

BIRMINGHAM CITY COUNCIL

Report to: **Audit Committee**

Report of: Janie Berry, City Solicitor & Monitoring Officer
and Fiona Greenway, Interim Director of
Finance & s151 Officer

Date of Meeting: 16th May 2023

Subject: Oracle Implementation

Wards Affected: All

1. Purpose of Report

1.1 To advise the Audit Committee of the actions being taken to ensure difficulties encountered with the implementation of the Oracle Cloud ERP system are remedied to improve the internal functions relating to financial management and human resources.

2. Recommendation

2.1 The Audit Committee is asked to note the details of this report

3. Detail

In April 2022, the Council went live with a new 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 ERP/IT system that BCC had undertaken since 1999. Whilst it is not unusual for the implementation of new IT systems to encounter difficulties, it is clear that the transition to Oracle has not run as smoothly as the Council would have liked.

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. However, some elements of Oracle still require further work to function adequately and their failure to do so has impacted upon day-to-day operations in areas such as Finance and HR.

From a finance perspective, a key issue relates to the Bank Reconciliation System. This has meant that a number of transactions (payments to and from the organisation) are having to be recorded manually to accounts (rather than automatically via the system) which is creating an administrative backlog.

From the HR side there have been problems, for example with recruitment, recording of some sickness absences and payroll issues.

The Council acknowledges that these issues have caused significant challenges for those schools that utilise the Council services for Finance and HR, and has apologised unreservedly.

To resolve the issues with Oracle implementation as quickly as possible, the Council is now being supported by a team of external experts, including some from Oracle directly.

There has also been a change in leadership in key areas of responsibility. The s151 functions has been re-designated to the interim Director of Finance and the Strategic Director for Adults Social Care and Health is the Senior Responsible Officer for the Oracle Programme.

Governance has been strengthened, with a new task force being set up to focus on Oracle related issues, which is chaired by the Chief Executive, with progress overseen directly by the Leader of the Council and other senior Elected Members of the Council

BCC is actively engaging with its key partners including its External Auditors and the Department for Levelling Up, Housing and Communities. The External Auditors have offered to independently review the plans to get the implementation of Oracle back on track.

The issues caused by the Oracle implementation are not impacting upon the front-line delivery of Council services across the City.

As this is an evolving position, updating information will be provided to the Committee on 16th May 2023, however some of this material will be commercially sensitive and will be provided in accordance with Schedule 12A s3 Local Government Act 1972.

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