Response to Business Committee of the General Council Letter 'Suggested Issues for consideration by the University Court and Senior Leadership Team'

The University Senior Leadership Team is grateful for the letter received from the Business Committee of the General Council on learning the lessons from People and Money. The letter contained six clusters of suggested issues for consideration by the University Court and the Senior Leadership Team.

This document sets out the management response under the six headings in the letter (with the questions from the letter quoted in blue text) and any response from Court, where relevant, in italics.

1) **Governance by Court** - the PA Consulting report stresses several times that Court and its sub-committees were "involved in all key budgetary and programme approvals/decisions throughout the People and Money Programme, albeit at a level removed from the detail behind these decisions." Whilst it is clear from the report that there were deficiencies below the level of Court in project governance and decision making, it would be helpful in trying to rebuild staff and external stakeholder trust and confidence to know:
   a. whether Court will be issuing its own response to the PA Report?
   b. How will the lessons learned from experience to date be implemented in relation to Court's oversight of the "substantial outstanding and ongoing work" the PA Consulting report says still needs to be done to make People and Money deliver the benefits that were expected of it?
   c. how will the lessons learned from People and Money affect the way Court exercises oversight of other major change management programmes, either already underway or in prospect?

   a. *Court response: In December 2022 Court commissioned an External Review of the People and Money programme to help inform future decision-making and oversight of major change projects. The PA External Review of People and Money was then presented and discussed in detail in a special session for Court members on 4 December 2023 as well as being formally considered at the scheduled Court meeting held on the same day. Court agreed that the report produced by the independent consultants should be published in full. Court also noted that the Senior Leadership Team has given a commitment to implement all of the report's recommendations and agreed that this commitment should be communicated publicly, with details of implementation to be released in due course.*

   Court welcomed the PA report and is responding in 3 ways:
   - *publication of the full report;*
   - *taking oversight of the commitment received from Senior Leadership to implement the recommendations; and*
   - *ongoing review of progress with addressing the recommendations, via relevant committees.*

   b. University management have set out the roadmap of work that requires to be undertaken to deliver the next phase of work relating to our Finance and HR

processes underpinned by the People and Money system. The lessons learned from the PA External Review in relation to People and Money have been considered as part of the development and planning of the work. A refreshed governance model has been implemented as part of the roadmap which includes the establishment of 'The Finance & HR Process and System Implementation Board' (the Implementation Board) which, amongst other things, will have responsibility for the delivery of the Roadmap and monitoring the implementation of the lessons learned for the PA External Review which were directly related to People and Money, as well as taking into account the broader recommendations.

The Implementation Board reports into the University Initiatives Portfolio Board (UIPB), which, in turn, reports into University Executive. University management has established this new governance structure to provide oversight of major change initiatives, their interactions and dependencies and the institutional capacity for their successful delivery. As well as the wider responsibilities set out in its Terms of Reference and described later in this letter, the UIPB also has oversight of the implementation of all the recommendations accepted by management from the PA External Review.

Recognising that People and Money will continue to be a topic of interest to Policy and Resources Committee and Court, escalations would come through the UIPB to University Executive with material items reported to Court via the more appropriate of Policy & Resources Committee or Audit and Risk Committee, depending on the item.

c. As set out above, University management have established the new governance structure to provide oversight of major change initiatives and escalations would come through the UIPB to University Executive and then material items reporting to Court via the more appropriate of Policy & Resources Committee or Audit and Risk Committee depending on the item.

2) **Rebuilding Confidence and Trust** - the extent of distrust and the adverse human impact of the flawed implementation of People and Money confirmed by the PA Consulting report is a major challenge to the collective leadership of the University - Court, Senate, the Senior Leadership Team (led by the Principal), and General Council. Sustained efforts by all parties will be needed if this challenge is to be overcome successfully. We welcome the steps already announced by the Principal and Senior Leadership Team to foster greater visibility and transparency and look forward to seeing positive impact from those actions.

We hope that Court will also espouse and contribute to promoting this effort. The Business Committee is fortunate to have three fully engaged Assessors on the Court and we are most grateful for their oral reports to each Business Committee, although their reports are restricted to open items only, whereas reports to Court on People and Money and other major change projects have been closed agenda items.

While we understand that some matters must remain confidential, we do not believe the high level of confidentiality surrounding many reports presented to Court and the long delays which have been experienced before the minutes or papers appear on the University website are conducive to rebuilding trust and confidence.

This leads us to ask if Court will require and monitor the impact of a full programme of regular engagement at all levels and publish regular feedback on progress in rebuilding confidence and trust throughout the University?

Court response: Court benefits greatly from the independent perspective provided by the three General Council Assessors and, as with all positions on the Court with a stakeholder link, they receive full access to commercially sensitive papers on the basis that they respect the confidentiality of the material and of the discussions at Court and bear this in mind when providing any updates outside of the Court membership. The Court secretariat believes that we publish more information on Court business than any peer institution in the UK, including publishing the full report of the external review. As with any similar organisation, this does not extend to commercially sensitive matters. There has been a small backlog in publishing Court minutes, agendas and open papers and this is being prioritised by the Court secretariat. Court and its relevant committees will continue to be updated on the People and Money System as appropriate via the escalation process set out above and its discussions minuted and published in due course.

On the programme of engagement, members of the Senior Leadership Team have embarked on a series of in-person and virtual open meetings around the University campuses, which have been well received. These will continue.

3) **Further work required to make People and Money fit for purpose –** We note that the PA report does not address the key issue of whether the Oracle system used for People and Money was suitable for a highly devolved institution like Edinburgh University. The Report says there have been other reviews and feedback exercises during the project which have been provided to Court. Did these address this issue of suitability?

   Given the present situation and the insights that the PA Consulting Report has provided, does Court itself intend to seek further external independent advice to assist its ongoing governance of the remaining stages of the People and Money project?

   Regarding the next phase of work on People and Money, we look forward to seeing the roadmap referred to in the PA report and which the Senior Leadership Team in its response said would be available in February. Relevant to the development of this, we hope this will clarify:
   a. What the scope and the strategy for the next phase of work will be. (For example, will the primary focus continue to be on system implementation or will the focus revert to the original aim of organisational transformation?)
   b. Based on the outcome of a) above, what further modifications or systems changes still need to be made?
   c. How long will these take? Clear timescales and outputs by which to chart the progress being made will greatly help to restore confidence.

The PA report does make reference to reviews and feedback exercises that were undertaken during the lifecycle of the People and Money Programme – including two external advisor reviews, audit and gateway review activity. These have not addressed the issues of suitability as set out in this letter – i.e., whether the Oracle system is suitable for a highly devolved institution like Edinburgh University. However, these reviews have not suggested that it is a critical issue for management to consider and we are aware that the Oracle system(s) operate in universities and in thousands of different organisations across the world. To summarise the two reviews referred to:

- In September/October 2021 the Principal asked Professor Anthony Finkelstein (current Vice-Chancellor at City University, an academic specialist in system change of this order and author of an instructive and hard-hitting review of systems implementation at the University of Cambridge) to provide insights which were incorporated into planning at that stage, and in addition reviewed relevant documentation and provided an initial review providing further focussed advice to the Senior Responsible Officer and the rest of the Senior Leadership Team. This advice was also shared with the Enactment Group at the time.

- In February/March 2023 the Principal asked Robert Fraser (former Director of Finance at two Russell Group Universities as well as industry experience relevant to systems implementation) to provide insights which were relevant to the post implementation work. 12 recommendations were received in April 2023 and presented at University Court that month. 7 of the recommendations related directly to People and Money and work we needed to undertake, with others set out as broader recommendations the University Senior Leadership should consider.

It is intended that an external member will be appointed to the University Initiatives Portfolio Board, which will give external input into all change initiatives under the Board, including People and Money.

In answer to the questions in this section:

a. The Finance and HR process document - which was presented to University Executive in February 2024, Policy & Resources Committee in March 2024 and Court in April 2024 - sets out the roadmap for our key Finance, Procurement, Payroll and HR processes and a prioritised set of activities that need to be undertaken to deliver these: the approach to engagement, training and support; reporting; outcomes from impact assessments; governance; risks; issues and assumptions; and forecast/estimated resourcing requirements.

The Senior Leadership Team welcomed and accepted the recommendations arising from the People and Money external review conducted by PA Consulting and shared this with colleagues through an all-staff communication on 7 December 2023.

As well as the broader recommendations on future change programmes, the report set out specific recommendations for People and Money, which are reflected in the roadmap. The headings in the report covered: addressing the division felt within the University and building trust; placing greater focus and emphasis on change management; validating organisational and process design and embedding new ways of working; outlining a clear strategy and approach; presenting a single integrated roadmap and plan to co-ordinate and prioritise; scoping well and securing sufficient funding establishing clear and effective governance; system integration, data and reporting.

The focus of the roadmap, and the governance model, starts with the end-to-end business process, engagement and support, rather than the system itself, with the intention of fully embedding the processes and organisational design. This is important, given the focus of your letter on the Oracle system. We have taken this approach because our key processes are in different states of maturity and the actions set out in the roadmap will reflect that not all actions require systems work. This focus aligns with one of our Strategic Performance Indicators and our intention as set out in Strategy 2030 'to have more user-friendly processes and efficient systems to support our work'.

The roadmap is broken down into several key areas:
- A shared view of standard practice understood within and across our business units;
- Continued improvement of finance processes underpinning our research grants/projects;
- Improve processes and use of system across key financial planning and operational areas;
- Ongoing enhancements to our processes for making payments to stakeholders (through purchase to pay and/or non-trade processes);
- Continuous improvement that improves our overall financial controls and smaller scale enhancements and integrations and capacity;
- Additional capacity to support continuous improvement in our HR processes; and,
- Financial approvals.

b. As set out above the focus of the roadmap starts with the end-to-end process, rather than the system itself. There are several areas where we are planning for system modification and changes to be undertake. A few of these have been highlighted below:
- One of our priorities to enhance the support for our research finance processes is to start and deliver a project which will enhance the Research

Salary Management processes. This project will involve system changes to help integrate the payroll and the project areas of the system.

- We will make changes to the way that we distribute General Ledger reports to colleagues outside Finance. This change may require some system modifications and changes.

- We will implement system workflows and approvals for four processes in accounts payable and two in accounts receivable.

- There will be a series of smaller technical changes to support improvements to our business processes as identified through our work.

- There is one final area which relates to work the University may decide to undertake which would effect changes to the financial approval structure within the system. This would be a complex change and, consequently, a three-step approach has been recommended: step 1 being an organisational design proof of concept to test whether the proposed changes can be applied in a consistent way across the organisation before any decision to move onto step 2: a system/technical proof of concept before any decision to move onto step 3: a full rollout.

c. The scope of the work, the inter-dependencies, the system underpinning the processes, and the structure of the University mean that this remains a complex and challenging set of deliverables to resource, plan and incorporate into a roadmap.

The PA review has made several recommendations relating to improved planning, prioritisation and co-ordination; that sufficient resourcing should not be under-estimated and needs to be planned in plenty of time, from both internal and external perspectives; and scope and security or resource. The lessons learned are being implemented and that will mean ongoing improvement in the estimation and forecasting of the individual elements in addition to the appropriate project/programme controls being implemented through the new Implementation Board and the Universities Initiatives Portfolio Board.

We have set a planning horizon of two years and the financial estimates align with this, recognising that some of our work will be effective in a shorter time – this will emerge as we break this down into specific area of focus and the specific deliverable project/work that needs to be undertaken.

d. The anticipated costs have been reflected in planning round submissions.

e. We understand the recommendation in the PA report sets out that 'greater external support from a transformation partner should be considered for the most significant change programmes (where appropriate)' rather than setting out that we should specifically engage with external support for the next phase of work of the roadmap. We will continue to need technical support from an implementation partner for specific targeted work which involves system enhancement, and we will look externally in some areas where we are unable to deliver the required capacity to undertake work.

The 'external advisor' referred to in the Senior Leadership Team's response was Robert Fraser (covered above).

4) **Strategy and Planning** – Looking ahead, how does Court now plan to regulate the number of major change projects which are undertaken at any one time and the interaction between them? This is particularly important in a complex and highly diversified organisation like Edinburgh University.

   In relation to approved priority projects, the PA Report indicated that the following are crucial to their successful delivery:
   - sufficient, realistic resourcing from inception to final delivery.
   - careful planning with realistic timetabling of key milestones.
   - user-focused communication to ensure understanding and buy-in to projects through emphasis on end-user benefits, not just greater central management control.
   - clear mechanisms for staff feedback and constructive comment to be taken into account as the project specification is developed.
   - respectful, timely and sufficient training and support for staff prior to, during and post implementation.
   - realistic and timely reporting to Court of programme progress, issues and risk management.
   What actions is Court taking to ensure that these requirements are met in future?

   The Senior Leadership Team welcomed and accepted the recommendations arising from the PA External Review of People and Money. The recommendations and subsequent management actions will be aligned to and the delivery monitored through the University Initiatives Portfolio Board.

5) **University Initiatives Programme Board.** Like many others, we are keen to know more about how this new Board (referred to in the Senior Leadership Team's response to the PA report) will operate. For example:
   - What are its terms of reference?
   - Who will determine the membership - will this be purely internal or include independent members? Will the relevant skill sets for managing change and programme implementation be part of the process for determining its membership?
   - What will be its reporting arrangements?
   - How will Court exercise governance and ensure the Board's transparency?

   The University Initiatives Portfolio Board has now been established and the Terms of Reference and membership are published here. The UIPB reports into the University Executive. Financial approval and governance oversight remains with the Policy and Resources Committee, Knowledge Strategy Committee, Estates Committee and University Court as per the Delegated Authority Schedule and Terms of References of these committees as appropriate.

The Terms of Reference set out that the UIPB is responsible for making recommendations to the University Executive which will support Executive in making decisions which progress the delivery of initiatives to enable the realisation of strategic objectives. The UIPB will provide collective oversight of approved programmes/projects and the pipeline of new initiatives, with a focus on prioritisation, monitoring, and evaluation of the portfolio. It will:

- Make recommendations regarding the prioritisation and sequencing of University Initiatives programmes/project milestones and deliverables;
- Consider organisational capacity – in terms of expertise and level of resource – to engage with and embed an initiative as a critical factor of success;
- Provide a critical forum for two-way dialogue between the individual programme/project sponsor and those responsible for considering wider university position, provide improved visibility of priorities leading to a better understanding of what we are doing and why.

The criteria applying to programmes and projects to be included in the UIPB portfolio are contained within the Terms of Reference. The programme currently included in the Portfolio are: Curriculum Transformation, Growing Research Together, People and Money Roadmap 2024-26; and Student Support.

The UIPB has met three times now: in January 2024 a welcome and induction meeting was held, during which the Chair expressed sincere appreciation and gratitude to the members for their enthusiasm and commitment to joining UIPB and the positive response from members to promoting future change. In addition, the UIPB: endorsed the Terms of Reference and agreed it would be useful to review these after a six month period to provide an opportunity to reflect on the first period for business; spent time discussing some of the key background material including the work undertaken during an internal review of strategic change and continuous improvement and the PA External review of People and Money and the relevant recommendations; and provided space for programme sponsors to introduce the programmes/projects in scope and to set out what they are seeking to achieve, why, whom this is going to impact, how they expect the work to be achieved, and by when.

Through the review of strategic change and continuous improvement there was agreement that we should adopt the globally recognised PROSCI approach for change management. The UIPB Board held a facilitated session on PROSCI on 22 February 2024 and this will be rolled out across the other programme and project board and the programme and project teams.

The March 2024 meeting represented the first standard meeting of business for the UIPB. To support this, a standard data reporting pack was developed to drive consistency across all programmes/projects. The data pack will mature over time to support a holistic approach – including the technical elements of change (policy, process, systems, structures etc), as well as the critical people and leadership elements.

The membership has been established following discussion at the University Executive and subsequent engagement with the Senior Leadership Team and we have a wide range

of skills and experience on the UIPB which includes relevant skills for managing change and programme implementation. We do have room on the UIPB for an external change specialist to be appointed and that action remains outstanding as we consider the most effective way to establish this.

6) **Communications and Engagement** - we welcome the Senior Leadership Team's recognition in its response to the PA report that the development of an integrated communication and engagement plan as part of a clear road map for the remaining phases of the implementation of People and Money is essential. We are concerned that both internal and external communications should be covered by this engagement plan.

   The negative internal and external impact of the implementation of People and Money has generated adverse publicity outside as well as inside the University. The University's external communications can unfortunately often appear defensive and reactive. A proactive stance will be necessary if the damage done to the University's reputation is to be repaired.

   General Council alumni in particular are a key part of the University's external stakeholders – almost 10% of the population of Edinburgh, for example, are General Council members. What measures will be taken to inform – including helping the General Council office to inform - General Council members and others of developments, so that they do not rely solely for information on negative stories in the media and social media?

   Internally, as the Senior Leadership Team has acknowledged, there needs to be increased emphasis on greater openness, more explanation and more evident listening and responding to feedback. Visibility of, and accessibility to, the University's Senior Leadership will be vital in this process. How does Court intend to monitor the progress of (and, no doubt, the further challenges that) this process of greater engagement will reveal?

A comprehensive approach and plan are being developed for the HR and Finance plan, in line with the new approach to change and communications which has been established as part of the review of strategic change and continuous improvement.

The initial focus will be on communication of the work that has already been approved as well as the focus on the areas set out in the rest of the roadmap. Where we have timelines, and as other timelines are confirmed, we will communicate these. Ongoing communications will be part of the engagement, support and training delivered through the roadmap activity and the new governance groups have a particular responsibility in this area. The tactical communications we set out will include plans for direct engagement sessions and we will be clear in our messaging how we will keep people updated as decisions on the roadmap are made and the subsequent work delivered.

The communications plan will combine largely targeted messages to impacted staff with broader messages aimed at providing reassurance and building trust. It will demonstrate how we are embedding the recommendations from the People and Money External Review and the work from our internal review of strategic change and continuous

improvement. Managing expectations will be a key part of the messaging, as we seek to avoid promising something we later cannot deliver.

The communications plan will set out audience groups, key messages, recommended tactics and evaluation. An ongoing timeline on communications will be developed to ensure the correct messaging is being delivered at the right time, which will support a coordinated plan of engagement to ensure that we provide opportunities to listen to staff, give updated on progress, and make changes based on feedback.

Court response: Court will continue to review updates from management on the People and Money System and other strategic change projects as escalated through the process described above, including the communication of these, with close reference to findings of the external review.