

Report to Cabinet
25 June 2014
Report of Executive head of business relationship management
Subject Replacement finance system

Item

16

KEY DECISION

Purpose

To consider the implementation of a new finance system.

Recommendation

To delegate to the executive head of business relationship management in consultation with the deputy leader and resources portfolio holder authority to amend the agreement with LGSS to include the implementation of a new finance system.

Corporate and service priorities

The report helps to meet the corporate priority “Value for money services”.

Financial implications

Up to £500k is required to cover implementation costs which would include all project management, system implementation, backfilling of posts as officers would be seconded to a project team. It is anticipated that this can be managed within the existing ICT development budget.

There are ongoing revenue costs of around £100k p.a.

There are savings of around £35k p.a. from decommissioning the existing finance system.

There are savings of around £50k p.a. from the LGSS agreement through efficiencies that would be created but these have already been accounted for in the current budget.

Further potential efficiency savings are possible but have not yet been quantified.

Ward/s: All wards

Cabinet member: Councillor Waters- Deputy Leader and resources

Contact officers

Anton Bull, Executive head of business relationship
management

01603 212326

Background documents

None

Report

Background

1. The council's current finance system was installed in 1997. The system has been upgraded to maintain support for the system. However, there has been limited development of the system and there is a lack of detailed knowledge within the council of the functionality and capability of the current system. The current system is more suited to larger organisations where a larger support team could be justified. Development has occurred and there is some detailed knowledge but further investment in the development of the system is not sustainable.
2. The current system now requires a major upgrade to maintain its supported status. Further, to continue to improve the council's financial management improvements and developments are required. So, rather than just upgrade the existing system there is a need to consider how a finance system can best meet the needs of the council for the future.
3. In April 2012 the council delegated various functions to Local Government Shared Services (LGSS), a joint committee of Cambridgeshire and Northamptonshire County Councils. ICT was part of that delegation and the finance system is one of the systems managed and provided as part of that agreement.
4. During the development of the business case for sharing services, LGSS and the council identified a number of benefits which could be delivered if the finance services to the council were converged using shared systems through LGSS. These include improved skills and capacity for system development and support, improving service resilience and supporting the delivery of scale economies for both the council and LGSS.
5. Following further expansion of the LGSS shared services partnership, LGSS now delivers services to Northampton Borough Council (NBC) using a different finance solution. There is therefore an opportunity to collaborate in the development of an LGSS Shared Service finance solution.

Key objectives

6. The key objectives for replacing the finance system are as follows
 - a) Deliver the savings identified in the original LGSS business case
 - b) Provide budget managers with on-line access to financial systems which will enable more consistent management information production and analysis
 - c) Maintain an up to date finance system that develops with the needs of the council
 - d) Strive towards integrated financial management that continues to support decision-making, accountability and transparency in to the future
 - e) Ensure that financial systems continue to be developed and implemented with due regard to generally accepted financial control standards

Options

7. The main options considered are as follows

- a) Upgrade the existing finance system
- b) Procure a stand-alone finance system
- c) Develop the shared service platform through LGSS

Upgrade the existing finance system

8. A simple upgrade of the existing finance system is initially a lower cost solution. However, this option would not meet the stated objectives above. In particular this would not deliver the savings identified in the original LGSS business case. Further, it would not deliver on-line access for managers and the existing financial management system lacks functionality, is increasingly difficult to maintain and presents an operational risk to the Council and the proposed replacement will enable better control of finances.

Procure a stand-alone finance system

9. The council could tender for a stand-alone system. However, this decision would be at odds with the decision to share services and would be a retrograde step.
10. Again, considering the key objectives, this may deliver some of the savings identified in the original LGSS business case but any savings associated with sharing services would not be delivered through a stand-alone system.
11. This option is likely to meet most of the other objectives but would require the council to maintain and develop the system itself. Whilst this could be done, there would be no sharing of development and maintenance and the full cost of this would fall to the council.

Develop the shared service platform through LGSS

12. LGSS have two systems that they run, one serves the county councils and the other serves the district councils. Whilst there is a significant amount of overlap between these systems there are differences in the pricing for each as well as the suitability for this council.
13. The system that serves the district councils is less expensive and is aimed at district councils providing the functionality we require.
14. Officers from the council have reviewed the system to ensure that the functionality will meet the needs of the council.
15. Under this option, a clone of the current system in use would be taken and then tailored to this council's requirements. This significantly reduces the implementation time and cost associated with a new finance system.
16. The system would then be centrally managed by LGSS and serve both district councils and in the future can be expanded to other councils. It is expected that in the future this will reduce the overall running costs for the system.

17. This will also allow finance teams across LGSS to share knowledge and information relating to the system.
18. The new system will deliver efficiency savings but these are unlikely to meet the cost of implementation in the short term. However, to continue with strong financial management and performance a new system is required.
19. This option is most likely to meet the key objectives listed above.

Next steps

20. Delegated authority is now sought to allow final negotiation with LGSS around the implementation of a new finance system and the costs associated with it.
21. Once this is finalised an implementation programme will then be agreed to minimise risk to the council.

Integrated impact assessment



NORWICH
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with completing the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:	Cabinet
Committee date:	25 June 2014
Head of service:	Anton Bull
Report subject:	Replacement finance system
Date assessed:	11 June 2014
Description:	Replacement finance system

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The finance system is central to the council's ability to monitor and manage its finances. A new financial system will improve financial transparency and provide better information required for decision making.
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Implementing a new finance system will ensure that the most up to date ICT system and support is in place
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments

	Impact			
Risk management	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The current finance system is under developed. Other systems have been developed to ensure that financial information is available but this presents risks through having different systems running. A new system will reduce the risk of poor or inaccurate financial information.

Recommendations from impact assessment	
Positive	
Negative	
Neutral	
Issues	