**

- 1.1 The Executive approved the Financial Management System Replacement Project and authorised a project budget at its meeting on 18 December 2019.
- 1.2 Procurement activity has been completed and a preferred supplier identified. The procurement has highlighted a recurring £15k shortfall for the replacement IT system.
- 1.3 The Chief Executive approved the additional £15k budget under his delegated authority CE(4) after consultation with Group Leaders to avoid delaying the award of contract. The additional budget will be included in the Councils Medium Term Financial Strategy from 2021/22.
- 1.4 This report provides background and context to the approval of funding.

## 2. **Recommendation**

- 2.1 The Executive are recommended to formally note the approval of additional recurring budget of £15k from 2021/22 for the new Financial Management System, approved under the Chief Executives delegated authority CE(4).

## 3. **Reasons for the Recommendation**

- 1.1 The procurement of a replacement Financial Management System has concluded and a preferred supplier identified. The procurement activity has identified the difference between actual costs advised by the supplier and the estimate of costs that were advised and approved by the Executive in December 2019.
- 1.2 The analysis has identified that the one off cost of implementation will be comfortably within the approved capital budget whilst the recurring annual costs will exceed the available revenue budget by £15k from 2021/22.
- 1.3 Timelines for the award of contract and implementation are critical if the Council are to avoid a further years support costs with the current Financial Management System provider. A contract award after 30 June 2020 would be a significant risk to this ambition.
- 1.4 The Financial Management System Replacement Project Board were made aware of the updated budgetary position at a meeting on 9 June 2020. The Board noted that the recurring savings to be generated by the project would exceed the additional £15k recurring budget. The Board also noted that the award of contract could not be made with a budget shortfall, potentially delaying a go live of the new IT system to a point after the support contract for the current system will have expired.
- 1.5 The Project Board gave approval to seek the additional recurring £15k budget under the Chief Executives emergency delegated powers CE(4) to avoid delaying the award of contract.
- 1.6 The Chief Executive gave approval to the additional budget at a meeting with Group Leaders and CMT on 15 June 2020.
- 1.7 The additional budget will be included in the Medium Term Financial Strategy from 2021.

#### 4. Policy Framework

The following sections have been copied from the originating project report approved by Executive on 18 December 2019.

##### 4.1 Fit for the Future (FFF)

The Council's FFF Strategy is designed to deliver the Vision for the District of making it a Great Place to Live, Work and Visit. To that end amongst other things the FFF Strategy contains several Key projects.

The FFF Strategy has 3 strands – People, Services and Money and each has an external and internal element to it. The table below illustrates the impact of this proposal if any in relation to the Council's FFF Strategy.

<b>FFF Strands</b>		
<b>People</b>	<b>Services</b>	<b>Money</b>
<b>External</b>		
<b>Health, Homes, Communities</b>	<b>Green, Clean, Safe</b>	<b>Infrastructure, Enterprise, Employment</b>
<u>Intended outcomes:</u> Improved health for all Housing needs for all met Impressive cultural and sports activities Cohesive and active communities	<u>Intended outcomes:</u> Area has well looked after public spaces All communities have access to decent open space Improved air quality Low levels of crime and ASB	<u>Intended outcomes:</u> Dynamic and diverse local economy Vibrant town centres Improved performance/productivity of local economy Increased employment and income levels
<b>Impacts of Proposal</b>		
Not Applicable	Not Applicable	Not Applicable
<b>Internal</b>		
<b>Effective Staff</b>	<b>Maintain or Improve Services</b>	<b>Firm Financial Footing over the Longer Term</b>
<u>Intended outcomes:</u> All staff are properly trained All staff have the appropriate tools All staff are engaged, empowered and supported The right people are in the right job with the right skills and right behaviours	<u>Intended outcomes:</u> Focusing on our customers' needs Continuously improve our processes Increase the digital provision of services	<u>Intended outcomes:</u> Better return/use of our assets Full Cost accounting Continued cost management Maximise income earning opportunities Seek best value for money
<b>Impacts of Proposal</b>		
The new finance solution will provide a modern and user-friendly tool for staff underpinned by role-based training and support.	The new finance solution will enable new and improved processes including improved levels of self-service for customers, whilst	The new finance solution will be implemented on a basis that optimises the investment and potential for benefits, including the reduction in costs

	supporting more flexible ways of working for staff.	associated with the simplification and removal of out of date or inefficient processes.
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#### 4.2 **Supporting Strategies**

Each strand of the FFF strategy has a number of supporting Strategies – the next part of the Policy Framework should set them out. This might be the Local Plan; the People Strategy, the Playing Field Strategy and so on and the relevance of the report to them. So for example:

“Each strand of the FFF Strategy has several supporting strategies and the relevant ones for this proposal are explained here [...] .” The text should explain how the proposal is or is not consistent with the relevant supporting strategies.

#### 4.3 **Changes to Existing Policies**

Not Applicable

#### 4.4 **Impact Assessments**

Not Applicable

### 5. **Budgetary Framework**

5.1 Figures within the Business Case show a new Financial Systems Solution is estimated to cost £600k upfront. This includes the cost of the software, supplier support, and back-filling specific posts to free up staff to be part of the project team. The recurring cost of the system is estimated to be £100k per annum. The cost of the current systems is £63k per annum.

5.2 Funding for the new Financial Systems is proposed to be included in the February 2019 Budget report. The increased recurring cost will need to be factored into the Medium Term Financial Strategy.

5.3 The new Financial Systems, if properly implemented, will result in many benefits as detailed in the Business Case. These benefits include:-

- Improved decision-making and financial management analysis from improved access to relevant information.
- Self-service and improved access to information
- Effort saved by automating or removing processes.

More details of the benefits are included within Table 4 of the Business Case.

5.4 Some of these benefits are intangible, and will be difficult to quantify. Other benefits should result in efficiencies that in due course should lead to cashable savings. The Project Team and Senior Management Team will be charged with making sure that cashable savings are generated as a result of the system being implemented.

## **6. Risks**

- 6.1 The risk of legacy finance systems suffering a cyber-attack or a catastrophic and unrecoverable failure will increase significantly when suppliers discontinue support. The Council must avoid this risk with a procurement and replacement of the systems.
- 6.2 The procurement and implementation of a new finance solution will be managed by deploying adequate resources under appropriate governance arrangements.

## **7. Alternative Option(s) considered**

- 7.1 Alternatives to a procurement of a new finance solution were considered earlier in 2019 by joint working of Finance, Procurement and ICT. A procurement of a new integrated solution was preferred over the implementation of replacement of systems on a similar contractual and IT architecture basis.