



Glasgow City Council

Finance and Audit Scrutiny Committee

Report by Director of Financial and Business Services

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Item 2

22nd October 2025

ERP Replacement Programme Update

Purpose of Report:

To update members on the progress of the Enterprise Resource Planning (ERP) Replacement programme that will replace the current IT solution, SAP, with Oracle Cloud ERP.

Recommendations:

The Finance and Audit Scrutiny Committee are requested to note the content of the report

Ward No(s):

Citywide: ✓

Local member(s) advised: Yes ☐ No ☐ consulted: Yes ☐ No ☐

1 Introduction

- 1.1 The council's current ERP (Enterprise Resource Planning) IT system is SAP. The system is used to perform accounting functions, pay suppliers, bill customers, meet statutory duty requirements, and deliver HR services including payroll.
- 1.2 The SAP system is widely used across the Council family and currently has around 1,000 core users who undertake at least some of their regular activities on the system and 25,000 employees have access to the self-service portal to request leave or review their payslip.
- 1.3 SAP currently holds data on approximately 34,000 employees and around 1 million personnel actions are processed annually including items to maintain accurate employee records and 9 regular payrolls of varying frequencies for staff across the Council Family.
- 1.4 In addition, approximately 670,000 accounts payable and accounts receivable transactions are processed as well as 182,000 purchase orders, 189,000 sales orders and 2,000 inter company bills raised. This activity drives 48 weekly pay runs to suppliers and citizens, as well as invoice production and collection activity.
- 1.5 The SAP system also supports reconciliation and accounting process with more than 550,000 transactions recorded for items such as bank statements, payments recording and financial journal entries.
- 1.6 Further the SAP system provides support for property management with more than 42,000 work orders raised and 28,000 Property Management Notifications documents issued. In addition, SAP supports 2,200 live site/building records and 6,600 live maintenance plans.
- 1.7 The system also plays a key role in recording information from, and passing data to, other key council systems such as CareFirst, SEEMiS, Capita Revenues and Benefits and Pay360. Currently there are more than 80 integration files processed or produced by SAP.
- 1.8 The current SAP application has been in use in the council since 2004 and standard support from the vendor will end on 31st December 2027.
- 1.9 Recognising the potential impacts of a lack of support for such a key system post 2027 a working group chaired by the Director of Financial and Business Services, and supported by staff from across the impacted services, was established to consider options to protect ongoing services beyond 2027. After review, it was concluded that procuring and implementing a future proof and fully supported software solution before the end of SAP support in 2027 was the best way to secure future provision of the critical services currently supported by SAP.

- 1.10 In April 2023 the council engaged a Client-Side Advisor (CSA), Civiteq, to advise on best practice for procurement and implementation of modern ERP systems after a procurement under Lot 1 of the Scottish Government's Dynamic Purchasing System (DPS) for Digital Technology Systems.
- 1.11 Activities involving senior staff and subject matter experts from across the Council Family, supported by the CSA, resulted in the production of an Outline Business Case and detailed specifications of the functional and technical requirements from a replacement ERP system were developed.
- 1.12 The agreed approach identified 2 key procurements. Firstly, a software solution to provide the best functional and technical fit for the council and secondly, the identification of the most appropriate System Implementation (SI) partner to support the council to deliver the required data migration, integration and configuration activities.
- 1.13 In September 2024 a procurement for ERP software under Lot 1 of the Crown Commercial Services Framework Agreement for Back-Office Software commenced. On 27th February 2025 the Contracts and Property Committee agreed the award of the contract to Oracle Corporation UK Limited for their Oracle Cloud ERP solution, often referred to as Oracle Fusion.
- 1.14 In March 2025 a procurement for ERP SI under Lot 1 of Crown Commercial Services' (CCS) framework agreement for Software Design and Implementation Services commenced. On 12th June 2025 the Contracts and Property Committee agreed the award of the contract to Mastek Systems Company Limited.
- 1.15 The activities were originally envisaged in 3 distinct phases: Development, Prepare and Procure and Implementation. The Development and Prepare and Procure phases of the programme are now complete and the Implementation phase has begun. This report will highlight governance arrangements in place to manage delivery of required activities, project planning activity, delivery timelines and implementation approach.

2 Governance

- 2.1 Governance for the project has been developed using project and programme management techniques proven to be successful in other Local Government ERP programmes and in line with the Corporate Project Management Toolkit and the Corporate Governance Review of October 2023.
- 2.2 The governance model includes a Steering Group, a Coordination Group and a project team that manages and delivers the activities of the various workstreams required to deliver the ERP implementation. The 3 groups are supported by a Project Management Office (PMO). In addition, progress is reported regularly to the Financial Services Leadership Team (FSLT) and the 25/26 Internal Audit plan includes scrutiny of ERP Replacement activity as does the FASC work plan for the period August 2025 to June 2026.

- 2.3 The project sponsor is the Director of Financial and Business Services who chairs the ERP Replacement Steering Group. This group provides a strategic forum for the project sponsor to discuss key issues, risks and dependencies, program progress and budgetary position with senior stakeholders. The Heads of Audit and Inspection, Corporate Finance, Customer and Business Services, Digital Services, Human Resources and Corporate Procurement are also group members. The Steering Group is also supported by other council officers, the CSA, the software supplier and SI to bring technical or subject matter expertise as required.
- 2.4 The ERP Replacement Coordination Group provides a forum for discussion in relation to dependencies, risks and issues which face each of the operational workstreams involved in the delivery of the programme, review risks, scrutinise delivery strategies and jointly agree any escalations or new agenda items for the Steering Group. The Group is chaired by the Head of ERP Development and includes senior operational managers representing the impacted services including Audit and Inspection, Finance, Customer and Business Services, Digital Services, Human Resources and Legal and Administration functions as well as CSA, software supplier and SI input where required. The group is supported by workstream leads and other relevant specific subject matter expertise as required.
- 2.5 The ERP Replacement project team manages the activities of the 5 workstreams: Finance and Procurement, HR & Payroll, Reporting, Business Change and Technical. The project team is made up of subject matter experts from across the council. The team are supported by the CSA and work closely with the supplier and SI to ensure all project activities are aligned. This ensures the requirement for familiarity with council structures and process provided by council staff is blended with best practice in the implementation of ERP systems in local authorities throughout Scotland and the wider United Kingdom (UK).

3 Implementation approach, planning and timelines

- 3.1 The primary objective of the ERP Replacement project is to protect ongoing delivery of the services supported by current back-office software solution that reaches the end of support in 2027. This in turn supports Grand Challenge number 4 to enable staff to deliver essential services in a sustainable, innovative, and efficient way for our communities. In particular, this project will support:
- Mission 2: run an open and well governed Council
 - Mission 3: enable staff to deliver sustainable innovative Council structure that delivers value for money
- 3.2 The implementation approach has been developed to achieve this goal while maximising opportunities presented by the introduction of the new technology. It is anticipated these opportunities will include:

- Standardisation of process - adopting and innovating with cloud-hosted, best practice processes
 - Self Service - increasing user-friendly self-service from multiple devices as an enabler for service transformation and a digital workforce
 - Data and Insight - improving reporting and business intelligence to inform decision making
 - Automation and productivity - eliminating non-value adding activity
 - Single Source of Data - the automatic and timely exchange of single source (master) data and a reduction of integrations
- 3.3 The overall approach and plan to deliver the solution has been developed by the project team with support from the CSA, the software supplier and the SI to ensure best practice is identified and used to deliver the requirements.
- 3.4 The CSA (Civiteq) have worked with more than 40 councils at various stages of the ERP Replacement journey and have been embedded in the implementation of 13 council projects.
- 3.5 The software supplier (Oracle) has more than 40 UK councils using their ERP software, including 6 in Scotland, and more than 10,000 implementations across the world. Oracle have identified the council as a premium customer and assigned their Success Assurance team to independently support the council with advice and insights gained from that significant experience.
- 3.6 The SI (Mastek) has implemented more than 1,000 ERP systems, including in more than 30 councils across the UK. 4 of the 6 Oracle Cloud ERP implementations in Scottish councils in recent years have been delivered by Mastek.
- 3.7 To maximise the opportunities from the implementation and to minimise the potential for slippage in the plan the experience of the partners in the project has been used to identify lessons learned as well as best practice. This has been added to feedback received from multiple councils the project team have consulted over the duration of the project to date.
- 3.8 This has resulted in a plan that will deliver the system implementation in 2 Waves commencing in October 2025. Wave 1 is scheduled to deliver in April 2027 and include all Finance and HR transactional functionality. Wave 2 is scheduled to deliver the remaining Payroll functions in July 2027.
- 3.9 Experience from previous implementations suggests Payroll implementation can be the most challenging and unless the implementation is split in this way any Payroll issues can introduce delay in utilising functionality that is ready to be implemented in other areas. Integrations between SAP and Oracle would maintain system integrity on both solutions until the process is complete.
- 3.10 The plan will be delivered in 5 overlapping phases in line with the Mastek Glide approach which is consistent with the Oracle Cloud Standards and Civiteq programme delivery methodology. The phases are:

- Advisory (October 2025 to December 2025) – providing familiarisation with system functionality and best practice in the use of the Oracle solution
- Design (November 2025 to July 2026) – specification of the solution that will be configured to meet the council's requirements
- Orchestrate (March 2026 to September 2026) – Key User Training and System Integration Testing
- Prepare (May 2026 to April 2027) - User Acceptance Testing
- Transition (January 2027 – to September 2027) – final preparation and live running of the system

This is followed by a period of focused support, usually referred to as Hypercare, from Mastek. Oracle Success Assurance will continue to support through to the first quarterly upgrade. Thereafter management of the system will be handed over from the project team to business-as-usual activity. It is anticipated this will be complete by December 2027.

- 3.11 The plan is robust and has been validated through experience of the partners in the process. However, ERP Replacement programmes are complex and resource intensive undertakings, particularly in an organisation of the size scale of the council with a wide and diverse service offering.
- 3.12 To deliver the plan for the council will require a blended approach that will bring together appropriately skilled people from the council, the CSA, the software supplier and the SI as well as support from CGI. It is anticipated that at peaks times more than 120 people will be actively engaged across the partners to deliver the required activities.
- 3.13 The council resource required will fall into 3 categories. Firstly, up to 40 full-time and part-time specialist subject matter expert resources that will form part of the delivery team for the duration of the programme. Secondly, up to 40 staff familiar with current process and practice to provide short-term periodic support will be required at key phases such as system design workshops and user acceptance testing to ensure the system is configured and operates as expected. Thirdly, as the programme progresses and system processes start to take shape, a team of "Change Champions" will be required across the council to work with the programme to promote an effective transition and support staff through the early stages of using the new system.
- 3.14 Delivery quality will be monitored by achievement a series of 8 milestones and readiness to progress through the process is controlled by corresponding stage gates. Each milestone has pre-defined success criteria and each of the stages has pre-defined exit and entry criteria to ensure the council is ready to move from one stage to the next. The ERP Replacement Steering Group will review progress and confirm a milestone has been met and readiness to progress, or delay exit from one stage gate and entry to the next until the necessary criteria are met. The agreed milestones are noted at Appendix 1.

4 Policy and Resource Implications

Resource Implications:

Financial: The one-off costs of the implementation of £23 million are budgeted to be met from the Future of ICT approved capital budget. Recurring costs from the new system will be met from existing revenue budgets.

Legal: The report raises no new legal issues.

Personnel: As noted in the report.

Procurement: As noted in the report.

Council Strategic Plan: The contract will support Grand Challenge 4 in the council's Strategic Plan.

Equality and Socio-Economic Impacts:

Does the proposal support the Council's Equality Outcomes 2021-25 N/A

What are the potential equality impacts as a result of this report? N/A

Please highlight if the policy/proposal will help address socio economic disadvantage. N/A

Climate Impacts:

Does the proposal support any Climate Plan actions? Please specify: N/A

**Privacy and Data
Protection impacts:**

No data protection impacts identified.

5 Recommendations

- 5.1 It is recommended members note the content of the report.

Appendix 1

Milestones and Stage Gates

Milestone	Key deliverables	Planned Completion Date
Milestone 1: Mobilisation phase complete	• System solution design discovery documents completed • Project Plan agreed and baselined • Entry and exit criteria for each phases agreed	October 2025
Milestone 2: Advisory phase complete	• High-level advisory workshops complete • Data migration, integrations and training approaches agreed	December 2025
Milestone 3: System Design sign off	• Completion of the first two Data Migration test cycles • Solution Design sign-off	May 2026
Milestone 4: Orchestration phase complete	• Key User Training Manual complete and agreed • Delivery of Key User Training activity • System Integration Testing complete • Draft go-live plan agreed	September 2026
Milestone 5: User Acceptance Testing complete	• Data Migration test cycle 3 • User Acceptance Testing sign-off • Data Migration test cycle 4 • Wave 1 go-live plan agreed	February 2027

Milestone 6: Hypercare completion – Wave 1	• Data Migration 5 – Live system migration for Wave 1 • Go-live on Wave 1 functions • Hypercare for Wave 1 commences	June 2027
Milestone 7: Parallel Pay Run Completion	• Payroll test cycles 1, 2 and 3 complete • Wave 2 go-live plan agreed • Data Migration 6 – Live system migration for Wave 2	July 2027
Milestone 8: Hypercare and transition complete	• Go-live on Wave 2 – Payroll functions • 3 months of successful General Ledger and Period-end activity delivered • 3 months of successful payroll activity delivered • Hypercare activities delivered • Acceptance and project close report approved	September 2027