



Governance, Audit, Risk Management and Standards Committee

Title	Oracle Cloud implementation in Barnet Update
Date of meeting	27 November 2023
Report of	Anisa Darr, Executive Director of Resources
Wards	All
Status	Public
Urgent	No
Appendices	None
Officer Contact Details	<p>Anisa Darr, Executive Director of Resources Anisa.Darr@Barnet.gov.uk</p> <p>Sally Chin, BOCI Programme Manager Sally.Chin@Barnet.gov.uk</p>

Summary

The report provides Members with an update on implementing the Council's new finance and HR system, Oracle Cloud. It highlights progress made, key risks and summarises the lessons learned from implementing Oracle Cloud at other councils (based on publicly available information).

Recommendations

That Committee note the actions that are being taken to ensure a successful implementation of the new Finance and HR system for the Council.

1. Reasons for the Recommendations

Background and Context

- 1.1 In February 2022, Policy and Resources Committee approved replacing the Council's Finance and HR systems. Following this decision, officers procured a new system, Oracle Cloud, a unified platform combining Finance and HR systems – implemented and supported by many local authorities. As a cloud-based technology, it will support both the current and future working environment.
- 1.2 The system is widely used by business organisations across the country and globally. Over 40 local authorities have successfully adopted the Oracle Cloud platform. Examples of local

authorities that have successfully gone live in 2023 include the London Borough of Waltham Forest, Wirral Council, Swansea City Council, Solihull MBC, South Ayrshire Council, Vale of Glamorgan, and the London Borough of Bromley.

- 1.3 In Barnet, work is underway to implement the new system, with the goal of replacing the current systems from April 2024. The implementation is being carried out by experienced specialists under the Barnet Oracle Cloud Programme with a robust governance structure to ensure that the programme remains on track and has senior stakeholder buy-in throughout.
- 1.4 Implementing organisation-wide systems is challenging and complex, as exemplified by recent challenges faced by Birmingham City Council in getting their system up and running. Para 1.10 to 1.12 sets out some early lessons learned, particularly from Birmingham CC and analysis of key issues based on publicly available information. Final conclusions will have to await the publication of the Public Interest Report.
- 1.5 It is important to note that Birmingham City Council's situation and implementation cannot be used as a like-for-like comparison to Barnet's.

Barnet Oracle Cloud Implementation (BOCI)

- 1.6 The implementation of Oracle Cloud began in November 2022 and is currently on time and within budget. The capital budget is £10.4m, forecast spend is £9.5m, which equates to a forecast underspend of £0.9m.
- 1.7 The programme recently completed the configuration phase, during which the programme collaborated with more than 150 officers from across the organisation in over 100 workshops to finalise the new system's design. The guiding principle throughout this process was to 'adopt, not adapt' the new system, a critical factor in the successful implementation of cloud-based technologies. This means the Council is adopting off the shelf processes rather than customising the cloud technology to fit the old ways of doing things.
- 1.8 The programme has now entered the phase of rigorous testing of the new solution, which will last five months, culminating in the changeover at the end of March 2024. This phase involves managing significant risks related to data availability and quality that may impact the Go-Live date and/or scope of the programme. The final transition to the new system will occur only when the Council is confident that the new system is ready and that key risks are effectively managed.
- 1.9 Changing organisation-wide systems presents challenges. Each organisation's implementation of Oracle Cloud is always a unique process, as organisations differ in their starting points and their working practices that have evolved over the years. Below are key current risks as assessed by the programme.
 - i. The primary risk in Barnet relates to the timely availability and quality of data from the current systems. This issue is linked to the fragmentation of existing systems and the complexity of ownership of processes across these systems, involving the Council, Capita, and other partners. The new system, along with the insourcing of Capita staff, will simplify this situation and future-proof data processing, allowing the Council to regain complete control in the future. In the interim, the programme team has employed data specialists to manage and mitigate risks associated with data, which is being closely monitored and reported through the programme governance. This remains significant risk to the timely and successful implementation of Oracle Cloud in Barnet.
 - ii. Effective collaboration with suppliers is crucial for resolving key implementation challenges, particularly data-related ones, as mentioned above. Following the Council's

decision to end its current relationship with Capita, the risk of not achieving swift solutions to issues increases as Capita and their suppliers move towards ending the relationship with the Council. To address this, the programme team engages with Capita early, establishes and builds on good working relationships whenever possible, and deploys the contract escalation process when necessary.

- iii. Another key risk is the organisation's readiness to uptake the new system, as changing core systems is always a significant shift, especially in the context of ongoing, and at pace, changes to the establishment (e.g., moving teams in-house prior to go-live date, some of which are directly affected by the new system as they will manage it, such as the insourcing of the Accounts Payable function). To address this, the programme team has established a special change function to manage communications, engagement, training, and support across the organisation. Regular change updates are provided to the programme governance, and engagement and communication efforts will intensify closer to the go-live date. These efforts will require strong support of leaders from across the organisation.

Birmingham City Council Oracle Cloud Implementation – summary of key lessons learned.

- 1.10 Following widespread media criticism of Birmingham City Council's Oracle Cloud Implementation and cost overrun, the Barnet programme has reviewed and considered the learnings in line with Barnet's approach.
- 1.11 It's worth noting that until the public interest report is concluded and published, the publicly available information has not been verified, and lessons learned may change. Additionally, comparing Birmingham City Council to other organisations is challenging due to various factors, including their size, complexity, and approach to the new system's implementation.
- 1.12 Based on publicly available information, three main issues are observed with the Oracle implementation at Birmingham City Council (NB the explanations of how Barnet's implementation differs or how these risks are managed is provided where applicable):
 - 1. **Strategy:** The "adopt not adapt" best practice design principle was not enforced in Birmingham, which was at the core of most publicised issues. Birmingham did not adhere to this principle. Barnet has adopted a best practice LA approach to Oracle Cloud with governance and scrutiny in place. As a result, the Council has very limited customisations, all of which are successfully used across multiple local authorities.
 - 2. **Technology:** Birmingham relied heavily on customisations and non-standard functionality which created issues when the solution went live. Some examples include:
 - i. Birmingham opted for an overly complicated 3 balancing segment design, contrary to advice from independent Third Parties, impacting financial controls, reporting, integrations, budgeting & planning. In Barnet, the programme has designed a simple Chart of Accounts, that's mirrored across multiple longstanding Local Authority Oracle Cloud customers.
 - ii. Furthermore, Birmingham did not sufficiently test some 200+ system roles in advance of deployment, leading to access and security issues. In contrast, Barnet's programme follows best practice advice from implementation specialists to target roles for testing during the testing window. In this period, Barnet will have concerted focus on the design for the insourced teams, to ensure suitable roles are deployed and tested in line with the majority of LBB.

iii. Birmingham did not have working Budget Monitoring Reports available at Go Live. In Barnet, the programme is compiling a reports register, supported by a report lead and developer. The reports will be appropriately prioritised for day 1 and will be tested before deployment.

3. **Resource churn and wider business transformation:** Birmingham experienced a high churn of resources within senior leadership and the programme team. This contributed to a lack of ownership and clarity in 'to be' processes, with design changes continuing to go-live and not being fully documented. Barnet has a stable programme team with specialists who have collectively worked on 16 successful Oracle Cloud LA implementations. The programme governance is designed to join up working from across the organisation, including with partners; Capita, the Oracle system owner and implementation partner.

2. Alternative Options Considered and Not Recommended

N/A

3. Post Decision Implementation

3.1. Work will continue to deliver the programme to ensure a successful implementation of the new Finance and HR system for the Council, Oracle Cloud with the goal of replacing the current systems from April 2024.

4. Corporate Priorities, Performance and Other Considerations

Corporate Plan

4.1. Oracle Cloud solution, which combines both the Finance and HR systems, feeds into all priorities of the Barnet Corporate Plan and act as an enabler for all of the council's wider objectives.

Corporate Performance / Outcome Measures

4.2. As an organisational project impacting users across the Council and Suppliers the BOCI programme is run as a change programme. It is not intended to be a resource saving exercise but one that allows staff quicker and more efficient results to allow more time dedicated to delivering for Barnet Residents

Sustainability

4.3. N/A

Corporate Parenting

4.4. N/A

Risk Management

4.5. Risks to the project are managed utilising the council's Risk Management Framework to identify, analyse and respond to any project risks.

4.6. As described in the report the main risk to the programme currently relates to being able to obtain good quality HR data from Capita's systems. Without good quality data the programme is at risk of not going live on 1st April 2024 with the system as currently planned. It will be possible to go live on 1st April 2024 with the Finance and Procurement modules and delay the implementation of the HR module until the data is correct. This isn't ideal therefore the programme prioritises to work through the data issues with the specialist help.

Insight

4.7. Paragraphs 1.9 to 1.11 sets out some early lessons learned, particularly from Birmingham CC and analysis of key issues based on publicly available information.

Social Value

4.8. N/A

5. Resource Implications (Finance and Value for Money, Procurement, Staffing, IT and Property)

5.1. None in the context of this decision. The implementation of Oracle Cloud began in November 2022 and is currently on time and within budget. The capital budget is £10.4m, forecast spend is £9.5m, which equates to a forecast underspend of £0.9m.

6. Legal Implications and Constitution References

6.1. Part 2B and 2C of the Constitution outline the “Terms of reference and delegation of duties to Committees and Joint arrangements”, including for the Governance, Audit, Risk Management and Standards (GARMS) which specify the following powers and duties relating to internal controls: ‘To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions’.

7. Consultation

N/A

8. Equalities and Diversity

6.1 The Equality Act 2010 requires organisations exercising public functions to demonstrate that due regard has been given to:

- a) Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act
- b) Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- c) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

6.2 The Equality Act 2010 identifies the following protected characteristics: age; disability; gender reassignment; marriage and civil partnership, pregnancy and maternity; race; religion or belief; sex and sexual orientation.

6.3 In order to assist in meeting the Public Sector Equality Duty the council will:

- Try to understand the diversity of our customers to improve our services.
- Consider the impact of our decisions on different groups.

8.4 This is set out in the council’s Equalities Policy, which can be found on the website at:

<https://www.barnet.gov.uk/your-council/policies-plans-and-performance/equality-and-diversity>

9. Background Papers

Review of Integra and CoreHR, Policy & Resources Committee, 9 February 2022 [Committee Report \(modern.gov.co.uk\)](#)

