



## **POLICY AND RESOURCES COMMITTEE**

**Wednesday, 20 January 2021**

<b>REPORT TITLE:</b>	<b>SMARTBUSINESS FULL BUSINESS CASE</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF RESOURCES</b>

The SmartBusiness Project concerns the upgrade of the council's enterprise resources planning systems.

Enterprise Resource Planning (ERP) systems integrate key business processes across finance, human resources, procurement and other areas. The approach standardises and streamlines procedures and approaches to the administration of a number of key business activities. The Council's current ERP system, Oracle - 1 Business has been in operation since April 2005 and is now obsolete.

This report and supporting Full Business Case (FBC) discusses the future of the system and the requirement to implement an alternative to the current ERP that is now over 15 years old.

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

To date, the SmartBusiness Project has gone through extensive Discovery and Design phases which has resulted in a successful tender and evaluation process.

The Full Business Case (FBC) for the Policy and Resources Committee is attached as Appendix 1 to this report.

### **RECOMMENDATION/S**

The Policy & Resources Committee are recommended to:

1. Approve the implementation and upgrade from our current unsupported version of Oracle (Release 11) to a new cloud solution.
2. Approve the budget and allocation of funding of £4.6 million (£2m

capital/(£2.6m revenue) for transformation projects that deliver ongoing savings.

3. Approve the award of:  
A five-year contract with the option to extend for another two years to company named in the FBC via the Crown Commercial Service (CCS) Data and Application Solutions Framework, Agreement (RM3821) for
  - New cloud platform licenses for 5-years (with the option to extend for a further 2: 5+2 years) period
  - Implementation partner to implement the new platform for a total value detailed in the FBC.
  
4. Appoint members to a Member working Group to monitor project performance during Delivery phase.

## **SUPPORTING INFORMATION**

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

- 1.1 The replacement of the Council's existing ERP systems is a significant investment and will be essential to future operational effectiveness.
- 1.2 The approach advocated will help rationalise multiple contracts with different suppliers and renewal dates.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 Alternative options have been extensively explored through the discovery phase of the project and are contained within the FBC Appendix 1. This also includes an option of "Do Nothing" and maintaining the current approach

### **3.0 BACKGROUND INFORMATION**

- 3.1 The full business case for this project is attached as Appendix A giving further information and detail to support this report.
- 3.2 It is common for organisations, such as the Council, to manage their finances through an ERP System. This is through processes such as accounting, budget setting, forecasting, HR administration, business administration, income recording/reporting and procurement activity. These functions are currently conducted across many different, ageing systems through a mixed approach of ERP and stand-alone platforms with "patchwork" integration and manual intervention.
- 3.3 The current ERP system Oracle 1Business was implemented in April 2005 and has not been updated since 2011.
- 3.4 The SmartBusiness Project is a project to deliver a new ERP Platform for the Council and will align with the priorities of the Council and its partners. This has been informed by:
  - (i) The Wirral Plan
  - (ii) The Council's transformation programme
  - (iii) The Council's Forward Plan
  - (iv) Service performance information
  - (v) Risk management information
  - (vi) The Digital Programme
  - (vii) Full Discovery and Design phases within the project

### **4.0 FINANCIAL IMPLICATIONS AND RISKS**

- Investment of £4.6m (contract) is required, which includes a contingency of 10%.

- Total cost of ownership over 10 years is £7.04m (inclusive of the implementation, dual running and new operating costs). The estimated costs of the current arrangements are £2.4m over the 10 years, a breakdown of the current arrangements are covered in the FBC.
- Over 10 years the project will save between £1.4m Target to £5.3m Stretch net of the project and running costs (Use the 15% to 25%).
- Annual running costs of the new cloud platform are estimated between £Excluded as commercially sensitive please refer to FBC to £ Excluded as commercially sensitive please refer to FBC compared with a budget of £ Excluded as commercially sensitive please refer to FBC, thus delivering a budgetary saving of at least £1.4m over ten years.
- The initial investment of £4.6m pays back between 5 to 8 years based on future budget and savings made by going to the Cloud subscription model and business efficiencies.
- A further breakdown of costs and financial summary are included as part of the FBC.
- Risks:

<b>Owner</b>	<b>Risk</b>	<b>Current Score</b>	<b>Mitigation</b>
Moulton, Peter	Poor integration to of the infrastructure systems	25	Detailed integration plan to be a agreed with supplier and Wirral ICT Dept
Halewood, Shaer	Lack of agreement between senior stakeholders on the ERP Project Objectives and deliverable resulting in a fragmented approach to the design.	16	Detailed communications plan to led by Comms Manager - monthly update to Board including metrics and impact assessments
Callon, Michael	Key resources not being available at critical delivery stages within the project delivery phase.	16	Assurance sought from SLT once project resource requirements have been agreed with vendor. Early warning system to be put in place via the PM.- Weekly project Sprints will identify any potential shortfalls or conflicts with resource capacity.
Halewood, Shaer	Ineffectual vendor or supplier support	16	Service Level agreement to be defined and agreed in contract.
Halewood, Share	Non-acceptance of organisational structure change and business processes.	16	Detailed process design, planned and phased change programme.

Gundersen, Craig	Business assumption that the ERP Replacement is solely an IT project.	16	To be written into the Communications Strategy. Metrics needed
Dixon, Andy	User acceptance testing (UAT) is not fully conducted, leading to the possibility of going live into an unstable environment. This would lead to regression in the project plan and have major cost/time implications.	16	To be built in delivery project plan in collaboration with the business and the vendor.
Games, Tim	Risk that the project phases cost more than budgeted. It can lead to performance risk if cost overruns lead to reductions in scope or quality. Cost risk can also lead to schedule risk if the schedule is extended because not enough funds are available to complete the project on time.	16	Establish a robust process for budget monitoring and forecasting with project assigned Finance Officer.

## 5.0 LEGAL IMPLICATIONS AND RISKS

- 5.1** The request for P&R Committee to approve the recommendations stated above, namely the award and implementation of an Oracle Cloud System, Fusion and implementation at a cost of £4.6m.
- 5.2** Service contracts over the value of £181,302 need to comply with the Public Contracts Regulations 2015. Compliance with the regulations is met by utilising the Crown Commercial Service (CCS) Data and Application Solutions Framework, Agreement (RM3821).
- 5.3** The operation of the SmartBusiness project may raise personal data issues under the General Data Protection Regulations & the Data Protection Act 2018; the Council's Data Protection Officer (DPO) will be involved in the project and any data protection impact assessments, duly undertaken.
- 5.4** The Full Business Case attached as an appendix to this report contains exempt information as defined in Schedule 12A of the Local Government Act 1972. It is in the public interest to exclude the press and public under Paragraph 3 'Information relating to the financial or business affairs of any particular person(including the authority holding the information)'.

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

- 6.1** Resourcing of the implementation aspect of the project's 52 week timescale will be a challenge, the project will be resourced from a mixture of contract resource who will backfill Council staff who will, where possible take the lead on any key decision making and be involved in the day to day running of the project. The Project Team will consist of approximately 20-25 employees at any one time, plus when appropriate resources will be drawn from across the organisation to support such things as User Acceptance Testing (UAT).
- 6.2** To minimise the impact of Business as Usual (BAU) activity whilst implementing, detailed project planning will need to be undertaken with both, the resources that will support the project delivery and those responsible for delivering BAU work. Stakeholder mapping will be a key activity undertaken at the start of the delivery phase of the project to identify key resource requirements and the detailed project plan will identify any key pinch points.
- 6.3** Transformation overload on the workforce is a key risk and this will be mitigated where possible by appropriate planning and engagement, backfilling to enable the SmartBusiness project to be supported by Wirral Council staff and by implementing a detailed communications plan to keep those impacted, updated so they can also conduct resource and prioritization planning.
- 6.4** The project will be organised in line with Prince 2 approach. The implementation timescale is anticipated to be up to 12 Months. Implementation time is a function of the options chosen, number of modules of the ERP, scope of process change, amount of customisation and services readiness to change.
- 6.5** A full ERP implementation with all modules can easily require a number of years. However, a major ERP program can be broken into phases with measurable results at the end of each phase. So, it is possible that early phases may take 12-18 months. The use of a phased approach may aid overall success as early implementation will keep the project live and give visible successes for the implementation.

## **7.0 ENGAGEMENT/CONSULTATION**

Member engagement was managed through a Task and Finish Group.

## **9.0 EQUALITY IMPLICATIONS**

- 9.1** The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:
- (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
  - (ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;

- (iii) foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

<https://www.wirral.gov.uk/communities-and-neighbourhoods/equality-impact-assessments>

- 9.2** The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Wirral residents in respect of socio-economics and health determinants.
- 9.3** An Equality Impact Assessment (EIA) was conducted in March 20 and signed off by the Internal Equalities Officer. All EIA impacts will be managed through project delivery.

## **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

- 10.1** Positive implications based on reduced travel, printing and office requirements offered by cloud solutions. For more information please visit the Oracle website: [A More Sustainable Computing Platform in the Cloud](#)

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## **APPENDICES**

Appendix 1: SmartBusiness Full Business Case

## **BACKGROUND PAPERS**

SmartBusiness Strategic Outline Case  
SmartBusiness Outline Business Case

## **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Policy and Resources Committee	18 December 2020