

Report to Cabinet

18 August 2016

By the Cabinet Member for Finance and Assets



**Horsham
District
Council**

DECISION REQUIRED

Exempt appendix 1 (not for publication – exempt under Paragraphs 1, 2, 3, 5 of Part 1 of Schedule 12A to the Local Government Act 1972).

Replacement of the Financial Management System in 2017

Executive Summary

No extension is permitted to the current contract for the Council's financial management system (FMS) which expires in November 2017. A procurement exercise has been carried out, jointly with Adur-Worthing Council, to choose a replacement FMS. Implementation of the new FMS system will run concurrently with the old system, with the intention of a go live date in the summer of 2017.

The details of the results of the tender process can be found in Exempt Appendix 1.

Recommendations

The Cabinet is recommended to:

- i) Approve the decision taken to award the contract to Tender Company C.

Reasons for Recommendations

The Council's current FMS contract expires in November 2017 and the Council is required to purchase a new FMS.

- i) It is essential that an effective and robust financial system is in place.

Background Papers: None

Wards affected: All wards

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Background Information

1 Introduction and Background

- 1.1 The Council currently uses the Total Mobile Financial Management System (FMS) to provide accounting and financial reporting functionality. This has been hosted in-house since 2007. It is essential that an effective and robust financial system is in place. No extension to the contract beyond ten years was permitted under the terms of the contract which expires in November 2017.
- 1.2 A joint procurement tender exercise was undertaken with Adur-Worthing Council to purchase a new FMS, with the intention of moving to an off premise 'cloud' based system, so that equipment and service management is effectively removed from the Council's premises.
- 1.3 Joint procurement with another Council also opens the potential for opportunities in the future to work together more closely with another authority. During implementation, working together and for example having joint training sessions may also help to reduce the costs, should both Councils choose the same system. However at this stage, we do not know whether this is practical. The Council reserved the right to award to a separate supplier.
- 1.4 The aim is to implement a modern, fit for purpose fully integrated, strong information management system, which has the capability of handling organisational requirements that include multiple programs, projects and activities. An easier to use FMS will also improve the budget holder's ability to self-serve.

2 Relevant Council policy

- 2.1 The delivery of the Horsham District Council Corporate Plan Priorities 2016-19. Efficiency Key Objective - continuing development and delivery of business transformation through better ways of working.

3 Details

- 3.1 The current Total Mobile FMS meets our basic accounting requirements, however:
 - it is inflexible in service redesign,
 - it is limited in its reporting requirements,
 - it does not facilitate Budget Managers to proactively access their financial information, and
 - the contract expires in November 2017 and cannot be extended.
- 3.2 The new contract is for an initial period of five years with an option to extend the contract for up to another further five year period, subject to satisfactory supplier performance, up to a maximum contract term of ten years.
- 3.3 Under a joint-procurement process with Adur-Worthing, eight companies provided quotations. The cost and quality elements of the tenders were assessed and site visits were undertaken to evaluate and to verify the information provided by the bidder in the technical specification selection criteria checklist. When combined, the final results were as follows:

- Company A 85.6% - despite stating full compliance with the Council's specification in their tender Company A was unable to demonstrate this compliance on more than one essential specification criterion during the site visits or when requested to do so at the product demonstration.
- Company B 84.1% - despite stating full compliance with the Council's specification in their tender Company B was unable to demonstrate this compliance on more than one essential specification criterion during the site visits or when requested to do so at the product demonstration.
- Company C 89.1% - demonstrated full compliance with all essential specification criterion.

3.4 Following an evaluation review, the panel agreed that the results accurately reflected their conclusions and that Company C should be selected. The details of the results of the tender process can be found in Exempt Appendix 1.

4 Next Steps

4.1 Following approval to award the contracts, there will be a mandatory legal 10 day "standstill" period as required by the Public Contract Regulations, to allow unsuccessful tenderers time to request feedback and scrutinise the award process. Once this has passed without incident, the appointment can be ratified and legal formalities concluded.

5 Views of the Policy Development Advisory Group and Outcome of Consultations

5.1 The Cabinet Member for Finance and Assets has been briefed by the Director of Corporate Resources as the tender stages of the purchase of the new FMS has progressed. The Finance and Assets Policy Development Advisory Group though has not met during the period that this tender exercise has come to its conclusion. Whilst the Members of this Advisory Group have been sighted on this report, their views are not fully incorporated here. However, the Director of Resources will feed back any comments from the Members at the Cabinet meeting.

5.2 The comments of the Director of Corporate Resources, the Monitoring Officer, Procurement advisor, and the Human Resources & Organisational Development Manager are incorporated within the report.

6 Other Courses of Action Considered but Rejected

6.1 No alternative courses of action were available. The Council is required to purchase a new FMS as the current contract expires in November 2017. The Council would be unable to operate without an FMS.

7 Resource Consequences

7.1 The indicated costs of the new FMS are set out in exempt appendix 1. The annual cost of the new system is slightly higher than the current FMS. However, as the new system will be hosted externally in the "Cloud" and accessed via a web browser the Council will not need to upgrade or replace any ICT hardware infrastructure to accommodate it during the term of the contract. In addition the number of staff required to operate the new system across the Council will need to be assessed.

The expectation though is that fewer staff will be required as the new system will support a more efficient operation of workflow that should enable savings in back-office operations to be achieved. It is therefore expected that the new system will result in an overall financial saving for the Council. The timing / incidence of the savings to be generated has not been fully determined and cannot be until we fully understand how the new system works and interfaces with other systems as it is implemented.

- 7.2 The service improvement may therefore result in redundancies. HR and the Unions and staff will be consulted on any proposals in due course. No impact on equality and diversity is expected.
- 7.3 A critical project such as this will inevitably require additional planning and training input from the Finance team during the lengthy implementation process, both to the finance team themselves and also budget holders as well as all staff who will use the FMS. However, we would expect this to be incorporated into the demands of the current finance team.

8 Legal Consequences

- 8.1 Part 4G of the Council's Constitution provides Contract Standing Orders.

9 Risk Assessment

- 9.1 It is not considered that there are any strategic risks arising from this proposal. Several departmental risks arise concerning the migration of data to a new FMS and the implementation of the new system which will require strong project management to ensure that the project remains on track and will deliver its anticipated benefits. These risks are recorded in the departmental risk register which is monitored on an ongoing basis.

10 Other Considerations

- 10.1 This proposal does not impact on Crime & Disorder; Human Rights; Equality & Diversity and Sustainability matters.