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| Classification: Open | Decision Type: Key |
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| Report to: | Cabinet | Date: 12 February 2025 |
| Subject: | Unit 4 System Upgrade & Transformation Report | |
| Report of | Cabinet Member for Finance and Transformation | |

Summary

1. This report is a follow on from the Unit 4 Contract Award Report approved by Cabinet on 25 September 2025.
2. As stated in the September Cabinet report, the move to a new cloud-based Unit 4 ERP Financial Management System is a key part of the Council's transformation and improvement journey, building on improvements already made through the adoption of Let's do it principles and implementation of the digital strategy, including the roll-out of Microsoft 365 council wide, the upgrade of I-Trent and rationalisation of applications and migration. Some of the anticipated benefits will both directly support and enable the transformation of the finance service as well as providing much more efficient and effective ways of working across the whole council.
3. This report presents a summary of the Strategic Outline Business Case (SOBC) produced by the Strategic Partner and seeks approval from Cabinet of the recommendation to proceed with the full transformation delivery option required to deliver the implementation of the Unit 4 cloud-based ERP Financial Management System and the transformation programme.
4. The Strategic Outline Business Case (SOBC) recommends the Full Transformation Delivery option, that is a comprehensive full financial transformation programme across the Council, incorporating new ways of working, self-service and extensive use of automation.
5. Due to the existing system being unsupported after 2026, a key milestone will be a 'go live' date of 1 April 2026 for the new financial year 2026/27, with some of the new Unit 4 modules being implemented post 'go live'.
6. Pending Cabinet approval, there will remain just over 13 months to undertake the design, build, testing & implementation phases, given these tight timelines a key task will be to secure the immediate appointment of a Strategic Partner to provide the necessary resource and commence the activity for a successful implementation.

7. Due to the tight timelines, it is proposed to appoint a Strategic Partner through the Crown Commercial Services (CCS) G-Cloud 14 Lot 3 framework (RM1557.14), to provide the necessary specialist technical and service transformation support throughout the life of the project.
8. Following a search on the CCS G-Cloud 14 framework three suppliers were long listed.
9. In January 2025 officers held engagement sessions with the three respective suppliers, that resulted in two of the suppliers being shortlisted for evaluation.
10. The evaluation stage of the G-Cloud 14 procurement process, using the Most Economically Advantageous Tender (MEAT) criteria to select the supplier is currently being undertaken. On completion of the evaluation stage, a further report will be brought back to Cabinet in March seeking approval to award the contract to the successful supplier.

Recommendation(s)

11. Cabinet is asked to:
 - Approve to proceed with the Full Transformation Delivery option.
 - Approve the estimated one-off capital investment cost to be incepted into the capital programme, to be funded from a combination of earmarked reserves and/or capital receipts
 - Note the progress made with regard to the procurement of the Strategic Partner, with the final award to be considered for approval by Cabinet in March.

Reasons for recommendation(s)

12. The current Financial Management System is nearing the end of its lifecycle, which limits efforts to modernise. Challenges include fragmented financial processes, reliance on manual tasks, and a lack of self-service options for staff and suppliers. There are also number of inherent risks and compliance concerns regarding the existing system alongside high reliance on manually based financial transaction activities which is affecting the efficiency of the finance service and the wider organisation.
13. As stated in the September Cabinet report, Unit 4 have informed clients that the current on-premises version of Unit 4, which the council operates will be unsupported after 2026 and therefore this creates a burning platform to change and modernise the Financial Management System, but also an opportunity to drive through financial transformation programme throughout the Council.

Alternative options considered and rejected

14. Three options detailed in the body of the report were identified and their respective estimated cost & benefits were considered prior to making this recommendation.

Report Author and Contact Details:

Name: Neil Kissock
Position: Director of Finance
Department: Corporate Core Department
E-mail: n.kissock@bury.gov.uk

Background

15. In October 2023, Unit 4 wrote to inform all customers of their strategic decision to provide only a SaaS (Software as a Service) solution with effect from 1 January 2025. This means that all customers of Unit 4 will be required to move from an on-premises solution i.e. that is currently held on the Council's servers and IT infrastructure to being held in a Unit 4 cloud-based solution.
16. Additionally, existing on-premises solutions would only remain fully supported by Unit 4 until 31 December 2024, unless the Council informed Unit 4 by 31 December 2024 of their intention to move to the Cloud, in which case a 2-year grace period would be given to enable the Council to transition to the Cloud, subject to formally renewing the existing contract before 31 December 2024.
17. Cabinet on 25 September approved the award of the Unit 4 contract and thus the continued use of the Unit 4 Financial Management System. By awarding the contract to Unit 4 the Council is now committed to moving to their Unit 4 cloud-based solution within the next two years.
18. As part of the reviewing options ahead of making the decision to continue with Unit4, an 'Optimisation Review' of the current system was required, but due to the capacity, resource & skills required to undertake such an exercise a Strategic Partner was appointed to provide consultancy support to undertake the review.
19. Whilst the Strategic Partner primary objective of the 'Optimisation Review' was to set out the requirements for a new cloud-based Unit 4 ERP Financial Management System. The scope also covered the identification of improvement and transformation opportunities through moving to the cloud that could unlock efficiencies across the finance service and the wider Council.
20. The Strategic Partner 'Optimisation Report' assessed the limitations of the existing Unit 4 ERP Financial Management System, which is nearing the end of its life, identified substantial opportunities for improvements and financial transformation and provided a draft roadmap for implementing a new Unit4 ERP Finance Management System over the next 18-24 months.

21. The Strategic Partner final piece of work was to develop the Strategic Outline Business Case (SOBC) supported by an implementation plan that will enable the Council to progress to implementation of the Finance Transformation Programme and outlining the estimated costs & benefits.
22. The next sections that follow provide a summary of the key points.

Financial Transformation Case for Change Unit 4 ERP Business Case

Introduction

23. The SOBC sets out the case for change for Bury Council's financial transformation programme through the procurement and successful implementation of a new Unit4 ERP Finance Management System.
24. The Council is proposing to replace its current financial system with a modern, cloud-based ERP solution to address existing challenges and future-proof financial operations. This in turn will enable new ways of working across both the finance service and the wider council through process automation, self-service and better system integration that enables further cross cutting transformation.
25. The Unit4 Financial Management System incorporates a number of system upgrades that will transform financial management across the council including financial planning and reporting, making tax digital compliance, accounts payable and receivable automation, self-service portals, procurement management (P2P), project accounting and cost management and a significant enhancement in robotic process automation (RPA) capabilities. The new system also addresses underlying weaknesses and compliance risks in the existing Financial Management System.

Strategic Case

26. The SOBC identifies the need for a modern cloud-based ERP system to support the council's broader transformation agenda, increase efficiency, and reduce costs by automating processes and providing better financial oversight. From the analysis undertaken in the 'Optimisation Review', a Unit4 ERP Financial Management System is the best available option to the Council building on its current experience and understanding of the system. Changing to a completely new Financial Management System would involve a greater level of complexity and change management and accompanying higher level of cost without any significant additional benefits compared to Unit4 and, as such, the SOBC recommends continuity with Unit 4.

27. The existing system has limitations in automation, reporting, and integration, resulting in inefficiencies, data inaccuracies, and compliance issues. It lacks modern functionalities such as robotic process automation (RPA) and advanced analytics. Significant high number of the financial services team are involved in transactional activities and budgetary management activities with support in manual process is that can be significantly reduced on better optimised through the application of a modern Financial Management System.
28. The objectives include implementing a modern ERP system, streamlining financial processes, enhancing financial reporting, and enabling better decision-making and strategic planning through integrated and automated systems. Better financial management tools makes the everyday activities easier and tackles frustration across the Council whilst strengthening management accountabilities.
29. The new system aims to improve efficiency, reduce manual processing, enhance data security, and provide real-time access to financial information for better governance and decision-making.

Economic Case

30. The economic case presents a structured approach to evaluating the financial viability of replacing Bury Council's existing Financial Management System with the Unit4 cloud-based ERP system. The economic appraisal is aimed at determining the most cost-effective and beneficial approach to transforming the council's financial management practices. The analysis evaluates the costs, benefits, risks, and alignment with the Council's broader strategic objectives to ensure optimal value for money.
31. A range of options were considered, including a "do nothing" approach which would maintain the current system. However, due to the significant limitations and compliance risks of the existing system, this option was quickly ruled out.
32. The review outlines three potential options to deliver the required transformation:
 1. **Core/Critical Delivery (Bronze):** Focuses on critical delivery of the minimum core requirements to manage risks and ensure compliance. This includes essential upgrades and security improvements.
 2. **Improvement Delivery (Silver):** Extends beyond the core requirements to deliver some additional improvements in financial service performance, including some automation and process enhancements.
 3. **Full Transformation Delivery (Gold):** A comprehensive option that includes full financial transformation across the Council, incorporating new ways of working, self-service, and extensive use of automation.

33. While the Bronze and Silver options offer some minor advantages, such as lower costs or moderate improvements, they fall significantly short of delivering the comprehensive transformation needed and which will support the delivery of the Council's improvement plan. The Full Transformation Delivery (Gold) option is the only choice that maximises value for money, aligns with strategic goals, mitigates risks, and ensures long-term sustainability and efficiency for Bury Council.
34. The recommended preferred option is therefore the Full Transformation Delivery (Gold) option, as it aligns best with the Council's strategic objectives and offers the highest potential for efficiency savings, service improvement, long-term sustainability and acts as a catalyst for wider transformation.

Links with the Corporate Priorities:

35.

Equality Impact and Considerations:

36.

Environmental Impact and Considerations:

37.

Assessment and Mitigation of Risk:

| Risk / opportunity | Mitigation |
|--------------------|------------|
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Legal Implications:

38. The recommended route is compliant with the Public Contract Regulations 2015 and the Council Contract Procedure Rules.
39. The Framework provides that all call-off contracts awarded through the framework will be for an initial period of up to 36 months, with the option to extend by up to 12 months. The Council must therefore reserve the right to extend in the initial terms of the contract, whilst noting that under Regulation 32 (6) its exercise is only available in exceptional circumstances
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Financial Implications:

40. The financial implications are set out in Part B of the agenda which is deemed to be exempt from publication.

Appendices:

Appendix 1: SOBC Case for Change

Background papers:

Please list any background documents to this report and include a hyperlink where possible.

Please include a glossary of terms, abbreviations and acronyms used in this report.

| Term | Meaning |
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