

REPLACEMENT OF FINANCIAL MANAGEMENT SYSTEMS

EXECUTIVE MEMBER: Cllr Elaine Woodburn

LEAD OFFICER: Sue Borwick, Head of Finance and Business Development

REPORT AUTHOR: Steven Tickner, Accountant

Summary: This report outlines the proposals for replacing the Council's current Financial Management Systems

Recommendation:

- a) that the Executive approves that the contract for the supply of a new Financial Management System be awarded to Consilium.

Financial and human resource implications:

A significant resource implication will be encountered in the delivery of a new financial management system. The initial cost of the new system, including contingency amounts are shown in the Appendix in Part 2 of this Agenda. The ongoing revenue costs can be contained within the existing budget. Any funds remaining once the project is complete will be released back to the Council's balances.

There will be a significant Human Resource required in delivering this project. It is anticipated that additional resources will be required to successfully deliver the implementation to timescale. These additional costs are included in the overall project costs above.

Impact on delivering Corporate Plan Objectives

A new Financial Management System will be better able to monitor and report on all aspects of the Council's finances, including monitoring of all Corporate Objectives.

Impact on other statutory objectives:

Assist with compliance and S.151 issues for the production and maintenance of accurate financial records and information.

Project and risk management controls

The current system is obsolete and the current licence will expire on 1 April 2007. Confirmation has been received that the system will continue to run for a short time after this date but maintenance and support will be reduced to response to call outs and will be at a cost.

If the new system is not implemented and 'live' by 1 April 2007, then we will need to continue with the current system. This is a risk and would involve loss of guaranteed response and additional costs for support.

There will be risks involved in implementing the system and delivering the project within the timescale and with the current staff resources set by the expiry of the current licence.

Key Decision Status:

- **Financial:** YES
- **Ward:** NO

Other Ward Implications:

1.0 INTRODUCTION

- 1.1 The licence for the current computerised Financial Management System (FMS) expires in March 2007. The supplier has indicated that they will not renew the licence due to the age of the system and the number of current users. The main purpose of the financial system is to comply with statutory requirements, to facilitate budgetary control and financial control of the Authority, and, to provide accurate, timely, financial information to allow decisions to be made by budget holders.
- 1.2 Approval was given by Executive on 18 October 2005 to utilise £250,000 from the Major Projects Fund to purchase a new FMS.

2.0 TENDER PROCEDURE

- 2.1 A Contract Notice was placed in the European Journal inviting expressions of interest for the supply of a new Financial Management System to the Council. From this advertisement 12 expressions of interest were received. After evaluating these against the criteria set out in the notice and the information supplied, 6 invitations to tender were sent out to the following companies.

- Consilium Technologies
- BT
- Agresso
- Civica
- TAH Ltd
- Datel

The closing date for tenders was 12-noon on 31 March 2006.

- 2.2 Four tenders were received from Civica, Consilium, Agresso and Datel. However, the tender from Datel was discounted from the evaluation process as it was received after the specified closing date for tenders.
- 2.3 Tenders were evaluated on a price and quality basis, with the split being 40% on price and 60% on quality. A copy of the evaluation is given in the Appendix in Part 2 of this Agenda.
- 2.4 As well as evaluating the tenders, site visits and demonstrations were held to view each system. The results of these visits and demonstrations were taken into account in the overall evaluation process, and questionnaires were issued to all who attended the demonstrations to gauge their view on which system they thought offered the best usability and functionality.
- 2.5 All of the systems evaluated met the Councils basic requirements in terms of quality. However, there were differences in the quality scores of the evaluation based on the information submitted in the tenders and the impressions gained from the site visits and demonstrations. There were also differences in the prices quoted. Overall Consilium was rated best overall and also best on Quality and best on Price.

- 2.6 Therefore, following the evaluation highlighted above, officers wish to recommend to Executive that the Council appoints Consilium as its preferred supplier for the Council's replacement FMS over a five year contract.

3.0 RESOURCING

- 3.1 With a project of this nature, and given the short timescale we have to implement this new system, there will be a significant resource requirement on the Accountancy and IT departments. All the tenderers have strongly recommended that a project like this needs a full time project manager, and this has been highlighted as Best Practice in other authorities. A significant resource input will be required from both IT and Project Accountancy to set the system up the system and to successfully implement it.
- 3.2 Although Consilium will provide consultancy and implementation support, the majority of the work will have to be undertaken by the Council's staff. In order to achieve this and in order to continue to deliver the normal service from accountancy, there will be a need to buy in additional support to the accountancy service. It is considered best to utilise current staffing on implementing the new system so that once the implementation is complete, the knowledge remains with staff in the Council. If we were to buy in project support to assist in the implementation, there would be a danger that the knowledge gained in the implementation process would be lost and not passed on to Council staff when the system goes live. It is therefore recommended that the Council uses its current staff in the implementation and back fills any resource requirement left. It is planned to utilise the new ICT Project Manager on the project to help in the Project Planning and monitoring process. A cost of £40,000 has been set aside from the allocated budget for the project to cover this.

4.0 PAYROLL

- 4.1 Payroll was not originally included in the tender specification as the Council had recently moved onto SAGE payroll. However, during the tender process, Consilium have offered their payroll module free of charge. There would be a cost associated with the implementation and on going licence of this additional module but it is anticipated that this could be covered within the existing costs being paid for SAGE.
- 4.2 The benefits of taking the Consilium Payroll module are that there would be no need for an interface with the SAGE system and that the Payroll module would be fully integrated with the rest of the Financial Management System, therefore allowing for better monitoring and reporting of payroll information. It still needs to be confirmed that the Consilium Payroll will interface with the PWA system.
- 4.3 It is recommended that the Payroll module be taken and that the additional implementation and training costs are added to the overall cost of the project.

5.0 COST OF THE PROJECT

- 5.1 The costs of the Project are given in the Appendix in Part 2 of this Agenda.

6.0 RISKS ASSOCIATED WITH THE PROJECT

- 6.1 There will be numerous risks associated with the project and a revised Project Initiation Document will be produced to take the Project into this next phase. The main risk will be that the Project is not delivered by the deadline of 1 April 2007. The Council could be left in a position where the Financial Management System they are using has limited support and any response to call-outs would incur a cost.

7.0 CONCLUSION & RECOMMENDATION

- 7.1 Following the evaluation process of tenders and the demonstrations and site visits carried out it is recommended that the Council award the Contract for the new Financial Management System to Consilium.

List of Background Documents: Exec Report 18-10-05
FMS Project File

List of Consultees: Leader
Head of Finance & Business Development
Head of Legal & Democratic Services
Accountancy Services Manager
Business Development Manager