

## Appendix A: Extracts from project planning document

### A1. Project Brief - Purpose

The project will replace the Council's current financial system, Open Accounts Financials, with a modern, flexible and appropriate system. The system selected and implemented will be cloud-based, in line with the emerging ICT application delivery strategy. It will enable / support the Council's transformation through the provision of self service functionality and intuitive enquiry and reporting capabilities. As such, it will be a key driver of change.

### A2. Project Background

The current system meets our basic accounting requirements. However, it is traditional in design, inflexible, and cannot be changed easily and cost-effectively to support the business. For example:-

- The coding structure was designed during implementation in 2004. The current system does not facilitate changes to the coding structure to reflect changes in the structure of the council. As a result, changing reporting requirements cannot be met easily or effectively
- Basic workflow functionality e.g. to support P2P, is cumbersome, time-consuming to use and therefore not consistently used across the Council
- Reporting from the system is not user-friendly, and acts as a disincentive for non-Finance users to access reports to enable them to actively manage their budgets
- The budget process and associated modelling has to take place outside the financial system

Given the functionality and opportunities for process improvement provided by the implementation of a modern system, this project will procure and implement a replacement financial system.

The project will have implications for, and dependencies on a number of other existing and potential projects:-

- **Finance shared services:** For maximum benefit to be gained from a shared service, a common financial system will be necessary.
- **Financial Management Transformation Project:** A new financial system will enable the streamlining of processes within teams, provide access to the financial system from any location through desktop and mobile devices, and provide readily available information to track the performance of transactional services. The project itself will provide an opportunity to develop relationships and working practices with the new ICT support function.
- **Alternative delivery models:** A modern, flexible financial system will better support the changes to the structure of the organisation arising from the implementation of alternative delivery models. It will also provide an attractive platform from which to offer financial services to services being externalised.

#### A4. Benefits

The project will support the transformation of services and culture change within the organisation. It will :-

- support the achievement of savings throughout the council
- facilitate shared services in ICT support and finance
- empower users to take responsibility for their budgets
- enable accountants to spend more time on value-added tasks
- enable innovation in the delivery of finance services
- up-skill finance staff
- automate / streamline processes
- provide systems resilience
- move to a software as a service basis allowing IT costs to reduce more easily

#### B1 Estimate the Project Costs (as determined for Cambridge City Council through discussions with potential suppliers)

Area of Expenditure	Capital £k	Proposed Funding Source
Implementation consultancy	65 - 150	Reserves
Project manager	29 – 44	Reserves (6 – 9 months , 3 days/week at £750/day)
Back fill for finance staff involved in the implementation project	23 - 33	Reserves (2 people at CPB6 for 6-9 months, 5 days per week – assume 50% capital)
ICT support	15	Reserves (50 days at £300 per day)
<b>Total capital</b>	<b>132- 242</b>	
	Revenue £k	Proposed Funding Source
Annual subscription for system usage	35 - 160	Each year
Back fill for finance staff involved in the implementation project	23 - 33	2 people at CPB6 for 6-9 months, 5 days per week (year 1 only) – assume 50% revenue
<b>Revenue</b>	<b>58 – 193 (year 1)</b>	
	<b>35 – 160 (ongoing)</b>	

Adjusting the above indicative costs for SCDC, assuming minimal savings as a result of the joint procurement and implementation, gives:-

Indicative capital cost = £100k – £190k

Indicative revenue cost, year 1 = £58k - £123k

Indicative revenue cost p.a. year 2 onwards = £35k - £90k

Existing revenue budgets for the current system of £4k p.a. will become available to contribute to the costs of the new system. Further revenue savings of £40k p.a. from sharing the Head of Finance post with Cambridge City Council are available to fund the replacement – see Financial Summary below.

As described in A4, replacement of the financial system will have considerable non-cashable benefits, as well as acting as an enabler for a number of cashable benefits in the future.

These future cashable benefits will include:-

- Reduction in the number of finance and business support staff through the automation of processes, the roll-out of self service, and enabling of shared services
- Savings achievable through sharing of finance team with CCC, enabled by the system replacement
- Reduction in ICT support costs, including system and server administration, and DBA support
- Reduction in ICT running costs, including electricity, office space, server replacement
- Reduction in paper and printing costs through the use of electronic workflows and reports designed for use on screen
- Reduction in accommodation costs from reduced need for document storage and no on site server required

## **B2. Procurement Strategy**

In line with the emerging ICT strategy, the finance system will be procured as a service (Saas – software as a service). The application will be hosted ‘in the cloud’ and accessed through a browser. Therefore procurement will cover 2 aspects – implementation costs, typically consultancy, and on-going subscription, or usage costs. Over a typical life cycle of 5+ years, the total cost is expected to exceed OJEU thresholds, and therefore the use of a framework contract may be advantageous, to shorten and simplify procurement process, whilst ensuring compliance with procurement and legal requirements.

We have identified two suitable frameworks:-

**G-Cloud** (available through the Government’s Digital Marketplace) framework agreements with a large number of service providers; services listed on a publicly accessible portal known as the Digital Marketplace. Public Sector organisations can call off the services listed on the Digital Marketplace without needing to go through a full tender process.

The Saas / Accounting and Finance category on G-Cloud lists 473 suppliers, covering a wide range of finance-related applications. All major finance system suppliers to the local government sector are represented, either directly or through implementation partners. The call-off contract duration is limited to two years without extension, however in practice repeat contracts are possible, protecting initial investment in systems implementation.

**Framework Agreement RM1042**, available through Crown Commercial Services, will enable the council to use a mini competition to procure our requirements through a call-off contract. The framework is entitled ‘Corporate software solutions’. It has been developed as a pan-government agreement in association with strategic partners from central government, the wider public sector and Pro5 buying organisations. It provides a procurement vehicle for customers to access a specialist supply base for complex business needs based on common software products. Under the agreement suppliers are able to provide Enterprise applications software and related services to include design, development, installation and commissioning of systems; ongoing support, training, enhancement and maintenance and some related business process support services. The relevant lots feature 14 suppliers, but do not include all of the key suppliers within the local government marketplace.

We have recently become aware of further framework, made available by LGSS, through

which we would be able to obtain the Agresso ERP system. This system is one of the market leaders.

Work is in-going to determine the preferred route to market from the above options.

### **B9. Risk Assessment**

A full risk assessment will be undertaken as part of detailed project planning, and reviewed and maintained throughout the project. This will be a major project and the risks will vary as the project progresses. A number of key overarching risks are noted below, with possible mitigations:-

- **The solution (system, implementation support, ongoing support) chosen is not fit for purpose.** An output-based specification will be used and procurement will be undertaken through a framework agreement. References and site visits will be used as part of the selection process. Procurement and Legal support will be included on the project team.
- **The implementation project may not deliver to time, cost and/or quality.** A project manager with relevant experience will be engaged. Key finance and user staff will be included on the project team. Project governance will follow the Council's project management methodology.
- **Approval for 'go live' may be given before the system is ready.** A comprehensive testing programme will be followed. An issue log will be maintained. Data will be cleansed before upload and reconciled after. Advice and support for these processes will be sought from the supplier and project manager.

## Financial case summary

### Capital

There will be capital costs of £100 – 190k payable to cover implementation costs.

### Revenue

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Notes
	£k	£k	£k	£k	£k	£k	
Revenue implementation costs	9	19					Average cost, £28k taken, split 1:2 between years
Annual subscription/ usage costs		16	63	63	63	63	Average cost £63k, starting 1/01/17 (assumed go live date)
less: existing revenue budgets - Open Accounts and associated costs		-12	-47	-47	-47	-47	Budget available from 1/01/17. In practice some legacy costs may not stop immediately. There may be costs of maintaining access to historic data
less: Finance savings - shared Head of Finance	-9	-40	-40	-40	-40	-40	Saving from sharing Head of Finance with Cambridge City Council
<b>Net revenue impact</b>	<b>0</b>	<b>-17</b>	<b>-24</b>	<b>-24</b>	<b>-24</b>	<b>-24</b>	<b>Headroom available above average costs assumed</b>

See also B1, which lists a number of other savings that will become available as a result of this system replacement. As some of these savings rely on the move towards providing all ICT applications from the Cloud, and making savings in overheads as a result, they have not been quantified at this stage.