



Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	Overview and Scrutiny Management Board
Date:	26 May 2022
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 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 the Board to monitor the progress of the re-design.

1. Background

1.1 Business World (BW) is the Council's Enterprise Resource Planning (ERP) system, first implemented in April 2015. An ERP system is a type of software that the Council uses to manage its day-to-day business activities such as accounting, budget management, procurement, project management, risk management and compliance, and supply chain operations.

1.2 At that time of original implementation, 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.

1.3 Since the original implementation, the Council has encountered a range of issues across the system which it has endeavoured to resolve. Following several reviews of the system configuration, there was a recognition that the current set-up of the system was contributing to the inability to address a number of ongoing issues and

was limiting the ability to take advantage of the full functionality of the system and as such, a system re-design was required.

1.4 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, 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.

1.5 The Business World Re-design project was duly initiated to start mobilisation phase in January 2020.

2. Project Update

2.1 Project Status Update

2.2 Hoople Ltd – In September 2021, the shareholder agreement with Hoople Ltd was agreed and formally signed; as a result Lincolnshire County Council (LCC) are now shareholders in Hoople alongside Herefordshire Council and Wye Valley NHS Trust. The Council has a nominated representative as a Director on the Hoople board and has been representing the Council since October 2021.

2.3 Implementation – Following the decision of the Executive on 17 December 2019 it was expected the system would be ready to go live in April 2021. This implementation has been impacted by both internal and external factors and as a result the current expected go live will be April 2023.

2.4 Throughout the project timeline there have been two significant shifts in the expected go live date.

- i. In July 2020 the delivery of the project was reviewed considering the extensive impact of Covid-19. Having mobilised the project in January 2020 the shift to remote working and issues with access and infrastructure had an early impact. As resources were redeployed, and focus was placed on keeping those front-line services functional, the progress in those earlier stages was much slower than expected. This was the first re-baselining of the wider plan and collaboratively a go live date of November 2021 was agreed. A mid-financial year implementation did bring its own challenges, but it was felt these could be overcome.

- ii. Early into the Payroll Parallel Run (PPR) exercise (commenced January 2021), it was identified that it was taking much longer than anticipated. For the PPR you replicate three months' worth of payroll activity in the Hoople system. As these have already happened in our live system it is important to check the calculations, payments, and deductions meticulously. It is here where the project identified significant challenges in the complexity and data of our existing system, specifically around absence and pension.

Coupled with ongoing resource constraints to free up experienced and skilled payroll professionals, this took significantly longer to reconcile in PPR1, finally taking nine months longer to be completed than originally planned. As this is a critical area of the plan and it was imperative three parallel runs were completed, the project committed to a further re-baseline of the plan when there was confidence that the PPR2 activity could be completed accurately and was nearing completion.

2.5 With PPR2 set to complete in May 2022 the project re-baselined the plan and refined the approach. Key workstream leads responsible for the solution, the data, the technical infrastructure, the future service delivery and change management developed detailed plans and resource modelling to ensure all known impact are drawn out, reviewed, and challenged. This has resulted in the revised go-live of April 2023.

2.6 The remaining plan has been broken down into 14 key milestones. These milestones are reported on each week and approved by the accountable Assistant Director leads (Tony Kavanagh (HR), Michelle Grady (Finance) and Andrew McLean (Systems)), and then further approval is sought from the project's Executive Sponsor, Andrew Crookham, Executive Director for Resources. The project has now completed milestones 1-3 and milestone 4 is in progress and on track.

Milestone	Headline Activity	Planned Completion Date
1	Complete UAT and Data Cleanse	31 March 2022 (Complete)
2	Complete PPR2	15 April 2022 (Complete)
3	Data Refresh and Mapping	22 April 2022 (Complete)
4	Payroll Parallel Run	10 June 2022
5	Data Migration 4	30 June 2022
6	Regression with UAT Exceptions (Version 7.8)	30 September 2022
7	Data Migration 5	14 October 2022
8	Hoople version update to 7.10	4 November 2022
9	Production of all Training and Guidance	18 November 2022
10	Data Cleanse (Final)	31 December 2022
11	Delivery of all Change Management Plans	6 January 2023
12	All Client Regression (Version 7.10)	20 January 2023
13	Data Migration 6	10 February 2023
14	Go live	31 March 2023

2.7 Project Phases

2.8 The project itself is broken down into six key phases:

- i. Mobilisation (Complete) – the first phase in the project, key in setting out governance arrangements and decision making. Shared and agreed scope from the outset to ensure all stakeholders know what is to be delivered and when. For the BW (Business World) Redesign Project this phase started in January 2020 and was completed in March 2020. During this phase, the project intended to review and update the Chart of Accounts, however due to Covid-19 this was not able to be delivered as it was at this time schools started to close, and it was felt the change could not be effectively implemented. Although the project progressed into the next phase it was known this would add complexity into the build phase of the plan.
- ii. Design (Complete) – The design phase included the production of Solution Design Documents (SDD) for each module of Business World in line with the Hoople standard. It was important the services understood the impact of adapting to this solution therefore detailed on-site workshops were planned with all affected to walk through each SDD. Most of these workshops were conducted on site but following the Covid related instruction to work from home the remaining workshops were re-arranged and held remotely. The project responded to the change, but workshops did need to be shorter, and due to the issues with access and resource constraints were conducted over a much longer period. The output of this phase of the plan was to have an agreed set of requirements for Hoople to build and for the Council to understand impacts to processes, policy and resources which would form the basis of the future change management plan.
- iii. Build (Complete) – Following the approval of the SDD's and associated reports and alerts catalogues Hoople went on to build the 'to be' system. As with any implementation it was expected some impacts would result in formal change requests to the system build. The project agreed a framework in which these changes would be raised, reviewed and either accepted or rejected in line with the 'adapt and adopt' approach. This process has meant all changes are approved at a senior level to avoid high-level bespoke requirements, and introducing complexity into the system, therefore avoiding some of the issues experienced in 2015. The build continues to adapt as approved change requests are put forward following testing activities.
- iv. Test (In progress) – the test phase of the plan includes a methodical approach to checking the system performs as expected.
 - a. This starts with Functional Tests; this was conducted by Hoople and is checking that element of the system works in isolation. This was shown to have no critical issues and was accepted into the next step of the process.

- b. Integrated Systems Testing was conducted by the Council's BW Systems Team and tests that each of the functional elements then work together. This includes end to end checks on forms, workflow, processing starters and leavers, financial forecasting and budgets. Again, no critical issues were identified in the solution itself and it was agreed to move into the next step.
- c. User Acceptance Testing (UAT) is focussed on the end-user who will use the system for a specific purpose. In total over 200 people within the Council carried out these tests. The greatest challenge faced throughout UAT was resourcing as colleagues were required to do this on top of their normal activities.

Schools posed a significant challenge as they were still being severely affected by Covid-19 through high absence and school closures. As a result, the project understandably found engagement and commitment difficult, and not all school tests were completed by schools themselves, although had been tested by Council colleagues.

The introduction of a council wide, back dated pay award impacted resources during the later stages of UAT. UAT was completed on the 31 March 2022 with some known exceptions. For transparency, these exceptions were reported at board level and any risks highlighted and mitigating actions put in place to avoid key issues in the future.

- d. The test phase of the plan also includes the Payroll Parallel Run (PPR) activity as described earlier in this report. This activity is conducted over the Council's four payrolls - Corporate, Schools, Retained Fire and Teachers Top Up. The approach to each PPR has been organised and meticulous in nature, investigating differences down to the penny. This activity has been impacted by resource constraints and the complexity of our existing system, including several bespoke features which were not documented during the previous implementation. Focus has been placed on absence and pensions and this is where most of the effort has been required. Payroll Parallel Run activity is due to conclude in June 2022 where all findings and output will be thoroughly documented ahead of implementation.
- v. Implementation – the implementation phase of the plan focuses on the three months prior to go live and the specific activity around the migration of data, the delivery of training and both service and solution readiness. This is a critical phase in the plan and as such detailed planning will take place well in advance. Early conversations on what is known as cutover planning are already underway and involvement from all parties (Hoople, LCC and Serco) will be required to ensure this is a success.
- vi. Post Implementation – the final phase of the plan looks at the stabilisation of the system once it is live. In this phase there will be mop up training sessions before

the planning and coordination of these are handed over to business-as-usual (BAU) activity. It is here where the first payroll will be run in the new system, and the testing of documented processes and procedures are used for the first time. The 'to be' service model will be tested in terms of support from LCC, Hoople and Serco and will be closely monitored.

2.9 Change Management, Communication and Training

2.10 Change Management Plans have been created for certain roles within the organisation and are led by key service leads. Progress is reported through regular Change Management Seminars and activity planned for the remainder of the project. Key roles in this case are Line Managers, Budget Managers and Requisitioners. The project also has a Change Management Plan for the wider Strategic Finance Team, Schools, and all Employees.

2.11 Communication - throughout the project there have been detailed communication and engagement plans to ensure all relevant stakeholders have been kept updated on process and engaged with the plan and deliverables. Plans are in place to share greater detail on the operational system changes, along with how the Council needs to adapt our approach to get the most out of the system. This will commence with a focussed session with the Corporate Leadership Team and then more widely through staff briefings in the next few months. During the implementation phase of the plan, the level of communication and engagement will increase significantly utilising a range of tools at the project's disposal.

2.12 Training - a detailed training strategy has been produced, considering all roles in the Council and schools. Approaches to training and guidance will vary according to the frequency of use of the system and complexity of the tasks involved. Guidance material will be produced and will be clear and consistent across all guidance notes; important to this is the formal sign off of these materials with end users to ensure usability. Training sessions will vary; they will be no longer than 2.5 hours and will follow a consistent theme throughout. Attendance will be planned and monitored through LCC's Lincs2Learn portal. Where required, training sessions will be run collaboratively with the BW Systems Team Support and Training Officers and the service experts, for example, financial forecasting and budgets will include members of strategic finance to provide the knowledge behind why we do something.

2.13 Additional Developments

2.14 Further to the complexities set out in this report, a number of system related issues have impacted on the delivery of the project.

2.15 Move to Azure – The SunGard server was due to be decommissioned by the end of December 2021. Within the original timescale this was considered a low-level risk as the new system would have been live and the existing system would not have

been accessible. The delay in implementation meant that all existing Business World environments needed to be moved from SunGard to Azure by the end of December 2021, impacting on the Systems teams availability to support the project.

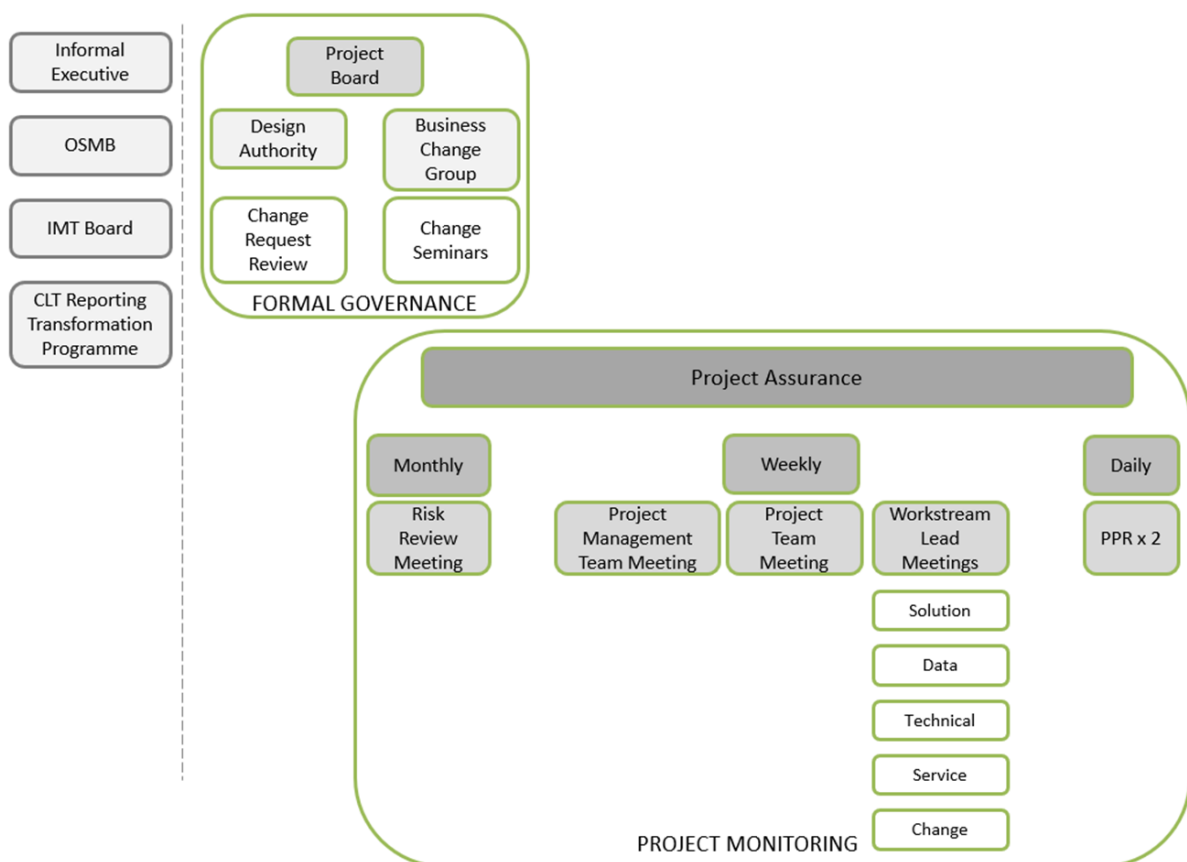
- 2.16 Cash and Income Manager – This is a module within the Business World system which manages the receipt of payments from a wide-range of sources. Due to the extended timeline of the project, additional work around Cash and Income Manager has been brought into scope. Firstly, a critical upgrade of the module which was completed in March 2022. Secondly, Cash and Income Manager must be replaced by October 2022. Options are being considered with colleagues in IMT, Finance and Serco and from a project perspective must be implemented and live by the end of August 2022. This is to allow for the changes to be made in the Hoople system and adequately tested before going live.
- 2.17 Strategic Reports Review - this is being undertaken in collaboration with Hoople and existing Hoople clients to review the standard suite of reports and how this could be enhanced to meet current and future business needs. By utilising the knowledge and experience of the Council and other clients, it is hoped the standard suite of reports would provide more range and is mutually beneficial to all Hoople clients.
- 2.18 Overview of Benefits
- 2.19 A detailed record of individual benefits has been identified against those high-level benefits set out in the December 2019 Executive report, as detailed below:
- i. To minimise expense and complexity in keeping the system versions up to date, and to have the latest developments available to the Council.
 - ii. 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.
 - iii. 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.
 - iv. 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.
 - v. To allow support staff to provide greater professional support to managers through the release from day-to-day routine tasks.

- vi. 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.
- vii. To provide a flexible system that will allow for future development, to meet future business requirements using an iterative process building on existing functionality.
- viii. To provide a platform for 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.

2.20 The detailed plan of identified benefits continues to be monitored and will be fully assessed and evaluated following go-live to ensure the Council is realising the potential of the re-design.

2.21 Governance Arrangements

2.22 The following diagram illustrates the governance arrangements in place to provide ongoing steer and assurance on the project.



3. Conclusion

3.1 The project has experienced a number of issues and delays since commencing in January 2020, but in doing so has vastly improved the data quality and understanding of the existing system in readiness for cutover to the new Hoople BW platform in April 2023.

3.2 The new system build is standing up well to the variety of testing against it, with no major issues identified. There remains a number of critical milestones to achieve over the coming months, but at present the project is on track for a go-live date of April 2023.

3.3 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 several 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
Milestones 4 – 6, Specifically: Payroll Parallel Runs, Data Migration 4, implementation of new payments system, Regression testing and Delivery of Change Management Plan	October 2022	November 2022
Milestone 14 – Go Live	March 2023	June 2023

4. Consultation

a) Risks and Impact Analysis

A full project risk and issue register is maintained and regularly reviewed. The current Key Risks and Issues to the project are:

Payroll Testing – The project has four open key risks in relation to Payroll Testing, three of which have a target closure date of June 2022, leaving Service Readiness as open:

Data Entry Inaccuracies - Risk that colleagues within the payroll testing team do not have the detailed knowledge or experience of the Council payroll therefore could enter information inaccurately impacting the ability to complete investigations in the Payroll Parallel Runs (PPR).

To mitigate, daily PPR meetings are held with colleagues in LCC, Hoople and Serco to review progress and any risks, issues, or concerns. In addition, each PPR is reviewed in full, and lessons learned documented allowing the team to evolve

plans going along.

PPR Schedule – There is an issue that the payroll testing has taken significantly longer than originally forecasted impacting the ability to commit to a ‘go live’ date.

To mitigate, resources are reviewed on a regular basis and where efficiencies can be realised, these are factored into the detailed day by day level planning. With the nature of payroll this is limited as a number of activities must happen concurrently to ensure a replication of the existing payroll.

Payroll Service Readiness – There is risk that by not having the expertise from the existing payroll team carrying out the detailed payroll investigation, that when the system is live, they are unable to deliver the service as effectively as they would if they had been engaged throughout.

To mitigate, the Payroll Manager has been involved in some investigation work. Colleagues from the existing payroll team have also been identified and skillsets reviewed to see where they could add benefit. Due to the existing payroll processing and resource constraints, this support has not yet been applied.

Payroll Investigation Experience - Risk that colleagues within the payroll testing team do not have the knowledge or experience of the Council payroll therefore could review, reconcile, or investigate information inaccurately impacting the ability to complete investigations in a timely manner during the Payroll Parallel Runs (PPR).

To mitigate, daily PPR meetings are held with colleagues in LCC, Hoople and Serco to review progress and any risks, issues, or concerns. In addition, each PPR is reviewed in full, and lessons learned documented allowing the team to evolve plans going along.

Data Quality and Cleansing – There is a risk that if the quality of the HR data held in our existing system is not improved in line with the Hoople standard, that key functions, including payroll, will not work effectively and key benefits identified in the Executive Report will not be realised.

To mitigate, an extensive data cleanse exercise has now been completed over a number of sets of data. The shift in focus is now on defining and hardening the BAU processes to ensure the quality of the data remains at a high level through to implementation and beyond. Monthly monitoring will be in place from May 2022 and additional performance measures in place to review any cleanse activity undertaken.

Cash and Income Manager Replacement – There is a risk a solution to replace Cash and Income Manager is not found or the implementation takes longer than expected. If this is not implemented by the end of August 2022 there is a risk to the go live date.

To mitigate, the project's systems lead is working closely with colleagues in IMT, Finance and Serco to develop the scope, requirements, and implementation plan.

5. 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 Notices - 17 December 2019	https://lincolnshire.moderngov.co.uk/documents/g5277/Decisions%2017th-Dec-2019%2010.30%20Executive.pdf?T=2

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