Birmingham City Council

Report to City Council

11 March 2025

Title:	**REPORT IN THE PUBLIC INTEREST: VALUE FOR MONEY IN RELATION TO THE IMPLEMENTATION OF ENTERPRISE RESOURCE PLANNING SYSTEM (ERP)**
Lead Member:	Cllr Saima Suleman, Cabinet Member for Digital, Culture, Heritage and Tourism
Relevant Overview and Scrutiny Committee:	Councillor Sir Albert Bore, Chair of Corporate & Finance Overview and Scrutiny Committee
Has this report been shared with the relevant Overview and Scrutiny Committee Chair?	Yes
Report Author:	Fiona Greenway, Director of Finance & Section 151 Officer
Authorised by:	Fiona Greenway, Director of Finance & Section 151 Officer
Is this a Key Decision?	No
Reason(s) why not included on the Forward Plan and confirm who has authorised it to be considered:	Not Applicable
Is this a Late Report?	No
Reason(s) why Late and confirm who has authorised it to be considered:	Not Applicable
Is this decision eligible for 'call in?'	Yes
If 'call-in' has been dis-applied, please provide reason(s) and confirm who has authorised:	Not Applicable
Wards:	All

Does this report contain exempt or confidential information?	No

1 EXECUTIVE SUMMARY

1.1 On Wednesday 12 February 2025, the Council's External Auditors Grant Thornton issued a Value for Money report in relation to the implementation of Enterprise Resource Planning System (ERP). This report and the recommendations can be found within **Appendix 1**.

1.2 This report addresses the twenty-one recommendations contained within the External Auditors report. Within this paper the Council outlines responses to each recommendation, proposes to provide regular updates to Audit Committee and provides an overarching recommendation to accept and acknowledge the recommendations issued by the External Auditors.

1.3 Delivery against these recommendations is crucial for the success of the Oracle re-implementation project. The issues raised within the External Auditor's report are significant enough to warrant a public interest report. The External Auditor has confirmed that the report is made and published under Section 24 and Schedule 7 of the Local Audit and Accountability Act 2014 and that having considered the full range of powers available to them under the Act, consider that a report in the public interest is the most appropriate.

2 COMMISSIONERS' REVIEW

2.1 Commissioners would like to add their thanks to that of the council's for the professional work carried out by the External Auditors in completing this key audit.

2.2 The External Auditors work has been thorough and has shone further light on the deficiencies of the previous implementation. The report formally assesses the previous implementation and delivers a strong set of twenty-one focussed recommendations. However, it does repeat most, if not all the failures of the council's 2022 Oracle Implementation, highlighted in earlier council analysis and the Commissioners' intervention.

2.3 Commissioners are pleased to see clear evidence that the council has learnt lessons from the previous implementation and are already addressing the recommendations as seen in the council's response to the report's recommendations.

2.4 The council has now recognised that this is a business change programme underpinned by technology and that it requires its colleagues to be trained and where required upskilled in the using the system. The council must not deviate from adopting the best practice processes offered by the software, it must focus on completing the system design and obtaining full executive commitment (through a physical sign-off) of the design before the build commences. Users of the system must be trained in how to use the system and understand why the rigour/governance introduced by the software is critical to returning the council to sustainable/controlled business process environment. Commissioners want to remind the council that these implementations are complex and lengthy and the improved approach to the programme must be further developed and sustained through to and beyond go live.

2.5 Commissioners remain concerned about the inherited quality of data that was loaded into the 2022 implementation and the current poor-quality data held in the current system. Even if the council delivers a well-designed system and equips users with the training required to use it, if the quality of the data migrated to the new system is of poor quality (missing, inaccurate, duplicated) the system will again fail to operate and deliver the benefits the council needs. Commissioners want the council to specifically address data quality ahead of the implementation.

2.6 The council must recognise that the Brindley system is not being built and implemented in a vacuum. The council is undergoing significant strategic change with competing pressures, draws on resources and inter-dependencies. This requires the focus and commitment of the leadership team to ensure the Brindley programme is successfully delivered as part of the wider transformation of the council.

2.7 Finally, Commissioners are aware of the serious concerns that were raised through the process of the initial Oracle implementation. These appear to have, either not been taken seriously or dismissed as the precise concern was deemed not valid without looking at why these issues were being brought forward. This highlights a key cultural change issue for the council to address.

3 RECOMMENDATIONS

That City Council:

3.1 Acknowledges and accepts the content of the Public Interest Report dated 11 February 2025 provided by Grant Thornton LLP in their capacity as external auditors for Birmingham City Council (**Appendix 1 refers**);

3.2 Commits to the implementation of these recommendations to ensure the Oracle ERP re-implementation is a success, enabling the Council to effectively manage its people, finances and procurements in a legislative compliant way with a reasonable user experience;

3.3 Accepts the responses from the Senior Responsible Officer (**Appendix 2 refers**);

3.4 Agrees to consolidate the recommendations and responses from this Public Interest Report into the Improvement and Recovery Plan;

3.5 Proposes that the Managing Director shares this report and the Council's response with the External Auditor; and

3.6 Agrees that Audit Committee will receive updates on progress against the recommendations and actions within this report on a quarterly basis.

4 KEY INFORMATION

Context

4.1 See **Appendix 1** for context and further detail.

Proposal and Reasons for Recommendations

4.2 Grant Thornton has provided a report in the public interest on matters relating to Birmingham City Council. A public interest report must be publicised, promoted, and made available to the public as soon as reasonably practicable and to provide Council an opportunity to consider, debate and respond in a timely way.

4.3 The External Auditor's report identifies a series of key findings and recommended learning points to be taken into account in supporting the ongoing work on Oracle and strengthening the wider Council approach to the management of change.

Other Options Considered

4.4 The publication of this report and the public consideration of the report by City Council is mandatory under the Local Audit and Accountability Act 2014.

5 RISK MANAGEMENT

5.1 The public interest report identifies a number of risk related themes and recommends associated learning points for the Council to consider and respond to.

6 CONSULTATION

6.1 On publication of the Public Interest Report on 20 February 2025 and to comply with the Local Audit and Accountability Act 2014, the Council has:

6.1.1 Ensured the report was brought to the attention of the elected members by sending a copy of the report to each elected member on the 20 February 2025;

6.1.2 Ensured the report was brought to the attention of partner organisations and stakeholders by email;

6.1.3 Ensured the report was brought to the attention of the public by informing local media outlets by way of a press release providing a digital link to the report;

6.1.4 Published the report on the Birmingham City Council website;

6.1.5 Provided details on how to obtain physical copies of the report;

6.1.6 Published this report and called an extraordinary meeting of full council which is open to the public; and

6.1.7 The Council will publish a public notice, approved by the External Auditor, which summarises the outcome of the extraordinary meeting of the full council meeting. The agreed notice will be published in the local media and on the Council's website.

7 MEMBER ENGAGEMENT

Ward Councillor(s)

7.1 All Members have been informed and provided with a copy of the report in line with the legislative requirements

Overview and Scrutiny

7.2 Not in relation to this report as the matter is required to be considered by City Council.

Other

7.3 Not Applicable.

8 IMPACT AND IMPLICATIONS

Finance and Best Value

8.1 Public Sector Audit Appointments Ltd (PSAA Ltd) are responsible for the assessment, and issue, of any proposed fee variations associated with the work of Grant Thornton LLP in the production of the public interest report. Such costs are payable by the Council and would be reported as part of the regular reporting of Council expenditure.

Legal

8.2 The public interest report must be publicised and considered by Council in accordance with the provision of Schedule 7 of the Local Audit and Accountability Act 2014.

8.3 Under the provisions of the Act, the Council must decide if the report requires the authority to take any action and if the recommendations are accepted. The recommendations and responses are set out in the body of the public interest report and after considering the report and the responses, Council must notify the external auditor of its decisions and publish a notice containing a summary of those decisions which has been approved by Grant Thornton.

Equalities

8.4 No direct impact, but the positive cultural changes in Birmingham City Council encompass all equality matters not just those mentioned in the external audit report.

Procurement

8.5 There are no procurement implications arising from this report.

People Services

8.6 There are no staffing implications arising from the recommendations in this report.

Climate Change, Nature and Net Zero

8.7 There are no climate change, nature and net zero carbon implications arising from the recommendations in this report.

Corporate Parenting

8.8 There are no implications or opportunities in relation to the Corporate Parenting responsibility arising from the recommendations in this report.

Other

8.9 There are no other implications arising from the recommendations in this report.

9 APPENDICES

9.1 Appendix 1 – Birmingham City Council: Value for Money in relation to the implementation of Enterprise Resource Planning System (ERP) – Report in the Public Interest

9.2 Appendix 2 – Response to Birmingham City Council: Value for Money in relation to the implementation of Enterprise Resource Planning System (ERP) – Report in the Public Interest

10 BACKGROUND PAPERS

10.1 There are no Background Papers.