

Finance and Resources OSC

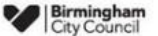
27th July 2023

Oracle Update

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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. Progress Update | Update on the background to the issues with the Oracle system and current challenges |
| 2. Responding to challenges | Work to address the challenges including governance, risk and timescales |
| 3. Lessons learned approach | Work to learn lessons including governance, risk and timescales |
| 4. Progress on End of Year Accounts | Progress on End of Year Accounts including timescales and risks |

Update on the background to the issues with the Oracle system and current challenges

Background Information

- In April 2022, the Council went live with a new Enterprise Resource Planning (ERP) IT system, **Oracle Cloud**, to improve its internal functions relating to financial management and human resources.
- The switch to Oracle was the first major change in system that the Council had undertaken since 1999. Whilst it is not unusual for the implementation of new ERP systems to encounter difficulties, the transition to Oracle has proved **incredibly challenging**.
- Whilst there have been some successes, for example the Council has made payments to over half a million suppliers since April 2022 with a value of £2.5 billion using the new system, some critical elements of Oracle are **not functioning adequately** and this failure has impacted primarily upon **the day-to-day operations of Finance and HR**. Officers only brought the full extent of these issues to the attention of members in April 2023.
- The Council is currently working at pace and has **developed a plan** which focusses initially upon stabilising the situation and then optimising the implementation of Oracle. However, significant resources will be required to arrive at a position where the **system can be fully implemented**.

Oracle System Summary

Although some aspects of the Oracle system are working, there are a number of areas that are not. They are illustrated below:

01



Finance

Pressure on 23/24 year end processes including clearing backlogs, out-turn preparation and reporting

02



People Services

Key process gaps and underlying technology problems impact key processes such as DBS checks which then may need to be performed manually

03



Schools

Relationships becoming strained as core functional activity and timescales are not being met, including finalising their accounts

04



Systems Issues

Resulting an increase in manual processing, which is putting significant strain on staff in Services, including Finance, People Services, Procurement and Internal Audit

A key challenge is that we have to fix a system that is **already operational**, so we are having to make tactical fixes while we design and develop the long-term solution.

Work to address the Challenges: (Governance, Risk & Timescales)



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Programme Approach

The approach to the programme is underpinned by a number of initiatives. This section details progress against each factor:

01 Control

Bring all activities into a single plan, with clear and resourced structures for delivery and governance.

02 Capacity

Rapidly build the capacity required to provide technical support, programme and project management support, and communications and engagement - recognising the impact on existing business as usual resources.

03 Capabilities

Ensure that the right functional representation exists across HR, Finance, IT, Audit and Procurement, and is balanced with the right technical Oracle expertise.

04 Communication

Communication to, and engagement with, key staff and stakeholders must be prioritised and aligned to the delivery of the plan.

01 Control

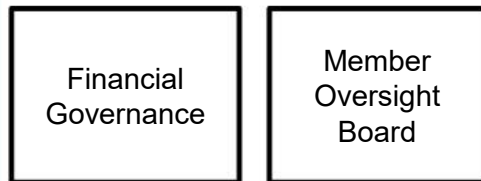
Bring all activities into a single plan, with clear and resourced structures for delivery and governance.

Progress Review:

- Single programme, reporting mechanism and plan established to deliver 'Safe and Compliant' across Finance, People Services, Internal Audit, Procurement and Technology.
- Gold, Silver and Bronze command structure set up on a weekly cycle to allow rapid identification, prioritisation and execution of resolutions
- Two Member Boards, Finance and Governance set up and run on a weekly basis.
- New Design Authority created to enforce 'adopt not adapt' and good practice technical decision making.
- Audit Logging for priority rules turned on in mid July. Risk Management Cloud functionality forecast to be operational by mid September.

Oracle Response Governance Structure

Member Oversight Boards



Member Boards supported by:

- Ian O'Donnell, independent Finance Expert
- Jonathan House, Oracle Technical Expert

Officer Boards



Gold: Sets the strategy for the programme and receives progress updates.

Oracle Programme Governance: This board is parallel to the Gold Board, and takes place after Gold meets to provide Members with an update on progress.

Financial Governance: This board provides Members with oversight of financial governance and council finances.

Silver: Manages the overall programme as a leadership team - overseeing the risks and issues and mitigations whilst monitoring progress.

Bronze: Oversees short term priorities and manages risks, issues and progress chaired by the Programme Director.

Bronze Operational Groups: Workstreams for each functional area to deliver changes required. Overseen by a Project Manager & Workstream Lead.

Phase 1 – safe and compliant criteria

To assess and confirm items as Safe and Compliant, the following assessment criteria was applied:

| Criteria | Definition | How applied |
|---------------------------------------|--|--------------|
| Safe and Compliant | <ul style="list-style-type: none">• Places people (staff, customers, suppliers) at risk of harm• Breach of statutory requirement• Breach of regulatory requirement• Risk of reputational damage | Yes/No |
| Simplicity | Range from simple (L) to (H) | H/M/L |
| Alignment with Oracle Vision | Impact on future strategy for Oracle (e.g. the move to less customisations) | H/M/L |
| Effort / Cost | Amount of technical and business effort required to both fix and deploy | H/M/L |
| Business Case / Cost of other options | Savings or benefits acceptable relating to costs, no lower cost temporary solution identified | True / False |
| Business Change | Business change required is understood and accepted. | True / False |

RAID Management

The **RAID Management Process (risks, assumptions, issues, and dependencies)** provides a structured approach through which all risks, actions, issues and decisions are captured and managed. Any of these items may cause an adjustment **the scope, schedule, or budget** of the programme. The programme has incorporated a 4 step approach:



The programme:

- Maintains a detailed Risk Register that is updated and reviewed regularly.
- Reviews key risks (new and increasing) weekly at Silver, Gold and at the Member Oversight Board.
- Report on key strategic risks from within the RAID log. The intention is that these can be reviewed by the Gold Task Force, the Member Oversight Board and potentially both Audit Committee and Finance & Resources O/S Scrutiny.

02 Capacity

Rapidly build the capacity required to provide technical support, programme and project management support, and communications and engagement - recognising the impact on existing business as usual resources.

Progress Review:

- Interim funding secured and procurement routes determined to provide capacity.
- 12 additional resources added to Finance posting backlog working on clearing the 2022/23 transactions.
- 6 additional resources focussed on reducing immediate risks in People Services.
- Additional resources in DTS (Digital & Technology Services) to support the technical aspects of the programme.
- Additional PMO team members have been appointed to help manage overall programme delivery
- Additional roles will also be required to support the longer term Oracle Optimisation activity
- Cabinet Paper approved at June Cabinet provides longer-term resourcing and funding arrangements.

Update from June Cabinet Report

An update from the June Cabinet Report is outlined below:

- Approved funding (and delegated authority) for 2 elements:
 - Safe and Compliant work
 - Solution Design (first stage of Optimisation)
- Requested delegated authority to put in place additional procurement frameworks as required
- Established reporting to Finance & Resources O&S Committee and Cabinet.

Oracle Support

Oracle are the supplier of the software that BCC has implemented in order to manage our finance and people resources. The support provided to date has been detailed below:



Oracle Led Sessions: Exploring what a “Good out of the box” implementation looks like



Introductions to Customers: Introducing BCC to existing customers who are live with a non-customised version of Oracle



Enterprise Architect: Providing an Enterprise Architect (to support Design Authority), specific functional experts, and three-month period of Technical Account Management (access to priority support).

03 Capabilities

Ensure that the right functional representation exists across HR, Finance, IT, Audit and Procurement, and is balanced with the right technical Oracle expertise.

Progress Review:

- Functional Sponsor and Functional Lead/Project Manager now allocated for every function: Finance, People Services, Internal Audit, Procurement and Technology
- Oracle experience has been prioritised in recruiting posts, this will continue to be seeded within the organisation. The Oracle optimisation work will be internally led but will utilise external subject matter experts to support key decisions and planning about retiring the problematic customisations and reverting as much as possible to 'vanilla' (uncustomised) Oracle.
- Will need to focus on Business Change capacity and capability.
- Additional training and testing capability being built up

04 Communication

Communication to, and engagement with, key staff and stakeholders must be prioritised and aligned to the delivery of the plan.

Progress Review:

- Schools communication is key given the Finance and HR service provided to schools has not been fit for purpose. Regular workshops and communication updates are being provided during the accounts closedown process, supplemented by letters to schools around reassurance, internal audit and service charge discounts.
- Engagement workshop events have been held with both the programme team and the entire Finance function which have proved helpful through increasing understanding and focus on delivering Oracle stabilisation.
- Further staff engagement and communication activities are in the pipeline.
- 2x Schools Relationship Managers appointed to help improve communications with schools.

Timeline

- A single detailed programme plan is in place which outlines all activities
- The high-level design (HLD) phase will be used to finalise the optimisation plan and activities (due September 2023)

| Activity | Jun | July | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar |
|------------------------------------|-----|------|-----|-----|-----|-----|-----|-----|-----|-----|
| Safe and Compliant | | | | | | | | | | |
| Optimisation: High Level Design | | | | | | | | | | |
| Optimisation | | | | | | | | | | |

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Optimisation – High Level Design

The Optimisation (High level design) phase is underway, which is to last 12 weeks in total. This phase, which is the first phase within solution design led by DTS, will involve Oracle and other delivery partners and will be overseen by the Design Authority. This phase intends to:

- Focus on delivering the original vision for Oracle, as mandated by Cabinet, based on vanilla, out-of-the-box Oracle.
- Review and identify the changes needed within the supporting business processes.
- Assess other organisations using vanilla Oracle.
- Hold key stakeholder workshops following the previously completed Oracle 'art of the possible' Workshops
- Create an output which will be a Cabinet Paper on proposed solution & optimisation plan.

Work to Learn Lessons (Governance, Risk & Timescales)



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Work to learn lessons including governance, risk, and timescales

- The Management Review was commissioned by the Chief Executive, run independently from the Oracle Programme:
 - The review is being initiated and current timelines suggest that it will conclude by the end of September 2023
 - For more information, contact Paul Clarke (AD for Programmes, Performance and Improvement) who is the Strategic Risk Owner (SRO) for the review.

Progress on End of Year Accounts (Risk & Timescales)



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Finance update

General update from Finance workstream on 3 key items:



Out Turn



Accounts
Production



Equal Pay & Impact
on timescales

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A stylized white line-art skyline of various buildings and structures on a solid blue background. The skyline includes a small house, a tall rectangular building, a building with a triangular roof and plus signs, a building with a diamond-patterned facade, a classical building with domes and a flag, a tall thin tower with a spiral, a building with a circular pattern, two trees, a tall clock tower, and a building with a wavy roof.



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