

REPORT TO: FINANCE COMMITTEE - 12 MARCH 2007

REPORT ON: AUTHORITY FINANCIALS - FINANCIAL MANAGEMENT AND PECOS INTEGRATION SYSTEM

REPORT BY: HEAD OF FINANCE

REPORT NO: 174-2007

1 PURPOSE OF REPORT

- 1.1 To seek the Finance Committee's approval to upgrade the City Council's current financial management system Powersolve supplied by Civica to its new version financial management system Authority Financials.
- 1.2 Additionally, the Committee is also requested to approve the procurement of services from Civica for integrating the Financial Management System with Pecos the new Corporate Procurement System, which is the subject of a separate report to the Policy & Resources Committee.

2 RECOMMENDATIONS

- 2.1 The Finance Committee is requested to:-
 - (i) Approve the upgrade of the Powersolve Financial System to Authority Financials supplied by Civica.
 - (ii) Authorise additional expenditure to integrate Authority Financials with the new Corporate Procurement system Pecos.

3 FINANCIAL IMPLICATIONS

- 3.1 The total cost for licences and services for the upgrade from Powersolve to Authority Financials is £199,239, which can be funded from the underspends in the Council's overall Revenue Expenditure for 2006/07.
- 3.2 Additional costs for integration of the Pecos system with Authority Financials, including the first year annual licence fee, is £35,986 which can also be funded from underspends in the Council's overall Revenue Expenditure for 2006/07.
- 3.3 Annual licences, support and maintenance for the Powersolve financial system of £36,020 is unchanged for Authority financials and provision for this expenditure is included in the IT Department Revenue Budget.
- 3.4 Future annual licence fee of £5,991 relating to the Pecos integration will be included in the IT Department Revenue budget.

4 SUSTAINABILITY POLICY IMPLICATIONS

- 4.1 The implementation of the Authority Financial system, in conjunction with the Pecos Corporate Procurement system will significantly reduce the receipt of paper orders and invoices, and also reduce storage requirements.

5 EQUAL OPPORTUNITIES IMPLICATIONS

None.

6 BACKGROUND

- 6.1 When Dundee City Council was set up in 1996, a period of dual running of ex-Tayside Regional and Dundee District council financial systems operated for 2 years. During this period, an independent assessment of both systems by KPMG resulted in the Radius Powersolve system being selected to provide the main financial system for Dundee City Council from 1998, including General Ledger, Sales Ledger, Purchase Ledger, Purchase Ordering and Bank Reconciliation modules.
- 6.2 In September 2004, Radius Limited was acquired by Civica plc.
- 6.3 Civica has continued to develop the Authority Financials financial management system first launched by Radius in 2002 and the number of clients currently using Powersolve is declining annually, as authorities migrate to Authority Financials.
- 6.4 While Civica is committed to maintaining the Powersolve system it is likely, given the projected continuing decrease in the number of authorities using this system, maintenance charges from Civica will be increased in 2008, although Civica cannot be precise about the level of increase at this time.

7 AUTHORITY FINANCIALS

- 7.1 Civica made a presentation of Authority Financials to Finance and IT staff in Dundee on 31 January 2007.
- 7.2 The Council Officers who attended the presentation are strongly of the view that upgrading our financial management system to Authority Financials is the most advantageous technical, operational and cost effective solution available to the council for the following reasons:-
- 7.2.1 All existing data and coding structure can be transferred over to the new system by Civica.
- 7.2.2 The user-defined coding structure provides for comprehensive, flexible analysis and reporting.
- 7.2.3 The training requirement for an upgrade would be significantly less than required to implement an alternative solution. In considering the impact and implications of a system change, it must be remembered that the financial management suite is widely used throughout the Council. It is available and used by all Departments and is a

corner-stone of the council's ability to operate effectively. Replacement with an alternative system would be a major exercise that affects all Departments, and will commit substantial staff resources to the implementation and training process for a considerable time.

7.2.4 A significant number of in-house and external systems are currently interfaced with Powersolve.

7.2.5 Authority Financials is already used by 50 UK Local Authorities which includes 15 Powersolve existing/former users.

8 ALTERNATIVE FINANCIAL SYSTEMS

8.1 The Finance Department has access to business intelligence which indicates that alternative systems used by other local authorities in Scotland are significantly more expensive to purchase rather than upgrading from our current supplier.

8.2 Another smaller Council, after a reputed investment of £1 million in an alternative Financial System, decided in October 2006 to replace that system with Authority Financials and the Pecos system, which are currently being implemented alongside their existing Civica's Revenues and Benefits products.

9 CONCLUSION

9.1 The Council has been using the Powersolve financial system since 1998 and has always found the support provided by Radius/Civica to be highly satisfactory.

9.2 Civica also provides the Council's Environmental health and Trading Standards systems and Parking Fines system which the Council are happy with.

9.3 The implementation record of Civica has been satisfactory with all the Councils contacted and in view of the advantageous price being offered and in light of the cost/risk of alternative systems, it is concluded that the Council upgrades to Authority Financials together with the integration of the Pecos system offers the optimum solution to implementing modern financial management systems for the Council.

10 CONSULTATIONS

10.1 The Chief Executive, Depute Chief Executive (Finance), Depute Chief Executive (Support Services) and Head of Information Technology have been consulted and are in agreement with the contents of this report.

11 BACKGROUND PAPERS

None.

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1 MARCH 2007

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