

**AUDIT & RISK MANAGEMENT COMMITTEE****27 January 2020**

<b>REPORT TITLE</b>	<b>SmartBusiness Project Update</b>
<b>REPORT OF</b>	<b>Nicola Boardman (Director of Change &amp; Organisation Design)</b>

**REPORT SUMMARY**

This report has been prepared in response to Audit and Risk Management Committee requesting more information on the SmartBusiness Project. The report sets out the context for initiating the project, the overall scope, timeline and progress to date. It is proposed that regular reporting on progress will continue as the project develops.

The SmartBusiness Project aims to implement a suite of core financial systems to replace the obsolete Oracle 1 Business Platform with a full system Enterprise Resource Planning (ERP). ERP systems integrate key business processes across finance, human resources, procurement and other areas. The SmartBusiness approach standardises and streamlines procedures and approaches to the administration of several key business activities. The Council's current ERP system, (Oracle - 1 Business) has been in operation since April 2006.

ERP systems have evolved rapidly over the last 10 years in response to changing regulatory compliance, technical confirmations and software/hardware approaches. New systems normally present a cost-effective way to replace older systems with greater standardisation and integration in-built in the packages. It is envisaged that by replacing the current system the Council will take full advantage of recent developments to make a step change to its operational effectiveness.

Choosing an ERP system will be a challenging process and decision. It will involve all Council services and there are anticipated to be several selection criteria as well as a wide range of features and capabilities to consider.

**RECOMMENDATIONS**

That the Committee notes the current status of the project and the planned activity for the next two years and highlights any questions or requests for further information.

## **1.0 REASON FOR RECOMMENDATIONS**

- 1.1 For Members of the Audit and Risk Management Committee to gain an understanding of the project and have the opportunity to scrutinise progress to date and going forward.

## **2.0 OTHER OPTIONS CONSIDERED**

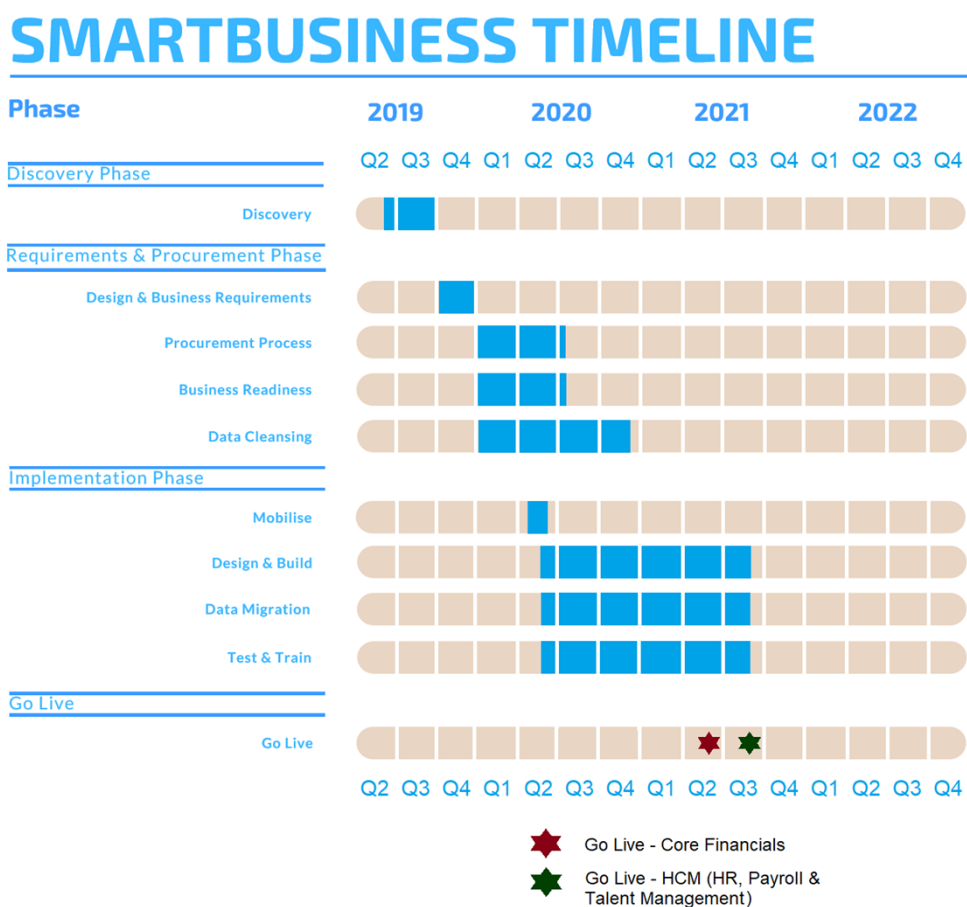
- 2.1 Alternative options have been considered and are contained in the Strategic Outline Case at Appendix 1 to this report. A number of options will be considered further as part of the next steps in replacing the existing ERP system, including the option of 'do nothing' and maintain the current approach.

## **3.0 BACKGROUND INFORMATION & PROGRESS TO DATE**

- 3.1 It is usual for organisations such as the Council to manage its people and finances through an ERP system. This is through processes such as HR administration, the purchasing of goods and services, income recording and accounting for finance.
- 3.2 Within the Council, these functions are currently carried out through a mixed approach of ERP and stand-alone systems. The current ERP system Oracle 1 Business was implemented in April 2006 and is now out-dated and in need of significant upgrade or replacement to take full advantage of the digital changes that have occurred over the last 13 years.
- 3.3 In August 2018, a review of the ERP system was requested by the Head of Business Change and Programmes and agreed by the Director of Finance & Investment. The review was to provide an independent opinion of the overall effectiveness and efficiency of the system. The audit report of the review undertaken, is included at Appendix 1.
- 3.4 In April 2019, work began on developing a Strategic Outline Case to scope out the requirements and assess the options open to the Council for finding a new ERP solution. A project was initiated to take forward this work, to ensure clarity of organisation, roles and responsibilities and provide the required planning, resourcing and assurance.
- 3.5 The complexity of implementing a new ERP solution is significant and requires strong governance and control to ensure the business benefits are appropriately defined and delivered. Resources from the Council's Programme Management Office (PMO) have been deployed to initiate and drive forward the early stages of this work. The outline project plan defines 4 key phases to the project:
- Discovery – Completed
  - Design – Current phase
  - Implementation
  - Post Go-Live
- 3.6 The timetable for the project is anticipated to be up to 3 years but will be dependent on the preferred option selected, the number of modules implemented, scope of business process change, level of customisation and service preparation required. It is anticipated

the implementation phase will be staged with measurable results at the end of each stage. An outline delivery timeline based on the 4 phases is set out below.

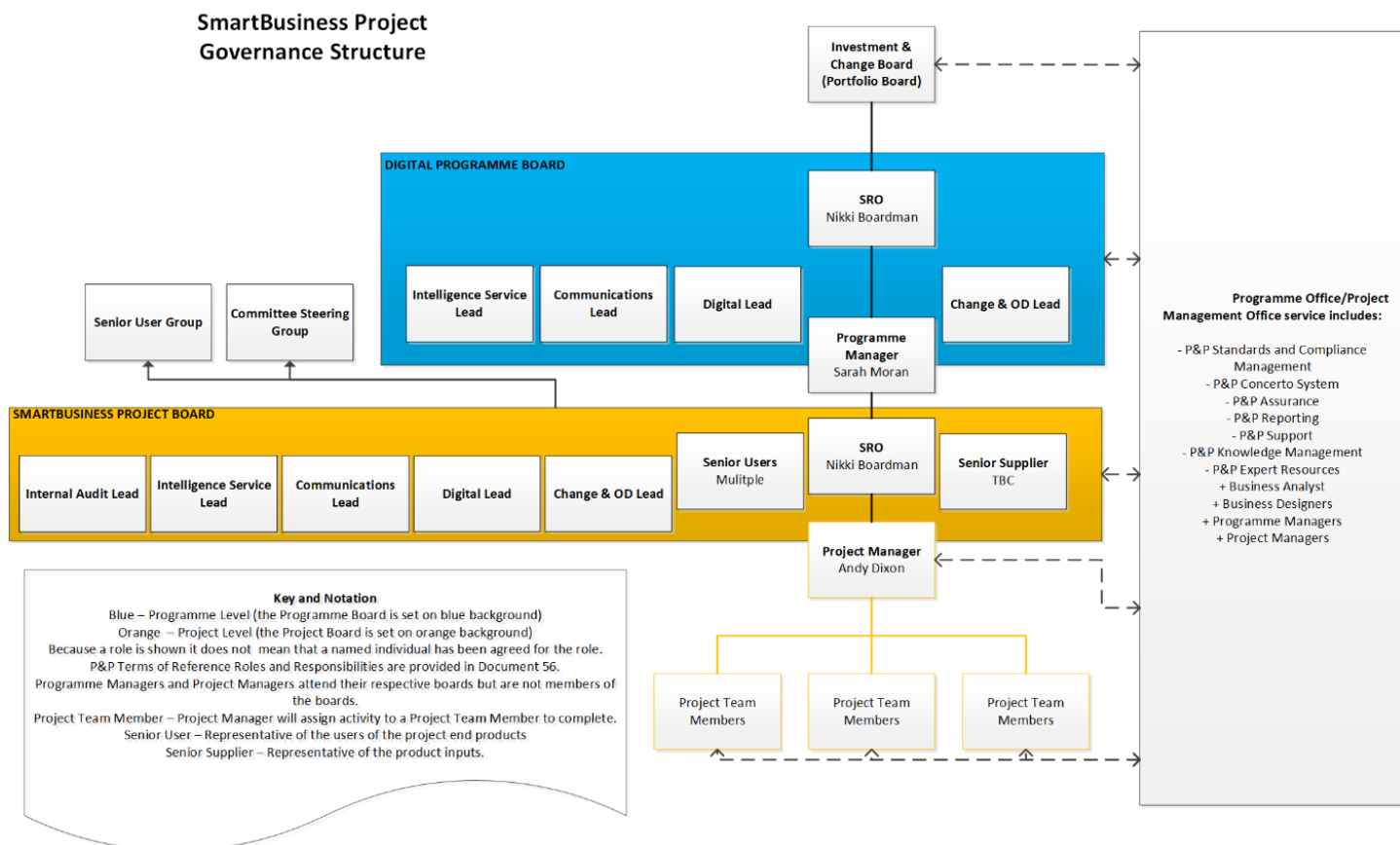
Diagram. 1: SmartBusiness Timeline



- 3.7 The *discovery phase* is the first activity to assess our business needs and the key drivers to inform the project. It reviews our current ‘as is’ state process mapping, business data, resources, customisation, interfaces, contracts and reports. This allows us to build a clear picture of the current issues facing the Council in terms of finance and resource management by analysing, defining and documenting our current state of operations; identifying where processes/systems intersect across different operational units to pin down and identify opportunities to enhance our business through system improvement and process enhancement.
- 3.8 The *design phase* reviews all the evidence gathered in the discovery phase to assess what is needed from the new system. This is done in conjunction with benchmarking from other local authorities and a soft market testing exercise. This leads to the development of a statement of requirements which will ultimately inform the Invitation to Tender document. The design phase also informs development of the Outline Business Case, assessing the various options towards an identified preferred option. The project is currently in the design phase with the Outline Business Case nearing completion. The draft Outline Business Case is included as Appendix 2 to this report.
- 3.9 In terms of governance, the project is managed within the portfolio and programme governance arrangements established by the Council’s Programme Management Office. The Project falls within the Council’s Digital programme with assurance provided by that Programme Board as well as the Investment and Change Board which oversees all

Council Change Programmes. Nikki Boardman, Director for Change and Organisational Design has been appointed Senior Responsible Owner (SRO). The SRO acts as champion for the project and is accountable for delivery to the defined time, quality and cost parameters. The diagram below sets out the project governance arrangements.

Diagram 2: Project Governance Arrangements



3.10 The Project Board has representation from all essential parts of the business including Finance, HR and Audit. Meetings are held monthly. Separate risk management reviews are also held monthly. A senior user group has been established to ensure the required engagement from the relevant service areas. The user group ensures there is continuity from those services right through the four phases of project delivery.

3.11 A full time Project Officer, Senior Business Designer and Business Analyst have been deployed on the project to date. There will be a need to deploy further resources in line with the project plan requirements. Resource requirements are regularly reviewed by the Project Manager and will be included in future update reports.

#### 4.0 FINANCIAL IMPLICATIONS

4.1 The financial implications of this project (costs and benefits) are set out in the draft Outline Business Case included as an Appendix 2.

## **5.0 LEGAL IMPLICATIONS**

5.1 The provision of a new ERP solution will establish greater capability and rigour in the Council's core financial systems and resource management. This will improve the Council's ability to meet its statutory and legal obligations as well as complying with regulatory frameworks such as the General Data Protection Regulation (GDPR).

## **6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS**

6.1 A summary of the current project staffing implications is included in 3.10 above. The implementation of a new ERP system is expected to deliver significant improvements in business systems which will result in reduced staff processing times. It is anticipated that efficiencies would be achieved over time with staff being re-focussed towards more value-added activities.

## **7.0 RELEVANT RISKS**

7.1 A project risk register is maintained and updated monthly as set out in 3.10 above. A summary of key risks is included in section 4.1.6 of the Outline Business Case included as Appendix 2.

## **8.0 ENGAGEMENT/CONSULTATION**

8.1 The Council's Strategic Leadership Team have been engaged from the outset of the SmartBusiness Project. A user group has been set up to ensure the required engagement of the business areas in scope for the new solution.

## **9.0 EQUALITY IMPLICATIONS**

9.1 An Equality Impact Assessment is in progress and is due to be completed by 31 January 2020.

## **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

10.1 Implementation of the SmartBusiness Project will lead to improved operational effectiveness that will have a positive impact on the environment. This will be achieved through better harnessing of IT capabilities that will lead to reductions in the use of paper and the requirement for travel.

**REPORT AUTHOR:** Andy Dixon  
Project Officer  
telephone: 07454 962472  
email: andydixon@wirral.gov.uk

## **BACKGROUND PAPERS**

**Appendix 1 – Final Internal Audit Report ERP 21 Aug 2018**

**Appendix 2 – OBC ERP DRAFT V2 ARMC**

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
N/A	