Report to Budget & Corporate Scrutiny Management Board

29 June 2023

Subject:	**Oracle Fusion Implementation Progress**
Director:	Simone Hines - Director of Finance
Contact Officer:	Simone Hines Simone_hines@sandwell.gov.uk

1 Recommendations

1.1 That the Budget and Corporate Scrutiny Management Board consider and comment upon the progress made towards the implementation of the Oracle Fusion ERP system.

2 Reasons for Recommendations

2.1 The Oracle Fusion implementation is a key corporate project and will fundamentally change the way the Council's Finance, Procurement, HR and Payroll services operate

2.2 Any recommendations arising from the consideration of this report will be reported to the Cabinet.

3. How does this deliver objectives of the Corporate Plan?

Having an effective, modern Finance and HR system helps to underpin the Council's Corporate Plan and service delivery.

	Best start in life for children and young people

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	People live well and age well
	Strong resilient communities
	Quality homes in thriving neighbourhoods
	A strong and inclusive economy
	A connected and accessible Sandwell

4 Context and Key Issues

4.1 Oracle Fusion is a cloud-based Enterprise Resource Planning (ERP) system and will enable the Council to deliver key functions such as Finance, HR, Payroll and Procurement more efficiently and effectively to support the delivery of frontline services. Oracle Fusion represents an organisation wide Transformation Programme

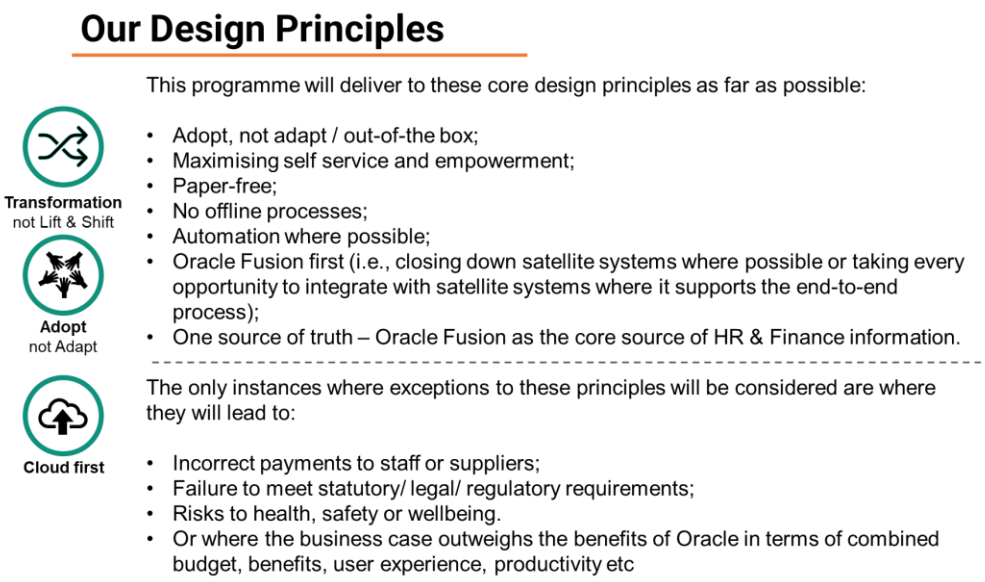
4.2 The Council currently uses Oracle E-Business Suite (EBS), running on in-house servers. In 2019 the Council selected Oracle Fusion as a replacement for the current EBS system and appointed Inoapps as the Systems Integrator. In 2021 the Council opted to pause implementation due to slow progress and low confidence that the right outcomes would be delivered. Grant Thornton also highlighted governance and programme management weaknesses in their 2021 governance review.

4.3 In early 2022 the programme was reset and Socitm Advisory were appointed to support a review of the project as follows:

- Establish a stronger Programme Team and resource model
- Select a new Systems Integrator
- Undertake a Programme Health Check
- Refocus and clarify the future vision

4.4 In August 2022 the Council awarded a contract to Infosys for the Systems Integrator role and a new Project Plan was agreed in November 2022 with a Go Live date of April 2024 for all modules.

4.5 The vision for the implementation is ‘simpler, quicker, and better finance, HR and purchasing systems that help us make better-informed decisions and deliver excellent outcomes for residents’. The programme has established clear design principles to ensure the objectives are achieved. These are:



4.6 The table below summarises the key benefits and changes that the new system will bring:

Wider Organisation including Children’s Trust	Functions: HR, Payroll, Finance, Procurement
All employees – including professional services such as Finance, HR, Recruitment and Procurement • More, easier, user-friendly opportunities to self-serve • New system – and new training need **Managers** • Quicker, more accurate reporting **Requisitioners** • New procedure, potentially new approvals and controls **Budget managers** • Easier to access, understand and take accountability for finances • New chart of accounts	**Preparing for Oracle Fusion** • Confirm detail of what new system needs to accomplish • Review policies to ensure they are complete and support the future way of operating • Test new system to check it works as planned • Make sure data is right before it is moved to new system • Manage short term alternative processes as we move across **Using Oracle Fusion** • More accurate and up to date information in new dashboards and reports • More consistent way to get things done in standardised system • Less manual intervention in processes • Supporting internal customers (managers, budget managers) to self-serve

4.7 The Programme is overseen by the Director of Finance as the Senior Responsible Officer (SRO) and Programme Manager. The programme team is a blend of in-house and external resources to ensure the right balance of expertise and experience.

4.8 The programme has a detailed project plan and approaches to data cleansing, data migration and testing have been agreed. The Project has completed the 'Discovery Phase' where detailed requirements are agreed and has just completed the 'Modelling Phase' for Finance and Procurement where the Council's requirements are mapped to standard functionality in Fusion. This phase has been extended for HR and Payroll due to slippage against the outcomes needed by this stage and a mitigation plan has been put in place to complete this phase by the end of June. At this stage it does not impact on the overall project plan or Go Live date but it is being closely monitored.

4.9 The next phase is 'Realisation' where configuration, integration, data migration, testing and training begins.

4.10 In January 2023 Cabinet agreed a new project implementation budget of £9.7m and a Benefits Case. Cashable savings identified so far are in the region of £1m per annum once the system is fully operational and new processes are in place. The project budget includes a 15% contingency and is monitored and controlled at SRO Finance Review meetings and Programme Board. The project is currently forecasting to be within budget.

4.11 A summary of the high-level project plan and milestones is shown in the table below based on the original Project Initiation Document. This is owned by the Project Management Office and is subject to change as we proceed through the phases.

Phase	Milestone	Date
Discovery	RTM Complete	27/01/2023
Modelling	Fit GAP Analysis & Solution Design	13/02/2023
Modelling	A summary Data Migration 1 (DM1)	27/03/2023
Modelling	Control Room Pilot 2 (CRP2)	12/04/2023
Realisation	Data Migration 2 (DM2)	15/06/2023
Realisation	Configuration Books Signed - Off	02/06/2023
Realisation	Control Room Pilot 3 (CRP3)	15/07/2023
Realisation	Data Migration 3 (DM3)	21/07/2023

Realisation	System Integration Testing (SIT)	18/08/2023
Realisation	Key User Training	30/09/2023
Realisation	Data Migration 4 (DM4)	01/10/2023
Realisation	User Acceptance Testing (UAT)	30/11/2023
Realisation	Data Migration 5 (DM5)	09/11/2023
Realisation	Payroll Parallel Run 1 (PPR1)	22/12/2023
Realisation	Payroll Parallel Run 2 (PPR2)	31/01/2024
Realisation	Payroll Parallel Run 3 (PPR3)	29/02/2024
Deploy	Soft Go/ No-Go Decision 1	01/02/2024
Deploy	Data Migration 6 (DM6)	01/03/2024
Deploy	Trial Cutover	15/03/2024
Deploy	Data Migration 7 (DM7)	25/03/2024
Deploy	Go/ No-Go Decision 2	26/03/2024
Deploy	Go Live – Finance, SCM, HCM & EPM – Financial Year Accounting Effective from 1st April 2024	01/04/2024
Deploy	Transition to Production	19/04/2024
Hypercare	Hypercare	03/07/2024

4.12 Any changes to the project plan are subject to approval by the Programme Board and the dates above have been flexed as the project has progressed, although the Go Live date remains April 2024. There is a small amount of contingency in the project plan.

4.13 The Programme operates best practice project management governance arrangements and uses the RAIDD approach to regularly assess risks, actions, issues, decisions and dependencies. RAIDD logs are kept at Workstream level and updated weekly. Escalations are captured and reported at Programme Board with appropriate actions.

4.14 An extract of the current Risk Log is shown at Appendix C. The main risk that the Programme Board are managing at the current time relates to slippage in the modelling phase for HR and Payroll. There is a mitigation plan in place with daily update meetings to monitor progress and consider any further actions needed.

4.15 There is a Comms and Engagement workstream to ensure there is a shared understanding across all stakeholders of what is required and

what the new system will bring. This includes a Learning and Development Plan to identify skills gaps and training needs.

4.16 The Programme Team are aware of the implementation issues experienced by Birmingham City Council, although it should be noted that there are also examples locally where Oracle Fusion has been implemented successfully. However, with such a significant transformation project it is inevitable that there will be challenges during the process and having a strong governance structure and clear design principles will enable any issues to be managed appropriately. A summary of the lessons learned from Birmingham City Council and why Sandwell's implementation is different is set out at Appendix D.

5 Alternative Options

5.1 The report is for noting but the Board may wish to make recommendations to Cabinet

6 Implications

Resources:	Cabinet approved an implementation budget for the programme in January 2023. A comprehensive resource model is in place to provide appropriate capacity and capability
Legal and Governance:	The Programme has a revised governance structure in place with external support.
Risk:	The project maintains a robust Risk Log which is reviewed regularly by the Programme Team. Further information is contained within the main body of this report.
Equality:	No direct implications arising from the recommendations.
Health and Wellbeing:	The financial prosperity of the Council provides a foundation for health and wellbeing across the remit of the Council.
Social Value	No direct implications arising from the recommendations.
Climate Change	No direct implications arising from the recommendations.
Corporate Parenting	No direct implications arising from the recommendations.

7. Appendices

Appendix A – Benefit Summary
Appendix B – Governance Structure
Appendix C – Extract of Risk Log
Appendix D – Lessons Learned Review

8. Background Papers

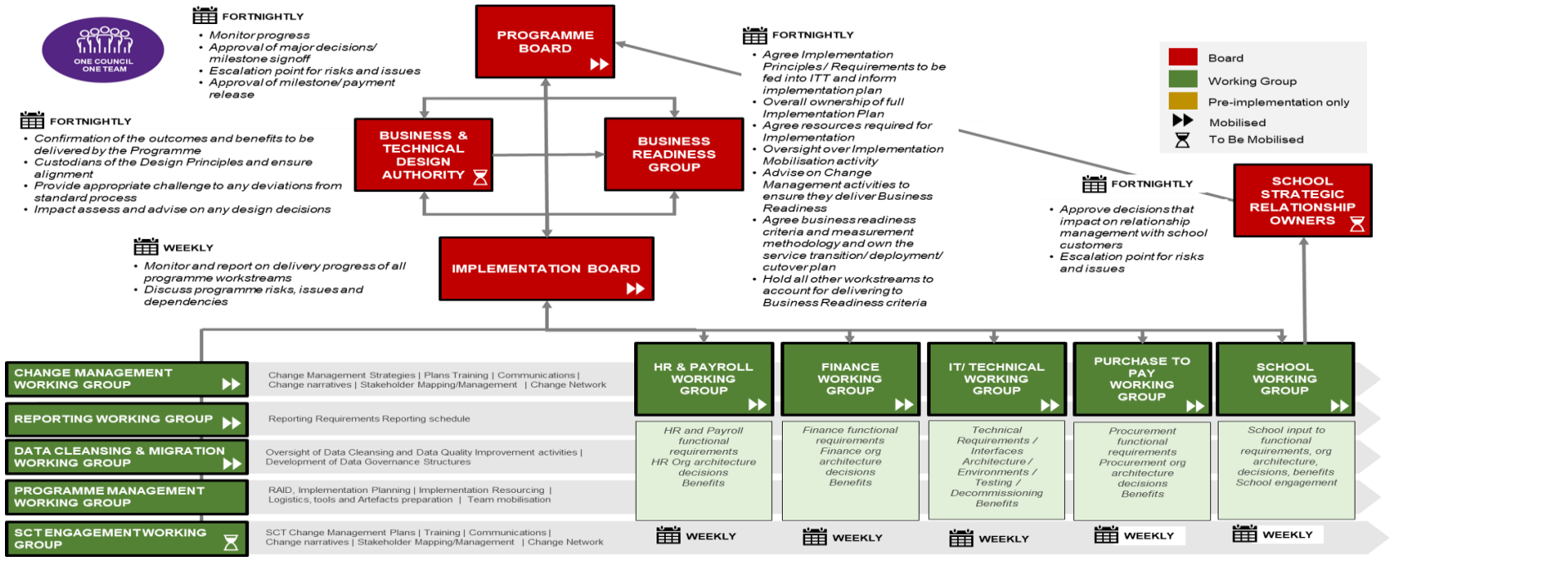
A presentation will also be given to the Committee during the meeting

Appendix A – Oracle Fusion Benefits Summary

Strategic priority	Benefits	How this can be achieved
Best practice processes	Process efficiency / productivity	Reduction in manual interfacing, automation of processes (e.g. supplier invoice scanning) automated reporting, removal of all offline spreadsheets
	Digital organisation (paper free)	Sandwell have a paper free commitment that their ERP related process are currently not meeting – opportunity for Fusion to replace paper processes
Service effectiveness	'One-Sandwell' – consistency of processes	Potential to develop greater consistency across the organization for a 'One Sandwell' approach, further benefit of not having to relearn new processes whenever there is an internal move . Potential to centralise approaches e.g. grant management, IT purchasing
	Self-service, employee empowerment	Full adoption of employee and manager self service

	Corporate services move from transactional to strategic / assurance	Linked to self service, reduced reliance on central services, reduced work on report creation (should be automated)
User experience	Engaged workforce / employer brand	Opportunity to give all staff access via personal/ unmanaged devices and use as a foundation for further access e.g. corporate comms. Overall improvement in user experience. System reflecting a modern organisation. Redeployment improvement.
	Reputation with supply chain	Opportunity to improve engagement with suppliers e.g. via supplier portal
Informed decision making	Informed decision making/ business intelligence	Significant improvement in reporting and on information available to decision makers Bringing together information from multiple systems
	One source of the truth	Move to single platforms and opportunity to establish oracle cloud as core source of information on Finance, HR, Procurement, Payroll vs. current position of multiple satellite systems
Continuous Improvement	Platform for innovation	Linked to move to greater efficiency – opportunity to move to standard (non-customised) processes and be able to take advantage of quarterly releases. Development of more sophisticated functionality for HR e.g. career families, skills mapping etc. Platform for further automation.
Social Value	Social value	Improve data on spend going through local suppliers. Ensure suppliers are providing environmental creds via supplier portal / supplier set-up process. Potential for capturing data on orgs with female chief execs. Improved speed of payment to suppliers. Paper free. Redeployment improvement.
Financial effectiveness	Savings	Systems, dependent on replacing satellite systems Reduction in off-contract spend Improved category management Improved budget visibility and intelligence
	Potential for income generation	Developing a system which would support a compelling commercial offer in the future

Appendix B – Programme Governance Structure



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Appendix C Risk/Issues extract

TOP PROGRAMME RISKS / ISSUES	Current RAG	Description and update	Mitigation	Projected Close	Impact of Risk	Impacted Workstreams
Programme Resources		Capacity to support Programme activity and conflicts with BAU are ongoing: • HR workstream capacity due to extension to Modelling Phase and overlapping activities required to be finalized. Many part time resources with BAU constraints. • Infosys capacity due to overlapping activities in the Development Phase • Changes to SMEs impacting on pace • P2P availability of SMEs due to part time allocation / BAU constraints. • AP SMEs due to retire in December. • Head of Procurement finishing in July 23.	• Ongoing work with Senior Management, weekly governance calls to review resources and manage gaps / actions agreed to progress • Workshops for HCM to be scheduled based on full days where content allows to help manage time more effectively • Review of resource model for Realisation phase to take place (HCM / P2P) • Early planning of resources and	31/05/23	Time / Engagement	HCM

			additional SMBC resources for Test and Training activities to take place. • Discussions with HoS re resources • Workshops to be scheduled ahead for the phase.			

Appendix D

Summary of Lessons Learned from Birmingham City Council

1. Birmingham was a SAP to Oracle Fusion implementation – a more significant change of processes than an Oracle EBS to Fusion transition;
2. This was further complicated by their SAP system being heavily-customised and the Council's requirement for a heavily-customised Oracle Fusion implementation which went against the 'adopt not adapt' best practice design principle;
3. A high number of custom roles (200+) led to complex security issues and user account conflicts and therefore access issues (and issues with provisioning training environments);
4. Overly-complex Chart of Accounts – together with high degree of system customisation – has led to ongoing system and functionality issues;
5. High churn of resources within BAU and programme team contributed to lack of ownership/ clarity in 'to be' processes, with design changes still happening up to go-live and not fully documented;
6. TOM programme and ERP programme were separate workstreams, with the TOM being designed after the solution and not necessarily in alignment to system design.

How is Sandwell's implementation different?

1. Clear commitment to the 'Adopt not Adapt' design principle by programme leadership and wider programme team;

2. Strong governance and control of our design to ensure it is fully documented and shared with all relevant workstreams through the change control process;
3. Timely approval for planned learning support. We have invested in Oracle Guided Learning and have approved budget for trainers. Also minimising the need for bespoke training collateral through adopting standard system functionality;
4. Focus on resource management for programme team. Some changes are inevitable on a programme of this size and duration, so we will continue to manage those changes through controlled handover of content and focus on swiftly addressing any gaps;
5. Chart of Accounts structure has been simplified for SMBC and agreed early in the programme.