The Highland Council

Committee: **Corporate Resources**

Date: **6 June 2024**

Report Title: **New Corporate Financial System Replacement - Update Report**

Report By: **Assistant Chief Executive - People**

1.   Purpose/Executive Summary

1.1   This report provides an update on the project to replace the Council's Core Corporate Financial Systems, with this report confirming the positive news that the new system went live in April 2024. The report provides information on key deliverables, and progress to date, as well as outstanding actions still to be taken forward, as part of the People & Finance Systems Programme. Previous reports have discussed the Finance project as well as Human Resources and Payroll (HRP) projects and initiatives within the programme. Updates on HRP will be brought in future reports to this committee, the focus of this report being solely on the Finance project.

2.   Recommendations

2.1   Members are asked to:

      i.   **Note** the update provided regarding the project to replace the Council's core corporate financial systems.

      ii.   **Note** that target go live date of April 2024 was achieved.

      iii.   **Note** ongoing project activity to progress the project from 'go live implementation' to 'business as usual' status.

3.   Implications

3.1   Resource: Earmarked reserve funding alongside the existing budgets for the current systems in use has provided project funding to support the project implementation. Resource requirements are being reviewed to ensure that they are adequate to meet the specified project deliverables, ongoing project work, and considering remaining project risks.

3.2   Legal: The Council has a statutory requirement to pay staff and suppliers and record payments for tax and other audit purposes. Systems and processes need to comply with these statutory duties.

3.3   Community (Equality, Poverty, Rural and Island): There are no implications arising from this report.

3.4   Climate Change / Carbon Clever: Where relevant this programme will make links with the Council's Net Zero Strategy.

3.5   Risk: The systems being replaced are critical corporate systems that support core aspects of service delivery (paying suppliers, receiving income, etc). It is essential therefore that successful implementation is achieved, and risk is managed and mitigated given the critical impact risks could have on Council business. The achievement of 'go live' by April 2024 as per the project target represents a significant milestone and addresses key risks identified through the project planning.

The Programme Board continues to manage ongoing key risks and issue which include:

- Having a cost-effective solution for storing historical financial data.
- The level of Project Team resources.
- Competition between "business as usual" activity and remaining project delivery work.

This project complies with Corporate and Transformation PMO standards in respect of proactive risk management as a key discipline in the controlled and managed delivery of the work.

The replacement of the finance system is listed as a Corporate Risk: CR32 "Delivery of new Enterprise Resource Planning (ERP) system (to replace current Finance, HR/Payroll systems)". This was rated at B2 when this was last reported to Audit Committee in November 2023 against a target of D2. The risk rating is being reviewed and a reduction in the rating will be recommended to the next Audit Committee.

The project also directly contributes to the risk response to the Corporate Risk in respect of Financial Sustainability (CR1).

3.6   Health and Safety (risks arising from changes to plant, equipment, process, or people): There will be process changes and as a result implications for staff using the new systems. Effective change management will be imperative and there is a dedicated Change Manager undertaking this role to mitigate any risks to the organisation.

3.7   Gaelic: There are no specific Gaelic implications arising from this report. All projects will ensure the Council's bilingual policy is appropriately applied.

4.   Project Milestones

4.1   The milestone dates for the project are driven by the following factors:

- The original Integra financial systems platform (the Council's existing corporate financial system) contract was due to end on 30th June 2024. Integrated Business Software & Solutions Ltd. originally advised that their support of the software for the council would also end on 31st March 2024 which was a key driver necessitating the need for a new replacement system product. Support for the Integra platform was subsequently revised and extended out to 31 March 2025 to cover 23/24 financial year end and ongoing archive work. It is not possible to continue with the current Integra system beyond this date.

- A replacement BACS Bureau service required to be in place by 1 April 2024.

4.2 The following table provides an update on progress against key project milestones. The Council achieved its go live project milestone with the new 'CiA Financials' product from Technology One going live at the start of April 2024.

4.3

Milestone	Date Complete	Status
End of User Acceptance Testing Stage	22/03/24	Complete
Go-live of Financial Management Modules	08/04/24	Complete
Go-live of Revenues Management Modules	08/04/24	Complete
Go-live of Supply Chain Management Modules	08/04/24	Complete
Go-live of Business Strategy & Planning Modules	08/04/24	Complete
Go-live of Expenditure Management Modules	08/04/24	Complete
Go-live of E-Invoicing (EzeScan) Modules	TBC	Paused*
Go-live of Enterprise Content Management Modules	08/04/24	Complete
Go-live of Contracts Management Modules	08/04/24	Complete
Go-live of replacement BACS Bureau Service	01/04/24	Complete
Project Closure	TBC (Quarter 1 24/25)	Ongoing

* At an early stage it was decided this module would not be an April 2024 go-live deliverable. Benefits and implications of implementing this module will be considered in due course.

4.4 **Appendix 1** provides further detail of the functional areas provided in each CiA module.

5. Go-Live Update

5.1 Completion of the User Acceptance Testing project stage was delayed by approximately 3 weeks from the original plan and was completed on 22 March 2024. On 27 March 2024, the People & Finance Systems Programme Board approved a decision to proceed to going live. In response to this delay, preparatory Deployment Phase work was undertaken in parallel during March to prevent any delays to go-live.

5.2 Recognising the complexity and workload required to achieve go-live in April 2024 the Programme Board met regularly to manage risks and issues and decided in the lead up to go-live it was necessary to prioritise project effort on essential "day 1" functionality, accepting that some system functions would need to be adopted post go-live. As a result, there remains significant ongoing work following go live to implement further system functionality.

5.3   Final data migration and configuration work for go-live took place over the Easter Holiday weekend (29 March – 1 April). There was an issue identified with migrated data during pre-go live checks. At the recommendation of TechnologyOne this required undertaking extensive data reworking during w/c 1 April 2024 with the result that the planned go live date of 2 April was pushed back to the start of the following week. This represented a delay of 4 business days with contingency arrangements in place to mitigate any significant impacts on financial processing.

5.4   Certain back-office teams were granted access to the CiA system during w/c 2 April 2024 and access for all staff and users commenced on 8 April 2024. The first payment runs relating to creditor supplier payments and housing benefit payment runs completed successfully on 8/9 April and with further planned and scheduled payment and income transactions processed in the days thereafter.

5.5   All key payment and income processes have been operating to planned schedules since w/c 15 April. This includes:

- 4 General Payment runs per week.
- 2 Pensions Fund Payment runs per week.
- 1 Housing Benefits Payment run per week.
- Daily imports of receipts and payments.
- Up to 10 key data interfaces running in a typical week.

5.6   A new BACS (Bankers Automated Clearing System) Bureau service, Bacsactive-IP provided by Finastra Ltd., successfully went live on 1 April 2024 to replace the service previously provided by Integra. This integrates with the CiA system to automatically transfer BACS files for payments and collections processing.

5.7   Data interfaces with other systems used by Council services, such as Housing Benefits, have been delivered and are now in live operation. Development of these interfaces proved particularly challenging and was impacted in January and February 2024 by staff and capacity issues in both Council and TechnologyOne teams. Significant additional time was required to ensure these were tested prior to go-live and supported during the first runs in the go-live transition period. The Financial Systems Administration Team is now responsible for running these interfaces to the required schedule and has been building capacity and capability in this area since go-live. Further development of council staff in this functional area will be required during the first year of operation and this may be done using TechnologyOne's Application Managed Service (see section 7.3).

5.8   The Council's online payment forms were updated to work with the CiA system as part of the go-live work during w/c 25 March 2024.

5.9   The achievement of go-live was not without significant additional workload and working hours across both the Council's team of staff, and the Technology One consultancy team, with resultant implications for the wider Council team and a need to prioritise project activity versus ongoing day to day workload. This included considerable hours worked in evenings and over weekends. The commitment of the Council and Technology One teams was outstanding and a key feature of achieving go live.

5.10   As is normal for a project of this scale, a formal lessons-learned exercise will be undertaken and this will cover all aspects of the project including any learning points regarding assumptions on and deployment of staff and consultancy resource, which was a key challenge for the project.

6. User Training & Go-Live Support

6.1 The People Development team have delivered over 90 online CiA courses led by trainers, including Budget Holder Training, Digital drop-ins and specialised subject courses. The trainers have also provided continuous support of users through Teams calls, phone calls and email correspondence.

6.2 eLearning modules have been developed for key areas of the CiA system and these are available to all staff via the Traineasy eLearning platform. Headline statistics regarding training delivered:

- 970 staff have accessed courses.
- 82% of all CiA users have accessed Traineasy to view courses.
- Staff are viewing an average of 6 courses.

6.3 A dedicated mailbox to assist with the adoption of the new system is currently available to staff to raise any queries or issues regarding the CiA system. This is being monitored by the project team and queries are being directed to the appropriate teams as required. The volume of queries has been very high, as expected given the significant change for staff, but is now reducing, and the intention will be to move to the standard support channels from June 2024.

7. Follow On Work Required

7.1 Although the CiA Financials system is now live there remains several follow-on pieces of work to be completed during the early months of operation. A number of which are core functions and it will be important these are in place as soon as possible. These include:

1) Development of key reports and monitoring dashboards.
2) Improvements to automated workflows.
3) Update of ledger and supplier codes used in other line of business systems, such as the Council's ResourceLink HR system, the ServiceNow IT service desk system and the various systems that interface with CiA.

7.2 A cost-effective solution for storing historical financial data is required as a priority to capture data currently within the Integra financial system. For 2024-25 agreement has been reached with Integrated Business Software & Solutions Ltd. for the Integra system to provide for continuity of that system and dataset for the 2023/24 annual accounts and audit process, and to also provide data migration tools and services.

A follow-on project is required to extract and migrate the required historical data currently held in the Integra system. This must be completed by March 2025 and will require sufficient resourcing to undertake the technical tasks. Further costs with TechnologyOne may be required to configure the CiA system to store this data.

7.3 To maximise the benefits of the CiA Financials system further refinement and continuous improvement activity will be undertaken during the first year of operation. To assist with this, the Council has entered into an Application Managed Service contract with TechnologyOne . This service provides access to additional consultants to support Council teams developing areas of the system further and building further capability in system administration etc.

7.4   Updates on the project will be brought back to future Committees. Future reports will provide updates on the Human Resources & Payroll projects and initiatives within the programme.

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Date:	21 May 2024
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Appendices:	Appendix 1 – Finance System Functional Areas Being Migrated to Technology One System

Appendix 1 – Finance System Functional Areas within the Technology One CiA System

Area	Description
Financial Management	General Ledger
	Asset Accounting
	Taxation
	Banking
Revenues Management	Debtors & Billing
	Enterprise Cash Receipting
Supply Chain Management	Purchasing
	Inventory
Business Strategy & Planning	Enterprise Budgeting
Expenditure Management	Accounts Payable
	Purchase Card Management
E-Invoicing (EzeScan)	E-Invoicing
Enterprise Content Management	Enterprise Content Management
Contracts Management	Contracts
	Reviews
	Sourcing