



Report of the Cabinet Member for Homes, Energy and Service Transformation

Cabinet – 19 November 2020

Oracle Programme Re-plan Report

Purpose:	This report provides an update on the current status of the Oracle Cloud implementation due to the impact of Covid-19 and makes recommendations to delay the programme including re-planning and costs
Policy Framework:	Digital Strategy and Sustainable Swansea - Fit for the Future
Consultation:	Access to Services, Finance, Legal. All Directorates have been engaged in a four-week due diligence exercise around the upgrade and subsequent delay due to Covid-19
Recommendation(s):	It is recommended that: 1) The paused, phased return, and programme re-plan are approved together with the necessary financial increase in order to achieve successful implementation of this corporate system.
Report Author:	Sarah Lackenby
Finance Officer:	Ben Smith
Legal Officer:	Debbie Smith
Access to Services Officer:	Rhian Millar

1. Introduction

1.1 On 19th September 2019, Cabinet approved the Enterprise Resources Planning (ERP) System Upgrade (Oracle Cloud) implementation programme.

1.2 At that time, the need for the system to be live by November 2020 was driven by:

- The system would be completely obsolete by December 2021
- The system would not be supported from November 2020 and would not receive regular updates and patches as it does now. This increased the risk of cyber-attacks and potential data theft

- There was a risk payroll may not function, staff and pensioners may not be paid
- Disaster recovery (DR) is already an issue with the current system, which is flagged as a potential risk every year
- The Council risked failing its Public Service Network (PSN) accreditation. This meant there was a risk the Council could be removed from the network and prevented from sharing data with: Health, Police, Department of Work and Pensions (DWP) and other key bodies. This would seriously impact service delivery including: Health hubs, social services, and Benefits
- The current system does not support new legislation such as Making Tax Digital and new Teachers' Pension legislation

2. Status Update

- 2.1 The programme commenced in November 2019 with staff attending many functional workshops to agree requirements.
- 2.2 In the following four months significant work was completed to plan activities such as: finalising Data Migration and integration requirements, agree list of reports, analysing training requirements and developing the test strategy. The system was partially built for conference room pilot (CRP) 1. This gave an environment where the programme team were able to view the system developed to date, in order to develop further for CRP 2.

3. Covid 19 Impacts

- 3.1 However, since March 2020 Swansea Council teams have been pulled towards Covid-19 work, supporting residents, businesses, staff and managers through the crisis. This work was constantly changing and escalating on a daily basis.
- 3.2 Examples include:
- Payments to 5,000 businesses through the Service Centre
 - Ensuring Council staff and Councillors could work from home
 - The Oracle IT team supporting other teams, particularly the Service Centre
 - Support for those shielding with helplines and food banks, amongst other support
 - Provision of the field hospital for health
 - Staff moves and changes where staff are being redeployed to support critical delivery
 - Procurement and provision of Personal Protective Equipment (PPE)
 - Local delivery of the national Test, Track Protect (TTP) framework
 - Some staff are also balancing childcare commitments or where they have other close family in the shielding or vulnerable category and in the same household.

- 3.3 It soon became apparent that staff were unable to work on the Oracle Cloud programme which meant timescales were slipping and costs potentially increasing.
- 3.4 Risks emerging around the programme were flagged and agreed at the Executive Control Group on 25th March 2020. Subsequently on 31st March, the Executive Steering Board for the Oracle programme agreed to:
- Invoke the force majeure clause with the support provider Infosys and begin discussions to re-plan the programme. This meant the Council could stop all third-party work and reduce the risk of costs escalating
 - Undertake further analysis to ascertain whether any aspects of the programme could continue, e.g. appraisal, performance management, e-learning, IT reports etc
 - Bring another report to Board on the revised way forward with options on whether to mothball the programme for a period, or continue with a reduced number of areas for a time together with associated costs for the options
 - Continue staff honorarium payments for now and review as part of the re-planning exercise, as at that time it was hoped the programme may be able to re-start.
- 3.5 A further report was taken to Executive Board on 28th May detailing four re-planning options:
- **Option 1** – Plan for Business availability from June with a Go live in Jan 2021
 - **Option 2** – Phased Go Live for Finance, Supplier Chain Management in Nov 20 and Payroll in Jan 21/Feb-21
 - **Option 3** – Fully Suspend the programme after logical closure and resume when business is available and plan to Go live in June 21
 - **Option 4** – Fully suspend after logical closure and start back up in Feb 2021 with a Go live date of Oct 2021
- 3.6 After speaking with staff and managers across the Council it became clear that a complete pause appeared to be the best option due to the unknown impact of the Covid 19 situation and the availability of resources now and in the foreseeable future.
- 3.7 Therefore, the most viable option agreed was for Infosys to withdraw from June 2020 after a controlled and planned shutdown. Detailed re-planning to take place once the business is available later in the year. Further negotiations with Oracle to be undertaken around the cost implications of delay.

4. Recommended Option 4 with Impact

- 4.1 Detailed options analysis and re-planning has now been undertaken alongside service departments and in conjunction with Infosys. The recommended option is to fully suspend the programme now after logical closedown (Option 4). Infosys have withdrawn with effect from 15th June. They completed most Build Phase activities that were not business dependant.

4.2 The high-level plan is to re-start in earnest with all programme staff from February 2021 with a go live of October 2021. This new plan will replicate the 2020 activities from May to November, moving them on a year to 2021. For many reasons this was the preferred option by the business owners.

The advantages of this are:

- As there is a complete pause, Infosys costs will also pause. Options were considered involving the continuation of some work, but this would stretch the timeline and costs
- Logical closedown is easier to track and manage. Also easier to handover if there is a new Infosys team
- Lift and shift in programme plan with minimal changes. Similar timeline for 2020 already agreed with the business so the plan should be achievable
- Extensive period of time provided for those working on Covid 19 related activities so the programme start date is more attainable. Given the unknown impact of Covid 19 and when those affected staff would be free, the longer pause was the best option
- After negotiations Infosys have agreed they will absorb additional cost for this extension to timeline for this option
- Infosys are preparing a detailed plan and this will be discussed with the business once they are available in November. A high-level summary is attached at Appendix A
- Resulting budget changes and costs are detailed in section 7.0

4.3 There are variations to the original scope as a result of the impact of and learning from Covid 19. These include:

- New work and potential Policy changes have come to light due to Covid, which were not in the original scope.
- Also the need for financial processes to flex in response to emergency Government Policies such as emergency payments. During Covid the Council was able to respond quickly but only thanks to the long hours and manual inputting / processing by Finance staff. In future some of these processes should be automated.
- As a result of delaying the programme and continuing with EBS, additional reports and developments will be needed in the intervening year to respond to legislative changes or corporate priorities. These costs are not fully known at this stage but are not expected to have a material impact and will be managed within existing budgets.

4.4 As a result of the new requirements at section 4.3, some staff need to move back onto the programme before February in order to bring in new ways of working.

4.5 Additional costs around this are shown as part of the outstanding balance in section 7.0. Long negotiations have taken place with Infosys and their time remains the same. They will absorb cost and still make their staff available where possible during the pause.

5. Risks

- 5.1 The Cabinet report in September 2019 identified the main risk to be that the system will not be supported from November 2020 and will not receive regular updates and patches as it does now. After negotiations and due to Covid, Oracle have agreed to extend support to 2022 and so although this risk still exists, it has been mitigated.
- 5.2 There are other risks and issues associated with delaying the implementation of the programme. While reviewing all options, risks, issues and mitigations were also considered when recommending the best way forward. These can be found in Appendix B.

6. Equality and Engagement Implications

- 6.1 The Council is subject to the Public Sector Equality Duty (Wales) and must, in the exercise of their functions, have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act
 - Advance equality of opportunity between people who share a protected characteristic and those who do not
 - Foster good relations between people who share a protected characteristic and those who do not.
- 6.2 Our Equality Impact Assessment process ensures that we have paid due regard to the above.
- 6.3 An EIA Screening Form was completed as part of the September Cabinet report and had the agreed outcome that a full EIA report was not required as this is wholly a back-office system. See Appendix C.
- 6.4 The Council also took account of Well-being of Future Generations (Wales) Act 2015 implications by: futureproofing the technology in ways which will make it easier to integrate with partners; taking a digital first approach that is sustainable and more energy efficient via cloud.

7. Financial Implications

- 7.1 The programme to date has been carefully managing all costs and is currently underspending. There will be additional costs due to the delay such as ongoing EBS Oracle support costs, additional resource costs due to extended timelines and additional scope impacts. Also as highlighted in section 4.0 above, some staff need to resume programme work earlier than anticipated.

7.2 The table below summarises the overall budget and shows the additional budget required:

Area of expenditure	Original Project Cost	Difference between original and revised project cost	New Revised Project Cost
New licences and framework	1,620,872	309,599	1,930,471
Implementation - training	91,788	252,986	344,774
Implementation - development of assets	765,126	46,088	811,214
Implementation - transformation and working with services to change processes	1,210,826	26,756	1,237,582
Integration and Archive	49,032	23,418	72,450
Backfill and resources	1,067,474	98,411	1,165,885
TOTAL	4,805,118	757,258	5,562,376

7.3 The additional expenditure of £757,258 includes:

- Additional licences of £109,778 which will always be required as the workforce changes. The future budget provision around this is to be discussed further i.e. re-charging services versus growing the licencing budget centrally. Licence numbers include pensioners not only current staff.
- It is proposed that an additional cost of £158,000 to facilitate Service Centre and Digital staff implementing new ways of working between October 2020 and January 2021 is funded from their associated revenue budgets this year.
- The remaining estimated outstanding balance to the new go live date for the programme is £489,480 and is allocated in the table above.

7.4 Infosys will absorb their planned implementation costs therefore there is no associated financial implication for the Council.

7.5 The additional costs above do not include access to Oracle by schools and support staff and these would be discussed, negotiated and re-charged separately as part of the schools SLA.

- 7.6 The costs in this section relate to the programme. Any licence costs will also have new ongoing revenue implications and will be highlighted as a budget pressure in the up and coming budget setting process.
- 7.7 Both capital and revenue budgets will be realigned in accordance with new timescales and different accounting years will apply.
- 7.8 There is an estimated underspend on Oracle revenue budget implementation. In 2020/21, some costs on the existing system have been waived by the supplier amounting to £270,000 and this budget will be available to fund the Oracle project.
- 7.9 For 2021/22, £329,000 of revenue funding will also be available from corporate devices budget.
- 7.10 Capital expenditure will increase to £811,214, the additional requirement of £46,088 to be funded from the Capital Equalisation Reserve.
- 7.11 The financial summary is set out in Appendix D - showing allocation of the revised project cost budgets and funding.

8. Legal Implications

- 8.1 Prior to signing the Infosys contract, both parties agreed to the inclusion of Covid-19 as a Force Majeure Event. Under the provisions set out at Force Majeure Clause of the Contract (Clause 34) either party may claim relief from liability for failure to meet its obligations under the Contract if the performance of those obligations is directly affected by a Force Majeure Event.
- 8.2 The Council served on Infosys a Force Majeure Notice in accordance with the Contract when it became clear that the Council were experiencing a number of issues directly caused by Covid-19
- 8.3 A variation notice has been prepared and agreed by both Infosys and the Council, which confirmed the detail of the delay and new timescales and the Council removed the Force Majeure Notice.
- 8.4 The workforce is constantly changing, which in turn impacts the number of system licences. This is particularly important with cloud-based licences as these differ from the traditional IT system models of the past. The Council will keep the licence numbers under constant review to ensure compliance with the Council's Contract Procedure Rules.

Background Papers: None

Appendices: Appendix A: Summary Revised Programme Plan
Appendix B: Risks & Issues
Appendix C: EIA Screening
Appendix D: Financial Implications