

Birmingham City Council

Report to Audit Committee

5 March 2025



Title:	EXTERNAL AUDITOR'S VALUE FOR MONEY REPORT INTO THE IMPLEMENTATION OF THE ERP SYSTEM
Lead Member:	Councillor Karen McCarthy, Cabinet Member for Finance
Relevant Overview and Scrutiny Committee:	Not Applicable Not Applicable
Has this report been shared with the relevant Overview and Scrutiny Committee Chair?	
Report Author:	Mark Stocks, Partner Grant Thornton
Authorised by:	Fiona Greenway, Director of Finance and Section 151 Officer
Is this a Key Decision?	No Forward Plan Reference: Not Applicable
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'?	Not Applicable
If 'call-in' has been dis-applied, please provide reason(s) and confirm who has authorised:	Not Applicable
Wards:	Not Applicable
Does this report contain exempt or confidential information?	No

1 EXECUTIVE SUMMARY

- 1.1 The External Auditor has exercised its auditor powers under section 24 schedule 7 of the Local Audit and Accountability Act 2014 to issue a Report in the Public Interest, relating to its Value for Money findings in respect of the Council's arrangements for the implementation of its Oracle Enterprise Resource Planning System.
- 1.2 The Council must consider the report and recommendations at a meeting held before the end of the period of one month beginning with the day on which the report was sent to the Council (12th February 2025). At that meeting the Council must decide whether the report requires it to take any action or whether the recommendation is to be accepted, and what, if any, action to take in response to the report or recommendation.
- 1.3 The date for the Council meeting to consider the report and recommendations has been set for 11 March 2025.

2 COMMISSIONERS' REVIEW

- 2.1 Commissioners would like to add their thanks 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 the Committee:

- 3.1 Receives the External Auditors Value for Money findings in respect of the Council's arrangements for the implementation of its Oracle Enterprise Resource Planning System and notes its consideration at the Council meeting on 11 March 2025.

4 KEY INFORMATION

Context

- 4.1 This is contained within the presentation.

5 RISK MANAGEMENT

- 5.1 This is contained within the presentation.

6 MEMBER ENGAGEMENT

Ward Councillor(s)

- 6.1 Not Applicable

Overview and Scrutiny

- 6.2 Not Applicable

Other

6.3 Not Applicable

7 IMPACT AND IMPLICATIONS

Finance and Best Value

7.1 Where applicable these are included in the attached presentation.

Legal

7.2 Where applicable these are included in the attached presentation. This report needs to be discussed by the Council.

Equalities

7.3 Where applicable these are included in the attached presentation.

Procurement

7.4 Where applicable these are included in the attached presentation.

People Services

7.5 Where applicable these are included in the attached presentation.

Climate Change, Nature and Net Zero

7.6 Where applicable these are included in the attached presentation.

Corporate Parenting

7.7 Where applicable these are included in the attached presentation.

Other

7.8 Where applicable these are included in the attached presentation.

8 APPENDICES

8.1 Grant Thornton's Value for Money Report into the Implementation of the ERP System