



Cabinet

Date 27 November 2019

Report of:

Portfolio Holder Corporate
Finance and Resources

NEW FINANCE SYSTEM APPROVAL

1.0 Corporate Priority:	Decision Type:
1.1 OG3 Becoming a more agile and commercial Council; securing our financial future	Key Decision

2.0 Summary:
2.1 The Policy Finance and Administration committee approved a project mandate in April 2018 for officers to implement a new finance system. Since then a collaborative procurement exercise has been undertaken to identify a preferred supplier and confirm the implementation cost required in order to seek formal funding.
2.2 Following the procurement process, this report seeks Cabinet approval to award the contract and the necessary funding to support the implementation.
2.3 Awarding the contract will help to support the delivery of a new Finance System with anticipated Go Live date of April 2021

3.0 Recommendations
3.1 That Cabinet authorise the award of the contract for a new finance system to the chosen supplier.
3.2 To delegate authority to the Director for Governance & Regulatory Services to draft and/or finalise any necessary legal documentation
3.3 That Cabinet recommend to Council the approval of £250k to be allocated from the Corporate Priorities Reserve in order to fund this project.

4.0 Reason for Recommendation:
4.1 The Council undertook a full procurement process which identified the chosen supplier as the preferred bidder against the award criteria.

5.0	Alternate Options Considered
5.1	A two stage tender process was undertaken which after the initial submission of 16 tenders four suppliers were invited through to second stage for system demonstrations and final tender submissions. The tender process was undertaken through a collaborative procurement process with Blaby and Newark & Sherwood district council's in respect of the purchase and implementation of a new Cloud-based Financial Management System.
5.2	Failure to adopt the winning tender will render the procurement process void leading to the need to run a complete new procurement exercise.

6.0	Report Detail
6.1	The Councils current system is supplied by Oracle and has been in place since 1993. Due to the technical requirements and complexity of the system, support, has to be obtained from a different third party provider alongside having a separate reporting tool which is not efficient and cost effective. Also the system is now in reduced support until July 2021, so the Council needs to consider upgrading in the near future, which will be a major cost to the Council and indicative quotes previously suggested this would be in the region of £200k - £300k. These consultancy costs for a general upgrade have been prohibitive to undertake in isolation without considering what the wider market has to offer.
6.2	Due to the increased costs of supporting a system through specialist servers which require specific support requirements it has been identified as key requirement of IT strategy to move away from Oracle database technology (which the Council currently has), to easier and cheaper to maintain systems such as a cloud based system. This has been identified as a key part of any new solution within the tender specification.
6.3	A new system should bring beneficial enhancements in functionality, improving processes for internal users and also suppliers such as supplier self-serve.
6.4	<p data-bbox="236 1350 635 1384"><u>Project Benefits / Outcomes</u></p> <ul data-bbox="236 1395 1431 2054" style="list-style-type: none"> <li data-bbox="236 1395 1431 1507">• The new system will incorporate a budget planning and forecasting facility that will dovetail with our Medium Term Financial Planning process, and reduce the need for double keying of budget data. <li data-bbox="236 1541 1431 1619">• As a Cloud-based system, upgrades and patches can be applied remotely, reducing the need for system downtime and in house IT resource. <li data-bbox="236 1653 1126 1686">• Reduced hardware resulting in less costs and maintenance <li data-bbox="236 1720 1066 1753">• Compliance with HMRC's "Making Tax Digital" agenda. <li data-bbox="236 1798 1431 1910">• Improved budget monitoring capabilities, including the ability for budget managers to update expenditure forecasts and enter comments to explain variances etc. <li data-bbox="236 1944 722 1977">• Improved reporting capabilities <li data-bbox="236 2022 1431 2054">• Interface with various systems including HR/Payroll, BACS, Revenues &

Benefits, Income Management.

- Invoice Scanning
- Improved debt management functionality

6.5 Final bids were received from the four shortlisted suppliers and were evaluated on 60% quality / 40% price basis which the summary scores outlined in the table below.

Supplier	Quality (max 60%)	Price (max 40%)	Total Score (out of 100)
A	53.76%	40.00%	93.76%
B	50.37%	25.70%	76.07%
C	35.19%	36.36%	71.55%
D	46.72%	20.63%	67.35%

As can be seen from the table above the Supplier A (preferred supplier) was the clear winner on both price and quality.

7.0 Consultation and Feedback (including Scrutiny Committee)

- 7.1 The specification within the Invitation to Tender was developed with input from a wide range of people including users of the current Finance system including revenues and benefits staff to cover the debt management element of the system. Officers have also liaised with Service Managers and the Senior Leadership Team to gather feedback and input into tender specification.
- 7.2 Previous work undertaken by the Council had identified a number of shortcomings with the current system.
- 7.3 The top four bidders were invited to deliver presentations which were attended by a range of staff from all authorities taking part in the procurement process. These presentations helped the procurement panel to understand the tenders and clarify questions that had been raised during the process.
- 7.4 The intention is that we will engage directly with users during the implementation stage to ensure their views of the system design and process reviews are fully taken into account.

8.0 Next Steps

- 8.1
- Council provide formal approval of funding at the meeting on the 18th December 2019
 - Contract signed end of December 2019
 - Implementation July 2020 to March 2021 inclusive
 - Anticipated system Go Live April 2021 inclusive.

9.0 Financial Implications

9.1 See Appendix A – Exempt

9.2 Overall implementation costs are expected to be in the region of £250k which is in line with allocation in the project mandate. Which is broken down as follows:

- Implementation, migration and training - £155k
- Data cleansing, migration and interfaces - £25k
- Project Management - £50k (although support may be possible from the Corporate Improvement Team and will be explored closer to project kick off)
- Contingency - £20k

9.3 In addition to this the annual maintenance support and licencing will be in the region of £30k per annum which will be a saving of £15k annually once the system is implemented.

9.4 Following the initial approval of the project mandate by PFA in April 2018 the draft budget allocation of £250k has been provisionally earmarked from the Corporate Priorities Reserve and has been taken into account when undertaking any future reserve balance calculations.

10.0 Legal and Governance Implications:

10.1 The Council has the power to enter into contracts in order discharge its functions (Local Government Act 1972, s111 and the Local Government (contract) Act 1997, s1).

10.2 The Local Government Act 1972 requires the Council to have regulations for how it enters into contracts. In addition to complying with all relevant UK and EU legislation every contract entered into on behalf of the Council must also comply with the Council's Contract Procedure Rules and the Council's Financial Regulations

11.0 Equality and Safeguarding Implications:

11.1 There are no direct equality and safeguarding issues arising from this report

11.2 The supplier has confirmed that their product meets current accessibility requirements.

12.0 Community Safety Implications:

12.1 There are no community safety issues arising from this report.

13.0 Other Implications

13.1 No other implications have been identified.

14.0 Risk & Mitigation:

14.1 The key risk is that The supplier fails to deliver one or more elements of the contract. This risk is mitigated by the clear specification and draft contract issues with the Invitation to Tender followed by robust project and contract management through the implementation process.

14.2 A second risk is that additional expenditure, beyond that approved, is subsequently required. This risk is mitigated by close monitoring of project spending and robust project and contract management. A contingency element has also been built into the overall funding request.

14.3 In order to gain the maximum functionality from the system all key services will need to fully engage during the development and implementation stages of the project, providing appropriate resources accordingly. If all services don't fully engage there is a risk full system benefits optimisation won't be achieved.

14.4 We will need to receive some technical input from the ICT Partnership during the implementation and on-going support of the supplier's system. Failure to do so could mean the implementation is compromised and/or takes longer or increases the suppliers costs.

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A	Very High				
B	High				
C	Significant				
D	Low		2,4	1,3	
E	Very Low				
F	Almost Impossible				
		Negligible 1	Marginal 2	Critical 3	Catastrophic 4

IMPACT

Risk No	Risk Description
1	Supplier fails to deliver on one or more elements of the contract.
2	Additional expenditure is required.
3	Failure to secure the required technical resources needed to implement the supplier's product.
4	Delays to implementation and Go Live


Background Papers:

N/A

Appendices

Appendix A: Exempt

Report Timeline:	Date:
Equalities Check & Challenge	N/A
SLT Sign off	05.11.2019
Previously Considered by Cabinet	N/A
Director Approval	06.11.2019
Legal Approval	06.11.2019
Finance Approval	06.11.2019
Chief Finance Officer Sign Off	06.11.2019
Monitoring Officer Sign Off	15.11.2019
Chief Executive Sign Off	

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