



**Open Report on behalf of Andrew Crookham,  
Deputy Chief Executive and Executive Director - Resources**

Report to:	<b>Overview and Scrutiny Management Board</b>
Date:	<b>15 December 2022</b>
Subject:	<b>Business World System Re-Design Update</b>

**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 Ltd platform.

The Council is now a shareholder of Hoople Ltd and the re-design is on track to go live on 1 April 2023.

**Actions Required:**

The Overview and Scrutiny Management Board is invited to:

1. Review the report and provide feedback on the points raised.
2. Receive a further update in May 2023 to reflect upon the outcome of go-live, the first payroll in the new system and any matters to be addressed.

**1. Background**

The Executive considered a report on the re-design of the Council's Business World 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 affected 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.

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

## **Governance**

The Council officially became a shareholder in Hoople on 27 July 2021 and officers are preparing the final draft of the service level agreement for the delivery of the services, to commence on 1 April 2023. TUPE terms and conditions have now been agreed and formal consultation for the affected staff will begin in January 2023.

Project oversight is provided through a range of groups and boards. The overarching project board includes membership from key stakeholders in HR, Finance and Systems, along with strategic partners such as Serco and Hoople. Beneath this sits a number of workstream groups overseeing the design of the new system and change management required to ensure its successful implementation.

This is supported by regular progress reporting to Elected Members and the Corporate Leadership Team (CLT).

## **Project Milestones**

The project team has reviewed and revised the plan to enable Business World (BW) to go-live on 1 April 2023.

Given the duration of the project, it has been necessary to include BW system version updates within the project as the system has moved on and the Council, along with other clients, need to remain as up to date as possible. The Council's current BW system is on version 6.4 and due to the complexities cannot be easily upgraded further. The Council will go live on version 7.10 which is due to be tested in line with other Hoople clients and is the most up to date version supported by Unit 4 (BW developer).

The overarching plan for a 1 April go-live is driven by 14 milestones which vary in duration and include all activity in relation to the solution, the data, the technical infrastructure, the future service model, and all change management activity (including training). The plan is regularly reviewed and constructively challenged by colleagues within the project, and based on the agreed critical path, milestones have been created where a failure to deliver could have an impact on the successful delivery of the system by 1 April 2023.

Reporting has been initiated for milestone progression and agreement to proceed is approved by identified senior responsible officers. Any milestone activities not completed in full are classed and reported on as an exception.

Milestones 1-6 have been approved and documented in full, with any exceptions and risks being identified and mitigated to ensure full transparency when agreeing to move to the next milestone. At the time of drafting this report, milestones 7 and 8 have been completed and are in the process of being approved, with milestone 9 being reviewed.

Milestones include the following critical activity:

- Milestone 7 and 8 (11 November 2022) - Data Migration and Reconciliation 5 and Version 7.10 Update Complete (Pre-Requisite for Regression Test on Version 7.10)
- Milestone 9 (18 November 2022) - All Training and Guidance Material Completed
- Milestone 10 (31 December 2022) - All Data Cleanse Activity Completed
- Milestone 11 (6 January 2023) - All Change Management Action Plans Delivered
- Milestone 12 (20 January 2023) - Regression Test on Version 7.10
- Milestone 13 (10 February 2023) - Data Migration and Reconciliation 6 (Dry Run)
- Milestone 14 (31 March 2023) - Full Cutover Plan Delivered

### **Key functional areas**

Fundamental to the successful delivery of the project is the ability to deliver three key functional areas:

- Paying suppliers
- Receiving income
- Paying staff

Significant testing is carried out to provide the required levels of assurance. Systems testing has been completed with positive results and approval to move onto the user testing. Again, the user testing (known as User Acceptance Testing (UAT)) has not highlighted any significant concerns in relation to the build and the team continue to work to resolve any outstanding defects.

Testing has included Lincolnshire Fire and Rescue and schools, as well as corporate functions. Access to schools' capacity to carry out UAT has continued to be a challenge, so to support this, wherever processes could be replicated by the Council, they were, and proved to be successful. Specific communication and engagement with schools has been planned as a mitigation for any final tests they did not get to complete themselves.

For context, the following are example areas of the system tested during August/September 2022.

- Any exceptions identified during previous UAT
- Newly developed change requests to the system
- Version 7.8 update to the system
- Payroll Tests
- Interfaces with other systems
- Annual Leave Scenarios
- Reports

Overall, 655 tests were conducted and passed, with a number of HR and Finance tests unable to be completed due to Council-wide technical issues resulting in testers being unable to access the system. These will be carried forward into the final phase of test

which will run from November 2022 until January 2023 and includes 135 tests for finance and 119 tests for HR.

Paying suppliers - Various scenarios have been fully tested, including:

- simulating purchase orders
- multi-line purchase orders, with multiple invoices
- paying supplier invoices
- raising sales orders
- interactions with Council and pensions bank accounts
- invoices entered directly into Business World for payments not related to goods or services (such as grants)
- approval and rejection scenarios
- BACS and cheque payment run and reversal
- 'parking' transactions

Receiving income - Income is primarily taken through the sales and invoicing processes in the system, which have been tested in full, with no significant issues raised and any identified defects having been resolved.

Since January 2022, the Council has been working with Unit 4 to identify a replacement solution for the cash and income manager module of Business World which is no longer being developed by Unit 4. During discussions, it was identified that a replacement (Unit 4 affiliated) product delivered by HeyCentric would be a suitable replacement, and the Council, along with Serco, Hoople and Unit 4 have commenced implementation.

Without replacement of the cash and income manager module, the Council would face pending significant disruption to the existing 'Card Holder Not Present' payment collections due to Mastercard no longer supporting this arrangement, as well as operating a module which Unit 4 were no longer developing and no longer had the expertise to maintain. The move to HeyCentric will also provide demonstratable benefits in the delivery of meeting PCI-DSS (Payment Card Industry – Data Security Standards) requirements.

The sudden need to include this change in income module has impacted on the project as it has required key resources and cost for the Council, Serco and Hoople to manage and test its implementation. The Web Payments module of HeyCentric went live on 31 October 2022 and the project is now focussing on the implementation of the MOTO module (Mail Order Telephone Order) which is planned for completion in January 2023. The Council will then transfer to the full HeyCentric module in Hoople at the point of go-live.

Although cash and income manager was tested in the earlier phases of the project, and testing of HeyCentric is to be managed up at a later stage, to date there have been no significant issues raised with how this interreacts with Business World.

Paying staff - The project has conducted a detailed payroll parallel run (PPR) exercise over all four payrolls and have reconciled the output down to the penny. All payments and deductions have been checked alongside the gross and net payments to ensure the payroll function would work in the real world.

With absence and pensions being the most complex area of the payroll, this has been included in the above-mentioned test plan for particular focus, test, recording and monitoring with colleagues in Lincolnshire County Council (LCC), Hoople and Serco.

The table below shows the PPR net pay results by amount. These are recorded across each of the payrolls by PPR period for both the Legacy and Hoople systems.

**Net Pay Comparison Overview (Amount totals)**

	PPR1 Sep-20		PPR2 Oct - 20		PPR3 Nov-20	
PR	Net in Legacy	£8,806,673.89	Net in Legacy	£8,174,548.68	Net in Legacy	£8,199,121.63
	Net in Hoople	£8,806,673.90	Net in Hoople	£8,174,548.68	Net in Hoople	£8,199,121.63
	Difference	£0.01	Difference	£0.00	Difference	£0.00
SC	Net in Legacy	£5,917,258.01	Net in Legacy	£5,985,879.32	Net in Legacy	£6,179,156.19
	Net in Hoople	£5,917,257.99	Net in Hoople	£5,985,879.32	Net in Hoople	£6,179,643.91
	Difference	£0.02	Difference	£0.00	Difference	£487.72
FR	Net in Legacy	£247,476.24	Net in Legacy	£243,349.22	Net in Legacy	£229,263.90
	Net in Hoople	£247,476.24	Net in Hoople	£243,349.22	Net in Hoople	£229,263.90
	Difference	£0.00	Difference	£0.00	Difference	£0.00
TT			Net in Legacy	£275,151.61	Net in Legacy	£278,349.89
			Net in Hoople	£275,151.61	Net in Hoople	£278,349.89
			Difference	£0.00	Difference	£0.00

**KEY**

PR	Council Payroll
SC	School Payroll
FR	Retained Fire Payroll
TT	Teacher Top Up Pension Payroll

The differences of 1p or 2p seen in PPR1 were caused by rounding imbalances on a very small number of Resource records - these issues were identified at the end of PPR1 and subsequently fixed ensuring the issue did not occur in PPR2 and PPR3.

PPR3 was balanced in full, with the one exception of Schools - total Net Pay difference of £487.72, which was spread out over many staff. After extensive reconciliation investigation, it was deemed that this related to human input errors into the system and were not driven by specific system calculation errors.

On completion of the PPR exercise, a range of additional checks, further testing and overall service readiness assurance for the Council and Serco have been included in a

Payroll Assurance Plan. The Plan is managed by the Council's HR service, with regular engagement and support from the project and Serco's payroll team to ensure the services have the capacity, knowledge and understanding of the solution to deliver payroll services. The Plan includes over 90 tasks covering a range of area including:

- Governance
- Service readiness
- Risk management
- Pensions matrix
- Payroll testing
- Payment and Deductions Characteristics
- Pension auto-enrolment
- Shadow payroll
- Training and guidance
- Rates review
- Data cleanse
- Implementation

## **Data**

To date, there have been five iterations of data migration; an exercise which transfers the Council's data into the new system to test it's being applied successfully. Migration 5 was successfully completed on 18 November 2022, with all data across HR and Finance being loaded effectively.

During these exercises a range of data quality issues have been and continue to be identified in the Council's current system. The project team is working closely with the services to ensure all identified issues are being resolved, that business as usual processes ensure accurate recording of data, and that monthly assurance reporting is in place to highlight any process issues. Colleagues in the Council's Information Assurance team are engaged in this process and providing support to our information asset owners (those ultimately responsible for data quality).

As part of the cutover plan to the Hoople system, officers will be working with IMT colleagues to ensure that the existing legacy system is primed as a backup solution should there be any significant issues. This will include ensuring we apply the latest payroll patches (these come out each year to reflect national payroll changes) to our current system.

## **Change Management**

As part of the implementation there will be a range of training on offer for all staff, ranging from a general overview for those who have limited interaction with the system, through to detailed functional training.

There will be a range of training approaches, including step by step guides, e-learning, Teams training and videos for simple, quick tasks. This will include dedicated training for budget managers, which includes the role of budget manager, whilst reiterating role requirements in addition to using the system. Similarly for line managers, training will cover the use of system but also the role of the manager to run, review and act upon management reports in order to manage areas such as staffing establishments, sickness absence and so on.

There will also be dedicated training for schools, specifically Headteachers and bursars, along with drop-in sessions for Elected Members which will be supported by Democratic Services.

An overview of the planned training and guidance is set out below.

User Group	Cohort	Method of Training
All Employees	5,469	MS Teams Seminars supported by step-by-step guides and videos on Fresh Service
Line Managers	783	E-Learning on Lincs 2 Learn supported by step-by-step guides and videos on Fresh Service
Budget Managers (Exc. Schools)	70	MS Teams Training Courses supported by step-by-step guides and videos on Fresh Service
Spend Managers (Exc. Schools)	160	MS Teams Training Courses supported by step-by-step guides and videos on Fresh Service
Logistics (Requisitioning and Sales)	575	Step by step guides and videos on Fresh Service
Schools Finance, HR and Payroll (Head Teachers and Bursars)	400	MS Teams Training Courses supported by step-by-step guides on Fresh Service and E-Learning on Lincs 2 Learn
LCC Finance	78	MS Teams Training Courses on new tasks supported by step-by-step guides on Fresh Service
LCC HR	32	Step by step guides on Fresh Service
Serco HR and Payroll	34	Step by step guides on Fresh Service
Serco Finance (AP/AR)	31	Step by step guides on Fresh Service
Elected Members	70	Train the trainer with Democratic Services, drop-in sessions around key meetings supported by step-by-step guides.

Beyond training there has been specific engagement with senior officers about ownership of accurate data in the system and ensuring that key processes are followed in order to optimise the Council's use of Business World and realise the benefits which it can bring.

### Implementation

From January 2023 the project will be in the implementation phase of the plan. Development of this plan is already well underway and includes critical activity around data migration, training delivery, communication, and engagement. The planning around when users stop using the current system before moving to the new system will be covered in detail and what are currently monthly project boards, will move to fortnightly in February 2023 and weekly in March and April 2023.

A range of service readiness acceptance criteria is now being developed for senior responsible officers to review and approve to provide the assurance of overall system readiness at go-live. This will then be presented to CLT so that a go/no-go decision can be made. The existing system will be maintained as a back-up right up to go-live, should there be any direct issues with the new system, or in-direct issues, such as a cyber-attack etc.

## **2. Conclusion**

Since the reset of the Business World Redesign project, the completion of eight milestones, and following detailed review with project and service leads, it is believed that a go-live of 1 April 2023 remains achievable. Post go-live, there will be ongoing monitoring to ensure the benefits of the new system are being realised and a plan for medium and longer-term optimisation is developed alongside Hoople and continues to be reported into CLT and Elected Members as required.

The Board is requested to review how it would like further progress of the re-design to be reported into it. It is recommended that a further update be provided in May 2023 to reflect upon the outcome of go-live, the first payroll in the new system and any matters to be addressed.

## **3. 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:

Labour shortages and capacity – The project has four open risks in relation to labour shortages and capacity:

- *IMT* – there is a risk that due to shortage of staff within IMT the required level of technical input is not provided to the project.

To mitigate, the Assistant Director - IMT and Enterprise Architecture, attends a fortnightly technical call to provide steer and guidance to the project team.

- *Service resources and overlapping activity* – there is a risk that a number of key activities are to be delivered by the same individuals within the service putting a strain on their capacity which may result in deadlines being missed.

To mitigate, the project continues to review resource requirements for each key milestone, resource plans have been collated into an overarching plan and regular meetings are in place to understand any clashes and priorities are agreed and managed.



- *Hoople Solutions Architect Leaving* – there is a risk knowledge will not be transferred from the Lead Solution Architect when they leave on 25 November 2022.

To mitigate, Hoople has recruited new individuals to pick up project specific activities but are also engaging the wider Hoople BAU team to ensure knowledge is transferred to the substantive team. The individual also agreed to two months' notice to ensure all activity can be handed over.

- *Strategic Reports Review* – there is a risk the volume of reports identified during the review are not built and tested ahead of go live.

To mitigate, the Council has prioritised the reports required for day 1 of go-live and Hoople is working on them in this priority order. Hoople has also recruited a specific reports writer resource to work on these reports.

Data Quality and Cleansing – There is a risk that if the quality of the 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 will not be realised.

To mitigate, HR is leading an exercise being undertaken alongside Serco to resolve the inaccuracies in the system; this activity is due to be completed February 2023. Routine assurance reporting is also in place to monitor this.

Payroll Service Readiness – There is a risk that the Council's payroll service is not prepared to utilise the new system at the point of go-live.

To mitigate, a detail payroll assurance plan has been put in place as described in this report and additional dedicated training has been commissioned by Hoople to enhance the payroll service knowledge and understanding of the processes in the system ready for go-live.

#### **4. Background Papers**

No background papers as defined in section 100D of the Local Government Act 1972 were relied upon in the writing of this report.

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