Corporate Policy and Strategy Committee

10.00am, Tuesday, 14 May 2019

Enterprise Resource Planning (ERP) - Programme Update

Executive/routine
Wards - All
Council Commitments

1.   Recommendations

1.1   It is recommended that the Corporate Policy and Strategy Committee notes the progress being made by the Council in respect of the deployment and implementation of an Enterprise Resource Planning (ERP) solution for a range of the Council's enabling corporate services.

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Report

Enterprise Resource Planning (ERP) - Programme Update

2. Executive Summary

2.1 This report summarises the progress of the Council's Enterprise Resource Planning (ERP) Programme. The deployment of an ERP solution was originally proposed by the Council, aligned to the previous Transformation Programme and the procurement of the Council's strategic ICT partner, which was completed and transitioned to the current partner organisation, CGI UK Limited, in 2016.

2.2 Since the original ERP programme was specified and a replacement solution for the Council's existing financial, procurement, human resources, payroll, banking and sundry debt management systems was identified, this programme has been the subject of a fundamental review, aligned to the reset of the Council's arrangements with CGI UK Limited. Since June 2018, the Council formally took over direct accountability for the delivery of the ERP programme. CGI continues to support the programme delivery in their capacity as the council's ICT partner. The procurement and selection of all ERP related products, partners and services is managed by CGI with input from Council subject matter experts and through the Council led ERP Programme Board.

3. Background

3.1 The ERP programme, which is part of the overall business change programme for the Council, will deliver significant improvements and lean process enhancements to the way in which Finance, Human Resources, Payroll, Procurement, Banking and the Sundry Debt functions operate. Following careful review of the outline business case specification and the significant investment historically made by the Council in a range of core systems, the ERP programme is not a single deliverable or platform, that is being procured and implemented, but is a series of interconnected systems and process changes which are interfaced and will go live at staged. In effect this delivers a virtual ERP, without the same risks and costs associated with such an implementation and enables the Council to move at greater pace. This modular approach to the delivery of ERP functionality is recognised best practice to reduce risks to the Council.

3.2   Since June 2018, the Council has directly led ERP programme board, chaired by the Executive Director of Resources, in his capacity as programme Senior Responsible Officer (SRO) and the Executive Director with responsibility for all the enabling corporate services functions covered by the scope of the programme. The programme board determined and endorsed an approach which was assessed as being the lowest risk and least costly option to deliver the key business change requirements of the functional and systems areas concerned. The approach agreed was to retain and enhance or implement proven technology solutions that have already been demonstrated to work effectively in other Councils and public sector organisations. The ERP programme approach is to: upgrade the council's existing Oracle financial system from version Release 11 to Release 12; to replace the current "end-of-life" debt management system with new system with proven integration capabilities to Oracle financials release 12; and, to upgrade and exploit fully the functionality contained with the Midland HR and Payroll system, thereby achieving optimised systems, processes and improvements in respect of GDPR compliance, data quality, reporting and business intelligence and manager and employee self-service capabilities.

3.3   The procurement of all ERP products, partners and services is managed by CGI, under the terms of the Council's broader IT partnering and contractual arrangements with our ICT partner. Council subject matter experts provide input in to these CGI led procurement processes to ensure that all procurement and selection decisions meet the Council's requirements. CGI produce recommendations which are reviewed in detail by the ERP programme team, the Council's subject matter experts and the relevant Heads of Service for the functional areas concerned. When agreement in principle is reached on recommendations these are formally presented to the ERP Programme Board for review and approval.

3.4   The projected programme end date is currently forecast as March 2020. The milestone dates for delivery of individual system enhancements or replacements can only be formally baselined when detailed planning has completed in collaboration with partners and suppliers. The detailed planning work is expected to complete at the end of June 2019, aligned to procurement activities. This is also dependent upon the associated commercial arrangements with partners being formalised through CGI within the agreed timeframes.

4.   Main report

4.1   The ERP programme is comprised of project delivery streams which correspond to the key scope of deliverables. The delivery streams are: Finance; Procurement; Banking and Payments Services (BPS); Debt Management; and, HR and Payroll. In addition to these functional workstreams, there are enabling workstreams to drive actions across all functional areas for Process Improvement, Business Change and Engagement, Data and Technical Architecture. These enabling and cross-cutting

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workstreams are critical to ensuring the programme delivers an integrated solution and works cross-functionally across teams to deliver better processes, improved data and embedded sustainable change. It also ensures the programme is making the right technical decisions to enable the required outcomes.

Finance, Procurement and Banking and Payment Services

4.2   A detailed Statement of Work has been agreed which sets out the council's core scope for delivery in these areas. CGI manage all ERP procurement processes which consists of three key steps. These being (1) running a competitive tender process with joint CGI and council scoring of responses to determine a preferred supplier; (2) undertaking a period of further detailed technical due diligence on the preferred supplier, including collating information from reference sites; (3) undertaking commercial due diligence and moving to contract award. Steps 1 and 2 have been completed. The ERP Programme Board accepted the recommendation to partner with Claremont to deliver the improvements to these systems and processes. CGI are now progressing commercial due diligence and contract award. This process is expected to complete in May 2019.

HR and Payroll

4.3   The council's contract with for the i-Trent HR and Payroll system was previously held directly with the supplier Midland HR. CGI then reimbursed the Council for all costs incurred. This contract has now successfully novated from the Council to CGI, effective from 1 April 2019 and has been extended to 31 March 2023 when the current phase of the CGI contract ends. This is a significant milestone as it reduces the complexity of making HR and Payroll system changes and ensures the HR system is supported in line with most of other key systems and applications.

4.4   Following completion of the system novation and contract extension, work is now progress on delivering a range of HR and Payroll system improvements and optimisations. These will initially focus on GDPR compliance; reporting and business intelligence and reducing complexity in delivering the Council's payroll. This initial suite of improvements and enhancements is due to complete in September 2019. Additional opportunities to improve system and operational performance, including further efficiency benefits will be reviewed, scrutinised and considered by the ERP Programme Board as they arise.

4.5   The council and CGI have agreed to review application support arrangements to ensure ongoing costs of application support are optimised. This is due to be completed by the end of May 2019.

Debt Management

4.6   The selection of a debt management system is following the same CGI managed process as the Financial partner selection, but it is at an earlier stage. A detailed Statement of Works has been produced and was issued to potential suppliers. A recommended supplier is expected to be submitted to the ERP Programme Board at the end of April 2019 for consideration. Technical and commercial due diligence will then progress during May and June.

Enabling Workstreams

4.7   One of the key lessons learned from the previous ERP programme was the need for cross-functional workstreams to ensure that there are clearly documented processes and business rules; that issues around data quality and processing are being addressed through delivery and that effective business change and communications are in place. To date the re-set ERP programme has mapped 76% of ERP core processes and has agreed approaches to data, business change and communications and engagement.

Governance

4.8   The ERP Programme Board is chaired by the Executive Director of Resources and is attended by a number of the Resources Heads of Service: Customer and Digital Services, Finance and Human Resources. Other Programme Board members include the CGI Vice President responsible for business change aligned to the Council, the Chief Procurement Officer, the Interim Chief Information Officer and the Senior Accountant responsible for business partnering with Digital Services. The Council's Chief Internal Auditor also attends the board to ensure ongoing assurance of programme delivery. The Programme Board meets fortnightly with project delivery working group meetings taking place weekly.

4.9   Project delivery reports are produced weekly; overall programme status is reported fortnightly for the ERP Programme Board and Change Board reporting is produced monthly. All risks are tracked and managed in Pentana, the Council's Risk Management and reporting system. The financial elements of the programme are tracked fortnightly and updates are a standing item on the ERP Programme Board agenda.

5.   Next Steps

5.1   The ERP programme has now moved from re-scoping, design and development into full delivery phase, with significant system and processes changes to be completed between now and the end of March 2020, with the first suite of major changes to HR and Payroll due in the Autumn.

6.   Financial impact

6.1   All programme delivery costs and ongoing system support costs the subject of weekly review and scrutiny and are updated as soon as costs are crystallised via procurement processes. These means that are some cost elements still to be confirmed, but these are being carefully tracked relative to the approved programme budget.

6.2   The ERP Programme Board is given regular visibility of the latest detailed financial position and this forms a standing agenda item for the fortnightly meetings of the Programme Board. As part of due process and governance all partner and suppliers quotes are scrutinised and robustly challenged to ensure best possible value for

money. To date, this has resulted in excess of £500k reduction in the overall forecast of costs.

6.3 The programme will also deliver a significant number of non-financial benefits. These include but are not limited to having up-to-date, secure and fully supported systems; documented processes and business rules; improved manual and system controls in key processes; better visibility and integration of core system data and the appointment of experienced partners to help with future systems changes.

7. Stakeholder/Community Impact

7.1 Stakeholder maps are included within the programme's business change and communications approaches. The Senior Responsible Officer issues regular ERP communication updates and "Town Hall" style meetings are used to raise awareness and ensure that impacts of change are communicated and understood.

8. Background reading/external references

8.1 No further references.

9. Appendices