



City of Westminster

Audit and Performance Committee

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Title:	Hampshire County Council Partnership and BT Managed Services Exit
Report of:	John Quinn
Cabinet Member Portfolio	Cabinet Member for Finance, Property and Regeneration
Wards Involved:	All
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1. Executive Summary

- 1.1 The purpose of this report is to update the Audit and Performance Committee on:
- The exit from the existing BT Managed Services Contract.
 - The transition to the Hampshire IBC Solution.
 - Any matters arising.

2. Background

- 2.1 In November 2017 the Cabinet approved the recommendation that WCC, together with RBKC should join the Hampshire Partnership as a replacement for the BT Managed Services through a sovereign Deed of Accession. The Cabinet also agreed the procurement of additional services and systems, including an Income Management System and file transformation middleware to supplement the Hampshire solution. Deloitte were appointed as the primary implementation partner. They are contracted by the Hampshire Partnership
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but then charged back to WCC and RBKC as part of the implementation costs.

- 2.2 The documentation to admit WCC into the Hampshire Partnership was completed in early January 2018 and work commenced soon after with an intended Go Live date of 01/10/18.
 - 2.3 Whilst the initial implementation plan and business case assumed a Go Live date of 01/10/18, it was recognised that this was a challenging timetable and would require constant monitoring.
 - 2.4 As part of the 2017 settlement with BT, WCC and RBKC have agreed that they will not extend the managed services contract beyond its May 2019 termination date and further agreed that they would give BT 3 months' notice if they wished to terminate prior to 31/05/19.
 - 2.5 BT has told the Councils that it is withdrawing from the managed services market place and is closing down all of its contracts of this nature. It is, therefore, very likely that when the contract with the three Councils ends, the shared service centres in South Tyneside through which the current service is delivered will be closed. The Council is aware that there is a significant risk that services will deteriorate as we approach the end of the contract, particularly as staff leave the service centre to take up new employment.
 - 2.6 Both WCC and RBKC are currently utilising Agresso version 4.7. Technical support for this version ceased at the end of 2017 and in normal circumstances the system would have been updated to version 6. However, version 6 of Agresso is fundamentally different to our current 4.7 version both at the back end and in the user interface. As such, upgrading would effectively have required a full reimplementation, including a development, testing and business deployment effort very similar to that which we are committing to the move to SAP. For that reason, last year, it was agreed not to undertake the upgrade and instead to focus effort on the move to HCC. For the interim period, it has been agreed with BT that they would arrange for Unit 4 to provide extended support until 31/12/18. BT have indicated that Unit 4 are unable to extend support beyond that date.
 - 2.7 Neither WCC nor RBKC felt sufficiently confident in the IBC Solution's readiness to give notice to BT at the end of June 2018 for a 01/10/18 Go Live. LBHF also advised that they were not able to give notice to BT at the end of June in time to allow them to go live on 01/10/18 and, therefore, it was agreed to delay Go Live to 01/11/18 at the earliest.
 - 2.8 The Council's aim is to have implemented a new solution by 1st December 2018 at the latest. Delaying any further would pose a challenge and the impact on staff of implementing over the Christmas and New Year period makes 01/01/19 undesirable. Therefore, we have an end date which is for all practical purposes immovable and a timeline which is challenging.
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3. BT Exit

- 3.1 The ICF Team are leading the work to ensure the safe exit from the current arrangements with BT. On the whole BT have been pro-active in the planning process and work has now progressed to ensure that the BT Exit and HCC Onboarding processes are complementary, and that there is clarity of the impact on process and data freezes that may be required to support these processes.
- 3.2 Work continues with colleagues in RBKC, LBHF and BT to try to maintain alignment of detailed exit plans to ensure that where possible cut off dates are enforced by the BT solution being withdrawn rather than relying on manual processes.
- 3.3 BT have provided high level information in relation to staff potentially impacted by TUPE. Work continues with colleagues from RBKC, LBHF and HCC as all organisations are impacted by the TUPE regulations. It is unlikely that BT staff will want to transfer to Hampshire and BT have agreed to a parallel consultation process which will involve making offers of enhanced severance payments to the transferring BT staff in return for them signing Settlement Agreements waiving any claims against BT and HCC.
- 3.4 Whilst contractually the councils are required to give BT 3 months notice of early exit, in July BT agreed that if the councils gave notice by 31st July 2018 (for a 01/11/18 Go Live) they would have until 24th August to rescind the notice and set an alternative exit date.
- 3.5 At a meeting with the Chief Executive and lead Cabinet Members of WCC and RBKC on 22nd August 2018 it was agreed that the Go Live date would be confirmed as 01/12/18 and BT were advised that the contract would be terminated accordingly.

4. Transition to Hampshire IBC Solution

- 4.1 The main Programme to deliver the IBC Solution is divided into 5 Phases (current timing in brackets):
 1. Design (January to April) – Consisting of a series of Fit Gap workshops
 2. Build and unit testing (April and May)
 3. Testing (June to October (*Originally September*))
 - a. Systems Integration Testing 1 (June)
 - b. Systems Integration Testing 2 (July)
 - c. User Acceptance Testing 1 (August)
 - d. User Acceptance Testing 2 (August/September)
 - e. Payroll Comparison Run 1 (June)
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- f. Payroll Comparison Run 2 (July)
 - g. Payroll Comparison Run 3 (August/September)
 - h. Payroll Comparison Run 4 (September)¹
 - i. Cut over preparation including a “dress rehearsal” for data migration (September/October)
- 4. Deployment (November)
 - 5. Post Go Live support (December to February)

4.2 Although RBKC and WCC have separate projects leading to the on-boarding of both Councils as separate entities, RBKC are collaborating closely with WCC in the implementation of a similar set of services taking into account the requirement to support Bi-Borough and Tri-Borough working where appropriate. LBHF has an independent project to join the Hampshire Partnership but there is close liaison with that project where appropriate and the current assumption is that all three Councils will be working to the same on-boarding timetable. This offers a number of advantages including data migration.

4.3 Design was completed successfully and resulted in either agreed changes to the build/service or agreed changes/workarounds within the council.

4.4 The build of the core system and payroll has generally proceeded to plan and all the main components passed unit testing by the end of May.

4.5 SIT 1 completed at the end of June as planned. At the end of SIT 1, 29 defects remained open which were carried forward to SIT 2 to resolve.

Critical – 2
High – 7
Medium – 17
Low – 3

4.6 SIT 2 started one and a half days late due to issues with the data load of the OM Structures. However, plans were revised and SIT 2 completed as planned. At the end of SIT 2 there remained open 23 defects which have been carried forward to UAT 1 to resolve.

Critical – 0
High – 4
Medium – 11
Low – 8

¹ This is an additional Payroll Comparison Run that has been added to the plan.

4.7 UAT 1 started on 13th August which was a week later than originally planned as a result of issues with loading the full data set into SAP. As a result, the testing was re-planned and completed on 21st August which was two days later than planned. At the end of UAT 1 there remained open 25 defects which have been carried forward to UAT 2 to resolve.

Critical – 0
High – 4
Medium – 8
Low – 13

4.8 UAT 2 started on 28th August and will continue to 7th September. Initial feedback from testers, who consist of volunteers from across the Councils, is positive.

4.9 Payroll Comparison Run 1 (June Data) highlighted considerable data issues in the first data load. Considerable work was required to revise the Functional Specifications that form the basis of the data mapping.

4.10 Payroll Comparison Run 2 also used June's data and was run in line with the revised plan. The baseline Gross Pay accuracy was 63% compared with 12% CR1. All the data differences were analysed and the reason for the difference recorded. There were over 100 data differences however, 12 issues accounted for the majority of the differences and when these differences were resolved, it would increase the Gross Pay accuracy to 97%. For each variance an action has been agreed e.g. manual intervention, configuration change, etc. and, where appropriate, a bug recorded. A full Net Pay analysis was not possible because some files were not loaded because either they were not received by HCC in time or there were difficulties with loading the data. In a similar way to Gross Pay, there are 7 issues which when addressed would increase the accuracy to 91%. The analysis was fed into the Payroll Comparison Run 3 data load so that the identified differences could be corrected or allowed for.

4.11 Payroll Comparison Run 3 is due to complete by early September. Initial findings show an improvement on the results as compared with Payroll Comparison Run 2 but, there remain significant issues with the initial data load which require post load correction/manual entry. These issues need to be addressed before Go Live and, require knowledgeable, skilled resource with experience of Agresso. The councils have limited expert payroll resource to address these issues therefore they will take a number of weeks to resolve. This is the primary reason why 01/12/18 was chosen as the Go Live date instead of 01/11/18.

4.12 Standard access to Manager Self Service is provided via the council desktop using single sign on. This means that an alternative solution is required for those users outside the council's main IT domain e.g. City West Homes, WAES, NHS, Surrey, Amey who are required to undertake any activities that require Manager Self Service. Work is currently underway to specify and design this solution.

5. Dependent Projects

- 5.1 There are a number of projects upon which successful implementation of the IBC Solution is dependant but which do not form part of the core implementation by HCC. The current status of these projects is:

Summary status		
Income Manager	G	<ul style="list-style-type: none"> IM testing on-going to plan. UAT in-progress. Detailed cutover planning.
Historic Solution	G	<ul style="list-style-type: none"> QTC have built the Agresso archive environment. RBKC/WCC/H&F testing.
Middleware	G	<ul style="list-style-type: none"> All phases of interface specs developed and SIT complete. UAT in-progress
Data Migration	A	<ul style="list-style-type: none"> Data team have completed 9 Finance and 32 HR scripts, transformed the data and sent onto HCC. Data team plan and functional specifications behind schedule, marked as red. 32 HR and Payroll specs have been updated following CR1/CR2 and need SQL redevelopment – this work is ongoing and near completion. Review required to reflect issues with UAT and CR3 Data Loads
BT Exit	A	<ul style="list-style-type: none"> All Exit requirements ongoing. BT and HCC cutover plan provided for go live 01/11/2018. Decision to delay to 01/12/2018 will now require re-plan of cutover.
Schools and Vol Org Exit	G	<ul style="list-style-type: none"> Agreements reached with all Schools for BT exit of services. Final Payroll for schools processed in July.

6. Matters Arising

- 6.1 Given the issues with the data load for SIT and CR1, neither WCC nor RBKC felt sufficiently confident in the IBC Solution's readiness to give notice to BT at the end of June 2018 for a 1st October Go Live. As a result, both boroughs deferred their Go Live. LBHF also advised that they were not able to give notice to BT at the end of June in time to allow them to go live on 01/10/18 and, therefore, all three boroughs proposed to delay Go Live to 01/11/18 on the assumption that the results of SIT 2 and Payroll Comparison Run 2 were satisfactory.
- 6.2 Whilst the SIT 2 results were generally satisfactory, the results of Payroll Comparison Run 2 were inconclusive because not all the data was loaded and considerable manual effort had been required. As a result, it was agreed by all three boroughs that they wanted to see the results of UAT 1 and have an indication of the success of Payroll Comparison Run 3 before committing to a definitive Go Live date.

6.3 On 22nd August the decision was made by the CEX and Cabinet Members of WCC and RBKC that going live on 1st November 2018, whilst potentially achievable, carried unnecessary risk. The decision was, therefore, that Go Live would be 1st December 2018. LBHF subsequently confirmed that they were also planning to Go Live on 01/12/18.

6.4 The total cost of delaying from 01/10/18 to 01/12/18 is around £1.0m and can be accommodated within the contingency of £1.52m originally agreed by the Cabinet.

7. Risk Management

7.1 Risks are reviewed weekly at either the IBC Project Implementation Board or the Dependant Project Board

7.2 The two highest scoring risks are:

Risk	Mitigation
There is a risk that users who are not on the corporate network and need a higher level of access than that provided by ESS Lite will not be able to perform key aspects of their roles. This may impact some 150 users.	<ol style="list-style-type: none">1. Change request raised with HCC for single sign on via a non ADFS route.2. Potential workaround project established to test the feasibility of a Citrix solution but this may cost up to £500K over the next three years across the three councils.
There is a risk that the organisation structure created in SAP will not align with the data cuts being taken from Agresso jeopardising our ability to deliver the correct data for Go Live.	We have reduced the likelihood of this risk having put in place mitigation to ensure that automated and manual extracts are run against the same establishment report in Agresso. A meeting to ensure alignment of data and identify process improvements is being organised for w/c 3 rd September.