Grant Thornton

Birmingham City Council

Value for Money report in relation to the implementation of Enterprise Resource Planning System (ERP)

Report in the Public Interest

11 February 2025



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Preface

Grant Thornton UK LLP ("Grant Thornton") is the appointed external auditor to Birmingham City Council (the "Council") for the financial year 2023/24.

The appointment was made under the Local Audit and Accountability Act 2014 (the Act) and this public interest report is made and published under Section 24 and Schedule 7 of the Act. These provide that a local auditor should consider whether, in the public interest, they should report on any matter relating to the Authority or an entity connected with the Authority that comes to their notice during the audit, so that it may be formally considered by the body concerned or brought to the public's attention. This report has been prepared in accordance with the Act to bring attention to certain matters relating to Birmingham City Council and for them to be considered by the Council. We note that we consider the full range of audit powers available to us under the Act but consider that a report in the public interest is the most appropriate format.

The issues reported concern the governance of the Council's implementation of the Oracle Fusion system, and the plans and further investment required for this programme's completion.

We have not undertaken a comprehensive review of evidence or assessment of whether the acts or omissions of any person or body might amount to non-compliance with laws or regulations or whether any possible offences might be made out or causes of action might accrue. For example, our work excludes analysis of whether the actions of any party might give rise to specific causes of action, such as misfeasance in public office, or criminal offences. No comprehensive review took place of that evidence to assess whether any one or more of a wider range of possible offences might be made out or causes of action might accrue. Unless expressly stated otherwise in this report, no inference should be drawn from the facts and matters contained in this report as to whether any act or omission might breach any laws or regulation. Accordingly, unless otherwise stated in this report, no assurance or reliance should be placed on the content of this report for the purpose of determining whether any act or omission does or does not comply with any applicable laws or regulations.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the Act, the National Audit Office Code of Audit Practice, and related guidance.

This report is addressed to Birmingham City Council. To the fullest extent permitted by law, we do not accept or assume any duty of care or responsibility for any loss occasioned to any third party on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.



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Executive summary

Executive Summary

Key Findings

Deficiencies in the programme to design and implement Oracle

In our view, the governance and programme management arrangements for the Oracle programme had fundamental weaknesses that were never effectively remedied and were further exposed by high turnover of staff in both senior and operational roles. This meant that when the decision to Go Live was taken, in April 2022, the level of risk inherent in the Oracle solution was not properly understood. This resulted in the implementation failing at a significant cost to the Council, contributing to a breakdown of financial control such that it has been unable to adequately control its finances throughout 2022/23, 2023/24 and into 2024/25. We note that the Council is unlikely to have a functioning finance system until 2026 at the earliest. It should be noted that the failure of the ERP implementation is a contributory factor to the Council's financial position rather than being a fundamental factor.

The deficiencies in the programme design and implementation include:

- Key programme governance mechanisms such as independent assurance, ownership by senior officers, member oversight and a strong design authority, were absent or ineffective.
- The business case and programme governance were not adequately designed prior to starting the programme. While attempts were made early in the programme to revise and reconfigure the business case and programme governance these were insufficient and contributed to delays and additional cost.
- The Council did not equip itself with sufficient in-house skills, capacity and experience in key programme management roles, leaving itself overly dependent on contractors and suppliers.
- The programme failed to keep in line with its design principles to 'adopt' Oracle standard functionality, instead seeking to 'adapt' it to align with its existing processes.
- There was a lack of effective and timely engagement with the operational teams who would be the end users, in the design and the business change process. This was another key point of failure.
- There was a tendency to report optimistically, with risks and issues not identified in key messages but set out in the detail of reporting and further obfuscated by overly optimistic mitigations. This contributed to a lack of transparency and presented a potentially misleading view to senior stakeholders.
- Senior officers and supplier staff with responsibility for the safe delivery of the programme faced potentially conflicting priorities to keep to budget, avoid further delay and protect individual and corporate reputations. This may have led to optimism bias and an incentive to report only 'good news'. This is likely to have contributed to the lack of transparent progress reporting and a reluctance to challenge.
- Weaknesses in the design and testing of the solution, and the consequent risk this created, were not well understood by senior stakeholders. Equally there is only limited evidence of guidance or explanation from suppliers. As such, the decision to Go Live was taken with areas of risk (which were known to the programme) not being adequately mitigated.

The cumulative effect of these failures on the Council has fundamentally impacted the Council's financial management and its operations. The key impacts are detailed below.

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Key Findings

Managing Financial Pressures

The impact of the failed implementation has resulted in the Council being without an adequate financial management system and cash receipting system for over 2 years.

The most serious deficiencies with the current ERP system include the inability to produce reliable financial reports or to reliably account for cash and income, without significant manual input from the finance team. Key procedures regarding delivery of savings plans and debt recovery have been unable to function.[1]

Alongside Equal Pay (the legal right of men and women to receive the same pay for doing work that is similar, equivalent, or of equal value) and the Council's underlying financial deficit, the failed ERP implementation and continuing issues with the system are a contributary factor to the Council not delivering its 2022/23 and 2023/24 budgets and savings programme.

The Council has now set its budget for 2024/25. It has set the budget taking account of its September 2023 estimate of the Equal Pay liability but notes "wider and significant financial pressures and a fundamental structural collapse of the 2023/24 General Fund budget". It highlights budget gaps of £164m across 2023/24 and 2024/25, increased future forecast demands on services, particularly in Adults and Children's Social Care and Housing, and the failure of the savings programme in 2023/24. As a result of these reductions, it has also highlighted the need to make redundancies.

If the ERP system had been implemented effectively the Council would have greater capacity and capability to manage these matters. However, as noted on Page 4, it is a contributory factor to the Council's financial position rather than being the sole causal factor to the Council's financial position.

Impact of failed Oracle Implementation

Other impacts of the implementation issues include:

- The cost of the failed ERP implementation and the necessary additional investment that will now be needed is estimated to be at least £90million in excess of the original budget.
- Local residents and businesses in Birmingham and the UK taxpayer will be asked to meet this additional cost, taking potential investment away from other areas where it is needed.
- It has severely delayed the production of auditable financial statements for 2022/23 and 2023/24.
- It has also severely limited the ability of Council departments to access accurate departmental budget information on a timely basis.
- Elected members and the public do not have adequate assurance on the condition of the Council's finances in a period where it was already facing severe financial challenges.

We note that this unacceptable state-of-affairs is expected to continue until the ERP system can be re-implemented. This process is not expected to reach completion until 2026.

We have set out in the following pages of this Executive Summary the key areas that resulted in the failed implementation.

(1) EMT – Oracle Discovery Update – April 2023

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Key Findings

Programme Governance and Oversight

In our view, the Council's governance arrangements did not adequately support good management of the programme. They did not provide effective oversight and challenge or sufficiently identify and manage the risks within the programme for the Council. This weakened the ability for the programme to identify where it was deviating from plan and to trigger robust intervention at key points.

Governance arrangements changed a number of times during the programme with a detailed management framework being established in 2020, Appendix A, though this was focused on the internal workings of the programme. Reporting to the Council's Resources Overview and Scrutiny Committee was implemented with the revised Full Business Case (FBC) being reported in 2021.

We note the following matters:

- Senior Officers: Collectively, officers leading the programme did not take effective ownership of this complex programme and the risks to the Council. There was an over reliance on others, be that Peers, Deputies and Suppliers and Contractors for management and governance.
- Suppliers: Suppliers participated in the key governance forums and in the early stages of the programme systems integration the Council's system integration partner Evosys (SI Evosys) provided a senior director to support and advise the Council's senior officers. However, with the exception of the Programme Director, there is little available evidence of them contributing to discussion of programme matters. On the key decision to proceed to Go Live, all suppliers recommended the Council proceed as part of their formal reporting into the Steering Committee decision making process.
- Programme Concerns: Programme documents identify concerns being raised, prior to Go Live. This is supported by interview feedback which indicates that issues were being flagged from within the programme workstreams. There were opportunities for workstream leads and suppliers to escalate issues but, from review of Steering Committee minutes, there is no evidence of this happening.
- Member Oversight: While this improved as the project progressed, Members, for the most part, did not appreciate the complexity and level of risk in the programme and the potential impact upon the Council's ability to fulfil its statutory responsibilities. Interviews with Members indicated they felt they lacked the capacity or capability to apply meaningful scrutiny, relying on Senior Officers and delivery partners. Furthermore, from interviews, Officer reporting to Members was considered to acknowledge but minimise issues.
- Business Design Authority (BDA) – see Appendix B for definition: The BDA has a critical role in defining what is implemented but did not effectively control the solution allowing significant deviation from the Council's Adopt not Adapt principle, particularly in relation to the extent of customisation required by Finance.
- Independent Assurance: Limited independent assurance was integrated into the programme, to provide suitably objective and informed challenge at key Gateways and decision points. The two key sources of assurance were oversight from the wider corporate programme management team and periodic review by Internal Audit but neither were sufficiently integrated into the programme for this to be effective. No review of the programme was undertaken by Internal Audit until just prior to Go Live. The report identified a number of key issues but was not acted on.

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Key Findings

Decision making and reporting

The decision to Go Live was taken by the programmes Steering Committee based upon a series of Go / No Go review points in March and April 2022, the decision path is included in Appendix D.

The Programme Director took the Steering Committee through the decision making approach at the 10th March 2022 meeting, coinciding with the first decision required.

From our review of meetings between 10th March and 14th April 2022 the minutes of the Steering Committee do not consistently capture the decision required of or made by the group. Only those from the 17th March clearly identify a decision, made by the group, that relates specifically to the decision path. Unfortunately, no minutes are available for meetings which took place on the 7th of April.

Our review of programme documents supports a view from interviewees that reporting for decision making purposes would tend to present a positive headline position, with the details of risk and complex challenges embedded in supporting material, making it more difficult for stakeholders to review and challenge. We have included a functional readiness heatmap extract from the 1st April 2022 Steering Committee report, Appendix F. During our interviews, a representative of the workstream described this presentation as “unrealistic.”

From our own interviews and evidence of separate review processes, it is apparent the concerns raised by staff, within the programme team and functional areas were not adequately addressed.

If information on the quality and completeness of Testing (a critical activity in the management of programme risk) had been presented more clearly, and more effectively assessed by the Steering Committee against the programme's evaluation criteria, it is unlikely that the programme would have been approved to proceed to Go Live.

Programme Management

At the outset of the 1B programme the Council did not have an established framework for the management and governance of programmes, leading to locally developed structures and standards.

In our view, there was insufficient grip on the programme on the part of senior officers. This meant that it was difficult for them to establish a complete view of the risks and critical points of failure. This undermined the ability to challenge reported performance.

The management structure of the program, produced in 2020, included a Programme Director, supported by a small Programme Management Office, reporting to the SRO and Sponsor. The program was organised with three functional workstreams aligned with the Council's functions and Oracle modules: Human Capital Management, Finance (including Payroll), and Procurement. Roles were defined with a logical escalation of issues and decisions, and feedback indicated that the program was well-structured and resourced.

However, the programme was heavily reliant on external providers for both programme management and functional content, with interim contractors being a significant part of the Council's resource involved in design activities. This meant that there were fewer of the Council’s own officers who were sufficiently close to the detail to properly manage risk and safeguard knowledge retention.

The Council placed reliance on their suppliers' tools and methodologies and did not have the capacity or capability to ensure those tools and methodologies were fit for purpose, or being deployed to an acceptable standard. Weaknesses in the approach taken by suppliers went unchecked affecting the quality and completeness of the design of the solution, its development and implementation.

Interviews with functional teams described poor forward planning making it too late to engage, minimal notice before programme events and a lack of clarity in terms of the purpose and expectations, contributing to mixed levels of attendance and engagement.

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Note: programme roles are defined in the Glossary of Terms Appendix M

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Key Findings

Solution Design

The design of the Oracle solution being implemented was not fully resolved at the point of Go Live. In deciding to Go Live Officers appear to have been unaware of the extent of issues, in respect of both the completeness and quality of the solution, and the high level of risk and uncertainty as to whether this business-critical system would function effectively.

It is noted that all of the main suppliers to the programme confirmed the readiness to Go Live.[2] In interview, the SRO indicates challenging suppliers and workstream leads on readiness. This is confirmed by the Director of Digital and Customer Services. However, there is no evidence, in meeting minutes or other correspondence, as to how Steering Committee members sought to validate this position during the Go Live readiness discussions between 24th March 2022 and 11th April 2022.

From our review we noted the following key issues:

- **Customisation:** A number of issues with standard and customised functionality, including key reports and changes to the bespoke Bank Reconciliation System (BRS) being carried over to resolve post Go Live. We note that the BRS has not functioned effectively since implementation and is now being replaced. The Council identified that BRS was creating posting errors for cash transactions in April 2022 and a significant manual intervention has been required since this date. However, SI Evosys state that they were not made aware of the nature of issue with BRS until January 2023, after their contract for support had ended. We note that the malfunctioning of the system has fundamentally undermined the Council's ability to manage and report its finance.
- **Interfaces:** A large number of interfaces, or integrations, to enable transfer of data between the Council's feeder systems were either not completed or not tested. In many cases no alternative solutions, including manual processing, had been established.
- **Testing:** The level and completeness of testing prior to Go Live was deficient, significantly falling short of the Council's own exit criteria in some areas Appendix E.
- **Operating Model:** Interviews point to the operating model for corporate functions not being finalised until late in the process, with all the major functions "changing in flight during the programme."[3]
- **User engagement and training:** The Conference Room Pilot (CRP) process, used to test and validate the solution against user requirements, was weak, with substantial elements of the solution not available to demonstrate to users. Pre Go Live training was also inadequate, and officers did not feel equipped to manage the system. For example, in areas such as Payroll, we were informed that the training did not reflect the solution the department actually had to work with from day one.
- **Change Management:** While the program agreed to adopt Oracle standard functionality as a key design principle from the outset, significant customisations were accepted in practice, as the design progressed, to align with existing business processes based on the legacy SAP financial system. Change requests affecting critical aspects of the solution, including the major customisation of standard Oracle modules, were accepted late into the implementation cycle.
- **Documentation:** the key Solution Architecture document was not updated to accurately reflect the eventual implemented solution and did not highlight the customisations and specific configurations, and the trade-off of risks and benefits that this entailed.
- **Support Model:** The delivery model for support and ongoing maintenance of the application post Go Live, was not in place at the point of Go Live.

In our view, these matters reflect systemic issues in the management and governance of the solution design process for the ERP implementation.

(2) 1B Programme Steering Committee Update | 1st April 2022

(3) Consultation feedback | Director of Digital and Customer Services | October 2024

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Key Findings

Balancing priorities

The programme created a number of potentially conflicting priorities, individually and collectively, which contributed to deficient decisions and actions. We consider that this is indicative of a management culture that worked in silos and perpetuated a lack of transparency. Throughout the project there was an unwillingness to report 'bad news', which was exacerbated by a willingness to apportion blame for perceived failure.

Areas of concern:

- Separation of duties: While it is not uncommon to see a senior functional lead (CFO, HRD) act as the Senior Responsible Officer (SRO) for a programme of this kind, the extent to which functional and programme responsibilities intersect needs to be carefully considered and appropriate safeguards put in place. Whether it is real or perceived by others one individual operating in both governance and functional roles can create a challenging dynamic, for the individual and the programme, where other stakeholders feel unable to challenge or disagree.
- Programme Leadership: Balancing the needs to complete the programme, avoiding further delay and cost against '*Going Live*' without a full appreciation of both the solution and the organisations readiness is a significant challenge for any leader. In an environment where programme delays, and cost escalation were already a significant issue; wider financial pressures were a focus for Council leaders and upcoming Council elections brought greater scrutiny onto the Council's performance. In our view, these matters placed pressure on those involved in the project to report progress and good news rather than the actual position of the project.

Business Change

The Council did not give sufficient focus to the business and culture change required to prepare the organisation and stakeholders for adoption of the new system. This added significantly to the problems encountered after Go Live, with end users unprepared and unequipped to use the system. This should be a fundamental part of any systems implementation and reflects a significant deficiency in the process.

The level of change required, moving from an ERP system hosted and managed by the Council to a Cloud based solution, was acknowledged in the Outline Business Case (OBC) prior to selection of Oracle. However, the extent of change readiness activity appears to have been limited. No specific change readiness activities were defined in the programme plans shared with Members and those activities identified were limited to user familiarisation and training.

Broader engagement with other stakeholders and partners, including Schools, did not fully mobilise until early 2022.

Reporting to Resources Overview and Scrutiny Committee (ROSC) in March 2022, the one-page dashboard reported Business Change as Amber, but Change Complexity was reported as a Red risk, with supporting commentary that the programme was getting insufficient attention and buy in to the business change that was needed.

There is a common theme from Members, staff and the programme team that concerns raised went unheard or were downplayed. While there is always 'noise' in a programme of this nature, had greater consideration been given to these voices the level of risk in the programme would have been more apparent to the Council and its leadership team.

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Key Findings

Knowledge gaps

Capacity and capability of Officers and Members to fulfil their roles in the programme was a constraint on the programme and its governance. The failure to properly invest in ERP implementation capacity and capability and to manage turnover of staff in key positions within the programme was a significant weakness in arrangements. This fundamentally impacted the Council's ability to deliver the project.

We identified the following deficiencies:

- The understanding of Oracle and cloud-based solutions by Council Officers was limited.
- There was limited availability of Officers to support design phase activities leading to an over reliance on external partners to design the solution and manage the programme.
- There was limited Oracle knowledge in the Council Digital and Customer Service Department and user departments, limiting their ability to operate as an intelligent customer and critique the work of Evosys and other suppliers.
- There was limited experience of large ERP programmes amongst Members and support was not provided to members via training programmes.

While these issues were exacerbated to a limited extent by the Covid pandemic, both the Council and SI Evosys believe it did not have material impact on the programme. Delays in agreement of solution design, impacting completion of the CRP process, were seen as a more significant issue.

Operating Environment

In our view, the Council faced a very challenging environment to deliver the implementation of the new ERP system. This included a high turnover of senior officers in programme leadership roles; the end of SAP support and the Service Birmingham contract and wider financial and operational pressures. The impact of these challenges should not be downplayed. However, these challenges should not have led to the implementation of an inadequate ERP system in April 2022.

Summary

The failed implementation of the ERP system has fundamentally impacted the Council's financial management and its operations. In our view the Council has failed to fulfil its duty to deliver Best Value and did not put in place proper arrangements to secure economy, efficiency, and effectiveness in its use of resources in relation to this project. In particular, the Council's arrangements for ensuring that it made informed decisions, and properly managed risks were inadequate.

Fundamentally, the ERP implementation failed for the following reasons:

- Governance arrangements were inadequate throughout the programme. Collectively officers leading the programme did not take sufficient ownership of this complex programme or have sufficient understanding of the risks to the Council. Officers were not well advised by suppliers, upon whom they placed a great deal of reliance and Members were not supported adequately to fulfil their role which resulted in ineffective oversight of the programme.

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Executive Summary

Key Findings

Summary continued

- The Council's efforts to establish an appropriate framework for the management and governance of programmes were not effective. This affected the quality and completeness of the design of the system, its development and its implementation. The design of the Oracle solution being implemented was not fully resolved at the point of Go Live. In deciding to proceed to Go Live, officers appear to have had little appreciation of the inherent risks and the inadequacy of the controls and mitigation being put forward.
- The position taken by external suppliers, recommending the Council proceed with Go Live, presented a highly optimistic view. While these positions were caveated, issues were only identified in the supporting detail to Steering Committee reports.
- Reporting by both suppliers and workstreams to key decision making forums should have been more transparent, and risks more fully articulated. At every programme gateway the Council placed reliance on its suppliers without effective scrutiny or effective independent assurance.
- We note that at the 1st April 2022 Steering Group meeting that issues were being flagged with regard to 'the inbound and outbound integrations and their readiness for Go-Live'. Even by the Steering Group meeting on 19 May 2022 that there was a significant level of work to be completed. Given the level of outstanding work to be undertaken it is unclear why a decision was taken to 'Go Live'
- Senior officers, with responsibility for governance of the programme appear to have been too close to delivery, participating in principle governance forums while advocating for courses of action contrary to the programmes design principles, putting at risk their ability to provide independent leadership.
- Workstream Leadership: Officers and suppliers, engaged with the programme workstreams, do not appear to have recognised or escalated the concerns being raised by the programme team.
- The Council did not give sufficient focus to the business and culture change required to prepare the organisation and stakeholders for adoption of the new system. This added significantly to the problems encountered after Go Live, with end users unprepared and unequipped to use the system. It is clear that the Council will continue to suffer the consequences of its poor decision making and governance for a number of years. Ultimately the decision to Go Live was made when there was a high level of risk and uncertainty. More effective governance and scrutiny could have brought these issues to the fore, enabling the Council to make a genuinely informed decision.

It is clear that the issues with the ERP system were known by officers throughout 2022 and up to March 2023. We have not been able to identify a report to Cabinet or another committee that clearly reports these difficulties to members. Equally, given the indirect sources of information available to Members we consider that they could have challenged officers. However, even if this had occurred, the issues with the ERP system implementation were so fundamental that it is unlikely that they could have been resolved without the re-implementation that the Council is currently undertaking.

We note that the culture of the Council at that time appears to be one where either bad news was not welcome, or officers felt uncomfortable to communicate bad news. We have reported previously on the high level of turnover of senior officers at the Council. If the Council is to succeed with other major projects, including the current ERP project, and avoid similar issues to the failed ERP implementation it will need to carefully consider how it can change its culture to one of openness, mutual support and transparency.

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Executive Summary

Lessons learned

Based upon our review of the programme we have identified the following learning points which we recommend are taken into account to support the ongoing work on Oracle and strengthen the Council's approach to management of change.

Issues	Learning points from the programme

Governance and Oversight	• Improved transparency in decision making and reporting through:
	  • Clearly defined decision gateways, with specific entry exit criteria, at key stages of the programme e.g. Mobilisation, Design, Configuration, Testing, Change Readiness, Go Live
	  • Independent assurance to provide an objective assessment at each Gateway. Expertise, independent of the programme to provide informed and objective feedback to Officers and Members.
	  • Independent expertise, where specific technical or functional knowledge is critical, as in the Business Design Authority, use of independent expertise to act as an intelligent customer providing objective insight and expertise.
	• Roles and Responsibilities:
	  • Fully define, document and communicate roles and responsibilities within the programme
	  • In design of roles and selection of individuals identify specific skills / experience requirements, consider factors including potential for conflicts of interest, workload and capacity
	  • Consider provision of mentoring or other support to help individuals to perform their roles more effectively.
	• Outcomes and benefits monitoring:
	  • Definition of outcomes required from change programmes with specific identification of expected benefits and how they are realised, with rigorous monitoring against the business case.
	• Risk and Issue Management
	  • Improved standard for identification and articulation of risks. E.g. describing the nature of the risk and the implications should it be realised in a way which is accessible to non-specialists.
	  • Periodic review of programme risks with a risk professional (e.g from the CPMO) outside the programme.

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Executive Summary

Lessons learned

Issues	Learning points from the programme

Programme Management	• Improved internal capability is required on all future major programmes. The Council should:
	  • Develop the Council's internal capacity and capability to manage programmes and projects.
	  • Develop a programme governance framework providing a set of standards and tools, owned by the Central Programme Management Office (CPMO), to enable consistent and transparent management of projects and programmes.
	  • Arrange for the CPMO to lead in defining the process for identification, validation and management of dependencies across Council programmes.

Solution Design	• Improved transparency in decision making and reporting through:
	  • Independent expertise, where specific technical or functional knowledge is critical, as in the Business Design Authority, use of independent expertise to act as an intelligent customer / critical friend providing objective insight and expertise.
	  • Solution Architecture documentation developed and maintained by a multidisciplinary team, providing a living and accessible guide to the solution being developed.
	• Improved design and change control
	  • Use design control, to release functionality based upon a stable, agreed solution. Building appropriate change control to capture and develop functionality as a part of a phased release.
	• Improved arrangements for critical decisions
	  • Revised arrangements are needed for critical decisions such as Go Live implementation. Decisions should be made by appropriate officers in consultation with members
	  • Rigorous checks should be undertaken on the information used in decision making. This should include discussion with key departments, officers and users

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Executive Summary

Lessons learned

Issues	Learning points from the programme

Business Change	• Change impact and readiness
	  • Develop approach to assess readiness for change, with a regular cadence of testing across, stakeholder groups, considering various areas of change impact e.g. People and roles, processes, supporting technology, organisational culture and behaviour.
	  • Develop clear case for change and consistent change story , identifying and communicating with stakeholders early .
	  • Establish detailed change readiness plan with specific interventions identified to address change impacts for all stakeholders. Early change readiness interventions may include:
	  • Change leadership and behaviours training to develop leaderships capability and change resilience.
	  • Good practice knowledge sharing, system agnostic Digital Awareness and examples of new ways of working in peer organisations.

Culture	The Council should undertake a review of its culture to identify how it can change its culture to one of openness, mutual support and transparency.

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Background, context and scope

Background, context and scope

Background to this review

Following identification of significant issues, as detailed in our letter of 9th May 2023, we have undertaken an additional Value for Money (VfM) review of your Oracle Fusion implementation, and the plans and further investment required for this programme's completion. The Value for Money review reflects the Council's obligations to make arrangements to secure continuous improvement in the way in which its functions are exercised (the Best Value duty) under section 3 Local Government Act 1999.

The decision to undertake this review was based upon the fact that the programme has experienced significant slippage, costs incurred are in excess of those envisaged in the initial business case and ongoing issues with Oracle are impacting delivery of your statutory and regulatory obligations. This means that there is a significant risk that weaknesses in the governance and management of the programme present significant risks to the effective use of resources.

The purpose of the review is to draw conclusions on the key lines of enquiry set out opposite, and if necessary, determine the extent to which further action is required by the Council, in order for us to reach a satisfactory conclusion of our audit on VfM and to fulfil our responsibilities as external auditor. Our work is undertaken in accordance with the Local Audit and Accountability Act 2014, sections 20 and 24 and may result in Statutory Recommendations or a Public Interest Report.

Our review has been carried out in two discrete phases, with each phase reported separately:

- Phase One being a forward-looking review of the current position of the Oracle programme and the plans for further investment
- Phase Two taking a backward look at the programme from approval of the initial business case, to handover to the Council's functions.

This report covers Phase Two of our work. Our fieldwork was performed between 5th January and 15th April 2024. This report presents the findings and recommendations from our review.

Key Lines of Enquiry

The key lines of enquiry for this phase of our work are defined as follows:

- **Pre Go Live: Implementation of Oracle - The 1B ERP Programme**

  A review of the full programme life cycle, and related governance arrangements and decision-making processes, from development and approval of the programme business case through to the Go Live date in April 2022.

- **Post Go Live: Day one to handover**

  The period of post Go Live hyper care, to the point where Council functions were transferred to business as usual, principally HR July 2022 and Finance November 2022.

Performance of this review

This review has been performed as the Council works to stabilise and ultimately reimplement Oracle and is one of several reviews, with different objectives, carried out into the programme and its stakeholders.

Completion of our work has been challenging, for the following reasons:

- Staff Turnover: High level of turnover in Council staff means there few staff, particular in senior roles, still with the Council who were involved in the earlier stages of the programme. Though some former staff have participated in interviews or responded to written questions.
- Documentation: Programme documents, including reports and minutes of meetings are of variable quality, often undated, incomplete or lacking version control.
- Document Library: The programmes documentary library contains a significant amount of material but with some important gaps e.g. details of CRP1 are present but limited for CRP2. Also, in many areas document capture appears to end in 2019 or 2020 with no clear redirection for the user.

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Background, context and scope

Programme Overview

Background and Context

The Council implemented SAP as its Enterprise Resource Planning (ERP) solution in 1999, providing functionality for Finance, Procurement, Human Resources and Payroll.

Over time the SAP system was customised to more closely align its operation with the Council's business processes. This involves changing the code in which SAP is written to create functionality which is not available as standard or achievable through recommended configuration.

In 2006 the Council entered into a Joint Venture with Capita Plc, Service Birmingham, to deliver a range of Council services. These services included Information, Communications and Technology (ICT) support to the Council and 350 schools. Hosting of and support for the SAP system was a core component of that ICT service.

In 2015 SAP launched S/4 Hana, at the same time setting a timetable for the end of support to its previous generation of ERP solutions by the end of 2025.[5]

In 2016 the Council published its five-year Information, Communication, Technology and Digital (ICTD) strategy. Included within this document the Council outlined its intention to move to a new model of service delivery for ICTD at the end of the Service Birmingham contract.

In 2017 the Council engaged Socitm Advisory to review the future requirements and options for Finance, Procurement, HR and Payroll systems.

Pre programme launch

Following the Socitm review an Outline Business Case (OBC) was approved by Cabinet in September 2018. Following a review of four options the OBC included a recommendation to replace the existing SAP ERP system with a new Cloud based alternative.

In early 2019 the Council went out to procurement and in July 2019 a Full Business Case (FBC) was approved by Cabinet for a new Cloud based ERP solution, Oracle Fusion.

Approval of contract awards for support to the programme were also approved:

- **Insight UK Limited** in partnership with Evosys, Systems Integrator and Oracle (Application/Licensing) were awarded for a period of 5 years from 26th September 2019 to 25th September 2024 with the option to extend for a further two years.
- **Socitm Advisory** were appointed to provide PMO, Programme Management and Change management for the period 20th May 2019 to 31st March 2021 with an option to extend for a further 12- month period.
- **Egress** was awarded the contract to provide data migration services commencing 14th October 2019 and ending 1st October 2021.

In August 2019, the Council's contract with Capita was formally ended and the majority of ICT services, previously provided by Capita, were transitioned to an in-house ICT function, Appendix L. Transition to the in-house service had been completed over a four-month period, prior to the end of the contract, including transfer of over three hundred staff.

(5) This deadline has subsequently been extended to 2030.

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Background, context and scope

Programme Overview

Background and Context

As part of the Council's wider modernisation programme the Oracle implementation was incorporated into a portfolio of projects, alongside Customer Service and New Ways of Working, becoming the 1B programme.

The 1B implementation programme began in October 2019, based upon the Insight UK / Evosys methodology, with an initial planned Go Live date of December 2020 for Finance and Procurement and February 2021 for HR and Payroll.

Launch to Go Live

The early stages of the programme were affected by several challenges:

- The Covid 19 pandemic, leading to a rapid transition to remote working. While this drew resources and focus away from the programme initially, new ways of working were quickly and effectively adopted.
- Covid restrictions in India were seen to have some impact,. We note that the SIP believes they were quickly managed and did not have a significant effect on their capacity within the offshore development team or adversely affect progress of the programme.
- Clarification and agreement of business requirements. Following the initial Conference Room Pilot (CRP) a review of business requirements was carried out with the intention of better aligning the solution to business needs. Further redesign activity delayed exit from the second CRP in order to rework the design being undertaken. The aim of this was to align the redesign with adoption of Oracle standard functionality and improve the approach to Data Security.
- Business and solution knowledge. High levels of staff turnover, both within the programme and wider Council, had an impact on the knowledge and understanding of the Oracle solution and how it addressed business requirements. This led to a need to revisit and revalidate the decisions made during the second CRP.

With this backdrop Ernst and Young (EY) were commissioned to carry out an independent review of the programme. In response to this review the business case was revised and supporting governance arrangements updated.

A new Chief Financial Officer was appointed, on an interim basis, in October 2019 taking on the role of Section 151 officer for the Council and Senior Responsible Officer (SRO) for the 1B programme.

In January 2021 Ameo Professional Services Limited (Ameo) were appointed to provide programme management and assurance services, including provision of a new Programme Director.

In March 2021, a revised business case was approved by Cabinet. This gave approval for:

- continuation of the 1B programme with a revised financial case
- extension of the programme timetable, with a revised Go Live date of 1st April 2022
- a change from a two stage Go Live to all functions *'Going Live'* at the same time
- extension of the Socitm contract by 12 months and
- reprocurement of Data Migration services prior to the end of the Egress contract.

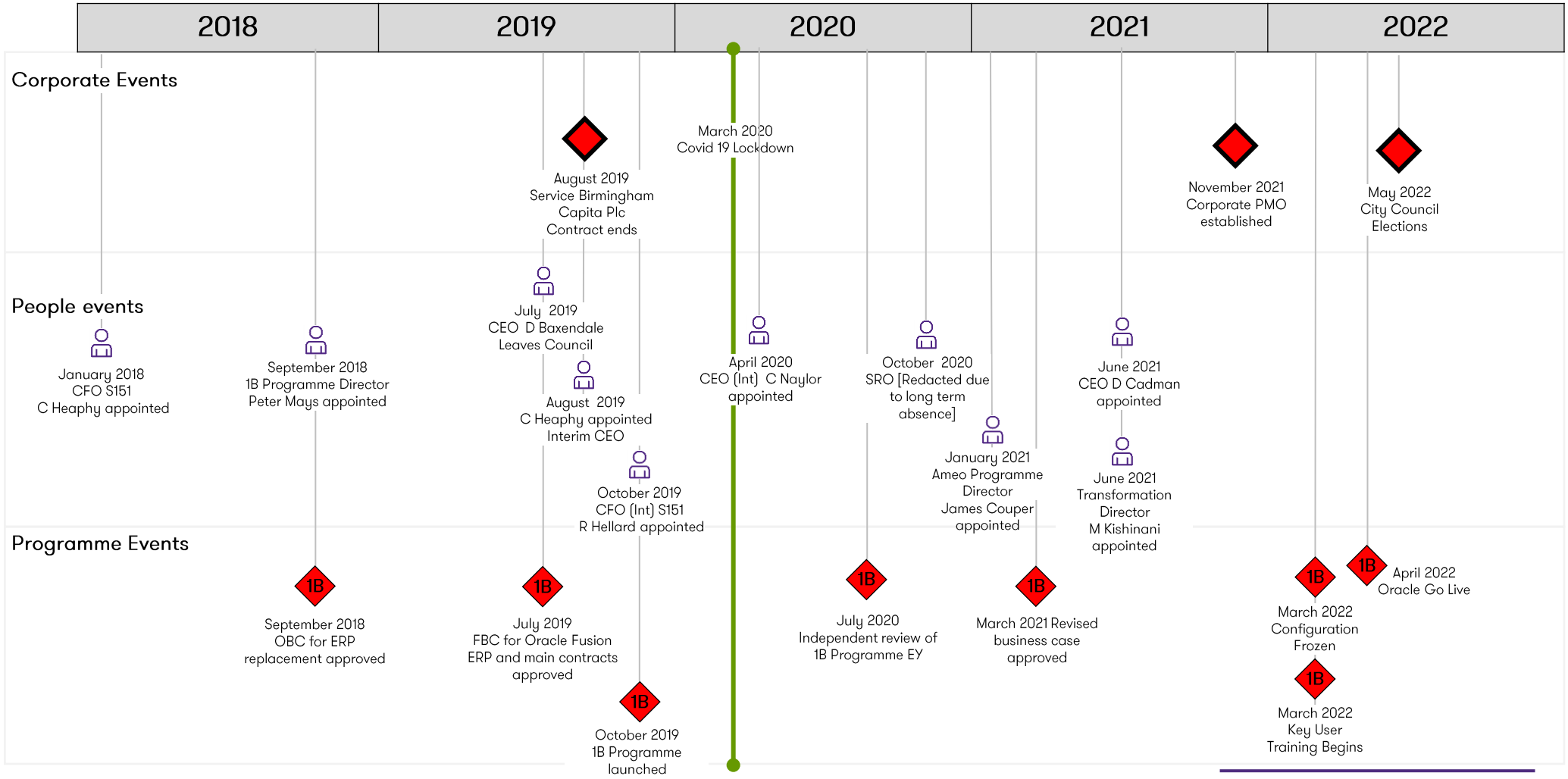
Actions to strengthen governance and oversight were also approved.

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Background, context and scope

Programme Timeline

The table below summarises major events influencing the programme from its inception in 2018 to Go Live in April 2022.



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Detailed findings

Our approach

Scope and Approach

The focus of this review is on the governance and decision making arrangements throughout the programme lifecycle.

To ensure consistency with Phase one of our review we considered each core element of the original 1B ERP Programme (KLOE 1), and the subsequent post Go Live hyper care period (KLOE 2), under four workstreams that cut across the different phases of programme implementation. These workstreams are clearly heavily dependent on each other and the associated teams worked closely together to integrate our understanding and subsequent findings. The workstreams are:

- Operating Model, i.e. Business Requirements (Operating Model changes to be enabled by Oracle, incl. structure and core processes; by function and departments within BCC)
- Governance and Risk Management (incl. Corporate and Programme governance, roles and responsibilities and effectiveness of management and decision-making processes)
- Technology implementation and Programme Management (Programme structure and resourcing, and the effectiveness the of programme management approach and tools incl. data cleansing, data migration, build, test, implement)
- Change management approach (incl. change readiness assessment, training, and change adoption)

While we reference the programme business case, the original and revised versions, we have not reviewed the business case and related programme costs and benefits. A review of the original business case was carried out in 2020, as part of a review of the programme carried out by Ernst and Young [6], which included a review of the programme costs and benefits.



(6) Birmingham City Council | Independent ERP Review | July 2020

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Key lines of enquiry

Pre Go Live: Implementation of Oracle - The 1B ERP Programme

The purpose of this line of enquiry was to consider the governance arrangements and decision-making processes, for the 1B Programme, from development and approval of the programme business case through to the Go Live date in April 2022.

Outline Business Case

The OBC, for a New IT System for Finance and HR, was submitted to Cabinet for approval in September 2018. Approval of the OBC authorised the Council to procure a replacement for its established SAP ERP system.

Implemented in 1999 SAP supported a wide range of business processes for the Council, its Arm's Length Bodies (ALB's) and local schools, including Finance, Procurement, Payroll and HR.

SAP was hosted, maintained and supported by Capita through the Service Birmingham joint venture.

Case for change

As part of the Council's ICT&D strategy a review of the future requirements for Finance, Procurement, Payroll and HR systems was carried out (2017). The review included consultation with a range of stakeholders including senior officers from Finance and HR services, service users and both the Deputy Leader and Cabinet Member for Finance and Resources. This consultation process identified different views between the major user groups:

- **Finance, Payroll and Procurement** considered SAP to be a powerful solution. Acknowledging the level of customisation, they considered further upgrade to SAP as a possible solution.
- **HR** users were seen to be frustrated with the SAP functionality and considered that processes did not support modern ways of working. HR officers preferring to look for an alternative solution to support HR transformation.

Potential for financial savings were also identified , with the expectation that these would be achieved through:

- rationalisation of applications and licences and
- process efficiencies realised through standardisation and new ways of working i.e. increased levels of self service.

Options evaluated

As part of the 2017 review four options were evaluated, those being:

1. Retain the current SAP solution (and those solutions in place that complement it) and undertake a programme to improve its ability to meet the Council's objectives and user requirements;
2. Move the current SAP system to a different hosted solution (SAP Hana Cloud) to reduce the cost of hosting and support charged through the current Capita contract;
3. Implement 'Best of Breed' solutions for Finance, HR, Payroll and Procurement i.e. adopting separate solutions in each area based on the best available in the market as the basis of an integrated solution or

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Key lines of enquiry

Pre Go Live: Implementation of Oracle - The 1B ERP Programme

Options evaluated (cont.)

4. migrate to an alternative single ERP (Cloud based) solution, which meets all business and functional requirements, following a market-testing exercise.

In relation to option one, a roadmap for how the HR and Finance system could be developed to better support users and services had been prepared. However, no further investment had been made due to the Council redefining its ICT&D strategy and future operating model. Noting also SAP intention to withdraw support for older application such that operated by the Council (Page 18).

Additional considerations

When outlining the options the OBC also drew attention to other relevant factors that the Council would need to take into consideration when making their decisions.

Moving to a Cloud based ERP, Software as a Service (SaaS), solution was aligned to the Council's ICT&D strategy, supporting targeted saving in hosting costs, and the Council Plan priority of being a Council "Fit for the 21st Century"

- Adoption of Cloud SaaS solutions was becoming recognised as good practice amongst Local Authorities, with numerous examples cited.
- The approach to change required by Cloud SaaS ERP is different from traditional, on premise, solutions. The recognised good practice being to adopt standard processes and functionality, changing existing processes rather than customising the software.
- The time and investment required in business change management, to support adoptions was specifically highlighted.
- The proposed timing of the project would coincide with other major change initiatives, notably transition from Service Birmingham to an inhouse ICT provision and the replacement of the Social Care system for Birmingham Children's Trust Adults and Finance. The OBC also recognised the significant interdependencies between these initiatives.

Full Business Case

Following a full procurement exercise, the FBC was approved by Cabinet in July 2019 authorising the Council to move to an alternative single ERP (Cloud hosted, SaaS) solution based on Oracle Cloud, to replace SAP.

According to the FBC, this option offered the greatest potential to deliver the requirements for the Council's Workforce Strategy and Modern Workplace objectives, as well as offering significant potential to deliver financial savings.

As part of the FBC revisions to forecast costs were included to reflect "a fully defined programme resource delivery model."[7] The updated resource model included:

- Increased need for functions Subject Matter Experts (SMEs) to support delivery and the requirement to backfill those posts.

[7] Section 3.15 Full Business Case July 2021

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Key lines of enquiry

Pre Go Live: Implementation of Oracle - The 1B ERP Programme

Full Business Case (cont.)

- A Council / Partner hybrid resource model to "drive business change, focused on behavioural and cultural operational adoption of the new ERP solution"
- Increased provision of specialist technology expertise to supplement the Council's inhouse ICT team.

Deepening requirements

From commencement, the programme was planned to take seventeen months to implement the new ERP solution, with fully released functionality in use from February 2021.

In making these recommendation the FBC highlighted a delay in procurement which had been authorised by the Council's ERP Steering Committee. This delay was taken to address gaps in the detailed of business and technical requirements before commencing procurement. The issues highlighted were:

- Full review and business sign off, of the functional and technical specifications due to the on-boarding of new functional management teams and stake-holders; this included the enhancement and a wider scope of specialist system functionality to meet emerging business need.
- Enhanced system integration partner specification.
- Full SAP (enterprise wide) system integration and interface specification with the Council's 140 integration feeder systems, to aid the market's ability to respond commercially to the tender and ensure integration continuity with any new ERP solution.
- To highlight to the business the requirements for specific organisational readiness work streams as a dependency to the on-boarding of a new solution based on the following themes: People (Business Change), Project Infrastructure, Process/Controls, Systems, Data, Reporting and Organisational 'Target Operating Model' Infrastructure.

Related governance

In approving the FBC the Cabinet also approved key elements of the governance process for the programme, principally through:

- Delegation of authority to the Chief Finance Officer (or their delegate) in consultation with the Director of Digital & Customer Services (or their delegate) to oversee and implement the new ERP solution, including all changes to business processes and ways of working to maximise the benefits to the Council.
- Noting that the progress of the project will be monitored and reviewed at the Deputy Leader's ICT Strategy Board.

No further detail was available, as part of the FBC, to describe a governance framework for the programme and how Cabinet would receive assurance of its progress against its objectives and the business case.

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Key Lines of Enquiry

Pre Go Live: Implementation of Oracle - The 1B ERP Programme

Full Business Case – Revised

Following its launch in October 2019 the 1B programme experienced a number of delays and complications. Programme related issues were exacerbated by the Covid 19 pandemic which:

- Drew management focus and resources away from the programme to the Council's pandemic response and
- Significantly reduced the capacity of the Evosys offshore development team in India.

It is also worth noting that, while arrangements were established quickly and effectively, remote working will have added further complexity and, at the time, would represent a very new way of working for a programme of this kind.

We note that both the Council and SI Evosys consider that Covid 19 did not have material impact on the programme. Delays in agreement of solution design were seen as a more significant issue.

In response to the issues in the programme EY were commissioned, by the Director of Digital and Customer Services, to carry out an independent assurance review. This work identified significant deficiencies in several major elements of the programme. EY's recommendation, at the point in the programme, included:

- Revising the business case
- Agreeing a unified approach
- Building a one team culture
- Tightening solution integrity
- Streamlining delivery governance and management

In March 2021 Cabinet approved a revised FBC. This business case firstly sought approval to continue with the programme, the alternative proposed being to develop further plans for a replacement for SAP.

The revised business case contained substantial changes, key amongst them:

- Extension of the delivery plan, from February 2021 to April 2022.
- Allocation of additional funding of £20m, taking total forecast costs to £38.685m.
- Reduction in estimated savings from £26.9m, at OBC stage, to £10.9m over the lifecycle of the programme.
- Moving from a two-stage implementation Finance and Payroll December 2021 and HCM February 2021, to single Go Live for all functions in April 2022.

Additional changes

In approving the revised FBC the Cabinet also approved additional changes, aimed to improve programme and risk management.

- Ameo, to provide programme management and assurance, including a Programme Director.
- Enhanced scrutiny and review from members of the Executive Team through regular updates to the Overview and Scrutiny Committee to ensure that the timelines and costs remain within the agreed parameters.
- Revised governance, monitoring and updates at the defined stages within the programme to assure Senior Stakeholders that the programme remains on track.

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Key Lines of Enquiry

Pre Go Live: Implementation of Oracle - The 1B ERP Programme

Go Live Decision

The decision to Go Live was taken by the programme Steering Committee based upon a series of Go / No Go review points in March and April 2022, Appendix D.

Key criteria to be met in this decision path were:

1. Transformation and load of master data SAP to Oracle
2. Satisfactory completion of Payroll comparison Testing (98% accuracy)
3. Entry into a period of organisational design freeze (1 April 22)
4. Confirmation of defects to be carried forward
5. Finalisation of data load, HCM and Payroll prioritised

The majority of these criteria could be described as typical tasks in the cutover to a new ERP system. Within the criteria item four is key to understanding the level of risk still within the solution, what functionality will not be in place at Go Live, and what additional work and alternative arrangements will need to be put in place to compensate.

Ultimate Go / No Decision

As noted in the in the Go Live decision path, Appendix D, critical dates in the Steering Committees decision making process are the meetings of the 24th March and 1st April 2022.

Steering Committee 25th March 2022

Originally scheduled for the 24th, the meeting actually took place on the 25th March.

Based upon the Steering Committee update report and supporting minutes 18 of the committees 24 members were recorded as in attendance.

At the meeting, the Programme Director took the group through:

1. The decision required on 1st April and options available, those being:

   Option 1 – Go-Live of ERP, HCM and Payroll for all identified users on 11 April '22

   Option 2 – Go-Live of ERP, HCM & Payroll with a mitigation. The proposed mitigation would be to parallel run SAP & Oracle Payroll for an agreed period to support the resolution of mismatches to the 98% level across all payrolls

   Option 3 – No-Go decision with the programme undertaking a re-planning exercise to come back to Steering Committee with a revised plan and date for Go-Live

2. The results of Payroll Compliance Testing (PCT), the headline being that Payroll had met the required success criteria of 98% or explainable difference. A key exit criteria of this stage.

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Key Lines of Enquiry

Pre Go Live: Implementation of Oracle - The 1B ERP Programme

Go Live Decision (cont.)

Steering Committee 25th March 2022

3. An update on Testing and Defect resolution; including a summary of open defects and a review of the exit criteria for Testing in advance of the 1st April Steering Committee. These exit criteria are included in Appendix E.
4. A review of the open issues which were being developed or in testing. The Finance open issues from the Steering Committee report are provided in Appendix G.

Our review of documents also identified a further document (24.03.2 Steering Committee – Finance Impact Assessment). This document provides further detail on 19 open items across Finance and other modules. Of these open items the majority had either no identified work around or a manual solution. The resource implications of not having a system based solution were described as severe or major for five items.

Items in this report, not identifiable in the Steering Committee Update, relate to issues which are across several modules e.g. Testing and User Training.

It is not clear how this report was used and there is no evidence of it being discussed in the minutes of the meeting. It is noted here because it reports on the Volume of defects/issues and the ability to test the integrity of Oracle. The reported status of this issue is recorded here and included in Appendix H.

Risk/Issue		Module	Status
Volume of defects/issues and ability to test integrity of Oracle		**Cross Modular**	In Testing
Action Plan	Clear comms regarding what is ready, what isn't and the work arounds required. Clarity on which reports are ready and how to use these to test integrity of normal business processes and workarounds. Training on how to do this		
Business Challenge	Time to do this is now very limited. Not sure the impact of this has been fully assessed.		
Business impact if solution not in place	Huge. There may be major problems transacting leading to late payment or collection of debt. The accounts could be wrong.		
Potential workaround	Defects and issues need to be collectively assessed to derive an overall impact to the customer/citizen. As many reports are still not ready or have defects, communicate those reports which are ok, what they can be used for and how to use them. Are there gaps that are critical to test the integrity of the business particularly where a workaround is in place? Even if the solution is deemed to be ok, will the lack of reporting hamper our ability to provide assurance and stewardship?		
Resourcing implication (if any)	Dependent on the number of workarounds and the reporting required to provide assurance and stewardship.		

Source: 24.03.22 Steering Committee – Finance Impact Assessment

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Key Lines of Enquiry

Pre Go Live: Implementation of Oracle - The 1B ERP Programme

Go Live Decision (cont.)

Steering Committee 1st April 2022

No minutes of this meeting are available, it is therefore not possible to confirm the attendance at the meeting, matters discussed, or issues raised. Based upon the Steering Committee update report the agenda covered the following main items:

Decisions required from Steering Committee Members

A. Go/No-Go Decision to proceed into final cutover activities and confirmation of entry into the Organisational Freeze period

B. Sign off of Test Summary Report and confirmation of Go-Live defects and issues to be carried forward

Programme Updates

1. An update on the status of Cutover, which was reported as Green and on track. Supporting information on Cutover presented five high or moderate risks, three of which were described as High Impact / High Likelihood:
   - Roles and responsibilities creation – complexity of Finance roles design, delivery of requirement from functional areas, capacity to create these in IT&D.
   - Outbound integrations – defect resolution not completed in time, environment build with integrations, builds not completed.
   - Readiness of Accounts Receivables Functional Area in relation to BRUM and Civica.

   While each of the five risks presented was rated by impact and likelihood no RAG status was used to highlight their relevance.

2. A Go live status update from each of the main providers Evosys, Socitm and Egress. All three reported a status of Green and recommended the programme proceed, along with a summary of risks and issues in the areas of responsibility, no risks were rated.

3. An overview of Defects and Readiness Assessment. This included a summary of Testing and a link to the Full Testing Report, which was to inform the Steering Committee's decisions.

   The Testing summary presented a status of Green and recommended that the Programme Director propose a Go live. The status of each Oracle module was presented, Cloud Financial was rated as Amber with all others Green, with a review of the open issues which were being developed or in testing. The Finance open items are provided in Appendix G and supporting Functional Footprint Heatmap Appendix F. The Deployment Readiness summary also reported a status of Green and recommended Go Live.

While all of the headline reporting in the update report indicated a status of Green and readiness to proceed to Go Live, the results of Full User Acceptance Testing are less compelling. We discuss these on the next page and details are provided at Appendix I to this report.

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Key Lines of Enquiry

Pre Go Live: Implementation of Oracle - The 1B ERP Programme

Go Live Decision (cont.)

Steering Committee 1st April 2022 (Cont.)

Against the Exit Criteria for Testing, Appendix E to this report, including 100% test cases are executed (or removed from scope), the Full Testing Summary provided with Steering Committee Update report presented the following results for Finance.

Tests					
Cycle	Planned	Passed	Failed	Executed %	Passed %
UAT 1 Cycle 1	776	478	76	71%	62%
UAT1 Cycle 2	54	43	0	80%	80%
UAT 2	77	33	17	65%	43%

The report also identified nine P1 (Critical) or P2 (High Priority) defects in Finance.

Emails exchanged between Council Officers responsible for testing the SI Evosys and the Programme Director, 29th to 31st March 2022, indicate that Council staff testing BRS were unable to fully test the solution because the first step in the process, loading of bank files, and key reconciliation reports were failing. Additionally new errors were occurring in functionality that had worked previously.

At the time Council staff expressed their concerns about going live with a solution that was not stable and that the issue was not being given sufficient priority. Despite this cash management was given a Green rating in reports to the Steering Committee.

The Steering Committee minutes indicates that members of the committee approved:

- 'Go/No-Go Decision to proceed into final cutover activities and confirmation of entry into the Organisational Freeze period
- Sign off of Test Summary Report and confirmation of Go-Live defects and issues to be carried forward.'

From interview the CFO and the Director of Digital and Customer Services confirm that between them they took feedback from all of the members of the Steering Committee, including suppliers, and from functional leads for Finance, HR, Procurement and ICT. Confirming that all we happy to proceed to Go Live.

We note that the minutes record the following:

'Chair invited each of the suppliers to give an update and offer their recommendations for the Go-Live decision:

Evosys – good progress made closing out remainder of items, the solution is in a good place with both teams working hard to close these items out. The Evosys recommendation was to proceed with the Go-Live and enter into the final cutover activities.

Socitm – communication through all available channels has been high, there have been issues with access to training and being able to train on the full solution given defects are still being resolved. The Socitm recommendation was to proceed with the Go-Live and enter into the final cutover activities.

Egress – load is on track with delta files being provided to fix data issues where below 100%. The Egress recommendation was to proceed with the Go-Live and enter into the final cutover activities.'

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Key Lines of Enquiry

Pre Go Live: Implementation of Oracle - The 1B ERP Programme

Go Live Decision (cont.)

Steering Committee 1st April 2022 (Cont.)

The Test Manager gave an update on testing and defect resolution: He confirmed:

- 'A Test Summary Report was issued with the pack
- Open defects from PCT will continue to be fixed and re-tested until the 1st payroll run is completed in live.
- System Integrations Testing defects will continue to be worked on and re-tested, if related to data manual manipulation will be undertaken to ensure there are no outstanding config issues.
- Testing of outbounds will continue until the programme go live due to the delay in outbounds being delivered.
- Data migration for live is currently in progress there are a number of defects outstanding from previous DM cycles which will be validated and closed down after cutover.

The recommendation from the Test Manager is that there are no issues from testing preventing a Go-Live and the programme should proceed into cutover. There has been a long period of testing and Finance concerns can be dealt with post Go-Live.'

Reporting to both the 25th March and 1st April Steering Committees presented a positive trajectory and progression to Go Live. It is apparent however, that other readily available information pointed to a greater degree of risk and uncertainty than the headlines suggested. For example, user testing was incomplete or had failed, and accounts receivable and some aspects of the general ledger were reported as 'in testing' or 'in development'.

We note that the minutes of the same Steering Committee record, amongst other things that the Cash Management/BRS (PaaS) was in place with 'no open defects except intermittent issues (bank statement upload with a manual workaround in place)'. This has turned out to be an overly optimistic view. In other areas it is clear that the Steering Committee was aware that issues had not been resolved:

- Accounts receivable - changes to BRUM and Civica Pay in relation to new invoice/instalment and customer references and miscellaneous receipts were in development
- Accounts receivable (AR) Inbound and Outbound interfaces. AR standing charge migration, AR instalment plan (PaaS) were in testing
- School to Academy transfers were not in place
- Pay award and pay progression, new role request were in development

In progressing to Go Live it is apparent the programme's key governance forums failed to adequately scrutinise available information as part of their decision-making process. Whether Officers did not review, or did not understand, the information provided they ultimately placed reliance upon their suppliers.

Equally reporting by the suppliers and the Council's testing team, particularly the 1st April Steering Committee Update, is not transparent and is overly positive in its headlines. Minutes of the meeting indicate that suppliers were supportive of 'Go-Live' and there is no evidence of suppliers adequately drawing the Steering Committee's attention to:

A. the level of uncertainty in the position being presented, or

B. the inherent risk that still existed within the solution.

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Key Lines of Enquiry

Pre Go Live: Implementation of Oracle - The 1B ERP Programme

Findings

Go Live Decision (cont.)

The following comments are contained in the minutes

'[….] noted that she was concerned with the issues being caused by the PaaS customisations in Accounts Receivable and at the right time would like a review of these to drive the business towards adopting Oracle standard product.

[….] added that there was additional risk around these due to the likelihood they may break during release updates.

[….] asked for a session to demo the areas which had been fixed and understand where workarounds were required.'

'There is risk currently sitting in both the inbound and outbound integrations and their readiness for Go-Live. However, these are known issues with plans for workarounds and additional support for the impacted teams being put in place.'

We note that even by the Steering Group meeting on 19 May 2022 that the Council was reporting that:

- The AP and AR integrations were not yet switched on
- The programme was still receiving change requests from functional areas such as payroll
- 34 of the 82 integrations had not yet been switched on.

Given the level of outstanding work to be undertaken it is unclear why a decision was taken to 'Go Live'.

Programme Management

The structure for management of the programme, as set out in Appendix A and B, followed a logical model with a Programme Director, supported by a small Programme Management Office, reporting through to the programmes SRO and Sponsor. The programme was organised with three functional workstreams, aligning to the Council's functions and Oracle modules:

- Human Capital Management
- Finance (including Payroll)
- Procurement

The Programme Board managed the overall programme and delivery of the three workstreams. This reported to the ERP Steering Committee which was the primary governance body responsible for the programme and was led by the officers with overall delegated responsibility for decision making (the CFO, in consultation with the Director for Digital and Customer Services).

The Steering Committee was further supported by the Business Design Authority and Business Readiness Group, both of which depended on information provided by the Programme Board (Please see Appendix A and Appendix B for further details on the governance structure).

Note: Programme Governance and the roles of the various boards are described in Appendix A and B

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Key Lines of Enquiry

Pre Go Live: Implementation of Oracle - The 1B ERP Programme

Findings

Programme Management (cont.)

Roles for each governance body were defined, reflecting both delivery and risk management responsibilities, with a logical escalation of issues and decisions. Interview feedback from stakeholders, within the programme and those in the Corporate Programme Management Office (CPMO), indicate that the programme appeared to be sensibly structured and well resourced.

Review of the workstream and board membership supports the view from interviewees that the programme was heavily reliant upon the external suppliers for both programme management but more critically functional content. It is also evident that a number of Council staff involved in design activities were interim contractors.

An independent review of the programme was commissioned by the Director of Digital and Customer Services in early 2020, reporting in the July. This report recognised positive progress in the design phase and effective collaboration between team leads and workstreams. The report also identified a number of improvement recommendations.

It is apparent from formally documented changes and interview feedback the programme experienced issues at various stages contributing to delay and adding risks to a successful implementation. Critical in this was understanding of business requirements and agreement of a solution design. The programme ran two Conference Room Pilots (CRP), to:

Build the Council's familiarity with the Oracle solution and high-level understanding of how the new solution would work. According to the Ernst and Young review this created significant business buy in.

- Provide a more detailed view of how business processes would be delivered using Oracle and validate the solution.

Issues coming out of the CRP process required significant additional analysis of business requirements and redesign of the solution. The design being agreed in February 2021, six months later than originally planned. The SRO confirmed to the ROSC (April 21) that this delay had been to ensure the agreed solution did not diverge from adoption of standard Oracle functionality.

Interviewees with members of the programme team described engagement with the functional teams (finance, HR and procurement) as difficult, with a resistance to change in respect to ways of working. Functional teams described poor forward planning making it too late to engage, minimal notice before programme events and a lack of clarity in terms of the purpose and expectations, contributing to mixed levels of attendance and engagement.

Issues with co-ordination became increasingly apparent as the programme sought to engage with higher volumes of users, for example during Key User Testing (KUT) and Training. In September 2021 a Senior Business Partner, from Finance, was seconded into the programme to provide additional co-ordination and support for communication between the programme and Finance.

Interview feedback highlighted that the Finance users felt unable to manage short notice requests from the programme alongside business-as-usual responsibilities and that training was very late and limited.

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Key Lines of Enquiry

Pre Go Live: Implementation of Oracle - The 1B ERP Programme

Findings

Programme Governance

Programme Governance refers to the systems and methods by which the programme and its objectives are defined, authorised and monitored.

As previously noted, development of the programme and proceeding to implementation was authorised by Cabinet through the OBC and FBC process. The FBC delegated authority for oversight and implementation of the ERP solution to the CFO, in consultation with the Director for Digital and Customer Services. This was reaffirmed when the FBC was revised in 2021.

The governance arrangements, supporting the implementation are summarised in Appendices A and B. The roles of various programme groups their input to decision making and the related process of escalation were documented and appear appropriate for an ERP implementation.

Suppliers noted the roles of the CFO as SRO and Director of Digital and Customer Services. Initially the seniority of these Council officers was seen as a positive for the programme, providing senior sponsorship and decisions making authority. In practice suppliers have commented that the SRO's engagement was limited, possibly due to the involvement of other senior officers and the other significant commitments in the SRO's portfolio.

The deeper makeup of governance forums and effectiveness of key groups points to an over reliance on external parties, including Systems Integration Partner Evosys, Change Management Partner Socitm and programme management and assurance provider Ameo in the governance process.

Programme Board

Responsibility for ensuring that issues with the quality of deliverables and outputs were escalated to the Steering Committee were the role of the Programme Board in conjunction with the Business Readiness Group.

The Programme Board was led by the Programme Manager and Programme Director (initially from Socitm and later from Ameo). Key elements of the programme board's role were:

- Defining and controlling project scope.
- Ensuring quality of deliverables and outputs.
- Managing risks and dependencies.
- Recommending stage gate and milestone payments.

A more significant level of input from Council officers would be expected compared to the profile of external providers and Council staff that was actually in place, based upon profile documented in ERP Programme Governance Terms of Reference.

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Key Lines of Enquiry

Pre Go Live: Implementation of Oracle - The 1B ERP Programme

Findings

Programme Governance (cont.)

Business Design Authority

The Business Design Authority played a critical role in governance of the solution and its alignment to the programme's original objectives. For the 1B programme its key responsibilities were described as:

- Drive adherence to the programme design principles, stopping activities / decisions that do not align to these.
- Make recommendations to approve / reject proposed changes to functional scope, considering impact and cost.
- Decide upon configuration options.
- Prioritise standard functionality and challenge proposed deviation from this.

The solution implemented and feedback from interviews indicate the Design Authority was not effective in delivery of its key responsibilities e.g. adherence to design principles and challenge to deviation from standard functionality.

A review of meeting notes from the Design Authority shows decisions and recommendations captured, but little in the way of discussion about the options under consideration and implications is documented.

While the majority of key stakeholders on the Design Authority have subsequently left the Council, we have interviewed or received written responses from four of the attendees. Feedback, including that of Evosys, indicated that the Board did not have the strength to say no to changes and the desire of the Council's SMEs to replicate SAP in Oracle was not effectively addressed.

The Design Authority was ultimately responsible for authorising a significant number of additional PaaS extensions (these were a means of making bespoke changes to standard Oracle system functionality). This reflects a lack of resistance to pressure from the programme workstreams to 'adapt' Oracle to fit the Council's perceived finance processing needs. This was in direct contravention to the key principle to adopt Oracle and change process accordingly, that were agreed in the original business case. It was the design authority's responsibility to ensure compliance with its design principles.

For example, when the standard Oracle Income Management solution was deemed unsuitable the Chair of the Design Authority describing it as "impossible to say no to business requirements that deviated from the standard, especially when supported by the SRO."[8] Interviewees also noted that the complexity of the bespoke solution was significantly underestimated. This approach was favoured by Finance due to the impact upon Finance resource driven by the alternative procedure.

[8] Consultation feedback | October 2024

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Key Lines of Enquiry

Pre Go Live: Implementation of Oracle - The 1B ERP Programme

Programme Governance (cont.)

Programme Reports

Issues with the programmes internal reporting to the Steering Committee have been covered previously (Pages 6 & 7).

From October 2021 reporting for the programme was incorporated into the newly established Corporate Portfolio Management Office (CPMO), alongside its existing internal reporting. CPMO reports were based on information supplied by the Programme Board and reviewed by the Steering Committee.

Review of the CPMO report to the Council Leadership Team (CLT), 23rd March 2022, shows that the 1B Programme is one of more than twenty projects reported within the Council's Transformation Programme.

The programme is reported with an Amber status with concerns raised regarding "finance application readiness, culture and change capacity." The report also warns of likely early disruption post Go Live but notes that "these will be resolved as required."

In reporting progress completion of Testing is reported as overdue.

Three red risks are presented, related to the readiness of the IT&D support model, Role Design and security and the complex change environment. While these are all valid it does not appear reflective of the risks reported to the Steering Committee 25th March Appendix G or the issues presented in the 24th March Steering Committee – Finance Impact Assessment.

Within a portfolio of more than twenty programmes, the report on the 1B programme present a lot of information but is anodyne offering no real insight for the CTL to work with.

Other Sources of Independent Assurance

With the exception, of the point in time review by EY commissioned by the programme leadership, there was no truly independent input to governance of the programme.

Internal Audit identify that they had two team members as observers to the Programme Board, but no concerns were raised. In interview the CFO noted asking for more regular input from Internal Audit. Ultimately however, they completed a review on the 7th April 2022, one working day before Go Live. The report identified matters that have subsequently become significant issues, such as reporting around governance, risk and controls requiring clarification. At the time it may have not received sufficient review due to the late delivery of the report.

Resources Overview and Scrutiny Committee

From approval of the FBC reporting of the programme delivery was to the ROSC, with the Programme Director and Director of Digital and Customer Services reporting to the group monthly. At the first of these meetings, March 2021, an extensive presentation was made explaining the programme; providing a view of its current status and a high-level view of red risks.

The way risks were presented did not provide a meaningful sense of the potential impact for the Programme and the Council. Members discussed how they could achieve an appropriate level of oversight, this was summarised as requiring an update on progress, monthly, against a one-page plan.

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Key Lines of Enquiry

Pre Go Live: Implementation of Oracle - The 1B ERP Programme

Other Sources of Independent Assurance (cont.)

Our review of reporting to ROSC identified a number of issues:

- Reporting through the CPMO the 1B programme was one of over 20 programmes being reported.
- Commentary in the reports was typically written with a reassuring, or positive tone, making it more challenging for stakeholders to fully appreciate the extent of risks being presented.
- Risks are presented at corporate level, making some very specific risks e.g. completion of testing and the implications, less transparent for stakeholders.

In correspondence the CFO has stated that the commentary in the reports was independently assured by the internal assurance team.

Audit Committee

The purpose of the Audit Committee is to provide an independent and high-level focus on the adequacy of governance, risk, and control arrangements.[9]. Based upon a review of the Council's Audit Committee papers between April 2021 and March 2022 there is very limited reference to the Oracle programme.

In June 2021 the programmes is noted as being underway and periodically Oracle is referenced in the context of other Annual Audit recommendations. A plan for a review of Oracle's internal controls is noted in the Internal Audit plan for 2022/23. At no point is the programme and its governance arrangements reported upon or discussed.

Corporate Programme Management Office (CPMO)

The SRO identified the CPMO as having a responsibility for independent assurance. The former Director of Transformation, who established the CPMO in Mid 2021, acknowledges this role across the portfolio of programmes but noted that; initially the 1B Programme
was not considered as a transformation programme. When it was brought into the CPMO's remit there was a view they were kept at arms length from the programme.

Ameo Professional Service Limited

Interviewees point to the appointment of Ameo as an example of independent assurance to the programme. We recognise that they were appointed to provide programme management and assurance to the Council from January 2021.

They provided both personnel, the Programme Director and Programme Manager, and deployed a revised programme management methodology and tools. In this role their responsibilities included counselling the SRO on risk and the management of governance meetings and the assurance of the programme, particularly leading up to Go Live.

The effectiveness of Ameo, alongside other suppliers, is considered in a separate independent report commissioned by the Council. The document is legally privileged, and we have not included its findings in this report.

The specific point here is about independent assurance. While Ameo may have been able to provide guidance and expert counsel to Officers, as Evosys had done in the early stages of the programme, they had a direct role in the delivery and reporting of the programme and management of its various governance forums. As such they were not in a position to provide the wholly objective review of the programme, its risk management and governance, we consider appropriate for a programme of this scale.

[9] Audit Committees: Practical Guidance for Local Authorities and Police (2022) | Cipfa

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Key Lines of Enquiry

Pre Go Live: Implementation of Oracle - The 1B ERP Programme

Findings

Officer Accountability

Officers are accountable for the delivery of the Council's policies and organisation and delivery of day-to-day operations.

Through approval of the FBC, Cabinet delegated authority for implementation of the Oracle solution to the CFO in consultation with the Director of Digital and Customer Services, the Chief Executive being identified as the project sponsor in these papers. In parallel to the authority delegated by Members, through the FBC, the CFO as Section 151 Officer is required to ensure arrangements are in place for the proper administration of the Council's financial affairs, under the Local Government and Finance Act 1988 and the Local Government Act 1972.

While these accountabilities are recognised, genuine ownership has often been lacking with senior officers relying on peers or the onward delegation to deputies and suppliers.

The Council has a high level of staff turnover at functional level and a significant level of interim and contract staff at all levels. Interviews identify a large number of Finance staff involved in the requirements definition for the solution left the Council. This profile is also reflected in the programme, each of the programme's senior leadership roles, Sponsor, SRO and Programme Director all changing at least once between its launch in October 2019 and the original planned Go Live of December 2020.

While staff turnover is unavoidable, particularly over the extended period of a programme such as this, it does have a detrimental effect upon corporate knowledge at a strategic and operational level unless effectively managed.

In our view, this level of change in the leadership of the programme contributed to a loss of corporate knowledge and programme understanding. It is also likely that this led to different interpretations of the programme and its priority within the Council's corporate agenda. This can lead to divergence from the original business case and the principles against with the programme was intended to operate.

In most cases, those joining the programme leadership were also new to the Council. This is likely to lead to a reduced appreciation of the complexity, in functions and processes, potentially reducing the level of consensus and commitment to the programmes key aims and principles.

It is also to be noted that, except for the Programme Director all of the senior leadership team had substantial operational roles in delivery of the Council's day to day services. As such responsibilities were often further delegated to deputies.

In interviews and written responses senior officers regularly identified that they were placing reliance on other officers, either their peers or functional deputies to manage and deliver the programme.

As previously identified, the FBC delegated authority to the Chief Finance Officer (or their delegate) in consultation with the Director of Digital & Customer Services (or their delegate) to oversee and implement the new ERP solution, including all changes to business processes and ways of working to maximise the benefits to the Council.

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Key Lines of Enquiry

Pre Go Live: Implementation of Oracle - The 1B ERP Programme

Findings

Officer Accountability (cont.)

In written responses to our questions, the CFO (S151 Officer) and the Director of Finance (Deputy S151 Officer) did not acknowledge that these responsibilities extended to overall responsibility for programme delivery.

The CFO stated "My role was Strategic Responsibility Officer, Chair of the Steering Committee. The role carried no operational or managerial responsibility for Oracle."[10]

When asked about their role with the programme the Director of Finance did not consider that they has a decision-making role within the 1B programme.[11].

It is notable that the CFO's interpretation of their role is inconsistent with other generally recognised definitions of the SRO (Senior Responsible Officer) role. For example, the HM Government Functional Standard for Project Delivery (GovS 002 2021) states that the "*The senior responsible owner is accountable to the sponsoring body for a programme or project meeting its objectives, delivering the required outcomes and realising the required benefits. The senior responsible owner owns the business case and is accountable for governance*".

In our view, the fact that the CFO and deputy CFO do not acknowledge operational responsibility for the programme is inconsistent with the authority delegated to them in the FBC. However, it is true the FBC does not explicitly define the responsibilities of the CFO in sufficient detail. It is also the case that the specific roles and responsibilities of the CFO and Director of Finance in relation to the Oracle programme were not effectively recorded in other key programme documentation. This is a major failure of documentation and record keeping on the part of the Council.

However, as Section 151 Officer for the Council, the CFO and deputy held a wider duty under the Council Constitution to ensure arrangements were in place for the proper administration of the Council's financial affairs.

Member Oversight

In our interviews with Members, they were all very conscious of the role they needed to take in setting the strategic and policy direction for the Council, delegating responsibility for implementation to Officers.

Between 2015 and 2019 the Council had an Independent Improvement Panel in place and Members referenced the direction provided by that panel and the need to act at a strategic and policy level, not to be in the detail of operational delivery as they had historically been.

As previously noted, development of the programme was underpinned by business cases approved by Cabinet. In interview Members were able to clearly recall some of the challenges being addressed e.g. SAP performance and end of support and the options considered.

With approval of the original FBC a level of Member oversight of the programme was formalised, principally via the ICT Strategy Board, Chaired by the Council's then Cabinet Lead for Finance, subsequently Deputy Leader. Interviews confirm that Cabinet Member Briefings were also a forum for the Leader of the Council and relevant portfolio holders to receive updates.

(10) CFO response to written questions February 2024

(11) Director of Finance response to written questions February 2024

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Key Lines of Enquiry

Pre Go Live: Implementation of Oracle - The 1B ERP Programme

Findings

Member Oversight (cont.)

In interview the Deputy Leader identified that the ICT Strategy Board was in fact very operational, "too operational for a Member to be involved in."[12] Due to its operational nature and their own limited capacity, the Deputy Leader stepped away from the ICT Strategy Board, in turn getting updates from the Director Of Digital and Customer Services via regular briefings.

When the FBC was revised, in March 2021, arrangements for Member oversight were strengthened. From this point the programme reported to the Resources Overview and Scrutiny Committee (ROSC). In April 2021 the Programme Director, Director of Digital and Customer Services and Chief Financial Officer, presented details of the programme and the revised FBC to the ROSC.

At this initial meeting there was discussion around a broad range of programme issues, including:

- Progress of the programme and delays against plan
- Data quality and data cleansing
- The complexity of the programme and 170 integrations between Oracle and other Council systems

Concerns were also raised about the extent of customisation of Oracle. In response the CFO reaffirmed the strict adherence to the adopt not adapt principle, and rigorous governance being applied to design changes seeking to adapt, or customise, the solution.[13]

Alongside this debate Members discussed how, and how often, the Committee should monitor the programme. In defining their requirements Members did caution themselves against crossing the line between review and being part of the implementation team.

From review of ROSC meetings between September 21 and March 22 the review of the programme became more of an operational update on progress. There is very limited challenge to Officers and from September 21 Members chose to move to a bi-monthly update.

[12] Interview with Deputy Leader of the Council | March 2024

[13] Resources Overview and Scrutiny Committee Meeting | April 2021

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Key Lines of Enquiry

Pre Go Live: Implementation of Oracle - The 1B ERP Programme

Findings

Solution Design

The design of the Oracle solution being implemented was not fully frozen until two weeks before Go Live. As a consequence, the programme team did not have a sufficiently clear understanding of business requirements, or agreement as to how the solution would meet those requirements.

The Target Operating Models (TOM) for major user departments e.g. Finance and People Services were not defined and agreed at the point the programme came out of the CRP phase. Indeed, the Programme Director points to the operating model still being debated six to eight months before Go Live and in-flight changes late into the programme. This lack of stability coming out of design into implementation, leads to dependencies between business requirements and the Oracle solution remaining unresolved.

ICT&D as the key enabling or service department for the Oracle solution was also going through major changes to its organisation and resourcing, following dissolution of the Service Birmingham agreement.

Although the programme agreed to the principle of adopting not adapting Oracle standard functionality, this principle was not held to in practice. Significant customisation being accepted to align Oracle functionality to existing business processes. The BRS customisation is a primary example of dependency between the Oracle solution and business requirements not being fully understood and leading to a compromise of the programmes design principles.

The original BDA approval for a customised Cash Book Solution was raised in February 2020, as standard Oracle could not deliver the automated functionality required in the ITT.[14]

The document, approved for the business by the CFO, identifies four options:

1. No development; fully manual solution.
2. Development of the "out of the box solution" only without any bespoke development.
3. Development of the full requirement including bespoke development where necessary to preserve process efficiencies.

Option three was approved based upon an initial cost estimate, from Evosys, of £45,000 against an estimate of an additional nine FTE to deliver a more manual solution.

There is no evidence of more detailed analysis to support the options or validation of the costs in advance of a decision being taken. Interview feedback reports discussion of the options in the presence of the representatives from Evosys and Oracle, but there being no issues raised.

(14) Business Design Authority Decision Document | BDA034 | February 2022

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Key Lines of Enquiry

Pre Go Live: Implementation of Oracle - The 1B ERP Programme

Findings

Testing of the system prior to Go Live

A testing strategy was originally set out in January 2020, but was subject to change due to time constraints in the programme and ongoing issues with availability of functionality to test.

Evosys were responsible for Unit and Functional System Testing of the solution.

The Council, through its Testing team and business users was responsible for System Integration Testing, User Acceptance Testing and Regression Testing.

The BDA approved the removal of Functional System Testing from scope in May 2020, on the basis that the Evosys methodology provided an alternative approach. Concerns were raised by the Council's testing team and a more limited level of System Testing was agreed with Evosys at a later date.

The quality and completeness of the testing approach is not considered here. We do note however, at various stages testing was hampered by the availability of a solution e.g. configured processes, interfaces, customisations, to test. Time constraints also led to limited testing of scenarios in some modules.

Testing is an essential task to understand the completeness and quality of the solution, ensuring risks are understood and adequately managed prior to Go Live. It was the responsibility of the Steering Committee and the SRO to assure themselves that this had taken place to an acceptable level of quality and completeness.

There are significant questions over the quality of information provided to the Steering Committee, by the Programme Board, in relation to the completeness of testing and the interpretation of the results. However, beyond the positive picture presented to them, the detail was available to be interrogated. There is limited evidence that the Steering Committee reviewed and challenged the results of testing i.e. making sure that sufficient coverage and assurance had been obtained or considering whether late amendments to the solution design had left sufficient time for testing. As a result, the decision to Go Live was based an inadequate understanding of the condition of the solution and the level of risk being accepted.

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Key Lines of Enquiry

Pre Go Live: Implementation of Oracle - The 1B ERP Programme

Findings

Solution Architecture

A solution architecture document, or blueprint, is a key artefact for an ERP programme. The purpose of the document is to describe the structure of a software solution, including the architecture of its components, the relationships between those components, and the principles that guide its design. The document is typically used as a reference for designing, building, and maintaining a software system, and it can be used by developers, architects, and other stakeholders to understand the overall design of the system and how it fits into the larger business or technical environment.

The Solution Architecture document for the 1B programme, as at 28th February 2022, does not reflect the solution as it was implemented. It presents:

- A suite of modules, not all of which were being implemented.
- Very high-level and generic process flows which do not reflect As Is or To Be business processes.
- No reference to customisations of the solution e.g. the Bank Reconciliation Solution (BRS) or any specific configuration that had taken place.

As such the document provides no meaningful reference point for the solution for stakeholders.

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Key Lines of Enquiry

Pre Go Live: Implementation of Oracle - The 1B ERP Programme

Findings

Additional Influencing Factors

Underlying the issues identified in the Oracle programme are other, more general, factors which have contributed to the programme's issues.

Management Capacity and Capability

The Oracle programme was one of many change programmes and other material issues the Council was managing in parallel, for example Equal pay, Service Transformation, its Pandemic response and the Commonwealth Games.

Officers and Members did not have the capacity and capability to manage the volume, scale, diversity and complexity of change programmes and major initiatives alongside delivery of day-to-day operations. Additionally, the Council did not have a mature and reliable framework for establishing and monitoring its portfolio of programmes and projects. The requirement to manage multiple programmes is not unusual, but in an organisation recognised for its complexity, the structures to monitor and report on a large and varied portfolio of programmes and projects was not established. The CPMO being set up in November 2021 and having multiple other projects to manage. As such the Council did not have a robust infrastructure to support consistent programme management, enabling local practices to emerge and projects and programmes to operate in isolation.

We note that the CFO has commented that *CPMO* was supplemented by an independent assurance team led by Director of Transformation. We note that the combined action of these teams did not result in a successful implementation.

Culture and Behaviour

The Culture and behaviours in the Council contribute to a lack of transparency, a desire to present a positive message and failure to address challenging issues. The Centre for Governance and Scrutiny's (CfGS) Independent Governance Review [15] highlights a number of themes which are also visible in the Oracle programme.

- A failure of individual and collective accountability and responsibility.
- Low levels of trust between officers and members and a deep-seated blame culture.
- A defensive culture where there is difficulty in speaking up about bad news.
- A member focus on operational activity, which has developed into negative behavioural trends.
- Unwritten rules trumping corporate processes, due to governance systems that are inconsistent and/or only as reliable as the data provided and the people who operate them.

[15] Centre for Governance and Scrutiny Independent Governance Review November 2023

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Key Lines of Enquiry

Post Go Live: Day One to Handover

The purpose of this line of enquiry was to consider the governance arrangements and decision-making processes, for the 1B Programme, from Go Live, April 2022 to the end of the hyper care period when Oracle support was fully transferred to the Council.

Immediate Post Go Live

The Council went live with Oracle on 11th April 2022, in line with the timetable set out in the revised FBC. The plan included a period of two months post implementation hyper care, during which the programme team and external partners were retained to provide close support to users. Following this period the expectation was that Oracle would be transitioned to business as usual (BAU) management and support.

At Go Live the programme was bringing forward a number of open issues with both the functionality of the solution (e.g. Reporting, BRS) and with integration with feeder systems.

The planned organisational freeze, pre Go Live, also created an initial backlog in transaction processing areas, for example in the region of 10,000 supplier invoices.

In the immediate post Go Live period the ICT Helpdesk was receiving 100 to 150 calls per day. At this point the new Managed Service Provider (MSP), Version one, was not in place, onboarding its service from the end of May 2022. ICT support in this early period was described as limited. As part of the planned hyper care period the core programme team, including SI Evosys, was in place to provide support on technical matters and user adoption. At this early point issues identified were described as predominantly relating to business data, the scheme of delegation and cost centre structure and ownership.

Go Live to Handover

The programme initially planned a hyper care period of two months, with potential for extended support from external suppliers. However, due to the extent of issues this was extended with a phased transition to business-as-usual support for HR (July 22) and Finance (November 22).

As noted in our previous report [16] in the first six months post Go Live, April to September 2022, over 8,000 issues were recorded, Appendix J.

Major themes identified in the issues being raised:

- **Access Control:** The security model developed to manage user access across Oracle was a 100% customised solution designed to mimic previous SAP functionality. The customisation was found to have several inherent flaws, enabling staff to access and potentially alter data outside their areas of responsibility. There have been no such reports by the Council's Data Protection Officer of a breach of this nature. However, although a basic Oracle Risk Management Cloud (ORMC) went live in September 2023, at the time of our review it was not able to operate across all of the customisations in the solution to the flaws identified. Therefore, the Council at the time of our review remained unable to effectively audit transactions.

[16] Grant Thornton UK LLP, BCC Value for Money in relation the Implementation of Oracle | December 2023

[17] Payroll Team Interview | October 2023

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Key Lines of Enquiry

Post Go Live: Day One to Handover

Go Live to Handover

- **Payroll:** was described as one of the most stable areas of functionality at Go Live. However, interviews with the Finance and Payroll team identified significant concerns about readiness, noting the level of change and inadequate training. Interviewees described "feeling bullied" [17] into '*Going Live*' for all customers at the same time. While Payroll implementation has proven successful, interviewees stated that they received over 1,000 queries from Schools and between 60 and 100 hours, per month, of overtime had been required to complete early Payroll cycles.
- **People Services Reporting:** In People Services the Oracle Human Capital Management (HMC) module supports reporting for operational and statutory purposes, including staff DBS checks, Right to Remain status and management of absence. Many of these reports were identified as not working or incomplete.
- **Finance Operations:** Issues across transactional finance impacting the Council's ability to pay suppliers, chase debtors and effectively report on costs. The BRS solution, a 100% customised solution for cash allocation, was found to be misposting or failing to post a high proportion of transactions. While receipts and payments were processed, cash transactions were not being allocated to the correct accounts in the General Ledger which materially affected the integrity of financial and management reporting.
- **Enterprise Structure:** In Oracle the Enterprise has three fundamental structures (Legal, Managerial and Functional). They are implemented via the Chart of Accounts and Organisational structures (Divisions, Business Units, Departments). Design activity across HR and Finance was not integrated, consequently these structures did not align and were highly complicated to map and maintain.
- **Financial Management:** As a consequence of issues in Finance Operations , the Council was unable to produce reliable reporting for financial management or statutory purposes.

Interviewees describe the response to issues as firefighting, the programme team including Evosys working with Version One to produce a backlog of issues. The approach to addressing issues being focused on tactical fixes, prioritised based upon demand from the user departments and the capability to resolve the issue. They did not have the capacity or capability to investigate and resolve the root cause of issues

This very tactical approach appears to have become embedded, supported by a significant increase in the use of temporary staff to compensate for failing functionality and processes.

During this period, the working relationship with SI Evosys appears to have deteriorated. As issues with the solution became apparent Insight UK, as prime contractor, directed issues to Evosys. Evosys were able to point to prior approval of deliverables and authorised completion certificates at key stages for the programme, along with formal close of out of post Go Live issues raised via the service desk, to support the view that they had delivered to contract.

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Key Lines of Enquiry

Post Go Live: Day One to Handover

Go Live to Handover (cont.)

In October 2022, the CFO reassigned the Director of Finance to provide dedicated senior resource to resolve the Oracle issues in Finance.

The Council's contract with its SI partners Insight and Evosys, responsible for the technical build of the Oracle solution, was completed post the extended hyper care period with a structured handover to Version One in October 2022. At this point ongoing support for the solution transferred to Version One. We note that the Council issued a number of certificates of completion. It is unclear why the Council did so given the volume of issues it was dealing with.

A review of issues was commissioned by the CFO in November 2022, reporting in March 2023. The review highlighted key risks and issues to the Council and the underlying issues with Oracle and adoption of the solution. An extract of the critical risks is included at Appendix K. An outcome of the review was the establishment of an Oracle Stabilisation plan.

Due to the volume of issues the Council, via the Director of Digital and Customer Services, wrote to Insight and SI Evosys in December 2022 describing high volumes of ongoing issues with Oracle and detailing specific concerns in areas such as the Order to Cash solution and use of standard functionality, requesting a full response by 31st March 2023. The letter also indicated that Evosys, in the Council's view, had not followed the defined process to certify completeness of the programmes transition phase. We note that by this point the system had not been functioning effectively for a year.

Evosys responded to the Council in March 2023, presenting its perspective on events and evidencing sign off, of requirements and proposing areas of further support. They then also offered assistance to the Council in May 2023 and in August 2023 provided a proposal to address the specific issues the Council has identified. We understand from our interviews no response was received to this proposal.

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Key Lines of Enquiry

Post Go Live: Day One to Handover

Findings

Ongoing Issues

The Programme's response to the issues arising and the risk to the Council was inadequate in that:

- Programme Leadership, as collective group of senior officer leading the programme and its workstreams, did not appreciate the scale of issues, level of risk and extent of manual effort required.
- A robust ICT support capability, with the required Oracle knowledge, was not established in advance of for Go Live.
- The response to mounting issues was not quick enough or sufficiently focused to understand the root causes of issues. As noted previously the significant issues with the BRS solution not be notified to Evosys until January 2023.

The issues identified earlier in this document, in relation to Programme Management, Officer Accountability and Member Oversight continued to be significant factors contributing to the condition of the programme.

Additional, but related factors we have identified through our review are summarised here.

Support Operating Model

Following the end of the Capita contract, August 2019, Service Birmingham's activities were brought inhouse, transferring staff from the Capita JV and repatriating secondees. This cohort of staff had been providing support to the Council SAP solution over the life of the Service Birmingham contract and were, for the most part, not Oracle specialists. Certainly not holding the level of knowledge and expertise they had for the Council's SAP system.

Interviewees noted that the Director of Digital and Customer Service had both a leadership role in the Oracle programme and was leading the transformation of the ICT support service that Oracle would be dependent upon. It is noted that the ICT support service project was directly managed by the Assistant Director of ICT, on behalf of the Director of Digital and Customer Services.

Building in house Oracle capability proved to be very challenging. Consequently, in February 2021 the Council entered into a contract with Version One Solutions Limited (Version One) to provide a managed service for the support and maintenance of the Oracle solution. Although a key dependency for the transition to Oracle this exercise was managed independently from the programme.

The timing of this agreement meant the new managed service was not mobilised until May 2022, after Go Live, leaving the Council with limited capability to support at the point of *'Going Live'* with Oracle. The new MSP having to mobilise quickly with no visibility of what the Birmingham Oracle solution looked like, in terms of the level of customisation that had taken place.

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Key Lines of Enquiry

Post Go Live: Day One to Handover

Findings

Supplier Relationship Management

Approval of the revised FBC included approval to extend the contracts of the main suppliers, recognising the delay in the programme and need for ongoing support. The papers also identified the Programme Director, from Ameo, as responsible for contract management supported by the Council's Corporate Procurement function.

During the implementation phase, the Programme Board were responsible for recommending key stage gate and milestone payments to the SRO and Steering Committee. As previously noted, this Board was substantially led by representatives of the suppliers to the Council.

The Programme Director and Director of Digital and Customer Services identified that, as the extent of issues became apparent, relationships with the SI Evosys became very challenging, noting:

- issues with the effectiveness of programme management
- a lack of engagement with Insight UK Ltd, prime SI and
- difficulty holding SI Evosys, subcontract SI, to account for issues with the solution.

Evosys point to the Council having approved programme milestones at every stage. Noting that in the period where the programme milestones was managed by the Council's Commercial Department it was a rigorous process. They also noted putting forward a Future Proofing Plan in September 2023, to address mutually agreed issues, to which no response was received.

Culture and Behaviour

At various points, pre and post Go Live, Officers and Members point to a consistent behaviour from the Programme Leadership. In various interviews this was described as acknowledging the existence of issues but to downplay them.

Officers from Finance made reference to meetings with the Programme team, pre and post Go Live, which "exposed a bit of denial."[18] Also noting that, on occasion, these sessions were challenging and uncomfortable for people to stand up to the Programme Director.

Members identified hearing of issues indirectly e.g. complaints about suppliers not being paid, Budget holders and Schools not being able to see their budgets.

Members attending the Finance and Resources Committee, reported that they did not feel well placed to challenge the information from the Programme, or the responses and assurances provided by the SRO, but felt there was obfuscation and a picture being presented the leader would want to see.

Independently, the Audit Committee reported that in October 2022 they had raised concerns, about Oracle, but had received feedback that issues were under control and being addressed.

It is clear that the issues with the ERP system were known by officers throughout 2022 and up to March 2023. We have not been able to identify a report to Cabinet of another committee that clearly reports these difficulties to members. Equally, given the indirect sources of information available to Members we consider that they could have challenged officers. However, even if this had occurred, the issues with the ERP system implementation were so fundamental that it is unlikely that they could have been resolved without the re-implementation that the Council is currently undertaking.

[18] Finance Officer Interview | January 2024

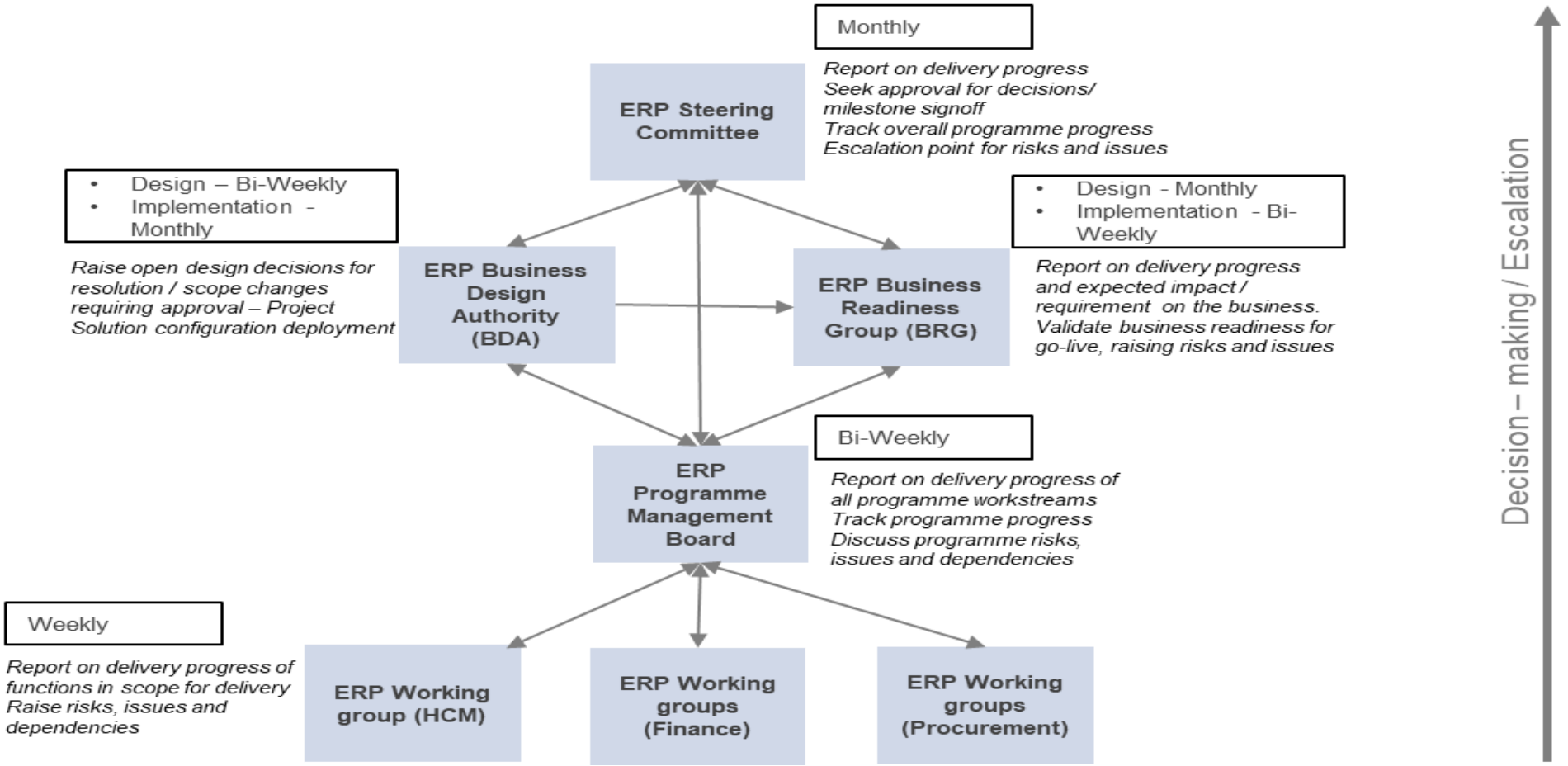
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Appendices

Appendix A

1B Programme Governance structure

Source: Appendix L ERP Programme Governance ToR



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Appendix B 1/2

1B Programme Governance Terms of Reference

Source: Appendix L ERP Programme Governance ToR

Steering Committee	Programme Board

• Provide overall direction, leadership and governance of the BCC Strategic ERP; approves the project charter.
• Ensure the Programme Manager is provided with all resources necessary to complete the programme.
• Ensure that the Programme remain coherent with overall business strategic intent with particular emphasis upon:
  • Business and user need
  • Integration through (Enterprise Systems Development)
  • Business Transformation
  • Business Information Management/Reporting
  • IT Strategy (including Security)
  • Procurement policy
• Act as an escalation point for project risks and issue resolution for matters referred to the Committee by the Programme Board;
• Monitor performance of programme to ensure on-time, on-budget delivery;
• Provide guidance and support to the project providing a consistent mechanism for project policy decision making.
• Review plans including change management, training and communications including support for role and organisational change as appropriate;
• Facilitate communications between major internal and external stakeholders, ensuring that all necessary agreements are in place
• Align with Transformation / Transition Programme initiatives
• Acts as a decision-making body around Go/ No-Go decisions.
• All Programme Budget related decisions will be discussed in the presence of the S151 Officer.
	• Create the programme plan and track progress against this
	• Identify and manage dependencies with other BCC business and IT initiatives from a design and schedule perspective;
	• Report workstream and project status (including Project Sponsor (PS) SRO and Steering Committee updates)
	• Manage RAID and escalate to Steering Committee/IT governance as appropriate
	• Define and control project scope
	• Drive and ensure quality in deliverables and outputs
	• Design and maintain the project document repository and other project infrastructure
	• Manage business and IT stakeholders
	• Secure and manage project resources
	• Establish recommendation to Programme Manager, Programme Sponsor, SRO and Steering Committee for key stage gates and milestone payment release

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Appendix B 2/2

1B Programme Governance Terms of Reference

Source: Appendix L ERP Programme Governance ToR

Business Design Authority (BDA)	Finance / HR / Procurement working group	Business Readiness Group (BRG)
• Define and drive adherence to programme design principles, stopping activities / decisions that do not align to these; • Provide direction on design decision proposals prior to recommendations being produced and tabled for validation; • Approve recommendations to resolve open design decisions (concerning process, functionality, policy, procedure and operating model), roles and responsibilities of business users, segregation of duties, data governance and reporting , defining how the business will work in the future; • Appropriate recommendation for approve / reject proposed changes to functional scope, considering impact and cost assessments (appropriate delegated authority); • Decide between configuration options, selecting those that balance cost, implementation time, user need and solution coherence considerations, with a particular emphasis on the future cost of ownership; • Prioritise standard functionality and challenge proposed deviations from this; • Represent the wider business context in the solution design; • BDA can endorse and recommend commercial decisions through Section 151 Officer and Programme CFO.	• Overall responsibility for the effective running of the Finance, Procurement and HR functions; monitor and manage progress • Tracks progress/ monitors workstream plans • Escalates issues and recommends decisions (e.g. approving key deliverables, changes to plan etc.) • Identifies risks and issues and develops proposals for mitigation / resolution • Identifies and manages dependencies with other pieces of work, whether in existing operations or change	• Providing strong, clear ownership and direction for the ERP solution • Providing clear, consistent guidance to programme team members on how best to proceed with key business change initiatives • Facilitating business ownership and decision making for the ERP solution • Making significant business readiness decisions impacting the implementation • Measuring and tracking progress against business readiness plans and checklists • Resolving business readiness questions as required • Identifying business resource requirements and making requests as needed • Making key decisions around due dates and sign off on key deliverables • Assigning accountability to key business readiness deliverables where required • Feeding information down to business champions and the wider population • Making recommendation to the Steering Committee for Go Live • Help to maintain understanding of and alignment to wider BCC change initiatives.

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Appendix C

FBC Top Level Programme Risks

Source: **Revised Full Business Case for the future delivery of the Council's ERP System**

Risk	Council / High Level Programme response / mitigation
There is a risk that the wider Council core services operating model transformation could result in the loss of key resources and knowledge	Full resourcing workstream plan defined for the programme - dependencies to transition resources mapped - contingency planned
Management of Business Change / Stakeholder Engagement - Behavioural & Cultural - Internal & External (Suppliers / Customers)	Full business change supplementary resourcing to enhance Council capacity has been secured - Hybrid Council /Third party model
There is a risk that the Data migration volume / Data quality results in additional time and cost to resolve	Risk Managed using the support of a third-party supplier who manage an end-to-end Data Migration cycle.
There is a risk that the Business Resources (SME / Process Owners) Assigned to project (Whole Lifecycle) does not remain consistent which could increase the need for additional external support	Business resource backfill secondment model deployed supplemented by the experienced Implementation consultants to enable knowledge handover throughout the implementation lifecycle.
There is a risk that the Integration / Interface complexity / Management of 3rd parties results in extended testing and resolution Robust plan in place of implementation of the interfaces and integrations.	Close working arrangement with the SI.
There is a risk that the Payroll complexity / volume results in extended testing timescales and impacts the Go Live planned date	Payroll rationalisation approach agreed and will be applied before Go-Live. Robust Payroll Testing approach agreed to ensure solution is sufficiently tested before being released.
There is a risk that delay to the timescales for project release (Apr 2020) result in a change in delivery approach and costs	New plan has been agreed with support from the SI and Data Migration partner with one Go-Live date. Relevant stakeholders have been consulted around the Go-Live date to ensure any risks raised are managed throughout the implementation timeline.
There is a risk that the complexity of Council environment (Inc. back office transition) results in the need for additional change and adoption support	Business Change team working across the organisation to ensure BCC Stakeholders are briefed on the programme objectives, scope and timelines.
There is a risk that cross dependencies with other major programmes result in unplanned costs, resource conflict and/or increased timelines.	Programme PMO is working under the 'New Type of Organisation' Portfolio managed by the CPMO. Dependency management with other major Programmes within the BCC managed by the ERP Programme PMO and tracked within the Programme RAID log.

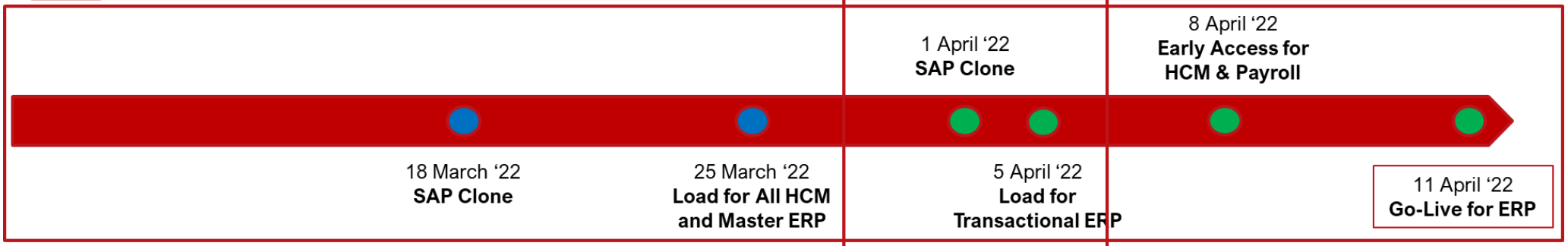
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Appendix D

1B Programme – Go Live Decision Path

Source: 1B Programme Steering Committee Update 1st April 2022

Decision Path	10th March	17th March	Ultimate Go/No-Go Decision Point: 24th March	Ultimate Go/No-Go Decision Point: 1st April	7th April	10th April
	• Go/No-Go for entry into Cutover; Extract, Transform and Load of Master & Transactional Data from SAP into Oracle Production Environment	• Confirm entry into the Chill period to begin 18nd March • Check in on Payroll Comparison Testing success criteria	• Ensure payroll is fit for purpose and exit criteria of 98% or with explainable differences was met	• Confirmation of Go-Live defects and issues to be carried forward • Confirm entry into the Organisational Freeze period to begin 1st April	• Go/No-Go: Early access for HCM & Payroll • Data loads for HCM & Payroll are complete and no known critical defects	• Go-Live: Final load has been completed and there are no known critical defects preventing Go-Live



Change Roadmap						
	Change 1: 1ST DATA CLONE/MIGRATION: Change required for HR, Payroll & Finance, Procurement master data between **18th March-31st March**;	**Change 2: SAP CUTOVER/STOP OF BATCH JOBS:** Change required for Limited access to SAP users (w/related activities) incl. stopping of Batch jobs between **18th March-11th April**	**Change 3: NEW USER SETUP: 1st April** -Change required for HR & Payroll users **8th/9th April** and FI users **11th April**	**Changes 4: 2ND DATA CLONE/MIGRATION: 1st April** -Change required for End of month transactional data between **1st April-11th April**;	**Change 5: GO LIVE: 10th April** -Change required for go live activities between **8th & 11th April**	

Today's approvals

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Appendix E

1B Programme – Exit criteria for Testing

Source: 1B Programme Steering Committee Update Minutes 25th March 2022

- 100% of test cases are executed (or removed from scope).
- Any Test cases removed from scope are documented / explained for future Audit compliance.
- For any failures carried forward, a resolution timeline has been agreed
- Ideally all Severity 1 and 2 defects have been resolved, but Steering Committee might defer a subset of resolutions to Early Life Support
- Severity 3 & 4 defects have been reviewed; a resolution plan is in place, or otherwise accepted by the Steering Committee.
- Known defects documented and workarounds/resolution plans agreed.
- Should any outstanding defects remain, there is an agreed plan to resolve within an agreed period.

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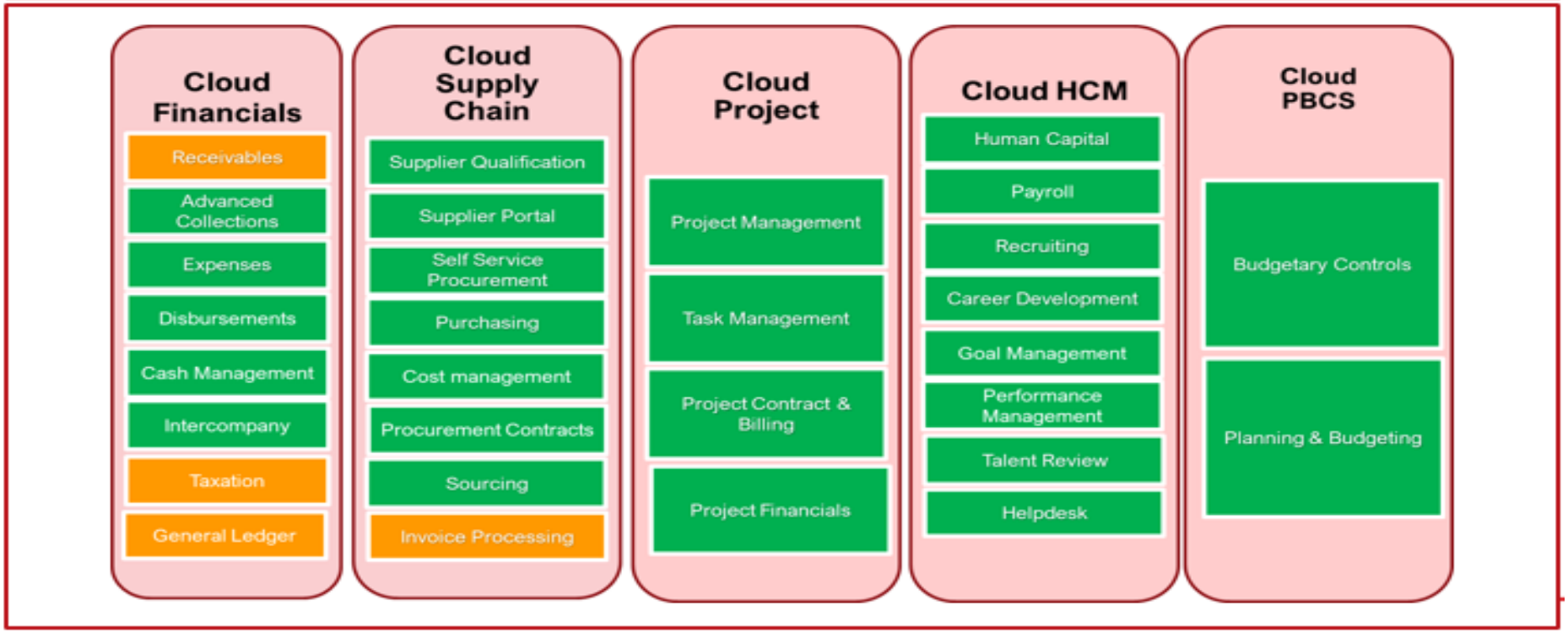
Appendix F

Functional Footprint Heatmap

Source: 1B Programme Steering Committee Update 1st April 2022

Functional Footprint Heatmap

- The Functional Footprint Heatmap is based on the readiness of the solution in the overall solution.
- In this pack, there is an assessment of the open items of the functional solution against the Oracle module.



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Appendix G

1B Programme – Cloud Financials Open Risks and Issues

Source: 1B Programme Steering Committee Minutes 25th March 2022

Risk/Issue	Module	Stream	Priority	Resolution Plan / Workaround
AR Inbound and Outbound Interfaces	Accounts Receivable	In Testing	H	▪ 3 Capita CIC AR Invoices, Dunning Letters & Booklets for bulk print testing ▪ RBIS and SX3 AR Outbounds testing underway in UAT
ZSIMS integration	General Ledger	In Testing	H	▪ Session in place with Schools cohort to run the actual PROD test file through with all schools on 23/3
CIC Documentation	Accounts Receivable/ Advanced Collections	In Development	H	▪ Invoice/Credit Note documentation ▪ Dunning Documentation
Cash Management/BRS (PaaS)	Cash Management	In Testing	H	▪ Defect resolution and re-testing taking place. ▪ 2 issues being worked on: 1. Intermittent issue, 2. Report defect for net balance
Changes to BRUM and Civica Pay in relation to new Invoice/Instalment and customer references and Miscellaneous Receipts not in place	Accounts Receivable	In Development	H	▪ Both BRUM and CIVICA need to be configured to accept the new references. This will not be ready for go live.
Internal Billing (PaaS)	General Ledger	In Testing	L	▪ In development and due for UAT on 25/03. 2-3 days testing required. ▪ Solution for ensuring correct subjective code used defered until post go Live
AR Direct Debit Solution	Accounts Receivable	In Testing	M	▪ DD Collection Process still in testing
AR Standing Charge Migration	Accounts Receivable	In Testing	M	▪ Contract migration solution untested
Scanner Solution (UiPath) – Cheque scanning	Accounts Receivable	In Development	M	▪ In development by Inbounds Team and testing will be required.
Making Tax Digital (PaaS)	Taxation	In Development	H	▪ Critical defect is being resolved. Confirmation is required from HMRC to accept solution. 10/4 to be available for functional testing. To be available 15/4 for user testing and 25/4 available on PROD.
AR Instalment Plan (PaaS)	Accounts Receivable	In Testing	H	▪ RPA related changes and testing in progress. 1 defect remaining for PaaS which will be demoed 23/3 for testing to begin.
Construction Industry Scheme Return for HMRC	Taxation	In Development	H	▪ Critical defect open with Evosys. Plan to be released by 25/3 and business demo for 31/3

Source: 1B Programme Steering Committee Report 1st April 2022

Risk/Issue	Module	Stream	Priority	Resolution Plan / Workaround
Making Tax Digital (PaaS)	Taxation	In Development	H	▪ **22A bug fix. 10/4 to be available for functional testing. To be available 18/4 for user testing and 25/4 available on PROD.**
Changes to BRUM and Civica Pay in relation to new Invoice/Instalment and customer references and Miscellaneous Receipts not in place	Accounts Receivable	In Development	H	▪ **BRUM likely to be ready for Go-Live** ▪ **CIVICA will be available on 19/4**
AR Inbound and Outbound Interfaces	Accounts Receivable	In Testing	H	▪ **3 Capita CIC AR Invoices, Dunning Letters & Booklets for bulk print testing** ▪ **RBIS and SX3 AR Outbounds testing underway in UAT**
ZSIMS integration	General Ledger	In Testing	H	▪ **File loaded with defects to be resolved.**
AR Standing Charge Migration	Accounts Receivable	In Testing	M	▪ **Contract migration solution untested**
Scanner Solution (UiPath) – Cheque scanning	Accounts Receivable	In Testing	M	▪ **Testing to be completed by 3/4. Connectivity issue preventing sign off.**
AR Instalment Plan (PaaS)	Accounts Receivable	In Testing	H	• **Demo with BCC took place on 30/03 with no issues** • **Testing to commence 1/4**
Construction Industry Scheme (CIS) Return for HMRC	Taxation	In place	H	• **Demo with BCC took place on 31/3 with no open issues**
AR Direct Debit Solution (PaaS)	Accounts Receivable	In place	M	▪ **Dependent on Finestra AR outbound**
Customer Creation Form (CCF) (PaaS)	Accounts Receivable	In place	H	• **No open issues, tested by Carol and closed all the defects**
Internal Billing (PaaS)	General Ledger	In place	L	
Cash Management/BRS (PaaS)	Cash Management	In place	H	▪ No open defects except - Intermittent issue (bank statement upload with a manual workaround in place)

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Appendix H

Extract: 24.03.22 Steering Committee – Finance Impact Assessment

Source: 24.03.22 Steering Committee – Finance Impact Assessment

Risk/Issue	Volume of defects/issues and ability to test integrity of Oracle	Module	Cross Modular	Status	In Testing
Action Plan	Clear comm's regarding what is ready, what isn't and the work arounds required Clarity on which reports are ready and how to use these to test integrity of normal business processes and workarounds Training on how to do this				
Business Challenge	Time to do this is now very limited. Not sure the impact of this has been fully assessed.				
Business impact if solution not in place	Huge. There may be major problems transacting leading to late payment or collection of debt. The accounts could be wrong.				
Potential workaround	Defects and issues need to be collectively assessed to derive an overall impact to the customer/citizen. As many reports are still not ready or have defects, communicate those reports which are ok, what they can be used for and how to use them. Are there gaps that are critical to test the integrity of the business particularly where a workaround is in place? Even if the solution is deemed to be ok, will the lack of reporting hamper our ability to provide assurance and stewardship?				
Resourcing implication (if any)	Dependent on the number of workarounds and the reporting required to provide assurance and stewardship.				

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Appendix I

Extract: 1B Final Testing Report

Source: 1B Final Testing Report (Final TSR) Undated

Finance UAT 1 Cycle 1										
Test Set/Area	Planned	Passed	Failed	Not Completed	Blocked	Deferred	No Run	N/A	% Executed	% Passed
AC	76	31	0	1	19	5	0	20	41%	41%
AR	228	139	26	0	18	7	0	38	72%	61%
CM	62	18	33	3	8	0	0	0	82%	29%
EXP	22	19	2	0	0	0	0	1	95%	86%
GL	124	84	0	7	0	16	0	17	68%	68%
IC	26	14	1	3	0	8	0	0	58%	54%
Internal Billing	36	19	3	3	0	1	0	10	61%	53%
Internal Billing Projects	21	1	8	1	0	0	11	0	43%	5%
PBCS	21	16	0	0	0	5	0	0	76%	76%
Projects	106	85	1	0	0	1	0	19	81%	80%
Tax	54	52	2	0	0	0	0	0	100%	96%
Subtotal	**776**	**478**	**76**	**18**	**45**	**43**	**11**	**105**	**71%**	**62%**

Finance UAT 1 Cycle 2										
Test Set/Area	Planned	Passed	Failed	Not Completed	Blocked	Deferred	No Run	N/A	% Executed	% Passed
PBCS	54	43	0	0	7	0	3	1	80%	80%
Subtotal	**54**	**43**	**0**	**0**	**7**	**0**	**3**	**1**	**80%**	**80%**

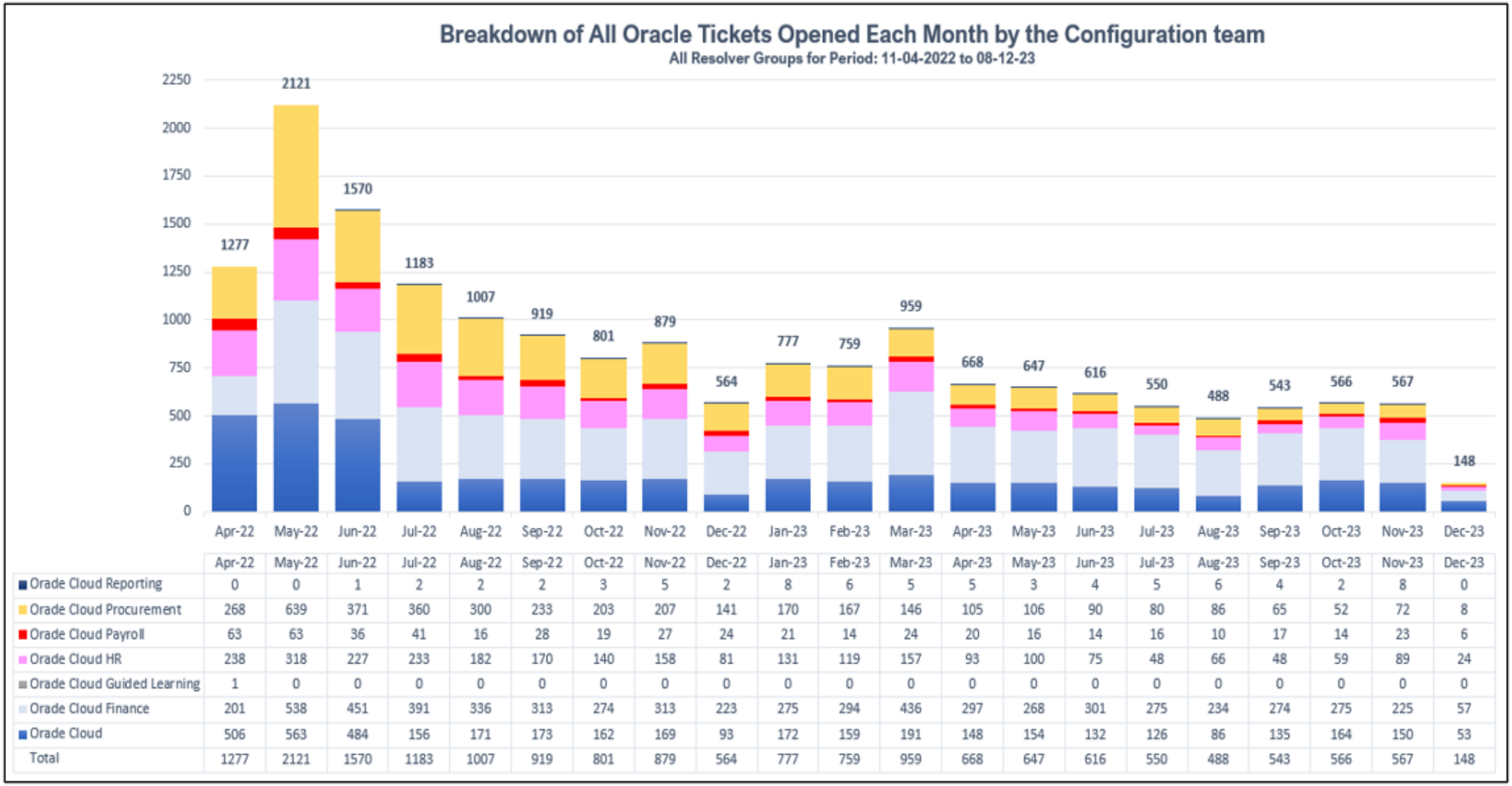
Finance UAT 2										
Test Set/Area	Planned	Passed	Failed	Not Completed	Blocked	Deferred	No Run	N/A	% Executed	% Passed
AR	18	1	10	6	0	0	0	1	61%	6%
CM	3	0	0	2	0	0	1	0	0%	0%
EXP	2	2	0	0	0	0	0	0	100%	100%
GL	21	12	2	1	0	5	0	1	67%	57%
IC	8	5	0	0	0	2	0	1	63%	63%
Internal Billing	2	0	0	0	0	0	2	0	0%	0%
PBCS	6	0	2	3	0	0	1	0	33%	0%
Projects	10	9	1	0	0	0	0	0	100%	90%
Tax	7	4	2	0	0	1	0	0	86%	57%
Subtotal	**77**	**33**	**17**	**12**	**0**	**8**	**4**	**3**	**65%**	**43%**

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Appendix J

Breakdown of services issues raised by month and type

Source: Oracle Cloud Issues and Remediations by month since April 2022 – 08 December 2023



	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Orade Cloud Reporting	0	0	1	2	2	2	3	5	2	8	6	5	5	3	4	5	6	4	2	8	0
Orade Cloud Procurement	268	639	371	360	300	233	203	207	141	170	167	146	105	106	90	80	86	65	52	72	8
Orade Cloud Payroll	63	63	36	41	16	28	19	27	24	21	14	24	20	16	14	16	10	17	14	23	6
Orade Cloud HR	238	318	227	233	182	170	140	158	81	131	119	157	93	100	75	48	66	48	59	89	24
Orade Cloud Guided Learning	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Orade Cloud Finance	201	538	451	391	336	313	274	313	223	275	294	436	297	268	301	275	234	274	275	225	57
Orade Cloud	506	563	484	156	171	173	162	169	93	172	159	191	148	154	132	126	86	135	164	150	53
Total	1277	2121	1570	1183	1007	919	801	879	564	777	759	959	668	647	616	550	488	543	566	567	148

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Appendix K

Key risks and issues raised by Senior Officers

Source: EMT Oracle Update April 2023

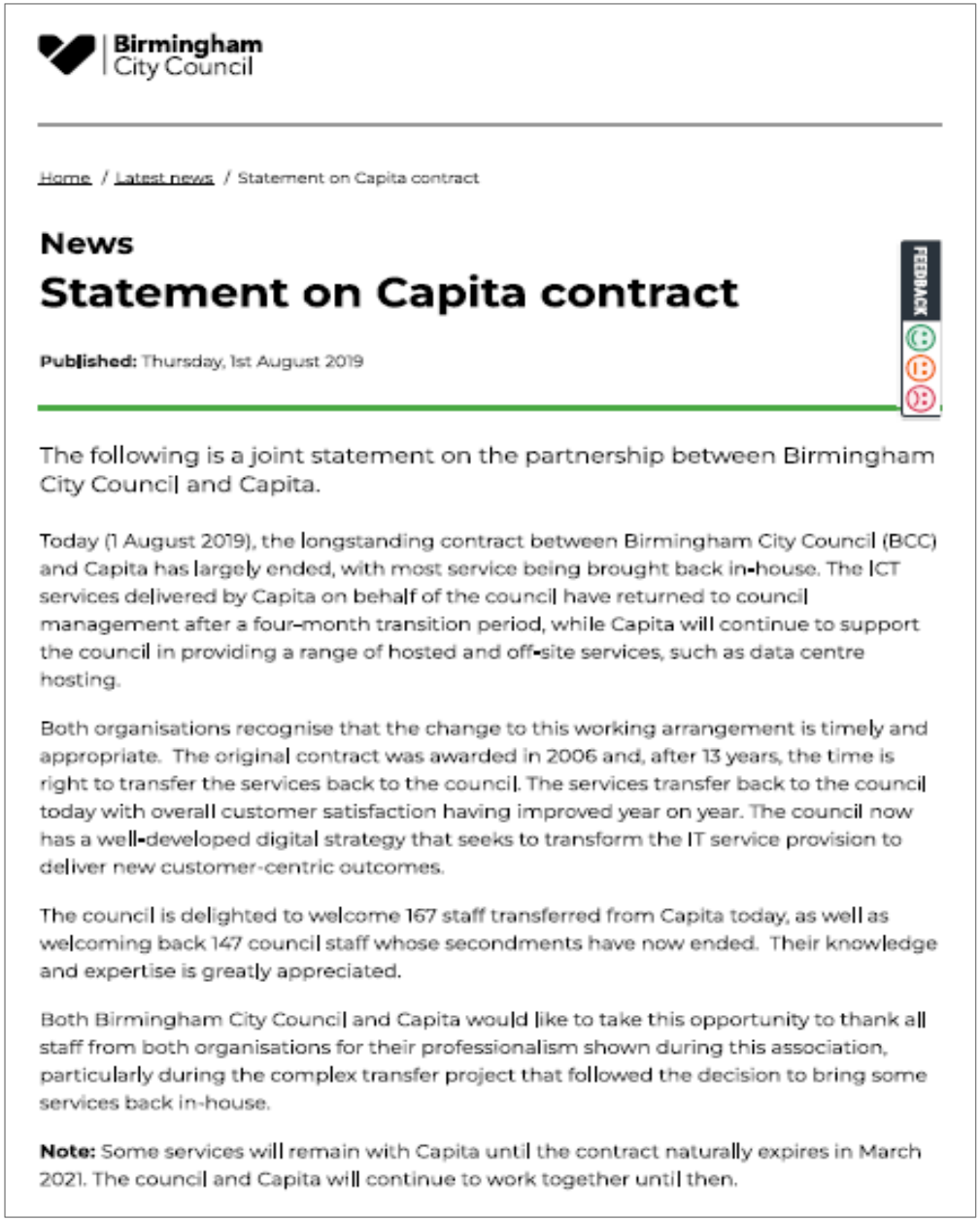
Source: BCC Workshop

Risk	Risk Description	Likelihood	Impact	Mitigation Strategy	Mitigation:
Producing the Statement of Accounts	BCC will probably not be able to produce the statement of accounts to the auditors by the 31st of July. It's hard to identify when we will be able to produce an accurate financial position for 22/23 due to the volume and complexity of identifying and correcting errors and backlogs. This could lead to Central Government intervention by commissioners	High	Critical	Mitigate	SWAT teams have been set up dedicated to data cleanse for the accounting ledger. Support provided by an extra 26 temporary resources in bank recs team and SMEs from KPMG and PWC KPIs are being produced to monitor progress on the number of items cleared and remaining to complete
Bank Reconciliations	No Oracle bank reconciliations have been completed for either FY 22/23 or FY 23/24. Manual reconciliations are currently being undertaken Over 200 bank accounts identified not being managed under Treasury Management – risk of unlawful payments. This could lead to Qualified Statement of accounts.	High	Critical	Mitigate	22/23 Accounts - Manual off-system bank reconciliations needed to provide a reconciled bank position for the 22/23 year end accounts and external audit. This work supported by additional KPMG resources 23/24 Accounting - 26 additional people added to the bank reconciliation team in March 23 to remediate significant reconciliation backlogs, and correct errors required before bank accounts will reconcile in Oracle. Version 1 team working with reconciliations team to fix automated Oracle reconciliation customised application
Budget Monitoring	Monthly and quarterly budget reports are currently being prepared on a manual spreadsheet due to issues with oracle data integrity Overall processes are poorly defined. We are currently unable to provide a credible financial position for the organisation to responsibly monitor performance against budget. This could lead to Central Government investigation by the commissioners and investigation by the Serious Fraud Office.	High	Critical	Mitigate	22/23 Accounts - Significant data cleansing exercise underway to provide an accurate financial position for 22/23 from Oracle for outturn and external audit. Interface error issues are being identified and mitigated 23/24 Accounting - A budget to actuals comparison report has been delivered in Oracle in March 23, with drill down to actual transactions to support Financial Management teams to validate balances A report has been developed to support detailed auditing of key interface postings from April 23 so that any future interface errors can be identified.
VAT and Taxation	Mis coding of VAT postings and ineffective VAT reporting have meant that incorrect VAT returns will have been filed. This could lead to HMRC Investigation	High	Critical	Mitigate	VAT reporting issues have been resolved in Feb 23 Manual audits and corrections will continue until mis coding issues are resolved (issues recorded on Oracle product backlog)
Segregation of Duties	Segregation of duties issues have been identified by auditors and KPMG which will need to be addressed with changes to be made to the Oracle security model. Auditors have raised concerns regarding Oracle security. There is an increased risk of fraud and additional scrutiny from external auditors	High	Critical	Mitigate	Manual reviews and audits of user access rights performed and corrections made.This has required additional access restrictions to some staff. Version 1 asked to rebuild the Oracle access rights rules and to install Oracle Risk Cloud (A module for monitoring segregation of duties risks)
Transactional Services (AP, AR and Payroll)	Significant amounts of income receipts for grants and other central government funding have been miscoded by the system, and we do not have effective control of our income position. Interfaces that make payments to 3rd party partners have encountered issues and delays. This could lead to the Council's S151 unable to issue a Section 25 statement, an immediate refresh of MTFS and a potential Section 114	High	Critical	Mitigate	Within 22/23 accounts data cleansing activity income is being allocated to the correct accounts and backlogs of unallocated cash reduced. Work is being done to identify and correct interface issues causing mis postings. This will be supported by detailed auditing of interface postings in 23/24. Interface improvements have been made, however interfaces resilience issues means payments to 3rd parties must be monitored/audited manually
Medium Term Financial Planning	The Medium Term Financial Strategy (MTFS) is developed using a model developed by KPMG and overseen by the financial planning team. Overall processes are poorly defined, particularly where new handovers are required between teams in finance and also with HR and procurement. MTFS is at risk due to inability to confirm financial position at out turn. This could lead to the Council's S151 unable to issue a Section 25 statement and a potential Section 114	High	Critical	Mitigate	The MTFS was put together using well-established processes. Key assumptions, including inflation, were tested by senior officers. These are broadly comparable with other major authorities. The level of reserves was also reviewed and deemed sufficient for the period of the MTFS. This is subject to delivery of planned savings and does not include any unforeseen future financial pressures. The MTFS will be reviewed, tested and refreshed, as normal, for Cabinet in the summer

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Appendix L

Council statement on Capita contract



Birmingham City Council

Home / Latest news / Statement on Capita contract

News

Statement on Capita contract

FEEDBACK

Published: Thursday, 1st August 2019

The following is a joint statement on the partnership between Birmingham City Council and Capita.

Today (1 August 2019), the longstanding contract between Birmingham City Council (BCC) and Capita has largely ended, with most service being brought back in-house. The ICT services delivered by Capita on behalf of the council have returned to council management after a four-month transition period, while Capita will continue to support the council in providing a range of hosted and off-site services, such as data centre hosting.

Both organisations recognise that the change to this working arrangement is timely and appropriate. The original contract was awarded in 2006 and, after 13 years, the time is right to transfer the services back to the council. The services transfer back to the council today with overall customer satisfaction having improved year on year. The council now has a well-developed digital strategy that seeks to transform the IT service provision to deliver new customer-centric outcomes.

The council is delighted to welcome 167 staff transferred from Capita today, as well as welcoming back 147 council staff whose secondments have now ended. Their knowledge and expertise is greatly appreciated.

Both Birmingham City Council and Capita would like to take this opportunity to thank all staff from both organisations for their professionalism shown during this association, particularly during the complex transfer project that followed the decision to bring some services back in-house.

Note: Some services will remain with Capita until the contract naturally expires in March 2021. The council and Capita will continue to work together until then.

Appendix M

Glossary of Terms

Term	Description
Value for Money	Council's obligations to make arrangements to secure continuous improvement in the way in which its functions are exercised (the Best Value duty) under section 3 Local Government Act 1999.
Equal Pay	The legal right of men and women to receive the same pay for doing work that is similar, equivalent, or of equal value. This right is provided for by the Equality Act 2010.
ERP System	Enterprise resource planning (ERP) is a software system that helps organisations manage their core processes.
1B Programme / Oracle programme	The Councils programme to implement Oracle Fusion.
Oracle Fusion	Oracle Fusion is a cloud-based ERP solution, suite of business applications, that help organisation improve their performance and increase agility.
General Ledger	A general ledger (GL) is a record of a company's financial transactions, assets, liabilities, expenses, income, and equities. It's a master document that businesses use to prepare financial reports and other accounting records.
Section 151 Officer	Section 151 of the Local Government Act 1972 requires local authorities to appoint a Section 151 officer, they are responsible for overseeing and managing the council's financial affairs, ensuring proper financial administration and compliance with relevant regulations,
Senior Responsible Officer (SRO)	A Senior Responsible Officer (SRO) is a person who is responsible for the success of a project or program. They are accountable for the project's objectives, budget, and delivery time. SROs are also responsible for managing the project's governance and ensuring that it meets the required standards.
Programme Director	A Programme Director is responsible for the management of a programme, ensuring that it meets its objectives and outcomes
Programme Manager	The Programme Manager, reporting to the Programme Director, to support delivery of the programme and achievement of its objectives.
Programme Team	The Programme Team are the Council staff seconded to the 1B Oracle programme either on a full or part time basis.
Go Live	Go Live represents the point at which the Oracle solution transfers from the programme to operational use, within the Council.

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Appendix M

Glossary of Terms

Term	Description
Oracle	Oracle is the software company providing Enterprise Resourcing Planning (ERP System)
Oracle Fusion	Oracle Fusion is a cloud-based suite of business applications that includes the ERP System.
Programme Governance	Programme governance is the framework that oversees the programme's operations and ensures it is aligned with the Council's objectives.
General Fund Budget	The general fund budget is a financial plan that outlines the income and expenses for a council's main revenue account.
Programme Management Office	The Programme Management Office (PMO) is a team or working group within an organisation, typically embedded with a specific programme, that oversees and supports the delivery of multiple related projects and workstreams which collectively make up the programme.
Resources Overview and Scrutiny Committee (ROSC)	This is one of seven overview and scrutiny committees established to ensure that decision makers within the council are held accountable. They help in strategic policy development, drive improvement in public services, and ensure that the voice of the public is heard.
Officers	A council officer is a paid employee of a local government who carries out the decisions made by councillors.
Members	A Member is an elected representative of the Council
Best Value	The most advantageous combination of cost, quality and sustainability to meet customer requirements. Under the Local Government Act 1999, the 'best value duty' requires the Council to secure Value for Money by making arrangements to secure continuous improvement in the way in which their functions are exercised having regard to a combination of economy, efficiency and effectiveness.
Gateway	A review point or stage gate in a programme's lifecycle that ensures the programme is feasible and meets the organisation's needs.
Solution Architecture	The structure of an Enterprise Resource Planning (ERP) system that defines how its components interact and communicate

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Appendix M

Glossary of Terms

Term	Description
Digital Awareness	The knowledge and skills needed to use technology effectively and safely
SAP	SAP is a German software provider and also a commonly recognised name for the company's ERP solution.
Data Security	The process of safeguarding digital information throughout its entire life cycle to protect it from corruption, theft, or unauthorized access.
Cutover	The critical phase in an Enterprise Resource Planning (ERP) implementation project where an organization transitions from using their old system to a new ERP system, involving the final data migration, system activation, and switching over to the new system, essentially marking the Go Live.
User Acceptance Training	The phase of software development in which the software is tested in the "real world" by the intended audience or business representative.
Exit Criteria	A set of requirements that must be met before a program can move to the next phase
Key User Testing	A type of user testing where the focus is specifically on the feedback and experience of a product's most critical users
Independent Improvement Panel	A government appointed panel providing external advice, challenge and expertise, along with assurance to the Secretary of State
Cash Book Solution	A generic term for a software product with records and process cash transactions e.g. receipts and payments.

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