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To:	Corporate Policy Overview & Scrutiny Committee
Subject:	Enterprise Resource Planning Programme
Classification:	Unrestricted

Summary   This report provides an overview of the Enterprise Resource Planning (ERP) Programme, and an update on progress. It will be accompanied by a short presentation.

Recommendation: The Committee is asked to note and comment upon the progress on the ERP programme to date.

1.   **Introduction**

1.1   The Enterprise Resource Planning (ERP) Programme seeks to transform KCC's back-office processes in line with the "One Council" approach. It will enable the delivery of robust single-truth management information in support of more informed decision-making, with clear manager accountability. This will be supported by consistent, efficient processes and systems which are fit for purpose and flexible enough to provide an appropriate platform for the future.

2.   **Programme Identification and Initiation**

2.1   In early 2011, the Council's commitment to drive the majority of the necessary budget savings from the back and middle office focussed minds across the organisation on the need to collect, manage and make use of our data in ever more effective and resource-efficient ways. KCC has invested heavily in underlying systems over many years, much of this on products from Oracle Corporation – however, best use has yet to be made of these products.

2.2   At the same time, planned changes to staffing levels in support functions has led to a need for enhanced and extended self-service, adding to the existing functionality delivered by Human Resources over recent years.

2.3 A series of workshops facilitated by PWC in September 2011 led to an initial programme scope and phasing, and the Business Integration Manager (Senior Responsible Owner of the ERP Programme) took a report based on this work to Corporate Management Team in late October. Whilst PWC's involvement in the programme did not continue beyond that point, the substance of that work has subsequently been shaped into an internally-managed programme, led by a Programme Manager seconded from within KCC.

2.4 Governance is assured at the highest level by an ERP Sponsoring Group, consisting of the Corporate Directors of HR and of Finance & Procurement and the Director of ICT, along with the Business Integration Manager and the Programme Manager. This Group currently meets fortnightly.

2.5 A Programme Board has been constituted, consisting of the Project Executives for each of the current key projects, along with the Business Integration Manager and the Programme Manager. This Board meets monthly.

2.6 Each of the current key projects has an identified Project Manager, who is accountable to both the relevant Project Executive, and to the Programme Manager. The basis on which these Project Managers are made available to the ERP Programme varies depending upon the service from which they originate – but in each case, they are tasked with driving the day to day delivery of their Project, and acting as the conduit for communication between their function and the Programme. Project Manager meetings take place weekly, to ensure all are fully aware of the all aspects of the programme, and can work together in support of its coherent delivery.

2.7 The programme's scope includes the following high-level projects:
- Human Resources
- Oracle Business Intelligence Implementation
- Collaborative Planning Implementation
- Social Care Client Billing
- Procurement
- Management Information

Supported by underlying ICT, Communications and Training projects.

2.8 Four phases are currently envisaged:
- Phase 1a – activity under way, and running to April 2012
- Phase 1b – activity under way, and running to September 2012
- Phase 2 – activity to cover the period October 2012 to March 2013
- Future Phases – to be defined

2.9 The future phases of the programme, including the joining up of current activity described in 3. below, will be defined through a piece of work to be carried out this spring. The plan will be submitted through appropriate governance channels in summer 2012.

3.   Current key activity

3.1   This section is not an exhaustive list of current workstreams, but focuses instead on those major pieces of work the impact of which will be felt in the next three to four months.

3.2   Oracle Business Intelligence Implementation

Licenses for Oracle Business Intelligence (OBI) have been ordered, and the necessary hardware has been delivered and is being set up. The system is initially targeted at providing on-line access to Finance and HR information and this will be followed by Procurement and Projects information. It is proposed that in phase 2 OBI will be developed to include the wider performance management information and activity data (subject to the appropriate business case).

3.3   Collaborative Planning Implementation

Collaborative Planning will provide a cost-effective systems-based solution for budget forecasting and planning. Contracts have been signed, and work will get under way during March, to enable the first budget managers to begin using the system in June. Whilst the solution is not provided by Oracle, it is fully compatible, and will draw on/feed into the same data sets – and the interface for budget managers is straightforward with a look and feel similar to existing spreadsheets (but in a controlled environment).

3.4   Social Care Client Billing

The ERP programme is working to deliver a more robust solution for the Social Care client billing process than is currently the case. At the time of writing, an expert from Oracle is working with colleagues in Families & Social Care to find appropriate solutions based around existing Oracle and SWIFT systems, to solve the various issues inherent in the current configuration.

3.5   HR Self Service Functionality

Human Resources continues to increase incrementally the functionality of Employee and Manager Self-Service, with a view to making Oracle Self Service the first point of call for as many HR processes as possible. An investigation is under way into the feasibility of remote access to Oracle systems to enable KCC staff without regular access to the KCC system, and other key partners, to interact with relevant parts of the system in a secure and appropriate manner.

3.6   Procurement

We are building on our existing limited roll-out of Oracle I-Procurement to develop a fully integrated purchase to pay solution where the focus is on controlling orders rather than invoices. New category management and

approval hierarchies are being developed and the wider roll-out of I-Procurement will commence in March and will continue throughout the next financial year. The ultimate aim will be to move to a policy that all invoices must be supported by a purchase order number or will not be paid.

4. Consultation and communication

4.1 The ERP Programme has already engaged with Corporate Management Team, the former Delivery Assurance Team, as well as with Directorate Management Teams. Governance, covering all those functions upon which the Programme depends, has been constituted, and members of that structure will be expected to ensure appropriate communication within their functions, as well as the engagement of service directorate colleagues where relevant.

4.2 A Communications Project exists within the programme, reporting to the ERP Programme Board, with a view to keeping the organisation at large in the loop. Articles have already been included in KMag, and an ERP presentation was included in recent Finance awareness-raising sessions.

5. Financial implications

5.1 Phase 1 of the ERP programme has a capital budget of £1.4m and a one-off revenue budget of £0.95m. The investment is crucial to the delivery of savings in Finance and HR in excess of £3m per annum.

5.2 Phase 2 of ERP will be subject to a further separate business case.

6. Legal implications

6.1 No legal implications are currently anticipated.

7. Equality Impact Assessments

7.1 The ERP Programme has ensured EIA scoping has been carried out on all projects within its scope, and these will be updated as the programme progresses.

8. Alternatives and options

8.1 A range of requirements, process changes, and software/hardware options have been, and continue to be, considered, and taken through Programme governance prior to relevant decisions being made.

9. Risk and business continuity management

9.1 The risks of not conducting this programme initially relate to the non-delivery of committed savings, and in the longer term would mean KCC would be unable to consolidate and work with existing and future data in a joined-up

fashion. A comprehensive risk register for the programme has been compiled, and is available upon request.

10.   Conclusion

10.1   The ERP Programme has been established successfully based on a coherent collation of existing business requirements, and "one council" aspirations to improve data quality and accessibility. The key areas of activity were externally validated through our work with PWC in mid/late 2011.

10.2   The Programme is now under way, with contracts signed for the initial tranche of work to deliver Oracle Business Intelligence (for initial use in respect of budget monitoring, and subsequently for other aspects of Finance, Procurement and HR) and Collaborative Planning (for budget planning and forecasting).

10.3   The programme is also overseeing a range of other related projects, and will shortly begin a detailed exploration of the future joining-up of these and other sources of data, aiming to bring forward a plan for its subsequent phase by summer 2012.

11.   Recommendations

The Committee is asked to **note and comment** upon the progress of the ERP Programme.

12.   Background Documents

ERP Programme Plan and Risk Register (available upon request)

Previous reports to CMT and DAT (available upon request)

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