

THE VALE OF GLAMORGAN COUNCIL

CABINET: 6<sup>TH</sup> JUNE, 2024

REFERENCE FROM EXTRAORDINARY GOVERNANCE AND AUDIT  
COMMITTEE: 20<sup>TH</sup> MAY, 2024

“48 ORACLE FUSION IMPLEMENTATION (PART I) (REF) –

The Part I reference from Corporate Performance and Resources Scrutiny Committee from 17<sup>th</sup> April, 2024, as contained within the agenda, was presented.

The Head of Finance/Section 151 Officer provided a PowerPoint presentation, the key points included:

- A business case was in place for the system’s replacement in August 2020 and move to Oracle Fusion in January 2022 with the implementation to have a Go Live cost of £1.5m.
- During 2021, the project suffered from a number of delays, including the disruption and challenges to capacity caused by Covid-19. That resulted in the project being reset, which as a consequence, had led to the final cost of the new system being significantly greater than planned. There were further challenges and subsequently the cost increased to £5.192m by the final implementation date of April 2023.
- During January 2022, there was a replacement and strengthening of the Project Management Team as well as an increased scope.
- The Oracle system was rescheduled to go live during November 2022 with some challenges in relation to data migration and Payroll. As a result, outside consultancy was brought in to assist the Council’s in house teams. The issues had meant that there was also extension to the use of the Council’s previous system.
- Cabinet had been kept apprised of the progress of the project and the revised dates for Go Live and the additional costs incurred.
- A commitment was given to undertaking a lessons learnt exercise once the new system was up and running. The system went live in April 2023 but the exercise was put on hold until a contractual dispute with the System Implementer was resolved in the summer.
- A very comprehensive lessons learnt exercise had been undertaken which was led by the Council’s external Project Manager who had initially been brought in mid-way through the project when it was first identified that additional resource was required to manage the implementation.
- The lessons learnt work had been carried out using a specific software package which the Council could use in similar reviews in the future.
- 59 lessons were identified which had been organised across four themes where were broadly in line with the lifecycle of such an implementation:
  - Organisational capacity to run effective projects;
  - Project management methodologies and effective use of project tools;

- Testing infrastructure and testing capability; and effective project team planning.
- There were a number of detailed recommended actions and the 38 priority ones were set out in the body of the report.
- In terms of implementation of the recommendations, there would be sharing of experiences with other live projects. There had been joint sessions with the Council's Strategic Leadership Team and Heads of Services. An action plan would also be devised.

Councillor Hooper stated that he was glad that there were independent Lay Members appointed to the Governance and Audit Committee as they could probably take a more dispassionate view of the issues. Councillor Hooper commented that there had been a complete lack of scrutiny throughout the process and it felt that Councillors had not been fully informed. For example, the Governance and Audit Committee had not been made aware of the level of overspend which had gone up from £1.5m to £5.2m. Councillor Hooper stated that responsibility and accountability was required as for residents the overspend was a huge issue. The reduction in Council resources was something that had impacted on the project and it was important to recognise that if the Council did not have sufficient capacity then it would fail which would cost residents money. Therefore, the report represented a political issue and so there was a need for political responsibility.

Mr. M. Evans (Lay Member) felt it was unclear as to why the project was not classified as high risk given its financial / transformational remit and a replacement for a major Council financial system. Mr. Evans queried whether there were any other projects of a similar nature where the risk could have been misclassified. Mr. Evans also queried whether the Council had the correct controls in place and was the Council comfortable that the Oracle system was where it needed to be.

In reply, the Head of Finance advised that awareness raising had been undertaken through the Council's Strategic Leadership Team and through the Heads of Services. The draft lessons learnt document was considered by the Council's Strategic Leadership Team a few months ago, that meant there was awareness in relation to the high risk of the project. In terms of control and security, the Head of Finance stated that the Council did have a very good product which was now fully implemented and there would be a rolling cycle of assurance through the Council's Internal Audit team. The key functions of the new Oracle system had been tested and that would be an ongoing process. The Council was fully assured about how the system was currently working.

Mr. Evans then asked whether it was right that the report had only been referred to the Governance and Audit Committee at this stage. The Head of Finance clarified that the report had also previously been reported to the Strategic Leadership Team, then Cabinet and also on to the relevant Scrutiny Committee. The Director of Corporate Resources also confirmed that the issues and matters in relation to Oracle were regularly discussed by the Council's Strategic Leadership Team.

Members of the Governance and Audit Committee were also advised that relevant minutes in relation to the Oracle Fusion Project would be shared with Members

outside of the meeting and Members would be able to make individual comments on the matter when the report would be referred to Cabinet.

Mr. G. Chapman (Chair and Lay Member) commented that it was clear that the Council at the start of the project, did not have the necessary expertise in place in order to successfully implement the project. It was also clear that the initial projected cost of the project of £1.5m was insufficient and it was also important to recognise that the current budget also lacked money for areas such as archiving. That meant that there was a lack of contingency funding. The Chair stated that he was not in full agreement to Recommendation 59 and stated that legal input should be there from the inception of any such large project. In terms of dates, the Chair stated that April 2022 was straight before the elections in May which, on top of Covid, had meant that there were other significant priorities facing the Council. In terms of people being informed, the Chair referred to reports being produced around the Chief Executive's use of Emergency Powers and reports being presented to Cabinet so there would have been opportunity for Councillors to call in the matter to Scrutiny. The Chair also added that a lessons learnt paper was extremely important which highlighted some significant areas for improvement in dealing with some high profile projects. One aspect that would be interesting to understand was whether the cost of the project would have been significantly different had the Council carried out things properly at the beginning. The Chair added that it was important for the lessons learnt paper to be cascaded throughout the Council with the key principle being that input and officers from all the relevant areas such as HR, Finance, IT and Legal etc. needed to be involved from a project's inception. So with the right processes in place and the correct procedures the Council would be in a better position going forward. The Chair agreed that some additional reporting on the matters should have been undertaken and, in particular, the role of Internal Audit when issues were being identified. Therefore, assurance should have been provided sooner to the Governance and Audit Committee as to whether the correct controls and procedures were in place once issues had been identified.

Mr. N. Ireland (Lay Member) asked what lessons had been learned in relation to risk management within the Council. Mr. Ireland added that at the start of the project, which was in the middle of Covid, the project was assessed as not a high risk, which was obviously incorrect. Projects like this were always a risk and therefore what learning was there in relation to the operational or strategic risk management within the Council. In reply, the Director of Corporate Resource stated that one of the findings from the lessons learnt document was that the Council needed to train and talk to colleagues about the Council's Project Management Toolkit to ensure that risk management was an integral part of all projects. A piece of work would be undertaken with Heads of Services and Directors in terms of sharing the lessons learnt and the Council would go further in that training would be delivered around the use of the Project Management Toolkit. In terms of the Council's approach around risk management as a whole, there had been some reflective work around other similar projects such as the Wales Community Care Information System and how the Council reported individual projects and the risks to the Governance and Audit Committee. That was a good example of a service risk although managed by the relevant service also being included on the Council's Risk Register. The threshold around inclusion on the Risk Register was something that would be considered as part of the Council's Risk Register refresh activity.

The Chair commented that the lessons learnt document contained 59 recommendations and he queried whether there would be a workshop for Members in order to better understand how the Council would deliver on those recommendations. In reply, the Director of Corporate Resources stated that the Council was open to providing a workshop and so the best way of framing any workshop would be taken away and considered.

Councillor Hooper raised a point of clarification in regard to the timelines and the decision made in April 2022 but that decision, as part of the Chief Executive's Emergency Powers, was not published until the July, with an implementation date of August. That meant that the timelines were insufficient for the matter to have been called-in. There was also insufficient time for scrutiny of the project.

Councillor E. Goodjohn commented that scrutiny of the project should have been carried out sooner, but the window for scrutiny was also very short. He added that at the time of inception, the Council did not envisage the project taking so long to implement which was because of not having the right expertise in place. Councillor Goodjohn stated that he hoped that the recommendations within the lessons learnt document were not lost and greater emphasis of training needed to be given regarding procurement and value for money as well as the way that project management should be carried out. He also stated that he hoped that the lesson learned around scrutiny had also been fully embraced as it was important to advise scrutiny of any issues sooner and in more detail.

Councillor Protheroe, commented as Chair of the Corporate Performance and Resources Scrutiny Committee. Councillor Protheroe stated that the commissioning part of the project was where there was an absence of expertise. The appointment of the Head of Digital and the Council's relationship with Ardal should mean that the Council would have great strategic support with other projects. Councillor Protheroe agreed that the Council should consider cross functional commissioning teams, with a full range of expertise available at a project's inception. There should also be distinction between a project management approach and the procurement part.

Councillor Dr. Johnson, not a member of the Committee but with permission to speak, referred to the importance of scrutiny and the timelines. He commented that the first-time members were made aware of any issues was when an overspend was reported in September 2022 which was also when the Corporate Performance and Resources Scrutiny Committee requested a report, which had been provided in April 2024. He commented on the 18-month delay in providing the report, but an interim briefing paper or update would've been helpful.

In terms of the delay to provide a report, Councillor Goodjohn commented that there were legal proceedings ongoing that had delayed the production of a report. He concurred that the Scrutiny Committee needed to have been provided with whatever information was available as early as possible, but members were aware that Legal was involved.

Subsequently, it was

RESOLVED – T H A T the comments of the Governance and Audit Committee be referred to Cabinet alongside the comments from the Corporate Performance and Resources Scrutiny Committee meeting held on 17<sup>th</sup> April, 2024. The key comments of the Governance and Audit Committee being:

- Projects could be impacted, and costs increased if the Council did not have adequate resources and capacity.
- Members of the public required greater accountability around the challenges that the project faced, and greater Scrutiny should have been carried out.
- At the start of any project, the Council needed to ensure that it had the right expertise in place from all relevant service areas, including Commissioning, Human Resources, Information Technology, Finance and Legal.
- The current budget for the Oracle system appeared insufficient as it did not include archiving.
- The Corporate Performance and Resources Scrutiny Committee and the Governance and Audit Committee should have been made aware of issues sooner and provided assurance in respect of the control environment.
- The Lessons Learnt review document needed to be cascaded widely throughout the organisation.
- A workshop for members should be arranged to understand how the 59 recommendations would be implemented.

Reason for decision

Having regard to the contents of the report and discussions at the meeting.”