



**To/
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/2023-24/2

18 October 2023

Summary: This is a letter from the Scrutiny Programme Committee to the Cabinet Member following the Committee meeting on 17 October 2023. It is about the Cabinet report / proposed decision on the Oracle Project. A formal written response is not required.

Dear Councillor Lewis,

**Pre-decision Scrutiny of Cabinet Report:
Oracle Project Closure Process & Transition to New Operating Model**

The Scrutiny Programme Committee met on 17 October 2023 to consider the report that you intend to present and recommend to Cabinet on 19 October. We thank you, the Leader, and officers for attending the meeting to present the report and answer questions.

Your Cabinet report provides an update on the end of the Oracle Fusion system implementation, advising that the system is now live therefore the project will soon be closing and transitioning into the new permanent Oracle operating model, with Cabinet being asked to approve the £500,000 contingency budget for the project remaining in the earmarked Oracle Reserve to be used for the pending change requests from services and any additional in-year licence costs following review.

OVERVIEW & SCRUTINY / TROSOLWG A CHRAFFU

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As you know, the Committee considered a previous report on the Oracle Project 12 months ago, which advised of additional investment that was required to meet unavoidable costs associated with the pandemic and recovery from it. £6.1m was attributed to unavoidable delays as a direct result of the pandemic. That report (October 2022) indicated that the projected cost would be just under £10.8m plus the £500,000 contingency, compared with the original estimated cost of £4.8m in a September 2019 Cabinet report. Following the Committee meeting last year, we planned to have a follow up meeting in order to seek clarity on total project cost, as well as explore if the new system is functioning well and as planned, how successful the implementation has been, notable achievements / benefits, and whether there have been any issue(s) arising concerning any aspect of the project and modules, including how this project has addressed any relevant areas of corporate risk and/or governance issues. We note from the current Cabinet report that a case made to Welsh Government to meet the pandemic related extra costs was, as the Committee had anticipated, unsuccessful.

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

You highlighted to the Committee that:

- The new Oracle System went live, as planned, on 1 April this year, with major Council systems, such as Payroll, stable and operating smoothly. We noted your praise for all involved in delivering this project, through a difficult period, recognising the size and scale of the task.
- The new system is resilient and secure which helps to mitigate cyber and ICT Disaster recovery risks on the corporate risk register. We noted the examples provided on delivery of Project objectives and benefits / improvements that have been realised. We were told that feedback from staff using the new system has been positive.
- Some teething issues have emerged but have been worked through, mostly around integration with other systems, but to date there is only one outstanding issue relating to integration with a pensions system, but this has not affected the payment of pensions, and is close to resolution. The Project will then close and move into the new permanent operating model, as 'business as usual'.
- 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.
- 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.

- The new Oracle Fusion Cloud system represents a major upgrade and will have regular updates with the potential to serve the Council for the next 20+ years.

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:

- **Project Cost** - there has been a significant increase in project cost, with the final figure being reported as just under £13.2m. Taking into account the additional costs attributed to the pandemic would indicate an increase of £2.3m. We acknowledge how things have developed since 2019 and reasons for the increased spend, and recognise the complexities of the project and delivery / implementation of major ICT systems.
- **Contingency Budget** – given cost pressures it is good that the contingency budget of £500k remains intact however there are concerns around how far this contingency budget will stretch in view of reported ‘unknown cost of changes’ and ‘additional costs’ in relation to changes to Oracle licencing. You acknowledged that Cabinet would need to consider the possibility of additional costs exceeding the contingency budget, with future costs and funding options needing to form part of budget setting for 2024-25 onwards.
- **Ongoing Costs** - it was confirmed by the Director of Finance that further use of the Capital Equalisation Reserve would not be appropriate for on-going costs associated with the new operating model and suitable arrangements will need to be in place for these costs to be built into base revenue budgets. We noted that further changes will be anticipated as the Council continues with transformation and improving business processes and operational efficiency. The Fusion Change Board will play a vital role in considering change requests, seeing business cases and prioritising / co-ordinating work, and identifying the financial implications. It was noted that managing capacity across the Council to deal with this as well as ‘business as usual’ is an on-going risk that is being monitored.

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,

A handwritten signature in black ink, appearing to read 'P. Black', written in a cursive style.

COUNCILLOR PETER BLACK

Chair, Scrutiny Programme Committee

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