

**BROMSGROVE DISTRICT COUNCIL**

**CONFIDENTIAL MINUTES OF THE COUNCIL**

**24TH JULY 2018, AT 6.00 P.M.**

1/18 **RECOMMENDATION FROM THE CABINET MEETING HELD ON 27TH JUNE 2018**

**Future Provision of the Council's Core HR and Finance System**

The recommendation from Cabinet in respect of the future provision of the Council's core HR and Finance system was proposed by Councillor B. Cooper and seconded by Councillor G. Denaro.

In proposing the recommendation Councillor Cooper explained that over the last few years, weaknesses had been identified in the financial management, planning and forecasting capabilities of the systems that were used by the Council. It had been reported by officers, by external and internal audit, and more recently within the corporate peer challenge, that the Council's finance systems did not enable the Council to make decisions based on accurate, timely or easily retrievable information. This would be increasingly important if the Council was to meet future challenges in the commercial environment.

Councillor Cooper commented that there were a significant number of manual processes that were undertaken in payroll, payments and HR to ensure that data could be accessed and reported on by officers and external partners. Furthermore there were no seamless links between systems and information had to be manually transferred between the systems. This could cause potential data issues when considering consistent and reliable information. Councillor Cooper expressed the view that it was worrying that managers were unable to see their budgets on the existing financial systems and had to rely on spreadsheets to undertake budget monitoring. This could lead to a lack of ownership and accountability, and to poor forecasting and financial monitoring.

The Council's contract with the provider of the existing finance system was coming to an end so Councillor Cooper suggested that it was an excellent time to look at the wider back office systems and improve the core services of ICT, HR, and Finance, including the general ledger, payroll, payments and cash receipts.

The back office functions were delivered by a variety of systems and there were advantages to having an integrated system. A number of options had been considered by Cabinet when reaching a decision including:

- To continue as at present with existing systems.
- To implement the best system for each function, but this would not lead to integration of systems.

- To implement an Enterprise Resource Planning solution (ERP) (an integrated collaborative system).
- To partner with a Local Authority that was using an ERP solution.
- To outsource services.

Officers had concluded that an ERP system would provide a flexible, integrated solution for the Council, and this had been supported by the Cabinet.

Councillor P. McDonald questioned the impetus for reviewing the systems used by the Council and for deciding to invest in a new integrated system. Councillor Cooper advised that this was due to an emerging realisation that these systems were not fit for purpose. Councillor McDonald also requested clarification about the length of time since the Council last invested in new systems for HR, finance and cash receipting and the costs of these systems. Members were advised that over £8 million had been invested in various IT systems over a period of time.

Councillor Cooper advised that the implementation cost for Bromsgrove District Council in respect of introducing and implementing the new system was estimated to be £197,500. The annual cost of licences would be £153,000; compared to £96,500 which the Council was already spending meaning the new licences would cost the Council an extra £56,500 per year. However, evidence received from organisations which had already introduced an ERP solution and from suppliers, suggested that Bromsgrove District Council and Redditch Borough Council could each generate savings of £100,000 a year. Therefore the annual savings for Bromsgrove District Council could be £43,500 a year, and the authority could pay back the implementation costs in approximately 4 and-a-half years. If approved the Council could implement the integrated system in a phased manner from the end of the year to be fully operational in 2020.

Councillor S. Colella requested clarification about the procurement process that had been followed to date to enable Officers to identify potential costs as well as further information about the flexibility of the system and whether additional systems could be integrated at a later date. The Section 151 Officer explained that the Council had undertaken some soft market testing and the costs quoted in the report reflected the upper level of those quotations. A proper procurement exercise had not yet been undertaken but when this occurred Officers would seek to secure best value for money for the Council. In relation to the flexibility of the system the Section 151 Officer explained that it would be possible to integrate other systems; there would be a central system which would communicate with all the other systems.

During the debate in respect of this item Councillor Colella also questioned whether the introduction of this system could be funded from the Council's IT budget rather than through the capital programme. The Section 151 officer explained that there were insufficient funds within the IT budget to pay for the new system and there was already a plan for the expenditure of IT budgets. However, officers would aim to replenish the capital funds in due course.

Finally Councillor Van der Plank suggested that alongside investment in this new system there needed to be improvements in relation to the accuracy of the data used by the Council as well as to the culture within the organisation. An IT system alone would not resolve these issues and that appropriate training for officers needed to be provided.

**RESOLVED** that

- (1) the business case for the implementation of an integrated Enterprise Resource Planning System (ERP) is approved; and
- (2) The Capital Programme 2018/19 is increased by £198k to reflect the potential implementation costs of the new system to be funded from existing capital receipts.

[Once Members had gone into exempt session the Chairman agreed that a five minute comfort break should take place. During this comfort break Councillors M. Buxton, R. Jenkins, L. Mallett, C. McDonald, P. McDonald, S. Shannon and M. Thompson left the meeting. They therefore took no part in the discussions regarding the exempt recommendation and did not vote on the item.

During consideration of this item Members discussed matters that necessitated the disclosure of exempt information. It was therefore agreed to exclude the press and public prior to any debate on the grounds that information would be revealed which relates to financial or business affairs.]

The meeting closed at 9.06 p.m.

Chairman

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