Birmingham City Council

Finance and Resources Overview and Scrutiny Committee

Date 16/11/23

Subject:	Oracle Stabilisation Update
Report of:	Graeme Betts, Director of Adult Social Care (as Oracle SRO)
Report author:	Craig Buckley
	Oracle Programme Director

1 Purpose

1.1 The Finance and Resources Overview and Scrutiny Committee was provided with an Oracle Programme update on 07 September 2023. This session provided an update on the Optimisation High Level Design activities and an update on the Governance and recommended structures to support delivery. An update was also provided on the key Strategic risks, Oracle financial position and update on the Management review performed.

1.2 The Committee requested a further update from the Oracle Programme team on 16th November 2023. This update to cover further progress made to date along with details of key risks, customisations and financial position.

1.3 The presentation to the Committee on 16th November is attached and includes:

1.4 An update for members on the implementation of Stabilisation of Oracle including Strategic risks reported in the September report.

1.5 A breakdown of Programme's financial position, as at 30 September 2023.

1.6 A definition of customisation – what it is and what it looks like for the programme.

1.7 An update on the Optimisation work.

2 Recommendations

2.1 There are no recommendations in this report.

3 Any Finance Implications

3.1 There are no finance implications in this report.

4 Any Legal Implications

4.1 There are no legal implications in this report.

5 Any Equalities Implications

5.1 Not applicable.

6 Appendices

6.1 Presentation attached

Finance and Resource OSC

Oracle update

Craig Buckley – Programme Director

November 2023

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Objectives

This pack is divided into four sections and provides the Committee with the required context to make any recommendations necessary:

Section	Description
1. Oracle Stabilisation Update & Key Strategic risks	To update members on the implementation of Oracle including key strategic risks reported.
2. Finance Update	Provide a detailed breakdown of programme finances and what money is being spent.
3. Customisations	Provide a definition of customisation – what it is and what it looks like.
4. Optimisation Timescale Update	To update on timescales for Optimisation.

1. Oracle Stabilisation update & key Strategic Risks

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Oracle Stabilisation update

Progress update

Original definition of Safe and Compliant (S&C): *'resolution of immediate, business critical issues'* and *'Fix 22/23 - complete year-end activities and close financial accounts. Comply with legislative and statutory requirements*.'

- 121 S&C backlog items have been completed or workarounds identified with these fixes/workarounds working in the production environment.
- As at October 2023 there are currently 53 items in various stages of delivery from development through to being made production ready. The majority of these are expected to be complete by end November 2023.

Oracle Stabilisation update

Progress update

- Dozens of reports, fixes and investigations to support production of the 22/23 outturn which is now available internally.
- Manual reposting and cleansing of cashbook transactions (30,000 + transactions over the summer alone - £1.2bn).
- Implementation of Oracle Risk Cloud.
- Mobilisation of teams to address specific risks around DBS, Right to Remain and Schools Work Force Census.
- Rebuild of Oracle – SIMS (ZSIMS) interfaces for schools and engagement and support through the Schools accounts outturn closing process.
- Specific fixes and custom reports to support key statutory and compliance obligations, e.g., gender pay gap and equal pay data.
- Governance model refined to reflect current programme and role of the Oracle Commissioner.

Oracle Stabilisation update

Progress update

The period April – Sept 2023 represented the first financial 'close' on Oracle. This was the first time of use for many parts of the functionality, which took place alongside detailed conversations with internal and external auditors gaining a deeper understanding of the design and workings of the solution. This has meant that further potential 'safe and compliant' backlog items have been identified over time.

Following this detailed workshops have been held with impacted services to review what is outstanding in relation to the key business outcomes. This information will be used to agree a target date for the end of the Safe & Compliant phase of the programme.

Key Strategic risks – identified in September

Key risks	Mitigation
Risk that the (new) Oracle programme will not deliver the 'vanilla' Oracle vision.	1. Creation of design authority and agreement of design principles. 2. Regularly report progress on vanilla oracle to design authority and through governance meetings and members oversight board meetings. 3. Engage oracle consulting to get advice on how to best deploy oracle vanilla.
Risk that the programme does not get sufficient senior Finance input, the Assistant Director, Financial Strategy left in September.	1. New Assistant Director for Financial Strategy now in place, taking on these responsibilities; 2. Two finance resources dedicated to Oracle improvements; 3. Exploring additional Finance Programme Manager role to govern and structure responses to the programme; 4. Ensure adequate knowledge transfer and organisational integrity in key roles.
Risk that due to the current FY23/24 backlog, there is a risk to the FY23/24 outturn position being finalised by the statutory deadline of 30 June 2024.	1. Continually monitor the backlog to understand the rate of change which is reporting to programme board from w/c 09/10. 2. Continually forecast how the size of the backlog will change over time to support resource planning. 3. Options appraisal for long term BRS replacement, e.g. income management system.
Risk that the School Workforce Census report cannot be produced in time for the statutory deadlines (snapshot by 03/11/23, for upload to DfE before 25/12/23).	1. Confirm that there is no way to mitigate the impact of non-completion. 2. Plan established for manual completion and twice-weekly huddles take place to track progress. 3. Additional resources in place to perform manual data cleanse, load and subsequent updates. 4. Carry out manual process and ongoing tracking and reporting.

Key Strategic risks – added in November

Key risks	Mitigation
There is a risk that the programme will not have the required resources to sustain delivery due to the timeframes in moving forwards the Optimisation phase, linked to resources/contracts ending and any requirements for procurements at the same time as completing the safe and compliant work.	1. Oracle spend control process established where all requests for spend have to be approved by Oracle programme board and should have already been in cabinet paper with funding approved until March 2024. 2. Conduct a review of the programme's priorities to prioritise activities with the greatest, short-term financial and/or business impact with a focus to reduce manual processing and release those resources. 3. Explore options around the potential to de-scope and prioritise within High-Level Design work 4. Confirm the funding required to fix Oracle. This should be covered in the High-Level Design documentation.
There is a risk that the budget available to Oracle is insufficient to complete the required work.	1. Full analysis and quantification of options plus recommendations to be provided in the Cabinet Paper.
The programme has a previously approved budget, but since the Section 114 announcement, all funding decisions must to go through the Spend Control Board. This could lead to resource gaps and reduce the speed of project delivery.	1. Develop a resource plan that identifies roles and their dependencies. 2. Ensure that team members transfer knowledge and skills and can step into different roles if necessary, this reduces the impact of resource loss by allowing others to fill in. 3. Establish contingency plans to account for unexpected resource gaps and build in time required for approval processes into project plan. 4. Develop forward plan of costings for 2024/25 onwards

2. Programme Finances

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Programme Financial Position, from June Cabinet Report

Description	Cost (£m)		
	Pre-23/24	23/24	TOTAL
Previously approved budget (March 21)	£39.97		£39.97
Forecast spend (s&c + solution design)	£11.44	£29.24	£40.68
Contingency (@20% of 23/24)		£5.85	£5.85
TOTAL	**£51.41**	**£35.08**	**£86.49**

New funding for which approval is sought (row 2 + 3)		**£46.53**

Amount tracked in programme financial report on the next slide

Programme Financials, as at 29th September 2023

	FY 2023/24		
	Revised Forecast (£'m)	Original Cabinet Funding (£'m)	Variance Forecast (£'m)
General Programme Costs	4.541	5.542	1.001
Digital and Technology Services	13.612	16.461	2.849
Finance	5.903	4.099	(1.804)
People Services	1.620	3.047	1.427
Procurement	-	0.088	0.088
Contingency/Other	5.847	5.847	0.000
Total 2023/24	**31.523**	**35.084**	**3.561**
	-	-	
2022/23 Costs		11.442	
Total Cabinet Approved		**46.526**	

Notes: - Underspend in finance is due to manual transaction fix team costs being charged to Oracle programme not finance BAU, this is a change from the prior period.
- The costs for 2022/23 are still being finalised and may change.

3. Customisations

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What is the difference between Configuration and Customisation?

Configuration

Changing settings within core functionality for example options, data fields, workflows, process settings, Birmingham entities, chart of accounts, users etc.

This is an essential part of deploying Oracle – the solution will not work if it is not configured.

Think of it as changing dials in your car for temperature, fan speed etc.

Configuration does not involve development or custom code.

Customisation

Involves custom or bespoke coding in order to add new functionality to the solution.

This takes longer and is higher risk than configuration, and needs additional ongoing maintenance.

Think of it as fitting new items to your car – a new sunroof or a more powerful engine

Normal practice is that with ERP solutions like Oracle, configuration is favoured and customisations should be minimised wherever possible

The next slide explores this in more detail

LEVEL OF RISK INCREASES

Configuration	Reports, Interfaces, Minor Object Customisation	Major Customisation / Extensions
Oracle modules – updating basic settings, options, data fields, workflows, process settings, Birmingham entities, chart of accounts, users etc.	Interfaces in and out between Oracle and other Birmingham systems such as Council Tax, Housing and many other systems. Custom reports e.g. local government reporting which don't exist as standard Oracle reports. Personalisation of screens and/or dashboards to control what individual roles can see or do.	Building new applications using custom code, e.g. BRS. Building extensions to Oracle functionality (we have previously called these PaaS extensions).
Non-Oracle Applications (e.g. income management or sourcing) – basic settings.	Non-Oracle Applications need an interface in/out of Oracle, although standard or starter interfaces are often provided by the vendor.	Extending or customising third party products is often not allowed and certainly not desirable.
Development Risk: Low	Development Risk: Low, sometimes Medium	Development Risk: High
Maintenance Risk: Low	Maintenance Risk: Low, sometimes Medium	Maintenance Risk: High
Approach: Maximise	Approach: Minimise the number, keep simple	Approach: Avoid

4. Optimisation Timeline

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Optimisation Timeline Update

Progress update

Work is progressing in line with timescales set out in the June Oracle Cabinet report.

High-level design and preliminary process workshops have been completed and have concluded that standard/vanilla Oracle processes can meet the vast majority of the Council's requirements.

Cash management is one area where standard Oracle does not meet the Council's requirements. The use of an off the shelf Income Management Solution is being investigated as this is common practice for UK local authorities and an options on this will be brought back to the next meeting.

The June Cabinet Report outlined a plan to go back to Cabinet with a plan for the Optimisation phase by the end of the calendar year, and we are currently reviewing this plan with the Commissioners.

Questions?

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