

ENTERPRISE RESOURCE PLANNING SYSTEM

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| Relevant Portfolio Holder | Councillor Tom Baker Price |
| Portfolio Holder Consulted | Yes |
| Relevant Head of Service | Jayne Pickering |
| Ward(s) Affected | All |
| Non-Key Decision | |

1. SUMMARY OF PROPOSALS

- 1.1 This report requests the financial requirements to progress the implementation of the Enterprise Resource Planning (ERP) system following the completion of the procurement exercise.

2. RECOMMENDATIONS

Executive Committee NOTES;

- 2.1 That the procurement exercise for the new council enterprise system has been completed and that if the project is to be progressed additional funding is required**

Executive Committee RECOMMEND to Council;

- 2.2 That additional capital receipts to the value of £208k as detailed 3.4 are approved to fund the system in 2019/20 and that the Capital Programme is updated to reflect this expenditure.**

3. KEY ISSUES

Background

- 3.1 As Members are aware approval was given in July 2018 to undertake a procurement exercise to secure a fully integrated Enterprise Resource Planning System to ensure the Council can view a more strategic, long term approach to financial management, ensure decisions are informed by accurate, real time information and enable flexible access for customers and officers. Therefore officers have undertaken a procurement exercise through the G Cloud framework.
- 3.2 The exercise involved a detailed specification being written by the council as part of a clarification exercise, and the suppliers on the framework responding to the clarification questions asked. Supplier responses were evaluated by officers against the Council's requirements and in accordance with the framework rules and this has resulted in the selection of a preferred supplier.
- 3.3 Officers are confident that the specification was structured so as to ensure the Council has the system with the most appropriate functionality to deliver financial

services and information within the commercial and constantly changing financial environment it is working within.

Financial Implications

- 3.4 The tendering exercise undertaken has demonstrated that initial cost estimates of the system were lower than the final preferred bidder's price. The original estimate was £395k total (£197.5k approved per council). The preferred supplier's price is £735.7k total (£367.9k per council) therefore an additional £171k per Council) is required. In addition it is prudent to include a contingency of 10% to provide funding for unknown costs of £74k (£37k per Council). Therefore the total additional funding required is £208k (£171k + £37k) for the Council. The preferred supplier's price includes an implementation cost based on the number of days that it estimates will be required for implementation of the system. If less implementation days are used by the council than are budgeted for by the supplier then there will be a consequential reduction in implementation costs.
- 3.5 The Council is using capital receipts to fund the project and therefore there are no borrowing costs or requirement to deliver a return on the system. There are a number of posts currently vacant in the finance team that may be reassigned however it is anticipated that the annual license cost of £46k would be offset by the deletion of currently vacant posts

Legal Implications

- 3.6 A procurement exercise was undertaken for a new ERP system. This has resulted in the selection of a preferred supplier. The exercise has been concluded in accordance with the G Cloud framework and it cannot now be re-opened. If the Council does not wish to progress the project with the preferred supplier on the basis specified by the Council because the required funding is not available but still wishes to procure a new ERP system, the Council would need to conduct a new procurement exercise with a revised specification.

Service / Operational Implications

- 3.7 Moving to the new system will enable significant improvements in service delivery, both from a back office perspective and an end user viewpoint. Budget managers will be provided with their own real time dashboards so they can see their budgets and orders. This will significantly improve financial reporting timeliness and accuracy. It will also enable council customers to self-serve more and use new technologies to facilitate transactions making it easier for them to interact with the council.

Customer / Equalities and Diversity Implications

- 3.8 The new system will drive and support self-help for all users of the finance and HR services. We will co-design the future service, including the various interfaces and portals, to ensure that they are intuitive and easy to navigate. It is

anticipated that self-service becomes the most convenient approach to finance servicing for both internal and external customers to improve accessibility and realise further efficiencies

4. RISK MANAGEMENT

- 4.1 Should Members not approve the additional costs a new specification (reduced) and further procurement exercise would have to be undertaken. There are a number of risks associated with this; firstly the delay (6-12 months) which would have a significant impact on the financial management and innovation of the Council in supporting its transformational change needed to face future financial pressures. In addition there would be financial costs associated with extending current contracts which may be costly for the Council to enter into. Finally, procurement of a new system on a reduced specification may result in a system which is not fit for purpose or does not deliver all anticipated benefits and efficiencies.
- 4.2 Several departmental risks arise concerning the migration of data to a new system and the implementation of the new system which will require strong project management to ensure that the project remains on track and will deliver its anticipated benefits. These risks will be recorded in the departmental risk register which is monitored on an ongoing basis.

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