

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA
OVERVIEW AND SCRUTINY COMMITTEE – 15 NOVEMBER 2023
ORACLE UPDATE REPORT OCTOBER 2023

Summary

That Overview and Scrutiny Committee receives, notes and has the opportunity to discuss this report which is the first in a series of regular update reports on the Oracle Fusion Cloud, new Enterprise Resource Planning (ERP) system.

1. EXECUTIVE SUMMARY

In February 2023 the Council's Leadership Team received a business case and approved the recommendation that the council exit the current SAP IT system provision for Human Resources (HR), Payroll and Finance transactional services provided by Hampshire County Council (IBC) and approved the procurement strategy to award a contract to Oracle Fusion Cloud ERP for a new Enterprise Resource Planning (ERP) system.

The procurement strategy involved the procurement of a System's Integrator (SI) and Business Integrator (BI), with authority to award the contract delegated to the Executive Director of Resources in consultation with the Leader of the Council and the Lead Member for Finance and Customer delivery.

The proposed new solution must deliver high quality business support with no disruption to the business-as-usual work of managers and staff. At the same time, it should solve the existing shortcomings for Kensington and Chelsea of the current Hampshire County Council (IBC) arrangements, for example by providing full transparency of budgets, commitments and costs and visibility of the whole organisation structures of shared services.

Since the report to Leadership in February all procurements have been completed and all providers on boarded and are working on delivering the new system by the October 2024 deadline as detailed in the business case

2. RECOMMENDATION(S)

That this report is presented to Overview and Scrutiny Committee on the 15th November 2023. That the committee receives, notes and has the opportunity to discuss this report which is the first in a series of regular update reports on the Oracle Fusion Cloud, new Enterprise Resource Planning (ERP) system.

That the committee notes that this report was previously presented to EMT for them to agree to this report being presented to JLT on the 19th October 2023 for the opportunity to discuss this report which is the first in a series of regular update reports.

3. SYSTEMS INTEGRATOR

Version 1 Solutions Ltd have been appointed as the systems integrator (SI) following a formal tender process and award of contract via the Crown Commercial Services (RM6193) software design and implementation services framework. They have been fully on boarded to the programme and are working with the Council's implementation team on system design requirements and data.

The SI has overall responsibility for ensuring the technology (Oracle) is successful designed, configured, integrated and delivered the Council's requirements, including the requirements for Bi-Borough services.

4. BUSINESS INTEGRATOR

Socitm have been appointed via Bramble Hub Limited as the business integrator (BI) following a formal tender process and award of contract by the crown Commercial Services (RM6193) software design and implementation services framework.

The BI's role is to lead on key business change activities to ensure that change is implemented and sustained, they have overall responsibility for ensuring the successful integration and delivery of the solution.

The BI will support the SROs, Programme Manager, and programme team to deliver the programme objectives, working closely with other stakeholders including the System Integrator, solution provider – Oracle , IBC and bi-borough services.

The BI will help ensure that programme objectives are delivered, and all stakeholder expectations are considered at all key stages and used to shape the implemented solution.

At the same time, the BI will assist in improving the provision for Kensington and Chelsea. During the design and delivery phases of the implementation programme there is an inbuilt requirement to work closely with key staff in shared services to identify the detailed business solutions and the Business Integrator will have a key role in ensuring this happens.

5. PROGRAMME MANAGEMENT

A dedicated Programme Manager has been appointed for the implementation period of the programme. He is an experienced ERP expert and has worked on a number of these ERP implementation programmes in the past including with other London Boroughs.

The role of the programme manager who is reporting directly to the Senior Responsible Officers (SRO's) is to provide management control; oversight and delivery of the total scope of the programme including:

- Implementation of Oracle Cloud to satisfy RBKC requirements, this includes the management of third-party suppliers (the SI and BI) engaged on the programme.
- Engagement with HCC(IBC) on the withdrawal of RBKC and exit position in October 2024 and related direction on the re provisioning of our data back to us.
- Management of the overall programme team,
- Management of the Target Operating Model delivery and associated planning and control.

6. PROGRAMME TEAM UPDATE

A programme of this nature and size needs to be adequately resourced and alongside the dedicated programme manager, SI and BI we have deployed dedicated subject matter experts from HR, finance and technical delivery (DD&T) as well as Hampshire County Council having mobilised a dedicated team to manage our off boarding.

6a. Finance

The Finance workstreams cover Enterprise Structures, Chart of Accounts, General Ledger (Transactional & Reporting), Order to Cash (Accounts Receivable), Procure to Pay (Accounts Payable) and the Enterprise Performance Module (Planning & Forecasting).

Except for EPM (Planning & Forecasting), all workstreams are progressing to timetable well. Detailed deep dive discovery sessions have been held to facilitate the BI and SI partner understanding of RBKC requirements and processes.

The EPM workstream was scheduled to begin in November but has been brought forward to October in recognition of the interdependencies with other workstreams including Human Capital Management (HCM) (HR / Payroll module).

Data Migration sessions have been held with Version 1 and all technical data templates have been produced and shared with IBC for analysis and further discussion to ensure data extraction from SAP is clear and achievable.

Detailed system configuration design workbooks are being produced to allow build of the system for initial solution design playback sessions in October. A number of playback sessions and configuration amendments are built into the programme plan to ensure the final solution agreed upon meets RBKC business needs.

Work on the Target Operating Model and Finance service design is ongoing although the data workstream has taken priority over this to ensure IBC has our detailed data requirements. This will be progressed with SOCITM over the next two to three months.

6b. The Technical Delivery Workstream

The Technical Delivery Workstream comprises three workstream; Data, Integration and Information security.

The data delivery workstream are working with Egress on the data migration strategy and producing a paper to outline a proposal for an RBKC hosted data cleansing infrastructure and approach to transact data cleansing. Data cleansing would take place based on business rules defined by data owners for the services in scope. This is currently being worked up, costed and compared with solutions being investigated by services and partners for comparison to ensure we select the most cost effective and robust solution to ensure the quality and integrity of our data.

The scope of discovery in relation to integrations and configuration required to support HR, payroll and Finance processes and data management has been confirmed. Workshops to 'deep dive' into these requirements and review solution approaches took place with Service stakeholders during September and October, with an integration strategy document expected to be issued for review and refinement in support of this.

6c. HR - communications and engagement workstream

The communications and engagement workstream is being led by HR and the communications and engagement strategy for the programme has been signed off.

A corporate group has been established with various stakeholders from the programme including internal comms colleagues.

Current considerations for this area of work are: -

- Show and Tell for Guided Learning and HR Helpdesk (including Casework Management)
- Oracle University which is software that stakeholders will be able to use to familiarise themselves with the system
- Training strategy for "show and tell" is being devised.

6d. The HR Workstream

HR activities so far have focused primarily on initial Oracle product walkthroughs with Version 1 for each of the HR modules, followed by a deep dive for each module where the detailed system functionality is discussed. From this, RBKC is supplying Version 1 with a range of HR setup information to inform the system design, such as drop-down list content, calculation rules, pay element setup, absence entitlements, etc. HR design decisions are being made during this stage and will feature in a playback session with Version 1 during October and November 2023, which will be an opportunity to review issues arising in the initial design, process definitions, and system build before we progress further.

Alongside this, we are reviewing the health of existing data in SAP, such as the organisation structure, and this is informing the data cleansing and data migration strategy. Co-design with Finance colleagues has also started for areas of interdependence, such as the organisation structure and approval routes for budget holders.

7. HCC (IBC) UPDATE

In accordance with the terms of the Joint Working Arrangement, RBKC served notice to HCC in February 2023 to terminate the shared services agreement with effect from 30th September 2024. Subsequent to this an Exit Protocol was agreed with IBC.

Currently RBKC and HCC are developing comprehensive detailed Project Initiation Documents which will include an executable Exit Plan, define appropriate Exit Governance, agree a set of Transfer Activities and clearly define the commercial arrangements (to be the subject of a separate paper) for Exit.

The exit project will:

- transition services from Hampshire (IBC) to the new operating model
- set out RBKC's exit requirements in relation to the scope of services currently delivered by HCC and how the exit will be effectively managed and governed to deliver a successful exit for both RBKC and HCC
- provide the basis on which HCCC can assess the cost to deliver the exit,
- complement the Exit Protocol and Joint Working Agreements,
- provide a common understanding of the activities required to deliver the Exit, (across all suppliers and workstreams) and
- When agreed, be a baseline against which RBKC and HCC can assess progress towards the goal of a successful Exit without impacting ongoing operational services during the exit period. Any changes to the baseline will be managed under the defined change control process.

Data migration workshops will take place between the relevant RBKC workstreams, Version 1 (SI) and IBC to establish the data extraction requirements required for a successful implementation of the Oracle system. Further work in these areas is currently underway to clarify the exact extract requirements from IBC, with initial sample data extracts due to be delivered in readiness for the first iteration of design workshops scheduled to start in November 2023. A full set of RBKC data will be scheduled to be delivered by HCC(IBC) in readiness for second phase of design that will be due to start in February 2024.

Meetings have taken place with Westminster City Council and London Borough of Hammersmith and Fulham HR and Finance leads to ensure that agreements are in place for the required data for the Bi-Tri Borough shared services areas to be extracted. Future meetings are planned to discuss the exchange of relevant data once Oracle is live which will be required to ensure both Oracle

and SAP systems are kept aligned. This will ensure Bi-Tri Borough Managers are able to approve leave, invoices, purchase orders for example, and that all organisations have an overall view of structures.

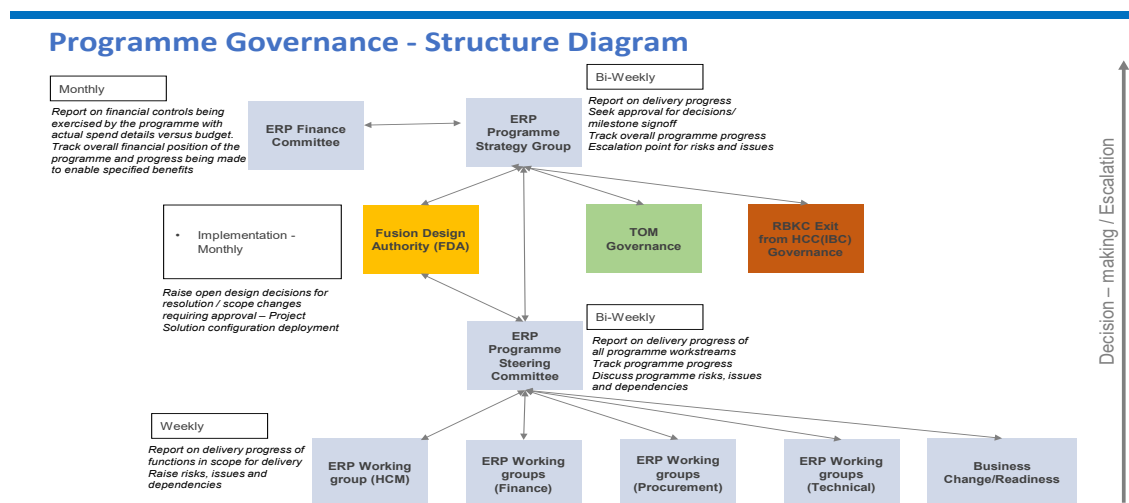
8. GOVERNANCE ARRANGEMENTS

Programme governance arrangements are in place and enable Functional, Technical and Business Change Working Groups to support the delivery of the programme. These groups have been instigated to support the delivery of planned activities and provide visibility of any deviation from a key project milestone that would impact on Go Live. Chaired by RBKC Programme Lead Officers these groups will also include mandated attendance from Version1 and Socitm.

There are clearly defined reporting requirements including for the Working Groups and use of mandated GAID logs that capture Gaps, Actions, Issues and Decisions through all phases of programme implementation. These GAID logs are to be maintained by Version 1.

All other reporting needs for the Programme Strategic Board and Programme Steering Group are the responsibility of the programme manager receiving inputs from working groups into a consolidated report.

The diagram below shows the Governance structure of the programme.



9. TIMELINE

The programme has a detailed timeline for all workstreams with interdependencies mapped out, with key delivery milestones discussed at each monthly programme steering group where all partners are present.

The planned go live date is October 2024.

The programme timeline has been provided at Appendix 1 in the form of a Plan on a Page (PoP) that is underpinned by a fully integrated programme plan.

10. BUDGET UPDATE

The business case detailed the programme costs, and a finance committee has been established to regularly review the programme costs.

Implementation Costs	Charge to Reserves
	£'000
Systems Integrator to 31/12/24	2,359
Business Integrator to 31/12/24	1,717
IBC exit	2,000
Archiving	450
Miscellaneous costs	100
RBKC Project Backfill Resources	1,980
RBKC Project Manager	150
Additional RBKC BAU Resources -6 months	859
Contingency	1,500
BUSINESS CASE TOTAL	11,114

The business case detailed the Oracle ten-year Total Cost of Ownership (TCO) at £37.0m compared to the ten-year Total Cost of Ownership for the current solution which as detailed in business case is estimated at £42.5m.

Of this £37.0m, £11m relates to implementation costs which are to be funded from reserves*. The balance is the running cost over the ten-year period.

* It should be noted that CIPFA guidance requires that none of the implementation costs can be capitalised and must therefore be charged to revenue, hence the use of reserves.

11. RISKS

The key risks associated with the programme as documented in our risk register are as follows:

- A. The reliance on HCC (IBC) to deliver data migration extract of our data to align to the critical path timeline of the programme plan with first milestone being DM1 readiness to have data available for first iteration of design workshop scheduled for November 2023. The data migration services from HCC (IBC) is of paramount importance and considered high risk to the overall delivery or the programme to satisfy Go Live in October 2024.

Mitigation - Work is ongoing to mitigate this risk with regular meetings with HCC.

- B. The important need to deliver a Target Operating Model (TOM) and the need for a structured plan and delivery mechanism to bring Transactional Services and Payroll back In House for all component parts including, but not limited to, Recruitment Help Desk; Processes; Logistics; Training etc.

Mitigation - The mitigation of this potential risk is to present manufactured sample data for Finance and HR/Payroll to support the design solution activities up to March 2024.

- C. The need for HCC (IBC) to give access to RBKC of their data both SAP/Non-SAP. The issue RBKC and consequently HCC(IBC) have to address is the Preservation Order served on the Council by Metropolitan Police Service (MPS) that the Council retains all data/information and that they have the necessary visibility that we can provide them with ready and immediate access to our data to satisfy their ongoing investigation into Grenfell. There is a high risk of HCC (IBC) not being able to comply with RBKC data access request.

Mitigation – HCC are aware of the requirement of the MPS and we will continue to work closely with them to ensure MPS requirements are met. – see D below.

- D. MPS and have now accepted RBKC recommendations in that we now have the option of HCC(IBC) having custody of our data but with the direct provision of access by us to the retained data they hold on our behalf. This retention option is being explored together with the primary request for HCC (IBC) to release all our data back to RBKC.

Mitigation - There will be new formalised contract conditions should RBKC agree to HCC (IBC) retaining our archive data.

It is to be noted that all pre 2018 records are maintained directly by RBKC since pre partnership with HCC(IBC) the data is held on solutions under our control.

- E. The programme risk of having the right technical middleware solution in place for the transformation of RBKC extract data on receipt from HCC(IBC) that can be in a format for processing through to our SI Partner, Version 1 for Load into Oracle.

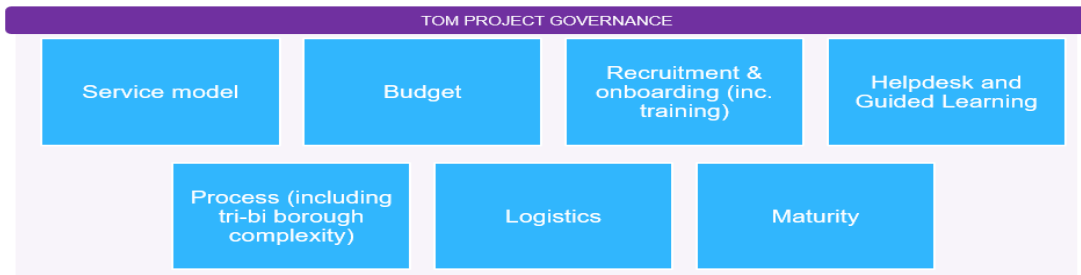
Mitigation - DD&T is to provide the programme with a new build solution that intends to be the depository to a set of data that has been provisioned via HCC (IBC) and becomes the focal point of Cleansing and Transforming data management controls.

12. TARGET OPERATING MODEL - TOM

As part of the business case and within the scope of the Programme the exiting of the relationship with Hampshire Shared Service means that a number of

administrative functions across HR and Finance including provisioning service support requires its own TOM project and associated governance. The scope of the TOM project is shown below and also a plan for approaching the TOM project is attached as Appendix 2:

Overview of TOM project scope

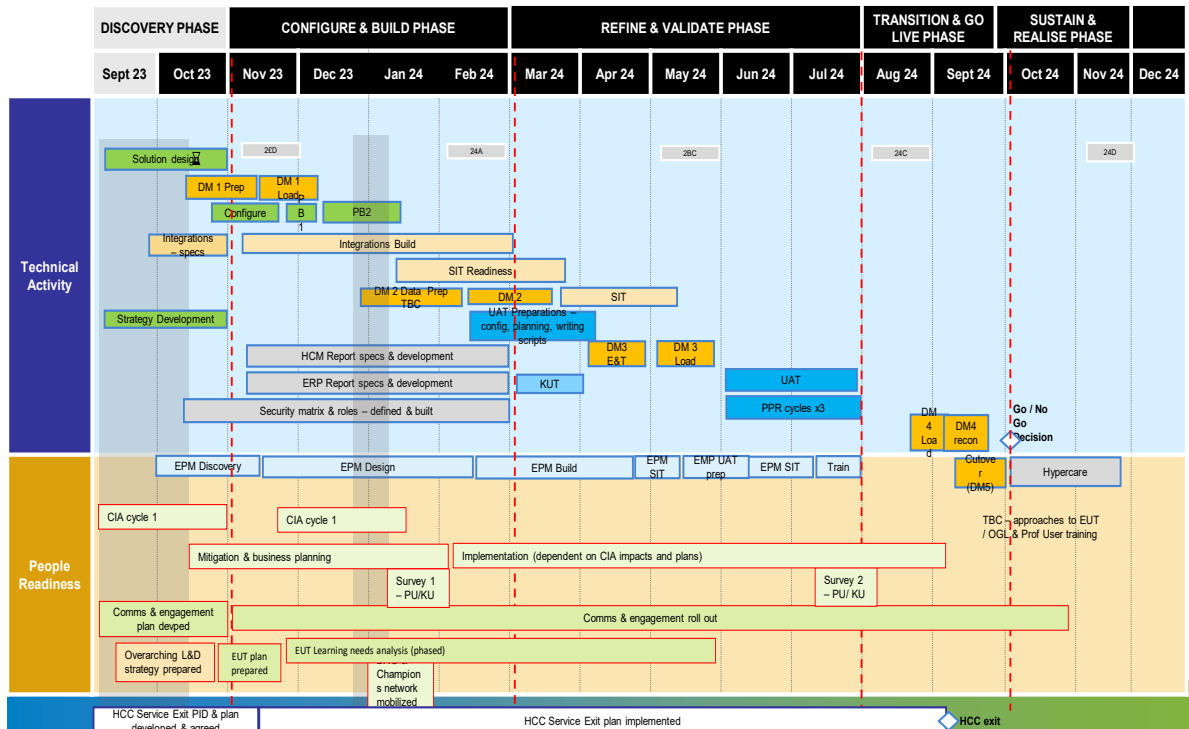


13. FUTURE REPORTS

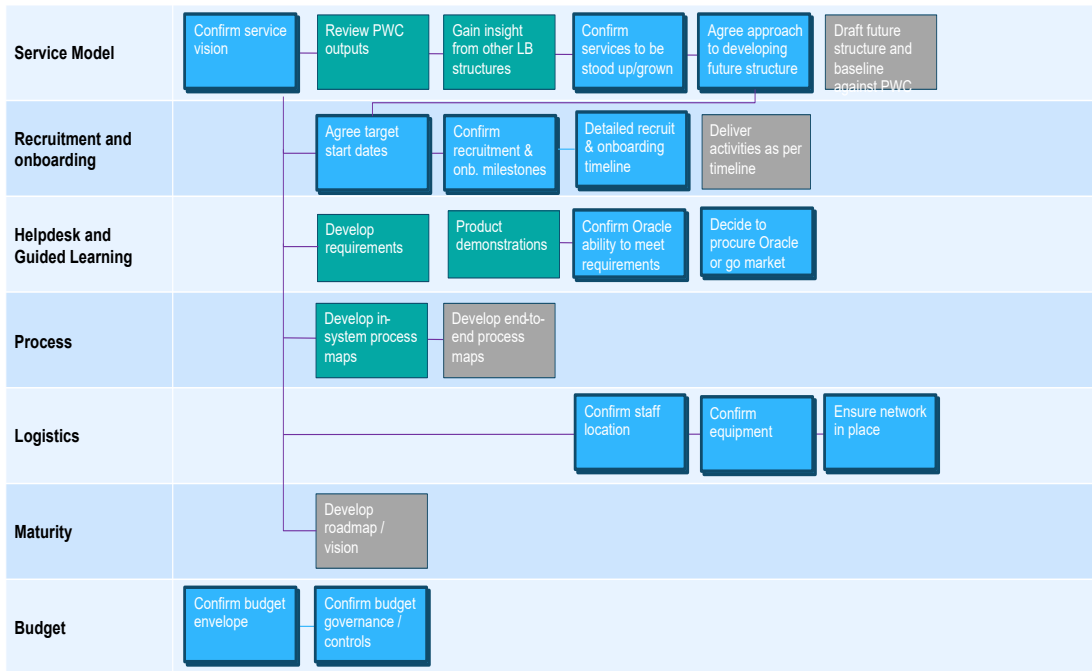
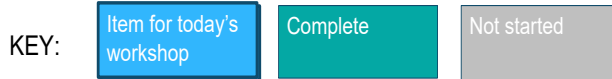
Update reports will be provided on a regular basis to EMT, JLT and OSC.

Appendix 1 – Plan on a Page

Programme Plan on a Page – Integrated Plan View and Phases



Appendix 2 – TOM Delivery Plan



Joint ERP SRO's

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Background Papers used in the preparation of this report:

None

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