



**REPORT TO:** Cabinet  
**LEAD OFFICER:** Head of Finance

10 September 2015

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## **FINANCIAL MANAGEMENT SYSTEM (FMS)**

### **Purpose**

1. To present project planning documentation for the replacement of the FMS in collaboration with Cambridge City Council (CCC) and ask Cabinet to consider the Council's involvement in this project.
2. This is a key decision as it results in the authority incurring expenditure which is significant having regard to this Council's budget for the service or function to which the decision relates and it was first published in the July 2015 Forward Plan.

### **Recommendations**

3. It is recommended that Cabinet:-
  - Endorses the involvement of this Council in the project;
  - Recommends to Council for approval, supplementary budgets of up to £190k (capital) and up to £123k for year 1 and up to £55k p.a. thereafter (revenue); and
  - Delegates the final agreement of these supplementary budgets to the Portfolio Holder for Finance and Staffing, the Executive Director - Corporate Services and the Head of Finance.

### **Reasons for Recommendations**

4. Whilst not essential at this point in time, replacing the Council's current FMS (Open Accounts) with a more modern, user-friendly system will enable service managers and their teams to self-serve to a far greater extent than at present. This should, with the correct financial and systems training and support, enable them to take greater responsibility for the financial management of their services.
5. Modern systems also provide considerable opportunities to automate processes, and drive compliance with these processes. For example, a purchase-to-pay workflow can be used to support purchasing from approved suppliers, and electronic approvals, posting and payment processes. This should speed up processing and reduce the need for manual checking.
6. A common FMS will be a key enabler for the development of a shared Finance Service, allowing greater benefits to be realised more quickly than would otherwise be possible. These benefits are expected to include cost savings, improved resilience and the capacity to improve the support available to service managers and their teams. Remaining on two disparate systems will limit many of the potential efficiencies to be gained from sharing finance teams.

## **Background**

7. Cabinet on 9 July 2015 approved the approach to shared services, including future collaboration on Finance and Procurement. This was similarly endorsed by CCC. A common FMS will support effective sharing and the realisation of benefits from the creation of a shared finance team.
8. **Appendix A** presents relevant extracts from project planning documentation for consideration, including the rationale for the project, how it will be delivered and estimated costs.
9. A joint project team will be formed for both the procurement and implementation phases. A key objective will be to procure a system which provides inbuilt best practice processes and to implement these with minimum changes. It is therefore expected that changes to processes, procedures, reports and ways of working will be required at both Councils.
10. Initial work has indicated a range of possible costs which will depend on the system ultimately selected. These will be shared between the Councils on a proportionate basis.

## **Considerations**

11. See **Appendix A**.

## **Options**

12. One option is to continue to use the existing FMS, i.e. to do nothing. This is likely to be the cheapest option. However, it will make sharing finance teams more difficult and reduce the benefits of doing so. Additionally, the potential for improvements in processes will be limited by the existing system, which is no longer marketed into the local authority sector.
13. A second option is the replacement of the FMS, independently of CCC. Whilst this will enable quicker and more fundamental improvements than option 1, it will not support shared services and will require significant additional resources to deliver.
14. The third and recommended option is to collaborate with the City Council to procure a system to replace both legacy FMSs, thereby sharing costs, resources and expertise.

## **Implications**

15. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered: -

### ***Financial***

16. There will be one-off and ongoing costs as a result of the replacement FMS. These will depend on the system chosen and the supplier's charging model. The costs will replace the running costs of the current FMS. However, the new system will enable efficiencies and improved financial management practices.

### ***Legal***

17. Legal advice will be sought in relation to procurement and contracts.

***Risk Management***

18. Risk management issues will be covered by existing CCC risk management processes, including the use of a project risk register.
19. Key risks will be included within the Corporate Services Risk Register to ensure visibility and management within this Council.

**Effect on Strategic Aims**

**Aim 1 – Engage with residents, parishes and businesses to ensure we deliver first class services and value for money**

20. This project aims to reduce costs, improve ways of working and to deliver efficient and effective financial management processes to support the Council through challenging financial times.

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