

Report to: **Cabinet**

Date: **9 March 2004**

By: **Deputy Chief Executive and Director of Corporate Resources**

Title of report: **Core Back Office Systems Solution (CBOSS) Update**

Purpose of report: **To update Cabinet on progress with the exit of ITEX contract and implementation of CBOSS - Core Back Office Systems Solution**

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**RECOMMENDATIONS – The Cabinet is recommended to note the report.**

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**1. Financial Appraisal**

1.1 There are no new direct financial implications arising from this report.

**2. Supporting Information**

Background

2.1 The Cabinet, at its meeting on 19 November 2003 approved the award of the CBOSS contract to ITNET with the contract period being 7 years with a 2 year extension option. This contract replaces the ITEX contract with Fujitsu.

2.2 The transition plan adopted by ITNET has three key stages:

- transfer legacy core systems and services from the ITEX contract by 31 March 2004 to ITNET who will continue to provide these services until CBOSS is successfully implemented;
- Implement Core elements of CBOSS (including new general ledger) on the new SAP software by 31 July 2004;
- Implement remaining CBOSS core services (payroll, procurement etc) on SAP in October 2004.

2.3 The scope of the CBOSS contract includes managed services (pensions, payroll, debtors and creditors) as well as managed systems. It will provide an opportunity for schools to use the same systems as the rest of the County Council. The systems and services provided by the new contract will have huge strategic and operational importance across the Council. On a strategic level the use of the integrated SAP software instead of many separate systems will provide both the base and “building block” opportunities for much of the E gov agenda which are essential for a modern efficient local authority. Operationally this will deliver major benefits in terms of integrated business processes, the elimination of interfaces and data duplication, and far less manual reconciliation. There will be increased

efficiencies in many areas and management information will be vastly improved. In short; a 'step change' to a modern resource management platform for the County Council.

### **3 The Project Timetable and Progress Report.**

3.1 The key stages of the project remaining are:

- Blueprint – Jan/Feb 2004
- Realisation (build) – March thru July 2004
- End user training – July/September 2004
- Go live – October 2004

The key milestones of the implementation programme are set out in Appendix A. This timetable is extremely tight but is currently being achieved.

#### Programme Management

3.2 During December 2003 and January 2004 there has been a series of staff appointments to fulfil the demands of the CBOSS programme (these are all fixed term appointments). The key areas have been;

- Training manager and training team – this team will undertake various training needs analysis and develop training courses and material as necessary. They will also be responsible for undertaking the core SAP training for each business area. The first tranche of training is likely to cover 500 system users.
- Project support officers – these are necessary to support each business area, for example data cleansing, data migration and end user testing;
- Programme office support – these are required for specialist tasks such as developing and maintaining detailed project plans and risk logs for each business area, and for ensuring the logistics of the work schedule are well planned and managed.

#### Update upon exit of ITEX contract

3.3 In December 2003 the Council served notice on Fujitsu that it would cease the core systems and services with effect 31 March 2004. To manage the exit effectively an exit Group was formed consisting of senior managers from Fujitsu/Liberata/ITNET and the Council. This group has an agreed protocol and meets fortnightly to monitor progress and adherence to the project plan.

3.4 There were some initial difficulties about access to key data and personnel, this was resolved in January and there is now an open accord in place. ITNET are meeting with the personnel identified on the Fujitsu and Liberata TUPE transfer lists, the meetings cover knowledge transfer and any issues the individual may have about their personal circumstances. Feedback is showing that these meetings are being professionally handled and ITNET are being held in high regard by Fujitsu and Liberata staff for their honest and open approach.

3.5 In January ITNET undertook the first test data transfer of core systems data from the Fujitsu mainframe in Feltham to the ITNET mainframe in Birmingham. There have been some initial teething problems but no major issues arising. There is a further system transfer planned for weekend 21-22 February and there will be a final cutover transfer on weekend 20-21 March. ITNET will operate the 'managed service' element of CBOSS from offices in Uckfield (and it has been agreed that Liberata staff will be based in Uckfield from 22 March even though they will not become ITNET employees until 1 April). Implementation of the necessary infrastructure is on schedule and where appropriate assets have been procured from the existing contractors. Indications are that the timetable for ITNET operating legacy services as of 1 April 2004 will be met. Risk management arrangements are in place in case of problems – see paragraph 4 later.

#### Update on implementation of CBOSS

3.6 Since 5 January the CBOSS team and departmental representatives have been heavily engaged in attending 'Blueprinting' workshops. Cabinet will recall that these workshops are critical as they define the new business processes and the way the SAP software is implemented. At the time of writing there have been 52 workshops held and a further 32 are scheduled to be completed by the end of February (each one is attended by up to 12 selected staff). The intensity of this 'blueprinting' workload is placing a significant demand upon the individuals involved and this is heightened as most staff have also retained their normal responsibilities and workload. Previous CBOSS reports highlighted the need for key individuals to be released for this work and that this would no doubt cause disruption in departments but is necessary if the desired outcome is to be achieved. Thanks are due to both blueprinters and their colleagues and to Departmental Management Teams who have enabled the key staff to be released for this work. This pressure will not diminish as the programme moves into other phases after March and maintaining the level of resource support will be essential.

3.7 The bullet points below show what can be expected during the next 18 months.

- Mid March – sign off blueprint.
- Short-term: (first six months). CBOSS will begin to be implemented from 1 July 2004. At this stage the priority will be to ensure that the main business systems operate effectively so we can pay staff the right salary on time, budgets are correct and that income the Council is owed can be collected and our suppliers are correctly paid. Therefore staff who are directly involved with current systems such as MAGPI (HR), UNIPAY (Payroll), LAFIS (Finance) and purchasing will be given training and have access to the SAP system first. All budget managers should anticipate training and access to the SAP system starting during this phase.
- Medium-term: Access will be rolled out across the Council. Many staff will be able to access and update their own personal data (an example of 'employee self-service') and begin to experience the benefits of more automated business processes such as requesting annual leave (an example of 'work flow'). During

this period many more users will benefit from the new integrated system. It will be during this period that the schools' roll out will commence.

### Progress – Update on external customers

3.8 A table showing the external customers for the CBOSS contract, the services they will use and any comments is set out below:

<b>Organisation</b>	<b>Services required</b>	<b>Comment</b>
Fire and Rescue Service	All services except HR for which they will retain use of their existing system	Likely to create additional work for F&RS to maintain their elements of the system.
Magistrates Courts	All systems and services	There should be a new national system implemented in April 2005 therefore their stay on CBOSS should only be for 9 months – logistically 2004/05 will be a difficult year for them.
Careers Service	Payroll only	No operational problems envisaged
VI Form Colleges <ul style="list-style-type: none"> <li>• BASVIC College</li> <li>• Varndean College</li> <li>• Bexhill College</li> </ul>	Payroll only	No operational problems envisaged

## **4. Communications and Change Management**

4.1 In support of the overall CBOSS project plan, specific plans covering communications and change management have been prepared and approved by the Project Board and shared with departments via Departmental Coordinators.

The emphasis to date has been given to raising the general profile of the project and sharing its importance and potential impact with the whole workforce. This has been achieved through:

- the introduction of the CBOSS Newsletter - four have been issued to date with a targeted Newsletter for schools;
- Team Briefing articles;
- a range of departmental briefings - to date these have taken place in CRD and the Chief Executive's department and will be on-going during the life of the project;
- two corporate Question and Answer sessions - 11 February, 12.00 pm - 2.00pm, County Hall and 3 March, 12.00pm - 2.00pm at St Mary's House, Eastbourne;
- on-going briefings with recognised trade unions;

- Departmental Co-ordinators providing monthly updates to senior and departmental management teams;
- Pages on the Intranet and Ezone sites.

4.2 CBOSS is a key part of the wider transformational agenda to deliver a high performing, integrated and agile Council. This is about new ways of working, not just IT systems, which will be delivered in conjunction with the Director of Personnel and Change Management and his team "People and Change Management Team" - (PACT). Work is in progress to establish what needs to be done to align the change management activities emerging from the project in a co-ordinated way that supports the Council's overall change agenda. During the current blueprinting phase, those involved are undertaking work to establish new businesses processes and at the same time identifying:

- what resource plan will be required to support the new ways of working;
- which posts and how will they affected by these changes;
- what changes in roles and responsibilities will be required;and
- how will these changes impact operationally on departments and the Council overall.

## **5. Risk Management**

5.1 A programme the size of CBOSS always carries risks. These risks are being managed in the following ways:

5.2 Within the programme office there is a formal mechanism for trapping and recording risks and issues raised by team members. Where these can not be resolved within the immediate work area they are escalated to the programme office. If the programme office can not resolve then they are reported to the Steering Group which meets every week and is chaired by the project director. Major risks are escalated to the Project Board.

5.3 The project plan and 'risks and issues' log are evolving documents which are jointly managed by the programme office and ITNET. As well as the Councils' project Board there is also a Joint Partnership Board comprising representatives of both ITNET and the County Council and chaired by the Deputy Chief Executive and Director of Corporate Resources. The Partnership Board meets monthly to manage any strategic issues which could impact upon the programmes success. An extract of the current risk and issues log is shown in Appendix B.

5.4 Internal Audit and External Audit are engaged in the programme and there are regular meetings between the Project Director and Auditors. Internal Audit is providing assurance to the project Board upon progress and are currently focusing efforts upon risks associated with key controls and how the new users' roles and responsibilities will be deployed. To assist this Internal audit has developed a control risks matrix for all stream owners to complete. All outputs from 'blueprinting' are openly accessible to internal audit and members of the programme are actively encouraged to raise issues with internal audit. Work with the district auditor is focussing on how the audit requirements of 2004/05 can be effectively managed

with no loss of assurance. Both internal and external audit are also assessing the controls to ensure complete and secure data migration – initially from Fujitsu to ITNET and then from existing systems to SAP.

## **6. Efficiency and other savings**

6.1 Cabinet will remember that efficiency savings of £300,000 per annum (from 2005/06) were identified when the contract was let and these have been included in the Council's medium term financial plans. These savings were largely based on some early 'benefit realisation' work undertaken jointly with ITNET looking at process improvements which would result from changes in the way in which HR and Payroll are administered.

6.2 The blueprinting work which is currently underway is designing the Council's new business processes across other work areas (e.g. finance and procurement). As expected, the integrated business processes of SAP will enable staff efficiency savings to be made in these areas too – there will also be savings through using the management information about Council purchasing to secure purchase savings and additional discounts.

6.3 Work on identifying these business efficiency savings, their value and phasing is continuing and will be reported to Cabinet. There will also be some additional costs related to the ongoing management of the system.

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## **BACKGROUND DOCUMENTS**

Cabinet reports December 2001 - June 2002 - September 2002 - December 2002 – March 2003 – June 2003.