

## RESOURCES AND PERFORMANCE SELECT COMMITTEE

18 March 2021



## Digital Business & Insights Programme Update

Purpose of report: To provide an update on the Digital Business & Insights programme

<b>Introduction:</b>
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1. This report provides an update on delivery progress by the Digital Business & Insights (DB&I) programme since the last update to the Resources & Performance Select Committee in October 2020.
2. The Digital Business & Insights programme was initiated in July 2019 and successfully completed the procurement of a Software-as-a-Service (SaaS) Enterprise Resource Planning (ERP) system and associated implementation partner services in August 2020. Following Cabinet approval in July 2020, the contract was awarded to Unit 4 for provision of their SaaS ERP software, implementation services and to commence implementation. The implementation services are being delivered by Embridge Consulting, Unit 4's preferred implementation partner.
3. Following contract award, the implementation programme started to mobilise on 7<sup>th</sup> September 2020 with the aim of delivering go-live by December 2021 and is structured into three phases as follows:
  - Phase One – Implementation of a 3<sup>rd</sup> party solution Proactis including Supplier Relationship Management, Sourcing and Contract Management for go-live on 1<sup>st</sup> June 2021 as a standalone (i.e. non-integrated) solution.
  - Phase Two – Implementation of the main Unit 4 ERP modules for Finance, transactional Procurement, HR and Payroll as a fully integrated solution including integration with Proactis for go-live on 1<sup>st</sup> December 2021.
  - Data Archiving – Procurement and implementation of a solution for archiving legacy data held in the current SAP system, which needs to be retained but will not be migrated to the new Unit 4 ERP system. The target timeline for go-live for this solution is March 2022, following completion of the Phase Two migration to Unit 4 ERP. This phase also includes the implementation of future archiving requirements within the Proactis and Unit 4 ERP solutions.

4. In summary, the programme is currently on track having completed the Design stage before Christmas as planned and is now progressing the Build stage, which is on target to complete in early May before the programme progresses to Testing. The programme governance and organisation presented to this Committee in October have now been implemented in full and both the Council and supplier teams are working collaboratively and effectively together to deliver in line with the agreed plan. The remainder of this report provides further information on the current progress and updates on the plan, budget and next steps. An update on key programme risks is included in the annex.

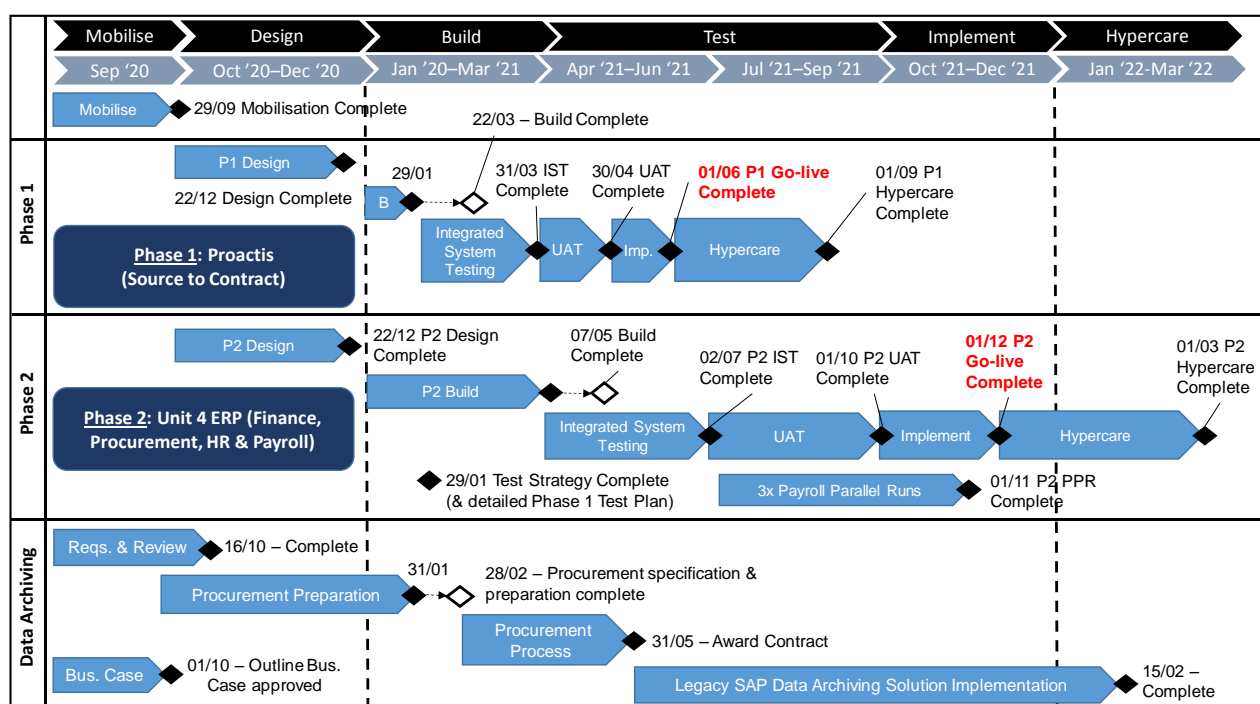
### **DB&I Progress Update**

5. The Design stage formally closed on 7<sup>th</sup> January with Gateway approval at the DB&I Strategic Programme Board, following completion of all required design deliverables to the Council's satisfaction. The current state of progress for each phase is as follows:
- Phase One – On track. Approval for the Proactis prototype was gained before Christmas prior to Build activities commencing in January, which have involved several reviews of the solution configuration. There was a delay to completing Build to 26<sup>th</sup> February due to some outstanding design questions that required resolution. The Build stage is now on track for formal closure on 22<sup>nd</sup> March.
  - Phase Two – On track. All solution design documents were completed and agreed before Christmas and the team is now progressing through Build, which is on track to complete on 7<sup>th</sup> May. A consultancy, Glue Reply, have been appointed to provide additional integration development expertise and capacity, and the focus is now to complete detailed planning and to progress the development of required integrations between line-of-business systems and Unit 4 ERP.
  - Data Archiving – On track. Work has continued to prepare to procure a data archiving solution and this work stream is on track to publish an Invitation to Tender in early March.
6. An approach for identifying and tracking the benefits of the new solution has been approved by DB&I Strategic Programme Board and an initial register of the benefits identified during the Design stage has been completed. The next step will be to prioritise the benefits in conjunction with DB&I Strategic Programme Board before quantifying them and agreeing appropriate benefit owners, who will be responsible for realising any efficiencies enabled by the programme.

### **Updated Plan**

7. The programme is continuing to deliver in line with the agreed overall plan, as shown in the graphic below. There have been some agreed changes to the following three milestones as follows:
- Phase One Build Complete – This milestone has moved to 22<sup>nd</sup> March as some outstanding design questions required answers prior to finalising the Proactis solution build at the end of February. This delay has not impacted on wider timescales.
  - Phase Two Build Complete – This milestone has moved from 2<sup>nd</sup> April to 7<sup>th</sup> May to enable the use of planned contingency time to complete additional required build prior to the start of Testing.
  - Data Archiving Procurement Preparation Complete – This milestone has slipped to provide additional time for preparation in advance of issuing the Invitation to Tender. This delay is not expected to have an impact on the target completion date of 31<sup>st</sup> May for the procurement.

### DB&I Programme – Outline Implementation Plan



Note: UAT stands for User Acceptance Testing, the final stage of testing where the Council will test the solution and ensure it fully meets our business requirements.

### Programme Budget Update

8. The forecast spend over the two-year life of the programme is currently within the budget approved by Cabinet in July 2020, which is summarised in the paragraphs below.

9. The total capital cost of the implementation is £14.8m over two years, comprising £3m in staffing and £11.8m in non-staff costs. Of the total capital cost, £6m will fall during 2020/21 and £8.8m during 2021/22. This capital requirement has been added to the capital programme, following approval of the Cabinet paper in July 2020.
10. The total revenue cost of the implementation is £1.9m over two years, comprising £1.3m in staffing and £0.6m in non-staff costs. Of the total revenue cost, £0.6m will fall during 2020/21 and £1.3m during 2021/22. The revenue costs for 2020/21 are being contained within existing budgets and a draw down from the Digital Business & Insights programme reserve, which was set up for this purpose as part of the 2019/20 outturn recommendations.
11. The revenue and capital implications of DB&I have been approved by Full Council as part of approving the Council's budget for 2021/22 on 9<sup>th</sup> February 2021.

<b>Next Steps</b>
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12. Deliver all required Phase One activities in advance of go-live on 1st June. In summary, this includes training preparation and delivery, user acceptance testing, data migration and cutover to the new solution. Work to assess the business impact and readiness of the organisation to transition to Proactis will also continue to ramp up including required communication with suppliers to ensure their readiness in advance of go-live.
13. Complete the Phase Two Build activities to develop and finalise the solution configurations for Finance, transactional Procurement and HR and Payroll by May in readiness to start Testing. Further preparation for User Acceptance Testing, which is scheduled to start in early July, will be completed which will build on the detailed business resource planning for this activity that has already reached an advanced stage. Business change activity to assess the impact on the organisation of moving to Unit 4 ERP and to ensure readiness across corporate functions and directorates will continue to ramp up. In parallel, training needs will be analysed and training materials developed over the coming months in preparation for delivering training in advance of go-live.
14. The Data Archiving procurement process will commence in early March with a target completion of the end of May. Detailed implementation planning will be completed over the coming months but the aim following contract award will be to complete go-live to the new archiving solution for legacy SAP data by the end of March 2022. Over the coming months work required to implement archiving in Proactis and Unit 4 ERP will also be progressed.

15. The next update will be provided to the Resources & Performance Select Committee in October 2021 following completion of User Acceptance Testing. An additional final update will be provided to the Committee in February 2022 following final go-live and completion of two of the three months of post go-live support.

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**Sources/background papers:**

- DB&I Full Business Case Cabinet Report (July 2020)
- DB&I Outline Business Case Cabinet Report (October 2019)

**Annex - Key risks:**

No.	Category	Risk Description	Pre-mitigation Rating	Mitigation Activity	Owner
1	People	There is a risk that that Covid-19 significantly impacts programme team member availability	High	<p>Ongoing monitoring of lockdown impact on team and offering flexibility where possible to accommodate home schooling.</p> <p>Covid 19 risk assessments have been undertaken as required for high risk individuals prior to use of any office space.</p>	DB&I Programme Director
2	Strategic	There is a risk that the quality of the solution design is poor if the right business representatives are not engaged effectively	Medium	<p>Optimise business subject matter attendance at Show &amp; Tell and configuration review sessions during Build.</p> <p>Ensure close collaboration with consultants throughout Build.</p> <p>Clear design principles including adoption of standard Unit 4 Public Sector Model build.</p>	DB&I Process Leads

3	People	There is a risk that there is resistance to change from staff including adoption of the standard best practice SaaS processes	High	<p>Emphasise agreed DB&amp;I design principles to reinforce communication of the strategic ambition.</p> <p>Recruit and retain the right DB&amp;I Process Leads and Subject Matter Experts, who are empowered to make decisions.</p> <p>Ensure ongoing effective governance to effectively control decisions on any customisation requirements.</p>	DB&I SRO
4	Strategic	There is a risk that there are conflicting interests within the organisation with differing objectives and a lack of consensus of strategic direction relating to implementation and associated business change	Medium	<p>Programme Board sign-off the programme success criteria.</p> <p>Strong communication and engagement with the Vision and design principles to inform workshops.</p> <p>Business sign-off of Impact Assessments and associated business change plans.</p>	DB&I SRO
5	Strategic	There is a risk that the programme is unable to demonstrate sufficient measurable benefits	Medium	<p>Ensure a focus on benefits delivery and reporting to DB&amp;I Strategic Programme Board throughout the programme, aligning with the Corporate Benefits Realisation approach.</p> <p>Early establishment of SCC Benefits Governance Board.</p>	DB&I SRO

6	Strategic	There is a risk that there is a capacity issue in the corporate business, IT & Digital and directorates to be able to meet their required time commitment to deliver the programme.	High	<p>The business case is based on a dedicated and fully resourced core council project team.</p> <p>Additional business resource requirements for User Acceptance Testing, Implementation &amp; Early Life support have been agreed and recruitment is underway.</p>	Strategic Programme Board Leads
7	Strategic	There is a risk that dependencies on integration with directorate systems are not effectively identified and implemented, impacting the delivery of end-to-end processes with directorates and benefits realisation.	Medium	Focus on ensuring all integration requirements are identified to inform planning. Directorate representatives are engaged in the programme to ensure dependencies are effectively managed.	DB&I Directorate Leads
8	Strategic	There is a risk that dependencies between DB&I and other wider Corporate Transformation initiatives are not managed effectively, impacting delivery & causing confusion.	High	<p>Alignment in communication and engagement and business change management approach between DB&amp;I and wider corporate transformation initiatives.</p> <p>This is managed via DB&amp;I team attendance at Business Partner &amp; Change Network and coordination with the Transformation Engagement Lead.</p>	DB&I SRO (Corporate Portfolio Manager)



9	Operational	There is a risk that there will be a drop in the level of service from Business Operations for the Council and other customers during the implementation and early life of the new system	High	<p>Effective business change management and communication with customers to manage expectations throughout delivery of the programme</p> <p>Additional Business Operations resource requirements for User Acceptance Testing, Implementation &amp; Early Life support have been agreed and recruitment is underway.</p>	Assistant Director of Business Operations
10	Financial	There is a risk that the completion of the implementation phase slips into Q4 2021/22, which will result in the council potentially incurring the full cost of SAP support & maintenance for 2022 (£700k), which becomes due in January 2022.	High	Provide notice to SAP by September 2021 to end support & maintenance contract by January 2022. If go-live is delayed, short-term support options will be explored. Risk of slippage will be continuously monitored and reviewed at each delivery stage gateway.	SAP Contract Manager

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