

Report Title:	Unit 4 Agresso Finance System – Upgrade and Transition to Cloud Version
Contains Confidential or Exempt Information	No - Part I
Cabinet Member:	Councillor Jones, Deputy Leader and Cabinet Member for Finance
Meeting and Date:	Council – 16 April 2024
Responsible Officer(s):	Elizabeth Griffiths, Executive Director of Resources
Wards affected:	All

## REPORT SUMMARY

This report recommends the continued use of an updated Unit 4 Agresso Finance system and its transition to a Cloud based version.

### 1. DETAILS OF RECOMMENDATION(S)

**RECOMMENDATION:** That Council notes the report and:

- i) Approves the continued use of the upgraded cloud-based version of Unit 4 Agresso.
- ii) Approves an addition of £197k to the 2025/26 Capital Programme.

### 2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

#### Options

**Table 1: Options arising from this report.**

Option	Comments
Transition to an upgraded cloud-based version of Unit4 Agresso for a five (5) year term. <b>This is the recommended option</b>	Ensures a stable Finance System for the Council, Partner Organisations and Key Applications to enable delivery of Services to Residents and complete its Transformation Program.
Go out to tender. <b>Not recommended</b>	The Provider has given insufficient notice of the cessation of server-based support to conduct a full competitive procurement exercise.
Do Nothing. <b>Not recommended</b>	The Council must move from the server-based Unit 4 Finance System as support ceases on 31/12/24. The Council cannot have an unsupported Finance System.

- 2.1 The recommendations above will ensure that the Council has a stable Finance System to enable major projects that integrate with Unit 4 Agresso to be completed, and for the Transformation Programme to run and efficiencies to be achieved from it.
- 2.2 Continued use of Unit 4 Agresso will mean that the mobilisation and implementation of the new Adults Social Care Case Management system which depends on the continuity of a Finance System will not be impacted. A change in provider would result in delays and additional costs.
- 2.3 Partner Organisations e.g. Optalis, the Property Company, Berkshire Pension Fund and the majority of maintained schools use Unit 4 Agresso on a chargeable basis. A change of Finance System would impact on service continuity and the Council's income stream.
- 2.4 The Council's Revenue and Benefits system integrates with the Unit 4 Agresso Finance System, the Council needs to ensure there is no disruption to this critical function.
- 2.5 Moving to a Cloud version of Unit 4 Agresso for most users will be seamless, with screens etc being the same.
- 2.6 Recent completed implementations that interact with the Finance System e.g. HR & Payroll will be impacted and require additional integration work. These projects could not have been planned as they would not have been known about until the notice of moving to the Cloud was given by Unit 4.
- 2.7 The Council must comply with the Public Contracts Regulations 2015 (PCR 2015) when considering continued use of Unit4 Agresso as this requirement exceeds the Services threshold. Discussions with the Procurement Manager has identified two potential options to secure a new contract with Unit4 for the Council's Finance System. When both options have been thoroughly investigated for compliancy, risk, and suitability for the Council a decision will be made as to which option to use.

### **3. KEY IMPLICATIONS**

- 3.1 The Council has used the Agresso finance system supplied by Unit 4 since 2001, and currently have perpetual licenses which gives them the ongoing right to use the software. We pay an annual fee for support and maintenance and access to upgrades when they are made available.
- 3.2 The Agresso system includes key financial models such as the General Ledger as well as other functionality such as Purchase Ordering, Budgeting, invoice payment workflow approvals and Customer Billing.
- 3.3 The Council currently operates version 7.4 of Agresso, and this is an on premise server based version of the system.
- 3.4 Unit 4 have approached all their server-based clients, informing them that support for this application software will be withdrawn after 31<sup>st</sup> December 2024. Clients are required to agree to transfer to a cloud-based version of the software (version 7.12).

- 3.5 An agreement must be signed with Unit 4 prior to 31<sup>st</sup> December 2024, the date of RBWMs transition is not yet known as the supplier of Agresso (Unit 4) will have many clients in the same position, and discussions with the provider will need to happen. It is anticipated that the transition will occur in the 2025/26 financial year. We will need to avoid key dates in the financial year to avoid the risk of system failure.
- 3.6 The limited notice period the supplier has given precludes a full competitive procurement exercise which would need to include market research/engagement, document preparation, tendering, evaluation, approvals/award, project implementation and finally mobilisation/transition.
- 3.7 RBWM has limited capacity to transition to a different financial system. It is important that the limited resources in Finance and IT are focussed on current projects and the upcoming Transformation Programme.
- 3.8 The transformation work will review current financial processes and make recommendations to change/improve our existing finance processes and possible system configuration changes. If the use of the current system cannot be extended, this piece of work, and the benefits of it, would need to be postponed by more than a year which would remove the ability for it to be funded by the flexible use of capital receipts.
- 3.9 Officers are recommending the use of PCR Regulations 72 (1) (b) (i) & (ii) and PCR Regulations 72 (1) (c) (i) (ii) & (iii) Modifications of contracts during the term to secure a contract with Unit4. These Regulations allow for additional services where a change of contractor cannot be made for economic and/or technical reasons for reasons of interchangeability and/or interoperability with existing services. Also that it would cause significant inconvenience or substantial duplication of costs, but not exceed 50% of the original contract. The need for the modification cannot be one that the Council could have foreseen, nor can it alter the overall nature of the contract.
- 3.10 Officers are also investigating the use of a direct award option under the Crown Commercial Services (CCS) G-Cloud Framework. Guidance on the Framework is unclear, and we are seeking further advice from CCS and contacting other authorities that have chosen this route. We are checking for compliancy and doing a risk assessment.

#### **4. FINANCIAL DETAILS / VALUE FOR MONEY**

- 4.1 RBWM currently pays £110k per annum for support for the existing server-based version of Unit 4 Agresso. It owns a 'perpetual licence' for the server-based version, but this will be of no value to the Council when we transition to Software as a Service (SaaS) on the Cloud. Whilst we would still have access to and be able to use our perpetual licenses, without support the risk to the Council's Finance System and the applications it supports is too great. We are effectively forced to move onto the Cloud version of the software.
- 4.2 Unit 4 is proposing an enforced move to their Cloud version of the Application, this will mean an increase to the annual support and licensing costs for all its

client base. The Council's fee will be £187k per annum, effective from the date of signing the new agreement. This is anticipated to be in December 2024.

- 4.3 Additional project resources will be incurred as a result of the transition to Unit 4 Cloud. This is estimated to be £100k-£150k. These costs would be required to support the project implementation, training and development of enhancements that the new version will offer.
- 4.4 Implementation costs for an alternative providers Finance System implementation would greatly exceed this and is estimated to be £500k-£1m.
- 4.5 There would be an additional full year cost of £77k per annum for Unit 4 support. In addition there would be a one-off transition cost of £47k to Unit 4.

**Table 2: Financial impact of report's recommendations**

<b>REVENUE COSTS</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
Additional total	£19,250	£77,000	£77,000
Reduction	£0	£0	£0
Net Impact	£19,250	£77,000	£77,000

<b>CAPITAL COSTS</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
Additional total	£0	£197,000	£0
Reduction	£0	£0	£0
Net Impact	£0	£197,000	£0

## **5. LEGAL IMPLICATIONS**

- 5.1 The Council has the option of two legally compliant routes to secure the continued use of Unit 4 Agresso system. One has been confirmed and the other is being reviewed.

## **6. RISK MANAGEMENT**

- 6.1 If the rules of the Crown Commercial Services (CCS) G-Cloud Framework are followed a direct award to Unit4 is a compliant route to secure a new contract and the risk of a successful challenge minimal.
- 6.2 The Council have sufficient compelling reasons to evidence that we can comply with the relevant requirements of 'PCR Regulations 72 (1) (b) (a) & (ii) and PCR Regulations 72 (1) (c) (in) (ii) & (iii) Modifications of contracts during the term' to secure an extended contract.

## **7. POTENTIAL IMPACTS**

- 7.1 Equalities. Not applicable
- 7.2 Climate change/sustainability. No impact.

7.3 Data Protection/GDPR. Consultation will be carried out with the Information Governance team.

## 8. TIMETABLE FOR IMPLEMENTATION

8.1 As per the table below:

**Table 3: Implementation timetable**

Date	Details
By 31.12.2024	Need to confirm upgrade to Unit 4 to ensure continued support
2025/26	Transition to Cloud based system (date tbc)

## 9. APPENDICES

None.

## 10. BACKGROUND DOCUMENTS

None.

## 11. CONSULTATION

Name of consultee	Post held	Date sent	Date returned
<i>Mandatory:</i>		<i>Statutory Officer (or deputy)</i>	
Elizabeth Griffiths	Executive Director of Resources & S151 Officer		8/4/23
Elaine Browne	Deputy Director of Law & Governance & Monitoring Officer		8/4/23
<i>Deputies:</i>			
Julian McGowan	Deputy S151 Officer		
Jane Cryer	Principal Lawyer & Deputy Monitoring Officer		
Helena Stevenson	Principal Lawyer & Deputy Monitoring Officer		
<i>Mandatory:</i>		<i>Procurement Manager (or deputy) - if report requests approval to go to tender or award a contract</i>	
Lyn Hitchinson	Procurement Manager		8/4/23
<i>Mandatory:</i>		<i>Data Protection Officer (or deputy) - if decision will result in processing of personal data; to advise on DPIA</i>	
Samantha Wootton	Data Protection Officer		

<b>Mandatory:</b>	<i>Equalities Officer – to advise on Equal, or agree an equal is not required</i>		
Ellen McManus-Fry	Equalities & Engagement Officer		
<b>Mandatory:</b>	<i>Assistant Director HR – to advise if report has potential staffing or workforce implications</i>		
Nikki Craig	Assistant Director of HR, Corporate Projects and IT		

Confirmation relevant Cabinet Member(s) consulted	Deputy Leader and Cabinet Member for Finance	Yes
---	--	-----

## REPORT HISTORY

<b>Decision type:</b>	<b>Urgency item?</b>	<b>To follow item?</b>
Key decision First entered into the Cabinet Forward Plan: xxxxx	No	No

Report Author: Elizabeth Griffiths, S151 officer
--