Wolverhampton City Council

Audit Committee
22 September 2014

Report title	The Introduction of Agresso
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources
Accountable director	Keith Ireland, Delivery
Originating service	Audit
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Report to be/has been considered by	Not applicable

Recommendations for noting:

The Committee is asked to note:

An update on the introduction of the Agresso system as requested at the last meeting of the Audit Committee.

1.0   Purpose

1.1   This report updates the Audit Committee on the introduction of the Agresso system.

2.0   Background

2.1   The FutureWorks Transformation Programme set out to transform the Council's major administrative functions of HR, Payroll, Finance and Procurement through the delivery of a new technology solution (Agresso) which is used by over 100 councils. The delivery of the Agresso solution and the associated transformation is targeted with delivering £3.4m of annual savings. These savings will be delivered through increased efficiency of the workforce by enabling them to self-serve functions which previously involved multiple departments and manual re-work. The original intention was to roll out self service across the organisation from July and this was accelerated with the early deployment of finance self service functions for example raising of requisitions, management of spend and three way matching of payments. In addition, Agresso is integrated to circa 18 systems including Northgate Revenues and Benefits and Housing, SIMS and Carefirst.

2.2   Replacement of all finance, procurement, HR and payroll systems is a complex undertaking involving:

- Implementation of 43 system interfaces
- Automating and streamlining processes into and across systems to support channel shift
- Delivery of a shared service centre – The Hub as part of a new target operating model
- Preparation of the organisation for the changes
- From 1 April the Finance, Procurement and elements of the HR system went live. The remaining functionality which is predominately around payroll and HR is being rolled out from end of July through to end of September 14. The table below provides a breakdown of the Agresso modules, the date they have been delivered and the target date when the remaining functionality will be delivered.

Some of the key challenges that the programme faced during the implementation included:

Payroll – The overriding principle for payroll was that no risk would be taken in relation to the payment of employees. The initial approach to testing payroll was to use an intelligent sampling approach that would cover all of the scenarios the Council would face. It became evident that testing this across multiple organisations in conjunction with the complexity of the workforce meant that this approach would not provide the require confidence. In addition, reconciliation work has highlighted significant manual adjustments being made on a monthly basis in order to pay correctly. This has resulted in a change in the testing approach which is now focused on reconciling two consecutive months (Mainframe and Agresso) to prove calculations are correct. We have successfully

paid the City of Wolverhampton Academy Trust and Woden in July 2014, Wolverhampton Homes in August 2014 and we are targeting payment of for the Council in September.

Payments – The agreed workflow for approval to process invoices ensures clear accountability is placed with the appropriate budget manager. The supplier also has responsibility for a number of actions including ensuring that a valid order number is quoted on an invoice. There have been several communications to over 7,000 suppliers to prepare them for the changes that they need to implement to process their invoices efficiently and also to remind them of the actions that they need to undertake. We are also planning to communicate with suppliers again in the near future to further re-iterate their responsibilities. This has been a huge change to the way the previous processes operated both for the organisation and suppliers and has resulted in delays to payments being made. Escalation routes have been put in place to ensure that payments can be prioritised as necessary.

Complexity – the core solution has had to be built to cater for a complex set of working arrangements across the Council, Wolverhampton Homes, West Midlands Pension Fund and Academies. All of these have separate employee terms and conditions, contracted arrangements and policies for example multiple positions, different leave schemes and over 500 payment and deductions codes. In addition a large scale change in the Local Government Pension Scheme from 1 April 2014 had to be incorporated into the Agresso payroll which has affected the majority of the council workforce. On-going changes to the establishment as a result of organisational change, for example reporting lines and changes to working conditions has made it difficult to validate data migrating into Agresso. This has reduced confidence in the data quality and prevented self service from being rolled out as planned.

Some examples of improvements that have been delivered include:

- Category data – five months of data is now available to drive procurement savings which has highlighted a large number of contracts which were not being centrally managed
- Council Brand - The introduction of the standard templates for sales and purchase orders makes it easier to communicate quickly and consistently with customers and suppliers
- Income – this is now reflected daily in the system enabling budget managers to more accurately report service performance and recognise service issues
- VAT Return – provides a simple online report to track the Council's VAT position
- HMRC - Electronic Submissions for HMRC for Construction Industry Schemes saving approximately three days a month
- Elections payroll – paid all individuals involved in elections on time and informed HMRC of real time information (RTI)
- Schools – are now informed of when suppliers have been paid not just that we have received a request for payment

Solution Modules Update

Payroll Functional Area	Description	Delivered	Target Delivery Date
Payroll	Delivery of a comprehensive and compliant Payroll solution	Academies July 2014 Wolverhampton Homes Aug 2014	Council and Schools September 2014
Election Payroll	Functionality to deliver payments to individuals who took part in the May elections. This includes the delivery of real time information to HMRC	June 2014	

HR Functional Area	Description	Delivered	Target Delivery Date
Human Resources	Core HR Module supporting the management and administration of the Council's, Wolverhampton Homes and West Midlands' employees	April 2014	
Expenses	Self-service enabling the online submission and approval of mileage and subsistence claims	April 2014	
Planned Absence	Self-service enabling the online submission and approval of planned absence such as annual leave	September 2014	
Absence Management	The recording and reporting of un-planned absences		July 2014 – targeted for end of September
HR Flexi Forms	Self-service HR Forms including Occupational health, Probation Management, Induction, Appraisals		Sept 2014
Reporting and Analysis Suite	Reporting and MI capability used across all modules / data		Aug - Sept 2014

Strategic & Operational Finance Functional Area	Description	Delivered	Target Delivery Date
General Ledger	Core accounting solution covering over 1,700 cost centres, journal, statutory reporting, VAT returns and subjective analysis	April 2014	
Contract Accounting	Ensures selection of requisitioned goods from preferred supplier contract where one is in place – drives the accounting reconciliation but also the Procurement controls	April 2014	
Planner	Common Budget Forecasting and Monitoring functionality. Delivered in live April 2014 but part of the roll out plan for 2014/15 with strategic finance to ensure budget managers have access to information	April 2014	
Asset register and asset accounting	Financial register of Asset information, which is fully compliant with statutory requirements, provides valuation of Council assets and the ability to apply depreciation rules.	April 2014	
Project Costing and Billing	Allows capital projects to record costs both resource and capital items over multiple reporting years and track via timesheet entry the costs associated with capital programmes against their associated funding sources. *There has been some difficulty with PCB. The Programme Team have worked collaboratively with the service in the delivery of this system	June 2014*	
Reporting and Analysis Suite	Reporting and MI capability used across all modules / data providing one version of the truth.	April 2014	
Income	Managing the bank account reconciliation processes, receipting, Captures the analysis of the income and expenditure and the details of the bank lodgement being made by non-Finance staff. Integrated processing and validation of Debit and Credit card transactions via a secure PCI-DSS compliant service	April 2014	
Accounts Payable	Core creditor module managing over 7000 suppliers who transact with the council. Capturing spend data, SME trading and allowing the enforcement of payment terms. Automatic gateway with HMRC for Construction Industry Scheme. Approximately 19,000 transactions dealt with in the first 3 months of go live	April 2014	
Accounts Receivable	Core debtors functionality with specific workflow controls for each type of debt driving collection activities. Manages collection of debt via court process - summonses, court costs etc. Over 13,000 sales orders in the system totalling £13.2m and being actively tracked via the Hub.	April 2014	

Purchasing	Core Procurement suite – Including Requisitions ordering goods and services with automatic category analysis (spend data) captured to help drive savings	April 2014
E market place	Requisitioning from a marketplace (live with Staples) to ensure that the council is buying goods from the right suppliers, at the right cost with a completely paperless process.	April 2014
Contract Accounting	Links procurement spend to approved contracts and monitors spend against contracts	April 2014
Due North	Provides an external hosted portal to support e-Tendering. Live since September 2013 – recent examples include tendering the new Council banking contract	September 2013
Reporting and Analysis Suite	Reporting and MI capability used across all modules / data – automatic capture of spend analytics	April 2014
Workflow on Reporting Output	Core workflow engine allowing business rules to be maintained / amended. Ability to track processing time on all transactional workflows (e.g. average approval times by users / department) Local Government Template workflows included Custom reporting integral to the solution	April 2014

ICTS Functional Area	Description	Delivered	Target Delivery Date
BizTalk	Integration hub which minimises the impact on the source systems by allowing for the data translation to occur in the middleware solution. Over 30 interfaces developed which work across the council systems with ICT now managing the service and trained to support new requirements as a corporate solution wider than FutureWorks. Interfaces working everyday 24/7 with key systems including BACS payment runs, Revenues and Benefits Income and Care Provider Payments	April 2014	
SolarWinds Monitoring	Automatic monitoring of the availability and responsiveness of Agresso to proactively manage service issues and performance – no performance issues since day 1	April 2014	
Other systems	Development and delivery of six additional systems enabling the decommissioning of the mainframe. These systems cover a variety of invoicing and payments requirements that have now been combined within the Agresso system	April 2014 – through to June 2014	

3.0   Progress, options, discussion

3.1   Audit Services will continue to play an active part in the implementation of Agresso, and will report back where appropriate to the Audit Committee.

4.0   Financial implications

4.1   There are no financial implications arising from the recommendations in this report as it is simply providing an update on the introduction of the Agresso system. The financial implications of the system implementation are included in other reports to councillors. [GE/04092014/M]

5.0   Legal implications

5.1   There are no legal implications arising from the recommendations in this report. (RB/05092009/F)

6.0   Equalities implications

6.1   There are no equalities implications arising from the recommendations in this report.

7.0   Environmental implications

7.1   There are no environmental implications arising from the recommendations in this report.

8.0   Human resources implications

8.1   There are no human resources implications arising from the recommendations in this report.

9.0   Corporate landlord implications

9.1   There are no corporate landlord implications arising from the implications in this report.

10.0   Schedule of background papers - None