

**CABINET**

Tuesday 24 March 2020

<b>REPORT TITLE:</b>	<b>SMARTBUSINESS (ERP) PROJECT UPDATE</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF RESOURCES</b>

**REPORT SUMMARY**

This report provides an update on the SmartBusiness (ERP) Project. The SmartBusiness Project will implement a suite of core financial systems to replace the existing Oracle 1 Business Platform with a new Enterprise Resource Planning (ERP) system. The report sets out the context for initiating the project, the overall scope, timeline and progress to date. The Outline Business Case for the project is included as an appendix to the report. A full business case is now being worked up and will be brought back for approval in advance of the procurement of any preferred solution.

ERP systems integrate key business processes across finance, human resources, procurement and other areas. The SmartBusiness approach will standardise and streamline procedures and approaches to the administration of several core 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 and technological advances. New systems normally present a cost-effective way to replace older systems with greater standardisation and integration in-built within the packages. Replacing the current system will enable the Council to 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.

**RECOMMENDATION/S**

For Cabinet to approve that the project can move into the procurement process and go out to tender for a new ERP System.

## **SUPPORTING INFORMATION**

### **1.0 REASON/S FOR RECOMMENDATION/S**

- 1.1 For Cabinet to understand progress in respect of this project and have the opportunity to highlight any questions or request further information.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 A full options appraisal has been undertaken as part of development of the Outline Business Case which is included as an exempt Appendix 1.

### **3.0 BACKGROUND INFORMATION**

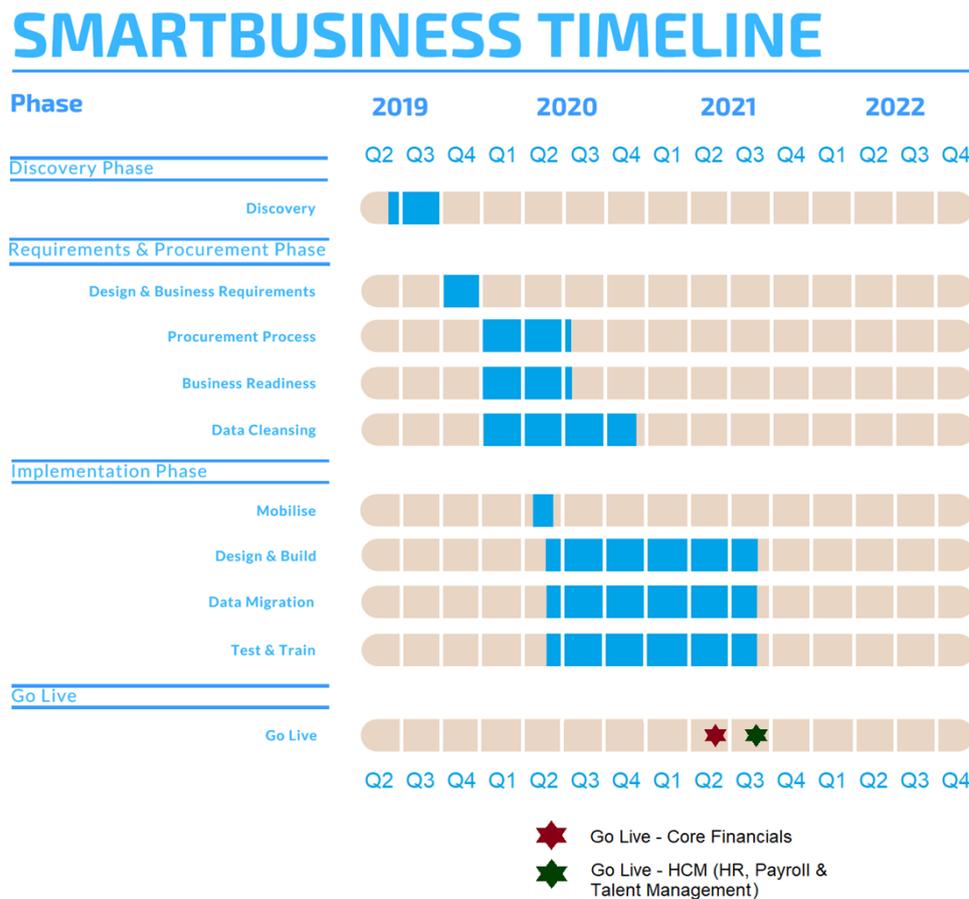
- 3.1 It is usual for organisations such as the Council to manage its people and finances through an ERP system. This is through processes such as HR administration, the purchasing of goods and services, income recording and accounting.

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.

- 3.2 In August 2018, a review of the ERP system was requested by the Head of Business Change and Programme Management 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 outcome of the review highlighted the risks of the current platform, its age and inability to integrate with more modern systems and working practices.
- 3.3 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.
- 3.4 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
- 3.5 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. An outline delivery timeline based on the 4 phases is set out below.

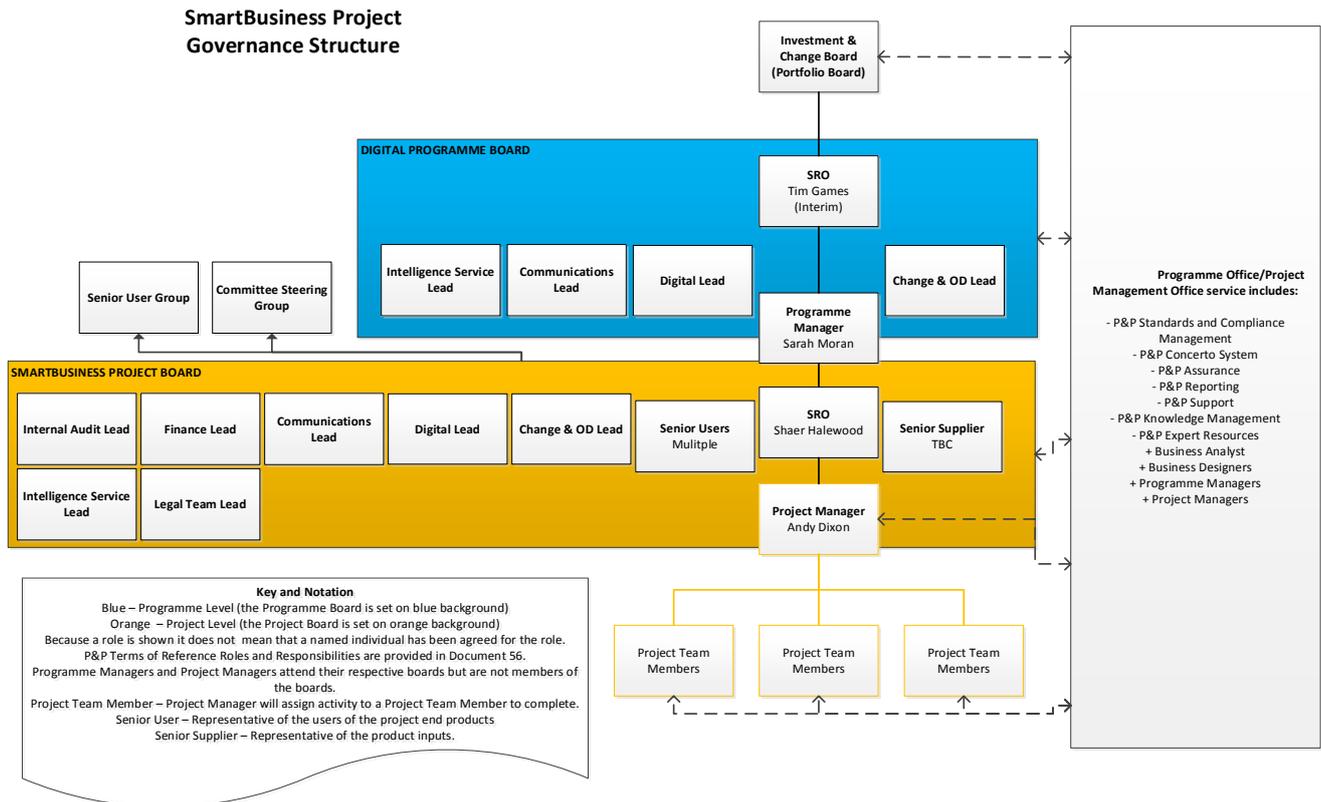
Diagram. 1: SmartBusiness Timeline



- 3.6 The discovery phase assessed our business needs and the key drivers to inform the project. It reviewed our current state by mapping processes, business data, resources, customisation, interfaces, contracts and reports to define the ‘as is’ position.
- 3.7 The design phase has reviewed 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 process shapes the statement of requirements which will ultimately inform the Invitation to Tender document. The design phase has also informed the development of the Outline Business Case, assessing the various options towards an identified preferred option.
- 3.8 The project is currently nearing the end of the design phase with the Outline Business Case in final draft form. The Outline Business Case is included as Appendix 1 to this report. It is anticipated the implementation phase will be staged with measurable results at the end of each stage
- 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. Shaer Halewood, Director for Finance and Investment 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 1.

#### **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: STAFFING, ICT AND ASSETS**

6.1 A summary of the current project staffing implications is included 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-focused 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

#### **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 has been conducted and found to have no negative impacts on people with protected characteristics.

#### **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 thereby reducing the Council's carbon footprint.

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**APPENDICES**

Exempt Appendix 1 OBC

**BACKGROUND PAPERS**

None

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>Audit &amp; Risk Management Committee</b>	<b>27/01/20</b>