



Essex Police, Fire and Crime Commissioner Fire and Rescue Authority

Decision Report

Please ensure all sections below are completed

Report reference number: 058-22

Government security classification Official - Not protectively marked

Title of report: Procurement of New Finance System

Area of county / stakeholders affected: All ECFRS employees and stakeholders

Report by : Georgie Morris (Assistant Director of Finance)

Date of report: 29/12/2022

Enquiries to: Neil Cross (Chief Financial Officer) / Georgie Morris (Assistant Director of Finance)

1. Purpose of the report

The Authority's current financial accounting system, Coda Dream, was implemented in April 2009 and has been used by the Authority for 13 years to date. The supplier, Unit 4, is withdrawing support for the product effective from 31st December 2023. It should also be noted the product is no longer on the market and therefore classed as end of life. This report seeks approval for an appropriate course of action to procure a new finance system to replace Dream.

2. Recommendations

The Police Fire and Crime Commissioner is asked to approve the procurement of a new finance system.

It is expected the annual cost of a new system will be in the region of £60k per annum, which is a £22k increase from the current system.

There is also expected to be one off implementation costs, which includes some additional resourcing which have been estimated in the region of £220k. It is expected that these costs would be funded from the Innovation and Transformation Earmarked Reserve.

The Commissioner is also asked to note that the Authority are to further explore the future collaborative procurement of an ERP (Enterprise Resource Planning) system with Essex Police.

The implementation cost mentioned above, also included the cost of a Project Manager who will assist with this work.

Given the urgency created by the withdrawal of the current financial system, and the lengthy timescales for an open tender procurement, it is recommended that the Authority procure under a framework and look to direct award an off the shelf finance system. This is deemed to be a short-term solution whilst the Authority further explores the future collaborative procurement of an ERP system with Essex Police.

3. Benefits of the proposal

The benefits of the proposal include:

- Ensuring that the Authority has a financial system that is fully supported and to accurately capture and report on the financial position of the Authority.
- It is expected that significant productivity and efficiency savings will be made by moving to a more modern SaaS based application. Particularly around transactional processing, including but not limited to the Procure to Pay (“P2P”) process such as time to process invoices, payment runs, Bank reconciliations.
- Integration with the existing Tranman (Fleet management) and Concerto (Property and estates management) systems. Reductions in manual interventions and processes will improve productivity and efficiency across departments and improve the quality of data.
- Enabling the Authority to move to a cloud-based solution versus the current remote desktop applications. This will allow the use of mobile apps and gives greater access for employees. This supports the Digital and Data (“D&D”) strategy of moving all software to the cloud and away from being on premise.
- Productivity and efficiency savings through a proper Stock management system that can support departments such as stores and fleet workshops
- Budget monitoring – possibility to include budget management into the core solution as opposed to the current manual process. This will further streamline the process for budget holders and finance.
- By adopting the short-term solution, it allows ECFRS to align its future procurement timescales to that of Essex Police allowing for the exploration of a collaborative approach for procurement of a full ERP system to include Payroll and HR.

4. Background and proposal

The current financial accounting system called Coda Dream provided by Unit 4, was implemented in April 2009 and has been used by the Authority for 13 years to date.

In June 2022 the Authority was informed by the supplier that support for the product (which is no longer on the market) will be withdrawn on 31st December 2023. The risks to the Authority of having an unsupported finance solution are deemed too great to warrant a “do nothing” approach and therefore the Authority requires a replacement of the current financial accounting system.

[REDACTED]

[REDACTED]

[REDACTED]

This product itself is over 25 years old and has not been developed for some time, with the exception of legislative requirements. As a result, it does not offer the latest technology and processing capabilities that newer cloud-based solutions provide as standard.

It is an inhouse legacy system and was due to be replaced by a cloud-based system in line with the Authority's D&D strategy to move all server-based systems to a cloud-based solution to improve accessibility and reduce the threat of attack on in-house servers.

The announcement, by Unit 4, of the withdrawal of support for the product has accelerated the timings for this change.

To date a Prior Information Notice (PIN) process has been undertaken. This enabled the Authority to view 6 different finance systems, to gain knowledge of the types of systems and processes that these current financial systems offer.

The Authority is clear that based on the number of available systems and the overall standard of the market, it can exclude having a bespoke and customised system.

A new financial system is expected to deliver the following functionality:

- Core Finance – General ledger, Financial/Management accounts, Accounts receivable/ and payable, chart of accounts, financial accounts and project tracking and reporting.
- Budget forecasting and monitoring.
- Purchase order Processing (POP) – including requisition & purchase order creation, amendment, cancellation, approval workflow, transmission to suppliers and receipting of goods and services.
- E-invoicing – transmission of order/invoices plus controls of order adjustment to rectify mismatching issues where appropriate.
- Document management –version controls of orders, copies of contracts/quotations, receipts, invoices.
- Stock and inventory control system.
- The software needs to be easy to use, maintain and support.
- Standard integration method for data capture and transfer where required and be accessible across different ECFRS access points.
- Integration with Microsoft 365 suite of applications and services.
- Tax, including VAT.
- API capabilities.
- Integration with existing software including but not limited to Tranman and Concerto.

The Payroll and HR system within the Authority is currently operated from a separate system to the finance system. There will be some potential benefits in the Authority moving to an Enterprise Resource Planning system ("ERP"), which would enable one system to manage the day-to-day activities of Finance, HR and Payroll.

It is not possible to progress this at present, as the timelines do not currently align. The HR and Payroll system requirements are far more complex and at present these have not yet been prepared. Therefore, waiting for these requirements would delay the procurement of the finance

system and risk the Authority missing the hard close deadline of 31 December 2023 to have a supported finance system.

Essex Police, together with their collaborative partners in Kent, currently use an ERP system. From discussions with the Director of Support Services for Essex Police, it is likely that a procurement process for a replacement ERP would commence in 2023/24, with a view of a planned implementation in 2025/26. These timelines would allow the exploration of a collaborative approach for procurement of a full ERP system with the inclusion of HR and Payroll. The Authority would still need to progress with an immediate change to its financial system but will look for a shorter-term solution that would align with these dates. Given the timeline available, the most appropriate procurement route would be to utilise a suitable framework.

5. Alternative options considered and rejected

i. “Do nothing”

Under this option the Authority would continue to use the existing system which unit 4 has notified the Authority it will not be supporting effective from 31st December 2023.

This would be extremely high risk as the Authority would then be using an unsupported and obsolete product for its production of financial information. It would also mean that any further legislative updates would not be provided.

It would also not support the wider Authority strategies and vision as outlined in point 6 below.

ii. Procuring a full ERP system

This would cover the procurement of the HR and Payroll software as well as the finance and accounting system as a single full tender programme.

Benefits of having a single ERP system:

- Improved data and process integration which would result in greater efficiencies.
- one point of contact for support
- one version of the truth and streamlining of processes.
- Options to add on more modules to support future software developments as in house systems require replacement.
- Data security
- Fewer API's and contracts to manage

An integrated HR and Payroll system is essential to good and efficient management of the Authorities people resources but is not as important when combining with the finance system.

The HR and Payroll requirements are far more complex and at present these have not yet been prepared. Therefore, waiting for these requirements would delay the procurement of the finance system and risk the Authority missing the hard close deadline of 31 December 2023 to have a supported finance system.

iii. Procuring a full ERP system with Collaboration

Essex Police, together with their collaborative partners in Kent, currently use an ERP system. From discussions with the Director of Support Services for Essex Police, it is likely that a procurement process for a replacement ERP would commence in 2023/24, with a view of a planned implementation in 2025/26.

It is expected that there may be some cashable benefits due to the sharing of fixed costs in opting for a collaborative solution. There could also be further benefits in terms of resilience and the standardisation of reporting.

These timelines do not align to the urgent requirement of the finance system change for the Authority. However, these timelines would allow the exploration of a collaborative approach for procurement of a full ERP system to include Payroll and HR. The Authority would still need to progress with an immediate change to its financial system but would look for a shorter-term solution.

This would then allow for this alignment of this collaboration should it be determined that this would be the appropriate course of action.

iv. Procure an interim solution to enable alignment of timelines

Within this option the Authority has identified a couple of sub options as discussed below:

1. Procuring a finance system to cover a shorter period until such time as the Police are ready to jointly procure. Given the time constraints this would allow the Authority to get a new system in place to prevent running an unsupported licence.

It is likely that the process to procure with the Police the bigger ERP would begin almost immediately following the successful roll out of the new system and would enable a more in-depth review of the potential benefits for collaboration and the meeting of the wider CRMP and plans for the Authority.

Replication of documentation at this stage around requirements could be utilised to reduce some of the implementation and procurement costs but it cannot be ignored that this option creates a lot of change for staff in a short space of time.

There are twice the implementation costs for this option.

However, choosing to utilise the direct award route of procurement to acquire the Unit four cloud-based software would have the following benefits:

- Fastest route to procure the system
- There will be some efficiencies made through the migration and implementation as the supplier has familiarity with our data, processes and needs.
- Although the cloud-based offering is different to the on-premise Dream solution currently used, there are some similarities which will aid in the training of staff as it will not be a completely different solution. This will mitigate some of the concerns over going through two procurements in 3 years.

6. Strategic priorities

The procurement will support the strategic priorities of our Fire and Rescue Plan 2019-2024:

- Priority: make best use of our resources.
- “We will improve the safety of the people of Essex by making best use of our resources and ensuring value for money.”
- “Plan the deployment of resources based on strategic priorities, evidenced need, articulated benefits and measurable outcomes.”
- “Use innovative technology and business processes to improve service efficiency.”

The procurement will also support the priorities of the Digital and Data strategy which looks to move all on premise software solutions to a SaaS cloud-based solution by 31 March 2024.

The alignment of the timelines with Essex Police will also provide the future opportunity to collaborate with them on the procurement of an ERP system. The collaboration is further opportunity to deliver the above strategies

7. Operational implications

The new finance system will bring about improvements in the following operational areas:

- The process and approval of orders through an automated workflow-based process accessible via mobile devices or browser applications. This will eliminate the need for all relevant staff, but especially those out on stations having to log on via RDS to access Dream to approve, receipt and request orders.
- Improvements in supplier relations due to a reduction in delays to processing payments
- Management of inventory and stock to a more efficient level. This is expected to have a positive effect on costs in the short term as well as longer term savings through more effective stock management.

Training of related operational staff will need to be factored into the plan and has been considered as part of this procurement process. A simple intuitive user interface is a key requirement of the new solution as this will assist in mitigating some of this burden.

8. Financial implications

The current Finance system, including Kefron the OCR tool, costs the Authority £38,000 per annum to maintain and support.

It is expected that a replacement finance system is expected to cost the authority in the region £60,000 per annum, which is an increase of £22,000.

There are expected to be one off costs associated with implementation, which is additional resource requirements. These have been estimated as £220,000 and would be funded from the Innovation and Transformation Reserve. This estimate does include the cost of a Project Manager, who would assist with the consideration of the future collaborative procurement of an ERP with Essex Police.

Finance System Project - Year to Date Costs - Project Code				
	2023-24	2024-25	2025-26	Total
	Indicative costs	Indicative costs	Indicative costs	Indicative costs
Project Costs				
Implementation Costs				
Configuration, Implementation & Training	£90,000	£0	£0	£90,000
Systems Integration inc. API	£10,000	£0	£0	£10,000
Staff Costs (provision for Back fill and admin support)				
Project Manager and Finance resource	£100,000	£20,000	£0	£120,000
Total Staff Costs	£100,000	£20,000	£0	£120,000
Total Implementation Costs	£200,000	£20,000	£0	£220,000
Ongoing Costs				
Finance System Software Subscription	£60,000	£60,000	£60,000	£180,000
Total Ongoing Costs	£60,000	60,000	60,000	£180,000
Total Project Costs	£260,000	£80,000	£60,000	£400,000
Cashable Benefits				
Unit 4 Dream Support	- 28,000	- 28,000	- 28,000	- 56,000
OCR Kefron costs	- 10,000	- 10,000	- 10,000	- 20,000
				-
Total Cashable Benefits	-£ 38,000	-£ 38,000	-£ 38,000	-£ 114,000
Total Cost / (Saving)	£222,000	£42,000	£22,000	£286,000

These costings are indicative and will be finalised once the procurement has been finalised.

9. Legal implications

The s151 officer has statutory obligations for the proper administration of the financial affairs of the Authority and it is not appropriate to operate with an unsupported and obsolete financial system for the production of financial information.

The replacement finance system will be procured via a framework which is a compliant route to market under the Public Contract Regulations 2015.

10. Staffing implications

The project will directly impact the day-to-day working practices of the finance, procurement and Stores team.

A new system will also impact other stakeholders within the organisation which include:

- All staff who engage in the purchasing process (e.g. raising and approving purchase orders, and goods receipting) will also be impacted by the introduction of the new system.
- Users of financial information
- ICT

Various stakeholders have been included as part of the PIN process. As part of the project a cross section of stakeholders will be involved as part of the governance arrangements that will be put in place for the project.

A training plan will be prepared as part of the system implementation to ensure all stakeholder groups are suitably trained and educated.

11. Equality and Diversity implications

The Authority will ensure that the procurement and implementation of the new finance system is managed in an equitable and fair manner which does not unduly impact on any particular [individuals with specific protected characteristics](#). [Procurement of the system will include accessibility considerations](#). Due regard has also been given to whether there is impact on each of the following protected groups as defined within the Equality Act 2010:

Race	N	Religion or belief	N
Sex	N	Gender reassignment	N
Age	N	Pregnancy & maternity	N
Disability	N	Marriage and Civil Partnership	N
Sexual orientation	N		

The Core Code of Ethics Fire Standard has been fully considered and incorporated into the proposals outlined in this paper.

12. Risks

Given the existing supplier has withdrawn its support for the Finance System, there is now a time bound deadline in place to have a new system implemented by 31 December 2023.

It is therefore important that the procurement progresses at pace to ensure sufficient time for a new system to be implemented by the due date.



13. Governance Boards

The project brief has been presented and approved by the Portfolio Management Board on 08th November 2022.

14. Background papers

N/A

Decision Process (058-22)

Step 1A - Chief Fire Officer Comments

(The Chief Fire Officer is asked in their capacity as the Head of Paid Service to comment on the proposal.)

.....I support this recommendation.....



Sign: ...

Date:.....6/1/23.

Step 1B – Consultation with representative bodies

(The Chief Fire Officer is to set out the consultation that has been undertaken with the representative bodies)

N/A

Step 2 - Statutory Officer Review

The report will be reviewed by the Essex Police, Fire and Crime Commissioner Fire and Rescue Authority's ("the Commissioner's") Monitoring Officer and Chief Finance Officer prior to review and sign off by the Commissioner or their D

Monitoring Officer

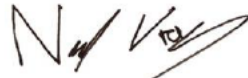
Sign: 

Print: ...Darren Horsman.....

Date: ... 6/1/23

Chief Finance Officer

Sign:



Print:Neil Cross.....

Date: ... 5/1/23

Step 3 - Publication

Is the report for publication? **YES (with redactions)**

If 'NO', please give reasons for non-publication (Where relevant, cite the security classification of the document(s). State 'none' if applicable)

.....

If the report is not for publication, the Monitoring Officer will decide if and how the public can be informed of the decision.

Step 4 - Redaction

If the report is for publication, is redaction required:

- 1 Of Decision Sheet YES
- 2 Of Appendix NO

If 'YES', please provide details of required redaction:

The report should have commercially sensitive information redacted. This is highlighted in yellow in the draft report.

Date redaction carried out:


If redaction is required, the Chief Finance Officer or the Monitoring Officer are to sign off that redaction has been completed.

Sign:  Print: Neil Cross

Date signed: 3/3/23

Step 5 - Decision by the Police, Fire and Crime Commissioner or Deputy Police, Fire and Crime Commissioner

I agree the recommendations to this report:

Sign:  (PFCC / ~~DPFCC~~)
Print: .. Roger Hirst Date signed: 13th January 2023

I /do not agree the recommendations to this report:

Sign: (PFCC / DPFCC)
Print: Date signed: