

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO CABINET

19 DECEMBER 2017

JOINT REPORT OF THE CORPORATE DIRECTOR – OPERATIONAL AND PARTNERSHIP SERVICES & THE HEAD OF FINANCE

EXTENSION OF THE FINANCIAL INFORMATION SYSTEM CONTRACT

1. Purpose of Report

1.1 The purpose of the report is to :-

- (1) Inform Cabinet of the intention to go out to tender for the provision of a financial information system with a contract start date of 1 April 2018;
- (2) Subject to this, and if the award is to a new supplier, authorise the Corporate Director – Operational and Partnership Services to enter into a fixed term contract of 12 months with the current provider, Advanced Business Software and Solutions Limited, to allow for the mobilisation and build of a new financial information system.

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

2.1 The continuation of the contract during any implementation period will support the delivery of the Corporate Priority of Smarter use of Resources.

3. Background

3.1 The existing financial information system, E5, provides a suite of fully integrated component modules including general ledger, accounts payable, accounts receivable and purchase management to over 500 users across the Council. The purchase management, accounts payable and general ledger modules are used by all primary schools within the County Borough. The system also provides an enhanced budgeting and forecasting functionality delivered through the Collaborative Planning module. The system interfaces with other systems within the Council including the Cash Receipting System and Human Resources and Payroll System. The current supplier, Advanced Business Software and Solutions Limited (ABS), is the sole owner and developer of the financial information system E5.

3.2 In May 2015, Cabinet approved the continued use of the financial information system E5 but on an in-house basis following the expiry of the hosted arrangement on the 31 March 2016. It also approved the extension of the license and maintenance support with ABS until 31 March 2018. The move from a hosted arrangement to an in-house arrangement contributed to a Medium Term Financial Strategy saving of £200,000 within the software budget.

3.3 Cabinet also noted in May 2015 that the current arrangement with ABS would be reviewed before the 31 March 2018 with a view to tendering any future arrangement in line with procurement legislation and the Council's Contract Procedure Rules.

4. Current situation / proposal

- 4.1 It is proposed that an invitation to tender is issued for the provision of financial information services within Bridgend County Borough Council, to include the following modules – general ledger, accounts payable, accounts receivable and purchasing management. The process will use a mini competition utilising the Crown Commercial Services (CCS) Framework which has fourteen registered suppliers including the existing supplier ABS. The returns will be evaluated using a 60/40 split of price against quality. The Council will enter into a contract with the successful supplier for three years with an option of a one year plus one year extension beginning the 1 April 2018.
- 4.2 The overall value for money assessment for the procurement will incorporate the cost of change. The scale of any implementation and migration project will vary considerably depending on the successful tenderer. The typical timescale for the implementation of a new system with a new supplier would be approximately 12 months and therefore a 12 month fixed term contract extension will be required. This will allow for the new system to be built, integration with other Council systems to be fully tested, users to be trained (there are currently over 500 existing users of the system) and will provide a seamless transition for all customers, suppliers and staff. The risk of not having this transition is that there would not be a financial information system in place to pay suppliers, monitoring both capital and revenue expenditure or produce the year end accounts for the financial year 2017-18.
- 4.3 There have been a number of reasons why the tender exercise did not begin earlier. After bringing the software in-house in April 2016, it took much longer than originally anticipated to arrive at a stable product that was functioning correctly and had high levels of availability. There have been a number of on-going issues, such as reporting and interfaces, that have taken long periods to resolve. Another factor for delaying the tender exercise was the need to build significant new in-house skills and procedures, that had been previously been provided at cost by the outsourced hosting agreement and hence led to saving over £200,000 per year by bringing the software back in-house. This level of support was needed to successfully maintain the software and facilitate the necessary data extraction that would be needed in any migration to an alternative system purchased as a result of a tender. Finally, there has been uncertainty surrounding Local Government Re-organisation. Any merger of councils could result in one financial information system being chosen in order to generate savings. Over the last nine months, there has been clarification that mergers will not be imminent and therefore a longer term contract is needed for such a business critical system.

5. Effect upon Policy Framework & Procedure Rules

- 5.1 There is no amendment to the Corporate Procedure Rules as the tender process is being followed but a request is made to extend the existing contract, if necessary, to allow the mobilisation and build of a new financial information system.

6. Equality Impact Assessment

- 6.1 The financial information system is a back office system and therefore the Equality Impact Assessment shows there is no potential for discrimination or adverse impact.

7. Financial Implications

7.1 The estimated annual revenue cost of the provision of software support and maintenance is approximately £100,000 and this will be met from the Council's software budget.

8. Recommendation

8.1 Cabinet is recommended to: –

- (a) Note the intention to retender for the financial information system ;
- (b) Authorise the Corporate Director – Operational and Partnership Services to enter into a contract extension for a period of twelve months with the current provider of the financial information system, if necessary, to allow for the mobilisation and build of a new financial information system, when the current contract ends in March 2018.

Andrew Jolley
Corporate Director – Operational and Partnership Services

Randal Hemingway
Head of Finance and Section 151 Officer
December 2017

Contact Officer: Mary Williams, Group Manager – Chief Accountant
Telephone: (01656) 643286
E-mail: Mary.Williams2@Bridgend.gov.uk
Postal Address Raven's Court

Background documents – None

Appendix 1 Contract details

Financial Information Services

Service Type	Contracted Provider	Short Term Contract Value	Extension Length
Provision of Financial Information Systems	Advanced Business Software and Solutions Limited	£100,000 approx.	12 Months