

## **Executive Member for Corporate Services and Advisory Panel**

**12<sup>th</sup> December 2006**

Report of the Director of Resources

### **FMS REPLACEMENT PROJECT – PROGRESS REPORT**

#### **Purpose**

1. This report has been prepared to provide the Executive Member with an update of the progress made on the FMS Project started in March 2006.

#### **Background**

2. The 2004/05 IT Development Plan recognised the need for a replacement Financial Management System (FMS). The current system was implemented in 1994 and since then the functionality and technology platform that it uses has become dated. FMS is a critical system that holds the financial data that is used by the Council to operate as a business. The dependency on this system is very high as it is used for financial reporting and management information purposes as well as running the Councils purchasing, payments and sundry income collection operations. Although continued supplier support has been guaranteed for the system, the number of other local authority users is diminishing, meaning that future development will be limited.

#### **Timescale**

3. The original timescale of the project was based on a phased implementation with the new system implemented by April 2008.

Phase 1	Procurement	March 2006	- March 2007
Phase 2	Implementation	April 2007	- April 2008
Phase 3	Rollout Programme	April 2008	

#### **Objectives**

4. A number of Corporate Objectives have been agreed for the Project and are included in Appendix A together with the Scope, however, primarily the Project aims are:

'To implement a Financial Management System, whereby current systems and processes will be simplified to achieve an efficient and effective delivery of financial

information to the Council<sup>1</sup>, it's customers and ongoing development of partnership working'.

### **Consultation**

5. Key stakeholders within the organisation have been consulted during the procurement stage of the project with workgroups established to specify the requirements of the replacement system. A communications strategy has been developed, an intranet bulletin board has been set up along with a newsletter updating stakeholders of progress to date.

### **Options and Analysis**

6. This report is to update the Executive Member on the progress of the FMS project and associated timescales to implementation. Analysis on the project progress to date is included in the sections below.

### **Project Progress**

7. The progress achieved to date is:

#### **A Project Communication Structure**

- a) Established a Project Board to capture representation across the Directorates.
- b) Identified a number of personnel across all directorates who have a broad understanding of systems and processes common to the Financial Management System. These members of staff will provide a key communication channel to ensure the project achieves its aims and is implemented with minimal disruption to operations.
- c) Draft communication strategy identified and methods and timelines for communicating information within the Project and CYC.

#### **B Agreed the Approach - Stage 1 Procurement March 06 – April 07**

- a) The expected cost of the replacement system will be in excess of EU thresholds for public procurements. The advice received by the Project Board is that the most appropriate route for the Council to use in procuring the system will be the 'Restricted' procedure. Unlike the 'Open' procedure, the restricted procedure limits the number of tenders advancing to full evaluation through pre-qualification assessment without compromising the competitive process. This helps allows for a transparent, streamlined and efficient evaluation process that nonetheless ensures compliance with EU Directives.

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<sup>1</sup> Assumes those that are users of or recipients of Financial Management Information

### **C Project Support Recruited**

- a) At the beginning of June two Project Support staff were recruited onto the Project Team, their role to assist the Project Manager with administrative duties and co-ordination of specific activities in line with the Project plan.

### **D Project Objectives and Scope Agreed**

- a) See Appendix A

### **E Site Visits to Local Authority**

- a) Site visit to Wakefield Metropolitan Borough Council who are in the process of implementing a similar project, to understand their experiences and lessons learned to assist in our own approach to the project.

### **F Implementation and Resource Plans.**

- a) In order to identify resource for the project across all directorates, and assess the impact to daily operations it has been necessary to complete a high level implementation plan. The activities are based on experience from other Local Authorities and supplier information obtained from the Internet.
- b) A high level estimation of resources has been identified for the duration of the project which has allowed us to identify key areas where backfill is required to support those staff who will be working on the project across all directorates.

### **G Allocated Resource funding for Backfill of operations.**

- a) The funding for the backfill of operations this financial year has been identified within the current budget.

### **Project Management**

8. The project timetable suffered a temporary set back when the project manager took an unexpected opportunity to retire in September. The management of the project in the interim has been undertaken by the Corporate Finance Manager in conjunction with the ITT Business Development Team. Interviews for the project manager post took place in the last week of November and it is anticipated to have a full time replacement in post for January 2007.

### **Revised Timetable**

#### **Phase 1 – Procurement**

9. Good progress has been made in building the requirements documentation, however, following a review of the initial draft, it was felt that additional technical review of the documents was necessary to ensure they were suitably worded to

meet contractual arrangements. This extra quality control process and the retirement of the project manager has had an overall impact of moving the completion of Stage 1 by three months to July 2007. The Project Board agreed to move this by an additional one month for contingency to allow for any further slippage as a result of the closure of accounts work during May and June of 2007 when resources may not be available to meet the demands of the project.

### **Planned Activity to end of Stage 1 – September 2007**

10. The activities in progress or planned for completion are as follows:

<b>Key Tasks</b>	<b>Completed by end of:</b>
Requirements Document in draft and sign off	January 2007
Evaluation model to be agreed and the Suppliers and their Tender responses to be assessed and scored	January 2007
ITT to be completed and issued.	January 2007
Planning/Sizing work for the Business Process Re-engineering	February 2007
Evaluation of ITT and Short listing	March 2007
Post Tender Clarification	March to Sept 2007
Closure of Accounts	April – June 2007
Demonstrations from suppliers	June 2007
Site Reference visits	July 2007
Appointment of Supplier	September 2007

11. The closure of accounts process between April and June each year mean that most key accountancy staff will have limited or no availability during this period. If a 1<sup>st</sup> April implementation date is not achievable it would not be desirable to roll out the new system until July/August when accountancy resources can be switched in to the roll out. Research is being undertaken to evaluate the optimum time period to implement a new FMS and whether a mid year implementation results in any difficulties.

12. The delay in the procurement phase also has a knock on effect on the timing of the key evaluation work which will now coincide with the 2006/07 closedown period. This makes it unlikely that a supplier will be able to be appointed before September 2007. Until a supplier is appointed it is not known how long implementation will take, although experience from other Local Authorities who have recently implemented suggests it can take between 6 –12 months, depending on the suppliers experience of similar implementations and the level of resources committed. Taking account of this the more probable revised timetable is illustrated in the table below.

		<b>Original Timescale</b>	<b>Quickest Timescale</b>	<b>Probable Timescale</b>
Phase 1	Procurement	March 06 - March 07	March 06 - Sept 07	March 06 – Sept 07
Phase 2	Implementation	April 07 - April 08	Sept 07 – April 08	Sept 07 – Aug 08
Phase 3	Rollout Programme	April 08	April 08 – Nov 08	Aug 08 – Nov 08

### **Corporate Priorities**

13. The corporate objectives and scope of the project are illustrated in Appendix A. Broadly, the replacement financial management system will **improve efficiency and reduce waste to free-up more resources** through
- access better quality financial information on which to base decision,
  - streamlining business process to free up resources and
  - contributing to the Council's Gershon efficiency targets.

### **Financial Update**

14. The project was granted £300k for project management and support to be delivered over 3 financial years between 2005/06 and 2007/08. The delays associated with recruiting a suitable project manager meant that only £12k was spent in 2005/06, with the remainder being carried forward in to 2006/07.
15. During the early phase of the project it became apparent that there would have to be a lot of input from the devolved finance teams in order to ensure the requirements work was done to an adequate standard. It was agreed that part of the IT budget underspend from 2005/06 would be vired to the project management budget to fund backfill for those finance staff who were working on the project. An analysis of the likely time inputs required was made and backfill was costed at the SO1 grade, meaning that £35k of back fill was required to support the project. This funding will be transferred to the teams affected.
16. The delay to the overall implementation of the system means that an April 2008 implementation, although still possible, is now unlikely. With the funding coming to an end in 2007/08 some funding will be required to be carried forward in to 2008/09 to enable the roll out. Table 1 illustrates the likely spend profile of the project management development budget. During 2006/07 the estimated costs of the project, excluding backfill, are estimated to be £100k for 2006/07, meaning that the carry forward from 2005/06 will need to be carried forward again into 2007/08 and on into 2008/09.

	2005/06	2006/07	2007/08	2008/09	Total
	£	£	£	£	£
<b>Estimated Spend</b>	<b>12,451</b>	<b>127,179</b>	<b>124,877</b>	<b>82,493</b>	<b>335,000</b>
<b>Bal b/fwd</b>	<b>0</b>	<b>87,549</b>	<b>107,370</b>	<b>82,493</b>	
Base Budget	100,000	100,000	100,000	0	<b>300,000</b>
Budget transfer from IT		35,000			<b>35,000</b>
FMS Dev't budget		12,000			<b>12,000</b>
<b>Bal c/fwd</b>	<b>87,549</b>	<b>107,370</b>	<b>82,493</b>	<b>0</b>	<b>0</b>

**Table 1 – Spend Profile of Project Management Budget**

17. The implementation budget remains at the level agreed in the IT Development plan Confidential Annex C updates the Advisory Panel on progress to date.

### **Implications**

18. Human Resources - There are no HR implications.

19. Equalities – There are no implications.

20. Legal – There are no implications.

21. Crime and Disorder – There are no implications.

22. Information Technology (IT) – The delay to the project timetable can be accommodated within the IT support planning.

23. Property – There are no implications.

24. Procurement – The procurement of the project is in line with the advice received from the Corporate Procurement Team. The timescales for implementation highlighted in paragraph 12 are realistic for the procurement route chosen and has allowed sufficient time for the necessary EU procurement procedures.

### **Risk Management**

25. A risk log has been established which operates on the same basis as the [Easy@York](#) risk log. It is kept and maintained in line with PRINCE2<sup>2</sup> project management principals. There has been no formal Risk workshop which will happen as we move into the Planning of the implementation. The Project Support team are identifying risks as they arise and managing them accordingly through regular risk reports to the Project Board. Appendix B illustrates the key risks highlighted to date.

<sup>2</sup> PRINCE 2 is an industry recognised project management tool titled Projects in Controlled Environments (abbreviated to PRINCE).

## Recommendations

26. That the Advisory Panel advise the Executive Member to accept the proposed move of the project completion date

27. Reason: as a result of the

- quality controls that have been included in the plan,
- delays caused by the departure of the project manager and
- lack of business resource commitments dedicated to the project because of the statutory closure of accounts process.

## Contact Details

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Report Approved

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Wards Affected: None

All

For further information please contact the author of the report

### Background Papers:

FMS Replacement Update Report – Resources EMAP 20<sup>th</sup> March 2006  
2004/05 IT Development Plan

**Appendix A – Project Scope**

**Appendix B – Risk Register**

**Confidential Appendix C – FMS IT Development Budget**