



e-mail: Joel.cook@kent.gov.uk
Date: 22 July 2023

Dear Member

POLICY AND RESOURCES CABINET COMMITTEE - WEDNESDAY, 26 JULY 2023

I am now able to enclose, for consideration at the meeting of the Policy and Resources Cabinet Committee due to be held on Wednesday, 26 July 2023, the following reports that were unavailable when the agenda was first published.

Agenda Item No

10 **23/00063 - Enterprise Business Capabilities Modernisation** (Pages 1 - 52)
(Includes exempt appendices)

Yours sincerely

A handwritten signature in black ink, appearing to read 'B. Watts', is written over a faint circular stamp.

Benjamin Watts
General Counsel

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From: Peter Oakford, Deputy Leader, Cabinet Member for Finance, Corporate and Traded Services

Lisa Gannon, Director of Technology

To: Policy and Resources Cabinet Committee – 26 July 2023

Subject: 23/00063 - Enterprise Business Capabilities Modernisation

Key decision: Yes - likely to involve expenditure / savings in excess of £1m.

Classification: *UNRESTRICTED report with EXEMPT Appendix A and B, which is not for publication under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).*

Future Pathway of Paper: For Cabinet Member Decision

Electoral Division: Countywide

Summary:

The Council has now completed a process to review all available options to modernise its Enterprise Business Capabilities (EBC) covering finance, human resources, payroll, and procurement. This report is intended to update the Policy and Resources Cabinet Committee with the details of the Full Business Case (FBC). It is recommended that KCC move to a new EBC platform, Oracle Cloud Fusion Software. This will be achieved through a multi-year implementation programme, full details and costs are in provided in the exempt Appendices A and B.

Recommendations:

The Policy and Resources Cabinet Committee is asked to consider and endorse or make recommendations to the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services on the proposed decision to:

1. award a contract of 8 years for the provision of a cloud-based finance, HR, procurement and payroll service;
2. award a contract for a System Implementor Partner, to support the Enterprise Business Capabilities Programme in implementing and Integrating the Cloud solution; and
3. delegate authority to the Director of Technology in consultation with the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, for the necessary contractual negotiations and authority to enter into any legal agreements to implement the above.

1. Introduction

- 1.1 Kent County Council (KCC) is developing a significant programme to implement new software that will support the core functions of central services including finance, human resources, payroll, and procurement, as well as many supplementary services that will together deliver better ways of working and outcomes. It will lead to the replacement of many business processes and associated software applications including Oracle. Initiatives of this type are now commonly referred to as Enterprise Business Capability (EBC) programmes.
- 1.2 The Oracle E-Business Suite (EBS) Solution currently in use is 23 years old and is operating an old and static version of Enterprise Resource Planning (ERP). The Council has minimised its previous risk, whereby the Council's licenses for Oracle expired on 31 March 2021, through transitioning to application support with Rimini Street and migrating its Infrastructure to a Cloud vendor, to provide stability and consistency of service. Oracle, in common with most technology suppliers, makes its licenses and support for older versions of its products increasingly more expensive over time and ultimately withdraws support altogether. KCC are no longer within support and therefore have a static product version that cannot be enhanced nor take advantage of any new features that provides opportunities to introduce efficiencies.
- 1.3 Although KCC has much of the Oracle ERP functionality available to it, its use is limited, and cannot be described as a full ERP implementation. The purchase to pay process runs across several data bases, the applications do not integrate or use workflow well if at all, and basics such as a single supplier view are precluded without extensive rework. This in turn causes process inefficiency and cost for both users and systems support.
- 1.4 Cloud hosted solutions, which mimic the internet in their subscription approach to consuming software, have rapidly become the default and transferred the responsibility for much of the delivery and maintenance of the software and associated infrastructure to the service providers. Transition to Cloud, even Oracle Cloud, is a substantial undertaking. They require organisations to "adopt" standard business processes rather than "adapt" software to the model, the organisation's historic approach to aspects such as invoice processing. KCC's on-premise example of Oracle has around one-million lines of bespoke code which has become cost prohibitive to maintain.
- 1.5 It is important to reiterate that EBC and Cloud solutions are a means to an end, not the end itself, and do not by themselves make the Council a "digital business". This programme is about KCC being more able and agile to standardise and optimise the way it works, to deliver better stakeholder experience and value.
- 1.6 Whilst EBC Programmes and their forerunners are a well-trodden path, proven to support the delivery of stakeholder experience and value, examples of poor executions that do not deliver value and or cause substantial programme and cost overruns are not uncommon. A comprehensive and robust approach to strategy, organisational culture, change leadership, and governance that is widely understood and supported across the organisation will be integral to the success

of the programme, as will the broad understanding of the benefits of new ways of working to the Council as a whole.

2. Approach

- 2.1 The scope of the programme includes several distinct phases which will take us through to implementation. This is a multi-year programme and more detailed information about later stages will become clearer as we move through the earlier stages of the programme. The key phases are set out below:
- 2.2 **Project Mobilisation.** This phase is fundamental for setting KCC up for success. During this phase we will define and agree how the project will be controlled and managed. This will include, but is not limited to governance, project controls, project reporting, risk management approach, change management approach. and project principles. This phase also allows for time to ensure we have the right resources for the start of the project.
- 2.3 **Cloud Readiness Assessment (CRA).** This stage will run concurrent with the project mobilisation stage. The objective of the CRA is for both the KCC and our implementation partner to gain in-depth insight into how the functionality of Oracle SaaS Cloud will impact KCC's business operation. This will be done using collaborative workshops with KCC Subject Matter Experts and our implementation partner. The output from this phase will drive the details for planning the Design Phase and Business Change Phase.
- 2.4 **Business Change.** The business change phase will run throughout the project, this will enable KCC to have a detailed understanding of the scale of change right from the beginning. Where possible, we will look to make changes in advance of the final implementation.
- 2.5 **Data Migration.** Migration of data from legacy applications into new systems can be complex and problematic. The transformation of data is one of the major challenging and time-consuming requirements when implementing a new system. Outputs from this phase will include Data Cleansing Approach; Data Reconciliation Approach; Data Mapping documents; Data Archiving approach. This phase of the project will be planned in detail with the implementation partner during the **mobilisation** stage.
- 2.6 **Design and Configure** This is the stage where the business and implementation partner work together, to define the principles of adopt that will anchor all decisions during the implementation and that any configurations (**not customizations**) will adhere to the adopted principles, that are needed to best fit with the designed business processes as part of the Design workshops. The work is broken down into many phases so that a more agile approach can be followed, and initial testing can start early to obtain early feedback.
- 2.7 **Testing and Implementation.** Testing begins about halfway through the design stage and will run throughout the programme. A testing approach will be agreed during the project mobilisation phase, which will include defining the test strategy and tests (including test scripts). Where feasible Automated testing tools will be utilised to make the testing process more efficient.

3. Operate Phase: This phase focuses on embedding operational capability, delivering the final blueprint design, tracking, and realising the qualitative and quantitative benefits.

3.1 Business milestones will be factored into the implementation plan such as financial year end, statutory reporting, salary award dates etc.

3.2 KCC successfully ran an open tender Commissioning process looking at the various options available to the Council. KCC used the Back Office Software (BOS) Framework to invite all potential vendors who can potentially meet the detailed defined criteria by the functional teams across the Council. The EBC Team received responses from four key vendors (all of whom are well known ERP Cloud providers in the market). These were Oracle, Workday, SAP and Unit 4.

3.3 The Commissioning process reviewed all responses and held a mid-bid review to address vendor questions before receiving final submissions from only one vendor – Oracle. The Commissioning process identified gaps in some of the interested parties who thereafter made the decision not to proceed further. We now have a Best and Final offer from Oracle (see Financial Appendix B).

3.4 To support the Oracle Cloud proposal the EBC Programme ran a competitive tender between identified Implementation Partners who will support the EBC Programme in implementing and integrating the Cloud solution. The role of the implementation partner is crucial as they bring their expertise, experience, and resources necessary to deliver the project. They have in depth specialist product knowledge along with experience of many implementations. An implementation partner must have sector experience and experience of implementations in organisation of a similar scale and complexity to that of KCC.

3.5 The details of the selection process and recommended partner are provided in the Appendices.

3.6 The full implementation costs include full time resources costs, both internal and external and dual running costs. The resource requirements and associated costs were defined using a combination of factors: KCC's own experience of previous implementations and upgrades, the experience of other large councils, and advice from Gartner. These were validated with the EBC operational working group and the EBC board.

3.7 In order to build in contingency, we have insisted that all planning assumes a 2–3-year implementation. The expectation is that the first implementation could start at 18-months (best-case scenario). In projects of this size and complexity there will be unexpected challenges and events and it is important to be realistic of our planning and costing.

4. Financial Implications

4.1 See exempt Appendix B.

5. Legal Implications

- 5.1 External legal advice is being provided by Burges Salmon.
- 5.2 Contractual legal advice has been provided in relation to the Order Form for the Services called off from the BOS Framework. Procurement legal advice was also provided in relation to the contractual terms contained within the Order Form. A copy of the legal advice has been made available to the Cabinet Member before taking the relevant decision.
- 5.3 In relation to the future programme progression, further advice will be provided in relation to the Governance Arrangements from a legal and governance perspective to continue to promote challenge, scrutiny and support agreed project outcomes.

6. Equalities implications

- 6.1 An Equality Impact Assessment (EqIA) has been completed and no further action is required.

7. Other corporate implications

- 7.1 None.

8. Governance

- 8.1 A Key Decision is required due to expenditure of more than £1m.

9. Conclusions

- 9.1 The Council is embarking on a programme over 2-3-years that will modernise its EBC covering core functions including finance, human resources, payroll, and procurement, as well as many supplementary services. This is expected to deliver better ways of working and outcomes including significant financial savings.
- 9.2 Whilst programmes of this nature are proven to be successful, they are high risk, high value, and complex, and there are lots of examples of sub-optimal value, cost and programme overruns in both the private and public sectors. Executing an ERP strategy is an ongoing stream of decisions and changes to business process and technology architecture and applications. A comprehensive and robust approach to strategy, organisational culture, change leadership, and governance that is widely understood and supported across the organisation will be integral to the success of the programme, as will the broad understanding of the benefits of the new ways of working to the Council as a whole. Cloud solutions require organisations to “adopt” standard business processes rather than “adapt” software which on its own causes major business change.
- 9.3 KCC’s EBC team fully understands the challenges of these projects and risk management and mitigation will be fundamental to its success. The risk

management approach for key programme risk is detailed in the business case and will be further defined as the programme develops.

10. Recommendation(s)

Recommendation(s):

The Policy and Resources Cabinet Committee is asked to consider and endorse or make recommendations to the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services on the proposed decision to:

1. award a contract of 8 years for the provision of a cloud-based finance, HR, procurement and payroll service;
2. award a contract for a System Implementor Partner, to support the Enterprise Business Capabilities Programme in implementing and Integrating the Cloud solution; and
3. delegate authority to the Director of Technology in consultation with the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, for the necessary contractual negotiations and authority to enter into any legal agreements to implement the above.

11. Background Documents

- 11.1 EXEMPT Appendix A – Full Business Case
- 11.2 EXEMPT Appendix B – Financial
- 11.3 Appendix C – 23/00063 Proposed Record of Decision
- 11.4 Appendix D – Published Equality Impact Assessment (EqIA)

12. Contact details

Report Author: Lisa Gannon Director of Technology Telephone: 03000 41 43 41 E-mail: lisa.gannon@kent.gov.uk	Relevant Director: Lisa Gannon Director of Technology Telephone: 03000 41 43 41 E-mail: lisa.gannon@kent.gov.uk
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of the Local Government Act 1972.

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KENT COUNTY COUNCIL – PROPOSED RECORD OF DECISION

DECISION TO BE TAKEN BY:

Peter Oakford, Deputy Leader, Cabinet Member for Finance, Corporate and Traded Services

DECISION NO:

23/00063

For publication**Key decision: YES**

Key decision criteria. The decision will:

- a) *result in savings or expenditure which is significant having regard to the budget for the service or function (currently defined by the Council as in excess of £1,000,000); or*

Subject Matter: Enterprise Business Capabilities Modernisation**Decision:**

As Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services I agree to:

1. award a contract of 8 years for the provision of a cloud-based finance, HR, procurement and payroll service;
2. award a contract for a System Implementor Partner, to support the Enterprise Business Capabilities Programme in implementing and Integrating the Cloud solution; and
3. delegate authority to the Director of Technology in consultation with the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, for the necessary contractual negotiations and authority to enter into any legal agreements to implement the above.

Reason(s) for decision:

To replace the current legacy Oracle application and to provide Kent County Council (KCC) with modernised Enterprise Business Capabilities (EBC) covering finance, human resources, payroll and procurement, (including the replacement of existing support arrangements across Rimini Street, Velocity and Azure).

Cabinet Committee recommendations and other consultation:

A report was taken to and discussed at the Policy and Resources Cabinet Committee on 24 May 2023 and a further report will be taken to the Committee on 26 July 2023.

Any alternatives considered and rejected:

The council undertook soft market testing and a full tender process to assess all available options.

Any interest declared when the decision was taken and any dispensation granted by the Proper Officer: None.

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signed

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date

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EQIA Submission – ID Number

Section A

EQIA Title

Enterprise Business Capability

Responsible Officer

Lisa Gannon - DCED T

Type of Activity

Service Change

No

Service Redesign

No

Project/Programme

Project/Programme

Commissioning/Procurement

No

Strategy/Policy

No

Details of other Service Activity

No

Accountability and Responsibility

Directorate

Strategic and Corporate Services

Responsible Service

Strategic Commissioning

Responsible Head of Service

Lisa Gannon - DCED T

Responsible Director

Amanda Beer - DCE

Aims and Objectives

The purpose of KCC's EBC programme is to modernise the way the core capabilities work and perform across finance, people, and procurement. These capabilities have been selected as they are critical to the effective management of our day-to-day business and effective use of our data.

Presently, KCC manages these capabilities in a version of Oracle which is 20 years old and is no longer supported by Oracle which prevents further development on the current version. The age and complexity of this system presents significant risk to KCC. In 2021, we mitigated some of this risk through the migration to 3rd Party specialist support supplier, Rimini Street. However, there are still many risks and challenges associated with running our legacy system, namely the recent announcement whereby KCC have to migrate their current EBS solution to a different platform which will entail significant work and carries risk to the service. Additionally, many of our process are inefficient and time consuming and we are unable to improve and take advantage of modern technologies. The rapid development and availability of new types of technology that support EBCs is enabling the realisation of benefits that were previously out of reach or not cost effective to achieve. Currently, KCC cannot access these technologies, nor can benefit from the potential transformations they enable.

The aim of this programme is to deliver a solution that allows KCC to take advantage of modern technologies and processes and provide a platform for the future. We expect this solution will support KCC for, at the very least, the next decade. We need to ensure that our core EBC capabilities are stable, deliver best value, whilst at the same time enabling KCC to become more agile and effective, delivering better

outcomes, all enabled by the right technology.

Over the past 18 months the EBC project has undertaken a full procurement process, this started with soft market engagement, finishing with a competitive tender process using the Crown Commercial Service Back Office Framework. A full evaluation was completed followed by a selection process for the implementation partner. This process used the government G-Cloud framework.

Section B – Evidence

Do you have data related to the protected groups of the people impacted by this activity?

Yes

It is possible to get the data in a timely and cost effective way?

Yes

Is there national evidence/data that you can use?

Yes

Have you consulted with stakeholders?

Yes

Who have you involved, consulted and engaged with?

Head of Finance
Finance SME's

Head of HCM
HCM SME's

Head of Procurement
Procurement SME;s

Infrastructure team

SRP Programme

Has there been a previous Equality Analysis (EQIA) in the last 3 years?

Yes

Do you have evidence that can help you understand the potential impact of your activity?

Yes

Section C – Impact

Who may be impacted by the activity?

Service Users/clients

Service users/clients

Staff

Staff/Volunteers

Residents/Communities/Citizens

No

Are there any positive impacts for all or any of the protected groups as a result of the activity that you are doing?

Yes

Details of Positive Impacts

Although complex and challenging, the non-financial and financial benefits of transforming EBC's can place organisations in a strong position to rapidly progress transformation. The high-level programme benefits are listed below. The detailed benefits will be defined as we move through the design phase of the project. It is important that the benefits of change are balanced with the potential risks and considered in terms of

our current environment.

Digital Transformation: Migrating to a modern system enables organizations to leverage advanced technologies such as: AI, machine learning, automation, and analytics, to drive operational efficiencies and improve decision-making.

Enhanced Data Security: Cybersecurity threats and data privacy regulations have become increasingly stringent. KCC needs a solution that builds in modern cyber and security measures.

Data Insights: Robust reporting and analytics capabilities to enable decision-making, forecasting, and strategic planning. Accurate, up-to-date information and one version of the truth.

Cost Savings and Efficiency. Streamline workflows, automate processes, remove duplication, and enhance productivity.

User Experience and Mobility: An improved user experience supports a modern, mobile workforce and fosters employee satisfaction.

Product Support and Innovation: Regular system updates giving timely access to new features and functionalities. Continuous innovation to enable KCC to stay at the forefront of technology advancements

Negative impacts and Mitigating Actions

19. Negative Impacts and Mitigating actions for Age

Are there negative impacts for age?

No. Note: If Question 19a is "No", Questions 19b,c,d will state "Not Applicable" when submission goes for approval

Details of negative impacts for Age

Not Completed

Mitigating Actions for Age

Not Completed

Responsible Officer for Mitigating Actions – Age

Not Completed

20. Negative impacts and Mitigating actions for Disability

Are there negative impacts for Disability?

No. Note: If Question 20a is "No", Questions 20b,c,d will state "Not Applicable" when submission goes for approval

Details of Negative Impacts for Disability

Not Completed

Mitigating actions for Disability

Not Completed

Responsible Officer for Disability

Not Completed

21. Negative Impacts and Mitigating actions for Sex

Are there negative impacts for Sex

No. Note: If Question 21a is "No", Questions 21b,c,d will state "Not Applicable" when submission goes for approval

Details of negative impacts for Sex

Not Completed

Mitigating actions for Sex

Not Completed

Responsible Officer for Sex
Not Completed
22. Negative Impacts and Mitigating actions for Gender identity/transgender
Are there negative impacts for Gender identity/transgender
No. Note: If Question 22a is "No", Questions 22b,c,d will state "Not Applicable" when submission goes for approval
Negative impacts for Gender identity/transgender
Not Completed
Mitigating actions for Gender identity/transgender
Not Completed
Responsible Officer for mitigating actions for Gender identity/transgender
Not Completed
23. Negative impacts and Mitigating actions for Race
Are there negative impacts for Race
No. Note: If Question 23a is "No", Questions 23b,c,d will state "Not Applicable" when submission goes for approval
Negative impacts for Race
Not Completed
Mitigating actions for Race
Not Completed
Responsible Officer for mitigating actions for Race
Not Completed
24. Negative impacts and Mitigating actions for Religion and belief
Are there negative impacts for Religion and belief
No. Note: If Question 24a is "No", Questions 24b,c,d will state "Not Applicable" when submission goes for approval
Negative impacts for Religion and belief
Not Completed
Mitigating actions for Religion and belief
Not Completed
Responsible Officer for mitigating actions for Religion and Belief
Not Completed
25. Negative impacts and Mitigating actions for Sexual Orientation
Are there negative impacts for Sexual Orientation
No. Note: If Question 25a is "No", Questions 25b,c,d will state "Not Applicable" when submission goes for approval
Negative impacts for Sexual Orientation
Not Completed
Mitigating actions for Sexual Orientation
Not Completed
Responsible Officer for mitigating actions for Sexual Orientation
Not Completed
26. Negative impacts and Mitigating actions for Pregnancy and Maternity
Are there negative impacts for Pregnancy and Maternity
No. Note: If Question 26a is "No", Questions 26b,c,d will state "Not Applicable" when submission goes for approval
Negative impacts for Pregnancy and Maternity
Not Completed
Mitigating actions for Pregnancy and Maternity
Not Completed

Responsible Officer for mitigating actions for Pregnancy and Maternity
Not Completed
27. Negative impacts and Mitigating actions for Marriage and Civil Partnerships
Are there negative impacts for Marriage and Civil Partnerships
No. Note: If Question 27a is "No", Questions 27b,c,d will state "Not Applicable" when submission goes for approval
Negative impacts for Marriage and Civil Partnerships
Not Completed
Mitigating actions for Marriage and Civil Partnerships
Not Completed
Responsible Officer for Marriage and Civil Partnerships
Not Completed
28. Negative impacts and Mitigating actions for Carer's responsibilities
Are there negative impacts for Carer's responsibilities
No. Note: If Question 28a is "No", Questions 28b,c,d will state "Not Applicable" when submission goes for approval
Negative impacts for Carer's responsibilities
Not Completed
Mitigating actions for Carer's responsibilities
Not Completed
Responsible Officer for Carer's responsibilities
Not Completed

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