

Report of: Head of Finance & Fundraising

Subject: Proposal to acquire a new finance system and EPOS upgrade

Decision Required: Yes

Recommendation:

The Authority is recommended to:

- a. Approve the acquisition of a new finance solution.
- b. Approve the upgrade of the current EPOS software.

1. Key Messages

- 1.1.1 This paper addresses the requirement to review the current finance solution (Advanced One – Exchequer).
- 1.1.2 The review has identified there is significant IT risk of key finance systems failure.
- 1.1.3 New systems have been investigated with a potential new solution identified, subject to final costings & procurement, clarity on IT security and sustainability policies.

2. Background

2.1 The current finance system has been in place since 2013 and has served the Authority well during this time. However, of late the following issues have been identified:

- Increasing instability with daily crashes for users.
- Data corruption during posting routines which has resulted in organisation wide downtime while data is restored and routines re-run.
- Continued corruption in some reports which we have been unable to resolve.
- Support has become increasingly difficult to access with often no clear solution.
- When we have asked to upgrade .2 version there was a significant delay in order processing, to find that the work a few months later had been allocated to an external consultant.
- Storage/capacity issues on existing servers.
- The software is no longer being developed and improved, suggesting that it is now at 'end of life.'

Other issues include:

- Poor reporting capability
- Lack of live, up to date data
- Process inefficiencies & slow reporting.
- Inadequate organisational visibility of financials both on a departmental level and high level.

As a result, over the last few months, we have been investigating new solutions and making enquiries of other National Parks who are in a similar position. We have found that four other National Parks in England have already either migrated or in the process of contracting with new finance solution providers. (three to Access Financials and one to iPlicit)

As part of the process, the current EPOS (electronic point of sale) software was also found lacking. Currently the stock management is done within the finance system which is:

- Unable to provide meaningful reports for a retail environment.
- 'Clogs' up the system with every sale transaction
- Poor stock management capability which is not accessed or reported.

To avoid significant hardware costs, and as the tills operate well with the current KCPOS system, an upgrade was identified as the way forward which would 'delink' the inventory management from the finance system and improve the reporting and retail management functionality. The upgrade would also provide opportunities for future development including incorporating event & activity bookings as well as potential online retail functionality (link to shopify).

Options to improve the finance system have been explored including upgrading (no new upgrades are now available), bring in a new VAT MTD module and taking the system to the cloud. However, costs were extortionate with no improvement in functionality. e.g. we were quoted £18k p.a. to move to the 'cloud'.

3. Consultation

3.1 Other National Parks were circulated by IT as to their plans in this area to find that many were already in the process of finding an alternative finance solution provider. Peak District National Park (a former Exchequer user) had already implemented in April 24 and were in the early stages of operating. Another three had recently agreed contracts with a view of implementing by April 2025.

3.2 Finance staff were invited to all demos of various finance solutions and gave feedback. In fact, some providers were invited more than once to provide reruns of demos and clear queries.

3.3 Inevitably, each finance solution in the medium-sized target market were similar in look and feel. The final recommendation is based on cost and the provider who, the team feel can best meet our needs.

3.4 The IT team have also been consulted and feedback suggested that 'it is long overdue' and 'any additional work/cost in migration may be offset in the long run if the system is better.'

3.5 The management team are also supportive given the poor and delayed reporting currently being experienced.

4. Strategic Policy Context

4.1 The proposals are in line with supporting and safeguarding our business continuity plan.

4.2 A new system will support our corporate governance by improving reporting effectiveness and generate process efficiencies.

5. Financial and Value for Money Considerations

- a. A financial assessment has been made on each of the systems viewed. As each will be cloud based the annual licence cost will increase from our current £8k pa exchequer licence & support costs to between £15k -£33k pa dependent on system. This compared favourably with the cloud cost of exchequer @ £18k but with no improvement in functionality. The increased cost will be incorporated in budgets for 25-26.
- b. The increase in cost should be outweighed by improved efficiencies not only within the finance team but also for the IT team. A new system should release members of the finance team from heavy manual procedures to providing better business partnering services to departments, assisting with the year-end process and supporting the audit process.
- c. Using a cloud-based solution will reduce future need for storage capacity on our servers, hence reducing cost.
- d. Provided the solution is successfully implemented, the organisation (including members) should see improved visibility of our financials and improve decision making.
- e. A cloud-based system will allow our external and internal auditors to access information and view documents. Currently, auditors do not have any access thus increasing the audit burden and time spent finding and sending information. This should improve the audit process considerably and potentially reduce cost. Audit trails will be visible for authorisation and approvals processes.
- f. To ensure value for money, whereas indicative costs have been provided by various providers, the final procurement will be confirmed via a formal procurement process using a framework.

- g. There will be initial implementation costs of set up, ranging from £17k to £43k dependant on solution. These will be deemed as capital costs for which a capital fund is available.
- h. To ensure success, additional resource will be needed to enable the finance staff to continue with their day job, but not onerously lose time to implementation. Whilst their input is essential, an additional resource will be responsible for set up, integration, communication and training. After implementation, the resource will be required to ensure all reports and dashboards are developed, staff are supported and trained, deal with any trouble shooting as well as updating the finance manual and procedures. An estimate of additional six-month resource amounts to £23k of high-level experienced support.

6. Risk and Compliance Considerations

- a. The current financial system is an IT risk. The organisation has already experienced disruption in operation of the finance system and services, with significant down time. It's long-term stability, lack of support and development could cause a failure in critical systems unless addressed.
- b. This proposal will support the Authority to meet its corporate governance requirements. Not implementing exposes the Authority to potential increased IT systems risk and failure.
- c. With a cloud-based solution, the IT risk will be transferred to the solution provider. It will be their responsibility to manage cloud-based services. Their IT compliance policies and data protection policies have been requested as part of the assessment.
- d. The potential six solutions examined were identified from consultations with other National Parks & local authorities, searches for recommendations from professional accountancy bodies and online. The review was limited to seven providers from a range of well-known long-standing brands to newer suppliers in the market. Extending the search wider was not considered necessary as all the mid-market solutions were similar.

7. Impact on our Public Sector Duties

7.1 Welsh Language Impacts

Regrettably, none of the solution providers provide the services in the Welsh language. However, public facing documents such as purchase orders and invoices can be developed bilingually for use, ensuring compliance with Welsh Language Standards.

7.2 Biodiversity Duty and Carbon Emission Impacts

As part of the assessment of the final solution provider, we have requested their sustainability strategies to ensure we are supporting our socially responsible procurement and environmental strategies.

8. Conclusion

8.1 The trend within finance increasingly is to move systems to the 'Cloud,' automate processes and improve analytics.

8.2 The current system is outdated, challenging to collect, integrate and analyse data. It lacks automation and AI for robust analytics leading to inefficiencies and added costs. Notwithstanding the fact that it is now 'at the end of life' and an IT and governance risk.

8.3 A new cloud-based finance solution should not only provide more efficient and robust core financials, but also provide the following added benefits:

- **Analytics** - provide real-time, faster unified data that shortens decision cycles.
- **Insights** - deliver proactive recommendations to improve business performance.
- **Financial Planning & budgeting** tools to generate accurate predictions and facilitate scenario-based decision-making.
- **Grant** and project tracking/management

8.4 The preferred finance solution identified as best suitable for our needs is Sage Intacct. The final decision will be dependent on final costs, implementation schedule, IT security and sustainability policies, review of SLA and support agreements.

9. List Background Documentation:

Appendix 1 – Indicative Financial Cost

Appendix 2 - Links to finance solutions

Finance system appraisal								
		Sage Intacct	Netsuite	Access Financials	Implicit	Xledger	SAP	Agresso/Unit 4
		£	£	£	£	£	£	£
Core financial system in. support		6,017	17,715	33,000	12,972	13,220	Too expensive, solution for large organisations	Too expensive, solution for large organisations
Full user licence	5	6,160	5,357		7,020	2,550		
Employee users	50 pack	2,551	595		0	10,710		
Learning membership		611	1,267		0			
Annual licence		15,339	24,934	33,000	19,992	26,480		0 250k+
Implementation costs		17,000	19,000		23,625	43,481		
Implementation discount		-5,000	-7,000		0			
Total costs		27,339	36,934	33,000	43,617	69,961		0
KCPOS upgrade	pa (7 tills, 3 full licences, 2 team) implementation	11,820	7,155					
		18,975	18,975	18,975	18,975	18,975		
Staff costs - additional resource		22,625	22,625	22,625	22,625	22,625		
Total estimated costs		68,939	78,534	74,600	85,217	111,561		

Appendix 2: Links to software suppliers

[Financial Management Software - Sage Intacct | Sage UK](#)

[Cloud Accounting Software For Medium Sized Business | iplicit](#)

[NetSuite Financial Management](#)

[Access Financials | Accounting & Finance Software](#)

[Xledger cloud-based finance software - Xledger UK](#)