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To: Policy and Resources Cabinet Committee

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Subject: Enterprise Resource Planning Programme

Classification: Unrestricted.

Summary: This report provides an update on the first phase of the Enterprise Resource Planning (ERP) programme and highlights the scope of phase two. ERP is a KCC wide programme that is changing the way KCC does “business” and as such affects all KCC staff and Members. The majority of the development is in Oracle, with the aim of maximising the return on the significant investment that KCC has made in Oracle products over the past decade. Simplifying the standard business processes and tools has already supported savings in Finance and HR and will enable further savings and efficiencies to be delivered.

Recommendation: The P&R Cabinet Committee is asked to note and comment on progress to date and the phase 2 work streams

1. Introduction

1 (1) The Enterprise Resource Planning (ERP) Programme is a series of work streams, broken down over two phases that is transforming the way business is conducted within KCC. The aim of the programme is to pull together all of the data sources that currently support staffing and budgetary control and deliver an accurate, single version of finance and HR information using Oracle; and to simplify, improve and make consistent our purchasing processes, again using Oracle. The programme will also address how we develop our business intelligence including integration through Oracle of performance measurement / activity with finance and HR information, to enable better, more informed decisions.

2 Phase 1 improvements

- 2(1) The ERP programme is complex and covers a number of areas. It is being delivered in two phases, with phase 1 progress highlighted in paragraphs 2(2) to 2(12) below:
- 2(2) Prior to the ERP programme, HR had already delivered a major programme of implementing employee and manager self-service and has to date, successfully introduced on-line total contribution pay, travel expenses, sickness recording, updating personal information such as change bank details, and facilities to print and view payslips and P60's. These developments have delivered significant back-office savings.
- 2(3) ERP has continued to build on this work and further self-service is now available, with employees able to make claims on-line for all payments e.g. additional hours
- 2(4) A LEAN-type review of the HR Service has been carried out and the Section is currently implementing several of the recommendations.
- 2(5) A new system (Collaborative Planning) has been introduced which simplifies, makes consistent and automates the budget monitoring process. This has been rolled-out to about 60% of budget managers. It provides on-line forecasting/profiling of spend by budget managers and provides senior managers with comprehensive and transparent financial information about their Services.
- 2(6) The implementation of a solution to control the financial monitoring and budgeting process was originally scheduled for phase 2 of the programme but was brought forward in order to support the significant reduction in finance staff from April 2012. .
- 2(7) The actual implementation of the system was delivered to time and budget but the introduction of on-line monitoring and forecasting to budget managers looking after low and medium risk budgets, has raised some issues, both for the system as result of the nature of the product purchased and speed of implementation, and for the move to self-service and the removal of a large amount of financial support that had previously been relied upon. Therefore, although the system has been successfully introduced, there has been a mixed reaction to the new arrangements. However, latest comments from those now using the new system would suggest that initial problems are reducing and the consistency and transparency that the new system brings is starting to reap reward.
- 2(8) The aim is to make budget managers self-sufficient with minimal reliance on administrative support or specialist help. Embedding this transactional self-sufficiency and the streamlining and automating of financial processes, will allow the focus to move from transactional accounting to strategic financial management, which will improve decision making and resource allocation and will help make the reductions to finance staff sustainable.

- 2(9) I-procurement has been in use for a number of years now but with only limited numbers of people accessing it. It has now been rolled-out to about 1,500 users.
- 2(10) The ERP developments support the switch of focus from controlling invoicing to controlling ordering, and I-procurement is a fundamental part of this. All orders (apart from those on purchase cards) will need an order number and mandatory use of I-procurement will be applied consistently across the entire County Council. Goods and services received will be recorded on the financial system and invoices will be paid automatically (given the correct system checks are in place) from a central point.
- 2(11) The aim of the Business Intelligence work stream is to support managers to better understand the business and the drivers of risk to enable better decision making and planning decisions. We are looking at automation and self-service wherever it's cost effective but there will need to be improved data quality for KCC to realise the potential automation fully.
- 2(12) ERP phase 1 addressed business intelligence in Finance and HR through the use of the Oracle Business Intelligence (OBI) module. Sophisticated dashboards with drill-down capability have been developed and KCC has enterprise wide licences for OBI that will allow these dashboards to be rolled out to all managers, where appropriate.

3. Phase 2 proposals

- 3(1) The development of Phase 2 of the programme has been a result of the outputs and developments from Phase 1 and a review of the lessons learnt. Each work stream has been reviewed by key stakeholders within the Sponsoring Group and recommendations from the Programme Board. Where appropriate, business cases have been provided.
- 3(2) Phase 2 will continue to implement the new procurement process across all business areas, which will result in a "no purchase order, no pay" policy. An electronic invoicing solution, which will greatly reduce the amount of manual invoice processing is out for tender currently and is due to be introduced for the beginning of the new financial year. The Oracle I-supplier module is also being introduced, which will enable suppliers to manage their own details and enquiries directly.
- 3(3) We will expand the use of OBI to include performance and activity data from the Authority's non-Oracle business systems such as HiPath (used by the Contact Centre). The aim is to deliver comprehensive dashboards for managers and Members that will combine resource, activity and performance information to provide maximum understanding of the business.
- 3(4) There will be some system developments including the ability to access Oracle products remotely i.e. from non-KCC owned devices and synchronised sign on to Oracle E-business suite in order to reduce the number of different passwords staff have to use.

- 3(5) We will continue the roll-out of Collaborative Planning by providing access to the budget managers looking after “high risk” (due to size and/or volatility) budgets and will look to deliver a capital accounting solution to further support budget formation and management.
- 3(6) There will be further roll-out of HR self-service including the ability for staff to carry out on-line changes to employee assignments, changes to supervisor, annual leave requests and acting up and secondments. There will also be some developments to the Total Contribution Pay automated process (already put in place by HR before the ERP programme started).
- 3(7) We will review the alignment of Oracle hierarchies to improve integration between procurement, finance and HR modules. We will also implement a new, automated (where possible) starters and leavers process that will simplify the changes needed to ICT access, HR records, building entry and security passes, KNet entries, equipment issued or returned and cost centre assignment, as a result of a starter or leaver.

4. Financial Implications

- 4(1) It is estimated that there are no further financial implications, other than those already identified in the medium planning process, to deliver the remainder of phase 1 and the proposed phase 2 requirements.
- 4(2) If, as phase 2 costs are refined, this estimate proves to be insufficient, a full business case with offsetting savings will be submitted for any additional proposed spending.

5. Recommendations

- 5(1) The P&R Cabinet Committee is asked to note and comment on progress to date and the phase 2 work streams.

6. Background Documents

None

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