

# Chichester District Council

THE CABINET

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## Post Project Evaluation of the Financial Management System Project

### 1. Contacts

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### 2. Recommendation

- 2.1. That the Cabinet notes the findings of the Post Project Evaluation and considers any comments and recommendations it may wish to make.**

### 3. Background

- 3.1. The Cabinet considered a report and Project Initiation Document (PID) at its meeting on 12 June 2012, which assessed the business case for the proposal to replace the Council's core financial system, along with a view to obtaining an integrated solution for both a purchasing ordering system and a fixed asset register system.
- 3.2. The reason for this proposal was that the Oracle Financials system being used at the time was nearing the end of its supported life (November 2013) and in order to move to the latest version of Release 12, would have meant a major re-implementation which could not have been achieved without buying in external support and training. There was also a high annual cost of maintaining all of the different systems which made up the Council's financial suite.
- 3.3. Members were also informed that the existing Sun/Solaris platform on which the Oracle system sat would also reach the end of its supported life in January 2014, and therefore this needed to be incorporated in the ICT Strategy 2012-15 server replacement programme.
- 3.4. Due to the estimated value of the contract, an open OJEU tender procedure was implemented on 31 July 2012. The Council received 14 completed tenders by the closing date of 21 September 2012, which were evaluated in accordance with the Council's contract standing orders and EU procurement regulations.
- 3.5. The outcome of the tender process and recommended contract award to the preferred supplier, Civica Ltd was approved by Cabinet at its meeting on 8 January 2013. A budget of £268,300 was approved for the project with anticipated annual costs of £16,583, realising a net annual saving of £53,817; so paying back the estimated capital investment within a 5 year period, as required

in the Council's Financial Strategy.

#### **4. Outcomes to be Achieved**

- 4.1. The PPE provides an opportunity to review how the implementation of the new financial management system has performed against the original objectives and success criteria for the project as set out in the PID.
- 4.2. The PPE process also allows lessons to be learned from this project, which can be passed onto other projects and to ensure that any open issues or risks are addressed, and highlight any future actions and recommendations where appropriate. It also provides the opportunity to assess the expected outcomes already achieved and/or provide for any outcomes yet to be realised. Plus give an opportunity to highlight any indirect or unforeseen benefits from the project not previously identified in the PID.

#### **5. Proposal**

- 5.1. The original proposal set the outcomes as:
  - To select a cost effective and appropriate integrated financial management system that achieves a reduction in the total cost of ownership.
  - To replace the necessary financial systems in a timely manner to ensure continuity of service.
  - To simplify and have better integration with other third party systems e.g. income and property management.
  - To enable a move towards using a more cost effective platforms for the delivery of council systems.
  - To provide a financial system with an easy to use interface that will allow managers to access real time financial information.
  - To provide a system that can be accessed remotely and will be suitable for deployment to council staff that are not office based.
- 5.2. The PPE has shown that the implementation of the core financial system was achieved on the required date of 1 April 2014, and the Council was able to access its financial data for budgets and expenditure on the general ledger, raise invoices for the goods and services that it delivered to its customers, and had an integrated purchasing system which linked to the creditors module which paid the Council's suppliers.
- 5.3. All staff are able to access the financial system (subject to their security permissions to tailor their views of data etc.) and the information is in real time as it is refreshed every 15 minutes. The system is also accessible to staff working remotely.
- 5.4. A primary objective was to reduce the total cost of ownership through amalgamating systems and having a solution better suited to the functions of the Council. The estimated capital investment including contingency provision was set at £268,300 along with anticipated ongoing revenue costs of £16,583. This gave anticipated savings of £53,817 pa against the ongoing costs of the original financial suite of systems used by the Council. The final scheme cost of this

project was £215,729 and so £52,571 will be returned to the Council's usable reserves. Also the ongoing revenue costs are £14,583 as an annual upgrade support fee option was not taken up, so the actual annual savings achieved are £55,817. The new system also works on a more cost effective platform and so contributed to the savings realised by the ICT Replacement Server Programme.

- 5.5. This project was also the catalyst for a service review undertaken for the Accountancy Service, which was expected to deliver further savings as part of the Council's original deficit reduction plan. The restructure of the team to take account of improved business processes, and the ability for budget managers to self-serve obtaining financial data directly, meant ongoing staff cost savings of £75,000 have been achieved. Essentially the type and standard of service delivered by the team has moved to one of added value and qualitative skills due to increased technical skills and knowledge, rather than information provision and less quantitative skills. Also as the business objects reporting tool licences, previously used by accountancy to provide financial reports to budget managers, were no longer required for the new system; this realised a saving of £25,000 that had not previously been identified as a consequence of this project.
- 5.6. Two new modules included in the original Civica system were implemented in 2016 for payroll budgeting and ebudgeting, which replaced 2 in-house developed databases that were previously used by Accountancy Services to deliver the budget. The ebudgeting module enables budget managers to use the system to review their controllable budgets and is linked to the change in service delivery by accountancy. All budget managers were given training to use the system by the Accountancy team in September/October 2016 and reminded about good financial management. This is seen as a further enhancement of the skills and knowledge for the wider financial management role all managers have a part to play.
- 5.7. In conclusion the project was a major step forward in improving the accessibility to financial information within the Council, improving associated workflow and business processes, and has more than achieved the savings targets set as a consequence. Plus the new core financial system was delivered on time.
- 5.8. It should also be noted that the Accountancy Services team continue to invest time training and developing the financial skills and understanding of budget managers in order to enhance their financial system self-service experience. This ongoing support is delivered via training updates and the offer of drop-in sessions which all budget holders can attend.
- 5.9. The way in which the team provides accountancy support to the Council has been transformed due in part to the implementation of the new financial system, but also due to the creative problem solving ideas implemented as the team sought out ways to become more efficient in the delivery of the service as part of the impact of the service review.

## **6. Alternatives Considered**

- 6.1. Alternative options were considered as part of the original PID reported to the IT Advisory Group (ITAG) in May 2012 and Cabinet in June 2012. These were:

- Do nothing
  - Do Minimum - Upgrade to Oracle Release 12
  - Replacement system – Managed in-house
  - Replacement system – hosted
  - Shared service
- 6.2. The preferred route approved by both ITAG and Cabinet was to test the market for a new FMS.
- 6.3. Following the outcome of the tender process the preferred option was to implement a replacement system managed in-house.
- 6.4. The PPE looks at how the project fared in relation to the original objectives and success criteria. The PPE shows that these were achieved and the items which are still in progress at the time of this report.

## **7. Resource and Legal Implications**

- 7.1. The resources and finance required over the life of this project were identified at the outset of the project and as stated have been managed within the approved project budget and ongoing revenue budget. However, the impact of undertaking such a large scale project of this nature should not be underestimated as it is a significant draw of staff resources and has been achieved by key team members having to work additional hours to ensure that both this project and the delivery of the normal routine service objectives i.e. budget and final accounts.
- 7.2. However, some additional staffing resources were required in the past year in the Accountancy Services team to assist with the implementation of other project work (new treasury system) plus the implementation of the new fixed asset module and the budgeting modules. The costs of which are funded by an approved staffing budget carry forward into the 2016-17 budget.

## **8. Consultation**

- 8.1. The PPE was circulated to SLT and all the project team for their comments which are incorporated in appendix 2.
- 8.2. During 2016 additional hands on end user training was delivered to address any gaps in skills and knowledge of staff using the financial system for the accounts payable and accounts receivable modules. All services now have a number of lead users who should be able to train any new staff and deal with simple queries. This was arranged after feedback from managers.
- 8.3. It should also be noted, that during a clarification meeting with the preferred supplier at the start of the project a number of budget managers were invited to see the potential self service capabilities of the system, where the feedback was very positive. Since the implementation of the new system all budget managers have now received two hands on training sessions on how to use the system and specific training of Finance for Non-Financial managers to aid their knowledge of financial management and jargon busting finance terminology. After these sessions the response from budget managers on using the system has been welcomed.

- 8.4. This approach was taken to ensure that the delivery service standard agreed for the Accountancy Service was achievable and did not increase the exposure to financial risks for the Council by having this wider financial management approach.

## 9. Community Impact and Corporate Risks

- 9.1. At the outset of the project the Council had to do something to ensure that it maintained a robust financial system. This was a large project that could not impact on the ability of the Accountancy Services team to be able to complete the Council's statutory financial accounts, nor prevent it from being able to bill for the goods/services it provided to the community, or to pay its own suppliers.
- 9.2. The risks associated with the project were carefully managed in terms of cost control and ensuring that the system implemented was as set out in the contract, the tender specification and the tender response submitted by the successful supplier.
- 9.3. As the system has been in place since April 2014, and is supported and maintained by in-house staff for any upgrades, any risks associated with the implementation have now been closed.

## 10. Other Implications

	Yes	No
<b>Crime and Disorder</b>		X
<b>Climate Change</b>		X
<b>Human Rights and Equality Impact</b>		X
<b>Safeguarding and Early Help</b>		X

## 11. Appendices

- 11.1. Appendix 1 – Original Project Implementation Document.  
 11.2. Appendix 2 – Post Project Evaluation Document.

## 12. Background Papers

None