Appendix 2

Finance System Replacement

December 2023

Havant
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Executive Summary

As a publicly funded body, it is imperative that Havant Borough Council (HBC) has an effective and efficient financial system to support the administration of the Council's limited financial resources.

Local Authorities are required to produce annual financial statements that provide a "true and fair" view of their financial performance and financial position. These statements are also required to be independently audited and are public documents.

The Council also has many information, statistical and financial returns to submit which require accurate and timely and easily accessible data.

With the current system out of contract in September 2025, it is imperative that we procure a new contract (and potentially supplier) as soon as possible to ensure we have implemented, tested and understand any new system in time for this deadline.

We have explored the potential routes to procurement and, given the resource requirements and conflicting timeline to other major projects, believe sourcing a system and supplier through the "G-Cloud 13" framework presents the safest and most efficient method of procurement. This would allow HBC to implement by April 2025, providing us with a smooth transition between systems and providing a contingency window before the current system contract ends. It would also prevent us from having to run one financial year split across two systems.

Having thoroughly researched the G-Cloud 13 framework, it is clear there are enough suitable suppliers to meet our needs and comply with our IT digital strategy. The available suppliers already provide finance system to >150 UK Public Sector organisations combined. Market research has been conducted to establish if these suppliers' systems are suitable, could meet our needs, what the customer service is like, how the implementation went, how well supported the customers are and if any hidden costs have been uncovered.

Executive Summary

We then designed our system specification/requirements and submitted these to the G-Cloud 13 contract processing.

The result produced gave us the options of the following system/suppliers:
- TechnologyOne
- Unit 4
- Sage
- MRI Horizons
- Oracle ERP Cloud Finance
- FinancialForce - Financial Management and FP&A
- Dynamics 365 Finance

We completed a desktop evaluation to assess the suitability of each system and supplier and scored them based on several key priorities to shortlist the available systems.

We engaged with the top scoring suppliers for system demonstrations and "discovery" sessions and completed further due diligence with existing customers. We also engaged the whole finance team in the process to ensure we had a broad spectrum of opinions and questions.

After all engagement and due diligence was completed and on reviewing the standard pricing structure for each supplier, we have decided that TechnologyOne would be the best fit for HBC and recommend proceeding to award a contract in line with the G-Cloud 13 framework requirements to start in the new year with a target GO-Live date of April 2025.

Steven Pink
Chief Finance Officer (S151)
Havant Borough Council

Context

- Havant Borough Council currently processes financial data and transactions via the "Integra" finance system.
    - We are using version 2 of the system.

- This was Capita's financial system used for local authorities and was inherited from the 5 Council's contract.
    - *Although inherited, the contract sits outside of the main 5C's contract and is a joint arrangement with Hart (who direct contract) and East Hants Council's (who contract through HBC)*
    - *East Hants have given notice on their contract and are replacing Integra with Unit 4 in April 2024.*

- Integra and the business unit supporting it was sold to Advanced ADVT in July 2023.

- Integra was due to have its technical support ended on 31st March 2024, although with the sale to Advanced, this has been extended to March 31st 2025.

- Advanced ADVT are replacing Integra with a new offering, called "Centros" which an enhanced version 3 of the existing system.

- Centros is not a Software as a Service (SaaS) system.

- HBC's contract for Integra ends in September 2025.

- Current System Issues
    - *The current system does not access functionality to financial planning and analysis.*
    - *Integration with other systems (such and Pay360) is poor.*
    - *System support from the supplier can be slow.*

Context

IT Strategy

Havant Borough Council has a Digital Strategy 2020-2024 in which the key requirements are:

- **"Digital by Default and Cloud First in action"**

This reduces need for expensive services and reduces reliance on single infrastructure providers enabling us to move between infrastructure suppliers more readily and more frequently.
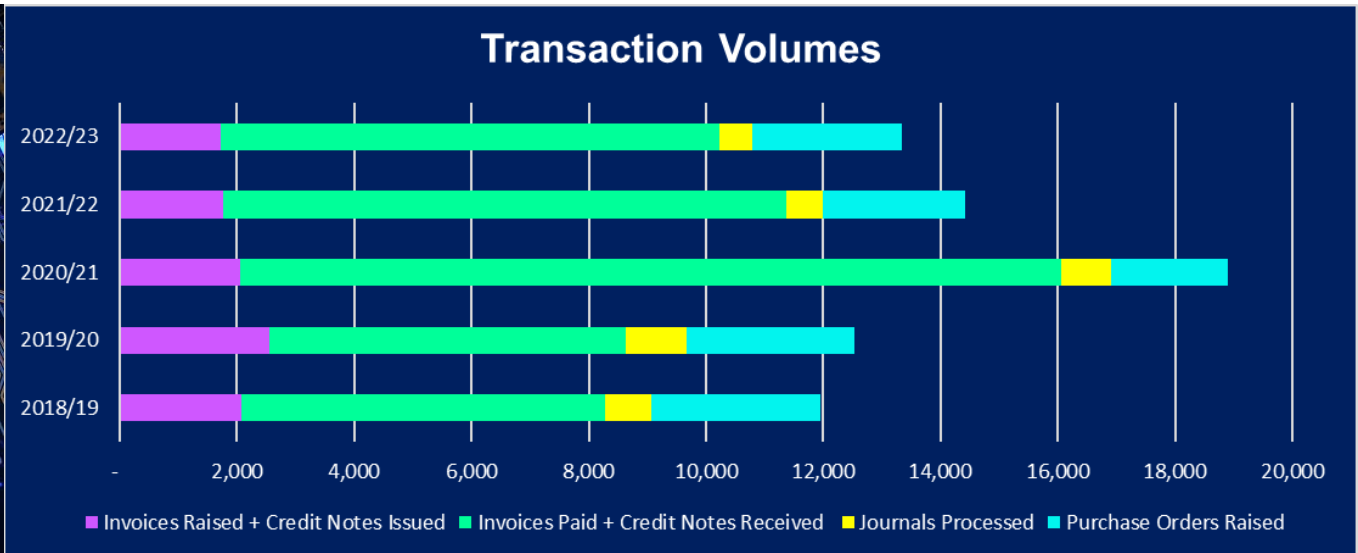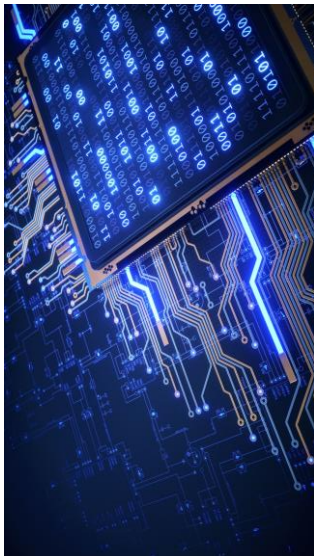
A new policy is being devised which takes this strategy a stage further. HBC has a current SaaS roadmap, and we are following these principals in this procurement to "future proof" the new finance system as much as possible.

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Context
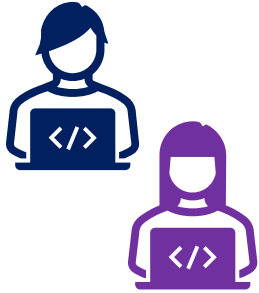
- **There are currently 116 Active users of Integra**
- **These include:**
  - Finance and operational users
  - Direct Employees and Capita Staff
- **Integra processes between 12,000 and 19,000 transactions every financial year**

Transaction Volumes

Legend: Invoices Raised + Credit Notes Issued · Invoices Paid + Credit Notes Received · Journals Processed · Purchase Orders Raised

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Objectives

Align to ICT strategy
- **Cloud Based**
- **SaaS**
- **"Off the shelf"**

Limit resource requirements
- **Procurement**
- **Project Management**
- **Implementation**
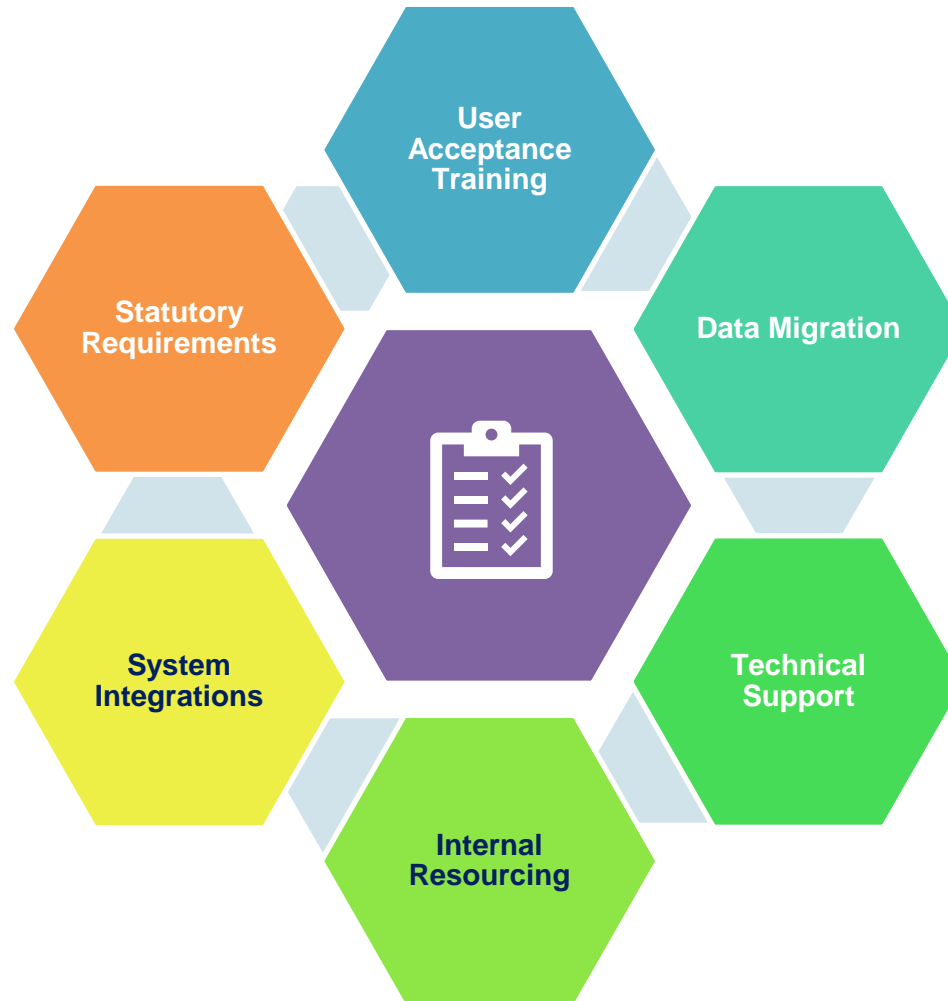- **Finance Team Resource**

Operational Efficiencies
- **Reduce processing time**
- **Increase user engagement**
- **Improved analytics**

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Outline Requirements

As a publicly funded body, it is imperative that Havant Borough Council has an effective and efficient financial system.

- Manage the Council's finances
- Support the production of Annual Financial Statements
- Provide effective controls to prevent fraud or misstatements
- Pay Suppliers in a timely and accurate manner
- Raise Invoices to customers
- Report on and monitor financial transactions, budgets and spending
- Support the production of accurate financial forecasting and planning
- Support the annual budget setting process
- Support the annual Capital Programme
- Comply with our Digital Strategy
  - *Digital Security*
  - *The Council in The Cloud*
  - *Open and Flexible System*
- Support Innovation
- Deliver in line with the SaaS IT roadmap

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Key Considerations

User Acceptance Training

Statutory Requirements

Data Migration

System Integrations

Technical Support

Internal Resourcing

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Specifications:

- **ERP system**

- **Key Words:**

  - *Budgeting*

  - *General Ledger*

  - *Accounts Payable*

  - *Accounts Receivable*

- **Cloud Based**

- **Software as a Service**

- **Web based API hosting**

- **Mobile access**

- **Email and Phone technical support**

- **Multi System sourcing to prevent loss of service/data in an outage**

- **ISO Security Standards**

- **GDPR system compliance**

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Process

- Decide objects and purpose

- Identify routes to procurement

- Research available suppliers

- Open market analysis

- Cost Benefit assessment

- Decide

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Strategic Benefits

Installing and using modern "Software as a Service" (SaaS) platforms support the following objectives:

- Align the system with the Digital Strategy
- Limits resource requirements
- Finding operational efficiencies
- Reduces processing time
- Increase user engagement
- Improves analytics
- Allow staff to access the latest available features and functionality
- Ensure that system availability, support and security are included in the provision.

The use of such a system will also help to empower non-financial managers to be able to access and understand financial data more easily and make faster, better informed decisions and to be more self-sufficient.

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Strategic Benefits

Financial

The business case outlines that a saving of ~£40k per annum to be identified from the recommended supplier. This includes all but £10k of external implementation costs and   the total saving over 4 years would be £150k

Non-Financial

As outlined the business case demonstrates that significant efficiency savings identified via the implementation of the recommended system. These include, but are not limited to:

Exchequer Services: We have benchmarked our exchequer services against those of similar councils, and some that use the recommended system. This has shown that we expect to make significant efficiency savings in this area and will be able to deliver additional exchequer services and/or improved quality. This in turn should allow the Council to improve its debt collection rates thus supporting the revenue budget and improving our working cash cycle.

Business Partnering: This is a key area for future efficiencies across the Council's services. Improved data accessibility and support to non-financial managers will support the services own financial management and understanding of their cost drivers and help to find financial and process efficiencies.

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Strategic Benefits

Quantifiable

It is estimated that the new financial system (once fully embedded) will save approximately 1.0 FTE of exchequer officer time. This will be redirected into strengthening our aged debt and credit control processes to deliver cashable savings.

Qualitative

The replacement system will deliver better functionality and data quality to all financial and non-financial managers. This will support the transition to leaner, more efficient time and resource management across the Council.

The system will also support consistency of data across the range of required reporting and government returns. This helps our funding bids and our transparency reporting.

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Options Appraisal

Do Nothing

- Not an option

- System out of support - April 2025 (obsolete soon after)

- Contract ends September 2025

Full Procurement

- Expensive

- Time Consuming (may not complete open tender and implement by Sept 2025)

- Resource Heavy (running in parallel with multiple major procurement projects)

- Can set long-term contracts

Framework

- G-Cloud framework – procurement vetting pre-approved

- Easy to process to contract award (standard terms)

- Contract length limited to 2+1+1 years

- Limited scope to personalise

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TechnologyOne
• *Direct provider (not a reseller)*
Provides core requirements of an ERP system with General Ledger, Account Payable and Receivable functions.
Unlimited subsidiary Ledgers
Software as a Service platform
Mobile Device access as standard.
API driven automation
Major software updates twice per year.
EzeScan Optional Module - provides operational efficiencies.
• *Budget monitoring, reporting and forecasting functionality as standard.*
Compliance with International data security standards
Multiple data centres to avoid service interruption if one centre fails.
Multi-factor authentication
Amazon Web Services
6 x supported web browsers
No application installation required

Benefits Comparison

Unit 4

- *Direct provider (not a reseller)*

  Provides core requirements of an ERP system with General Ledger, Account Payable and Receivable functions.

  Software as a Service platform

  Mobile applications available but not as standard

  Additional functionality available but as "bolt-ons"

  Microsoft Azure Web Services

  4 x supported web browsers

  Requires an application to be installed

  Risk of "additional costs", especially from system updates

Benefits Comparison

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Financials

	Procurment Costs	Implimentation (Year 1)	Licence Fee				Total
			Year 1	Year 2	Year 3	Year 4	
Current System	n/a	n/a	144,000	144,000	144,000	144,000	576,000
Do-Nothing	-	-	160,000	160,000	160,000	160,000	640,000
Open Tender	72,000 - 150,000	10,000 - 300,000	80,000 - 150,000	80,000 - 150,000	80,000 - 150,000	80,000 - 150,000	330,000 - 900,000
G-Cloud Unit 4		265,000	85,000	85,000	85,000	85,000	605,000
Technology One		10,250	104,895	104,895	104,895	104,895	429,830

- Open tender – Extended time to contract, additional lost opportunity costs

- Do nothing – Unknow but likely additional costs via lost economies of scale post EHDC exit.

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Financials

- ## Net Present Value

UNIT 4	Net cash Flow	£	265,000	£	85,000	£	85,000	£	85,000	£ 85,000
	DCF		1.000		0.966		0.934		0.902	0.871
	PV	£	265,000	£	82,126	£	79,348	£	76,665	£ 74,073
	NPV	£	**577,212**							
	Cash Terms	£	605,000							
Technology One	Net cash Flow	£	10,250	£	104,895	£	104,895	£	104,895	£ 104,895
	DCF		1.000		0.966		0.934		0.902	0.871
	PV	£	10,250	£	101,348	£	97,921	£	94,609	£ 91,410
	NPV	£	**395,538**							
	Cash Terms	£	429,830							

Finance System Replacement

Risk ID	Risk Title	Category	Identification of ares where there are significant risk	Date Added	Risk Owner	Original Assessment			Planned Mitigation Actions	Post mitigation Assessment		
						L/Hood	Impact	Priority		L/Hood	Impact	Priority
FS1	Data Migration	Resource	Data migration may exceed scheduled timeline, require additional resource.	01/10/2023	Project Sponsor / Project Manager	5	5	25	Securing project manager and systems accountant to ensure clear roles, responsibilities and schedul appropriately	3	5	15
FS2	Advanced ADVT Migration Resources	Financial	Risk that exisiting suplier does not have resources to support data migration	01/10/2023	Project Sponsor / Project Manager	3	5	15	Open dialoge with Advanced ADVT and researching any issues aced by other councils in this area	2	5	10
FS3	Internal Capacity (1)	Resource	Lack of resource to impliment new system impacting business as usual	01/10/2023	Project Sponsor / Project Manager	5	4	20	Agreeing project funds & Securing project manager and systems accountant to ensure clear roles, responsibilities and schedul appropriately	4	4	16
FS4	Internal Capacity (2)	Resource	Lack of resource to impliment new system delaying implimentation	01/10/2023	Project Sponsor / Project Manager	5	5	25	Agreeing project funds & Securing project manager and systems accountant to ensure clear roles, responsibilities and schedul appropriately	4	5	20
FS5	Internal capability	Resource	Risk of failure to deliver succesful project due to lack of knowledge or skills	01/10/2023	Project Sponsor	5	5	25	Recruiting HoF, project manager and systems accountant to ensure appropriate skill and experience	3	5	15
FS6	Budget	Financial	Failure to source new system within avaialble budget.	01/10/2023	Project Sponsor	4	4	16	Procuring via G-Cloud framework with clear pricing structures	3	4	12
FS7	Cyber Attack	Operational	Risk of any new system being more likely to be attacked or having insufficient security	01/10/2023	Project Sponsor / Systems Accountant	4	5	20	Ensuring security requirements are at the forefront of any specification and rigerously tested in implimnetation	3	5	15
FS8	Contract Award	Resource / Financial	Risk of failing to gain Cabinet approval to award contract in time for supplier to allocate required resources for scheduled timeline for delivery	01/10/2023	Project Sponsor	4	5	20	Early engagment with cabinet leader & potfolio holder. Regular contact with monitoring officer and democratic services	3	5	15

Risk Assessment

Recommendations

➤ Technology One

  ▪ "One Council" solution

  ▪ SaaS Cloud based solution

  ▪ Standard pricing

  ▪ Aligned social values

  ▪ Fastest growing provider in sector

  ▪ No third-party implementation team required

  ▪ Existing user knowledge

Efficiency Savings

- System Efficiencies

  - Document Scanning

  - Improved system integrations

  - Improved customer support

- Organisational Efficiencies

  - Improved data reporting tools

  - Integrated financial planning & forecasting tool

  - Easier user interaction increasing engagement

  - Mobile platform access

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Additional Benefits

Social Value Package

TechnologyOne will work in partnership with Havant Borough Council to achieve its social value priorities supporting a green, inclusive economic package for the borough.

TechnologyOne will provide a total amount of **£7,342.22** per annum, over the 4-year G-Cloud term of the contract, with the allocation being agreed by a joint TechnologyOne and Havant Borough Council.

This will be part of the global pledge of TechnologyOne of 1% of time, profit, and product to be donated to foundation work.

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SaaS+ Methodology

PLAN

DELIVER

TEST

DEPLOY

TechnologyOne

- Solution Collateral and Questionnaire
- Project Familiarization
- Environment Set Up
- Project Set Up
- Project Kick off
- Customer Reference Data setup
- Solution Workshops
- Solution Specification Documents
- Data Migration Training

Customer

- Questionnaire Response
- Project Set Up
- Attend Project Kick off
- Workshops preparation
- Attend Workshops
- Finalise Solution Specifications
- Plan Organisational Change Management
- Data Migration planning / scoping
- Integration planning / scoping

TechnologyOne

- Configuration
- Configuration testing
- Key User Training
- Acceptance Test Plan Scripts assistance
- Data migration assistance

Customer

- Key User Training attendance
- Acceptance Test Plan and Scripts Finalisation
- Data migration development
- Interface development
- Develop End User Training Plan

TechnologyOne

- User Acceptance Testing assistance
- Data migration assistance
- Go-live strategy

Customer

- Test Team Training
- User Acceptance Testing
- Business Readiness Strategy
- Go-live strategy assistance
- Trial data migration
- Data reconciliation and remediation

TechnologyOne

- Technical Go-Live Preparation and Delivery
- Post Go-Live Support
- Handover to T1 Support
- Project Implementation Review
- Project Closure

Customer

- End User Training
- Business Readiness Preparation and Delivery
- Technicall Go-live preparation assistance
- Final data migration
- UAT Approval and Go-Live Sign-Off
- Post Go Live Support for Integration and Data Migration

Project Plan

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Project Roles and Responsibilities.

PLAN

DELIVER

TEST

DEPLOY

TechnologyOne
- Solution Collateral and Questionnaire
- Project Familiarization
- Environment Set Up
- Project Set Up
- Project Kick off
- Customer Reference Data setup
- Solution Workshops
- Solution Specification Documents
- Data Migration Training

Customer
- Questionnaire Response
- Project Set Up
- Attend Project Kick off
- Workshops preparation
- Attend Workshops
- Finalise Solution Specifications
- Plan Organisational Change Management
- Data Migration planning / scoping
- Integration planning / scoping

TechnologyOne
- Configuration
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TechnologyOne
- User Acceptance Testing assistance
- Data migration assistance
- Go-live strategy

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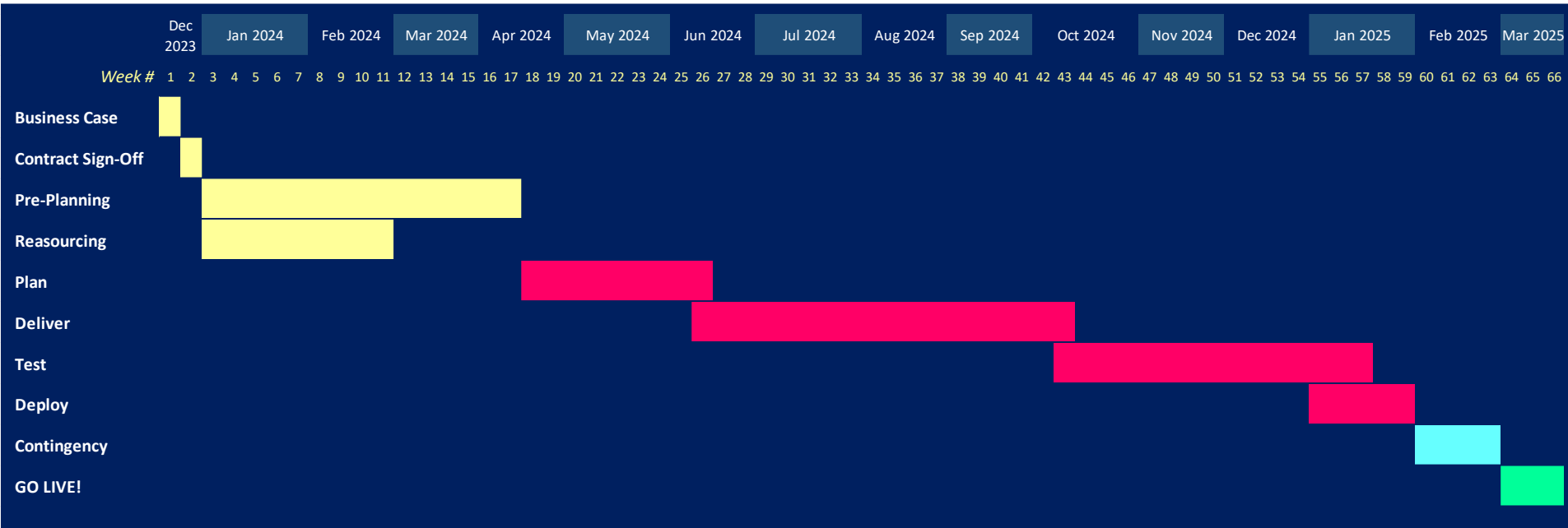- Project Implementation Review
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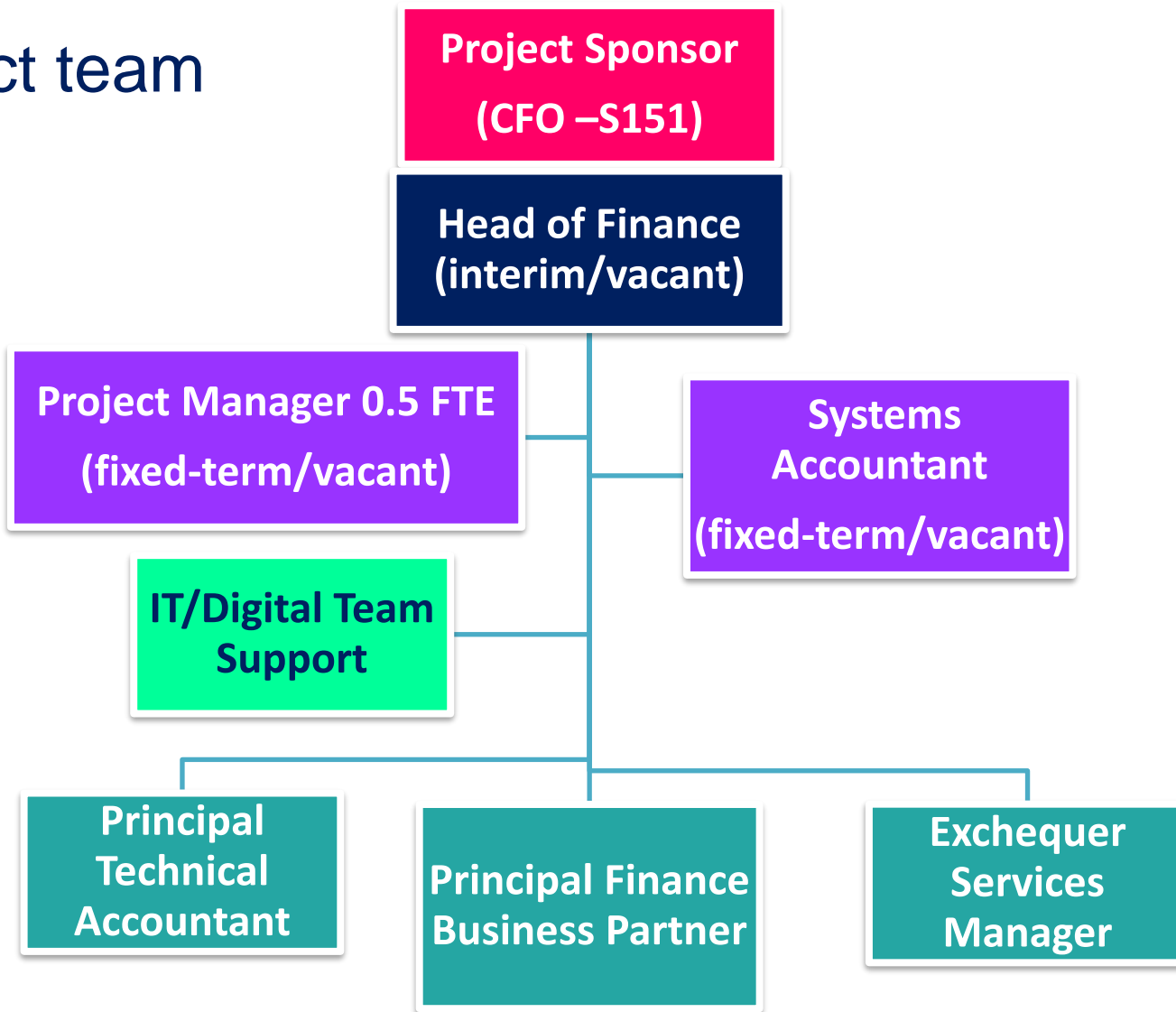- Post Go Live Support for Integration and Data Migration

Key Call Out's

- Data Migration
- Integrations
- User Acceptance testing
- Reporting
- Change Management

Project Plan

Project timeline

Week #	Dec 2023	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024	Jan 2025	Feb 2025	Mar 2025

Week # 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66

- Business Case
- Contract Sign-Off
- Pre-Planning
- Reasourcing
- Plan
- Deliver
- Test
- Deploy
- Contingency
- GO LIVE!

Project Plan

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Finance System Replacement

Project team

Project Plan

Project Sponsor (CFO –S151)

Head of Finance (interim/vacant)

Project Manager 0.5 FTE (fixed-term/vacant)

Systems Accountant (fixed-term/vacant)

IT/Digital Team Support

Principal Technical Accountant

Principal Finance Business Partner

Exchequer Services Manager

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Project Plan

Activity	Duration (weeks)	Complete by
Council Approval	1	December 2023
Finalise and enter in contract	3	Dec23/Jan24
Appoint Resource	8	Jan/Feb 2024
Project Initiation	1	April 2024
Plan	8	August 2024
Deliver	18	October 2024
System Testing	14	December 2024
Deploy	5	January 2025
System Sign off	3	February 2025
System Go-Live	3	March 2025

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Project Plan

Implementation Approach   SaaS+ Implementation Approach

PLAN Stage activities are presented in the following diagram:
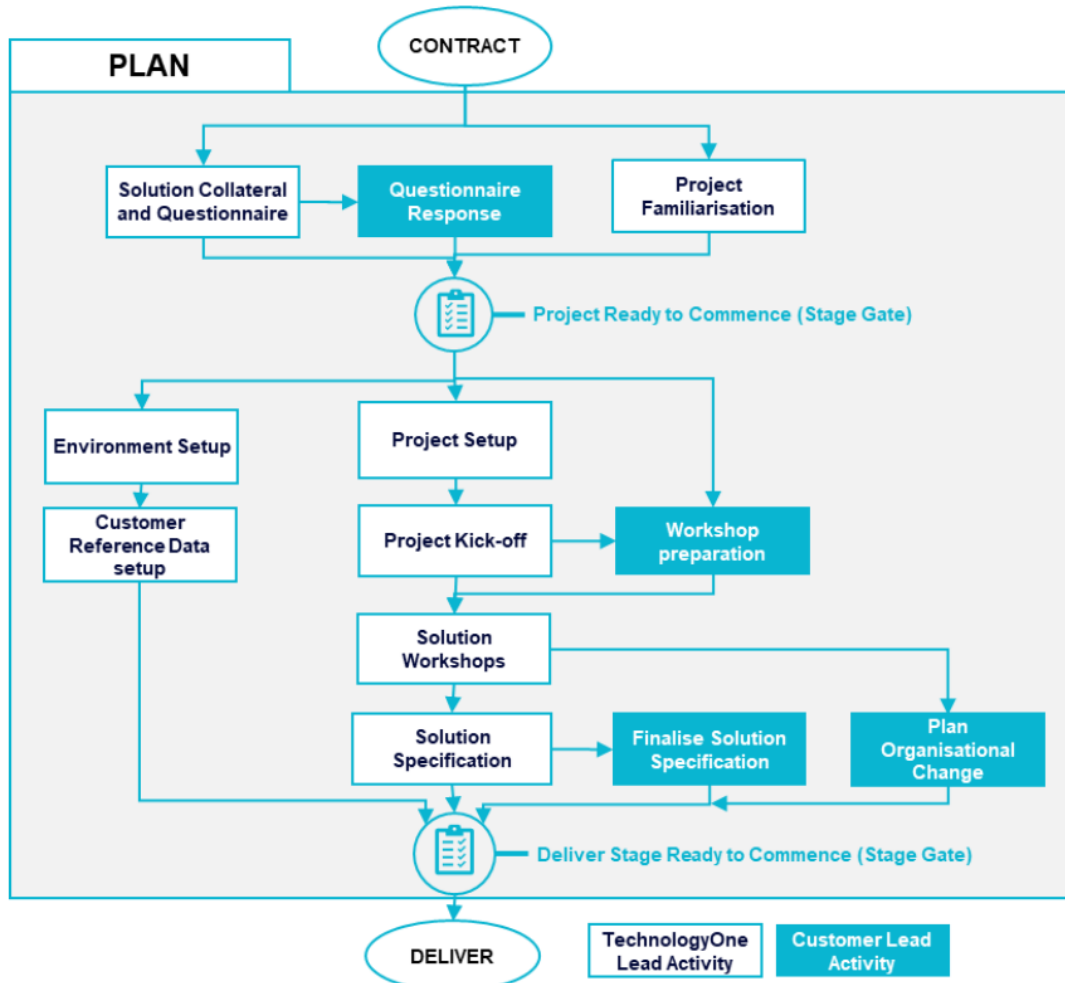
Figure 2 - Plan Stage Activities
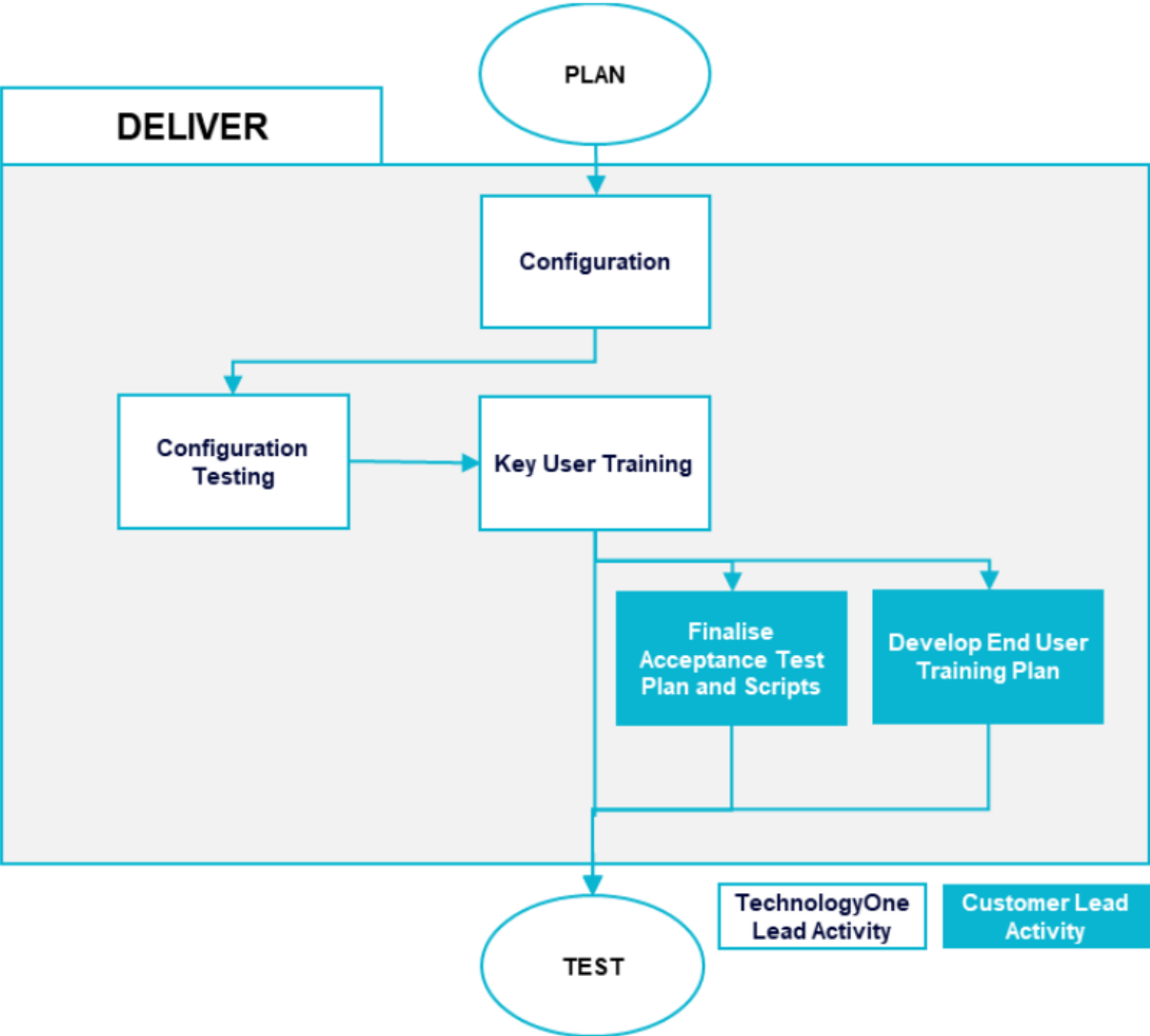
Project Plan
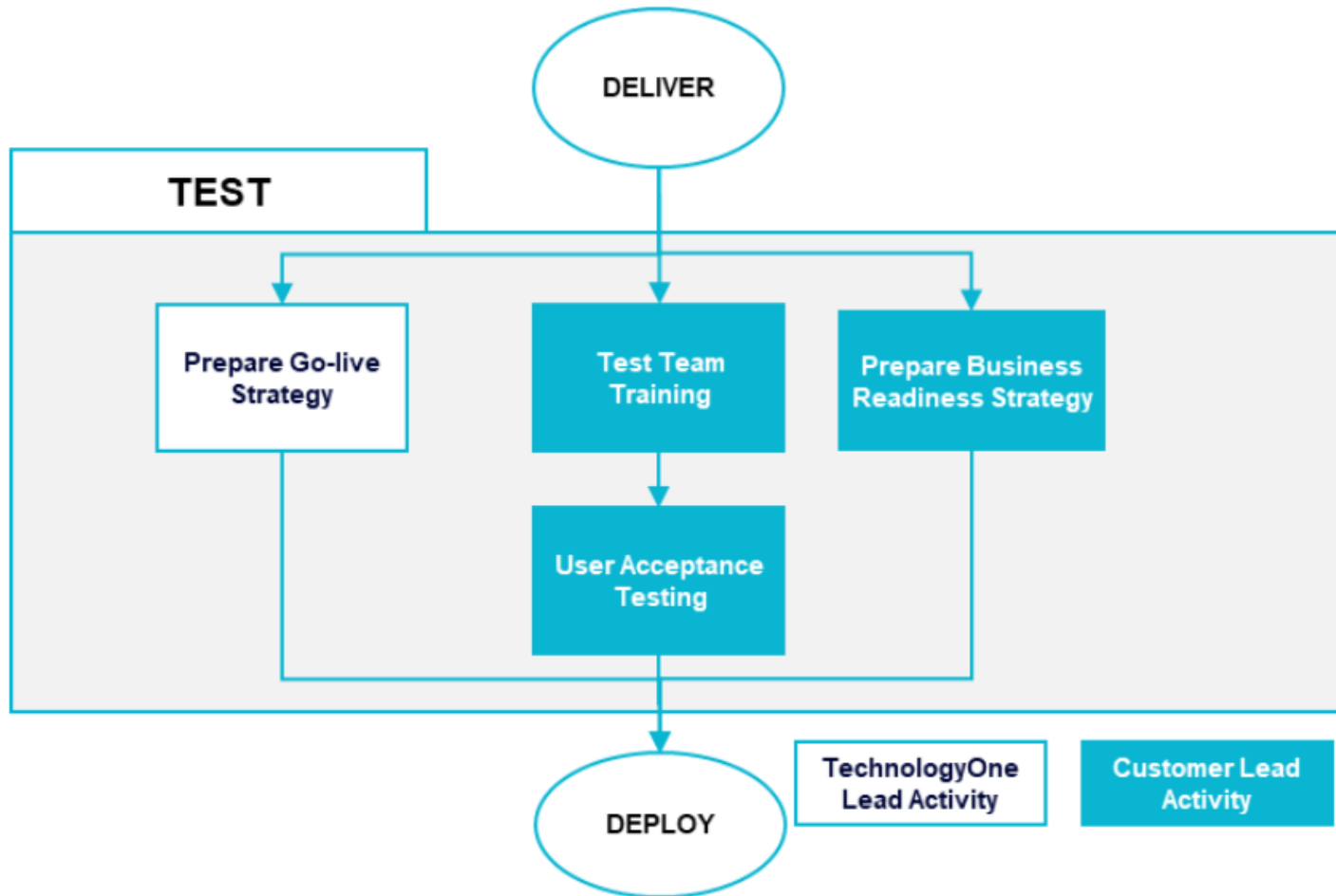
Figure 3 - Deliver Stage Activities

Project Plan

Figure 4 - Testing Stage Activities

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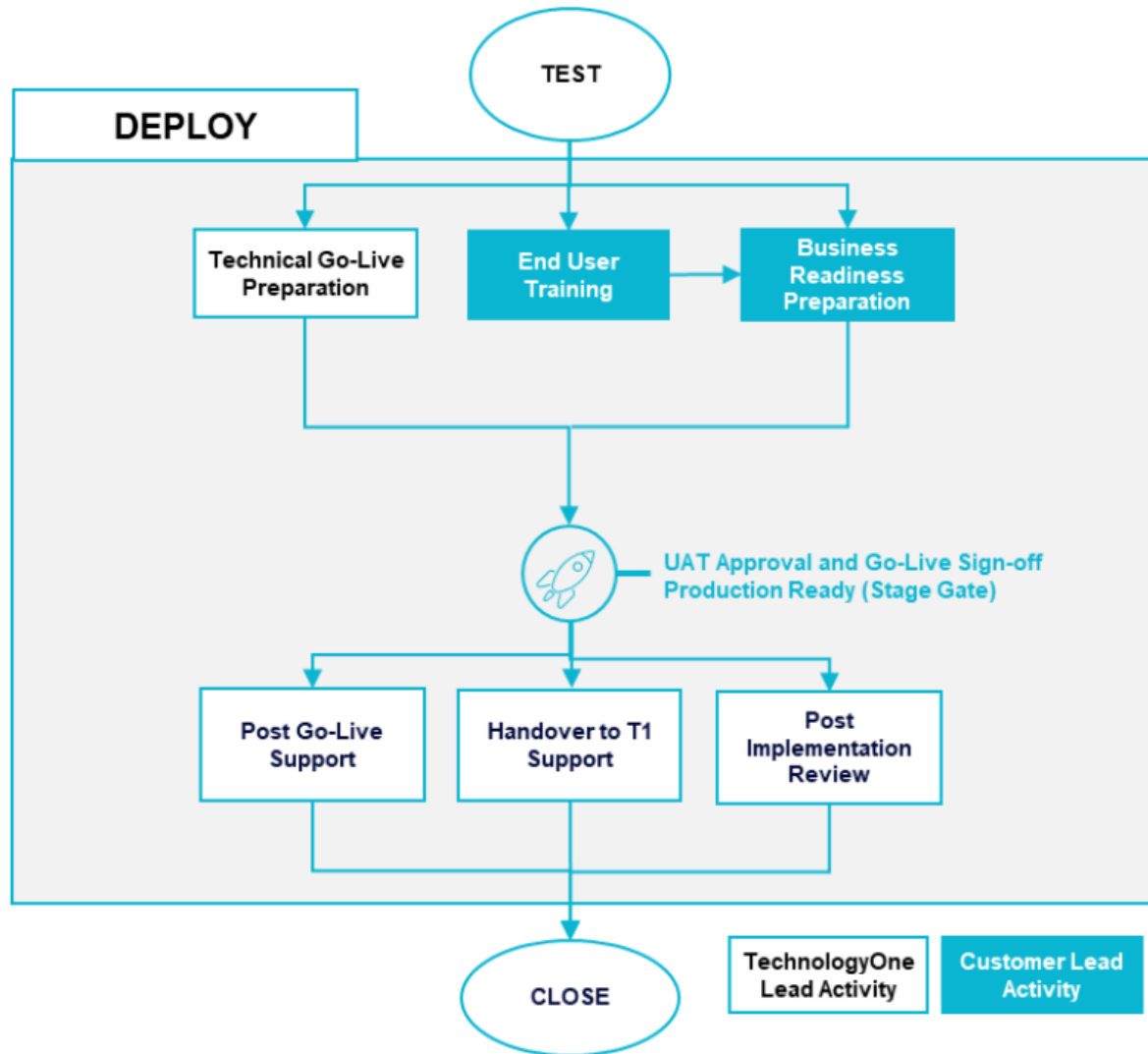
Project Plan

Figure 5 - Deploy Stage Activities
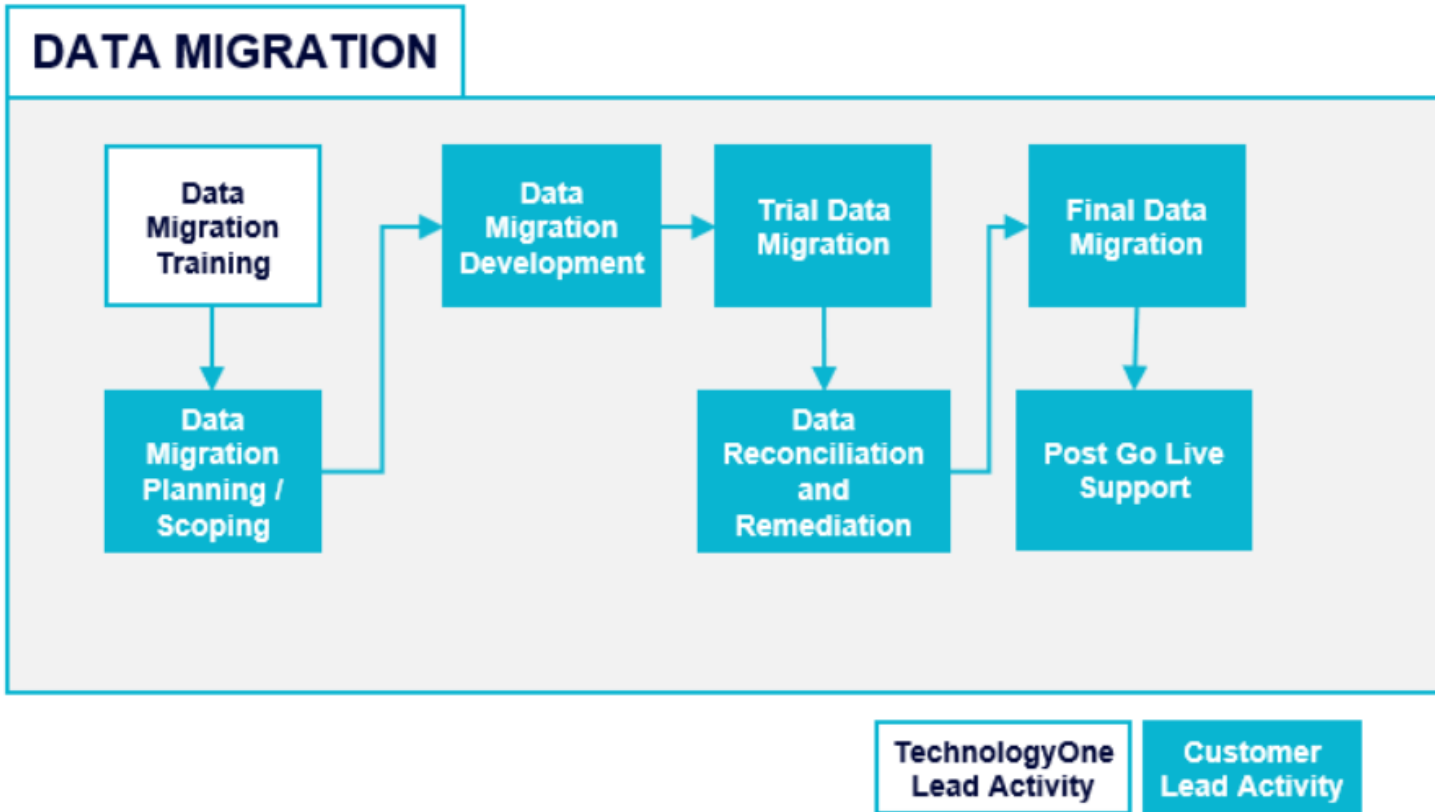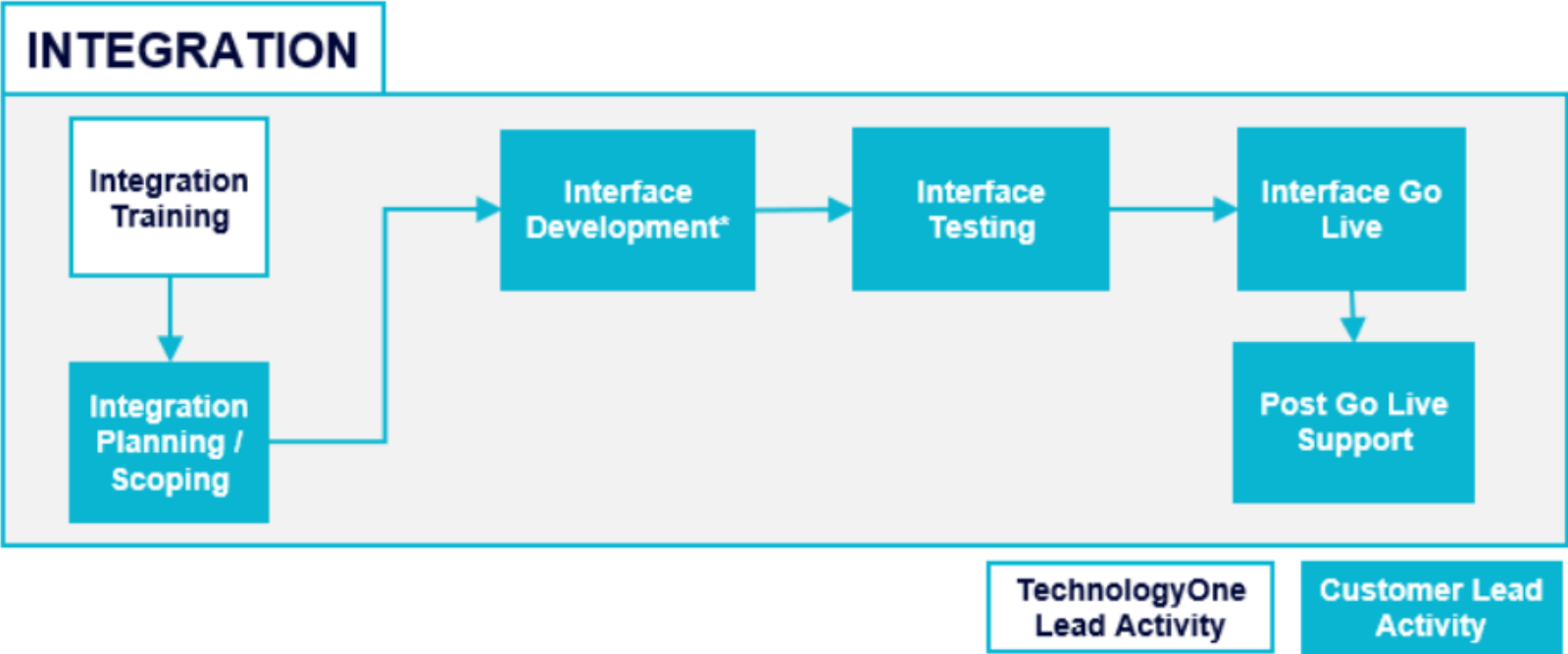
Project Plan

Figure 6 - Data Migration Activities

Project Plan

Figure 7 - Integration Activities