AGENDA MANAGEMENT SHEET

Report Title: Financial Management System Upgrade

Name of Committee: Cabinet

Date of Meeting: 4 November 2024

Report Director: Chief Officer – Finance and Performance and Chief Officer – Digital and Communications

Portfolio: Finance and Performance, Legal and Governance and Digital and Communications, Growth and Investment

Ward Relevance: None

Prior Consultation: Budget Working Group, IT Digital Services and Transformation team, Information Governance Group.

Contact Officer: Paul Conway, Finance Manager

Public or Private: Public

Report Subject to Call-In: Yes

Report En-Bloc: No

Forward Plan: Yes

Corporate Priorities:

(C) Climate
(E) Economy
(HC) Health and Communities
(O) Organisation

This report relates to the following priority(ies):
☐ Rugby is an environmentally sustainable place, where we work together to reduce and mitigate the effects of climate change. (C)
☐ Rugby has a diverse and resilient economy that benefits and enables opportunities for all residents. (E)
☐ Residents live healthy, independent lives, with the most vulnerable protected. (HC)
☒ Rugby Borough Council is a responsible, effective and efficient organisation. (O)
Corporate Strategy 2021-2024
☐ This report does not specifically relate to any Council priorities but

Summary: The purpose of this report is to seek approval to upgrade the current Financial Management System and migrate to the cloud-based version. The upgrade is required as part of a planned

obsolescence, 'sunsetting', of the current software suite. Should RBC choose not to upgrade, the current version of the system would become unsupported by the provider.

Financial Implications: The financial requirements of this project include a capital investment of £0.077m and additional ongoing annual licencing and maintenance costs of £0.024m, in addition to the £0.086m contract that is already in place.

The financial implications of the system upgrade are detailed in section 4 of this report.

Risk Management/Health and Safety Implications: The risks of operating with an unsupported system are detailed in section 3 of this report.

Environmental Implications: There are no environmental implications arising directly from this report.

Legal Implications: There are no legal implications arising directly from this report.

Equality and Diversity: An Equalities Impact Assessment is attached to this report.

Options: 1) Approval of the upgrade of the financial management system and migration to the cloud-based version.

2) Do nothing and allow the current system to become unsupported.

Recommendation:

(1) The upgrade of the financial management system and migration to the cloud-based version, as detailed in the report, be approved;

(2) an additional revenue budget of £0.024m for licences and maintenance be approved and be established within the General Fund from 2025/26; and

(3) IT BE RECOMMENDED TO COUNCIL THAT a supplementary capital budget of £0.077m for the system upgrade be approved and be added to the capital programme.

Reasons for Recommendation: To ensure the Councils financial management system remains fully supported and moves to a cloud-based version.

Cabinet - 4 November 2024

Financial Management System Upgrade

Public Report of the Chief Officer – Finance and Performance

Recommendation

(1) The upgrade of the financial management system and migration to the cloud-based version, as detailed in the report, be approved;

(2) an additional revenue budget of £0.024m for licences and maintenance be approved and be established within the General Fund from 2025/26; and

(3) IT BE RECOMMENDED TO COUNCIL THAT a supplementary capital budget of £0.077m for the system upgrade be approved and be added to the capital programme.

EXECUTIVE SUMMARY

Rugby Borough Council's (RBC) financial management system (Unit4 Enterprise Reporting Platform MS6) is currently hosted by on-premises servers. Unit4, the systems provider, has announced the end of life and associated support services of the on-premises model on the 31st of December 2024 unless an agreement is in place to move to the latest version of the system.

The vendor has initiated a planned obsolescence, 'sunsetting', of the current software suite and to maintain system continuity the organisation will be required to move to the updated cloud-based offering - with the current security and technical support being withdrawn on a phased basis between 2025 and 2027

Therefore, RBC is looking to perform a cloud migration. The cloud migration will involve upgrading the existing Unit4 Enterprise Reporting Platform software to ensure that the Councils financial management system remains supported and to gain the benefits of using a cloud-based system.

It is recommended that RBC upgrade to the latest version of Unit4 as the time to review, procure and implement a new system is longer than the time available to ensure the Council continues to be compliant and remain supported.

1. INTRODUCTION

1.1 Rugby Borough Council's Financial Management System (MS6) is provided by Unit4. Unit4 is a software company that designs and delivers enterprise software and ERP applications and related professional services for people in services organisations, with a special focus on the professional services, education, public services, and not for profit sectors.

1.2 The Council uses the Unit4 system for all its financial activities. This includes accounts payable, budget monitoring, the annual statutory accounts and other transactional analysis. The system has been in use since 2002 and the Council pays an annual license fee of £0.086m.

1.3 Unit4's MS6 was released in Spring 2016. Since then, there have been 5 updates in total, with the latest update being MS6.5 which was released in 2018.

1.4 Unit4's most recent update is known as Continuous Release (MS7) which includes multiple new functionalities that can improve end users experience of using the system and ensure it is up to date with all the latest security patches.

1.5 With Unit4's transition to a Software as a Service (SaaS) only provider, the currently supported on premise MS6 and MS7 systems will no longer be supported unless a SaaS agreement is in place. This means that the Council will need to have an agreement in place to move to the cloud-based version before the end of 2024.

1.6 Unit4 has performed a Cloud Migration Assessment for RBC to explore a smooth transition to Unit4 cloud. In addition to the cloud migration, RBC will also upgrade from MS6.5 to the latest Continuous Release version, MS7.

2. CLOUD MIGRATION OF THE FINANCE MANAGEMENT SYSTEM

2.1 A cloud-based system, often known as cloud computing, is a broad term for anything that involves the delivery of hosted services via the Internet. Cloud computing is the on-demand delivery of computing services such as servers, storage, databases, networking, software, and analytics. Rather than keeping files on a proprietary hard drive or local storage device, cloud-based storage makes it possible to save remotely.

2.2 By moving to a modern financial management system, the Council can benefit from many of the enhancements associated with a cloud-based arrangement.

2.3 The benefits of this method of working are shown in the table below.

Benefit	Type	Description
Improved Accessibility and Flexibility	Remote Access	Users can access financial data and applications from anywhere with an internet connection.
	Scalability	Easily adjust the system's capacity to meet changing business needs without significant upfront investments.
Enhanced Efficiency and Automation	Automation	Automate routine tasks like data entry, reconciliation and reporting, reducing errors and saving time.
	Real-time Data	Access up-to-date financial information for informed decision-making.
	Integration	The new licencing model includes modules which are not currently licenced. In the longer term it should be possible to migrate functionality from existing applications to the new system.
Cost-Effectiveness	Reduced IT Costs	The Continuous release technology obviates the need for future expensive and disruptive software upgrades.
	Predictable Costs	Pay for the system as a subscription service with predictable monthly or annual fees.
	Shared Resources	Benefit from economies of scale as cloud providers share resources across multiple customers.
Improved Security and Reliability	Data Security	Benefit from advanced security measures and regular updates to protect sensitive financial data.
	Disaster Recovery	Automatic backups and disaster recovery capabilities become the responsibility of the provider.
	Regular Updates	Automatically receive system updates and patches to maintain optimal performance and security.
Enhanced Collaboration and Transparency	Real-time Collaboration	Work collaboratively with team members and external stakeholders on financial data.
	Centralised Data	Maintain a single source of truth for financial information, improving accuracy and consistency.
	Improved Reporting	Generate customised reports and dashboards to gain insights into financial performance.

3. RISKS

3.1 If the Council was to choose to not migrate to the cloud-based offering the current financial management system would become unsupported. There are several risks associated with the Council using an unsupported financial management system, these risks are shown in the table below:

3.2   To mitigate these risks, it is essential for the Council to move to a cloud-based financial management system.

Risk	Type	Description
Security Vulnerabilities	Lack of Patches	Unsupported systems often don't receive security updates or patches, leaving them vulnerable to cyberattacks, data breaches, and unauthorised access.
	Outdated Security Protocols	Older systems may not adhere to modern security standards, increasing the risk of data theft and financial loss.
Compliance Issues	Regulatory non-adherence	Unsupported systems may not meet industry-specific regulations or accounting standards, leading to fines, penalties, and legal repercussions.
	Audit Challenges:	Auditors may face difficulties assessing the accuracy and reliability of financial data generated by an unsupported system.
Functional Limitations	Lack of Feature Updates	Unsupported systems will not have the latest features or functionalities required to meet evolving business needs.
	Integration Challenges	Integrating an unsupported system with other business applications can be difficult, hindering efficiency and data flow.
Data Loss and Corruption	System Instability	Unsupported systems may experience frequent crashes or instability, leading to data loss or corruption.
	Data Migration Difficulties	Migrating data from an unsupported system to a new one can be complex and time-consuming, increasing the risk of data errors.
Increased Costs	Maintenance Expenses	Maintaining an unsupported system can be costly due to the need for specialised expertise and potential workarounds.
	Lost Productivity	Inefficiencies and downtime caused by an unsupported system can negatively impact productivity.
Disruption	System Failure	A complete system failure can disrupt critical operations, leading to financial losses and damage to reputation.
	Difficulty Finding Support:	Finding support for an unsupported system can be challenging, further exacerbating disruptions.

4.   FINANCIAL IMPLICATIONS

4.1   The below table details the capital costs associated with upgrading the financial management system and moving to a cloud-based version. It will be funded via internal borrowing.

Service	Hours	Days	Cost £000s
Upgrade MS6 to Continuous Release	153.5	20.5	23
Cloud Migration			
Professional Services	305.5	40.7	47
Unit 4 Fixed Price Element			7
Total	459	61.2	77

4.2   The hours/days quoted are those of the external consultants. However, it should be noted that officers will also be required to work on the migration. This could potentially result in agency staff being needed to cover roles whilst Council employees engage with the migration. An assessment of this will be made as part of the implementation plan.

4.3   The current annual Unit4 licence fee is £0.086m. An indicative annual fee for the cloud-based model would be £0.110m. This means an additional revenue budget of £0.024m is required. However, as part of the scoping work for the move to cloud-based model a detailed assessment of the Council's requirements would be undertaken. At this point and by working closely with the provider, the Council will have the opportunity to explore different modules and options that could be beneficial to the organisation.

5.   CONCLUSION

5.1   Rugby Borough Council's current financial management system will become unsupported unless the organisation commits to moving to a cloud-based solution. The vendor will begin a phased program of planned obsolescence in 2025 for the existing software suite and will remove all security and technical support by 2027.

5.2   Moving to a cloud-based version will provide the Council with a system that includes benefits such as improved accessibility, flexibility, security and enhanced collaboration and transparency, whilst being responsible and respectful of financial and resource constraints.

5.3   It is recommended that Cabinet approve the capital and revenue budget for the upgrade of the financial management system and migration to the cloud-based version.

Name of Meeting: Cabinet

Date of Meeting: 4 November 2024

Subject Matter: Financial Management System Upgrade

Originating Department: Finance and Performance, Digital and Communications

DO ANY BACKGROUND PAPERS APPLY   ☐ **YES**   ☒ **NO**

EQUALITY IMPACT ASSESSMENT (EqIA)

Context

1. The Public Sector Equality Duty as set out under section 149 of the Equality Act 2010 requires Rugby Borough Council when making decisions to have due regard to the following:
    *   eliminating unlawful discrimination, harassment and victimisation, and other conduct prohibited by the Act,
    *   advancing equality of opportunity between people who share a protected characteristic and those who do not,
    *   fostering good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.

2. The characteristics protected by the Equality Act are:
    *   age
    *   disability
    *   gender reassignment
    *   marriage/civil partnership
    *   pregnancy/maternity
    *   race
    *   religion/belief
    *   sex/gender
    *   sexual orientation

3. In addition to the above-protected characteristics, you should consider the crosscutting elements of the proposed policy, such as impact on social inequalities and impact on carers who look after older people or people with disabilities as part of this assessment.

4. The Equality Impact Assessment (EqIA) document is a tool that enables RBC to test and analyse the nature and impact of what it is currently doing or is planning to do in the future. It can be used flexibly for reviewing existing arrangements but in particular should enable identification where further consultation, engagement and data is required.

5. The questions will enable you to record your findings.

6. Where the EqIA relates to a continuing project, it must be reviewed and updated at each stage of the decision.

7. Once completed and signed off the EqIA will be published online.

8. An EqIA must accompany all **Key Decisions** and **Cabinet Reports**.

9. For further information, refer to the EqIA guidance for staff.

10. For advice and support, contact:
    Rebecca Ewers
    Corporate Equality and Diversity Officer
    rebecca.ewers@rugby.gov.uk
    01788 533509

Equality Impact Assessment

Service Area	**Finance and Performance**
Policy/Service being assessed	**Financial Services**
Is this a new or existing policy/service? **If existing policy/service please state date of last assessment**	**Upgrade existing software**
EqIA Review Team – List of members	**Paul Conway**
Date of this assessment	**04/10/2024**
Signature of responsible officer (to be signed after the EqIA has been completed)	

A copy of this Equality Impact Assessment report, including relevant data and information to be forwarded to the Corporate Equality and Diversity Officer.

Details of Strategy/ Service/ Policy to be analysed

Stage 1 – Scoping and Defining	
(1) Describe the main aims, objectives and purpose of the Strategy/Service/Policy (or decision)?	This document supports the upgrade of the financial management system and migrate to the cloud-based version. The upgrade is required as part of a planned obsolescence, 'sunsetting', of the current software suite
(2) How does it fit with Rugby Borough Council's Corporate priorities and your service area priorities?	The decision to upgrade the financial management system would support the Corporate Strategy objective 'Organisation' in terms of being responsible, effective and efficient organisation in undertaking it duties
(3) What are the expected outcomes you are hoping to achieve?	Expected outcomes include • A modern financial management system that includes benefits such as improved accessibility, flexibility, security and enhanced collaboration and transparency, • Continued support from the software provider that would ensure the system remains compliant and functional.
(4) Does or will the policy or decision affect: • Customers • Employees • Wider community or groups	There will be minimal impact to employees who use the system
Stage 2 - Information Gathering	As a minimum you must consider what is known about the population likely to be affected which will support your understanding of the impact of the policy, e.g. service uptake/usage, customer satisfaction surveys, staffing data, performance data, research information (national, regional and local data sources).
(1) What does the information tell you about those groups identified?	Those directly impacted would be employees of the council (primarily the finance team) who use the system

(2) Have you consulted or involved those groups that are likely to be affected by the strategy/ service/policy you want to implement? If yes, what were their views and how have their views influenced your decision?	Yes, the move to the new finance system is regularly discussed at team meetings.
(3) If you have not consulted or engaged with communities that are likely to be affected by the policy or decision, give details about when you intend to carry out consultation or provide reasons for why you feel this is not necessary.	N/A
Stage 3 – Analysis of impact	

(1) <u>Protected Characteristics</u> From your data and consultations is there any positive, adverse or negative impact identified for any particular group, which could amount to discrimination? If yes, identify the groups and how they are affected.	**RACE**	**DISABILITY**	**GENDER**
	MARRIAGE/CIVIL PARTNERSHIP	**AGE**	**GENDER REASSIGNMENT**
	RELIGION/BELIEF	**PREGNANCY MATERNITY**	**SEXUAL ORIENTATION**

(2) <u>Cross cutting themes</u> (a) Are your proposals likely to impact on social inequalities e.g. child poverty, geographically disadvantaged communities? If yes, please explain how? (b) Are your proposals likely to impact on a carer who looks after older people or people with disabilities? If yes, please explain how?	N/A
(3) If there is an adverse impact, can this be justified?	N/A
(4) What actions are going to be taken to reduce or eliminate negative or adverse impact? (This should form part of your action plan under Stage 4.)	N/A
(5) How does the strategy/service/policy contribute to the promotion of equality? If not, what can be done?	N/A
(6) How does the strategy/service/policy promote good relations between groups? If not, what can be done?	N/A
(7) Are there any obvious barriers to accessing the service? If yes how can they be overcome?	The upgraded system will require user training. This will take place prior to go live date.

Stage 4 – Action Planning, Review and Monitoring	
If No Further Action is required then go to – Review and Monitoring (1) Action Planning – Specify any changes or improvements that can be made to the service or policy to mitigate or eradicate negative or adverse impact on specific groups, including resource implications.	EqIA Action Plan
(2) Review and Monitoring State how and when you will monitor policy and Action Plan	

EqIA Action Plan

Action	Lead Officer	Date for completion	Resource requirements	Comments

Please annotate your policy with the following statement:

'An Equality Impact Assessment on this policy was undertaken on (date of assessment) and will be reviewed on (insert review date).'