

# Public Document Pack

SUPPLEMENTARY INFORMATION

CORPORATE GOVERNANCE AND AUDIT COMMITTEE – 29<sup>TH</sup> JULY 2024

AGENDA ITEM 13 - Governance Arrangements to Support Delivery of the  
Core Business Transformation Programme

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## Governance Arrangements to Support Delivery of the Core Business Transformation Programme

Date: 29<sup>th</sup> July 2024

Report of: Victoria Bradshaw, Chief Officer Financial Services

Report to: Corporate Governance and Audit Committee

Will the decision be open for call in? N/A

Does the report contain confidential or exempt information?  Yes X No

### Brief Summary

### Recommendations

- a) Members are requested to consider and note the assurances provided in this report.

#### What is this report about?

- This report provides assurance to the Corporate Governance and Audit Committee that the governance arrangements established for the Core Business Transformation (CBT) programme are up to date, fit for purpose, operating effectively, and are complied with. The programme delivery framework (described in [Appendix I](#)) has been designed to ensure that:
  - a) decisions are in accordance with the standard best practice guidance and advice provided by experienced external Consultants engaged at various stages throughout the programme to support corporate transformation.
  - b) aligns with statutory and corporate requirements in relation to programme/project delivery and decision making.
  - c) aims and ambitions outlined in the CBT Business Cases are achieved.
  - d) that all options and recommendations are informed using robust sources of intelligence including internal subject matter and technical experts, experienced external Consultants, professional Advisory Services, lessons learned from other Councils.

#### What impact will this proposal have?

- This report provides assurance of the effectiveness of the arrangements for successful procurement, design and implementation of the new core business (Finance, HR, Payroll, Procurement) technologies and achievement of the aims and objectives outlined in the business case for the Core Business Transformation Programme ([D55730](#)).

#### How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing       Inclusive Growth       Zero Carbon

- Core Business Transformation is an enabling programme that underpins successful delivery of the ambitions outlined in the corporate Organisational Plan, Financial Strategy, People Strategy

and Procurement Strategy/LGA Action Plan. Although primarily a business change programme, successful design, and implementation of new, modern, and fit for purpose technology is key to achieving the ambitions for optimum compliance, efficient and cost-effective ways of working in relation to 'core business functions', all of which supports the Council in achieving its Best City ambition.

### What consultation and engagement has taken place?

- This information is presented for information and comment, stakeholder engagement has been a key part of the programme, especially with managers, staff, and trade unions.

### What are the resource implications?

- The arrangements that are in place outlined in the programme delivery framework are resourced from the resource requirements outlined in the CBT business cases for Finance and HR/Payroll approved by Executive Board on 19<sup>th</sup> October 2022 and 8<sup>th</sup> February 2023 respectively.

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

- The key risks relating to the programme are:

Risk	Details	Mitigations
Resourcing	There is a risk that the programme team will not have access to the required level of skilled and knowledgeable resources to successfully deliver the programme due to pressures of business-as-usual work in services. There is a risk that the costs will exceed the budget provision.	Establish dedicated 'core' programme team. Release subject matter experts to work on the programme full-time, and temporarily back fill roles. Include contingency in budget, ensure rigorous budget monitoring and supplier contract management. Utilise IDS Augmentation Partner to supplement technical resources.
Timeline	There is a risk that the programme may not achieve the desired timelines due to unknown/unexpected requirements and the level of complexity involved in implementing new finance and payroll systems	Utilise experienced implementation Consultants to manage the project using standard project management methodologies and tools. Regular review of timelines, stages, and plans
Scope	There is a risk of scope creep due to complexity and interdependencies	Document and agree scope at the outset. Utilisation of design governance and change control process
Quality	There is a risk that the new solutions do not meet business needs	Utilise experienced implementation Consultants – use LCC subject matter experts in design process. Mutually agree deliverables and business sign-off on blueprint. Appoint dedicated Test Manager, rigorous test management, user acceptance testing plans, defect, and options analysis to be discussed at Board before go-live
Business Change	There is a risk that the required business change is not achieved, and benefits are not realised, and that staff are not adequately trained to use new systems	Utilise dedicated 'change' resources to identify change impacts and work with services to achieve required change – develop champions network, design, and deliver change and communication activities and plans
Information Governance	There is a risk of inaccurate or out of date data being migrated to new systems,	IG Officer assigned to work with the project team to provide advice and oversight. Recruit a dedicated data migration/integration manager onto the team to work alongside experienced consultants. Undertake multiple rounds of data migration rehearsals, undertake data cleansing exercises
Delays with dependencies	There is a risk of delays in dependent projects that adversely impact the programme timelines	Identify dependant projects and track progress reporting issues to Board.

- A programme level risk register is actively managed by the Programme Manager. Each implementation project has its own risk register that is managed by the implementation partner and workstream lead. All risk registers are discussed and monitored at Programme Board. Internal Audit are also providing real time assurance of the programme. The Head of Finance – Internal Audit attends CBT Board and undertakes quarterly assurance reviews. Reports are presented and discussed at Board on a quarterly basis. Reporting demonstrates that arrangements are fit for purpose and that no areas have been identified as less than acceptable. Details of the assurances provided are included in the Internal Audit update reports to the committee. Key risks feed through to broader directorate and corporate risks, including those informed by learning lessons from other councils major IT projects.

### **What are the legal implications?**

- There are no legal implications arising from this report – it is for information. Guidance and advice has been obtained from the Council's Corporate Governance Team and Commercial Legal Team and at all stages of the decision making process to ensure that the programme meets the statutory and organisational requirements in relation to programme delivery.

### **Options, timescales and measuring success.**

#### **What other options were considered?**

- Not applicable

#### **How will success be measured?**

- Success will be measured through the achievement of the aims and ambitions outlined in the CBT business cases.

#### **What is the timetable and who will be responsible for implementation?**

- The programme delivery framework is already in place and will remain so until the successful delivery of the aims and ambitions outlined in the CBT business cases.

### **Appendices**

- [Appendix I - Overview of the CBT Design & Delivery Framework](#)

## Overview of CBT Programme Design & Delivery Framework

The CBT Programme was established in 2019/20, to transform and modernise ‘back office’ services. The programme, although predominantly a ‘business transformation’ programme, is underpinned by a technology refresh, replacing essential corporate systems (i.e., Finance, HR, Payroll, Procurement) that have reached ‘end-of-life’ in terms of contract, support and maintenance; systems are currently hosted ‘on-premise’ and sit on technology platforms considered out of date and not fit for modern or efficient ways of working e.g. Cloud, interoperable, mobile or self-service enabled.

Programme governance arrangements were established at the outset of the programme with the creation of a dedicated Programme Team and Programme Manager reporting to the Core Business Transformation Board. The board meets monthly and is chaired by the Chief Officer Financial Services.

**Functions in scope** include:

- Finance
- HR/Payroll
- Recruitment & Onboarding
- Learning, Development & Performance
- Health & Safety
- Occupational Health
- Procurement (including Contract Management)

**Board Members:**

- Chief HR Officer (Deputy Chair) Senior Stakeholder
- Interim Chief IDS Officer, Senior Stakeholder and Senior Supplier
- Head of PACS, Senior Stakeholder
- Deputy Chief Officer HR & Shared Services, Senior Stakeholder
- Chief Officer Resources, Transformation & Strategy, Children & Families, Senior User
- Chief Officer Resources & Strategy, Adult Social Care, Senior User
- Chief Officer Welfare, Community Hubs & Business Support, Communities, Housing & Environment) Senior User
- Chief Officer Operations & Active Leeds, City Development, Senior User
- Head of Commercial, City Development, Senior User
- Head of Information Management, Senior Stakeholder
- Head of Finance – Internal Audit (for programme assurance, advisory and guidance purposes only)

**Terms of Reference** (summarised version):

- Ensure the Programme meets its Vision, Strategic Objectives / Outcomes and Benefits Realisation within the agreed timescale and budget.
- Provide Leadership, ensure programme aligned with Council’s vision and strategic outcomes.
- Business Case assessment and authorisation, ensuring all work streams are progressed against a robust business case.
- Advocate and champion the programme, actively supporting business change within directorates and service areas, demonstrating personal buy-in to the aims and direction of the programme.
- Ensure decisions are made swiftly to maintain progress within the decision-making framework of the Council.
- Support to the programme team, ensuring appropriate resources are available and any blockages are overcome, enabling the team to deliver.
- Governance and performance monitoring, ensuring plans are in place to deliver to agreed deadlines, risks are managed, dependencies are highlighted, and delivery is within budget.
- Engagement, ensuring all stakeholders are identified and engaged appropriately at every stage of the programme, actively encouraging engagement, and actively seeking feedback from all stakeholders.

## Audit, Data and Equality Assurance

Due to the scale, complexity and risks associated with the programme, ‘real time’ project assurance is being provided by the Head of Finance – Internal Audit, who as well as being a member of the CBT Board, works closely with the Programme Manager to ensure adherence with corporate governance arrangements, undertakes assurance reviews on behalf of the Chair, presenting assurance reports with recommended actions to Board on a quarterly basis. Other members of the Internal Audit team are involved in workstream meetings where required.

Implementation of new solutions involve the cleansing, migration, and integration of a significant volume of business critical and personal data (i.e., financial data, supplier data, employee data) resulting in a key risk being identified in the Data Protection Impact Assessment. As a result, a dedicated Technical Project Manager was appointed by LCC with responsibility for closely managing integration development and data cleansing and data migration routines.

A series of data migration ‘rehearsals’ have been incorporated into project plans to ensure compliance with organisational and regulatory requirements. ‘Real time’ support is also being provided by the Information Governance Team; with an IG Officer being part of the programme team providing oversight and advice at all relevant stages of the programme and undertaking regular reviews of the Impact Assessment. The Head of Information Governance is a member of the CBT Board.

Given the business and technology change impacts all staff, the team are working closely with the Staff Network Groups to ensure equality and inclusivity are inherent in design and delivery. Equality Impact Assessments have been completed with a checklist of actions identified, progress against which are reviewed and monitored by the CBT Board.

## Informed Technology Choice and Design Principles

The initial stages of the programme focussed on completing a ‘discovery’ phase to develop fully informed requirements and business case. This phase involved identifying pain points, operational problems, inefficient ways of working as well as understanding the current user-base profiles, technology costs, limitations of existing systems.





### Key learning insights

- Avoid bespoke customisation – change ways of working to exploit standard functionality wherever possible.
- Ensure adequate resourcing of the project team – free up ‘Subject Matter Experts’ to ensure dedicated time can be allocated.
- Work with experienced implementation partners
- Don’t compromise on testing and training.
- Ensure effective engagement and involvement of business users.

The programme team also engaged with other Councils / Public Sector bodies who had initiated or completed similar transformation programmes (e.g., Harrow, Birmingham, Lambeth, Croydon, Scottish Water). Valuable insights into lessons learnt were captured ( ) – which have continued to be a running theme in ongoing discussions.

A technology options appraisal was undertaken, and a business case developed with support from SOCITM (Public Sector Technology Advisory Service). Overarching programme aims and design principles were agreed by the Board (diagram below), which continue to be used as reference points that continue to inform design decisions and approach.

Core Business Transformation Programme – Aims and Design Principles

	 <b>Our People</b>	 <b>Our Money</b>	 <b>Our Digital Future</b>	 <b>Our Work</b>	 <b>Our Insights</b>
WHAT	<ul style="list-style-type: none"> <li>✓ We have the right tools to do our jobs</li> <li>✓ Our roles are more valuable and rewarding</li> <li>✓ We have the right skills and knowledge for the future.</li> </ul>	<ul style="list-style-type: none"> <li>✓ We have ownership of our budgets and a view of the wider council position</li> <li>✓ We have simple, modern, accessible ordering &amp; payment processes</li> <li>✓ We have the support of practitioners when required</li> </ul>	<ul style="list-style-type: none"> <li>✓ We can be self-sufficient</li> <li>✓ Our technology has a common look and feel</li> <li>✓ It is easier to work with partners and suppliers</li> </ul>	<ul style="list-style-type: none"> <li>✓ We have flexibility in our work location</li> <li>✓ The place we work will be more accessible and inclusive</li> <li>✓ Reducing carbon footprint</li> </ul>	<ul style="list-style-type: none"> <li>✓ Decisions are well-informed</li> <li>✓ The pace of decision making is increased</li> <li>✓ We are better able to analyse and draw comparison</li> <li>✓ We manage risk better by being assured and compliant</li> </ul>
HOW	<ul style="list-style-type: none"> <li>• Innovating and collaborating</li> <li>• Automating routine processes and activities</li> <li>• Providing digital, analytic and commercial learning and development</li> </ul>	<ul style="list-style-type: none"> <li>• Simplifying our processes and IT landscape</li> <li>• Standardising the way we work</li> <li>• Sharing good practice</li> </ul>	<ul style="list-style-type: none"> <li>• Modernising technology offer</li> <li>• Rationalising the number of applications</li> <li>• Adopting technology - not adapting technology</li> </ul>	<ul style="list-style-type: none"> <li>• Through CtW programme</li> <li>• Providing a mobile-enabled offer</li> <li>• Reducing travel – maximising benefits of mobile, remote and collaborative working</li> </ul>	<ul style="list-style-type: none"> <li>• Making information easily accessible</li> <li>• Improving the timeliness of information</li> <li>• Making deep insights visible and accurate – a single version of the truth</li> </ul>

Working as a team for Leeds | Being open, honest and trusted | Working with communities  
 Treating people fairly | Spending money wisely



## Discovery

The discovery phase informed an initial strategy of a simplified landscape and a rationalisation of applications through procurement of a single integrated Enterprise Resource Planning (ERP) solution; a strategy that was found to be commonplace (and largely successful) in most of the public sector organisations engaged with at that time. Following approval of the business case by Executive Board in Oct 2020, a procurement process was initiated.

However, ongoing market research coupled with assessment of bids received, indicated we'd reached 'cross-roads' in the market and new strategies for business technologies were emerging. Gartner (Global Technology Research Consultants) were advising against implementing "monolithic" ERP systems, and instead move to a more "modular, cloud-based, interoperable" solution – an ecosystem of integrated or loosely coupled 'best-of-breed' systems that would provide the optimum cost effectiveness and flexibility in the long term.

As a result, the CBT Board agreed to stop the procurement process (February 2022) and engage external Consultants Ernst & Young (EY) to support a short, focussed piece of work during spring 2022 to inform a further options appraisal, provide a recommended shortlist of suitable interoperable technology solutions, implementation roadmap, resource requirements, business change approach and revised business case.

As a result of the engagement, EY provided the programme team with the above delivery framework to support successful achievement of the programme aims.

## Phased Workstream Approach

Taking into account the recommendations provided by EY, a 3-year roadmap for the procurement and implementation of the multiple solutions that will build, in effect, a "modular ERP" has been devised as set out below:

### Delivery framework

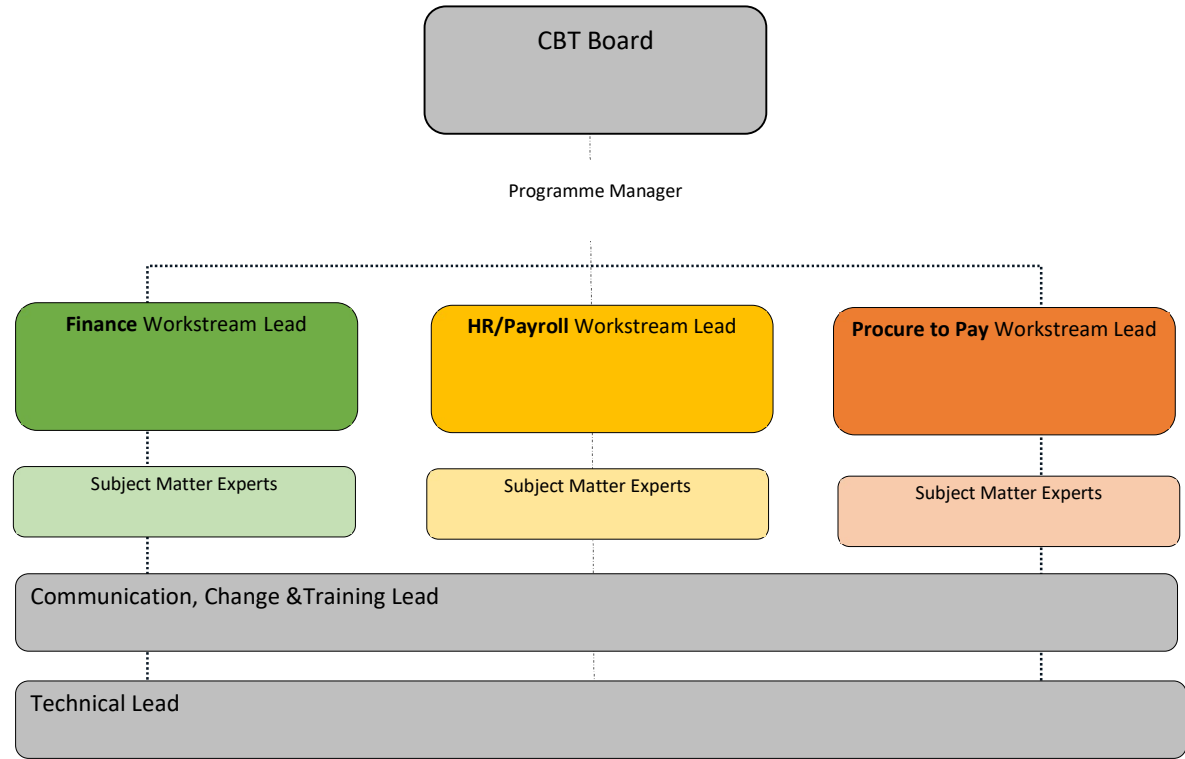
- Revised Business Case
- A recommended technology option for Finance that aligns with corporate IDS strategy.
- Shortlist of suitable technology options for HR/Payroll and Procurement
- Recommended phases and timescales to manage risks and resource availability.
- Recommended resource profile
- Function taxonomy maps Level 1 – Level 4
- Recommended business change and communication strategies
- Recommended Target Operating Model(s)
- Current State Assessments and Future State Blueprints

## Appendix 1

	Tasks	Estimated Timescale
<b>Finance</b>	<b>Phase 1</b> <ul style="list-style-type: none"> <li>Replace FMS and Civica Financials with MS Dynamics F&amp;O</li> </ul>	May 23 – Dec 24
	<b>Phase 2</b> <ul style="list-style-type: none"> <li>Hyper care and post-go-live bug fix</li> <li>Agree back log for post-go-live development</li> </ul>	Dec 24 – Jan 25 Jan 25 – March 25
	<b>Phase 3</b> <ul style="list-style-type: none"> <li>Develop continuous improvement plan / roadmap to exploit MS tools i.e., process automation, AI, chatbots/co-pilot.</li> <li>Review Kefron (automated invoice payments) assess capability within Dynamics F&amp;O (contract expires Nov 25)</li> </ul>	Apr 25 – Mar 26 (ongoing) Apr 25 – Nov 25
<b>HR/Payroll</b>	<b>Phase 1</b> <ul style="list-style-type: none"> <li>Replace Cornerstone with MHR Recruitment</li> <li>Replace SAP with MHR HR/Payroll</li> <li>Extend Cornerstone L&amp;D contract to Oct 27</li> </ul>	June 23 – Sept 24 June 23 – June 25 May 24 – June 24
	<b>Phase 2</b> <ul style="list-style-type: none"> <li>Identify business requirements for Occupational Health (as part of MS Access replacement programme)</li> <li>Identify business requirements for Learning &amp; Development and Health &amp; Safety</li> </ul>	May 24 – July 24 July 25 – Dec 25
	<b>Phase 3</b> <ul style="list-style-type: none"> <li>Hyper care and post-go-live bug fix for Recruitment and HR/Payroll</li> <li>Procure and implement new Learning &amp; Development and Health &amp; Safety modules.</li> <li>Develop continuous improvement plan / roadmap to exploit MS tools i.e., process automation, AI, chatbots/co-pilot</li> </ul>	Apr 25 – Aug 25 Apr 25 – Mar 26 (ongoing) Apr 26 – Mar 27

	Tasks	Estimated Timescale
<b>Procurement</b>	<b>Phase 1</b> <ul style="list-style-type: none"> <li>Implement new solution for Purchase to Pay (as part of MS Dynamics F&amp;O implementation)</li> <li>PACS to work with Go4Growth to review &amp; simplify low value procurement processes and procedures.</li> <li>Undertake discovery phase and market engagement to determine business requirements for new solution.</li> <li>PACS to work with EY on contract review exercise – outcome to inform business case for new solution and new contract management framework</li> </ul>	May 23 – Dec 24 Sept 23 – Apr 24 Jul 23 – July 24 Dec 23 – June 24
	<b>Phase 2</b> <ul style="list-style-type: none"> <li>Procure and implement new Procurement and Contract Management solution (to replace Yortender)</li> <li>Design and implement new contract management framework</li> </ul>	Sept 24 – Aug 25 Apr 24 – Aug 25
	<b>Phase 3</b> <ul style="list-style-type: none"> <li>Develop continuous improvement plan/roadmap (explore integration opportunities and utilise price lists/catalogues, supplier portals)</li> </ul>	Aug 25 – Mar 26 (ongoing)

In order to successfully deliver the transformation outlined in the roadmap, the following delivery model was agreed by CBT Board, with 3 workstreams (each with a dedicated lead and subject-matter-experts) focussing on transformation for their particular professional function, with cross-cutting Technical and Communication, Change & Training workstream:



**Finance Workstream**

**Technology Choice**

The Finance solution recommended as ‘best fit’ by Ernst & Young (following an independent functionality assessment that indicated >90% fit) was Microsoft Dynamics Finance & Operations (F&O). This aligned with the corporate strategy to leverage existing investment in Microsoft products. F&O is a module within the existing Microsoft Dynamics 365 eco-system and can be implemented within the Council’s Microsoft Azure Cloud environment. The 10% gap in capability related to Income Management and Automated Invoice Processing – it was therefore recommended that the existing solutions remained in place and were integrated into Dynamics F&O until such time that this capability in F&O had developed sufficiently for adoption within LCC. The technology recommendation was agreed by CBT Board on 22<sup>nd</sup> Sept 22 and subsequent business case approved by Executive Board on 19<sup>th</sup> Oct 22.

## Design Governance

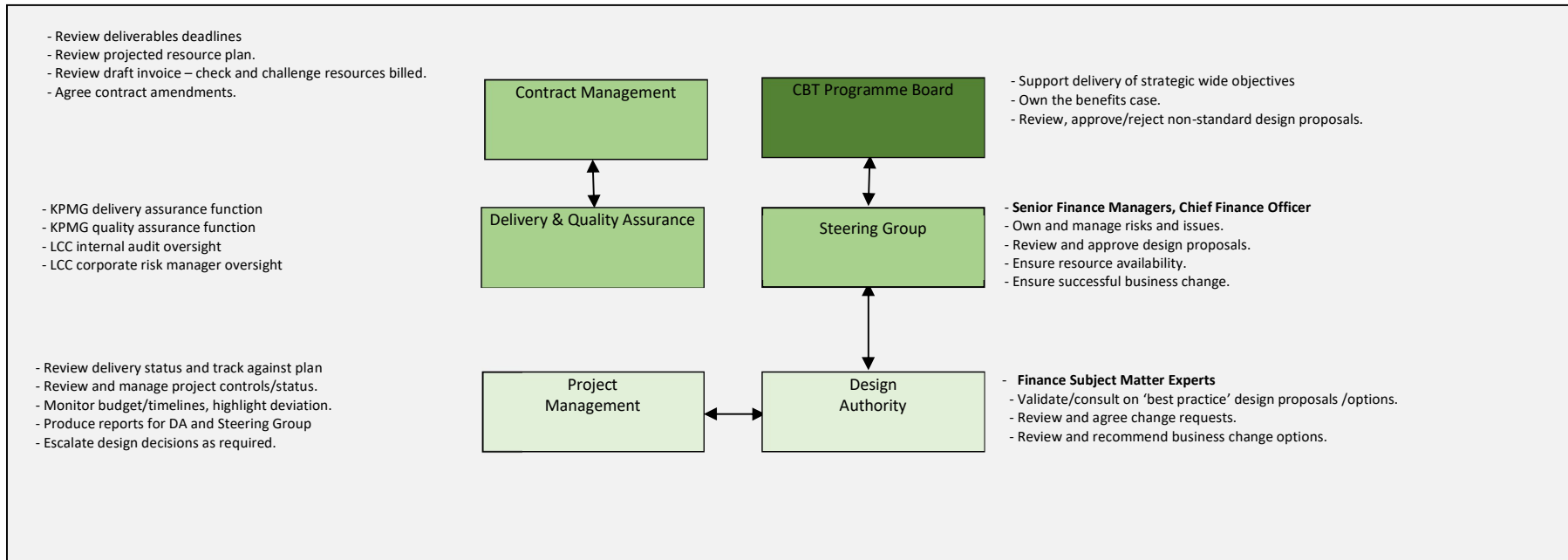
An experienced implementation partner, KPMG, were procured in April 2023 to project manage the design, configuration, and implementation of MS Dynamics F&O.

KPMG are using standard project management tools and have experience of implementing MS Dynamics in the public sector, using a proven standardised methodology Powered Local Government (PLG) which utilises CIPFA compliant leading practice assets such as these.

### Powered Local Government (PLG) CIPFA compliant leading practice assets.

- CIPFA recommended Chart of Account structure.
- Financial Report templates based on Council-published statements/reports.
- Pre-designed and tested enhancements to plug known product gaps.
- Fully CIPFA code compliant on non-current asset accounting
- Budgets and forecasts based on establishments and positions.
- Change and training strategy.

KPMG's PLG methodology includes a 'Design Authority' model that ensures robust management of design and configuration proposals:



Although the programme has agreed an “adopt not adapt” design principle, it was inevitable that an ‘off-the-shelf’ solution would have gaps in business-critical functionality required by a large and complex Local Authority. KPMG brought several pre-designed/pre-tested local government specific enhancements. It was agreed at the outset that whilst enhancements to meet business critical needs would be considered (that could not be met by business change), development requests that impacted on the ‘core accounting’ capability would be rejected.

**Supporting information for design authority proposals**

- Summary of gap/design issue
- Recommendation
- Volumes/value
- Options
- Alternative work arounds / business change
- Benefits of recommended solution
- Risks / Impact of recommended solution
- Other information
- Change impact
- Local Government best practice

Where gaps in standard functionality are identified, options are appraised by the Design Authority. All proposals are documented and include relevant supporting information.

Recommendations for enhancements agreed by the Design Authority are presented to the Steering Group to provide assurance that proposed enhancements do not have any adverse impacts on accounting integrity. Any enhancements that attract additional cost (over and above contractual costs) are escalated to CBT Board for approval. All design decisions are documented and reflected in the ‘Design Blueprint’.

A separate Delivery & Quality Assurance Board was established at the outset, meets monthly and is chaired by Leeds City Council’s Head of Finance – Internal Audit to provide oversight and a mechanism for any issues or concerns to be raised and addressed.

Given the scale, complexity and risk associated with a new Finance system implementation, Microsoft are also providing support and oversight through their “Fastrack Ready Partner Programme” which is designed to help customers achieve successful implementation of Microsoft cloud solutions:

*Microsoft Fastrack Ready Process:*



The project team meet monthly with a Microsoft Senior Solution Architect who provides advice, guidance and pre-go-live assessment on architecture, functional and technical designs and build to:

The go-live date for MS Dynamics F&O is currently planned for 1<sup>st</sup> December 2024. This is subject to regular review as the team work through the project milestones.

- Ensure customer outcome.
- Identify risks.
- Ensure customer understanding.
- Identify where Microsoft can help.

The Finance workstream lead has recently convened a regular forum of other Local Authority Dynamics F&O Users to ensuring ongoing sharing of learning and knowledge sharing.

## HR/Payroll Workstream

### Technology Choice

Following a series of needs analysis workshops, Ernst & Young provided LCC with shortlist of suitable options. The HR module within MS Dynamics was included as an option given the corporate strategy to exploit existing Microsoft solutions, however, following an independent functionality assessment, gaps in business-critical functionality were identified which indicated a <75% fit.

Leeds City Council's HR/Pay landscape is complex; services are provided to staff who are directly employed by LCC in directorates and maintained schools as well those staff directly employed by external Academies and other affiliated external organisations (e.g., Aspire, Grand Theatre) this means having to accommodate various different terms & conditions, pension schemes and multiple pay days for approx. 35,000 employees.

Therefore, the recommendation to proceed to procuring an externally hosted Cloud solution with a proven track record in Local Government that would seamlessly integrate the MS Dynamics F&O was agreed by CBT Board on 22<sup>nd</sup> Dec 2022.

As part of the procurement process, shortlisted providers were required to attend engagement sessions and provide in-depth demonstrations to HR/Payroll Subject Matter Experts to ensure a solution could meet the Council's complex requirements. The successful bid was received from MHR for provision of Core HR/Payroll technology and implementation services, and a contract awarded as a result of the final business approval by Executive Board on 8<sup>th</sup> Feb 23. Provision of the Recruitment & Onboarding modules were subsequently included in the contract with the same supplier on 10<sup>th</sup> Jan 24.

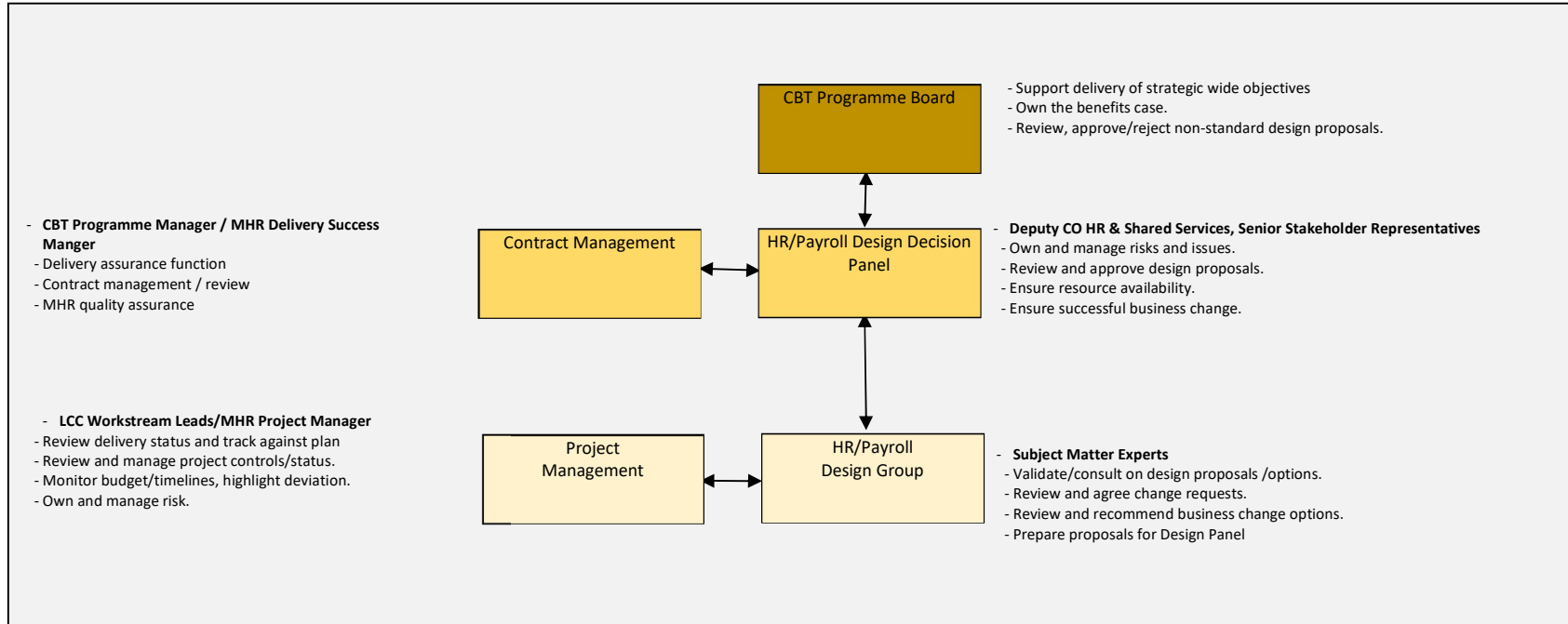
Sourcing the remaining solutions within the HR/Payroll workstream will be undertaken during 2025/26 as part of phase 3, following the implementation of the core HR/Payroll, Recruitment and Onboarding solutions.

## Design Governance

A 'Design Authority' governance model was also established for the HR/Payroll workstream to ensure "adopt not adapt" design principles were adhered to. The HR/payroll solution is an off-the-shelf, externally hosted solution. Although flexible and highly configurable, requests for bespoke customisation that adversely impacts 'core' payroll processing would not be supported by the supplier, and this was clearly articulated at the outset, which was in turn articulated to LCC users/stakeholders.

MHR ran a series of initial 'design' workshops with Subject Matter Experts to discuss and agree configuration requirements. Decisions that resulted in a change to current ways of working or configuration requirements that differed to the current system were escalated to the HR/Payroll Design Decision Panel, with full options analysis. Given the solution is highly configurable and designed to cater for Local Government, there were no requests for enhancements. The HR/Payroll workstream lead has joined the MHR Local Authority User Group which is the mechanism for identifying and submitting ideas and requests for improvements and enhancements.

### HR/Payroll Design Authority Model



This project has been used as an opportunity to review the currently complex configuration requirements such as number of payrolls, organisational groupings and pay days to minimise the complexity, timescale and cost of this and any future system implementations.

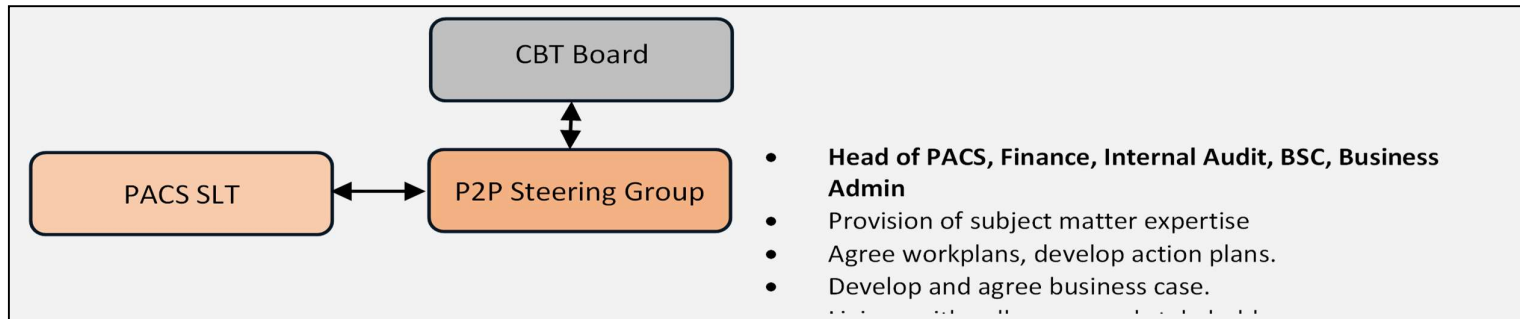
A key component of successful implementation of a new Payroll solution is ensuring a sufficient period of 'parallel running'. This requires the preparation and processing of payroll (inc. staff changes, pay variations and absence) to be undertaken on both the current and new system for a duration leading up to go-live with reconciliation to identify any discrepancies. Parallel running is currently timetabled to commence in January 2025 and run to May 2025. The BSC are in the process of recruiting additional temporary staff to support the additional work this will create. Following completion of the test phases and parallel running, a recommendation will be taken to CBT Board on "go" or "no go" in terms of go-live, with all options fully risk assessed. The CBT Board have been advised that whilst the go-live waves are in progress, LCC will be unable to apply any pay awards.

The transition to the new Recruitment & Onboarding module is due to commence in September 2024 and will be fully completed by April 2025, alongside the go-live of HR/Payroll. Given the size and scale of the LCC payroll service, to minimise the risk of problems impacting the whole workforce, 'go-live' will take place in 2 waves - (1) April (2) June which is subject to continual review as the team work through the milestones.

### Procure to Pay Workstream

Transformation of the 'Procure to Pay' (P2P) process began during 2019, when the BSC implemented Kefron (an automated invoice payment solution) as a separate stand-alone project. It was recognised that the ability to achieve full efficiency and digitisation of the end-to-end process was hindered by limited/lack of technology upstream in the process, which is now in scope of the CBT programme, and modernising the purchasing capability is underway as part of the MS Dynamics F&O implementation.

Given the cross-cutting nature of Procure to Pay, a P2P Steering Group was established and a dedicated workstream lead appointed to work closely with all stakeholders and undertake a "current state assessment" for Procurement and Contract Management with workplans and progress being reported to the CBT Board. Once technology implementation begins, this model will develop further into a design authority model as used by other workstreams:





It was recognised by the Head of Procurement & Commercial Services (PACS) that it was timely to review and refresh of the current corporate procurement strategy which expires in 2024 with a revised version needing to take into account the revised Public Procurement Regulations (due Oct 2024).

Procurement & Commercial Services (PACS) engaged the support of the Local Government Association's (LGA) National Procurement Advisory Group (NAG) who initiated a Peer Review during spring 2021. The review found that as well as limited digital capability, there was no consistent approach to contract management hindering the ability to produce comprehensive contract/spend intelligence. The peer review recommended a number of actions (incorporated into an overarching Action Plan) currently being delivered by PACS, which includes the development of a contract management framework as well as the adoption of new "Source to Contract" technology to improve efficiency and compliance and digitisation of the end-to-end process.

To inform a technology business case, 3 further pieces of work were initiated:

- Market engagement with Source to Contract technology suppliers
- Engagement of Ernst & Young on a contract review and assurance project to aid the development of a Contract Management Framework that would, in turn, inform the potential for savings as well as technology requirements.
- Engagement with other public sector organisations (multiple Local Authorities, NHS ICB, Leeds Teaching Hospitals) to understand how they have met similar challenges. Lessons learnt include:
  - Confirmation that more efficient ways of working can be achieved through use of more comprehensive, modern technology.
  - Robust contract management can achieve significant savings – and modern systems can support monitoring and compliance through production of robust intelligence.
  - Technology alone will not achieve savings – investment also had to be made in supporting and upskilling Contract Managers

PACS also engaged in work with the Cabinet Office and Local Partnerships, who provided input into a transformation plan. This makes several key recommendations that will help the Council introduce best practice in contract management.

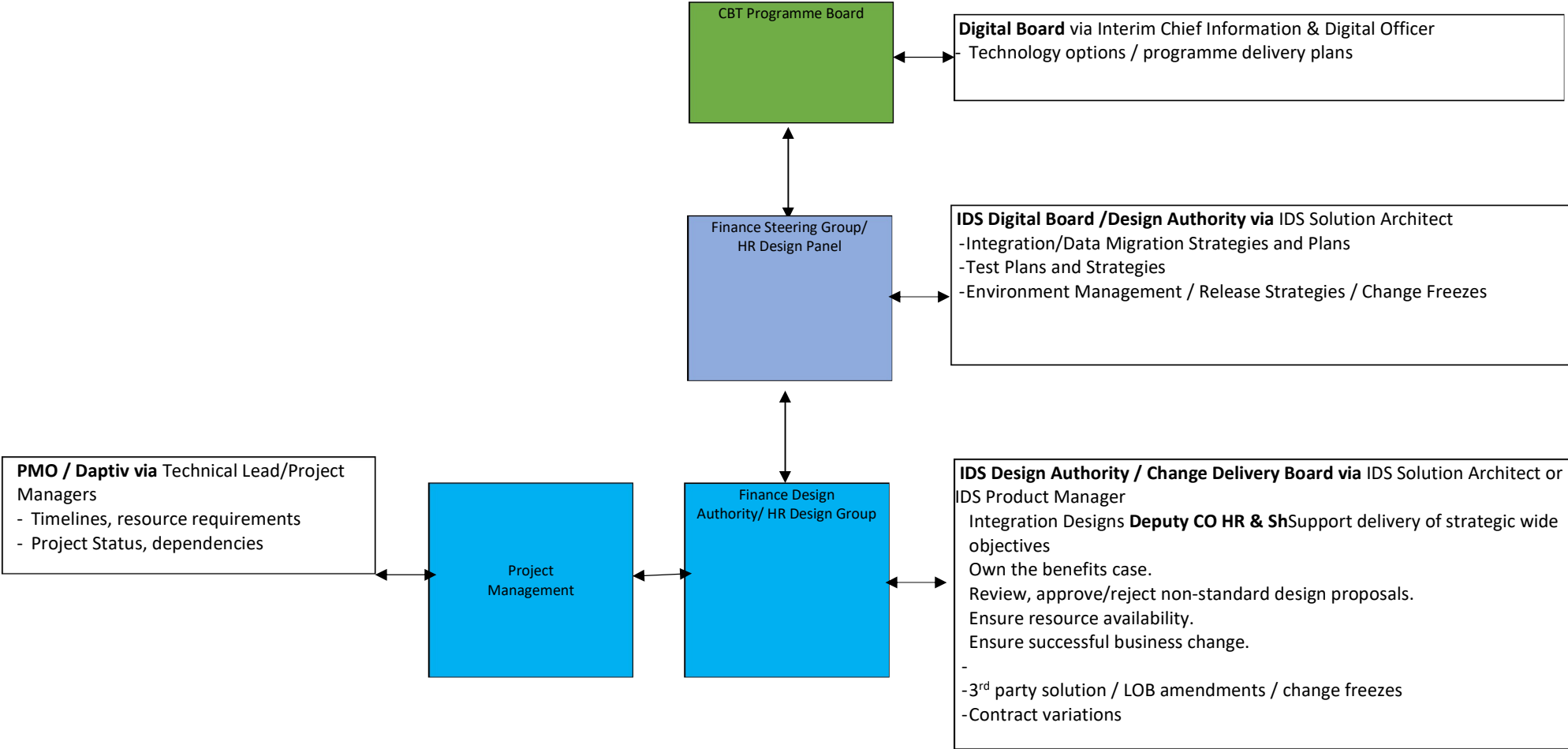
Culmination of the work has resulted in a business case for new 'Source to Contract' technology that will support more efficient ways of working through use of modern procurement platforms, with in-system processes, intelligence dashboards and self-service capability. It will also enable services to achieve savings and improved performance through more robust and compliant contract management. The business case was subject to comprehensive consultation and widely supported by CLT, CBT Board, Financial Challenge Group, and the Portfolio Member. It is anticipated that the business case will be approved via a delegated decision during July, enabling commencement of a procurement process. When completed, and the workstream moves to the implementation stage, design, and governance arrangements similar to the other workstreams will be established.

# Technical Workstream

## Governance Arrangements

Given the high degree of digital change and technical work involved in the design and implementation of the new solutions, design governance arrangements are linked into existing IDS governance arrangements as follows, to ensure appropriate oversight and that technical decisions taken in the programme align with IDS strategy and governance:

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## Testing / Go Live Decision

Testing is split into four phases.

- 1) Unit Testing
- 2) Functional Integration Testing
- 3) End to End Testing
- 4) User Acceptance Testing

Both suppliers have developed test strategies and plans that have been reviewed and signed-off by LCC IDS. Taking lessons learnt from other Councils into account, the Board agreed that the protection of timescales assigned to testing is a key priority, to maintain clarity and integrity of test results and remedy of defects, and the project team do not take unnecessary risks in terms of overlapping test phases or reducing the scope of tests. LCC is responsible for ensuring appropriate testing is completed and the solution signed off as fit for purpose, therefore a dedicated and experienced Test Manager has been appointed to work with the Consultants to ensure appropriate planning, preparation, testing, defect identification and remediation and LCC sign-off. Progress, risks, and issues are reported to Board.

Following completion of the test phases, a recommendation will be taken to CBT Board on “go” or “no go” in terms of live deployment, with all options fully risk assessed.

Any defects remaining upon completion of the testing cycles, will be categorised as follows:

- **Critical Severity:** Cannot go live with the defect – the defect is a severe malfunction of functionality for which there is no work-around.
- **High Severity:** the defect is a malfunction which is grossly away from expected behaviour for which there is no work-around.
- **Medium Severity:** the defect does not prevent operation but does not operate as it should – the defect has an agreed work-around.
- **Low Severity:** the defect has not functional impact and does not need a workaround but is an inconvenience.

The CBT Board and programme team are very conscious that extending go-live dates would increase project costs, but also aware this needs to be balanced against the risk of additional costs of operational disruption, reputational damage and compromising accounting or payroll integrity when attempting to identify and remedy defects in a live operational environment. All the risks and issues are monitored and mitigated as part of the standard project methodologies being utilised by the implementation partners and programme manager.

## Communication, Change and Training Workstream

### Stakeholder Engagement Channels / Benefits Realisation

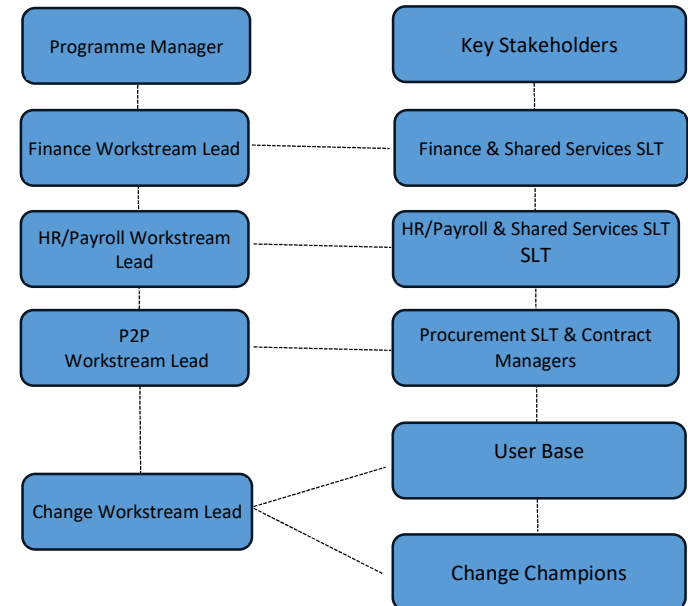
Both external partners provided a Change Manager to work closely with the LCC Workstream Lead to capture the business changes required to maximise the digital capabilities offered by transformation. A series of validation/design workshops ran throughout 23/24 which resulted in the following outputs/activities:

Output	Actions
Communication Plan	Updates at management forums/leadership teams, periodic newsletters, e-mails via existing channels, champions network, Viva Engage
Change Impact Analysis	Capture business change requirements in a log – changes to be incorporated into communications and training solutions and introduction of revised processes
User Engagement and Training Needs Analysis	Identify user-base, develop champions network, involve users in workshops, regular surveys of users to gauge engagement levels. Survey to identify end user training needs by function/role/permissions – development of training solutions including system overviews, early access to Sandpit area, training videos, task guides, in person labs (where requested)
Benefits Tracker	Capture benefits and opportunities for savings and efficiencies in a log to ensure achievement – track, monitor and report benefits realisation

The LCC Change Team are using these outputs to design and deliver communication and training activities to the user base and that required business change is successfully accommodated within operational teams. Realisation of benefits will be tracked as part of implementation and deployment activities and will be reported to the CBT Board on an ongoing basis.

Chief Officers representing the core business functions and Directorates are members of the CBT Board and are accountable for ensuring the successful business change and realisation of benefits in their respective services.

The following relationships have been established to ensure effective communication and engagement, that training solutions meet business needs and arrangements are put in place to achieve the identified business change to enable the benefits outlined in the business case to be realised:



## **Savings and Continuous Improvement**

Both the Finance and HR/Payroll business cases were predicated on replacement of old, out of date technologies and/or current contractual arrangements expiring. This provided an opportunity to replace old systems with new, modern solutions that facilitated more efficient and modern ways of working.

Financial Services made staffing savings of £1m in 2019 following a re-structure in anticipation of the implementation of a new, modern Finance System.

Shared Services (predominant user base of HR/Payroll system) also made budget savings of £1m across 22/23 and 23/24, with a further savings target of £2m to be achieved in 24/25. Savings resulting from staffing reductions has resulted in increased work pressures and workloads, the new technology will help to reduce these pressures to a more manageable and sustainable level.

However, it was recognised in the business cases, that the implementation of a new Cloud solution will act as an 'enabler' for ongoing improvements, efficiencies, and more modern ways of working, not only in Finance and Shared Services but Council-wide. To minimise implementation costs and achieve a transition to the new solution as soon as possible, it was recognised that a 'minimum viable product' (MVP) approach would be required. Business requirements have been classified as Must, Should, Could, Would (MoSCoW), with those rated Must and Should being prioritised for development within project timescales, with any remaining requirements outstanding at go-live being put on a 'backlog' for development post-go-live.

The backlog of developments will form the basis of a product development roadmap, which will also include ongoing process automation to exploit full functionality of the new solution; coupled with enhancements and future releases by the product supplier (Microsoft). This will provide an ongoing ability to continuously improve how we work and achieve ongoing process efficiencies through increased use of digitisation and automation. In order to achieve continuous improvements and efficiencies, continuous investment is required in product support/development and business change resource which will be accommodated through ongoing resource planning.

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