	<p align="center">Cabinet 13 September 2021</p>
	<p align="center">Report from the Strategic Director of Customer and Digital Services and the Director of Finance</p>
<p align="center">Oracle Cloud Roadmap (Release 2) Capital Investment</p>	

Wards Affected:	All
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	None
Background Papers:	None
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1.0. Purpose of the Report

- 1.1. This report sets out the further enhancements which are achievable within the Oracle Cloud System and seeks approval for further investment to gain further efficiencies and transformational aspects that the Oracle Cloud system offers.
- 1.2. The Oracle Transformation roadmap is evolving and will include a strategy across the next 5 years, incorporating business information and automation through robotics and artificial intelligence. The aim is to give a very high quality service across departments that incorporates Oracle and other

supporting applications to enable business intelligence and efficiencies at the lowest cost.

- 1.3. The costs included in this paper are for the initiation of projects to be commissioned for the current roadmap commencing post Go Live of the Release 1 implementation. The individual projects of the overall Release 2 projects will be tracked and reported to the Capital Programme through the Corporate Landlord Board.
- 1.4. We can already see initial success of Release 1 in terms of the system design being able to eliminate many off system processes. In addition, there is a significant reduction in future dependency on creating management reports, moving to Cloud allows access to real time data and thus brings efficiencies in the way users, both internal and external, will operate post Go Live.

2.0 Recommendations for Cabinet

- 2.1 Agree the investment of £2.5m for the Oracle Cloud Roadmap (Release 2).
- 2.2 Agree that each project, will be subject to regular review and monitoring by the Corporate Landlord Board and reported into the Capital Programme Board. This will be in consultation with the Deputy Leader, as lead member for IT.

3.0 Objectives

- 3.1 The Council is currently implementing the Oracle Cloud System with a planned Go Live of the 4th October 2021 for the Release 1 project. This will bring about a number of improvements and enhancements to the current ways of working including the use of real time data thus eliminating the need for many off system reports and processes, which were necessary to provide information to managers and the business community. Now through the new Oracle Cloud system most, if not all, the master data information will be available real time.
- 3.2 It is considered that now is an opportune time to build on the momentum gained from the implementation of Release 1 to introduce further improvements. Senior management and their officers have identified additional functionality and new modules, which would bring more efficiencies and improved benefits to the Council. These have been costed and the investment required is £2.5m. The detail is contained later in this report.
- 3.3 The scope of work for the Release 2 post Go Live has been baselined and each individual project business case will be subject to approval by the Director of Finance via the existing programme governance. Proposed new projects include; Finance Accounting and Transactional Management, Performance Management; Case Management; Project Management Execution; Governance Risk and Compliance (GRC); Advanced Collections Bills Portal; Sourcing and Contract Management, plus additional and enhanced reports.

- 3.4 In addition, when the original budget for 2021/22 was agreed by Council in February 2021, the need for further investment was anticipated to ensure that the Council obtains the optimal use of the Oracle Cloud system. Therefore £2.5m was estimated to be required and added to the pipeline provision of planned expenditure for the Capital Programme.

Delivery

- 3.5 The overall purpose of delivering an Oracle Cloud system was to ensure that it meets the requirements for the Council to enable improvements to working practises and current processes, resulting in more efficient ways of working. The programme delivery is on track and will ensure a smooth transition from the current Oracle system used for financial, procurement, payroll and HR transactions. This includes taking users through a process of business change.
- 3.6 As part of this implementation, a number of finance transformational, business improvements have been identified. To ensure that the Council creates more opportunity for process efficiency and obtains the best possible use of the Oracle Cloud system, it is proposed that further transformational projects are implemented following the initial Go Live date. The improvements will also include the use of more advanced functionality across the Finance, Procurement and HR user communities and further enhancements through system Reporting, Integrations, Controls and Extensions (RICE).
- 3.7 Throughout the implementation of Release 1 Oracle Cloud System core functionality and continual review was undertaken to ensure that the Council is able to make full use of the system, including any additional functionality which was not in the original scope of the Oracle Cloud reimplementation programme. This led to a number of additional modules and associated benefits being identified. These have been categorised as individual projects which form the Release 2 proposal.
- 3.8 The Oracle Programme Steering Board and Finance DMT have considered a number of options for each individual project, which makes up the proposed Release 2 Programme. As the programme portfolio is developed in more detail, the options will be reappraised to ensure that they remain the best solution for the Council.
- 3.9 The investment will also provide a framework for introducing finance, Human Capital Management (HCM) and Supply Chain Management (SCM) management controls and automation that will benefit staff and reduce dependency on off system management controls and reporting, thus allowing time for staff to concentrate on front end finance client services and support.
- 3.10 We have taken the opportunity of liaising with other London boroughs and other councils who have undertaken their own Oracle Cloud implementations to ensure we have clear understanding of their lessons learned and key issues that they have resolved successfully and these have been taken on board and used by the Brent programme team.

- 3.11 The portfolio of new projects and the RICE requirements will require third party support and we will progress our requirements through a procurement tendering process on a case by case basis in accordance with corporate guidelines.

The projects considered in scope at this stage include:

Capital Programmes Project Management Execution

- 3.12 The Council currently delivers a range of capital projects through a series of programmes. Our current approved capital programme comprises of over 200 live projects with a total budget of c£682 million spanning five years. In addition, there are currently over 25 projects in the provisional Pipeline schemes with a total value of £297m not included in the capital programme.
- 3.13 Following a series of challenges including project overspends and late delivery, the Council commissioned an external project management organisation to provide a maturity analysis and review of the capital programme. The work included interviewing officers across three areas, reviewing processes/controls/systems and scrutinising documentation. The analysis and review showed that there is potential for improvement in each of the areas, processes/controls/systems including documentation used by the Council.
- 3.14 Following on from the recommendations put forward by external consultants, the Capital Programme Board (CPB) agreed the following:
- Improvements to be taken forward.
 - A Project Board to be set up led by the Operational Director Property and Assets.
- 3.15 Implementation of the Project Management Execution module within Oracle Cloud would enable the Council to meet the recommendations as set out by the independent review. It is anticipated that the implementation would take nine months, therefore this could be in place for the suggested start date of April 2022.

Finance Transformation Initiatives

Future Services (Extension of services that are created as a result of the new structure).

- 3.16 There is a piece of work which would involve expanding the setup of the General Ledger to enable accounting for traded services, this is a relatively small work item which is estimated to take a maximum of 3 months, the aim would be to have this in place by April 2022 to enable the expansion of traded services, to include reporting on Funeral Services as a prime example.

P2P (Purchase to Pay)

- 3.17 The P2P Strategy as directed by Finance DMT, is to bring about new, more efficient ways of working including the creation of a baseline self-service operation. This will require change management support including process design and communications across the council. In addition, the PO Flip, functionality will be implemented. This is an automated process for suppliers to be paid without manual intervention, this will enhance the council's payment statistics and ensure suppliers are paid on time, reducing the need for staff to have to undertake manual checks and interventions. The implementation of this will require additional configuration, testing, training and extensive communications across the council and engagement with suppliers. The intention would be to implement this by December 2021 as part of Release 2.

GRC (Governance Risk and Controls) and Zero Based Budgeting (ZBB) controls

- 3.18 This will introduce new ways of working within accounting functions and will need support from a change management and business process design perspective including communications. There is a need for additional configuration within the Oracle Cloud system. The benefit of implementing GRC gives a much greater assurance about the financial and process controls within the system and the ability to report on these. Internal Audit are keen for this module to be introduced.
- 3.19 Implementing Zero Based Budgeting will enable the council to prepare budgets which more accurately reflect anticipated income and expenditure and therefore to prepare improved, more accurate forecasts and enhanced budget monitoring.

AIMS (Income Management System) project

- 3.20 Currently being managed under a separate programme, which is reviewing and implementing new functionality and changes to the AIMS system. This will have a direct impact on AP (Accounts Payable) and AR (Accounts Receivables) transactional management controls which feed into the Oracle Cloud system.

HCM Programme Initiatives:

Performance Management:

- 3.21 The Oracle Cloud Programme Team, in conjunction with HR staff and the Head of HR, have established the requirements for the implementation of the Performance Management module. A review of this module revealed that the optimum time for this module to be implemented was for a launch in April 2022, to coincide with the appraisal / performance cycle. The introduction of this functionality will need delivery and change management support in terms of training to all staff, and extensive communications across the council leading up to March 2022. The benefits of implementing this module will be to have a single solution for the performance management of all staff.

Case Management:

- 3.22 During the implementation of the Oracle Cloud, Release 1, the continual review of functionality revealed that HR stakeholders are keen to utilise the full functionality of the HR offering (HCM – Human Capital Management) in Oracle Cloud. The Head of HR has requested that the Case Management module is implemented as part of the Oracle Cloud system. This will enable HR and Payroll staff to have access to a fully integrated HR and Payroll system. Removing the need to double key information, saving time and removing the risk of error during the “re punching” of information, thus improving efficiency within the business process of HR across the Council.
- 3.23 This decision has been ratified at the Digital Board (20/10/20) and the Oracle Programme Steering Board, subject to funding approval. The intention is to have this module fully implemented by April 2022.

Oracle Support Service Management Requirements to maintain BAU:

- 3.24 To enable a smooth transition to the future support model for the Oracle Cloud system there is a requirement to support current staff with knowledge transfer, training and interim staff whilst the target operating model of the support function is designed and implemented.

Oracle Cloud RICE initiatives including Integrations

- 3.25 There have been a number of new integration requirements registered for consideration in Release 2 that are targeted for systems within Local Government and other public sector organisations. Implementing integrations between systems, results in more efficient ways of working as it removes the need for manual intervention and these automate the transfer to and from systems. It is anticipated that this trend will continue and in all likelihood develop into an increased requirement to align to new legislative and statutory government requirements.

The key integrations that are included in the Release 2 proposal are as follows:

Procurement and Contract Management Initiatives:

Sourcing and Contract Management:

- 3.26 Key stakeholders in the Procurement and Legal teams have expressed an interest in the additional functionality within the Procurement and Contract Management modules.
- 3.27 This is currently under review and a full options appraisal will be undertaken and the findings presented to the Head of Procurement and the Director of Legal, HR and Audit and Investigations.

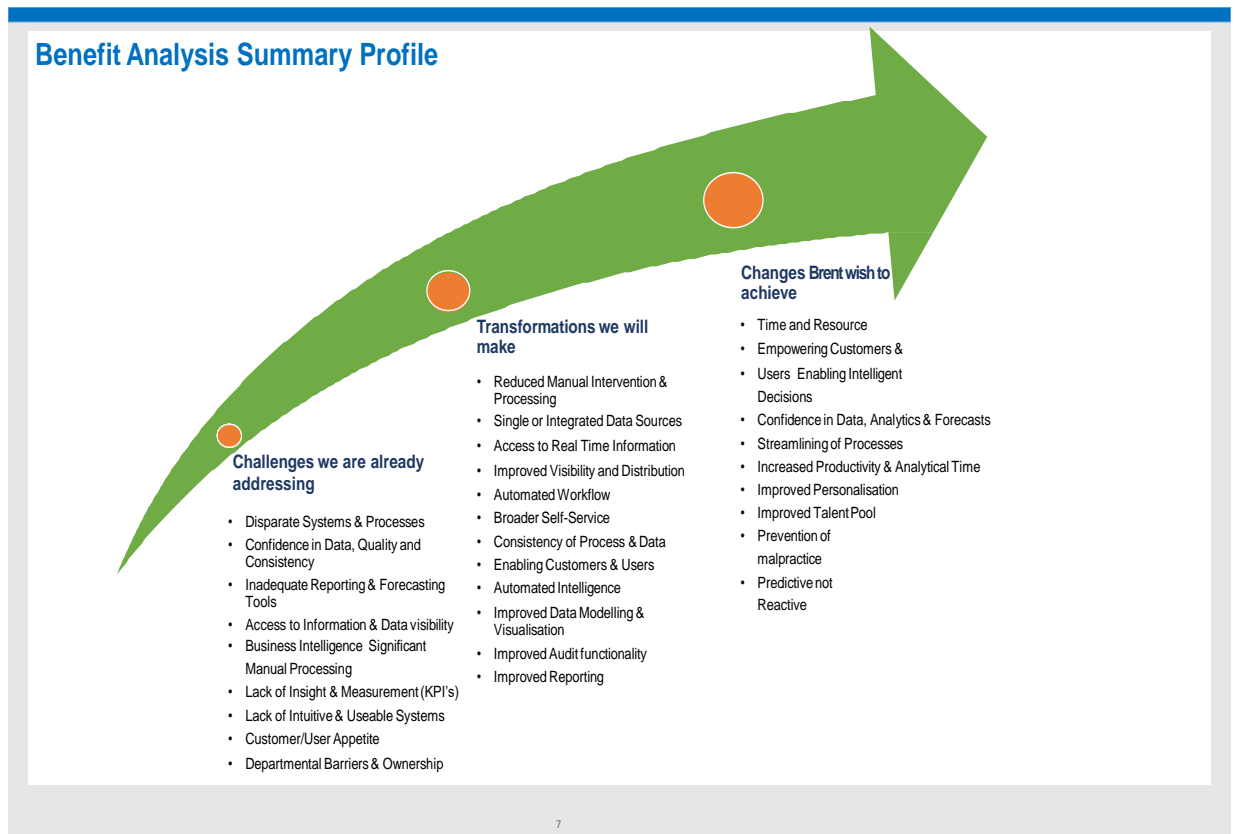
Third Party Interfaces	Outcomes of New Integration Requirements	Purpose of Integration
Northgate Council Tax	Automation and enhancement of GL Journal inbound interface to Oracle Cloud. This will provide an automated reconciliation solution.	This integration receives Northgate Council tax related GL debtor data in summary format. Users create summary GL Journal in Oracle and reconcile back to source. This is a key integration.
Northgate Housing	Automation and enhancement of GL Journal inbound interface to Oracle Cloud. This will provide an automated reconciliation solution.	This integration receives Northgate Housing system related GL debtor data in summary format. Users create summary GL Journal in Oracle and reconcile back to source. This is a key integration.
Abacus	Automation of monthly two GL Journals inbound interfaced to Oracle Cloud. This will reduce manual processes by the business.	This monthly integration relates to Domestic & Residential care (excludes bad debt) from Abacus social care system. An end to end reconciliation is required.
Kypera	Automation and enhancement of GL Journal inbound interface to Oracle Cloud. This will provide an automated reconciliation solution. This has a bearing on bank account for Leaseholder service charges.	Kypera is a Service Debtor charge system with GL Journals uploaded on a monthly basis. An end to end reconciliation is required.
SIMS (Capita)	Automation only of GL Journal outbound interface (annual) to Oracle Cloud from 56 Brent Schools. This will provide an automated reconciliation solution. Enhancement not required. Some business time saved at year end.	The purpose of this integration is to create GL Journal relating to the monthly school transactions. This is an annual activity so it is not sure yet if an automated solution will be cost effective.
Academy	Automation and enhancement of GL Journal outbound interface to Oracle Cloud. This will provide an automated reconciliation solution.	Academy is another debtor charge system with GL Journals uploaded on a monthly basis. An end to end reconciliation is required.
Pentagull	Automation of a GL Journal inbound interface to Oracle Cloud. Additionally a bank reconciliation required.	Pentagull is the third party that implements the penalty notices for unauthorised school absences. The integration will be required to create GL Journals for these debtor transactions.

3.28 If the decision is to proceed based on recommendations emanating from the reviews as outlined above the solutions will be implemented in Year 2022/23.

Payroll to HMRC (BACS file to bank)	Phase 1 will involve a manual process of uploading the BACS file to the portal for payment. Phase 2 will automate the process.	Provide a secure semi-automated mechanism for processing BACS files.
Oracle integration with Exacom	An import & export flat file integration from Oracle to Exacom for Brent's Land Charges and Planning data.	Exacom is an in-house Land Charges system, and will require data transfers to & from Oracle Cloud financial information

Benefits to council

- 3.29 The investment in Oracle Cloud programme has already resulted in financial benefits to the Council as a result of cleansing a significant amount of redundant data, leading to a credit in the financial accounts. These benefits have derived exclusively as a result of the programme of work carried out by the Oracle Cloud programme.
- 3.30 In addition to the above the programme are reviewing the benefits associated with introducing Oracle Cloud functionality and these are being agreed with each functional area. These benefits cannot be derived, measured or reported until post Go Live but these will be tracked through the governance process agreed with Director of Finance.
- 3.31 We estimate based on available information obtained via Oracle and from other local authority's feedback that cost benefit savings can be delivered by implementing the full product suite of the Oracle Cloud solution. As stated these would become visible after 12/18 months post Go Live and it is our intention to commission a ROI review from Oracle (free of charge) in October 2021 to baseline these so that they can be approved through the financial governance process.
- 3.32 Targets and KPI's will be set against the benefit criteria outlined below.



The Oracle Cloud investment has been recognised as the platform for Finance, Procurement and HR Transformation moving from existing processes to new ways of working and will result in the following benefits being delivered to the Council:

Reduction in cost of delivering services

- The immediate future finance delivery requirements relies on clean and real time data being that there is a need to move away from widely used spreadsheets that can potentially result in mistakes. There is a reliance on skilled users to create outcome reports. The need to provide a solution with technology is paramount, the resource effort and time in finalising, for example, quarterly and year end results as well as directorate and department information is increasingly challenging as data sets become more complex and of a higher volume. There is an over reliance on people to create and maintain critical data for input into corporate reporting needs, a change in approach is therefore required and will be standard as part of the Oracle Cloud solution.
- **Cost avoidance:** It is envisaged that through improved end to end payment processes the processing time for invoices, and hold queries, will reduce. As suppliers have the ability to charge the Council interest on late payments, these new payment processes, facilitated by Oracle Cloud could potentially save the Council significant amounts in late payment fees and interest charges.

Improvements in service experience

- The user experience is becoming more of a focus for the finance community with an emphasis on pressure to deliver to ever increasing challenging, deadlines using to some extent unqualified data that always requires an element of quality assurance. By introducing new Oracle Cloud technologies we can see already through the design process that the solutions provided with real time data are both user friendly and intuitive and come from a known source without need for excessive checking and review. This allows more time for assessing information and provides the experienced finance staff with the tools to provide executive reports and statements with corresponding mitigation and recommendations to all.

Enhanced service design and delivery

- A prerequisite of all Oracle Cloud products across the functions is that they are user friendly and can be navigated as easily as using for example 'Amazon products'. The fact that Oracle through their technology invest heavily in creating a secure environment for data is key, thus reducing the risk from cyber-attack. This is becoming more prevalent and allows greater access to tools for monitoring and prevention being readily available to our Oracle Support Desk (OSD). However, it is important that the tools and knowledge of key OSD staff are constantly kept under review as education and experience of the software technology is becoming more sophisticated. Staff training and maintaining an up to date knowledgeable team is a key objective in the future Oracle Cloud support model.

Service resilience and availability

- The Oracle product software technology is continually being developed and is designed to be resilient and highly available, providing quarterly updates that deliver the required statutory and legislative solutions. This is one of the key requirements of all Oracle product solutions and ensures that the council's requirements are met in accordance with the ongoing investment. There is a high level of confidence because the Oracle Cloud system is used worldwide, including in many other local authorities the Council's Finance requirements remain current, up to date and resilient.

Alignment with strategic objectives

- 3.33 As outlined in the preceding paragraphs the objective of this investment is to ensure that the Council can continue to operate efficiently, effectively and create a system for transforming finance services. This aligns with the objective within the Council Plan of building strong foundations for the future. Specifically the finance transformation and Oracle technology roadmap will directly contribute to delivering outcomes of enabling residents to get online and using new effective processes for making every pound count, which are key elements of the strong foundations theme.

Timescales

- 3.34 The Programme is scheduled to continue for the next year as part of a continuing roadmap, which commenced in 2020/21 to enable an Oracle Cloud implementation programme that will be delivered successfully in October 2021.
- 3.35 If Release 2 funding is agreed, phase 2 implementation will start in October after go live of phase 1 and remain in place for the remainder of 2021/22.

Procurement

- 3.36 The appropriate procurement governance and rules will be followed for each phase of the Programme, where individual projects or purchases require.

Risks

- 3.37 As outlined in the previous paragraphs, the risks of not investing in the Finance Transformation and Oracle Cloud Roadmap are considered considerable to the Council in the provision of finance, HR and Procurement operations. Approval of the recommendations contained in this report will provide the basis for bringing improved processes and automation within the Council to our residents and employees. Of paramount importance is the safe and secure access to the council's finance, HR and payroll services that form the foundations for staff to be able to do their job effectively, efficiently and remotely in a secure way.
- 3.38 During the lifetime of the programme each of the new projects will be subject to close scrutiny and will require their own individual business cases to be approved through the existing Oracle governance. This will include a re-appraisal as to whether the projects registered remains the best option for the Council and delivers value for money.

4.0 Financial Implications

- 4.1 This report is seeking endorsement from Cabinet to promote from the capital pipeline provision, the £2.5m earmarked for Oracle Cloud Programme Phase 2 projects.
- 4.2 The table below sets out the known requirements for capital investment for Release 2 to start during the 2021/22 financial year. The total investment required is £2.5m and this will be funded from borrowing.

	2021/22 Investment Required
	£m
Staff costs	1.26
Staffing Costs (Release 2)	0.47
Implementation Partner R2 Costs	0.25

Contingency	0.52
Total Costs	2.50

The financial benefits to the Council have been set out in section 3.29 of the report. In addition, a return on investment study is planned to be undertaken to confirm the scale and value of these benefits. Overall, the investment will encourage new ways of working with improved productivity and greater customer engagement. This will enable more definitive and accurate information to deliver the quality outcomes from new ways of working.

5.0 Legal Implications

5.1 The contract for Oracle Cloud implementation provides for additional projects to be added as these are identified.

5.2 Where additional third party support has been identified as required in order to properly implement additional projects detailed within this report, it will be necessary to procure such support in accordance with the Council's Contract Standing Orders and Financial Regulations.

6.0 Equality Implications

Not applicable

7.0 Consultation with Ward Members and Stakeholders

7.1 The Deputy Leader has been consulted on this paper. In addition key stakeholders, such as the Director of Finance, the Strategic Director of Customer and Digital Services, the Head of HR and the Head of Procurement have been consulted on the contents of this paper.

8.0 Human Resources/Property Implications (if appropriate)

Not applicable

Report sign off:

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