

 Executive 18th December 2019		Agenda Item No. 9
Title	Finance Systems Replacement	
For further information about this report please contact	Keith Eales 01926456844 or 07817929798	
Wards of the District directly affected	None	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number		
Background Papers	Business Case - Attached	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	Yes - 1089
Equality Impact Assessment Undertaken	No
No accessibility implications	

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	02/12/2019	Andrew Jones
Head of Service	02/12/2019	Mike Snow
CMT	02/12/2019	Andrew Jones
Section 151 Officer	02/12/2019	Mike Snow
Monitoring Officer	02/12/2019	Andrew Jones
Finance	02/12/2019	Mike Snow
Portfolio Holder(s)	02/12/2019	Councillor Richard Hales
Consultation & Community Engagement		
None		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		
N/A		

1. **Summary**

- 1.1 The report recommends that Executive approves the Finance Systems Replacement project.

2. **Recommendation**

- 2.1 Executive is recommended to endorse the findings of the Finance Systems Replacement Business Case at Appendix A
- 2.2 That subject to agreeing recommendation 2.1, Executive is recommended to approve commencement of a formal procurement for a replacement finance solution with funding addressed in the Budget Report 2020/21.

3. **Reasons for the Recommendation**

- 3.1 The business case for the proposed new Finance Systems is attached at Appendix A. This highlights that systems which have been fundamental to financial management (Total) and income management (Paris) at Warwick District Council since 2005 are reaching the end of their usable life.
- 3.2 There has been little development of these systems in recent years with the suppliers stating their intentions to discontinue support completely in the short to medium term future. This would mean amongst other things, an end to supplier updates which provide critical protection against cyber-security threats and the risk of unrecoverable system failure.
- 3.3 At the beginning of 2019, Finance, Procurement and ICT jointly investigated the changing support position as well as growing frustrations amongst system users about the usability of finance systems. They found there were only two viable options, a re-letting of separate contracts maintaining similar IT architecture or a move to a single integrated financial management solution. The investigation outcome recommended a consolidation of systems under a single provider.
- 3.4 Soft market testing undertaken later in 2019 has evidenced it is possible to consolidate financial management and income management with other finance systems into a single integrated solution on simplified IT architecture. This would make it easier to view and analyse financial information as well as enable many business processes to be simplified or removed altogether, making financial management activity and the system as a whole, more user-friendly.
- 3.5 Costs have been estimated in the business case on the basis of a new solution delivered as a 'cloud service' which is the growing trend for technology purchases by public services, and reflected by suppliers concentrating their development strategies on services delivered through the cloud. The business case does not address the relative merits of cloud versus more traditional on-premise implementations.
- 3.6 A procurement process would be needed to establish a more accurate assessment of costs and the project would have to reach a design stage to establish a more accurate assessment of benefits. In the meantime, the business case provides a range for costs and potential benefits which suggests the project should aim to payback total costs as soon as Year 4, within what is anticipated to be the contract period for the new solution.

4. Policy Framework

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.

FFF Strands		
People	Services	Money
External		
Health, Homes, Communities	Green, Clean, Safe	Infrastructure, Enterprise, Employment
<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
Impacts of Proposal		
Not Applicable	Not Applicable	Not Applicable
Internal		
Effective Staff	Maintain or Improve Services	Firm Financial Footing over the Longer Term
<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
Impacts of Proposal		
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 supporting more flexible ways of working for staff.	The new finance solution will be implemented on a basis that optimises the for benefits, including the reduction in costs associated with the simplification and removal of out of date or inefficient processes.

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 subscription is estimated to be £100k per annum. The cost of the current systems is £63k per annum. The shortfall in available budget for the annual subscription and running costs will be met from cashable benefits which should accrue from Year 2.

5.2 Funding for the new Financial Systems is proposed to be included in the February 2020 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.