

TELFORD & WREKIN COUNCIL

REPORT AND DECISION NOTICE OF OFFICER KEY

DECISION TAKEN ON 12 APRIL 2024

PUBLISHED ON 12 APRIL 2024

UNIT4 – FINANCE SYSTEM ERP (AGRESSO) PROVIDER

This **Key Decision** was taken by Angie Astley, being the appropriate Officer under Delegated Powers in compliance with the Council's Constitution.

The **Key Decision** related to the following identified item contained within the Council's **Notice of Key Decisions** as published on 28 March 2024.

INFORMATION

- 1.1 The council's current supplier of the corporate Finance System ERP (Agresso) is Unit4. The contract with Unit4 was taken out on 1st April 2021 for 5 years; this was in compliance with the procurement rules that were in place at that time. The council also uses V1 as the invoice capture software to send invoices across to the Finance system. Both software solutions are hosted on-premise within the Council's infrastructure.
- 1.2 Unit4 announced on 17th October 2023 that they would cease support & maintenance of on-premise solutions with effect from 31st December 2024 and all customers would need to move to their cloud (Software as a Service) alternative. However at this point in time Unit4 did not clarify the process or timescales in relation to the transition and agreeing contractual terms.
- 1.3 Dialogue between the Council and Unit 4 commenced and, following a lengthy assessment period on Unit4's behalf, a price was finally provided 1st March 2024. This price was missing several elements and an updated price, following officer challenge and negotiation, was issued on 15th March 2024. This price was only valid until 28th March 2024, however, negotiations over the past two weeks have resulted in an extension to this being agreed until 10th April 2024. The Council has also been notified that from 1st April 2024, Unit 4 have changed the cloud migration methodology and all implementation costs will be charged additionally as professional services, these are currently included in the price quoted, as an incentive to migrate early and agree the contract by 10th April 2024.

- 1.4 In addition, the V1 software will cease to be compatible with ERP once moved to the cloud solution and will need to be replaced by Proactis, which is under the Unit 4 umbrella and forms part of the new contractual arrangements.
- 1.5 The previous procurement exercise for the current Finance system took just under 12 months followed by an 18-month implementation project. To continue with the existing solution would leave the Council with an unsupported finance system for a minimum of 15 months if the procurement exercise was started immediately given that the current system will, in essence, be 'switched off' on 31st December 2024.

Legal Implications

- 2.1 The Executive Director: Housing, Communities and Customer Services has delegated authority under the Council's Constitution to take this decision. All legal requirements, including notification of the relevant scrutiny Chair, have been undertaken prior to the decision being taken. This decision is a case of special urgency. Given the date by which this key decision must be made, to benefit from current, beneficial pricing arrangements, compliance with Regulation 10 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 is impractical.

Financial Implications

- 3.1 The new contract is more expensive than the current on-premises system which will be met from existing budgets in 2024/25 and built into the Medium-Term Financial Strategy from 2025/26 onwards.
- 3.2 There are also one-off costs for the implementation of Proactis, plus internal costs from IDT to support the process. These costs will be met from the IDT capital programme in 2024/25.
- 3.3 The prices quoted, which have been reviewed, challenged and negotiated by officers, are only valid until 28th March 2024, after which they will increase significantly and will include implementation costs of the cloud-based system by Unit4 which are currently within prices quoted.
- 3.4 More information regarding the financial costs associated with this matter are included in the exempt report accompanying this report. This information is considered exempt by virtue of paragraph 3, Schedule 12A Local Government Act 1972 – information relating to the financial or business affairs of any particular person (including the authority holding that information).
- 3.5 If the Council chose to procure a new finance system this would take approximately 12 months to run the tender process plus a further 18 months to implement due to the scale and complexity of the IDT project this would involve. There would be significant costs and resource implications associated with this

option. Further, the Council would have to continue to use the existing finance system on an unsupported basis which is not advisable.

Alternative Options Considered

- 4.1 Consideration has been given to maintaining the current arrangements and commencing a procurement exercise to identify an alternative provider. Given that such a procurement exercise is likely to take 12 months and this will then need to be followed by a complex multi-disciplinary implementation project which will take several months.
- 4.2 Access to the current system is only available until 31st December 2024. Given the nature of the Council's business, it is imperative that the Council can continue to make payments to its clients and its suppliers beyond this date. For this reason, this is not a viable alternative.
- 4.3 The Council could wait to enter into the new contractual arrangements. In doing so, this would result in additional expenditure to the Council of almost £200,000. Given the financial uncertainty for local authorities at the moment, this is not recommended.

Report from:-

Michelle Brockway

Interim Director: Finance & HR

DECISION – that:-

- 1. The Executive Director Housing, Communities and Customer Services approves the procurement of the Unit4 Cloud solution of ERP & Proactis from 28th June 2024 until 27th June 2029.**
- 2. That the Director: Policy & Governance takes all necessary steps to enable the Council to enter into the necessary legal agreements to give effect to this decision.**

Further Information/Contact – This decision is a case of special urgency. Given the date by which this key decision must be made, compliance with Regulation 10 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 is impractical. Having obtained the agreement of Councillor Chris Turley, the Chair of the Business & Finance Scrutiny Committee, in accordance with Regulation 11, the decision will take effect on 10 April 2024. In light of the circumstances described above, the Chair also agreed to waive call-in in respect of this decision.

Having considered the information provided in this report, I confirm the decision as set out above.

Signed:



Angie Astley

Executive Director Housing, Communities and Customer Services

Dated: 12 April 2024