

**Teignbridge District Council
Full Council
30th November 2021
Part i**

FINANCIAL MANAGEMENT SYSTEM CONVERGENCE PROJECT

Purpose of Report

To approve the provisional capital budget of £267,000 for the replacement of the financial management system and associated systems linked to the financial management system as part of a convergence project with East Devon District Council & Exeter City Council.

Recommendation(s)

Council RESOLVES to:

- (1) Approve the proposed capital budget of £267,000 for the replacement of the current financial management system and any associated systems linked to the financial management system.**

Financial Implications

The financial implications are in section 3.1. The major cost is the procurement of the new system which will not be finalised until the tenders are received and prospective contractor agreed. Potential savings may arise from efficiencies of the new system and reduced costs from Strata from supporting the old system.

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Legal Implications

There are no legal implications arising from this report in relation to the purchase of a new financial management system.

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Risk Assessment

Please see section 3.2 of the report – in particular the single point of failure.

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Environmental/Climate Change Implications

Please see section 3.3 of the report. It is anticipated the new system will increase electronic processes and minimise the use of paper records.

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Executive Member

Executive Member for Corporate Services – Cllr Richard Keeling

Appendices/Background Papers

None

1. Introduction/Background/Purpose

- 1.1 Teignbridge currently uses an in-house built software solution on the jBASE platform. This system is no longer sustainable as the product is very niche and the skills required to develop it are not available in the market place.
- 1.2 Teignbridge currently also uses various different systems across the Council which require bespoke interfaces to be developed in order to feed into the current jBASE solution.

- 1.3 An alternative financial management system is required to meet the changing demands for financial information, reports and support which reduces significantly the risks and limitations posed by the existing system. The solutions are explored in section 2 below.

2. The Proposed Solution

- 2.1 The proposed solution is to have one provider for the financial management system, cash management and payments across the three authorities. This may include other modules such as Procurement, if required.
- 2.2 The new solution will create efficiencies in the Finance team in areas such as reporting and the opportunity/ability to support/work with the other authorities towards systems convergence and commonality.
- 2.3 The new solution will potentially eliminate some additional staffing costs, rationalise resources within the Finance team(s) and reduce printing costs.
- 2.4 The solution will allow for system administration duties to be carried out by the Finance team, releasing Strata development and support allowing them to work on other projects and backlog of work requests.
- 2.5 The upgraded system will have enhanced reporting capabilities such as Business Intelligence tools allowing managers to access financial information themselves.

3. Implications, Risk Management and Climate Change Impact

3.1 Financial

- 3.1.1 The new system will cost in the region of £267,000 to purchase for TDC (including project management by Strata). The existing capital programme approved at the annual budget in February 2020 had a provisional budget of £267,000 towards these costs. The in-house resource from Finance will require one FTE dedicated to the project which will be met from resources as budgeted in February 2021. The budget was also contained within the Strata Business Plan for 2020/21 and beyond which has been approved by all 3 Councils and by Teignbridge District Council at Full Council on 22 February 2021.

- 3.1.2 Revenue costs - the new system will require on going net additional licencing fees of approximately £35,000 per annum however savings will be made as a result of eliminating internal staffing support from Strata.
- 3.1.3 It is anticipated additional finance efficiencies will be created once the new system is installed and the ability to work with Exeter CC and East Devon DC.
- 3.1.4 All 3 finance teams are working independently. The changes will allow the reviewing and aligning of processes and harmonise working practices.
- 3.1.5 Consolidating the software contract costs from multiple providers should provide an economies of scale cost saving.
- 3.1.6 Reporting information for our external auditors is likely to improve and reduce any additional fees charged by moving towards increased electronic working papers. This has been flagged as an issue by our external auditors – Grant Thornton – in their Audit Findings Report submitted to Audit Scrutiny Committee on 27 October 2021.
- 3.1.7 Changes to internal processes should eliminate the use of paper in specific activities resulting in stationery savings and time.

3.2 Risks

- 3.2.1 The current system requires consistent improvement and management. The knowledge base for this sits solely with one member of the Strata team. A new system would futureproof Teignbridge's systems and remove a single point of failure.
- 3.2.2 Making Tax Digital laws require the Council to have a fully compliant digital finance system to assist with producing VAT returns and providing electronic documentation to HMRC, with the current system there is the possibility with having to run numerous reports that some data could get omitted.

- 3.2.3 The potential for costs to exceed budget have been mitigated by obtaining a fixed price.
- 3.2.4 The project implementation could take longer than anticipated. The project is due to run until March 2024 with go live from 1 April 2024. This risk is mitigated by having a detailed timetable of work and deadlines combined with dedicated project management and support to ensure contractors and internal staff meet these deadlines.
- 3.2.5 The procurement will take around 6 months using a complex procurement procedure due to 3 council systems converging to 1 system. The tender was released September 2021. Planned award date is February 2022, with mobilisation taking place shortly after. We will not know the definite implementation duration until we receive responses to the 1st round of tenders. All relevant parties will be informed of updated implementation timelines.

3.3 Environmental/Climate Change Impact

- 3.3.1 The new system should provide greater system integration reducing the need for paper output.

4. Alternative Options

- 4.1 Continue with the current system** - this would involve Teignbridge retaining our in-house system. Whilst the system is functional it is not viable long term. The risk of losing key members of staff holding the only knowledge of the system endangers TDC security, efficiency and continuity.
- 4.2 Development of an in-house system** – this would involve Strata developing an in-house system which could be used across the three authorities. This was not viable as a realistic option as it put a high level of risk onto Strata and the authorities. This was due to potential reduction of quality compared to professional software developers, difficulty in forecasting development costs and the difficulty in ensuring future resources and skills for future management, support and development.

5. Conclusion

- 5.1 Members are recommended to agree to the funding to procure a new financial management system due to Teignbridge's situation becoming untenable. The new system would be expected to be in place for at least 10 years providing Teignbridge with an increase in efficiency, security, productivity and reliability.
- 5.2 The proposal has already been taken through the approval processes at Strata with agreement to the project having been approved at the Joint Executive Committee on 8 September 2020 having been flagged as a likely convergence project in the original 2014 to 2024 Strata Business Case.

6 Date of implementation (confirmation of decision subject to call-in)

Immediately. No call in.