

MANAGEMENT BOARD**HOUSE OF COMMONS HR AND FINANCE PROGRAMME****Note from the Programme Director****1. Purpose**

This note is to present to the Board the HR and Finance Programme Mandate, in order to ensure its support. Subject to confirmation to the suggested approach, a full business case will be prepared by the end of September 2010.

2. Action for the Board

The Board is invited to take note of the Programme Mandate. If Board members have any concerns or comments, they are invited to raise them with Janet Rissen.

3. Programme mandate and objectives

The programme mandate states what the House of Commons Service and PICT aim to achieve through the programme. The objectives (p.6) are:

- To enhance the professionalism of management functions
- To realise savings and reduce running costs in administrative processes
- To make best use of ICT to deliver effective services
- To reduce exposure to corporate risk

The programme will achieve this by redesigning and re-launching the House Administrative Information System (HAIS) to embed consistent and streamlined finance, HR and procurement processes. This will contribute towards achieving many aspects of the strategy for the House of Commons Service, particularly developing a culture of openness and transparency, speeding up administrative decision-making and simplifying processes.

4. Consultation informing the programme mandate

This mandate follows an extensive period of consultation with House of Commons departments. It represents a realistic way forward for the many participants to form a consensus. It is proposed that business change be managed in fourteen workstreams, which are summarised on page 10 of the mandate and described in detail in Appendix A.

The mandate and summary of business case options were agreed by the PICT Advisory Board on 7 June 2010, with the recommendation that savings should be prioritised over maintaining the existing organisational structures of HR and finance.

5. Business case options

Previous attempts to agree a business case failed because there was insufficient agreement on the desired outcome from the programme; particularly the extent of business change. Three main options for delivery now remain:

i. Reimplementation of HAIS by 2012

- HAIS would be re-engineered over an 18-month period.
- Costs of the reimplementation would be front-loaded in 2010/11, with increasing use made of in-house resources and expertise as the programme progresses.
- Benefits and savings would be realised predominantly from 2012/13.
- The programme would be likely to use 60% of budgeted spend for 2010/11.

ii. Reimplementation of HAIS by 2012, with an additional portfolio of projects in 2010/11

- HAIS would be re-implemented as per option (i) above.
- Additionally, a portfolio of projects would be brought forward to make interim enhancements to the existing version of HAIS to achieve the following objectives:
 - a) Earlier realisation of savings
 - b) Reduced cost and/or risk in future years
- The programme would spend its full budget for 2010/11.

iii. 'Do the minimum' / delay reimplementation

This option would still incur significant cost because:

- The Service would continue to rely on external consultancy to make any changes to HAIS.
- The cost of such support is growing as the market in expertise around the older versions of Agresso decreases.
- Other projects and programmes which have interdependencies with HAIS would incur the costs of re-structuring HAIS data and interfaces¹.
- Contingency arrangements would be required to ensure the continued running of the existing system.

¹ Examples include the Facilities ICT Programme (e.g. EPOS re-procurement) and the Procedural Data Programme (Select Committee Database replacement)

A number of options can be ruled out at this stage:

iv. Do nothing

There is no viable do nothing option, due to interdependencies with other programmes and the imminent expiry of supplier support for the existing version of H AIS.

v. Like-for-like upgrade of H AIS

A consultancy study demonstrated the likelihood of system failure if a like-for-like upgrade of H AIS was attempted. Tactical options for an ICT project to address known system issues without a remit for business change were considered and rejected in 2009/10.

vi. Procurement of an alternative Enterprise Resource Planning (ERP) system

A consultancy study has shown that the current limitations of H AIS are due to local configuration rather than the core functionality of the software. The Service has already paid for the latest version of Agresso under an OGC framework agreement. Therefore the option of an alternative ERP solution would not be cost-effective compared with reimplementing of Agresso, and it would not alone provide solutions to the needs of the business.

vii. Immediate outsourcing of functions

The likelihood of outsourcing functions in the short term has decreased. Changes to the 'back office' processing functions of finance, HR and payroll would not significantly alter the business needs and objectives articulated within the programme mandate, which generally address management practices.

viii. Shared systems and services with the House of Lords

There are significant differences in the scale, complexity and remit of finance and HR functions in the House of Lords. Therefore, the Lords has decided to consider its options separately and to a different time scale to the House of Commons Service.

6. Costs

Subject to approval of the mandate, cost estimates and cost/benefit analysis will be undertaken on options (i), (ii) and (iii) above and a revised full business case submitted by the end of September 2010.

7. Resourcing and procurement strategies

Research shows that systems like HAIS deliver most benefit where in-house knowledge and expertise exists, enabling the system to keep pace with changing structures, processes and priorities of the business it supports.

During the early part of the programme, external resources will be required to lead the high-level design of the new system. The knowledge and skills of PICT's in-house application support staff will also be developed to maximise their participation in later configuration work and for longer term sustainability. This follows a strategy pursued successfully in recent PICT programmes and will contribute to the future supportability of HAIS, reducing the costs of the programme, managing the cost profile of the programme and achieving savings in future years.

PICT's procurement team is providing advice on procurement strategies.

8. Governance and Assurance

A governance structure is in place for the programme under Andrew Walker (SRO) and Janet Rissen (Programme Director). A description of the current governance arrangements is included in Appendix B of the programme mandate.

A Risk Potential Assessment has been undertaken and the programme was rated as 'medium' risk. Therefore plans will be made for a Gateway Zero in November 2010.

Janet Rissen
Director, Business Management and Development
Department of Resources
09 June 2010