

Core Business Transformation

Date: 12 December 2022

Report of: Head of Democratic Services

Report to: Strategy and Resources Scrutiny Board

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

What is this report about?

Including how it contributes to the city's and council's ambitions

- Scrutiny Board Strategy & Resources has identified the Core Business Transformation programme as a key area of interest in its work programme in 2022/23. This is primarily linked to gaining an understanding of the potential costs savings linked to the programme, understanding the impact, if any, of inflation and the cost of living crisis on the programme, understanding the impact on staff that will be driven by this transformational project and to receive an update on progress since the programme was initiated.
- The Board has a number of financial functions within its remit along with dealing with matters that relate to HR and staffing. As such the Board has an ongoing interest in policies and projects aimed at increasing financial efficiency and ensuring value for money along with projects that will deliver significant change for staff and how the council operates. By modernising council systems, the Core Business Transformation programme has the potential to drive efficiency and deliver savings, deliver significant change to how staff operate in the affected services as well as modernising and increasing capacity within key services.
- Appendix 1 contains a report approved by the Executive Board on 19 October 2022, this provides the latest update on the programme. The Core Business Transformation (CBT) Programme aims to transform Finance, Procurement, HR and Payroll activities across the council to enable the workforce to meet growing demand for vital, modern services. This includes processing invoices, ordering goods or services, recording hours, pay, leave, sickness, training and HR advice.
- The appendix relates to Phase 1 of CBT which mainly focusses on financial services and replacing the existing FMS system which is now nearing 'end of life' with future phases planned to deal with other functions such as HR and payroll.

Recommendations

- Board members are asked to note the content of the report and appendices and are also asked to highlight any future areas of scrutiny work should any arise during discussion of this item.

Why is the proposal being put forward?

- 1 Scrutiny Board Strategy and Resources has identified the CBT Programme as an area of interest in 2022/23 and has requested an update based on the latest Executive Board report considered in October 2022.
- 2 The total cost estimate of phase one of the scheme is £10.48m funded through capital receipts which can be used to fund service transformation under the Government's Flexible Use of Capital Receipts Directive. This funding source can therefore not be used to fund frontline services. Approximately 50% of the costs are covering the salaries of existing staff who have been deployed to work on the programme.
- 3 Phase one of CBT will focus on financial services and the replacement of the existing finance system known as FMS. This system has a number of underlying issues including nearing end of life, in need of modernisation, no viable route to upgrade, lacks the required finance functionality, is internally developed with limited amounts of support available which could be a single point of failure and an operational risk to the Council. In addition to this phase one will also include operating model work to prepare HR, Payroll and Procurement for forthcoming changes through CBT, transformation and change support and CBT programme and portfolio management.
- 4 A significant change to CBT noted in Appendix 1 is that the programme has been split into phases for approval to reduce commercial and delivery risk from having one partner with a wide scope and to enable the authority to take advantage of rapid advances in available technology. The preferred technology choice for Finance does not disadvantage technology choices for the other functions: HR, Payroll and Procurement. The previous approach was to use one provider for the whole programme which could have increased costs and tied the Council to that provider for a period of up to ten years. This new approach is therefore much more flexible than the alternative.
- 5 In terms of timescales for Phase 1 to be operational and deployed to financial services staff October 2023 is the target month. Future phases of the CBT programme will then be introduced to the other services that are in scope in 2024 and beyond.
- 6 CBT will also assist with delivery of the Leeds City Digital Strategy. Digital inclusion of the council workforce is a key objective which will be realised as part of phase 2. Through this transformation journey CBT will work to build the digital skills of the functions affected and users of the service.

What impact will this proposal have?

Wards Affected: All

Have ward members been consulted? Yes No

- 7 CBT is aimed at transforming Finance, Procurement, HR and Payroll activities across the council to enable the Council's workforce to meet growing demand for vital, modern services.
- 8 These services all fall under the remit of Strategy and Resources Scrutiny Board and by providing critical friend challenge the Board is seeking understand and enhance the programme.

What consultation and engagement has taken place?

- 9 This is a factual report and is not subject to consultation.
- 10 The CBT programme board and team have discussed and consulted on the proposals including input from the council's procurement team (Procurement & Commercial Services) and IDS procurement. The CBT team have also engaged with exec members and senior managers to understand current pain points and ambitions for future service delivery.

What are the resource implications?

- 11 All resource implications are detailed in the main body of the attached Executive Board report at Appendix 1.

What are the legal implications?

- 12 This report has no specific legal implications.

What are the key risks and how are they being managed?

- 13 This report has no specific risk management implications.

Does this proposal support the council's 3 Key Pillars?

- Inclusive Growth Health and Wellbeing Climate Emergency

- 14 The terms of reference of the Scrutiny Boards continue to promote a strategic and outward looking Scrutiny function that focuses on the Best City Ambition.

Appendices

- 15 Appendix 1 – This provides the Core Business Transformation Executive Board report considered on 19 October 2022.

Background papers

- 16 None