

From: Brendan Arnold, Corporate Director for Finance

To: Governance and Audit Committee – 3rd November 2026

Subject: Oracle Cloud Programme: Programme Status, Programme Assurance and Lessons Learned

Summary: This report details the progress of the Oracle Cloud Programme which encompasses the background of the programme, outcomes of the PwC and Internal Audit reviews, the financial position of the programme and provides assurance to the Committee on these matters.

Recommendation(s):

To note the progress of the Oracle Cloud Programme and the assurances provided.

1.0 Introduction

This report details the progress of the Oracle Cloud Programme which encompasses the background of the programme, outcomes of the PwC and Internal Audit reviews, the financial position of the programme and provides assurance to the Committee on these matters.

2.0 Assurances

2.1 The following assurances are available to the Committee:

- a. The Oracle product is a widely used and suitable platform to meet the needs of a complex organisation such as the Council.
- b. There is a detailed programme plan to assure delivery.
- c. Both the System Implementation Partner (SIP) and the Council team are resourced to deliver the first use of the new payroll system in May 2027 subject to successful achievement of testing exit criteria.
- d. Relationships between the SIP and the Council team are productive and cooperative.

- e. Financial management of the programme has driven efficiencies in the programme and will continue to do so. This report contains a forecast of expenditure against the assigned resources and identifies an efficiency target with the aim of achieving delivery to budget.
- f. There is a financial assessment that is based on the programme plan.
- g. Combined with the existing Phase 1 implementation (which is working well), the delivery of Phase 2 creates the potential for the presentation of a common Oracle platform to any new unitary authorities formed in the future under Local Government Reorganisation (LGR).
- h. Further to (g) above, any such platform is likely to be associated with major cost savings for successor authorities in Kent, although costs of transitioning other systems will need to inform future LGR Business Case development.
- i. Two project assurance reviews have been commissioned, one externally from PwC and one from the Council's Internal Audit function. Of the 45 recommendations from these two reviews combined, 33 have now been completed and the remaining 12 are underway.
- j. The programme has reset the governance, working arrangements, key relationships and resource profile to emphasise informed decision making at pace.

3.0 The Programme: Strategic Imperatives

- 3.1 The Council is part way through the implementation of the Oracle Cloud Programme (OCP). This is a significant and complex programme that - like all complex programmes of this kind - carries risk in the implementation phase whilst also mitigating other risks faced by the Council.
- 3.2 The programme objective is to replace the Council's legacy Oracle E-Business Suite (an earlier version of Oracle). In 2019, the Enterprise Business Capabilities (EBC) Programme was established to review the current arrangements and examine future options to move to a new EBC approach. This included overseeing the support arrangements for the then current Oracle system and transition to a new system and support arrangements.
- 3.3 The Oracle E-Business Suite (EBS) is a significantly outdated system for which it was no longer possible to receive adequate technical support from Oracle Corporation due to the obsolescence of the system and the attenuation of the user community. A programme of replacement was therefore essential to avoid consequential business risks relating to system failure and cyber-attack. Both of these risks could have resulted in catastrophic financial and reputational damage

to the Council. The strategic drivers for the investment decision made in June 2023 are therefore considered sound.

- 3.4 In July 2023 the then Cabinet Member for Finance signed decision 23/00063. This decision provided for the award of an 8-year contract (reflecting the maximum procurement period of eight years plus a possible two-year extension) covering the provision of the Oracle Cloud system for the Council's Finance, Procurement, HR and Payroll services. The decision also provided for the award of a contract to a SIP supplier. Finally, the decision delegated authority to the Director of Technology, in consultation with the Deputy Leader and Cabinet Member for Finance for the necessary contractual negotiations and the authority to enter into any legal agreement to implement the decision. At this point the programme transformed from the EBC to the Oracle Cloud Programme (OCP).
- 3.5 The programme delivery has been split into two distinct, yet highly inter-dependent phases; the July 2023 Key Decision provided for the implementation of both phases. Phase 1 successfully delivered the Council's Finance and Procurement functions and was implemented in August 2025. The successful implementation of Phase 1 has allowed, amongst other benefits, the production of the Council's full financial statements to a high degree of quality and timeliness for financial year 2025/26.
- 3.6 Phase 2 is in progress and is set to deliver the HR and Payroll functions. Following review work undertaken from a programme assurance review and a re-set of programme leadership, Phase 2 is scheduled to see the first payroll run in the new system in May 2027.

4.0 Phase 2 Progress

- 4.1 An in-depth process of system testing is underway to provide the Programme Director, the OCP Board and Senior Responsible Officer with the assurance that the system will perform as required once it goes live. This is complemented by a business engagement programme (based on successful practice from Phase 1) to assist staff across the organisation to prepare for the change.
- 4.2 Overall, Phase 2 has completed a series of stages to reach this point:
 - 4.2.1 Discovery – the requirements of the business were detailed with the technical team to define the functionality the new system needed to deliver.
 - 4.2.2 Design – the requirements were relayed back to the business through a series of collaborative design sessions to determine how the system would work in principle.

4.2.3 Build – the SIP builds the system based on the outputs of the previous stages.

4.2.4 System Integration Testing (SIT) – this is the first stage of testing and is undertaken by the SIP to identify any fundamental issues with the system following the initial build so that these can be rectified ahead of the subsequent undertaking of User Acceptance Testing (UAT).

4.3 The following activities are presently underway:

4.3.1 User Acceptance Testing (UAT) – this is where the Council's HR Team - and colleagues from across the Council - test the system in detail to ensure that the required functionality is in place and that the end product delivers on the requirements set out at commencement.

4.3.2 Payroll Comparison Testing (PCT) – this is underway and is where verification takes place that payroll will transfer correctly to the new system. It is a key 'pass/fail' criterion for the Oracle Cloud Programme Board and accordingly the new system will not go live until there is reassurance that the payroll will run correctly in the new system.

5.0 The Programme Assurance Commissions

5.1 In the course of the programme, two commissions have been let to provide programme assurance advice to the Council; one of which was let to consultants PwC LLP and the other assigned to the Council's Internal Audit practice.

5.2 The reasons for this were as follows:

5.2.1 To gain assurance that the programme governance and organisation was operating in an optimal way which reflected best practice.

5.2.2 To acknowledge (a) that there is necessarily inherent complexity when implementing a cloud-based system in an organisation covering the size and scope of the Council and (b) that the existence of this complexity gives rise to a portfolio of risks that require mitigation.

5.2.3 To give assurance to the Council that the activity to build and test the new system proceeds in a manner which gives full confidence in the delivery and reflects best practice in the sector.

5.2.4 To advise on any recommended changes to programme governance, organisation and controls to ensure adequate management protocols were adopted across the programme.

5.2.5 To advise on any recommended changes relating to the commercial management of the supplier base.

External Advice - PwC Recommendations

- 5.3 PwC LLP were commissioned to undertake a review of the Programme governance and performance. In May 2026 PwC provided a series of recommendations in response to the assurance requirements listed above. The recommendations were made over four areas: Governance, Relationships, Strengthening Delivery Control and Future Support.
- 5.4 Table 1 below sets out the status of the recommendations. As the table indicates, of the 18 recommendations, 15 have now been completed and 3 are in underway, although the 3 remaining are activities within the revised programme plan.

Table 1: PwC Recommendations Status

Total Recommendations	Complete	In Flight/Ongoing	Yet to Start
21	18	3	0

Internal Audit Lessons Learned Report

- 5.5 Further to the PwC review detailed in the section above, Internal Audit were commissioned to complete an advisory review to support OCP Phase 2 implementation. As this review was taken in an advisory capacity an audit opinion was not provided.
- 5.6 The Internal Audit review made 72 observations, and Table 2 below sets out how many of those observations have been accepted, how many are considered limited or require clarification and how many have not been accepted.

Table 2: Internal Audit Observations

Accepted/ Partially Accepted	Limitation/ Clarification Required	Not Accepted	Total
41	6	25	72

- 5.7 The conclusion of the Internal Audit Report states the following:

The lessons learned review found that the Oracle Cloud Programme has faced governance, project management, resourcing and financial management challenges, which can be typical of a large and complex transformation programme. Key areas for improvement included clarity of roles and responsibilities, reporting arrangements, evidencing of contractor and supplier oversight, record management, and financial transparency.

Management has positively accepted the majority of the findings and has already made significant progress in strengthening programme governance and control arrangements. This includes a revised funding envelope, a review of board membership, a review of contractor resources and accountability and enhancements to the financial monitoring arrangements. The follow up review has confirmed that several recommendations have been completed or are in progress / ongoing.

- 5.8 The Internal Audit review also made 24 recommendations for the Oracle Cloud Programme SRO to consider. These recommendations address the observations made within the Internal Audit review. As shown in Table 3 below 15 of these recommendations have been completed, while 9 are either 'In Flight' or 'Ongoing' actions.

Table 3: Internal Audit Recommendation Summary

Total Recommendations	Complete	In Flight/Ongoing	Yet to Start
24	15	9	0

- 5.9 Where recommendations are listed as 'In Flight' this means that the activity has been captured at the appropriate point in the programme plan and has clear responsibility identified for its delivery. Where recommendations are listed as 'Ongoing' this means that the activity is undertaken in a continuous manner across the rest of the programme period as opposed to a one-off action.
- 5.10 In line with standard procedure, Internal Audit will be conducting a follow up exercise over the coming weeks in order to formally verify the completion of the recommendations.

6.0 Governance

- 6.1 Table 4 below sets out the points at which Members have been provided updates on the Oracle Cloud Programme.

Table 4: Summary of Member Engagement

Session	Purpose	Date
Cabinet: Key Decision 23/00063	Original programme approval and budget allocation	July 2023
Full Council Budget Meeting	Budget allocation	Feb2025
Member Briefing	Programme Update	March 2025
Member Briefing	Programme introduction for new members	Sept 2025
Full Council Budget Meeting	Budget allocation	Feb 2026
Governance and Audit Committee	Programme Update and Financial Position	May 2026
Policy and Resources Committee	Ahead of Key Decision	July 2026
Cabinet: Key Decision 26/00040	Additional Funding	July 2026

Governance and Audit Committee	Programme Update and Financial Position	July 2026
Governance and Audit Committee	Lessons Learned	Nov2026

- 6.2 Since the beginning of the programme the Oracle Cloud Board has met monthly. Since the governance reset, the purpose of the Board has become more focused on escalation of key risks and decision making to drive the programme delivery.
- 6.3 The Oracle Cloud Programme has reported to the Strategic Reset Programme Board (now the Strategic Priorities Board) 15 times since August 2024, including to scrutinise and ratify the Phase 1 Go Live decision.
- 6.4 The Internal Audit team have provided a series of embedded assurance reviews and reports throughout the Oracle Cloud Programme. Table 5 below sets out the reviews undertaken by Internal Audit.

Table 5: Internal Audit Reviews

Audit Review	Status	Opinion
RB47-2025 OCP Programme and Financial Management	Complete	Limited – All items closed.
RB55-2025 OCP Business Readiness	Complete	Advisory – No opinion 1 of 7 actions remaining.
RB06-2026 OCP Finance and Programme Management Follow Up	Complete	Adequate All items closed.
RB44-2026 Security of Data Migration Part 1 (Part 2 to follow)	Finalising	Adequate 3 items closed 3 items verifying closure. Follow up audit scheduled.
RB45-2026 Communication & Engagement and Training Plans	Finalising	Adequate Follow up scheduled.
RB47-2026 OCP Lessons Learned Review	Finalising	Advisory – No opinion

7.0 Financial Decision Making

- 7.1 Table 6 below sets out the evolution of the programme budget and the funding sources.

Table 6: Financial Summary

Date/Decision	Budget	Funding	Notes
February 2021 EBC Board (subsequently OCP Board)	£13m	£13m ICT Reserve	Based on initial Business Case to inform Key Decision and to inform discovery and procurement.
July 2023 Cabinet Member	£15m	£15m ICT Reserve	Following procurement activity.

Key Decision 23/00063			
February 2025 SRP Board Decision to agree financial position.	£25.4m	£25.4m ICT Reserve	Reported in Budget monitoring (January Cabinet). • Scale and complexity more defined following Discovery activity. • Programme extended to accommodate Year End activities. • Market rate for resource increases over two years. • Oracle Redwood interface introduced.
November 2025 SRP Board Decision to agree funding from available reserves.	£29.8	£19.7m ICT Reserve £2.1m Base Budget £8m Flexible use of Capital Receipts.	• Additional resource required to manage Phase 1 Go Live and post go-live support arrangements. • Additional reporting workstream resources. • Technical resource for ongoing finance workstream. • Extension of Phase 2 timeline to April 2026.
April 2026 SRP Board Decision to agree programme continuation and funding.	£40.1m	£25m ICT Reserve £2.1m Base Budget £13m Flexible use of Capital Receipts	Reported in Budget Monitoring (January Cabinet). • Extension of Phase 2 timeline to Aug 2026.
July 2026 Cabinet Member Key Decision 26/00040	£43.9m	£17m ICT Reserve £2.1m Base Budget £24.8m Flexible use of Capital Receipts	• Extension of Phase 2 timeline.
Funding Summary			
IT Reserve			£17m
Base Budget			£2.1m
Flexible use of Capital Receipts for revenue costs linked to transformation projects			£24.8m

7.2 The initial Key Decision set aside £15m for the implementation of the programme, including the Oracle licence costs and the costs for the SIP supplier. The £15m sum was set as part of the procurement and tender process and was in line with market feedback at the time. It is apparent since the tender process that the original implementation budget was too low, despite being driven by procurement activity.

7.3 The funding for the Oracle Cloud Programme was originally drawn wholly from the ICT Reserve.

7.4 The cost increase has been met partly through the delegated use of further funding from the ICT Reserve, and partly through the flexible use of capital receipts as part of the government's statutory direction to allow local authorities to use capital receipts for certain revenue costs relating to transformation projects.

- 7.5 As reported at the Q3 monitoring that went to Cabinet on 29th January 2026, the 2025/26 revenue budget included the use of £8m of capital receipts funding to support the delivery of the Oracle Cloud project. An additional £7m of capital receipts had been identified as available in 2025/26 for use against transformational activity in 2025/26 although only £5m of the available capital receipts was allocated to the OCP, thereby increasing the total receipts used to £13m by April 2026.
- 7.6 Key Decision 26/00040, taken in July 2026, allocated a further £7m of capital receipts to the OCP. Thereby the total funding from the delegated use of the ICT Reserve is £23.9m and the total capital receipt allocation across 2025/26 and 2026/27 is £20m.
- 7.7 As Table 6 sets out, the primary reason for the increase in cost of the programme is the extension of the time required for the safe delivery of the programme.
- 7.8 Table 7 below sets out the draw down of the funding identified for the programme over the financial years 2023/24 to 2027/28.

Table 7: Funding drawdown

Year	£m	Funded from
2023-2025	15.3	ICT Reserve
2025-2026	1.7	ICT Reserve
2025-2026	2.1	Base Budget
2025-2026	13	Flexible use of capital receipts
2026-2028	11.8	Flexible use of capital receipts
	43.9	

8.0 Current Financial Position and Forecast

- 8.1 Having received the Programme Assurance reports a deliberate decision has been made with the Council's SIP that they will take on more of the technical responsibility for the delivery of the programme. As part of this care has been taken to ensure the adequate resource within both the Implementation Partner and within the council. This has led to a revised implementation plan. This revised plan leads to a first payroll run in the new system of May 2027. has added £2.9m to the forecast, bringing the total cost to £46.9m.
- 8.2 However, the mitigation measures set out in Table 8 have already been implemented, bringing the funding variation down from £2.9m to £944,000. The remaining variation has been set by the SRO as an Efficiency Target for the programme and the intention is that the programme will be delivered to the current budget that has been approved.

Table 8: Funding Variation

Oracle Programme Forecast at 16 October 2026	£m.
Latest Forecast	46.891
less Funding Agreed	-43.963
Gross Efficiency/Cost Reduction Target	2.928
less action taken:	
Apply Cantium Credit Note	-1.300
Underspend vs. contractor budget	-0.300
Downward negotiation of contractor rates	-0.247
Underspend in September budget	-0.137
Efficiencies/Cost Reductions applied	-1.984
Remaining Efficiency/Cost Reduction Target	0.944
Remaining Efficiencies/Cost Reductions yet to be identified	-0.944
Target Programme Variation	0.000

9.0 Conclusions

- 9.1 It is acknowledged that programmes of this scope, scale and complexity are forced to contend with balancing significant risk throughout the implementation. A complete transformation of a system that has been in place for over twenty-years and on which so much functionality relies was never going to be an easy or a simple programme. Undoubtedly, mistakes have been made during the implementation process; for example, the initial budget estimate from 2023 was significantly lower than it should have been and decision making could have been swifter at critical moments. The report above draws attention to the improvement opportunities that have come to light during the programme and sets out how they have been addressed.
- 9.2 In acknowledging the capacity for improvement that has come to light through the programme assurance commissions, it is important to note that Phase 1 has been delivered successfully. Equally, Phase 2 continues to progress with demonstrable assurance and with recommendations from the programme assurance reviews having been adopted and delivered at scale – resulting in tighter financial management together with strengthened controls and governance.

Recommendation(s):

To note the progress of the Oracle Cloud Programme and the assurances provided.

10.0 Appendices

Exempt – Programme Update

11.0 Contact details

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