

Divisions Affected – All

CABINET

19 September 2023

Business Services Transformation

Report of Performance and Corporate Services Overview & Scrutiny Committee

RECOMMENDATION

1. **The Cabinet is RECOMMENDED to —**
 - a) Agree to **NOTE** to the observations contained in the body of this report.

REQUIREMENT TO RESPOND

2. This report contains no recommendations, meaning Cabinet is not required to make a formal response. It may, of course, wish to respond to any of the observations detailed below when it considers this report, or the forthcoming Business Services Transformation report to Cabinet.

INTRODUCTION AND OVERVIEW

3. The Performance Overview and Scrutiny Committee considered a report on the Council's Business Services Transformation project at its meeting on 21 July 2023.
4. The Committee would like to thank Cllr Glynis Phillips, Cabinet portfolio holder for Corporate Services, Lorna Baxter, Director of Finance, and Andrew Richards, ERP Manager, for preparing and introducing the report, and for attending to answer questions.

SUMMARY

5. Lorna Baxter introduced the report, which identified the drivers for change and actions taken to date concerning the Business Services Transformation project. Users of the current system, IBC, variously reported as finding it confusing, clunky, difficult or deficient and the Council was considering its options for how to address these concerns. An important focus of the

Business Services Transformation lay not just in making changes to core systems such as HR, Payroll, Finance and Procurement but in communicating with staff to ensure deeper confidence and competence around using the functions of any potential incoming system or systems. This had been one of the learning points from the implementation of the current system. The most recent report which had gone to Cabinet, an outline business case in April 2023 had recommended the full or partial in-sourcing of finance, procurement, HR and payroll functions, as well as enabling technology, which meant that was the direction being pursued. Nevertheless, within that broad outline remained a number of important decisions around full or partial insourcing in order to develop a preferred option on which to progress the business case. The option to remain with IBC, the existing provider, and improving efficiency was also being explored owing to a forthcoming upgrade. Steps taken to date had included the holding of wide engagement with stakeholders across the Council and the different functional areas through interviews and workshops to understand the project requirements. Following this, a business case would be developed to go to Cabinet in November. Timings-wise, it was noted that any shift to a new system would need to occur before or after IBC's own upgrade; owing to its extent and complexity it would not be possible to make a move during that period. Known risks and the associated mitigation activities planned and delivered were kept on a detailed risk register, with progress reported to the programme board on a monthly basis.

6. In response to the presentation the Committee raised multiple issues, including risk management, the feasibility of implementing a change programme at present, querying the underpinning justifications for change, the breadth of consultation and the actions of other IBC partners.

OBSERVATIONS

7. As noted above, this report contains no formal recommendations but is simply a summary of the observations made by the Committee for Cabinet to consider as part of its deliberations on taking this programme forward. Its three key observations are as follows:

Observation 1: The Committee is dubious as to whether the Council presently has sufficient capacity to implement safely and comprehensively a major change programme.

8. Any change to the core systems of the Council represents a significant risk. Disruption to any of the HR, payroll, finance or procurement functions could have immensely adverse impacts on the Council reputationally, financially and in terms of its ability to deliver services to residents. The Committee is saddened by the fact that this is recognised by the Council, as referenced by the fact that all but one of the impacts in the risk register are deemed to be high impact. That level of concern is reflected in the fact that the Council is not trying to force any change through at pace, that it has made significant budgetary provision available to support the roll-out and that its approach seems deeply rooted in learning from the pitfalls experienced when the current

system was implemented. Despite taking sensible actions to mitigate the risk, it is sometimes necessary to conclude that the risk remains unacceptably high.

9. At its core, the concern of the Committee is that the Council has insufficient organisational capacity to implement changes in a safe manner. This rests on two points of concern. The first is the current high level of turnover within the Council and high reliance on agency staff. The point was made to the Committee that a fundamental part of the programme's success would rely on ensuring staff understand how to use any new system, and do so in the same way across the organisation. At a time when turnover within the Council remains elevated (though, noted, decreasing) this presents a huge practical barrier to ensuring that understanding and competency with a new system filters throughout the entire organisation. As such, the level of mitigation the Council is capable of achieving is reduced and correspondingly, the level of risk is increased.
10. The second key plank of organisational capacity is the amount of change the Council is already undergoing. For example, the Council is currently looking at the suitability of its governance processes. It is looking to move its primary base away from County Hall and dispose of other property assets. A number of directorates are in the process of reorganisation. The Council has a new Chief Executive. It is having to realign to significant changes in government policy in regards to adult social care. It will have to respond to any issues arising from its recent OfSTED report. Its transport policies have garnered worldwide attention. The Committee is not making the claim that addressing the fact that the current system, described as confusing, clunky, difficult or deficient, is not important. However, realistically, it is competing for a limited amount of organisational capacity against a number of other vital changes and challenges. The Committee's suspicion is that although there is a case for change, when there is so much else going on which also demands organisational capacity it may be taking an unnecessarily high risk to pursue this proposed change.
11. Should the Council decide it does wish to continue with significant change to its business services, the Committee has two further points to make.

Observation 2: It is unclear to the Committee that there is alignment between the project's stated aims and the weightings it uses to identify the best outcomes.

12. The primary driver for change to the Council's systems is reported as being one of usability. The IBC system does not necessarily meet the needs of staff, and because it is a shared system it is difficult to make changes to it. The Committee was concerned then, that the evaluation of the options were based on the following weightings.
 - Business Users (15%) – Improving the user experience and quality of data and increasing officer satisfaction with self-service, freeing-up time for greater value-adding activity in providing services to residents.

- Functional users (15%) – Improving the functionality, user experience, control environment and reporting for finance, procurement, HR and payroll officers, freeing up time for greater value-adding activity to support the business in decision making.
- Technical, including implementation (30%) – Improving levels of compliance and controls, ease of ongoing management of integrations, alignment with the Cloud based approach, and the ease of implementation at a manageable level of risk including integrations.
- Financial (40%) – Ongoing and capital costs of the solution and its implementation including integrations and delivery of realisable and intangible efficiencies.

13. This set of weightings indicates that improved user experience is given a 30% weighting (2x 15%), whilst the financial aspect is given 40%. When it raised this at Committee the point was made that technical issues are also vital to improved user experience, which would make the weightings covering user experience a majority, 60%. However, looking at the description of what the technical concerns cover it is fair to say that these benefits are indirect at best and may not all filter through to improved usability. The Committee is not saying that the weightings used by the Council are wrong, but that this indirectness means there is a degree of uncertainty and that there is value in the Council assuring itself that the weightings it has used to identify the future direction of travel will identify the solution which most fully delivers against addressing the reasons for making a change.

Observation 3: The Committee expresses a strong preference for a fully in-house system, if required.

14. Should a new system be required, the Committee expresses a strong preference for a fully in-house solution. Whilst it would be expected to be the most expensive, the bespoke nature of an in-house solution means it would be expected to meet the needs of its users more closely, thereby improving usability, be more flexible, preventing the need for future changes down the line, and it would mean expertise would lie within the Council, enabling a more thorough level of uptake and usage by staff throughout the organisation. The Committee recognises that the Cabinet will be advised of the officer recommendation at the next stage, but it is hoped that these factors will be borne in mind.

FURTHER CONSIDERATION

15. The Committee has requested that it see details of the preferred option for Business Services Transformation prior to the expected Cabinet decision on it in November.

LEGAL IMPLICATIONS

16. Under Part 6.2 (13) (a) of the Constitution Scrutiny has the following power:
'Once a Scrutiny Committee has completed its deliberations on any matter a formal report may be prepared on behalf of the Committee and when agreed by them the Proper Officer will normally refer it to the Cabinet for consideration.
17. Under Part 4.2 of the Constitution, the Cabinet Procedure Rules, s 2 (3) iv) the Cabinet will consider any reports from Scrutiny Committees.

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Annex: None

Background papers: None

Other Documents: None

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