

Decision under Delegated Powers

Officer Requesting Decision

Neil Whittall – Acting Head of Financial Services

Officer Making the Decision

Justin Henry – Director of Commercial and Economic Development and Contract Compliance Officer

Recommendation

That the Council agrees to sign a contract for Unit4 SaaS Finance System (Software as a Service) before 31st March 2024.

Reason

To enable business continuity and minimise increases to the contract price prior to changes to Unit4's pricing structure, avoiding additional costs of £56,000

Authority for Decision

Delegation of Executive functions - Section 8.3 of the Constitution states that the Chief Executive, Directors and Heads of Service can take such action as is required in the case of an emergency or **urgency** subject to:

- (i) consultation with the Leader (or, in the Leader's absence, the Deputy Leaders);
- (ii) consultation with the Chief Executive and relevant Strategic Directors in each case; and
- (iii) a report on the action taken being made to the next meeting of the Cabinet.

Decision and Date

Taken on the 15th March 2024



Justin Henry
Director of Commercial and Economic Development

Background

Unit4 (Agresso) is the main Financial Management System used by the Council. This has been used since 2005 for the day to day financial activities of the council. This includes:

- Raising requisition/purchase orders
- Paying supplier invoices (creditors)
- Raising debtor invoices for services supplied by the council and subsequent debt collection
- Collection of Direct Debits
- Integration with other key systems across the council such as QL, Academy, Capita Cash management, HSBC
- Financial management and reporting
- Submitting the councils VAT return

The system currently resides on a CBC Azure cloud.

The system has been well maintained and kept up to date with latest version releases. This has enabled Charnwood to stay up to date with new requirements, such as Making Tax Digital and Data anonymization. Updates have been regular and as such any update has been well managed from within the service with little disruption to day to day activities and impact on end users.

Whilst the Council is not currently in a contract with Unit4, we pay an annual service and maintenance cost of c£35k. This provides updates and support where required

In October 2023, Unit4 served notice on all customers that the current service and maintenance agreement will be unsupported from 31st December 2024 and that support and maintenance is through a SaaS (Software as a Service) solution only.

Moving to unit4 SaaS solution is going to have an increased revenue cost but will also continue to provide support and maintenance, a programme of regular update and business continuity. There has been an additional £30k service pressure agreed as part of the 2024/25 budget process

Unit4 continue to onboard there customer base as they develop their business. Historically the pricing strategy was based on 't-shirt' sizes with customers being quoted based on the current business needs, size of the database and any specific requirements. Charnwood were classed as a 'medium' sized t-shirt and were quoted approximately an additional £30k a yearly in revenue costs plus a £37k onboarding cost. The onboarding cost has been negotiated out of the deal but is subject to a signed agreement being in place by 31st March. The costings below will change between a signature before 31st March and a signature post 1st April, an increase of £56k. This is due to a change to the Unit4 pricing structure

Whilst the situation with the increase in revenue cost is not ideal, the financial management system is a key system for the Council with day to day business continuity implications should we not have a supported system in place.

Some of the key risks of not going ahead include:

- Unable to pay creditors if there is an issue if AP and no support from Unit4
- Unable to collect Direct debits if there is an issue if AR and no support from Unit4
- Unable to raise debtor bills if there is an issue if AR and no support from Unit4
- Incomplete GL information – particularly around unable to upload interfaces from other 3rd party information into Unit4
- Financial information out of date. Unable to present financial information
- Daily and monthly controls becoming out of date – no reconciliations
- Unable to raise requisitions and approval within the system to subsequently send purchase orders
- Implication around system controls with other system. Payroll, QL, Academy, CMS
- Potential issues with submitting VAT returns
- Producing management information for budgets, monitoring and year end

Reason for the Urgency

To secure the best price for the council before the new pricing strategy come into effect from 1st April 2024. To future proof the stability of the financial management system and guard business continuity

Comments from HR

N/A in this case.

Financial Implications

By agreeing to the SaaS solution then Charnwood would be signing itself up to a minimum of 3 year term

The following costing exclude any indexation but would be subject to XXXX. This is already embedded within the current renewal agreement

3 Year Costings	Current Cost	March Signature	April Signature
	2024-25 renewal		
Year 0	£0	£0	£56,000
Year 1	£32,859	£60,895	£60,895
Year 2	£32,859	£60,895	£60,895
Year 3	£32,859	£60,895	£60,895
		*excl indexation	
Total Contract Value	£98,577	£182,685	£238,685

The annual cost would be met from the General Fund Revenue Account.

Consultation with Leader (or deputy appointed)

The Leader, Councillor Jewel Miah, and the Lead Member for Finance, Councillor Ian Ashcroft have been consulted and confirmed that they are content with the approach.

Consultation with Chief Executive and relevant Director(s)

Consultation with the Chief Executive and all Directors has taken place and they have concluded that the recommendations of this report are both necessary and urgent.

Consultation with the Chair of the Scrutiny Commission

The Chair of the Scrutiny Commission was consulted and gave her consent on 15 March 2024 to this matter being dealt with under Special Urgency provisions and exempted from the Call-in process.

Risk Management

List risks in table below or state that 'No specific risks have been identified with this report'.

Risk Identified	Likelihood	Impact	Overall Risk	Risk Management Actions Planned
Unable to make payments to Creditors	3	5	15	Risk mitigated through business continuity provided by Unit4 SaaS solution
Unable to collect Direct Debits	3	5	15	As above
Unable to raise Debtor invoices	3	5	15	As above
Incomplete General Ledger information	3	5	15	As above
Financial Information out of date	3	5	15	As above
Unable to complete daily and monthly control account reconciliations	3	5	15	As above

Risk Identified	Likelihood	Impact	Overall Risk	Risk Management Actions Planned
Unable to raise Purchase Orders for goods and services	3	5	15	As above
Unable to process interfaces from other core systems	3	5	15	As above
Potential implications with submitting the VAT return	3	5	15	As above
Producing management information for budgets, monitoring and year end	3	5	15	As above

Key Decision: Yes

Background Papers: None