



Leicester
City Council

CABINET

26th September 2005

RESOURCE MANAGEMENT SYSTEMS STRATEGY

Report of the Chief Finance Officer

1. Purpose of the Report

- 1.1 This report seeks Cabinet approval to replace the current disparate resource management systems with a fully integrated resource management system as per the attached Business Case.
- 1.2 The resource management systems include the Council's core financial system (general ledger, financial and management accounting), debtors, income management, creditors, income management, cash receipting, stores and job costing and asset management.

2. Background

- 2.1 The current systems were developed in the 1970's based on mainframe technologies with centralised input of manually completed documents. The systems was standard Public Sector practice at that time, but are now out of date, user unfriendly and unable to meet the modern E: government agenda. This is also labour intensive to operate.
- 2.2 The current contract with the providers of the Masterpiece system (General Ledger Financial and Management Accounting and Purchasing and Payments) expires in 2008. The current and previous owners of the software have failed to invest in the system over the years which has culminated in their Local Authority customer base reducing by more than half over the last few years . This suggests there is no future for the system
- 2.3 The Masterpiece system resides on the Council's AS400 computer. Masterpiece is likely to be the only system using the AS/400 technology in the near future as the Council's ICT strategy aims to migrate to newer technologies. To continue to operate Masterpiece alone on the AS/400 would not be cost effective and to migrate the old system to newer technologies

would incur a high cost with no effective benefits. Replacing Masterpiece would enable the Council to take advantage of the newer technologies.

- 2.4 The Council uses Wealden software for the Debtors system. We are now the only customer for the system which is at risk due to lack of software support.

3. Benefits of Integrated System

- 3.1 An integrated system will improve the efficiency in the processing of financial transactions and management of resources by ensuring the right information is available to the right people at the right time, and will also be considerably more cost effective. The implementation of an integrated system will form a crucial part of the Council's Business Improvement Programme.
- 3.2 The Council will be able to meet the e:government targets and will be better placed to meet its efficiency agenda.
- 3.3 A fully integrated resource management system will avoid the recurring need to find interim solutions which will prove more expensive to solve a short term business problem.
- 3.4 The Council's strategy to replace the AS400 will be met
- 3.5 The associated risks of lack of future support for critical financial systems currently being experienced for the Debtors system will be avoided.

3. Recommendations

- 3.1 It is recommended that Cabinet:
- (a) Approve the business case for replacement of the current disparate resource management systems with a fully integrated resource management system.
 - (b) Approve project funding of £1.14 million met from the Corporate Capital Programme and £1.39 million from Prudential Borrowing, by means of a Spend to Save scheme - £330,000 per annum for five years.
 - (c) Authorise this project to become the highest priority project in the Reserved Schemes List.

4. Financial and Legal Implications

Financial Implications

- 4.1 Council approved the Capital Programme for 2005/06 to 2007/08 in March 2005. The Customer accounts replacement system (£140,000) was placed on the Supported schemes requiring detailed information list, and the Financial System Replacement scheme (£1,000,000) was placed near the top of the Reserved Schemes List.

4.2 The Corporate Capital Programme was approved by Council on the basis of it being split into 3 sections. Section A - schemes which could go ahead immediately without further approval; section B – which could proceed subject to further approval by Cabinet with regard to the detailed implementation of the scheme; and section C (the Reserved List) which could proceed subject to further approval by Cabinet and subject to funding becoming available. This scheme is proposed to be funded partly by the £140,000 provision within Section B and £1,000,000 within Section C. If this funding is approved, the uncommitted resources available to fund outstanding reserve schemes and to deal with potential, particularly in respect of BSF and the Performance Arts Centre.

4.3 The Reserve List was approved on priority order basis. The schemes above this project in priority order, which have not already been approved, are:

Refurbishment of pool and changing rooms at Evington and Beaumont Leys Leisure Centres	-	£400,000
Capital Receipts Pump Priming		£350,000
Feasibility Studies	-	£500,000

Legal Implications

4.4 There are no legal implications at this stage.

5. **Author**
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DECISION STATUS

Key Decision	No
Reason	N/A
Appeared in Forward Plan	N/A
Executive or Council Decision	Executive (Cabinet):