

Open Report on behalf of James Drury, Executive Director - Commercial

Report to:	Executive
Date:	17 December 2019
Subject:	Business World ERP System Re-design
Decision Reference:	I017371
Key decision?	Yes

Summary:

This report proposes an estimated investment of c£1.8m in order to re-design the Council's Business World ERP system, optimising its functionality in order to deliver the full benefits of which the system is capable.

The existing system design is creating a number of significant issues to the effective performance of the system, which is impacting on the efficiency and effectiveness of the departments of the Council and maintained schools which use this system.

The report sets out the options and recommends moving to the existing Hoople Ltd. Business World platform.

As part of the move to the Hoople platform, it is proposed that the Council take up part ownership of Hoople so that Hoople becomes a "Teckal" company of the Council, and the Council would award a direct contract for the services to Hoople utilising the appropriate procurement exception.

The re-build project is expected to take 15 months with a planned completion planned for April 2021.

Recommendation(s):

That the Executive:

1. Approves the undertaking of a re-design of the Business World system in order to rectify the issues that the Council and schools are facing.
2. Approves effecting such re-design by moving to the existing Business World platform operated by Hoople Limited.

3. Approves the Council becoming a member of Hoople Limited by the acquisition of shares in the company.
4. Appoints the Assistant Director - Corporate Transformation, Programmes and Performance as the Council's representative to exercise the Council's powers as member of the company.
5. Approves the entering into by the Council with Hoople Limited of a contract for the implementation and ongoing provision of services for making available to the Council Hoople Limited's Business World platform and the hosting of the Council's data on that platform.
6. Approves the commissioning of specialist external consultancy services to support the Council prepare the existing Business World system for migration to the Hoople platform.
7. Delegates to the Executive Director - Commercial in consultation with the Leader of the Council and the Executive Councillor for Highways, Transport and IT, authority to take all decisions necessary to ensure the entering into of the above arrangements to include the final form and entering into of all contracts and other legal documentation with Hoople Limited and other third parties.

Alternatives Considered:

1. Decide not to carry out the re-design of the system and to seek to maintain the existing build, making the necessary updates to meet legislative requirements. Failing to address the design, capability and configuration of the system will result in the Council being unable to reap the full benefits of its investment in an ERP system and will continue to present high risks to the organisation in terms of data assurance, payroll accuracy, accurate reporting and efficient operating practice.
2. That the Council carries out the re-design itself and undertakes a commissioning exercise to engage an appropriate system expert supplier to support the Council in the re-design of the Business World ERP system. The Council lacks the in-house expertise to carry out this work effectively. This would therefore require the Council to engage a third party to support the re-design and provide strong contract management through individuals with relevant system expertise and experience. An appraisal of this approach has indicated that this option would be c£0.556m more expensive and would not effectively manage the risk that the Council will deviate from a standard build approach and adopt local customisation. An analysis of the market, supported by previous experience, has identified that capacity to support a re-design is limited and a system re-design would not be in place until April 2022 at the earliest.

- 3 Seek to procure an alternative ERP system, or separate specialist HR and financial systems in order to replace Business World. This would require a specialist review of the options available in the marketplace in order to quantify the cost of any such move and any resulting savings. Indicative costs of investing in the move to another system would range extensively based upon the required level of customisation, flexibility, adapting ways of working to fit into the system and the preferred system(s) itself. It is estimated this could be anywhere between £2-5m plus. The Business World system is proven elsewhere in many other organisations, which contributed to the Council deciding to implement it in 2015. The issues the Council currently faces with the system are resolvable, which in turn will also create the capacity within the system to implement further system enhancements.

Reasons for Recommendation:

The Council and schools continue to experience issues in the functionality of Business World which is creating a range of issues impacting on day to day activity. Following reviews of the configuration, there is a recognition that the way in which the system has been implemented is contributing to the inability to address these issues and to take advantage of the full functionality of Business World as an ERP system.

The Business World system is proven elsewhere in many other organisations, which contributed to the Council deciding to implement it in 2015. The issues the Council currently faces with the system are resolvable, which in turn will also create the capacity within the system to implement further system enhancements.

The Council lacks the in-house expertise to carry out this work itself effectively. This would therefore require the Council to engage a third party to support the re-design and provide strong contract management through individuals with relevant system expertise and experience. This option would be c£0.556m more expensive and would not effectively manage the risk that the Council will deviate from a standard build approach and adopt local customisation. An analysis of the market, supported by previous experience, has identified that capacity to support a re-design is limited and a system re-design would not be in place until April 2022 at the earliest.

Hoople are an experienced provider of the Business World system and have successfully configured it to support multiple public sector organisations through their shared services approach. The solution is a cost effective option for the Council and engaging as a shareholder of Hoople provides the opportunity to shape the direction of the ongoing enhancement of the system.

1. Background

Context of the issue

- 1 Lincolnshire County Council implemented Agresso (now called Business World (BW)) in 2015 and there are c166 schools using the system. The implementation included the provision of HR, Payroll, General Ledger, Accounts Payable, Accounts Receivable, Income Manager, Planner (budgets & forecasts), Project Costing & Billing (financial management of projects), Bank Reconciliation and Fixed Assets. At that time, an assisted build approach was adopted (professional consultants supporting our own staff to build the system), with a high level of flexibility to accommodate local requirements, resulting in a bespoke configuration for the specific needs of the Council.
- 2 Since the original implementation, the Council has encountered a range of issues across the system which it has endeavoured to resolve. Following a number of reviews of the system configuration, including analysis by Unit4 (the BW developer), there is a recognition that the current set-up of the system is contributing to the inability to address a number of ongoing issues and is limiting the ability to take advantage of the full functionality of the system and as such, a system re-design is required.

Benefits of a system re-design

- 3 The key benefits that would be realised through a re-design of the system include:
 - To minimise expense and complexity in keeping the system up to date, and to have the latest developments available to the Council.
 - To avoid the operational problems the Council has experienced which have been traced to the customisation of the system configuration to Lincolnshire ways of doing things.
 - To provide an integrated finance and people management platform that allows the Council to operate more effectively and efficiently in a modern way of working, making full use of technology to support operational delivery of services.
 - To provide up-to-date financial and people management reporting to better inform day to day management decisions and provide improved access to relevant business intelligence.
 - To allow support staff to provide greater professional support to managers through the release from day to day routine tasks.
 - To provide a primary source of information on financial and HR records for statutory and management reporting. To be enabled by built-in validation to enforce business rules, with direct input to the system wherever possible.
 - To provide a flexible system that will allow for future development, in order to meet future business requirements using an iterative process building on existing functionality.

- To provide improved efficiencies in working practices through maximising the use of the technology available (e.g. electronic workflow) by maintaining management information systems and through the rationalisation of processing activities.
- 4 As part of the appraisal of the options available, consideration has been given to an option to limit updates to maintenance only, which is essentially a "do nothing" option. This would involve the Council retaining the system in its current form with the available functionality and undertaking the minimum maintenance work necessary to keep the current system functioning and maintain its future viability. However this would not deliver the benefits identified in paragraph 3 above. The Council recognises the need to improve the enabling tools used by the user community and to gain value from what should be a key strategic application for the Council. This option would deliver neither of these and so is not recommended at this time.
 - 5 Equally, a further possible option would be to cease using the BW system and go back out to the market to procure a different system. This option has been considered, however the Council has already invested significant time and costs into the BW system in order to make it stable, upon which opportunities are available to optimise its performance further in order to receive the full strategic benefits an ERP system should bring. Moving to a new system would require a significant financial investment, estimated to be anywhere between £2-5m plus, whilst impacting heavily upon existing resources.
 - 6 Given the need for a re-design to realise the benefits identified, the next section of this report considers in more detail the options for implementing such a re-design.

Options appraisal

- 7 A system specialist was commissioned to carry out an options appraisal in order to inform an appropriate route for re-designing the system. Leaving aside the "do nothing" and "new system" options discussed in paragraphs 4 and 5 above, the appraisal focussed on two main options:
 - Re-design and implement a template through the use of internal resource supported by specialist external expertise;
 - Implement the Hoople Ltd template and move to a shared service model

The following tests were applied to each option:

- What is the confidence level in the proposal for the delivery?
- Are the costs clearly understood?

Internal Led Re-design

- 8 Under this option the Council would carry out the re-design itself through its own in-house staff. This approach would realise a number of benefits as a specialist supplier would bring robust programme experience and strong methodology and provide long term ability to respond to change, along with the opportunity to take advantage of product benefits not part of the Hoople model.
- 9 This option was not recommended as the appraisal identified that the internal BW System Administration team has limited experience and expertise in delivering a programme of this size. In order to counter the risk to the timetable and the achievement of a successful outcome posed by this lack of experience and expertise it would be necessary to appoint a system expert to support and work alongside the in-house team.
- 10 An analysis of the market, supported by previous experience, has identified that the availability of suitably skilled and experienced external capacity to support a re-design is limited and a system re-design carried out under this model would not be in place until April 2022 at the earliest. Furthermore, the external input itself would require strong contract management through third party individuals with relevant system expertise and experience, thus doubling the amount of resource required. The contracting route which would be required to engage a suitable supplier would not likely provide a fixed price support approach, reiterating the requirement for strong contract management.
- 11 A further risk element identified was the potential for an internally led re-design process to more easily be susceptible to the kind of Lincolnshire customisation that characterised the initial implementation and which has contributed to the difficulties currently faced with the system. Experience shows that a high degree of standardisation is desirable in the implementation of such a system with local processes adapting themselves to the system standards rather than the other way around. An internal led approach has the potential to make this more difficult to achieve.
- 12 Finally, the cost of an internal-led process including the cost of external support has been estimated at c£2.356m. In addition to this would be the cost of the time required of internal staff to support an internal led re-design, known as opportunity costs, which have been estimated at c£2.148m.

Hoople Limited

- 13 Under this option the Council would contract with Hoople Limited to host the Council's data on their Business World platform. This platform is already used by Hoople to deliver services to Herefordshire Council, Rutland Council and other public bodies and so already has an established configuration that can meet the needs of a Council. By adopting this option the Council would be required to accept the Hoople standard build of the system and the scope for customisation to fit in with Council processes

would be limited. This is an advantage given the role customisation has played in the difficulties with the current system.

- 14 From both a technical and relationship perspective the Hoople option offers many positives. They have displayed technical competence and good partnering. The established nature of their build gives confidence that a 01 April 2021 implementation of the re-designed system is achievable, something confirmed by Hoople and supported by the external system expert who carried out the options appraisal. This will require the Council to fulfil its obligations in preparing the existing system for migration and ensure it is ready to adopt and adapt to the new business processes.
- 15 The Council would still need to engage external expertise to support its own management of its part in any implementation and to advise the Council on Hoople's implementation of its solution. However the extent of this requirement is assessed as being far less under this option than under the internally led re-design.
- 16 Although the Council carried out much due diligence in 2018 and more recently to establish Hoople's technical competence and the quality of their Business World solution, the Council has sought further reassurance on a number of issues relating to the commercial basis of any arrangement and the ability of Hoople Limited to implement a transfer on the scale of the County Council which is greater than their contracts with Herefordshire Council or other public bodies. These issues are addressed in the following paragraphs.

Solutions Design

- 17 Hoople have developed a comprehensive solution design document to identify how the key functions of the Hoople build will differ from the current Council configuration in order to identify any potential issues and prepare the business for the changes required. This will also act as the catalyst to analyse current processes and how they could be streamlined to make service efficiencies and free up capacity to focus on other priorities.
- 18 Analysis of the document has identified no significant issues or areas for concern and that what is described appears to be a sound, stable system which encourages good business practices. That said, the Hoople platform will require changes to current processes for teams across the Council, schools and Serco, which will be documented and communicated with staff, however fundamentally there is nothing in their proposal which the Council would not seek from an external supplier's standard build template and approach.

Scalability

- 19 Hoople have identified the key milestones for completion, confirmed actions they are taking to on-board a client the scale of the Council and have secured additional programme management resources – all with a focus for

go-live in April 2021. Whilst a go-live in April 2021 is achievable, it will be dependent upon the Council's ability to implement a number of developments to the existing system to ensure it is in a robust state prior to transfer, along with extensive data cleansing, hardening and alignment prior to migration. A key component of this is the review of the Chart of Accounts which has already begun and will require the Council to significantly rationalise its budget coding structure.

- 20 Additional planning has also commenced in sharing with Hoople a copy of the Council's system database, providing Information Assurance requirements and Unit 4 have been engaged to evaluate the use of Income Manager so that the Council can continue to use it within a Hoople build.

Payroll

- 21 Hoople have previously constructed their system to meet the needs of wide ranging public sector provision, however have not so far configured it for a fire and rescue service. Whilst there remains confidence in Hoople's capability to configure BW to support a fire and rescue payroll, this will still require development of Hoople's existing system and processes and extensive engagement from Lincolnshire Fire and Rescue (LFR) as we move away from existing established systems.

Schools

- 22 Hoople already support Herefordshire schools and academies and are experienced in understanding and meeting schools' needs. Hoople have developed a dedicated gateway for Herefordshire schools to access the system which is designed around how schools operate and the Council will look to see if this can be developed for Lincolnshire schools, either at go-live or at a point in the future, with Lincolnshire schools going live on the standard system.

Hoople Ltd and Procurement Solution

- 23 Hoople is a private limited company with public sector shareholders which is jointly owned by Herefordshire Council and Wye Valley NHS Trust. Established in 2011, Hoople has grown into a business that now delivers a wide range of services to strategic partners, customers and works with all schools and most of the academies in Herefordshire to provide a range of business services. These services include HR, Payroll, ICT and Finance.
- 24 Many of Hoople's employees were transferred from partnering organisations, providing a wealth of experience and proven delivery. Hoople now provides services not only to their shareholders but also to a diverse range of private sector firms from SMEs through charities to large companies.
- 25 Lincolnshire County Council and Herefordshire Council agree that an appropriate procurement route is that the Council take up part ownership of

Hoople by becoming a shareholder of Hoople. As a shareholder jointly with Herefordshire Council and Wye Valley NHS Trust, the Council will be able to bring itself within Regulation 12 of the Public Contracts Regulations 2015 under which the Council can directly award a contract to an entity over which it either solely or jointly with other public bodies exercises a sufficient degree of control.

- 26 This approach provides the Council with direct influence over the direction of the BW system, but will need formalising into a Shareholder Agreement which will identify certain reserved matters which will require approval by the Shareholders in general meeting rather than by the Board of Directors. The Board of Directors oversees the day to day business of the company. This covers all of services which Hoople provides (ICT services, payroll, HR support, finance, BW) which is much wider than the services provided to the Council. As such it is proposed that two Directors to the Board will be appointed by Herefordshire and one Director will be jointly appointed by Wye Valley and the Council. In addition, Lincolnshire will have the right to appoint a representative to attend as an observer at each meeting of the Board.
- 27 In addition to its direct influence over the company, there is a separate governance group which oversees the roadmap for the development of the BW system, which informs and makes recommendations to the Board. The Council will be an ongoing member of this group and will meet regularly to help shape the direction for the ongoing enhancement of the system.

Commercial Terms

- 28 Hoople are seeking a seven year agreement with the option to extend for a further two years. Both parties have also acknowledged the need for an 18 months' notice period to end any agreement in order to ensure the Council has capacity to re-build and enhance expertise in such an event.
- 29 In discussions with Hoople and Herefordshire, it has been made clear that they will price the services on an open-book basis with a mark-up. In the event of their failure the Council would receive minimal financial compensation, any cost overruns would be passed back to the Council and we expect them to limit their liability so in the event of the Council incurring cost as a result of a faulty system we may not be able to pass that loss back to Hoople. This is because Hoople see the arrangement primarily as a partnership rather than a commercial relationship and because they have not priced risk into their costs. Their position is not unreasonable given their nature as a company but it is very different from the Council's relationship with other suppliers which are more commercial in their business model.

Costs

- 30 The estimated cost to on-board the Council onto Hoople's platform is c£1.8m (£1.1m Hoople costs plus £0.7m third party), which is c£0.556m less than the estimate for the Council to re-build the system (c£2.356m). In addition to this, opportunity costs of existing staff time are estimated to be c£2.096m.
- 31 The overall ongoing revenue costs of a move to Hoople are estimated to be c£0.2m p/a less when compared to the estimated current cost of delivery. Should the Council choose to lead the re-design of the system itself, it is expected that the size and cost of the existing support team should reduce, however the extent of this would be dependent upon the final design and level of customisation. Initial calculations have identified that should the Council optimize the system itself, then the ongoing revenue cost would be marginally higher than Hoople, at c£0.035m p/a.
- 32 In addition, Hoople have previously advised that the Council must cover any costs Hoople may incur as a result of redundancy payments for staff transferring to them under TUPE. At this stage this figure is impossible to calculate given the varying T&C's staff (including those that transferred from Serco) are on, how many staff would want to transfer into Hoople under TUPE and which staff would remain with the Council as part of the local system support function. It is believed that there will be time and scope to manage this situation within the Performance and Systems departments of the Commercial directorate in order to mitigate against this.

Service delivery

- 33 Although the system will be managed in Herefordshire, there will be the requirement to maintain a condensed system admin team in Lincolnshire, to oversee day-to-day system management and helpdesk queries.

Risk Management

- 34 Extensive due diligence activity has been carried out on Hoople which has not identified any issues to warrant significant concerns regarding Hoople's ability to deliver an effective ERP system. A risk register has also been developed to monitor and manage the risks of a potential move which is currently overseen by the re-design project manager, but ownership will be transferred to the Re-design Project Board, due to be re-established in December.
- 35 There is presently a weekly steering group and governance board in place to oversee the development of the system and a joint programme board will be established from December 19 to oversee the transition to the new system. The board will be accountable for the successful delivery of the project and have oversight of all risks and issues. The board will have representation from key stakeholders, including; Finance, HR, Business Support, Audit, ICT, Serco, BW team and the supplier.

36 Strategic risks include:

- I. *Agreement* – becoming a shareholder of the supplier will be a different relationship to what the Council is familiar with, transitioning from a commercial approach to one of partnership. A partnership manager will be appointed to oversee the agreement and relationship with Hoople, Herefordshire and Wye Valley. Being a shareholder also introduces an element of financial risk, however this will be clearly set out in the shareholder agreement.
- II. *Cost* – the re-design programme board will oversee and monitor the costs of this proposal to ensure they are managed effectively. The potential impact of TUPE costs will form part of the ongoing monitoring and there will be close working with the Assistant Director - Corporate Transformation, Programmes and Performance to ensure that this is mitigated as part of the wider Systems and Performance function and that jobs are protected as far as possible.
- III. *Solutions Design* – a critical success factor is that the Council must be prepared to change its current practices and drive the agenda for change throughout the organisation. Dedicated change management expertise will be commissioned to support this, along with a programme of business process mapping in order to clearly identify how procedures and ways of working must change.
- IV. *ERP & Payroll/Exchequer Services* – the change in having Serco provide payroll and exchequer services (Accounts Payable and Receivable) whilst the ERP is being hosted by Hoople will present an additional degree of fragmentation which may from time to time increase the contract management required. Technically delivering the service, the risk is low; at the point of failure the risk is heightened as the Council will need to determine whether the failure was a system fault or a people fault, with Hoople being responsible for the former and Serco the latter. In the event that Serco and/or Hoople don't accept that any liability falls on them then the Council could be left having to seek a remedy through formal action.
- V. *Sovereignty of the System* – despite previous concerns, recent testing of the assumptions made and issues raised have not identified any significant risks to a loss of sovereignty over the system. As a shareholder in Hoople, the Council will be able to help shape and influence the future direction of the system.
- VI. *Intelligent Client Capacity* – the Council would retain a condensed system admin team to oversee a helpdesk facility, to engage with the business to resolve local configuration matters and to drive system/service efficiencies and improvement. This team would act as the Council's intelligent client capacity and lead the operational and tactical relationship with Hoople. This may create issues in being able to retain existing staff to deliver business as

usual and support the transition to Hoople. This will be monitored closely so that the Council can proactively manage the situation.

- VII. *Service Disruption* – as with most services, there is the potential for there to be a level of disruption during the first 3-6 months of the service delivery from April 2021. Whilst this will be managed as far as possible within the lead-in period, there is a strong likelihood that there will be some issues initially, although these are expected to be insignificant in nature and more focussed around conforming to processes, system intricacies and ongoing training requirements. Extensive testing will be carried out and should the Council choose to, it will have the ability to continue to use the existing system and defer any go-live to the Hoople platform.
- VIII. *Payroll* – early engagement will be carried out with LFR and development of the system to manage the LFR payroll will be a priority. Payroll test runs will be carried out well in advance and it is expected that by October/November 2020, the on-boarding programme board should be able to determine if there are any likely significant issues for an April 2021 go-live.
- 37 As already referred to in this report it is considered by Hoople and the external consultant advising the Council on the options appraisal that an implementation date of 1 April 2021 is achievable for the transfer to Hoople. However this is dependent on the Council as well as Hoople complying with various responsibilities within the timeframes set out in the programme timetable.
- 38 The Council will be in a position to form a judgment as to whether Go-Live is appropriate in 1 April 2019 as early as the previous December. Ultimately, should the need arise; the Council will still be able to continue with its existing system and delay any go-live to the Hoople system to a suitable time. This could be part way through the financial year 2021/22 if this makes sense for the Council and Hoople at that time.

Benefits Realisation

- 39 If it is decided to proceed with a re-design then the high-level benefits identified in paragraph 3 of this report will be expanded upon and formed into a benefits realisation plan to identify the specific individual benefits which the Council and users of the system should experience. The identification of the benefits and the clear and effective communication of them to all stakeholders is critical to ensuring the success of this project. Stakeholders at all levels across the Council need to understand the benefits that changes to the way they currently work will bring, if they are to proactively engage in new approaches to working.
- 40 The approach for testing the realisation of each benefit will be specific according to each benefit identified. Such monitoring will be ongoing throughout the implementation of the re-design, through to six to twelve months after completion. The re-design project will be required to report into

the Corporate Leadership Team (CLT) on the planned benefits and how these have been realised throughout the delivery of the project.

2. Legal Issues:

Public Services Social Value Act

- 41 Under the Public Services (Social Value) Act the Council must consider how what is proposed to be procured under a contract for services might improve the economic social and environmental wellbeing of its area. It must also consider how, in conducting the process of procuring the contract, it might act with a view to securing that improvement.
- 42 Consideration has been given to ways in which social value may be secured but the circumstances of this case are not considered to give rise to opportunities to secure social value. In particular the type of partnership arrangement envisaged which does not have the same commercial character as the Council's usual contracts does not give scope to Hoople to recover the cost of building social value into its offer.
- 43 Under section 1(7) of the Act the Council must consider whether to undertake any consultation as to the matters referred to above. The service and the value it delivers is well understood. This and the market and other stakeholder engagement that has been carried out is considered to be sufficient to inform the approach. It is unlikely that any wider consultation would be proportionate to the scope of the arrangements.

Equality Act 2010

- 44 Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:
- * Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.
 - * Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
 - * Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 45 The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.
- 46 Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:
- * Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic.

- * Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it.
 - * Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 47 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- 48 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding.
- 49 Compliance with the duties in section 149 may involve treating some persons more favourably than others.
- 50 The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision making process.

An Equality Impact Analysis is attached at Appendix One and identifies any potential impact on persons with a protected characteristic. The mitigating factors are set out in the impact analysis. The analysis results in a number of actions for the Council as set out in Appendix One. The Impact Analysis will act as a live document throughout the project and the conclusions drawn from it will be kept under review so that as issues arise, any potential for differential impact can be mitigated wherever possible.

Joint Strategic Needs Analysis (JSNA) and the Joint Health and Wellbeing Strategy (JHWS)

- 51 The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health & Well Being Strategy (JHWS) in coming to a decision.

There is not an immediate direct connection between the Business World ERP system and the themes of the JSNA and JHWS; however, developing an effective system will result in more efficient processes for how staff engage with the system, which should allow resources to be focussed on operational service delivery directly relevant to the achievement of the strategy.

Crime and Disorder

- 52 Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area.

The specific nature of the service is not of direct relevance to Crime and Disorder, however developing an effective system will result in more efficient processes for how staff engage with the system, which should allow resources to be focussed on operational service delivery including those aimed at reducing crime and disorder.

3. Conclusion

- 53 Not addressing the current capability and configuration of the Business World system will result in the Council failing to reap the full benefits of its investment in an ERP system and will continue to present high risks to the organisation in terms of data assurance, payroll accuracy, accurate reporting and efficient operating practice.
- 54 Maintaining the system as it is currently configured could create significant reputational risk for the Council through the failure to be able to implement system updates, the requirement for ongoing manual workarounds and through inefficient practice as a result of not being able to on-board new technologies such as robotics and mobile applications.
- 55 Whilst the investment in the reconstruction of the system is significant, the system is not sustainable in its current state and a re-design will remove duplicated and inefficient processes which will be analysed to determine the efficiencies gained. This is supported by an estimated £0.2m recurrent saving in the maintenance of and support to the system.
- 56 Hoople have provided sufficient information and have demonstrable experience to provide the Council with a robust and stable platform, upon which the system can be optimized to provide an enhanced offer.

4. Legal Comments:

The Council has the power to enter into the arrangement proposed. The procurement law implications are dealt with in detail within the Report.

The decision is consistent with the Policy Framework and within the remit of the Executive.

5. Resource Comments:

Undertaking a rebuild of the councils BW system will enable the council to benefit from the improved system functionality, and therefore improve the effectiveness of the system.

Accepting the recommendation within the report will provide the greatest amount of confidence in achieving this outcome within the costs specified in the report.

To fully benefit from the Business World rebuild, a change management programme will also need to be implemented.

The council has earmarked reserves identified for the delivery of support services, which will be drawn down for the purpose of rebuilding the Business World system, so these costs and any change management costs will be funded from these approved reserves.

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

On 28 November 2019, the Overview and Scrutiny Management Board considered the report and agreed to support the recommendations to the Executive.

The following points were confirmed by the Board:

- Hoople had identified additional resources to ensure that it had capacity to take on the Council's system re-design and the on-going provision of services to the Council.
- Assurance on the Hoople platform and the proposed move over to the platform had been provided by independent consultants.
- A dedicated gateway for Lincolnshire schools would look to be developed once the system re-design and move over to the Hoople platform had been completed for April 2021.
- With regards to costs, it was confirmed that the future recurrent costs would show a saving of around £200,000 per annum, including reduced costs from third party providers as Hoople would provide these services in future instead. Additional system development costs would only be

incurred if Lincolnshire wanted to implement something different to the standard build. In relation to TUPE, costs would be on a one off basis and these were already starting to be managed through staff turnover and vacancies.

- In relation to concerns about bringing in the Hoople platform, confirmation was provided that the system was stable elsewhere and worked for multiple clients so there was no reason why it should not work for Lincolnshire. Lincolnshire would need to ensure it embraced changes to the way it needed to operate in order to get the best out of the system.
- Due diligence was being undertaken to ensure that the platform would be secure and security would be up to date. It was confirmed that if any issues arose, there would be the option to stall implementation, and if required, return to the old system. It was proposed to embed an 18 month notice period for both sides in case there were any issues.
- Financial penalties would not be part of the agreement as there was a different approach with Hoople. Governance arrangements would be monitored to ensure that the agreement was being delivered.
- A change in culture and mind-set was required in how staff use the current system and the new platform should be designed to prevent staff from using workarounds. The Board highlighted that the consequence of workarounds being used from the beginning was that the costs of the new contract were higher. It was confirmed that there would be more corporate oversight in future and the default position would be to not customise systems for staff.
- There were limited options for a HR and finance system, but as the finance side of the system was operating well, Hoople was seen to be the best option as it also used the current system.
- The same options would still be available when the contract ended in 2026, but there might be alternative systems offered in the market place that the Council could look into.

d) Have Risks and Impact Analysis been carried out?

Yes

e) Risks and Impact Analysis

See the body of the Report

7. Appendices

These are listed below and attached at the back of the report	
Appendix 1	Equality Impact Analysis (EIA)

8. Background Papers

Corporate Support Services Re-provision; Executive 1st May 2018

<http://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=121&MId=4968&Ver=4>

Corporate Support Services Re-provision; Executive 2nd October 2018

<http://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=121&MId=4972&Ver=4>

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