AUDIT COMMITTEE
MBOS (MANAGING BACK-OFFICE SUPPORT) SUBGROUP
21 November 2023

ATTENDEES:
Councillor Colin Swansborough
Councillor Gerard Fox

OFFICERS IN ATTENDANCE:
Ros Parker (RP), Chief Operating Officer
Ian Gutsell (IG), Chief Finance Officer
Sophie Webb, Interim Senior Governance and Democracy Officer

APOLOGIES:
Councillor Matthew Beaver

1. VERBAL UPDATE from Chief Operating Officer

1.1   RP updated the subgroup that moving from SAP to Oracle is not in a position to be implemented in November as the programme has not met the fundamental quality targets to go live. RP reassured the subgroup that the programme will not compromise on quality.

1.2   RP informed the subgroup that a decision was taken to slow down the programme and undertake an independent review. The outputs from the first phase of the review were presented to CMT which included 7 days of reviewing work. The first 7 days of the review highlighted some issues that need to be addressed.

1.3   RP advised that the review looked at a variety of aspects within the programme but focussed on three key areas which included the delivery approach, schools' payroll and the plan to completion. The conclusion of the review was that the system was not believed to be to be fundamentally flawed but that there are elements of the solution that will require more work to be undertaken before implementation and that a different delivery approach is likely to be required in some areas. The review also highlighted that there are alternatives for some aspects of the programme that could be explored, for example the schools' payroll system. This area of the programme can potentially be descoped and worked in a different way to conclude sooner. More detailed work is therefore required to map out the critical path.

1.4   RP updated the group on the symptoms and issues that were identified by the review and highlighted that one of the fundamental findings was around the programme being a technical implementation focussing on mechanics rather than organisational readiness.

1.5   RP advised that the resourcing model for the programme has been a consideration regarding the challenges around resource time split between programme work and business as usual (BAU) along with the Council not having sufficient in-house skills and experience to deliver the project without some external expertise.

1.6   RP updated the subgroup on the next steps and advised that it may take 8 to 10 weeks of further review to have confidence in a refreshed plan in order to go live. These next steps include identification of activities on the critical path and the delivery model.

1.7   RP updated the subgroup that in terms of resourcing, the programme team has been the most significant part of the cost to the programme and therefore is being reduced during the review.

1.8   RP reassured the subgroup that parallel activities around phased implementation are being undertaken to mitigate the risk of continued use of SAP. It was noted that SAP is a very old system where components keep failing. RP advised that by slowing down the programme, it would free up some resources to address the SAP risk. SAP risk mitigation action has been identified to migrate the current SAP system to a cloud-based environment which could be implemented by the end of 2023.

1.9   RP advised that while the SAP mitigation work takes place, the review would continue to look at a technical assessment to map out the next steps and consider which approach to take for each aspect, which may be result in a staggered implementation though also recognised the challenges with this approach.

1.10   RP advised that in terms of looking at resource budget, the programme costs have already been reduced and these continued to be looked at.

1.11   RP noted that the recent Value For Money report by Grant Thornton highlights that undertaking a review at this stage is the right approach.

2. DISCUSSION with subgroup

2.1   Cllr Fox expressed concern around loss of memory and knowledge by standing down of programme resource and asked whether they may be brought back into the programme at a later stage.

2.2   RP advised that the decision to stand down resource at this stage considered the risks around information retention, ability to secure resources in the future and the reputation of the programme. The risk of continuation of the cost in resources outweighed the risk of information retention which led to the decision of stepping down. some resource.

2.3   RP reassured the subgroup that programme sponsors have been through the ticketing system and documentation system thoroughly and are satisfied that information recording is in good shape. RP advised that further conversations with the implementation partner, Oracle, and Infosys will provide some continuity which will help with information retention.

2.4   RP advised that further resource is being explored from other potential partners.

2.5   Cllr Fox noted that an issue identified in the review was around people considering the programme as something done to them rather than being part of the process and asked how this will be addressed going forward to engage people more effectively.

2.6   RP noted that engagement is an issue because the programme was set up as a technical implementation and therefore this period of review will be an opportunity to rebrand and relaunch the programme as an organisational implementation. The programme can report back to those involved to say that their feedback has been listened to in the proposal to go forward with a different approach.

2.7   Cllr Fox expressed concern about the budget for the programme and asked about its potential overspend.

2.8   RP advised that by slowing the programme and taking the programme across a longer period of time, the cost would be spread throughout more financial years seeing a less significant financial impact to the Council and will not rely as much on expensive external contractors.

2.9   Cllr Swansborough asked about the process of selecting the organisation to commence the review.

2.10   RP advised that two options were explored when deciding who would undertake the review.

2.22   Cllr Fox noted that a slower approach would give greater assurance of meeting quality targets and will not impede on the capacity for the Council to fulfil its duties and roles.

2.22   IG noted that the fundamental accountancy targets regarding paying staff and providers which would not be met if the programme were to go live now following the payroll parallel run. IG noted that in times where East Sussex are presenting a deficit budget, it is a sensible time to have review the programme and look at the timeline and the resources required to get over the line.

2.23   Cllr Fox noted that SAP and Oracle will be used in parallel while fixing localised problems however the go live date needs to be significantly in advance of the date from which SAP is completely unsupported.

2.24   Cllr Fox advised that it would be useful to see how confident each department or workstream within the Council is regarding transition to implementation in a RAG rated system.

2.25   RP shared data from the review which assessed each area of work with a 1 to 4 rating on how close they are to being ready for implementation. RP advised that some areas are closer to implementation than others.

2.26   RP reassured the subgroup that quality is prioritised and that officers have taken learning from other authorities who have gone live with a certain level of risk and issues regarding the programme implementation which have then become part of ongoing BAU problems.

2.27   Cllr Swansborough requested that slides are shared ahead of the Audit Committee with subgroup Member Cllr Beaver, who gave his apologies to this meeting.