Taunton Deane Borough Council

Executive – 13 July 2011

Task and Finish Review into the Systems, Applications and Products (SAP) Computer System

Report of the Chairman Councillor Alan Wedderkopp
(This matter is the responsibility of Executive Councillor John Williams)

1.   Executive Summary

Taunton Deane Borough Council, Somerset County Council (SCC), Avon and Somerset Constabulary and IBM launched Southwest One, a joint venture company, in 2007. One of Southwest One's Projects was to introduce the SAP computer system across the partnership to drive efficiencies in procurement and working practices and promote new ways of working.

Although some elements of SAP have run with no issues since go live such as the Payroll function and The CRM Website. 'Teething problems' in other functions have continued since go-live 19 months ago.

The Task and Finish Review Group was set up to investigate the impact SAP has had particularly on Taunton Deane Borough Council and its customers.

Input was invited from staff, customers, suppliers and the other SW1 partners.

The Group met on six occasions and took information from wide variety of sources to gain an understanding of how SAP should work and the problems which have been encountered by staff and customers since the system went live.

Members would also like to thank staff for their patience, perseverance and for the way they have kept their services running during a difficult
period to ensure minimum disruption to Council Services to the public.

The report was submitted to the Corporate Scrutiny Committee on 28 April 2011 and all of the recommendations were supported.

The Executive should deal with the Task and Finish report and the recommendations as follows:-

1.1 Consider the report and its recommendations, and decide which, if any, of the recommendations it wishes to adopt.

1.2 If the Executive agrees to adopt any of the recommendations of the review, it should state who will be responsible for delivering each of the adopted recommendations.

1.3 If the Executive decides **not** to adopt any of the recommendations, it must specifically state why, as prescribed by the Local Government Act 2007.

2. Membership of the Review

2.1 Members of the review were:

- Councillor A Wedderkopp (Chairman)
- Councillor Farbahi
- Former Councillor Mrs Wilson
- Councillor Mrs Stock-Williams
- Former Councillor Thorne
- Councillor Mrs Allgrove
- Former Councillor Stuart-Thorn.

3. Background

3.1 The SAP Back Office Processes (BOP) went live on 1st April 2009 with the Finance, Payroll and Procurement elements of the system. Somerset County Council went live with Finance and procurement, choosing to delay the HR launch as they had legitimate concerns that the system was not ready for HR go-Live. Avon and Somerset Constabulary went live with some functions in 2009, with the remaining functions going live later in the financial year.

4. Terms of Reference

4.1 The SAP Task and Finish Review was proposed and approved at the Corporate Scrutiny Committee on 15 April 2010. The Committee proposed the following terms of reference:

1. The Group would focus on analysing the impact of SAP on customers, staff, financial and other processes and controls;
2. The Group would also investigate the impact on suppliers of goods and services;
3. The Group would look at the effect on arms length organisations such as the DLO, Project Taunton, Tone Leisure and the South West Audit Partnership (SWAP) and;
4. Independent support and assistance would be provided by SWAP.

4.2 The Terms of Reference were agreed by the Group with no amendments.

5. Initial Investigations

52 It was made clear at the outset that this investigation was not about criticising SAP, but about understanding the system, why there had been problems and learning lessons for the future

5.3 A staff Survey had been conducted in January and February 2010. The Survey was not specifically about SAP but to gauge the staff reaction to wider issues being felt at the time. There was however, a general

consensus that the implementation of SAP had adversely affected staff morale.

5.4   The Client Team, partly in recognition of the ongoing problems being experienced by some system users, had undertaken a re-launch programme aimed at Taunton Deane Core Council staff.   SW1 staff were not included in the re-launch and instructions for use of the system differ in places to those of Core Council Staff. For example Core Council staff have been instructed not to use the HR leave function until further notice. SW1 staff have been instructed to continue to use this function. There is some concern that this sort of practice does create a divide between retained and seconded employees.

5.5   However, Members felt it was important not to distinguish between retained and seconded staff, but rather to look at the level of usage required by a member of staff.

6.   Impact of SAP BOP on customers, staff, financial and other processes and controls.

6.1   Councillors sought the input of staff by arranging to meet with them individually or in small groups. Most of the staff wished to remain anonymous.

6.2   Impact on staff was considered in two ways. Staff that were directly affected as SAP had replaced the previous primary operating systems; and staff indirectly affected but reliant on those services.

6.3   The feedback from staff was that the e-learning was inadequate and there was not enough support from system experts and floorwalkers following go-live, despite assurances from the Project Team that there would be.   The learning curve was far steeper than anticipated.

6.4   The Super Users did not receive the additional training initially promised by the Project Team and were therefore unable to assist their colleagues as had been intended during the go-live transition.

6.5   Some of the new SAP Champions still do not feel confident in their knowledge of the system to advise their colleagues.

6.6   In some areas staff are still struggling with the system. It was interesting to note the contents of two reports which were written for Manchester City Council's Overview and Scrutiny Committee in 2006 and 2010. The reports detail Manchester City's experience with implementing SAP which was remarkably similar to Taunton Deane's experience to date. It should be noted that Manchester City were not working with IBM. The reports can be found using the links below.

http://www.manchester.gov.uk/egov_downloads/report04_41_.pdf

It is not known if the information in these reports would have been available to the Project Team and Programmers prior to the launch of SAP and if it could have been used to prevent some of the problems experienced.

6.7   The Client Team have received positive feedback from staff about the re-launch and are confident that training has been delivered to those staff that needed it, particularly the SAP Champions so that they are equipped to assist. The HR functions that are not currently being used are not considered to be a priority as suitable work-arounds are in place. It has been acknowledged that a lack of training had been a key element in preventing a successful launch in April 2009.

6.8   A representative from SCC reported very similar experiences to Taunton Deane with regards to the Finance and Procurement elements of the system. There had been problems with duplicate payments, a rise in debt, cost of staff time trying to minimise adverse impacts and the damage to the reputations of the partners and Southwest One.

6.9   A member of the Southwest One Finance Team reported that they had not advocated the go-live in April 2009 and that they had foreseen many of the problems. A six month delay would have allowed for further testing and training. Although when the system functions correctly and staff have been fully trained it is a far superior system that the previous ones used. Debt has now been reduced and prompt invoicing has meant faster payment. The controls are now much tighter with the three way matching for example. However, the cost to staff morale and confidence should be noted and not underestimated.

7.   Impact on suppliers of goods and services

7.1   The Town Centre Management Company, The Taunton Chamber of Commerce and local businesses were invited to feed back their experiences to the group. However, only the Town Centre Management Company provided feedback.

7.2   In the six months after go-live in April 2009 the Town Centre Management Company received negative feedback from traders about Taunton Deane Borough Council's ability to make payments. However, there has been no negative feedback in the last six months.

7.3   The Company purchases services from Taunton Deane such as payroll and cleaning. There was a significant delay in the Company being invoiced for these services.

8.   Impact on the DLO

8.1 The DLO had recently had new computers. However, they were not compatible with SAP so further expense was incurred purchasing replacements.

8.2 There were significant problems with interfacing with the COSY system after go-live

8.3 Some DLO Staff still did not feel confident using the system and had not found work arounds to always be successful. However, they recognised that the system had the potential and capacity to work very well.

8.4 Invoicing is still proving problematic for the DLO.

9. SAP Customer Relationship Management (CRM) & Websites

9.1 In contrast to SAP BOP the SAP CRM go-live was a success.

9.2 The success was attributed to the fact that it was run as a separate arms length project and that Customer Services were heavily involved with the IBM Programme Team and had a vested interest.

9.3 It had been recognised that there was not enough close involvement with users and programmers prior to release 1.

9.4 Feedback from Customer Services staff confirmed that for the most part SAP CRM was a huge improvement on the previous system and worked well.

10. Lessons Learned

10.1 After the initial experience, Taunton Deane and SCC have worked together to put together a 'no go' checklist in order to produce evidence if it was believed a launch should be delayed. Such a list was used to delay the launch of CRM by one week.

10.2 SCC also used a no-go checklist to delay the launch of Payroll and HR by a month.

10.3 Delaying the launch of CRM and Payroll and HR at SCC had avoided major problems such as those seen with the Finance Procurement launches.

11. Recommendations

11.1 In the future other Local Authorities may join the partnership or approach Southwest One to deliver services. In these circumstances

SAP would be launched again and the group felt very strongly that Southwest One should build on the experiences and knowledge gained throughout the project, to avoid issues arising again.

11.2   The Group made the following recommendations:-

(1) A phased approach should be taken, to ensure that individual elements were satisfactorily embedded before other aspects are launched;

(2) There should be adequate involvement by service users in the development of systems;

(3) Pilot schemes should be undertaken to identify key impacts and to ensure that training is focussed and effective;

(4) Future training for other than the most basic elements of the system should be delivered in a workshop fashion; Clear structure and governance should be put in place for managing and agreeing changes amongst all partners and; A realistic plan should be put in place for future ventures to be properly project managed; and

(5) Change Managers should be appointed and remain in post for the duration of the project.

Contact: Richard Bryant
            Democratic Services Manager
            01823 356414
            r.bryant@tauntondeane.gov.uk