

Bath & North East Somerset Council		
MEETING/ DECISION MAKER:	Cllr Mark Elliott, Cabinet Member for Resources	
MEETING/ DECISION DATE:	On or after 2nd January 2025	<small>EXECUTIVE FORWARD PLAN REFERENCE:</small>
		E 3589
TITLE:	Financial Management System – Contract Approval	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Equality Impact Assessment		

1 THE ISSUE

- 1.1 The Council has been using its current Financial Management System (Agresso) for over 20 years. This system has been an “on-premise” system managed on the Councils internal Servers.
- 1.2 Originally the Council signed a perpetual site licence and have been paying the same contract value for many years. However, the supplier of the Agresso system - Unit 4 - announced in 2023 that it would no longer support any on-premise system from 2025 and therefore a decision was needed on our future requirements.
- 1.3 A number of options were considered to deliver the best value for money for the Council. The final approach followed uses a fully compliant procurement process using a specific framework through SoftCat which maximises value and efficiency to the Council. It is also in line with most modern software providers utilising SaaS (Software as a Service) technology, the Council’s ICT strategy and the need to migrate all business systems to a hosted platform.

2 RECOMMENDATION

The Cabinet Member is asked to:

- 2.1 Approve a new 5-year contract with Unit 4 for an enhanced Financial Management System (ERPX).

3 THE REPORT

- 3.1 Following a senior management restructure in 2021 the Council’s financial systems team was transferred under new management. A review of the Council’s

key financial systems was then undertaken in 2022 to understand our current position and the options for investment and improvement moving forward.

- 3.2 The gap analysis review identified an action plan of improvements, and these have been formed into a larger programme of works to support transformation in Finance and HR systems
- 3.3 A key finding through the review was the need for an overarching vision or roadmap for the Council's core financial systems. Many were not running on the latest versions, nor were they using or optimising the full range of functionality available. The review outlined a road map of key improvements which needed to be undertaken to ensure that the Council could effectively manage its finances and people.
- 3.4 In parallel the Council was also undertaking a review of its Digital & IT Strategy and recommended options to move systems into the cloud or through hosted solutions to achieve efficiencies and reduce carbon emissions.
- 3.5 Finally, the supplier of the Council's Financial Management system – Unit 4 – announced that they will not support any on-premise system, such as ours from the start of 2025.
- 3.6 The first step in relation to Agresso therefore was to assess all options to ensure we have an effective financial management system for the Council so that the S151 Officer will be able to fulfil their financial responsibility and effectively monitor and account for the finances of the Council.
- 3.7 This included consideration of alternative software solutions, ranging from fully integrated SAP solutions to a straightforward re-contracting position. After due consideration it was clear that the cost of change would be not only prohibitive but create a level of risk that was not considered manageable without any discernible benefit.
- 3.8 A procurement exercise therefore took place using the KCS (Kent Commercial Services) framework through the intermediary Softcat. This is a fully compliant procurement framework which the Council have signed and will ensure that we can demonstrate Value for Money.
- 3.9 Through the procurement exercise we have also significantly upgraded the capability and capacity of the existing system to deliver longer-term benefits around self-service and reporting that will help support transformation of the Finance service. The final solution is also future focussed by using the very latest product (ERPX) so maximising benefits against the investment.
- 3.10 The decision to use Unit 4 was in line with our updated Digital Strategy and carried out after consultation with the S151 Officer, Director of Financial Services, Assurance & Pensions and Head of Digital.
- 3.11 The contract will require full implementation during 2025/26 and programme management capacity has been set up through our Financial Systems team to oversee delivery of the contract.

4 STATUTORY CONSIDERATIONS

- 4.1 The Council must have an adequate Financial Management system to enable it to successfully manage and monitor the Council's finances. The statutory 151 Officer cannot fulfil their statutory obligations without a capable system, to ensure the finances can be fully accountable and be reported.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 5.1 The total cost of the 5-year contract equates to £1,195,982.12 this will be funded from existing system budgets and any additional funding required built into the base budget of IT services from 2026/27.

6 RISK MANAGEMENT

- 6.1 A risk assessment related to the issue and recommendations has been undertaken. The overriding risk was not having an effective financial management system for the Council so that the S151 Officer will be able to fulfil their financial responsibility and effectively monitor and account for the finances of the Council. This is a significant risk and alongside consideration of ongoing operational capability, service and user experience and the level of cost required for alternatives. This meant that a re-contracting position was the most effective and efficient for the Council to safely and effectively manage risks.

7 EQUALITIES

- 7.1 There are no significant equalities impact associated with this recommendation; however an equalities impact assessment has been completed and is available.

8 CLIMATE CHANGE

- 8.1 There are no significant climate change impacts associated with this recommendation. A hosted solution reduces local carbon emissions from an on-premise system thereby supporting the journey to positively impact climate change.

9 OTHER OPTIONS CONSIDERED

- 9.1 A range of other options were considered however the significant costs and risks involved were prohibitive and therefore a straightforward re-contracting position was recommended.

10 CONSULTATION

- 10.1 Senior Council officers were consulted as part of the Councils Financial Systems Steering Group, including the Executive Director Resources (S151) Head of Digital and Customer Experience, Director of Financial Service, Assurance & Pensions and the Head of Financial Management.
- 10.2 The introduction of an updated and revised Financial Management System and HR/Payroll system were agreed by the Council Executive Leadership Team in November 2023.

Contact person	Steven Harman - Head of Systems and Financial Governance Jeff Wring - Director of Financial Services, Assurance and Pensions
Background papers	Morre Insight Gap Analysis report (2022) SLT Executive Leadership Report (November 2023) Email from Unit 4: No longer supporting on premise systems
Please contact the report author if you need to access this report in an alternative format	