

**Agenda Item No:4**

**ERP Gold Update**

*To:* **LGSS Joint Committee**

*Meeting Date:* **12 July 2018**

*From:* **LGSS Director of Business Services, Systems and Change**

*Electoral division(s):* **All.**

  

*Forward Plan ref:* **For key decisions** *Key decision:* **No**  
**Democratic Services can provide this reference**

*Purpose:* **To provide the Joint Committee with a progress report on the ERP Gold system and any post go-live issues**

*Recommendation:* **That Joint Committee note progress on the implementation of the ERP Gold system**

<b><i>Officer contact:</i></b>	
Name:	Mark Ashton
Post:	LGSS Director of Business Services, Systems & Change
Email:	mashton@northamptonshire.gov.uk

## 1. BACKGROUND

- 1.1 Joint Committee received an update, via email, on this programme on 17th May 2018, confirming the position 6 weeks following go-live. There have been issues as a result of bedding in new processes. Considering the scale of the implementation across three large local authorities, the launch went well but the team continues to focus robustly on addressing the bedding in issues most notably in Accounts Payable. Further detail is provided below.
- 1.2 Given that there are new members on the Joint Committee, following is a brief recap: Cambridgeshire and Northamptonshire County Councils (CCC and NCC) signed off the business case for the replacement of their shared ERP (Enterprise Resource Planning – large scale business system integrating HR, Payroll and Finance) Oracle system in May 2015, followed by a procurement process and planned implementation for April 2017.
- 1.3 During the second half of 2015 LGSS began working on a joint business case for an extended shared service with Milton Keynes Council (MKC). MKC were also in the process of considering their options to replace their old SAP system which was out of support from July 2017. It was jointly agreed between the three Councils that there were major business benefits from a common ERP systems implementation, so the project was expanded to include the ERP systems for all three Councils which included an updated ERP business case delivering £9.86m of cumulative savings over 7 years (excluding the £4.2m of shared services saving benefits from the jointly agreed business case for all three councils resulting from MKC joining).
- 1.4 In addition, the replacement of SAP afforded MKC additional savings within their retained budgets. At the time and despite the additional complexity of adding a third Council and a SAP system migration requirement, it was agreed to still re-plan and resource but to try and hold the original 'Go-Live' date of April 2017 (which was primarily driven to help mitigate the July 2017 MKC SAP out-of-support service constraints at that time).
- 1.5 Over the past two years a number of factors contributed to make the original April 2017 'Go- Live' date progressively unrealistic. MKC's SAP requirements added more complexity than originally envisaged. Implementing across three partners has been a greater challenge given the need to migrate three legacy data sets from two very different legacy ERP systems (i.e. SAP for MKC and Oracle for CCC and NCC). There was the necessity to accommodate unforeseen major changes in Northamptonshire County Council's organisation for its newly formed federated vehicles. This added very significant new demands onto the existing LGSS ERP 'business as usual' resources. In CCC the already stretched LGSS IT resources had to be focused on stabilising core IT Infrastructure problems affecting all existing CCC systems and services during the October 2016 to April 2017 period.
- 1.6 There has also been change to the scope of the project since its inception, which although limited did place an additional burden on delivery and cost for an already very aggressive original go-live of April 2017. With hindsight it was perhaps too challenging to have held the original April 2017 go live date for so long.
- 1.7 On 24<sup>th</sup> November 2017, the Joint Committee received a further update on progress with the programme, a revised cost forecast and the findings of an external review by Agilisys

to provide assurance on the achievability of the revised delivery plan. Following that meeting, an update was provided by email to Joint Committee members on 14<sup>th</sup> December, which included a report from the new Senior Programme Manager. The report outlined the outcome of a major review of the revised programme plan. The plan, supporting the April 2018 delivery date, was endorsed by the Programme Manager and approved by the December meeting of the ERP Programme Board.

## **2 CURRENT PROGRAMME UPDATE**

- 2.1 The programme went Live as per plan in April 2018. This was a considerable achievement from the teams considering the scale and complexity of the deliverable.
- 2.2 We have delivered a good platform which now needs to be stabilised and enhanced.
- 2.3 General feedback from users is that the system is easier to use than SAP/Oracle. We still need to deliver Two Factor Authentication (TFA), the outstanding defects, incidents and improvements in the light of live running and a solution for a number of manual work arounds currently in place.
- 2.4 As is common with many programmes of this scale and complexity, there have been a number of post go-live issues which have undoubtedly had an impact on the performance of the various Helpdesks, in particular Finance and HR/Pay. The bulk of issues are related to Accounts Payable (AP) processes, queries resulting from year-end closedown, supplier records not being visible and issues around the implementation of Tradeshift (Procure-to-Pay web portal) leading to issues with supplier payments.
- 2.5 By mid-June, almost 250,000 transactions had been processed through the system, totalling £342m. Additional resources have been allocated to the AP team and they continue to work through open incidents and review processes to allow more issues to be dealt with by the Finance Operations Helpdesk. Daily calls are taking place across the Finance teams and with the Deputy 151 Officers to ensure urgent issues are prioritised and effectively resolved.
- 2.6 In Payroll over 20,000 employees were paid on time with the first payroll achieving the historical accuracy rates of 99.5% maintaining previous BAU performance. We have now run payrolls for three months using ERP Gold across our Councils and schools. The HR Helpdesk has been busier than normal, which was expected following the implementation of a new system.
- 2.7 There have been a number of data processing errors on each of the payrolls, although it should be noted that in business as usual environments this can occur as well for a variety of reasons. Where these have been identified we have corrected payments as quickly as possible (on or before the actual pay date), minimising where possible any issues for the individuals in question. Ongoing dialogue with service managers continues and any systemic or management issues are being urgently addressed.

### **3 Initial Reflections**

- 3.1 A more detailed explanation of some of the key issues and resolution follows. However, at a high level there are some key lessons to be learnt. Given the size and complexity of the undertaking, issues were going to arise, and these issues could have been handled better. Most notably around early escalation of issues and then better communication and engagement with services.
- 3.2 AP has caused the greatest problems. It's clear that a realistic work plan was not in place to ensure an appropriate level of resource to manage planned activity as well as ensuring a clear and prompt escalation from teams when issues emerged. This has been addressed with the team and new management and additional capacity has been in place since May.
- 3.3 Backlogs are reducing and updated performance is being monitored with the partner Councils.
- 3.4 Feedback and engagement with service managers and Directors should have been better when issues arose. This is something as part of the LGSS Operating Model review that we recognise and must improve.
- 3.5 However, it is the case that some of the issues that have arisen have been labelled as ERP but are not directly ERP: eg. NCC Olympus Care Services was included in the programme late as this organisation transferred back into NCC. The risks associated with this were flagged but wider issues arising at the same time as ERP implementation have been conflated. Invoices that were held in services for a variety of reasons and then coming through the system after Go-Live (late) have been identified as ERP delays.

### **4 Communications and Training**

- 4.1 There was an extensive programme of communications and training during the final stages of the programme before Go-Live.
- 4.2 Corporate Council channels were the primary mediums of communication with key messages first cleared with Programme Board members. Members of the ERP Gold Network and Finance and HR leads then disseminated communications to service managers across the Councils.
- 4.3 This was supplemented by a microsite, sign posted in Informer, which held numerous articles and by the end of June had over 38,000 views since January.
- 4.4 The ERP Gold Network comprised 129 people nominated by the Councils to receive programme updates, attend demonstration and put questions to the Programme Team.
- 4.5 Based on learnings elsewhere, an early decision was made linked to resourcing and cost for both services and the programme that 'sheep dipping' all managers in a classroom environment on the new system would not be cost effective. Therefore an extensive suite of training and reference material was been made available through i-Learn. This includes Quick Cards set out a jargon free step by step reference for all major processes and activities in ERP Gold. This was supported by workshops made available at each of the Councils and super-users who could help colleagues.
- 4.6 On a programme of this size communication and engagement can always be better. It's clear that customer experience and engagement should have been a stronger element of the final stage planning. Steps were taken late in the programme but this should have

been done earlier. After the system went Live, communication back to services on issues raised through Lets Go Direct could have been better.

- 4.7 Immediate action is being taken and LGSS is launching a project on the 11th July to review the Lets Go Direct environment. This will be led by Claire Townrow and Martin Cox and will address both systems and processes so that an improved end to end customer experience is delivered.

## **5 ERP Gold System and wider Operational Issues**

- 5.1 A number of issues referred to above have been circulating during the past three months and we wanted to sight Joint Committee on these issues; the cause, current action and expected dates of resolution. It is also worth noting that service delivery teams in LGSS have been developing their knowledge and understanding of the new system, as well as end-users which will naturally result in increased processing and response times for a period whilst the new system continues to bed in.

## **6 Accounts Payable Backlog**

### **Issues**

- 6.1 As part of the ERP Gold implementation a new process was brought in – supplier self-service. This enables the supplier to manage Purchase Orders (POs) and invoices through Tradeshift - a web portal. This should deliver faster payment to suppliers and a streamlined process. All invoices submitted through this portal are being processed on time, as they do not require any manual intervention, providing the PO has been appropriately receipted by the service recipient.
- 6.2 However, a backlog was created during the planned six day cutover period between systems where no processing was possible. It also emerged that the AP team were behind processing current year invoices for those suppliers not using Tradeshift. Targeted and robust action was taken. As at Monday 2 July the team are fully up to date manually inputting new invoices into Tradeshift and validating them through into ERP Gold, but there are 3,490 (circa. 9,000 in early May) invoices in the system of which 1,341 are not yet due for payment, 997 were parked for non-payment in the legacy systems and are subject to further investigation, 654 are out in services for action leaving 498 to be worked on by the Accounts Payable team.
- 6.3 Historical resourcing issues in the AP Team have had a significant impact since Go Live. This was as a result of restructuring and the departure of the previous Head of Service together with other team vacancies held to enable the integration of teams and delivery of committed MTFP savings.
- 6.4 CHAPS/Emergency Payments required to address urgent and important supplier issues were also more time consuming to manage and diverted resource from the actual day to day processing.
- 6.5 For those suppliers not on Tradeshift invoices are received in hard copy or as PDFs in emails. Initially the AP team had to manually input these into Tradeshift as well as then subsequently validating them to transfer into ERP Gold. This has increased work in the AP team in the short term.

### **Actions to date.**

- 6.6 Staff vacancies have been addressed. An interim Head of Service is in place, he has extensive AP experience. The new permanent Head of Service starts 9 July.
- 6.7 There have been daily progress meetings involving the Deputy S151s, Finance Director, business systems and the AP team, since 8 May to drive the necessary improvements.
- 6.8 There is a schedule of all of the 997 parked invoices which the Finance Business Partners are working through with the business. In the event that any do need paying the schedule will be used as the basis of authorisation and payment made without further workflow.
- 6.9 Agency resource was initially brought in to bring the team up to full strength and an additional four processing staff have been recruited to bring the backlog down over a shorter timescale.
- 6.10 Interface issues with 'feeder' systems have been resolved and payments initiated through CareFirst and other feeder systems are now operating to time.
- 6.11 As of the week commencing 4 June there is an automated process to input hard copy and emailed invoices into Tradeshift taking the pressure off the team.
- 6.12 There are a significant number of suppliers who have still not signed up to Tradeshift and work is ongoing to encourage them to do so.
- 6.13 There will always be invoices in the system at various stages in the process. It is anticipated that normal operating will be achieved by the end of June.

## **7 Incorrect budget management hierarchy**

### **Issues**

- 7.1 Approval is required from the nominated budget manager, dependent on delegation levels, to generate a Purchase Order in the system. The new system operates very similarly to Oracle.
- 7.2 As part of the implementation the agreed management hierarchy was loaded into the system but there were historical inaccuracies and therefore mapping issues across all clients for day one. This was most acute at NCC where there'd been changes to approval rights following the S114 notice and revised approvals routes.
- 7.3 This had an impact in the AP team as invoices had to be redirected.

### **Actions**

The budget management hierarchies are now corrected and have been agreed with the Deputy S151 Officers.

## **8 Budget**

- 8.1 The previously revised forecast cost of the programme was agreed by the three partner authorities. The programme implementation will deliver within that revised budget.

## **9 Next Steps**

- 9.1 This phase of the programme was to deliver a new ERP Gold baseline across the three partner councils, replacing the existing Oracle and SAP products. This has been delivered.

- 9.2 The ERP Programme Board has noted that a follow up release is needed to 'complete' a number of incidents raised during the programme that were not delivered in this first phase. Alongside these incidents, there will be changes following live running that will need to be addressed and additional business requirements will be identified. Typically, a follow up release will be needed 6 to 9 months after go live. A business case with a cost / time / resource assessment will be developed for consideration by the ERP board before coming forward to Joint Committee. This work has already commenced.
- 9.3 It was always envisaged that ERP Gold would be the vehicle to drive further growth for LGSS, particularly in support of the transactional service areas. To-date we have had a number of conversations with other Local Authorities (Hertfordshire, Tri-Boroughs and Lincolnshire) but due to the fact that we didn't have a live system, the conversations never progressed. Once the current system has stabilised and is shown to be a demonstrable platform, we plan to develop a marketing campaign to scope the opportunity in the Local Government marketplace. Part of this approach will be to develop the commercial proposition.
- 9.4 In the short to medium term, the potential creation of two Unitary Councils in Northamptonshire, should be high on our list of target Authorities. Also we understand that a number of the Districts in the County already use versions of Agresso and are open to discussion.