



**To/
Councillor Rob Stewart,
Cabinet Member for Economy,
Finance & Strategy (Leader) &
Councillor Andrea Lewis, Cabinet
Member for Service Transformation
(Deputy Leader)**

BY EMAIL

cc: Cabinet Members

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Scrutiny

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SPC/2022-23/2

19 October 2022

Summary: This is a letter from the Scrutiny Programme Committee to the Cabinet Members following the Committee meeting on 18 October 2022. It is about the proposed Cabinet decision on the Oracle Project. A formal written response is not required.

Dear Councillor,

**Pre-decision Scrutiny of Cabinet Report:
Oracle Project Investment Update**

The Scrutiny Programme Committee met on 18 October 2022 to consider the report that you intend to present and recommend to Cabinet on 20 October. We thank you and officers for attending the meeting to present the report and answer questions.

Your Cabinet report provides an update on the Oracle Fusion project and seeks approval for additional investment in the project to meet unavoidable costs associated with the pandemic and recovery from it. It asks Cabinet to approve the revised plan and timeline for the implementation of the Oracle project together with further investment as outlined in paragraph 4.1 of the Cabinet report.

We are writing to confirm our views on the proposed decision for Cabinet to consider before it makes a decision.

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You highlighted to the Committee that:

- The transformation project was initiated, as the existing Oracle system was due to become end of life, just as the unforeseen pandemic was about to hit, which consequently has delayed progress in implementation and impacted on costs. Apart from time lost due to sickness related to COVID, council resources were unavoidably diverted to ensure it could get through the pandemic with officers working under pressure to support people and businesses throughout the pandemic.
- This is a multi-organisation project with a global computer technology corporation whose staff and operations have also been affected by the pandemic.
- Most of the additional costs are directly related to the impact of the pandemic, and bring the total additional investment figure required to deliver the project to around £11.2m, including a contingency fund of £500k which remains in place. You reported that £6.1m can be attributed directly to the pandemic and the council's need to manage its impact on employees, individuals, businesses, and communities across Swansea.
- A case is being made to the Welsh Government to meet the £6.1m in extra costs, in line with commitments made to councils about additional expenditure incurred due to the pandemic. This would then bring council spending on the project back in line within the projected budget reported back in 2019.
- The upgrade to the new Oracle Fusion Cloud system will provide a more resilient platform and should have a 10–20 year life.

Several questions were asked at the meeting which were responded to, relating to project delay, concerns around the financial implications, exploration of the specific areas of spending listed in Table 1 (para. 4.1 of the Cabinet report), and reasons for the additional activities stated.

We sought clarification of project investment, considering previous Cabinet reports on the matter which had also been scrutinised by the Committee. In January officers confirmed to us that the additional investment at that time would be just under £8.5m. The latest report indicates that the projected cost is now just under £10.8m plus a £500,000 contingency, that is over twice the estimated £4.8m cost in the September 2019 Cabinet report.

We also asked about the risk of a further escalation of costs given variables reported that may be out of the council's control, for example the timing of the teachers' and local government pay award implementation will add to the complexity of the project and the resources required to complete individual tasks. The nearer the implementation date is to the end of the financial year the higher the risk to the go live date of 1 April 2023. It was explained that any change requests which arise during project implementation would attract an additional charge.

We noted that the project is a top priority for the Service Centre and the Finance Team and plans are in place to manage other business critical activities such as recruitment, debtors and creditors, procurement, and payroll.

Committee Feedback

In the time available to review your report and ask questions, the Committee wish to bring the following to the attention of Cabinet:

- The Committee has some concerns about the increase in overall project costs. Given the potential for further costs (chargeable changes), the council will, for example, need to ensure its review of licences prior to Audit is accurate to avoid additional costs.
- There is concern about the possibility of further overrun in project implementation, which would mean not being able to meet the proposed go-live date of 1 April 2023. Support for the existing Oracle system will finally end June 2023 therefore there is little room for slippage.
- There is some doubt whether the Welsh Government will cover the £6.1m reported as additional costs due to the pandemic, and if and when this will be considered. We understand that to date they have refused to meet additional ICT costs incurred as a result of COVID.
- The Cabinet report is about additional investment. The Committee would like a report, following implementation of the new system, which provides clarity on total project cost, so that the public have a clearer understanding of the costs, and benefits of the project, to explain the spending of over £10m. It is acknowledged that the actual final cost will not be known until after implementation.

I will attend the meeting on Thursday to address Cabinet with the feedback from Scrutiny, as contained in this letter.

Your Response

We hope that you find the contents of this letter helpful. No response is required unless there are any material changes to the report and/or variation to the recommendation/proposed Cabinet decision, which the Committee should be alerted to.

Yours sincerely,



COUNCILLOR PETER BLACK

Chair, Scrutiny Programme Committee

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