

Review of Agresso ERP system implementation and Management of the Serco Contract

KPMG LLP, November 2016

Table of recommendations with applicability to LCC contracts and timescale for consideration

No.	Recommendation by KPMG	Applicability to LCC Contracts	Timescale for consideration
	<p>A full management response to recommendations will be completed by March 2017</p>		
	<p>Programme and project governance</p>		
1	<p>The Council should continue to maintain an intelligent client function for any major programme where there is an element of outsourcing, using a defined programme and project methodology. In doing so:</p> <ul style="list-style-type: none"> a. Sufficient resources need to be deployed; and b. A key learning point is that even where risk is transferred to the supplier the client needs to be in a position to hold them to account for their actions and performance. In order to do this the client side needs to be aware of progress, and issues, and being appropriately resourced to act to intercede where necessary. 	<p>Immediately for Current Contract</p> <p>Applicable to all contracts, but scale and level of expertise needs to be assessed for each depending on level of risk.</p>	<p>In place already but resources to be assessed by end of December 2016</p> <p>At each contract renewal and review for highest risk contracts ahead of renewal.</p>
2	<p>The Council should continue to use Programme Boards as part of its governance for major procurement:</p> <ul style="list-style-type: none"> a. It was and is appropriate to meet at least monthly or more frequently when the project enters critical phases; 	<p>Applicable to renewal of contracts where the level of change brings significant risk to the council or its service users. Risk assessment required.</p>	<p>To be undertaken for next major contract</p>

	<p>b. There were, and will continue to be, needs for clear reporting and escalation processes in place which ensure all relevant parties are involved or informed or progress. Consideration should be given to more detailed reporting being provided to CMB on critical decisions including: need for contingency arrangements; go live decision; issues relating to supplier/subcontractor e.g. capability of resources; potential for extension of implementation period;</p> <p>c. Formal meeting minutes were and should be produced after each meeting, and they should always be distributed to attendees and appropriate Council senior staff; which can take the format of action and decision logs. This should ensure that any significant issues that affect projects are fully communicated and addressed by senior management;</p> <p>d. That these Boards are also seen as an effective use of resources and a sound forum for decision making by the supplier and its sub-contractor(s).</p>		
3	The Council should continue to put in place a dedicated programme manager to lead and co-ordinate the Council's side of any future programmes. This person should have the necessary skills and experience to provide adequate challenge to any 3rd party supplier and its staff working alongside to deliver a project. This should enable the Council to ensure their contractual delivery, and risks are looked after at all times.	Applicable to renewal of contracts where the level of change brings significant risk to the council or its service users. Risk assessment required.	To be evaluated for next major contract
4	The Council should consider in future whether to utilise the services of an external supplier to carry out Independent programme assurance at key points during the lifecycle of	To be assessed for each programme to assess benefits, risks and costs.	To be evaluated for next major contract

	the procurement through to go live and post implementation review. This would enable the Council to gain assurance at key points, or alternatively be cognisant of issues which need to be addressed, together with advice from suitably experienced providers.		
	Tender Evaluation (refers to findings in 2.2)		
5	When carrying out site visits for future outsourcing contracts the Council should where possible ensure that the sites visited include: the application software and versions being offered; a supplier site where they have been responsible for the same package of delivery of services; and preferably the same implementation timescale.	For any contract which includes a major software change	To be considered for contracts which include software change
6	The Council should consider how it might manage its reputational risk even where all other risks have been transferred to the supplier.	Immediately for Current Contract and other high risk contracts	Active now Particularly at point of change, procurement, but also regularly as part of contract management
7	There needs to be challenge in relation to timescales provided by suppliers in terms of their realistic achievability. Research should be carried out using organisations such as Gartner or Forrester to assist in this process.	Any Complex Contract	To be considered prior to next major contract
8	Where suppliers offer specific implementation toolkits such as 'Local Government Templates' these should be reviewed for existence and validity	Any Complex Contract	To be considered prior to next major contract

	Contingency Arrangements		
9	For future outsourcing projects there should always be an enforceable contingency plan in place to fall back on in the event of go live problems. Consideration should be given as to whether the contingency provides good value which is proportionate to the risk and consequence of failure and the cost of the contingency. This should be explored as part of the forensic analysis of the Open Book accounting during the evaluation process.	All contracts with significant risk, particularly due to change. The important point here is the ability to enforce at a point of the Council's choosing.	To be considered prior to next major contract
	Data Migration, Parallel Running and Testing		
10	For future ICT projects the Council needs to ensure it has adequate arrangements in place for data migration. For ICT outsourcing contracts, the Council needs to ensure that 3rd parties carry out all contractual obligations relating to data extraction, transformation and data load, and ensure it has adequate arrangements for the formal sign off of the data migration process; specifically the use of control totals for quantitative data:	For any contract which includes a major software change	To be considered for contracts which include software change
11	The Council should work closely with any supplier to ensure it has adequate information on testing and parallel running work being carried out and the subsequent results. It is important that the client side has visibility of the quality and comprehensive coverage of this work to ensure data transferred: is confidential; has integrity; and is complete. There should normally be at least two clear parallel runs carried out, and the results formally signed off. We would also expect to see evidence of individual sign offs for discrete areas of testing including: functional; technical; regression etc.	For any contract which includes a major software change	To be considered for contracts which include software change

12	For future ICT outsourcing projects, the Council should ensure there are adequate change control mechanisms in place throughout all stages of the project.	For any contract which includes a major software change This is in place as part of the ITIL IT service management and the client team monitor this.	To be considered for contracts which include software change
13	Although Serco accepted an implementation period of 12 months, future procurements of this scale should allow 18 to 24 months for transition.	Any Complex Contract	To be considered for each major contract
	Go live arrangements		
14	The Council should continue its methodology of having appropriate governance arrangements in place during the go live decision, with all parties being fully aware of the implications of go live.	Any Complex Contract	To be undertaken for future major contracts
	Services from April 1 2015		
15	The experience of service delivery over the last 18 months, has confirmed the importance that the Council has placed on effective management through good governance. The Council needs be in a position, with independent evidence if necessary, to work with its supplier on the following: <ul style="list-style-type: none"> • Consistency and capability of supplier staff; • Quality of deliverables; • Programming the management of recovery; • Re-programming the implementation in line with Council's requirements; and 	Immediately for Current Contract Consider appropriate arrangements for each contract based on risk assessment.	In place and subject to continuous assessment As required for each contract, through implementation and contract management.

	<ul style="list-style-type: none">• Data quality and Controls sign off by all parties. <p>These are areas that will always need to be addressed in order for ongoing successful delivery of Services.</p>		
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