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| Committee(s): Finance Committee – For information Digital Services Committee – For Information Corporate Services Committee – For Information City Bridge Foundation Board – For Information | Dated: 07 May 2024 13 May 2024 15 May 2024 16 May 2024 |
| Subject: Enterprise Resource Planning (ERP) Programme Update Report | Public |
| Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly? | 7,9,10 |
| Does this proposal require extra revenue and/or capital spending? | N |
| If so, how much? | N/A |
| What is the source of Funding? | N/A |
| Has this Funding Source been agreed with the Chamberlain’s Department? | N/A |
| Report of: Chief People Officer & The Chamberlain | For Information |
| Report author: Simon Gray, Chamberlain’s Department | |

Summary

This report provides an update on the progress made on the Enterprise Resource Planning (ERP) Programme.

The ERP is a significant transformational project for the City of London Corporation to replace its current legacy systems; City People (Midland i-Trent) for HR & Payroll and Oracle R12 for both strategic and operational finance. The new ERP Solution will modernise the technology we rely upon to deliver back-office services.

The ERP Programme has achieved significant milestones in the last 3 months including the signing of the Software as a Service (SaaS) Contract with the preferred bidder SAP, commencing the System Integrator (SI) procurement process to identify our preferred SI partner to implement the programme and appointing a new HR and business analyst.

Recommendation(s)

Members are asked to note the report.

Main Report

Background

1. The City of London Corporation has embarked on implementing an Enterprise Resourcing Planning (ERP) System that will replace the ageing Finance, HR, Payroll and Procurement systems.
2. The same core back-office systems have been utilised for over 20 years. The systems are now either out of support (Oracle) or an unsupported platform (City People) which causes the City of Corporation the need to procure third-party support and invest staff time in prolonging their life to deliver critical services.
3. The current HR and Finance systems currently work in isolation and require significant manual interventions or manipulations to support our business-as-usual operations. Creating inefficiencies and impacting data-supported business decision-making.

Procurement Update

SaaS Contract Signing

4. As previously reported SAP were awarded preferred bidder status, with the Court of Common Council approving the award to the preferred bidder in November 2023. Contract negotiations commenced in January 2024, the Financial Services Director led weekly review calls with the Executive team from February.
5. In preparation of the signing, ERP Procurement Working Group also held discussions with Transport for London (TfL) as an existing SAP customer, to provide further assurance on the contract alignment. Ensuring functional fit – due diligence to ensure that the tender response from SAP would meet the entirety of the functional / transformation scope. As part of this engagement the Corporation spoke to the Department for Levelling Up, Housing & Communities to test our solution understanding and provide further assurance we had the correct product set.
6. On 28th March 2024, the Software as a Service (SaaS) contract was signed following a lengthy period of negotiations. The Procurement Working Group worked tirelessly in partnership with colleagues in Comptrollers and with the final steer of the ERP Programme's Senior Responsible Officer (SRO); The Chamberlain, to agree the contract with the supplier.

SI Procurement Progress

7. In January 2024, the market was approached with the Selection Questionnaire (SQ) phase of the procurement for the System Integrator. This process included an online supplier information session, which was also recorded and published on the portal. A total of 31 interested suppliers reviewed the SQ documentation, and 10 formally submitted a response. All responses were evaluated to be of a very

high standard, with the top 6 suppliers being successful invited to phase 2 of the procurement.

8. The Signing of the SaaS contract is a significant milestone for the programme and enables the procurement process to appoint a System Integrator to progress to phase two (ITT phase). It also enables further engagement with the supplier and preliminary work to take place.
9. The Initiation to Tender (ITT) phase of the SI procurement was published on Tuesday 16th April to the eligible suppliers, with a submission deadline of Friday 17th May.
10. Key dates to note: dates held to evaluate the SI responses are scheduled between 24 May and 6 June, followed by supplier interviews to be held week commencing 10 June. Updates to relevant committees and Court of Common Council will be provided in July with announcement of the preferred SI in August. A full table of dates is included in Appendix A

Resourcing Update

11. One benefit of the signed SaaS contract with SAP is the mobilisation of recruitment for key programme roles. The HR leadership team are providing dedicated support to the programme with its recruitment.
12. Interviews for the ERP Programme's HR lead were held in early March 2024, with a successful appointment due to commence in May 2024. The HR lead has previous experience in SAP transformation programmes. An initial task of the appointed HR lead in partnership with the Programme Director will be to lead the recruitment for the ERP Programme, which is expected to begin in May 2024.
13. The ERP Programme team has an experienced Finance Lead in post, the programme has also welcomed an IT Business Analysts who has SAP implementation experience. The programme resources structure and current appointments are detailed in appendix B.

Drawdown of Gateway 4 budget

14. Following Policy & Resource Committee's approval of the Gateway 4 budget on 18 March 2024, the budget drawdown was completed in late March. Robust budget monitoring continues on the programme. Due to the SaaS contract being signed, the first software costs are due to be occurred from July 2024.

Programme Next Steps

15. Initial focus in on completing the ITT phase of the SI Procurement, a supplier recommendation is expected to be presented to this committee in July. This will be following the review by the ERP Programme Board and Member Steering Group.

16. Progress with establishing the wider Project Team and commence the wider governance for the programme by establishing/continuing the project boards for both functional and institutional representation.

Corporate & Strategic Implications

Strategic implications - The ERP Programme supports the Corporate Initiatives to deliver brilliant basics and mitigates the risk of unsupported legacy systems.

Financial implications - Finance and Policy and Resources Committees have approved the budget envelope to bring in the relevant resources including backfills.

Resource implications - The requirement of resourcing is detailed in this paper.

Legal implications - All staff resourcing, and employment contracts will comply with statutory requirements and be in line with best practice.

Risk implications - Failure to baseline the programme roles would place a risk on the organisation. Further assurance on resources will be sought upon boarding the System Integrator planned for July 2024, this may have further implications on the budget agreed to date as previously highlighted to this committee. Digital Services Committee agreed the System Integrator score weighting should be Responsible Business (15%), Technical (60%) and Commercial (25%). Albeit this is unlikely to impact the overall budget envelope, it does put higher emphasis on the technical and responsible business scores compared to the price.

Equalities implications - An Equalities Impact Assessment was done initially and is currently being updated and will be brought back for review. This will be routinely updated throughout the life of the programme.

Climate implications - None

Security implications - None (other than standard vetting requirements)

Conclusion

17. The ERP Programme has achieved significant milestones in the last 3 months with significant input from Officers and Members to provide programme direction and control. There are no new risks to the budget or timeline to report to Committee at this time. This will continue over the next reporting period with the key pre-implementation decision to be taken for approval in readiness for programme delivery commencement (Gateway 5).

Appendix

Appendix 1 – ITT dates for Software Integrator Procurement

Appendix 2 – Programme Resourcing

Appendix 3 – Transformation Programme

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