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Report of the Cabinet Member for Service Transformation

Cabinet – 19 October 2023

Oracle Project Closure Process and Transition to New Operating Model

Purpose:	To provide an update on the end of the Oracle Fusion system implementation. The system is now live therefore the project will soon be closing and transitioning into the new Oracle operating model.
Policy Framework:	Digital Strategy 2023-28 Transformation & Financial Resilience well-being goal within the Corporate Plan Successful and Sustainable Swansea
Consultation:	Access to Services, Finance, Legal.
Recommendation(s):	It is recommended that Cabinet:

1) Approves the £500,000 contingency budget for the project to remain in the earmarked Oracle Reserve to be used for the pending change requests from services and any additional in-year licence costs following review.

2) Notes Oracle activities will be transitioning from the project into the new permanent operating model.

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1. Background to the Project

1.1 In September 2019, Cabinet approved the upgrade of the Council's Enterprise Resource Planning (ERP) System[1] Oracle R12.1 to Oracle Fusion Cloud at an estimated cost of £4.8 million because the Oracle R12.1 system was due to become end of life. The project was scheduled to be implemented within one year and to go live in November 2020.

1.2 However, at the end of March 2020 the Council went into business continuity mode because of the COVID19 pandemic. A key part of this was the Council's emergency response to support residents and businesses across a range of service interventions including significant financial support. Some of these interventions were also delivered on behalf of Welsh Government, e.g. grants. This work was intensive, not only during the lockdown periods but for eighteen months afterwards, with the impact and backlog of work still being felt even now.

1.3 The impact of the pandemic delayed the project in different ways over the subsequent three years:

- Staff were diverted onto emergency support for residents and businesses at the start of the pandemic, therefore in November 2020 Cabinet agreed a revised go-live date of October 2021. The associated risks of the R12.1 system coming to an end were mitigated by Oracle extending support.
- Lockdowns continued during 2021, diverting staff to the emergency response, therefore in January 2022 Cabinet agreed a revised go-live date of October 2022.
- However, during 2022 each phase of the project was delayed by new unforeseen and inescapable work related to the pandemic (e.g., cost of living payments, payments to carers) and staff sickness related to COVID19 and staff vacancies. In particular, the rate of progress in respect of the testing phase far exceeded timescales despite additional measures to improve the pace, e.g. Oracle writing test scripts and undertaking some of the testing. Therefore, in October 2022 Cabinet agreed a revised go-live date of April 2023, which was successfully delivered.

1.4 Our system implementation partner was Infosys. In addition, to help mitigate the impact of the pandemic on the project the Council procured support from the Society for Innovation, Technology and Modernisation (Socitm) to provide specialist support for key roles, e.g., testing and reports co-ordination, project management. Support was also procured from Oracle to provide system advice, guidance, and support to services on key

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[1] The ERP system provides the following council back-office functions: finance, accounts payable, accounts receivable, payroll, HR, and capital project management

activities such as testing. However, like the council, external partners also experienced COVID related staff absences and turnover which also impacted the project timeline.

1.5   The system successfully went live in April 2023 with payroll and pensions running accurately. There were some critical post go-live issues, primarily relating to interfaces with other Council systems. These are now mostly fixed, except for the Pensions and Central Transport Unit system integrations, which will be going live into production shortly. Once these critical issues have been resolved the project will close and move into the new permanent operating model.

1.6   In the first few months after the system went live there were around 2,000 reported incidents, with 40% relating to 'how to' questions, 30% were technical faults, 17% were relating to role access mainly absence management and purchasing approvals, and 13% related to log-in issues. Very few incidents (on average around 9 per day) are now being reported as the system stabilises.

2.   Deliverables

2.1   Delivery of the Objectives

2.1.1   The main driver for the Oracle Fusion project was to reduce risk, as the previous R12.1 system would become end of life and unsupported by Oracle. The new system is resilient and secure which helps to mitigate cyber and ICT Disaster recovery risks on the corporate risk register.

2.1.2   There was a range of other opportunities for improvement as a result of moving to the cloud system which have been achieved. The table below maps the original project objectives with examples of how they have been met. Further examples are listed in the benefits at point 2.2.2.

Original Objectives	What has been delivered
To upgrade the system to make it current and compliant; thus, ensuring sustained support and continuity complying with all security parameters, including disaster recovery.	• 13 modules have been delivered covering HCM (Core HR, Learn, Talent), Finance (AP, AR, GL, Cash management, Procurement), Supply Chain Management (OTL, Projects, Inventory) and Payroll (Payroll, Expenses) • Each module has been configured, tested, populated with data and released into live running • The previous Oracle 12.1 database was also successfully migrated into the cloud infrastructure to provide stability and resilience for archived data • Oracle Fusion is secure, fast, and resilient with disaster recovery from Oracle

Original Objectives	What has been delivered
To comply with the latest legislative and statutory changes including Making Tax Digital and Teachers' Pensions.	• Any new legislative updates are now automatically included in the quarterly patches.

To improve the business processes being used in the Council, and bring significant productivity savings	• The benefits tracker has identified 156 process changes as a result of implementing Oracle Fusion
	• Two examples of process improvements include:
	  o Invoice users are now able to run their own Dispute and 60 Day Debt reports. This means services can be proactive in debt monitoring and management. Reports can also be exported into Excel and other formats if required
	  o New processes reduce the risk of duplicate suppliers and reduce the risk of invoices paid in error

To provide better decision-making capabilities by introducing real-time, faster and self-service reporting dashboards	Examples include: • Self-service reports which run within seconds • Reports around who has completed mandatory training • Financial monitoring reports and smartview functionality so that the general ledger team can interrogate accounts without needing to run complex reports • Easier National Fraud Initiative reporting by payroll
To reduce the redundancies, remove person dependencies and to improve auditability by automating and consolidating business processes	Examples include: • The learn module where the system automatically enrols self service employees on mandatory training saving managers' time • Various notifications informing of new hires, change to employee records etc, so the workforce team no longer need to complete time consuming SW1 forms • The Lifeline interface automatically splits direct debit invoices into instalments, which was previously a manual task • Further automation of absence pay so that Teachers' and non-Teachers sick pay and parental leave are all automated • Company Single Sign-on so staff do not have re-enter passwords • Seamless cross functional access for the general ledger team, e.g. easy access to payables,

Original Objectives	What has been delivered
	receivables and the general ledger as well as easily switching between services and pensions data access sets • One-time set-up of commonly used general ledger combinations enables quick access later when needed
To provide a smooth transition to the upgraded system and to minimise business impact	A significant amount of communication and engagement was undertaken in the lead-up to go-live including: • Oracle Fusion champions identified in each service and a change network established (34 change agents onboarded, 12 sessions held, including launch, readiness updates and Q&As) • 80 end user guides and 117 how to videos were produced and well used by staff over the go-live period • 19 key user guides produced • Key User Training sessions delivered by Infosys including to the Oracle Support Team • Business readiness group established (15 meetings held + 10 change updates) • Readiness Assessments undertaken (2 key user surveys undertaken, a general ledger user survey analysed) • Stakeholder management meetings delivered including DMT briefings (10 DMTs attended, two per directorate) • Change Impact Assessment undertaken • Benefits Tracker established (63 Benefits identified)

2.2   Realising the Benefits of the new System

2.2.1 Benefits take time to come to fruition, sometimes many years after a project has been completed. A benefits tracker has been developed alongside service leads which will be regularly updated and monitored through the new Oracle governance arrangements. 63 benefits have been identified and these will continue to be monitored.

2.2.2 Examples of benefits and improvements already achieved include:

- A secure and resilient system is now implemented
- A more user-friendly and modern interface for staff
- The goals and performance module enables the Council to directly link corporate plan well-being objectives into personal objectives for staff

and Councillors. In addition, managers can mass assign corporate goals and upload performance reviews for staff with access to self-service

- The Learn module enables the Council to report on the completion of mandatory training courses, including Health and Safety. In addition, Fusion provides access to all learning, even for staff who do not have Fusion self-service. The system also allows for 'learning initiatives' for cohorts of staff undertaking service specific training
- In the accounts receivable module invoice users have greater self-service capability, able to run their own dispute letters
- In the accounts payable module data import improvements reduce the number of invoice entries in the general ledger and also removes the need to manually create journals
- Manual processes around creating supplier records and transactions have also been reduced
- Payroll can record comments against payments, which in turn supports the Service Centre helpdesk with faster query resolution
- Supplier records have been cleansed which reduces the risk of supplier duplicate payments. Maintenance of these records has been improved by the introduction of "One Time Supplier" functionality
- Introduction of a new bank database which has allowed Accounts Payable interfaced invoices to be paid electronically without manual intervention.

3. Closing the Project and Future Development

3.1 The project is close to resolving two remaining post go-live issues and once these are complete the project will close, and management of the system will move into the new Oracle operating model. It should be noted that although the project is closing, any new issues or changes required will be addressed as a priority by the new Oracle operating model. The project was established for initial implementation only.

3.2 The previous project board will be replaced by a Fusion Change Board going forward, which will comprise service leads from across the Council. This new board will oversee and approve any changes or new developments to the system as well as the quarterly patch releases from Oracle.

3.3 A new operating model has been developed as part of the project and this is currently transitioning into place. This includes different roles within the Oracle Support Team within Digital Services alongside the Oracle support contract.

3.4 A review will be documented once the project has been fully closed and internal audit will audit the project. This will also be the first year of external audit reviewing internal controls of the new system as part of their work to audit the Council's statement of accounts.

3.5 Advice provided by Oracle and all the suppliers involved in the implementation indicates this is only the beginning of the Oracle Fusion journey. Oracle will constantly develop and evolve the system, some based on recommendations directly from the public sector user group. In addition, the Council will work to maximise the new functionality within Fusion to improve business processes and operational efficiency.

4. Integrated Assessment Implications

4.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, 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 Acts.
- 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.
- Deliver better outcomes for those people who experience socio-economic disadvantage
- Consider opportunities for people to use the Welsh language
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

4.2 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental, and cultural well-being of Wales by acting in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

4.3 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

4.4 An IIA Screening Form has been completed (Appendix A) with the agreed outcome that a full IIA report was not required: The summary of impacts has been categorised as low. Whilst this is core business system for the Council it is an internal system and the impact on specific groups is low.

4.5 With regard to involvement this is all internal to the Council. Key internal users have been involved in the project, key stakeholders were identified

at an early stage and a change team delivered communication, engagement, training and development as part of roll out.

4.6 The report adheres to the transformation and financial resilience well-being objective in the Corporate Plan - so that we and the services that we provide are sustainable and fit for the future.

4.7 The risks surrounding the project are considered low as the system is now live.

4.8 With regard to the cumulative impact of the project, there will continue to be changes to processes and ways of working as Oracle Fusion develops. However, these changes are internal and would be considered as overall improvements.

4.9 Well-being and future generations and the five ways of working considerations include:

- The upgrade of the Council's ERP system means core processes will more effectively support frontline services in the longer term
- The upgrade changes ways of working and provides a more resilient platform therefore reducing / preventing the risk of downtime
- Oracle is used by other public sector providers, which aids any future integration
- Key users and stakeholders will continue to be actively involved in the development of the system.

5. Financial Implications

5.1 In September 2019 Cabinet approved an Oracle Fusion project budget of £4.8 million. However, from March 2020 onwards the project was severely impacted by the pandemic and its aftereffects as staff were diverted to support residents and businesses.

5.2 Delays to the project led to increased cost where suppliers were spending longer on activities, staff secondments and honoraria were extended, support of the old system had to be extended, and licence costs increased over time.

5.3 Cabinet approved extensions to the project in November 2020, January 2022 and October 2022 as well as a total of £12.315 million specific project funding (including a £500,000 contingency). In addition, during the testing phase of the project £880,000 was spent from Finance and Digital base budgets (in line with Finance Procedure Rules), to fund additional temporary staff resources so that vital pandemic and business as usual work in Finance and the Service Centre was not adversely impacted.

5.4   It is forecast the project budget will be spent, with the exception of the £500,000 contingency fund. £6.1 million of the total project cost is attributable to the unavoidable delays as a direct result of the COVID19 pandemic and the Council's need to manage its impact on the employees, individuals, businesses and communities of Swansea. A case was made to the Welsh Government to meet these costs but unfortunately this was unsuccessful.

5.5   Now the system is live this is only the start of the Oracle Fusion cloud journey. Services have already submitted change requests to take advantage of the new Fusion functionality to improve operational efficiency and automate manual back-office processes. The final cost of these changes is not known at this stage as each request requires a written specification and analysis. It is recommended that the £500,000 contingency remains in the Oracle Reserve to fund these change requests. Examples of these changes include:

- New reports for the inventory, projects, payroll, Oracle Time and Labour, and Accident Reporting areas to improve operational efficiency
- A new process around e-invoicing following recent changes from Welsh Government
- New interfaces for Early years Childcare
- More information to support Performance & Financial Monitoring meetings by Directorates.

5.6   In addition, there will be changes to Oracle licencing which is likely to incur additional costs. Oracle is supporting the Council with the review of licences. It is recommended any subsequent additional current year licence costs are also funded from the contingency to be held in the Oracle Reserve. Future costs and funding options will form part of budget setting for 2024-25 onwards.

5.7   At the start of the project Audit Wales recommended capital receipts were not used, therefore additional capital equalisation reserve was utilised, which was reported through the Director of Finance / Section 151 Officer routine quarterly budget monitoring reports to Cabinet. Capital and revenue budgets were re-aligned each year in accordance with the new timescales and different accounting years applied.

5.8   During the first extension Infosys absorbed their additional costs. Over the life of the project all suppliers have contributed expertise above and beyond their contracts, to deliver the project.

6.   Legal Implications

6.1   The various contracts providing the supplies and services required to deliver this project have been the subject of a range of procurement processes governed by the Public Contracts Regulations 2015.

Background Papers: None

Appendices:
Appendix A   IIA Screening
Appendix B   Final Financial Implications