

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

Report to:	Overview and Scrutiny Management Board
Date:	02 July 2020
Subject:	Business World ERP System Re-design Update

Summary:

This report provides an update to the Overview and Scrutiny Management Board on the progress of the re-design of the Council's Business World enterprise resource planning (ERP) system following approval from the Executive on 17 December 2019 to move to the Hoople Limited platform.

Actions Required:

The Overview and Scrutiny Management Board (OSMB) is invited to:

- 1) Consider the report and provide feedback on the points raised.
- 2) Review and agree future reporting requirements into OSMB to monitor the progress of the re-design.

1. Background

1.1 The Executive considered a report on the re-design of the Council's Business World ERP system at its meeting on 17 December 2019. The following recommendations were approved:

- I. That the Business World enterprise resource planning system be re-designed, in order to rectify the issues that the Council and schools are facing.
- II. That the re-design be effected by moving to the existing Business World platform operated by Hoople Limited.
- III. That approval be given to the Council becoming a member of Hoople Limited, by the acquisition of shares in the company.

1.2 The Business World Re-design project was duly initiated to start mobilisation phase in January 2020 and to run for a period of 15 months with a go-live date of April 2021.

2. Project Update

2.1 Mobilisation

2.1.1 Project mobilisation has commenced and Project Managers have been appointed from each organisation to ensure drive and accountability. Hoople Limited appointed Marcus Byrne, a highly experienced project manager in this field having managed many Business World implementations across public sector bodies including previous implementations for Hoople Limited. Marcus brings with him a tried and tested project approach and methodology which has resulted in previous successes. In addition both the Council and Serco have appointed dedicated Project Managers to help make this transition a success.

2.1.2 Full Governance arrangements have been agreed and are in place ensuring the right level of control and engagement across the three key organisations (Lincolnshire County Council (LCC), Serco and Hoople). This is set out in Appendix 1 to this report.

2.1.3 The Project Board established is accountable for the delivery, overall direction and management of the project. It will ensure that all stakeholders are engaged and is ultimately responsible for assurance that the project remains on course. The board approves all major plans and will authorise any major deviation from agreed plans through the change control process. The board authorises completion of each stage of the project.

2.1.4 The Design Authority has been established to be responsible for ensuring that key decisions affecting the design of the solution, data, technical architecture and business operation are made in a considered way. Any decisions that affect the scope or impact plans/risks will be referred to the Project Board with recommendations. The Design Authority is responsible for making sure that the consequences of any decisions made are fully understood and made within the remit of the project's objectives. Technical decisions will be made within the technical standards agreed between Hoople, Serco and LCC and the design authority will ensure that the impact of decisions are communicated to and accepted by business operations.

2.1.5 The Business Change Steering Group has been created to ensure business readiness is delivered in time for the implementation of the service at time of go live covering all aspects of operational readiness (organisation and process) and people (engagement & training). This is a key area of focus taking on board the lessons learnt from the previous implementation in 2014/15 and the importance of ensuring clarity and readiness to go-live successfully. The group is responsible for directing, tracking and monitoring progress of organisational change (roles & responsibilities), business process change, organisational engagement and culture change, communications and training. The Group will be responsible for approving readiness for go-live. A project stakeholder engagement plan and schedule has been agreed and is in place.

2.1.6 The Project Board, Design Authority and Business Change Steering Group meet monthly and all decisions made are fully documented for transparency and

future reference. The meetings commenced in February and have been well attended and purposeful with high levels of engagement ensuring that the project is keeping to the pace required.

2.1.7 The project is broken down and managed in phases and across workstreams to ensure clarity and focus on key deliverables and the components that are required to be completed at each stage. The phases also link to the key milestone dates for review and approval to move to the next stage as set out below. A project plan is in place showing the detailed tasks and dates required for the next milestone. The key milestones are set out in Appendix 2 to this report.

2.1.8 The project workstreams will cover the following activities:

- Build of the Payroll, Pensions, HR and Finance functionality
- Migration of HR, Payroll and Finance data from existing system to Hoople Platform
- Server and environments including security and maintenance
- Service Level Agreement and Support Arrangements
- Review of business processes across Payroll, HR and Finance and implementation of new processes
- Training and communications

2.1.9 Resources for the first two phases of the project (mobilisation and design) are all confirmed and in place.

Project Assurance

2.1.10 Internal Audit is actively engaged with the project and has representation on the Design Authority and Business Change Steering Group. The assurance role will include regular updates and overview of documents and activities and gateway reviews after each milestone to advise the Project Sponsor and Board on assurance levels.

2.1.11 To further assist with project assurance we have Jason Davenport fully engaged with the project and he is taking a lead role in the payroll, pensions and HR areas. Jason is an independent consultant working with both the Council and Serco and has a wealth of experience in the payroll field and is the current Chair for the CIPP (Chartered Institute for Payroll Professionals). Jason will participate and advise on assurance matters and gateway reviews and will contribute to the setting of sign off criteria for testing and go-live.

2.1.12 The following set of project controls have been established and are in place:

- I. **Project Highlight Reports** are produced for the members of the Project Board detailing the status of the project including information about products that have been delivered in the reporting period, budget spent to date and progress against plan. The Council own the Highlight Report with Hoople supplying their monthly Highlight Report to the Council's project manager.

- II. **Project Board Meetings** are held monthly. The Project Board authorises the Project Manager to proceed with one stage at a time and manages by exception.
- III. **Project Gateway Reviews** - All deliverables within the Project will be subject to standard gateway reviews at the end of each stage. Where stages overlap an interim Gateway will be held to enable the start of the next stage.
- IV. **Change Control** any changes to the following areas beyond agreed tolerance will require a formal Project Change Request for approval by the Project Board:
 - a. changes to scope of the project
 - b. changes to the functionality of the products outside of standard build
 - c. changes to quality standards/expectations
 - d. changes to project time lines
- V. **Project Business Case/Financials** are being maintained and updated by the Project Managers in conjunction with resource estimates/forecasts (including all costs) against actual time booked to the project.
- VI. **Project Management Log** is maintained and updated by the Project Managers to ensure proper management of Risks, Issues, Assumptions and Dependencies. This includes identification of RAID's, action planning to address items, and records of progress and updated status (Actions and Decisions).
- VII. **Project Schedule** is maintained and updated by the Project Managers to ensure an accurate record of milestones, work packages and sequencing of activities. The Project Schedule is regularly updated to reflect project reality.
- VIII. **End Project Report** will be required from the Project Manager before formal closure of the project to review the effectiveness and completeness of Project Delivery. This report will cover:
 - a. Lessons Learned Report
 - b. Follow-on Action Recommendations
 - c. End Project Report

2.1.13 The Mobilisation phase was completed in March 2020 on time in accordance with the milestones plan.

2.1.14 The Gateway review for mobilisation had to be adapted in response to Covid-19. Rather than having a distinct gateway, the plan was changed so mobilisation ran into design and instead it was noted in the Project Board that mobilisation would close with agreement from the Board based on everything already in place.

2.2 Design

2.2.1 Design Workshops were held and led by Hoople with representatives from across the key business areas. During the workshops a number of questions were posed around the current processes and subject matter experts were required to talk through particular processes to help the understanding. A separate workshop was held for Fire and Rescue to ensure specific focus with additional impacts having been captured.

2.2.2 Impacts captured during the workshops are being assessed for level of significance to identify priorities. Further individual sessions with the appropriate subject matter experts and process owners will take place to discuss the differences and agree appropriate actions ensuring readiness for go-live.

2.2.3 The Solution Design Documents have been finalised following the workshops. Hoople will build the system from these documents. These were shared during a number of virtual walkthroughs with business area representatives allowing for questions to be answered and to identify any further impacts not captured at the earlier workshops. The final walkthroughs have been completed with the business area owners and all have recommended sign off by the project sponsors ready for the build stage. The full change control process will now be followed for any requested variation and will need to be agreed at board level to ensure the appropriate challenge.

2.3 Project Budget

2.3.1 The forecast budget is £1.8m (£1.1m Hoople costs plus £0.7m third party) plus opportunity costs of existing staff £2.09m. Project financials remain in line with original forecast and budget expectations.

3. Conclusion

3.1 The Business World Re-design Project has managed to adapt to keep on track despite Covid-19.

3.2 The Board is requested to review how it would like further progress of the re-design to be reported into OSMB. The successful completion of this project will be dependent upon the achievement of a number of milestones and it is recommended that future reporting into OSMB is aligned to the completion of key milestones, set out as follows:

Milestone	Target Date of Completion	Report into OSMB
Build Phase	25 September 2020	29 October 2020
Testing Phase (incl. payroll parallel run)	28 January 2021	28 January 2021

4. Consultation

a) Have Risks and Impact Analysis been carried out?

Yes

b) Risks and Impact Analysis

A full project risk register is maintained. The current Key Risks to the project are:

Coronavirus - resourcing (Hoople/LCC/Serco) – Risk that colleagues within Hoople/LCC/Serco could be redeployed to maintain essential services within each organisation limiting progress to the project and affecting key milestones. Resources withdrawn from the project team would impact remaining milestones and could ultimately delay the delivery of the project.

To mitigate, regular reviews are held by project managers to understand any potential impacts; considering alternative ways of working and delegating activities to ensure they are still delivered within the timeframes.

Shareholder agreement in place - LCC, Hoople and Herefordshire Council (HC) have not reached a final approved draft of the Shareholder Agreement. There is a risk that mutual agreement cannot be reached causing a significant risk to the completion of the project for April 2021.

Hoople and LCC continue to expedite this matter with Herefordshire Council's Legal representatives. Dialogue is ongoing between LCC and HC Chief Executives.

Network Compliance - There are compliance issues with LCC's network in respect of the Payment Card Industry Data Security Standard (PCI-DSS). If this is not resolved it may not allow networks to communicate effectively, impacting on project timelines.

Dialog is ongoing between Finance, IMT and Hoople to understand the scope of any actions required.

5. Appendices

These are listed below and attached at the back of the report	
Appendix 1	Governance Arrangements
Appendix 2	Key Milestones

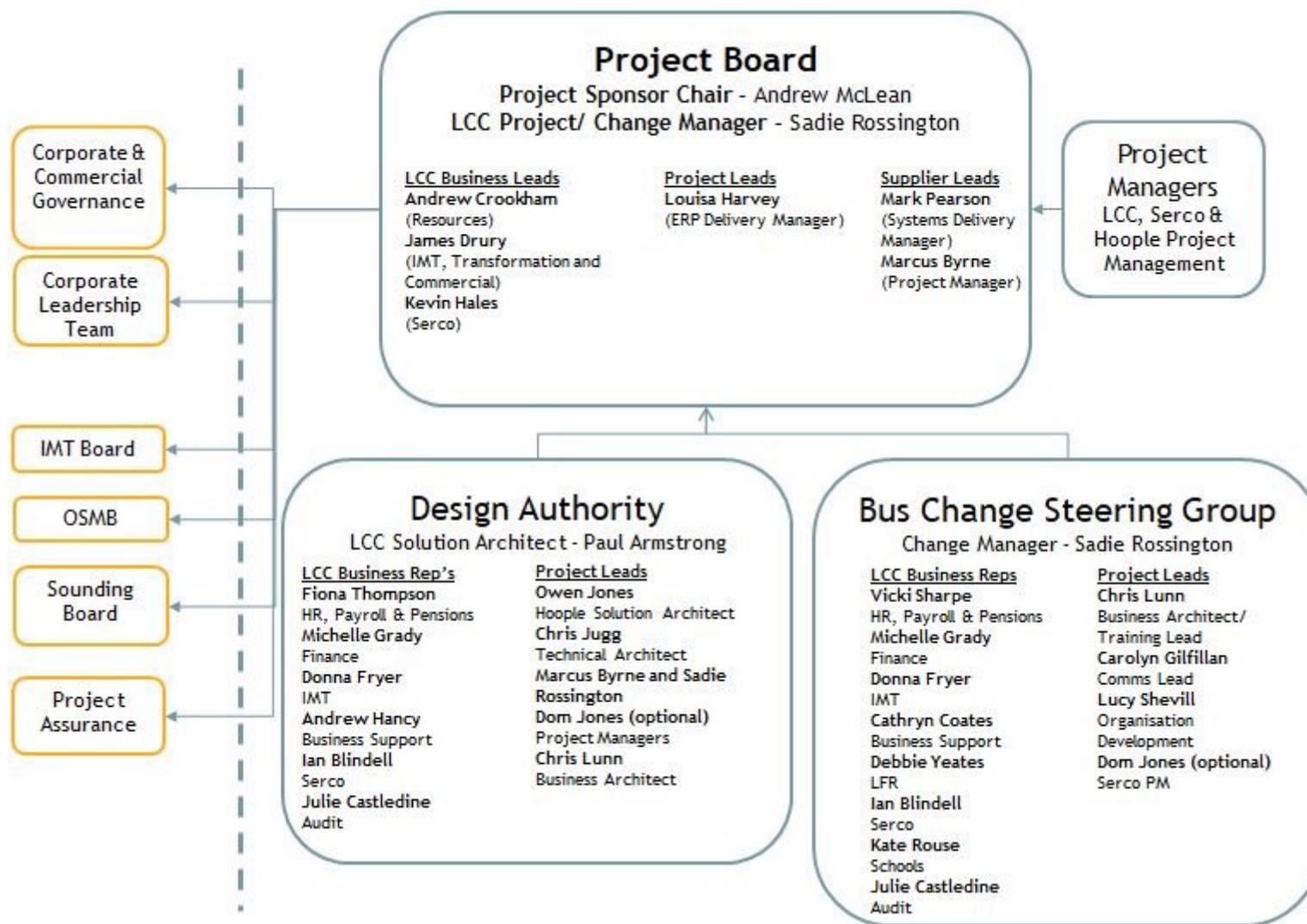
6. Background Papers

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

Document title	Where the document can be viewed
Executive Decision Notice - 17 December 2019	https://lincolnshire.moderngov.co.uk/ieDecisionDetails.aspx?Allid=12380

This report was written by Louisa Harvey, who can be contacted on 07718193973 or louisa.harvey@lincolnshire.gov.uk.

Appendix 1 – Governance Arrangements



Appendix 2 – Key Milestones

Key Milestone	Description	Start Date	Target Completion Date	RAG Status
Mobilisation Phase	<ul style="list-style-type: none"> • Initiation of project • Governance structure • Project planning and timelines 	January 2020	11 th March 2020	Green
Design Phase	<ul style="list-style-type: none"> • Workshops • Solution design documents for payroll & pensions, HR and Finance 	February 2020	3 rd July 2020	Yellow
Build Phase	<ul style="list-style-type: none"> • Server & Environment Build • System Build • Network Set-Up • Interface Connectivity • Business Process Review • Training & Development Planning 	June 2020	25 th September 2020	Green
Test Phase	<ul style="list-style-type: none"> • Payroll parallel runs • HR process & report testing • Budget process testing 	September 2020	28 th January 2021	Green

	<ul style="list-style-type: none"> • Financial report testing • Payment run testing 			
Implementation Phase	<ul style="list-style-type: none"> • New business process finalisation • Deliver training • Implement support model • Business readiness sign off • Contingency plan • Go-Live • Post implementation support 	February 2021	15 th July 2021	