

No.

CORPORATE PERFORMANCE AND RESOURCES SCRUTINY COMMITTEE

Minutes of a Hybrid Meeting held on 17th April, 2024.

The Committee agenda is available [here](#).

The recording of the meeting is available [here](#).

Present: Councillor J. Protheroe (Chair); Councillor E. Goodjohn (Vice-Chair); Councillors G.D.D. Carroll, P. Drake, C.P. Franks, S.J. Haines, Dr. I.J. Johnson, B. Loveluck-Edwards and N.J. Wood.

Also present: Councillor L. Burnett (Executive Leader and Cabinet Member for Performance and Resources).

1006 ANNOUNCEMENT –

Prior to the commencement of the business of the Committee, the Chair read the following statement: “May I remind everyone present that the meeting will be live streamed as well as recorded via the internet and this recording archived for future viewing”.

1007 APOLOGIES FOR ABSENCE –

These were received from Councillors H.C. Hamilton and S.M. Hanks.

1008 DECLARATIONS OF INTEREST –

No declarations of interest were received.

1009 ORACLE FUSION IMPLEMENTATION (DCR) –

The report was presented to the Committee by the Head of Finance/Section 151 Officer, the purpose of which was to review the implementation of Oracle Fusion in order to inform the efficient running of future significant Council programmes and projects. A presentation was also provided, in order to illustrate the main headlines around this piece of work, its findings and subsequent implementation of the lessons learnt. The key points included:

- The Council’s Oracle EBS system which covered the financial ledger, procurement, debtors, HR and payroll had been in place for over ten years and was to cease to be supported in December 2021 as Oracle continued the roll out of its successor product, Oracle Fusion.
- A business case was in place for the system’s replacement and move to Oracle Fusion in January 2022 with the implementation to have a Go Live cost of £1.5m.

No.

- The project suffered from a number of delays, including the disruption and challenges to capacity caused by Covid-19, which as a consequence had led to the final cost of the new system being significantly greater than planned.
- 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:
 - i. Organisational capacity to run effective projects;
 - ii. Project management methodologies and effective use of project tools;
 - iii. Testing infrastructure and testing capability; and
 - iv. 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.

Following the report, the Chair thanked the Head of Finance/Section 151 Officer for the comprehensive presentation and the amount of work that had been put into the production of the lessons learnt work. She said that the report highlighted the shared skills challenges that this and other Local Authorities faced with the lack of IT and Procurement specialist officers, but also what happens when Local Authorities try to conduct an exercise on this scale without the essential specialist knowledge from the outset working on the commissioning and the drawing up of the specification. This lack of expertise essentially being the root cause of the "perceived" overspend, as it would not have been possible to work out the indicative value of an exercise without knowing what the fixed and variable costs would be, what resource would be required to implement such a project.

The Committee subsequently made a number of comments and queries concerning the reports and its findings. These included the following points:

- The Committee, whilst welcoming the report and the lessons learned as part of this, raised their concerns on the costs and issues that had emerged from the implementation of Oracle Fusion. The Director of Corporate Resources appreciated the concerns and comments raised about the report and implementation of the new Oracle system, but stressed that the report was an honest account of the challenges faced due to implementing the new system and the lessons learned from this would be taken on board by the Vale of Glamorgan Council going forward.
- The Chair (and Head of Finance/Section 151 Officer) explained that other Welsh Local Authorities had faced similar issues with implementing new

No.

- software and IT systems, including the lack of specialist support and the challenges faced in moving from a server based to a cloud-based IT system.
- The Chair also pointed out that senior officers that had been involved in the initial process were no longer working for the Vale of Glamorgan Council.
 - Councillor Dr. Johnson felt the report offered a sober update, and although the Council had 'got there in the end' in terms of implementation of the new Oracle system, this had come at the cost of a significant overspend and questions on the processes and expertise in place around procurement and project management. He also pointed to the seemingly lack of communication and information sharing between the Council and Elected Members concerning the project, with an over-reliance on using Emergency Powers and therefore insufficient scrutiny of the project. He also suggested that the report, with any comments or recommendations provided by this Committee be referred on to the Governance and Audit Committee as well as Cabinet for their consideration. He asked where the Council was going in terms of lessons learned; whether the 'waterfall' approach with regard to the Project Management Toolkit needed review or was fit for purpose; what the Audit Wales perspective was on this; concerns on the internal risk assessment and were the issues flagged by the Strategic Leadership Team (SLT); and the need to stop this happening again in future. The Director of Corporate Resources, with the Head of Finance/Section 151 Officer, addressed these comments and queries, stating that Audit Wales had been made aware of this matter, and had been kept updated via financial monitoring reports and regular discussions, including a future piece of work around financial sustainability. The project management toolkit was currently being reviewed and the findings from this would be shared with all the relevant Council officers. On the question around the balance of risk of going live with a system that was not sufficiently robust and tested versus the additional overspend/expenditure, this was at the forefront of Council thinking and was the subject of considerable discussion at SLT. December and January were not feasible to roll out the new system, with February and March also difficult, due to ongoing system bugs and the need to close down payroll for the financial year accurately.
 - On Councillor Dr. Johnson's comments on the WCCIS retender, the Chair stated this had been put on the Risk Register for Governance and Audit Committee, which related to a national tendering exercise, rather than an internal one, such as Oracle Fusion. Also, the Chair agreed that the report should go to Governance and Audit Committee at the earliest opportunity.
 - Councillor Carroll was surprised by the Council's attitude to public finances with regard to the project overspend, and queried what assessment had been undertaken at the beginning of the project on the capacity and resources to deliver this project. It was explained that such lessons had been drawn out in the third theme of the report's priority recommendations. Furthermore, there had been a 'reset' as part of the project with more thorough planning on the resources required. On the Councillor's follow up question on whether similar issues had been experienced with other Council procurement projects, etc. it was explained that due to its scale, the Oracle project was different to most other Council procurement projects and had been impacted by a lack of certain key technical expertise. Such issues had been incorporated into the report and lessons learned, in order to help other projects going forward. On

No.

project overspends here and elsewhere, the Operational Manager – Accountancy, stated this project (and others) had a dedicated cost centre in order that costs could be monitored, and other large projects would be reported on via the quarterly Capital Monitoring reports.

- The Chair pointed out that going forward the Council would have support from Ardal for procurement on a larger, more strategic scale. The Oracle system was a new, cloud-based system, which the Council would not have had the expertise to address solely on its own and internally. As part of the lessons learnt exercise the Council now had a Head of Digital that would have the experience, skills and understanding to assist in the commissioning of similar services in future. This would help support the indicative value that would be put on the total cost of such projects and procurement in future, which would also be bolstered by the guidance that Ardal and the collaborative arrangement with them would provide. This would leave the Council in a much better position than it previously was in.
- Councillor Loveluck-Edwards asked about how learning the lessons from the project would take shape, the timelines involved, the Committee's involvement in the review, on reaching out to other authorities using the new system, what the lifespan of Oracle was and was it now 'fit for purpose'. In response, the Director of Corporate Resources referred to the Action Plan being developed in tandem with the report. The Head of Human Resources and Organisational Development stated that the Council had reached out to other local authorities in England and Wales concerning their use of the new system, but no significant lessons could be drawn. Due to the advancements on the Vale's version of the system, it was 'going it alone' to some degree and the Council was now seen as an expert in this area. The Head of Finance/Section 151 Officer, referred to the new systems longevity, which would be longer due to it being a cloud-based solution. Rolling reviews would be undertaken of the system to ensure that it was fully functioning and had been properly embedded.
- The Executive Leader and Cabinet Member for Performance and Resources stated it was important to look at this report constructively and not be a 'finger pointing' exercise, referring to the challenges in getting this report produced and the benefits of having Ardal as a partner in large scale procurement schemes.
- Councillor Haines raised a number of points, including the Council needed to improve its skills base and IT literacy of its staff, in order to upskill its workforce by developing in-house skills and technical capacity to undertake major projects, including greater expertise with procurement, as well as utilising its existing skills and technical, specialist, base, such as staff based in ICT, to assist with such projects. That the Council needed to look at building teams focused on project management, where required, as well as employing a project manager. It was important to have a team structure in place by drafting staff from across the Council with the requisite skills to help in implementing the relevant project. Also, the Council needed to look at its organisational capacity for new projects, i.e. to review the use of the Capability Maturity Model against other alternatives, such as the Quality Management System (QMS). In response, the Council had faced challenges in obtaining the necessary specialist skills internally hence the need for external consultants. Developing such skills internally, the use of more

No.

'joined-up' training between Directorates and the Capability Maturity Model would be looked at.

- The Vice-Chair referred to the benefits, in light of this report, of having a new Head of Digital in place to increase the literacy of ICT staff and the review of procurement through the Committee's Task and Finish Group. He also referred to the importance of communications to Councillors and stakeholders on such projects, and Lesson 36 of the report regarding entry and exit gates for different phases of the project, when SLT was made aware of these phases, what mitigating factors were employed and when did SLT know about the transfer issues concerning payroll. Also, were the Accountancy Team made aware of these issues and involved in assessing the additional costs of external consultancy because of this. In response, the Director of Corporate Services would liaise with the Task and Finish Group about the report and share it with Ardal. The Head of Digital would be looking to raise IT literacy across the Council. The Head of Human Resources and Organisational Development referred to the entry and exit gates for the project, which had been a challenge in certain phases of the project, such as with payroll, with the need to meet the necessary threshold in order to progress through the gateways. SLT was kept updated on this progress and the Accountancy Team were heavily involved in the process.
- Councillor Dr. Johnson referred to the lack of transparency in the initial decision making process on implementing the project, the sign off process, the lack of realisation of the difficulties that would be faced by the project at the beginning and on the use of Emergency Powers. He also asked about the involvement of the Council's Legal officers in the project. It was explained that the use of Emergency Powers had been applied correctly in April 2022 and the report recognised that the project had not been recognised as a high risk undertaking at the beginning. However, once key issues had been identified, the Council's Legal team had been involved. The Operational Manager, Legal Services explained that in-house legal services were not involved in the procurement process but later on in the call-off contact phase with the System Implementer. However, external legal advice, expertise and support was still required in order to handle the contractual dispute that had arisen between the Council and Evosys, the System Implementer. This was subsequently resolved shortly after the system went live, in April 2023.
- It was also suggested, if possible, that any minutes from meetings of the Strategic Leadership Team (SLT) connected to the decision-making process for the implementation of Oracle be referred with the report to the Governance and Audit Committee and then on to Cabinet.
- On Councillor Haines' query on the merits of having had this project gone out to tender rather than a call off contract process, it was explained by the Chair and the Head of Finance/Section 151 that the latter process involved a 'mini competition' between a small number of tenderers. Due to the specialist nature of the services involved and the limited pool of suppliers able to provide a cloud-based ERP system at the time, it seemed unlikely that any more tenderers would have come forward even through an open tendering process.
- The Chair explained that using an established IT Specialist Procurement Framework to call off a contract provided security to the authority in terms of the due diligence that the Managing Authority (Crown Commercial Services in

No.

this case) would have carried out on the suppliers and the terms and conditions underpinning the Framework would have been robust and specific to the IT category. However, it was likely that the biggest issue here would be that without that critical IT expertise at the start of the project, the statement of requirement (specification) would not have contained the level of detail and made clear exactly what was needed, and who would be responsible leading to assumptions subsequently being made by both sides

Scrutiny Committee, having considered the report and all the issues and implications contained therein,

RECOMMENDED –

(1) T H A T the report (and related Action Plan) be referred to the Governance and Audit Committee and then on to Cabinet, including, if possible, any minutes from meetings of the Strategic Leadership Team (SLT) connected to the decision-making process for the implementation of Oracle.

(2) T H A T the following comments from the Corporate Performance and Resources Scrutiny Committee also be considered by the Governance and Audit Committee and Cabinet:

- The Committee, whilst welcoming the report and the lessons learned as part of this, raised their concerns on the costs and issues that had emerged from the implementation of Oracle Fusion;
- It was important that the Council take on board the lessons learned as part of this report, and that the issues raised by this report concerning procurement practices, the necessary preparation and specialist support at the start of major projects, etc. were fully addressed in order to prevent a repetition of these issues for other major projects undertaken by the Council in future;
- Consideration should be given to liaising with the Committee's Task and Finish Group on Procurement in relation to the issues raised within the report and to share the report with Ardal, who were supporting the Council's procurement services;
- Going forward, better and earlier communication to Elected Members and the relevant Committees concerning the progress of such major projects was essential in order to increase transparency, and to ensure Elected Members were kept informed of any issues and decisions made in a timely manner;
- The Council needed to improve its skills base and IT literacy of its staff, in order to upskill its workforce by developing in-house skills and technical capacity to undertake major projects, including greater expertise with procurement, as well as utilising its existing skills and technical, specialist, base, such as staff based in ICT, to assist with such projects;
- The Council needed to look at building teams focused on project management, where required, as well as employing a project manager. It was important to have a team structure in place by drafting staff from

No.

across the Council with the requisite skills to help in implementing the relevant project;

- The need for the Council to look at its organisational capacity for new projects, i.e. to review the use of the Capability Maturity Model against other alternatives, such as the Quality Management System (QMS).

Reasons for recommendations

(1) In order for both the Governance and Audit Committee and Cabinet to consider the report, the lessons learnt and the recommended actions as part of this review.

(2) For Governance and Audit Committee and Cabinet to consider the comments made by the Committee in relation to the report and its findings, as well as the suggestions and concerns raised by Members of the Committee, following their scrutiny of this report.

1010 EXCLUSION OF PRESS AND PUBLIC –

RESOLVED – T H A T under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part 4 of Schedule 12A (as amended) of the Act, the relevant paragraphs of the Schedule being referred to in brackets after the minute heading.

1011 ORACLE FUSION IMPLEMENTATION (DCR) (EXEMPT INFORMATION – PARAGRAPH 14) –

The Part II report was considered and discussed by the Committee and a number of matters and questions were raised. It was agreed that a recommendation be sent back to the Governance and Audit Committee and then on to Cabinet to consider the further comment made in relation to the Part II report by the Chair, concerning the need for a more regional approach in recruiting and utilising technical specialists in project management and related areas, i.e. financial technology (“fintech”).

Scrutiny Committee, having considered the report and all the issues and implications contained therein,

RECOMMENDED – T H A T the report be referred to the Governance and Audit Committee and then on to Cabinet to consider the further comment made in relation to the Part II report, concerning the need for a more regional approach in recruiting and utilising technical specialists in project management and related areas, i.e. financial technology (“fintech”).

Reason for recommendation

For Governance and Audit Committee and Cabinet to consider the comments made by the Committee in relation to the Part I and II reports and their findings, as well as

No.

the suggestions and concerns raised by Members of the Committee, following their scrutiny of these reports.