

# Public Document Pack

**Tony Kershaw**

Director of Law and Assurance

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10 April 2024

## Performance and Finance Scrutiny Committee

A meeting of the Committee will be held at **3.00 pm** on **Thursday, 18 April 2024** at **County Hall, Chichester, PO19 1RQ**.

**The meeting will be available to watch live via the Internet at this address:**

<http://www.westsussex.public-i.tv/core/portal/home>.

**Tony Kershaw**

Director of Law and Assurance

### Agenda

3.00 pm      1.      **Election of Chairman**

The Committee is asked to elect a Chairman for 2024-25 from the committee members listed below: -

Cllr Baldwin, Cllr Boram, Cllr Bradbury, Cllr Britton, Cllr Burrett, Cllr Elkins, Cllr Gibson, Cllr N Jupp, Cllr Linehan, Cllr Lord, Cllr McDonald, Cllr McKnight, Cllr Milne, Cllr Turley, Cllr Wall.

If the election is contested, a secret ballot will be held in accordance with Standing Order 2.17.

2.      **Election of Vice Chairman**

The Committee is asked to elect a Vice Chairman for 2024-25 from the committee members listed below: -

Cllr Baldwin, Cllr Boram, Cllr Bradbury, Cllr Britton, Cllr Burrett, Cllr Elkins, Cllr Gibson, Cllr N Jupp, Cllr Linehan, Cllr Lord, Cllr McDonald, Cllr McKnight, Cllr Milne, Cllr Turley, Cllr Wall.

If the election is contested, a secret ballot will be held in accordance with Standing Order 2.17.

3. **Business Planning Group Membership** (Pages 5 - 6)

The Committee is asked to review the membership of the Business Planning Group in view of the Chairman and Vice-Chairman appointments.

The Group should have five members including the Committee's Chairman, Vice-Chairman, and two minority group members.

4. **Declarations of Interest**

Members and officers must declare any pecuniary or personal interest in any business on the agenda. They should also make declarations at any stage such an interest becomes apparent during the meeting. Consideration should be given to leaving the meeting if the nature of the interest warrants it. If in doubt please contact Democratic Services before the meeting.

5. **Minutes of the last meeting of the Committee** (Pages 7 - 12)

The Committee is asked to agree the minutes of the meeting held on 8 March 2024 (cream paper).

6. **Urgent Matters**

Items not on the agenda which the Chairman of the meeting is of the opinion should be considered as a matter of urgency by reason of special circumstances, including cases where the Committee needs to be informed of budgetary or performance issues affecting matters within its terms of reference, which have emerged since the publication of the agenda.

3.20 pm

7. **Additional funding and procurement of services to support the implementation of the business management systems to replace SAP** (Pages 13 - 24)

Report by the Director of Finance and Support Services and Director of Human Resources and Organisational Development.

The report makes recommendations to continue with the implementation of the Oracle Fusion Cloud solution.

The Committee is asked to scrutinise the proposal set out in the report attached at Appendix 1 and provide any comments for the Cabinet Member for consideration as part of the decision-making process.

5.00 pm

8. **Requests for Call-in**

There have been no requests for call-in to the scrutiny committee within its constitutional remit since the date of the last meeting. The Director of Law and Assurance will report any requests since the publication of the agenda papers.

9. **Date of next meeting**

The next meeting of the Committee will be at 10.30am on 21 June 2024 at County Hall, Chichester. Probable agenda items include: -

- Performance and Resources Report (PRR) Quarter 4 - End of March 2024
- Digitisation and IT Strategy

Any member wishing to place an item on the agenda for the meeting must notify the Director of Law and Assurance by 6 June 2024.

**To all members of the Performance and Finance Scrutiny Committee**

**Webcasting**

Please note: this meeting is being filmed for live and subsequent broadcast via the County Council's website on the internet. The images and sound recording may be used for training purposes by the Council.

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## **Performance and Finance Scrutiny Committee**

**18 April 2024**

### **Report by Director Law and Assurance**

#### **Appointment of the Committee's Business Planning Group**

##### **1. Introduction**

- 1.1 As set out in the County Council Constitution, each Scrutiny Committee must set up a business planning group (BPG) to oversee the Committee's work programme and prioritise issues for consideration by the Committee.
- 1.2 BPGs should have five members, be cross-party (three members from the majority political group on the County Council and two from the minority group(s)) and include the Chairman and Vice Chairman of the Scrutiny Committee. Other members of the committee may be invited to attend individual meetings as appropriate. The Chairman of the Scrutiny Committee will be the Chairman of the BPG. Membership is reviewed annually. Members should not serve on more than one BPG.
- 1.3 The BPG membership will be agreed at the meeting on 18 April 2024.
- 1.4 BPGs meet three times per year, but they also carry out their work outside meetings (e.g. reviewing and discussing issues via e-mail; virtual meetings using teleconferencing facilities).
- 1.5 The Committee is asked to agree the appointment of five members to the BPG (with the membership as set out in paras 1.2 of this report).

##### **2. Role of Business Planning Group (BPG)**

- 2.1 BPG responsibilities include:
  - Overseeing the work programme for the Committee and prioritising issues for consideration by the Committee, including the proposed methodology and time tabling.
  - Agreeing objectives and planned outcomes for agenda items, and any witnesses to be invited and/or any visits or further information required by the Committee prior to its formal scrutiny of an issue.
  - Establishing Scrutiny Task and Finish Groups (TFGs)

##### **3. Implications**

- 3.1 There are no resource, risk management, social value, Crime and Disorder Act or Human Rights Act implications arising directly from this report.

**Tony Kershaw**

Director of Law and Assurance

**Contact:** Susanne Sanger, Senior Advisor, 03302 222550

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## **Performance and Finance Scrutiny Committee**

8 March 2024 – At a meeting of the Performance and Finance Scrutiny Committee held at 10.30 am at County Hall, Chichester, PO19 1RQ.

Present:	Cllr Montyn (Chairman)	
Cllr Burrett	Cllr Gibson	Cllr Turley
Cllr Baldwin	Cllr Lord	Cllr Wall
Cllr Boram	Cllr McDonald	Cllr Payne, joined at
Cllr Britton	Cllr McKnight	11.47 am
Cllr Elkins	Cllr Milne	

Apologies were received from Cllr Linehan and Cllr Sparkes

Also in attendance: Cllr Hunt, Cllr Marshall and Cllr Waight

### **38. Declarations of Interest**

38.1 In accordance with the Code of Conduct, the following personal interests were declared: -

- Cllr Gibson in respect of Item 5, Additional budget allocation for delivery of the new Secondary School at Brookleigh, Burgess Hill as a member of Mid Sussex District Council
- Cllr Milne in respect of Item 6, Performance and Resources Report - Quarter 3 2023/24 – as Cabinet Member for Planning and Infrastructure at Horsham District Council

### **39. Minutes of the last meeting of the Committee**

39.1 Resolved – That the minutes of the meeting held on 24 January 2024 be approved as a correct record and that they be signed by the Chairman.

### **40. Responses to Recommendations**

40.1 The Committee considered the responses to recommendations made at previous meetings and: -

- Was assured that every opportunity was taken to lobby the government over the Dedicated Schools Grant situation
- Was concerned that some responses, although completed, needed to stay on the Committee's radar

40.2 Resolved – That the Committee notes the responses.

### **41. Additional budget allocation for delivery of the new Secondary School at Brookleigh, Burgess Hill**

41.1 The Committee considered a report by the Director for Children, Young People and Learning and Director of Place Services (copy appended to the signed minutes).

41.2 Summary of responses to committee members' comments and questions:

- It was too early to say what extra facilities and staff would be needed at Burgess Hill Academy to temporarily accommodate an additional 120 pupils from September 2026 until the new school opens in May 2027
- The University of Brighton Academy Trust runs Burgess Hill Academy and will run the new secondary school when it opens. The Trust will decide on the number of temporary staff needed and the staff who will transfer to the new school when it opens
- Based on current pupil population forecasts a six form entry school is considered large enough to accommodate pupil requirements
- A separate decision regarding the temporary accommodation at Burgess Hill Academy will be taken and should be presented to the Children & Young People's Services Scrutiny Committee at the appropriate time
- There are a number of building challenges on the new school site; woodlands on two sides of the site, a number of trees that cannot be felled and a height difference of nine metres from one end of the site to the other (meaning stairs and lifts will need to be installed and 2,500 lorry loads of topsoil will need to be brought in for levelling as the clay on site is not suitable)
- The Council has received £12.2m in Section 106 money with a further £6m due on completion of the development – it was possible the Council could request more funding due to the abnormalities of the site but this, if granted, will be received in retrospect of build completion
- The Council was always aware of the topography of the site and this has been built into the specifications, but when the development initially went to tender the successful contractor said it could deliver the project within budget – a rise in construction costs means this is now not possible
- A mid-point contingency budget was set based on the mid-point of tenders, this was thought to be the most sensible approach. The contingency budget is in place to cover unforeseen costs and will be carefully managed through the life of the development, it is not for extra facilities
- The requirement for a Special Support Centre (SSC) was a late inclusion to the original project specification that was to be covered by the contingency budget, the Centre is now included in the overall cost and will be built as planned
- The new school will achieve Passivhaus Accreditation
- If the extra funding is agreed for this project, it will take priority over other projects in the Capital Programme. A review of Basic Needs projects will be completed to ensure all projects required are completed



- It won't be known until the new tender process ends in the summer whether the extra funds identified for the project will be sufficient or whether the project will be delivered on time
- The new tender will be a single stage process for a fixed price based on the same specification as the original tender
- The fixed price will include costs that the main contractor pays to sub-contractors for work
- The Council will have an in-house team to oversee the project
- Due process has been followed for this development but lessons need to be learnt for future projects particularly in relation to feasibility studies and the delays experienced at Woodlands Meed

41.3 Resolved – that the Committee: -

- i. Recognises that the new school is needed and therefore supports the decision
- ii. Requests further information with regard to the need for temporary facilities at Burgess Hill Academy when available and recommends that the facilities required are scrutinised by the Children & Young People's Services Scrutiny Committee when appropriate
- iii. Has concerns over the adequacy of the contingency budget allocated to the development and whether the current budget will be sufficient and that careful budget monitoring will be needed, possibly through information contained on the Capital Programme sections in the quarterly Performance & Resources Report
- iv. Recognises the challenges of the site and how this is being managed and the ability to negotiate additional Section 106 money from the developer
- v. Recognises that the Special Support Centre is now included in the programme specification and will go ahead as planned
- vi. Recognises that Basic Need requirements have to be met and that the Capital Programme will be reviewed and managed in order for this to happen
- vii. Recognises that due process and procedure has been followed, but lessons need to be learnt for future large developments, particularly in relation to feasibility studies
- viii. Seeks assurance that lessons learnt from previous developments (e.g. Woodlands Meed) are taken into account when managing this development
- ix. Seeks assurance on the adequacy of resources to manage the scheme and the timeliness of delivering the project

**42. Performance and Resources Report - Quarter 3 2023/24**

- 42.1 The Committee considered the Quarter 3 Performance and Resources Report (PRR) by the Director of Finance and Support Services summarising the position on finance, performance, risk and workforce as at the end of December 2023 (copy appended to the signed minutes).
- 42.2 Summary of responses to committee members' comments and questions:

- The problem of the sale of illicit vapes is being dealt with systematically
- The Council has used money from grant funding and balances which are now exhausted to cover over-spends and unfulfilled savings in Adults' Services. Work is being undertaken as part of the on-going budget process to ensure that grant funding would not be relied upon in future, including a two-year improvement programme in Adults' Services which would lead to savings being made in a realistic timescale
- The Council works all year round to recover debts and the position will be reported in June's outturn report, including debts which are irrecoverable
- Contracts have specific inflation indices built-in and inflation rates are reviewed at a certain date or at a level set by the Office for Budget Responsibility
- **ACTION** – the Director of Finance and Support Services to provide information on the implications for the overspend in the Children and Young People, Learning and Skill's Portfolio if all staff vacancies were filled
- The Burgess Hill Academy Bulge Class is not affected by the delay to the new secondary school at Brookleigh, Burgess Hill
- The restructure of the Human Resources Resourcing function is on course to be completed by 1 April 2024 and will be monitored through the PRR
- The Broadbridge Heath project remains viable with a tender out now with the aim to seek planning permission in April. Officers expect the majority of spending on the project to take place towards the end of the next financial year.
- The Council always aims for 100% against the KPI on tenders over £500k including the social value criteria (currently at 93%) but the number of tenders each quarter can vary, and numbers are quite small meaning percentages can fluctuate. Officers are confident that 80% is sustainable as there are often around 10 new high value tenders/contracts per quarter. There are some examples where including social value criteria would not be achievable or viable and in such cases we would apply other evaluation criteria for that contract.
- There was a query about the relationship between the amount of office space in use, the decarbonisation of buildings and the Council's aspiration to achieve net zero carbon emissions by 2030
- Objections raised during the electric vehicle charging consultation were mainly due to a misunderstanding that charging parking bays could only be used for electric vehicles
- The budget for the recycling contract was set based on the September rate of inflation in line with budget principles but the final cost, agreed with the contractors, is based on indices published in February. The same principle has been applied for the 2024/25 budget but based on our initial assessment we expect the variation to be more favourable because February 2024 inflation was lower than in September 2023.

- The West Sussex Economic Collaboration Report was produced with the county's district and borough councils around economic opportunities and challenges
- Workshops took place on recruitment and retention, productivity growth, investment in innovation and enhancing natural capital and transitioning to net zero
- This will help the Council develop its 10 year economic strategy with a governance model based on business leaders
- There are a number of equality and diversity groups within different service areas which it is hoped can be rolled out across the whole organisation.
- Training sessions are being arranged for managers around absence management that include information on return to work interviews as these are beneficial to staff
- More stress and wellbeing assessments will be rolled out to address mental health challenges amongst staff
- Work that the Fire & Rescue Service does around physical and musculo-skeletal injuries will be cascaded across the Council
- A review of the current occupational health contract and counselling service that provide psychological support to staff will commence soon
- As a result of employing social workers from overseas there are currently no qualified social worker vacancies in Children's Services
- Human Resources is working on filling the following active vacancies; 188 in Adults' Services, 96 in Children's Services and 114 in other services including hard to recruit to areas like Highways and Planning
- All apprentices work towards accredited qualifications
- Disclosure rates for self-declaration of an employee's disability; sexual orientation; race/ethnicity; religion vary across the council, but there are no significant spikes or dips between service areas

#### 42.3 Resolved – that the Committee

- i. Seeks additional information on the seizure of illegal vapes and tobacco and how this is being managed across the county
- ii. Recognises pressures within the Adults' Services budget and seeks assurance on how a balanced budget will be achieved in future if there are no mitigating funds available from grants
- iii. Seeks reassurance on how inflationary uplifts are included within contracts
- iv. Asks the Director of Finance and Support Services to provide information on what the effect on the Children's Services overspend will be if the service is fully staffed
- v. Welcomes the information contained within the risk register in relation to water neutrality and the actions being taken
- vi. Seeks extra information on Key Performance Indicator 49 - Square metres of operational property that are in use and the effect this has on outcomes of the decarbonisation programme
- vii. Looks forward to receiving information on the economy at the September meeting of the Committee

- viii. Looks forward to receiving an update on the work currently being undertaken on sickness absence and the outcomes/actions identified

**43. Work Programme Planning and possible items for future scrutiny**

43.1 The Committee considered an extract of the Forward Plan of Key Decisions and Work Programme (copies appended to the signed minutes).

43.2 Resolved – that the Committee: -

- i. Notes the Forward Plan of Key Decisions
- ii. Asks that the Building Maintenance Services contract come to a future meeting of the Committee
- iii. Requests that the distinction between statutory and discretionary services and any change to Gatwick Airport are added to the Work Programme for monitoring by the Business Planning Group

**44. Date of next meeting**

44.1 The Committee notes its next meeting will take place on 21 June 2024, commencing at 10.30am.

The meeting ended at 12.41 pm

Chairman

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## **Performance and Finance Scrutiny Committee**

**18 April 2024**

### **Additional funding and procurement of services to support the implementation of the business management systems to replace SAP**

#### **Report by Director of Law and Assurance**

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#### **Summary**

The Council's business management system (SAP) needs to be replaced to maintain and improve critical activities, including the payment of staff and suppliers, debt recovery and income collection, financial management information and statutory accounting, procurement of goods and services and HR administrative functions.

A contract was awarded in June 2020 for the implementation of a new business management system, Oracle Fusion. The Performance and Finance Scrutiny Committee agreed to include scrutiny of the project in its work programme, given its scale, resource implications and importance to the Council's business. An urgent decision in July 2022 (OKD12 22-23) for a variation of contract terms was scrutinised by the Committee and committee members also received informal updates on the programme in June and September 2023.

The programme was paused in the autumn of 2023 to enable a comprehensive review of options for its future delivery. It is now proposed that a refreshed programme to implement Oracle Fusion should commence. This will be with a new set of suppliers for delivery and will require additional funding. The details of the proposal, for approval by the Cabinet Member for Support Services and Economic Development, are set out in the attached draft decision report.

#### **Focus for scrutiny**

The Committee is asked to scrutinise the proposal set out in the report attached at Appendix 1 and provide any comments for the Cabinet Member for consideration as part of the decision-making process. Areas for scrutiny include:

- (1) Output from the recent comprehensive review, including how lessons learned will enable an effective and timely implementation.
- (2) The basis for the additional resource requirements, how these will be met and how risks of any future project overspend will be minimised.
- (3) How well risks associated with the programme have been assessed and are to be managed to ensure a successful implementation.
- (4) The robustness of proposals to ensure the Council carries out the necessary realignment of its processes and ways of working, including supporting knowledge transfer to Council teams and cultural and behavioural change.

- (5) What benefits will be realised through implementation of the new system and how will its use be optimised, including plans for performance monitoring.
- (6) What staff engagement and training is included within the implementation plan.
- (7) Whether the Committee could add value by carrying out further scrutiny of this programme in future, and if so, what would be the most appropriate stage to do this.

The Chairman will summarise the output of the debate for consideration by the Committee.

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## **Details**

The background and context to this item for scrutiny are set out in the attached report (listed below), including resource and risk implications, Equality, Human Rights, Social Value, Sustainability and Crime and Disorder Reduction Assessments.

### **Tony Kershaw**

Director of Law and Assurance

**Contact Officer:** Susanne Sanger, Senior Advisor, Democratic Services, 0330 22 22550

## **Appendices**

Appendix 1 - Draft Decision Report: Additional funding and procurement of services to support the implementation of the business management systems to replace SAP

## **Background papers**

None

**Key decision: Yes  
Unrestricted  
Ref: XXXX (23/24)**

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## **Report to Cllr Steve Waight, Cabinet Member for Support Services and Economic Development**

**April 2024**

### **Implementing Oracle**

**Report by Taryn Eves, Director of Finance and Support Services and Gavin Wright, Director of Human Resources and Organisational Development**

**Electoral division(s): all**

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### **Summary**

The Council's business management system (SAP) needs to be replaced in order to maintain and improve many of the Council's core activities, including payment of staff and suppliers, debt recovery and income collection, financial management information and statutory accounting, procurement of goods and services, and HR administrative functions. Previous decisions approved the implementation of a new Enterprise Resource Management (ERP) system, Oracle Fusion. The programme experienced a number of setbacks due to various factors and was paused for a review and for a programme re-set.

Following a comprehensive review of options for the programme's future delivery this report makes recommendations to continue with the implementation of the Oracle Fusion Cloud solution, with a stronger focus on business change to align business processes and ways of working to the new technology, strengthened and more carefully resourced programme management and governance supported by a new set of suppliers with a robust procurement and commercial strategy.

### **Recommendations**

The Cabinet Member for Support Services and Economic Development is asked to approve:

- (1) The implementation of Oracle Fusion Cloud as the preferred ERP solution;
- (2) Additional funding of up to £26m over the period 2024/25 to 2027/28, including the procurement of external support, a programme delivery team and a contingency of £4m;
- (3) The commencement of a series of procurements for external suppliers to support the delivery of the programme;

- (4) Additional revenue resources of up to £500,000 that may be required after implementation as a result of the new operating model and systems that will be in place; and
  - (5) Delegation of authority for contract award and any subsequent decisions and awards relating to these contracting arrangements to the Director of Finance and Support Services and the Director of HR and Organisational Development.
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## Proposal

### 1 Background and context

- 1.1 In January 2019, a decision was taken to procure a cloud ERP system to replace the County Council's ageing business management system, SAP. This decision was made due to varying factors, including the announcement from SAP that they would be withdrawing their technical support and security updates to the system by 2025. This is now expected in 2027.
- 1.2 A new ERP system will provide a number of benefits compared to the existing system, using modern technology to provide improved workflow and business processes, improved data quality with enhanced analytics and insight and improved workforce planning capabilities. It will provide built-in risk management and improved compliance, simplified, streamlined processes and an intuitive user experience. It should be responsive to the needs of a more agile workforce and give a greater focus on innovation and adding value to business process management.
- 1.3 A decision was taken in November 2019 [ECR01 19-20](#) to procure a system implementation (SI) partner to lead the implementation of a cloud based system (Oracle Fusion became the chosen system). At that time, a budget of £2.6m was agreed. Later decisions were made to deliver business change through a combination of other suppliers and Council staff and to reset the programme budget to £14.07m (£7m in March 2021 [ECR07 20-21](#) and £7.07m in October 2022 [SSED03 22-23](#)).
- 1.4 Due to various delays and difficulties experienced in the programme, the Council undertook a joint review with its implementation partner in summer 2023. This concluded with an agreement to terminate the contract, with the Council taking on sole responsibility for the programme from September 2023. Following this decision, it was agreed that officers would review the options for the programme's future delivery, alongside a review of the resilience of the current SAP systems as these continue to be relied upon until replaced.
- 1.5 A comprehensive review of the programme has been carried out, using relevant system expertise, and drawing on the experience of other organisations which have achieved a successful ERP implementation. External advisers were asked to test the compatibility of the chosen ERP system, Oracle Fusion, both as a fit with the Council's requirements and as a comparator to other available solutions or approaches. A careful analysis of the lessons from the programme to date and the changes required to achieve more robust controls over programme costs and delivery milestones was also undertaken. This has been tested against a number of principles and programme objectives to arrive at the proposals for the future programme.



- 1.6 The proposed programme is founded on research, engagement with potential suppliers and with other local authorities who have implemented Oracle Fusion, as well as engagement with Oracle. It seeks to ensure risks are costed and managed proactively. To realise the benefits of the programme, the objective is to 'adopt not adapt' new technology. Whilst this will result in simpler systems led by industry leading practice, it requires a period of intense business change while the Council realigns its processes and ways of working. Previous iterations of this programme failed to recognise the scale of this task and the programme will redress this through a well-planned, properly resourced business change approach.

## **2 Proposal details**

- 2.1 The proposal is to begin a refreshed programme to implement Oracle Fusion as the preferred ERP system, based on a model of 'adopt not adapt' with a new set of suppliers for delivery within the timeframe indicated in paragraph 5.3. The go-live is planned for the different elements for December 2025 and April 2026.
- 2.2 To enable completion of the programme, additional funds are required for the following:
- 1) An increase in current Oracle licence arrangements to account for new requirements identified since the initial contract, as well as an extension initially for 2 years.
  - 2) A Systems Integrator (SI) to implement Oracle Fusion
  - 3) External IT suppliers to build third party integrations
  - 4) A Business Implementer (BI) to support the management of business change
  - 5) An external supplier to provide an interim managed support service
  - 6) An external supplier to provide training
  - 7) Additional resource to backfill key staff positions (see paragraph 2.3)
  - 8) Technical experts to support the IT team to deliver the programme
  - 9) Additional hardware, operating system and database licensing to maintain the current SAP system in the interim
  - 10) A data archiving solution to prevent loss of legacy data and non-compliance with regulatory data retention requirements
  - 11) A budget for technical changes to the programme recommended by the business design authority within the programme's governance.
- 2.3 A full resource plan has been developed and costed to reflect the need for focused subject matter expertise. This is weighted towards backfill of staff to cover business as usual activities in order to release staff to work full time on the programme. This reflects the need for existing knowledge and expertise of Council systems and ways of working in the change programme, as well as supporting knowledge transfer of the new system and new ways of working back into Council teams. This addresses a key lesson from the original programme. Specific interim specialists with knowledge and experience of ERP programmes in local government will also be recruited to develop, support and manage the programme.

## Agenda Item 7

### Appendix 1

- 2.4 A business change partner will be procured to assure transformation and embedding of change in the organisation. This is a critical part of the delivery of the programme, as previous attempts to manage this change in-house were not successful. A business change partner will provide the knowledge, experience and structures to enable the Council to align its working practices to make the best use of the new technology.
- 2.5 Work on the Target Operating Model (the way the Council and its operations should be set up to make optimum use of the new system) for all business processes and relevant roles, will proceed alongside the programme's technical delivery. It will be owned and led by the Council, with support from the business change partner. Workforce impact will be driven by business process adoption and software licensing constraints, to preserve the principle of 'adopt not adapt' and realise efficiencies through introduction of modern technology. Again, this is critical as a preference for adapting technology to align with established ways of working has been a contributing factor in organisations which have failed to successfully implement new ERP systems.
- 2.6 A strengthened communications plan will cover operational and strategic benefits, as well as associated behavioural change as individuals adopt new ways of working, including the use of self-service. The programme will work with the Executive Leadership Team, and across the Council, to support cultural and behavioural change, aligning messaging to the programme's strategic objectives.
- 2.7 There will be a renewed focus on developing a robust commercial and procurement strategy to ensure that the timing, resourcing and management of contracts are prioritised and risks are continually reviewed and mitigations put in place to deal with them and respond to changes in areas of risk or the focus of contract management.
- 2.8 Work on a clear, defined scope and detailed requirements has been completed and is being tested through market engagement with potential suppliers. Greater clarity on requirements is essential to ensure that expectations from suppliers are clear from the outset and that they can be held accountable through appropriate contract management and payments against delivery of agreed milestones. Although some refinement is necessary with suppliers, the level of understanding of Council requirements, as well as market engagement, puts the Council in a much-improved position than at the similar pre-procurement stage in 2019.
- 2.9 Suppliers will be drawn from a pool of those with experience in both knowledge of Oracle Fusion and local government. Soft market testing for the larger procurements with known business implementers (BIs) and system Integrators (SIs) will help ensure a number of bids in order to select the right delivery partners. This was a key lesson from the previous procurement, where a very small number of bids limited the choice of available expertise.
- 2.10 The proposal is to commence the programme in May 2024. This will involve procurement of a BI and SI, with the remaining procurements following on. The procurements are complex and have therefore been sequenced to ensure the benefits of BI experience and expertise early on, to support the Council with the final stage of procurement of the SI and other suppliers and commence the early stages of business readiness for change. The timetable for the planned expiry of certain elements of the existing SAP system, including the

procurement module in late 2025 has brought a new urgency to delivery of the programme against the procurement and implementation timeline. The sooner the procurement process is underway the better.

- 2.11 New governance and structures are in place to support programme leadership, with a wider Programme Plan in development. The programme Steering Group will report regularly to the Executive Leadership Team to ensure that the Programme Plan is fully understood and prioritised to minimise risks and their associated costs. Regular updates will be provided to Members through the Cabinet Member and Performance and Finance Scrutiny Committee. Regulation Audit and Accounts Committee may also wish at a relevant point to follow up its previous consideration of the internal audit oversight and the approach to risk management once the programme is running once again.
- 2.12 Additional resources to support the Cloud business as usual activity following implementation will be identified as part of the programme. Some may be met by existing budgets but additional costs of up to £500,000 may be required and these will need to be assumed as part of the medium-term financial position and future budget setting.
- 2.13 Alongside programme implementation, a separate project, led by IT, is underway to ensure continued service of current SAP systems until 2027 whilst Oracle is implemented. Costs are estimated at £0.875m and are included in the proposed budget envelope.

### **3 Other options considered (and reasons for not proposing)**

- 3.1 A number of other options were considered including selection from 'best of breed' models, a shared service with another Council, or other ERP providers. These options are not proposed because, following the consideration of external advice and its assessment of those options, the conclusion was that they do not meet the programme objectives as fully as the preferred solution. The conclusion of that assessment was that they would not offer a simplified, easy to manage system which follows industry best practice and would require either more expensive overall solutions or require unnecessary customisations and that these options would therefore lead to increased risks to on-going technical support and cost control.
- 3.2 Research was commissioned from external experts to validate the option to continue with Oracle Fusion. This confirmed a 96% fit with Council requirements, and that Oracle remains strong in the local government sector. The research found that implementation risks are reduced if suppliers selected to support the programme have the right experience and a number of critical success factors are adhered to, including business change. This ensures the new system is adopted, rather than adapted. These critical success factors are built into the Programme Plan.

### **4 Consultation, engagement and advice**

- 4.1 Over the last nine months, officers from across the programme have been engaging with a number of other authorities who have implemented a similar ERP system, including more thorough reference site visits at Waltham Forest and Cornwall Council who have recently and successfully implemented Oracle but who are at different phases of implementation. It was possible to review their own challenges and measures to address them and also to recognise the

similarity of the conclusions of our own lessons learned activity when seeing the experience of those two councils. In addition, a detailed functional review with Oracle has taken place. These also reaffirmed lessons learned by the Council and helped inform the programme's critical success factors and overall change in approach.

- 4.2 The Council is undertaking soft market engagement with SIs and BIs with both local authority and Oracle Fusion experience to test market appetite, availability and further refine proposals.
- 4.3 The Executive Leadership Team has been consulted on the approach to delivering the programme and are supportive.
- 4.4 The Cabinet and Performance and Finance Scrutiny Committee have been updated on progress with the review and reset of the programme.

## 5 Finance

- 5.1 The current approved budget for the programme is £14.070m and has been subject to an external value for money audit by Ernst and Young. Table 1 provides an outline of the £12.946m spend to date. It is expected that some of the output from the spend to date will be utilised as part of this next phase of the programme implementation and will be discussed with the new SI and BI as part of their onboarding. This includes Oracle licence costs, progress with data cleansing and data migration mapping, functional, technical and reporting specifications and designs and EPM – a system that will be utilised to support budget planning processes and the IT architecture plans.

**Table 1 – Spend to Date**

<b>Type of Spend</b>	<b>Budget</b>	<b>20/21</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Design and preparation	12.772	1.502	1.934	3.965	3.349	10.750
Licensing, Support & Maintenance	1.298	0.519	0.718	0.098	0.003	1.338
Other SI costs					0.858	0.858
<b>Total</b>	<b>14.070</b>	<b>2.021</b>	<b>2.652</b>	<b>4.063</b>	<b>4.210</b>	<b>12.946</b>

- 5.2 The total additional estimated cost to complete the programme is £27.048m as set out in Table 2, of which £25.924m additional budget is required. The additional budget requirement will be funded through a combination of capital receipts by applying the 'flexible use of capital receipts' direction and use of the 'Transformation Reserve' and/or 'Budget Management reserve'. An indication for illustrative purposes of the split of funding is shown in Table 2 but will be dependent on the forecast level of capital receipts being realised. Use of capital receipts for the funding of the Oracle Programme reduces those available for funding of the overall capital programme thereby potentially increasing the need for borrowing. Any need for new borrowing will be considered as part of the review to develop the 2025/26 capital programme. Every £1m of new borrowing equates to approximately £60,000 in borrowing costs.
- 5.3 A decision on the final split of funding between capital receipts and use of reserves will be taken each year by Cabinet as part of approving the outturn Performance and Resources Report, based on the advice of the Director of

Finance and Support Services. Use of reserves will be minimised through maximising the use of future capital receipts. Any use of reserves will need to be replenished over the five years from 2026/27 onwards and will be assumed within the County Council's Medium Term Financial Position which will be revised and published in July.

**Table 2 – Forecast Spend to complete the programme**

**Additional Costs / Budget Requirement**

	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Licensing (Oracle)			1.243	1.243		2.486
Systems Integrator (SI)		2.500	1.000	0.500		4.000
Business Implementer (BI)		2.000	1.000			3.000
Managed Service Provider				0.600	0.300	0.900
Training provider			0.200	0.300		0.500
Third party integrations		0.600				0.600
Staff Resources		2.424	3.268	1.611		7.303
IT resource		0.998	1.169	0.367		2.534
SAP maintenance	0.180	0.490	0.090	0.115		0.875
Business Design Authority		0.150	0.100			0.250
Data archiving		0.330	0.090	0.090	0.090	0.600
Contingency		1.000	1.000	2.000		4.000
<b>TOTAL</b>	<b>0.180</b>	<b>10.492</b>	<b>9.160</b>	<b>6.826</b>	<b>0.390</b>	<b>27.048</b>
<b>Existing Approved budget</b>	(0.180)	(0.944)	-	-	-	(1.124)
<b>Additional Budget Requirement</b>	<b>-</b>	<b>9.548</b>	<b>9.160</b>	<b>6.826</b>	<b>0.390</b>	<b>25.924</b>
Assumed to be funded through capital receipts		(9.548)	(9.160)	(2.216)	-	(20.924)
Assumed to be funded through reserves				(4.610)	(0.390)	(5.000)

5.3 Costs are based on a programme run time of up to three years, commencing in May 2024, with go-live dates of December 2025 for Finance and Procurement, and April 2026 for Payroll and HR, with sufficient post implementation support of up to 6 months.

5.4 Estimated costs are based on current market value and costs incurred at other, similar sized local authorities. Oracle licence costs are based on current costs plus an allowance for inflation over the implementation period. The estimated costs for the SI and BI have been validated through the soft market engagement that is currently under way and costs incurred by other authorities. The staff resources required to deliver the plan are a combination of backfill for existing staff for business as usual (BAU) activities and external expertise and has been estimated through the development of a full post by post resource plan that underpins the delivery of the implementation. Other costs (Managed Service Provider, Training Provider, Third Party Integrations,

Data Archiving) are based on knowledge of the market. The estimated costs for SAP maintenance are based on the outcome of negotiations with SAP directly.

- 5.5 Strong risk management is in place through the governance arrangements but contingency has been set at 15% (£4m) of the total requested budget to cover uncertainty in estimates and potential for risk of delay.
- 5.6 Some additional resources are expected to be required to support the Cloud business as usual activity which are not included in the budget requirement set out in this proposal. These resources will be identified as part of developing the new target operating model for support services and operating the new system and consideration will be given to redeploying existing posts, re-defining roles to contain any additional costs within existing budgets. However, some additional costs may be required and therefore, an allowance of £500,000 has been identified and will need to be assumed as part of the medium-term financial position and future budget setting.
- 5.7 The effect of the proposal:

(a) **How the cost represents good value**

Oracle Fusion meets the Council's business needs and objectives, whilst offering similar and relevant functionality to traditional onsite ERP solutions at a lower cost. The additional budget requirement needed to complete the programme and fully implement Oracle Fusion have been validated through discussions with other authorities who have implemented an ERP solution and soft market engagement with potential system integrators and business implementors. These resources are critical to the programme's delivery. The new approach to business change, procurement and programme management, supported by external experts, will ensure that the programme remains on track to deliver on time.

(b) **Future savings/efficiencies being delivered**

Services will be procured competitively and the procurement will be designed and implemented to ensure best value. The nature of the new technology may deliver a number of efficiencies over the medium term across Finance, HR, Procurement and IT based on the experience of other authorities who have implemented Oracle Fusion but are likely to be realised in the medium term and when the new system and processes are fully embedded into ways of working.

(c) **Human Resources, IT and Assets Impact**

HR and Finance Subject Matter Experts (SMEs) are required to support the programme full time. Extra resources will be provided to support business as usual processes. IT resources will also be required to support external experts with knowledge transfer. These dependencies are reflected in the programme plan and the appointment of additional resources will be in line with the County Council's HR policies and processes. There are no impacts on Council assets other than those related to the IT asset base impacted by the move to Cloud based services.

## 6 Risk implications and mitigations

Risk	Mitigating Action (in place or planned)
1. Unrealistic timetable	Detailed replanning exercise undertaken to ensure the timetable for the programme is realistic and underpinned by supporting strategies such as data migration and payroll validation, and that it is appropriately resourced. Go-live dates staggered in order to manage timelines and key milestones, allowing finance and procurement systems to be fully embedded before HR and payroll go-live.
2. Increased/unbudgeted costs	Strong governance arrangements have been put in place to ensure that the programme remains on plan. Estimated costs are subject to market procurement, but are based on a strong set of assumptions, are in line with programme budgets of similar sized authorities and with a budgeted contingency of £4m aligned to a risk profile.
3. Insufficient contract/commercial management and inability to progress the programme as required.	Procurement focused on securing external suppliers with the requisite local government experience. Investment in new roles to support the programme to lead on commercial activities. Improved commercial relationship with suppliers, ensuring robust contract terms are leveraged for greater accountability.
4. Insufficient understanding of detailed requirements to relay to suppliers.	Work undertaken, supported by external experts, to improve and validate the requirements so suppliers are clear on the needs of the Council and using the 'adopt' principle.
5. Lack of system availability post go-live to perform business critical activities. SRM (Procurement) out of support 31/12/25 so risk profile increases.	Separate project underway to ensure continued service of other SAP aligned applications, hardware and solutions till at least 2027, to ensure continuation of SAP whilst Oracle is implemented. The procurement is prioritised in the Programme plan to be ready by October 2025. If the timeline is not met, an interim solution will be needed. £100k per year contingency for this is included.
6. Target Operating Model (TOM) not designed and implemented in time.	Work on TOM to encompass all factors of people, process, systems and governance to enable adoption of new technology and associated ways of working, aligned with the delivery plan and testing activity.
7. Benefits case not fully understood or properly measured and change management does not achieve required business readiness.	Business change partner and training provider procured to fill a Council capability gap and ensure knowledge transfer to Council staff. Dedicated communications resource and strategy in place to ensure that affected teams are engaged early and throughout the process. Benefits management strategy includes a plan to gather and baseline data to monitor progress against specified KPIs. Implementation of Oracle included on the Corporate Risk Register and managed through ELT.

## 7 Policy alignment and compliance

- 7.1 Our Council Plan: Replacing current systems aligns to Priority 4: Making the best use of resources. A new system would put users at the centre and improve functionality. With the adoption of greater automation, it will free up staff time to focus on service delivery, delivering change and continuous improvement. A

new integrated system will support effective governance with good decision-making and management across the Council. This will ensure we deliver the best for our residents. It also aligns with Priority 2: A sustainable and prosperous economy. Upgrading the digital infrastructure of the Council mirrors the outcome the Council wants to achieve for the wider community. It will help support innovation inside the Council and better support staff on their training and development journeys.

- 7.2 The Council will deliver the procurement in accordance with its legislative obligations at that time. The Council will enter into a services contract using terms and conditions, approved by Commercial Legal Services and compliant with Standing Orders on Procurement and Contracts.
- 7.3 Equality duty and human rights assessment: The new ERP system will improve collection, reporting and monitoring of diversity information, to be held in line with data protection and security requirements. The system will improve remote access, facilitating more flexible working arrangements. As well as potential to improve job satisfaction, this may positively impact those with care-giving responsibilities. The Council will ensure that staff have equal access to the system and that it is designed to consider any issues arising from disability, including reasonable adjustments where necessary, to enable users access to the system.
- 7.4 Climate change: This programme aims to change Council ways of working to reduce travel, reduce use of natural resources (e.g. paper), reduce the impact on the environment (CO2 emissions) and increase productivity. Use of new equipment will help the Council work differently, i.e. print less, work from a wider range of locations and travel less.
- 7.5 Crime and disorder: There are no implications for Crime and Disorder.
- 7.6 Public health: There are no public health implications.
- 7.7 Social value: Increased flexibility will improve productivity, morale, work/life balance and employee wellbeing more generally, which will positively impact on the local economy, as a large percentage of employees are also local residents. A new corporate system will also improve establishment and financial controls, making the Council more efficient and effective in managing providers of local services and informing future commissioning and contract management activity to achieve social value aspirations.

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**Appendices** None

**Background papers** None