

COMMITTEE:	SCRUTINY
DATE:	16 SEPTEMBER 2002
SUBJECT:	MAINFRAME MIGRATION AND STAFFING ISSUES
REPORT OF:	DIRECTOR OF FINANCE AND CORPORATE SERVICES
Ward(s):	All
Purpose:	To provide Scrutiny Committee with information on the mainframe migration project.
Contact:	Sue McHugh, Director of Finance and Corporate Services telephone 01323 415104 or internally on extension 5104.
Recommendations:	Members are invited to comment on the report.

1.0	<u>Background</u>	
1.1	The Council agreed an Information and Communications Technology (ICT) Strategy in 1999. Moving away from mainframe based systems to an NT server environment was identified as a key early step in the strategy, bringing improved service and significant reductions in cost. The Council had outsourced its IT service provision to ICL/CFM and the contract was due to end in June 2000. It was clear that a new contract on the same terms was likely to cost significantly more than the budget for this service. In order to take forward the ICT Strategy and keep within budget for a new IT contract the new contract awarded in April 2000 to Securicor Information Systems (SIS) required a move away from the mainframe to new systems within the first year of the contract (by 30 th June 2001).	

1.2	The new contract also delivered in excess of £200,000 of resources for investment in new IT development over the life of the contract. The overall financial benefit of the move away from the mainframe environment, after taking into account year 1 mainframe costs and migration costs, is estimated at £400,000 over the five year contract term. From the end of the current contract, savings in IT costs of approximately £200K per year are anticipated as a consequence of the move.	
1.3	The systems operating on the mainframe at that time were:	
	§ Payroll	
	§ Council Tax	
	§ Business Rates	
	§ Benefits	
	Project plans for selecting new NT based products for these systems were therefore developed. The implementation costs for the new systems plus the migration process were budgeted at £365,000 and covered within the contract price from SIS. Thus the new contract with SIS delivered the following financial benefits:	
	§ Funding for moving to new NT based systems.	
	§ In excess of £200,000 for investment in new IT developments.	
	§ Ongoing reduction in costs of approximately £200,000 per year.	
	The mainframe migration project was the key to achieving these benefits.	
2.0	<u>Payroll Migration</u>	
2.1	A new integrated payroll and personnel management system, CHRIS, was selected and implemented during 2001. The new system went live during June 2001 and is operating satisfactorily. The full benefits of the new system capability have not yet been realised and a project identifying a programme of enhancements has just commenced.	

3.0	<u>Council Tax/Business Rates/Benefits</u>	
3.1	The Sx3 system was selected for these processes. Sx3 (previously trading as First Software) is a major supplier of these systems to local government. The decision to go with Sx3 was a difficult one in that users were very pleased with the way the mainframe systems worked and there were no NT based products that exactly replicated them.	
3.2	A number of significant problems were encountered during the system implementation. The new system went live in July, one month later than planned. There was a direct cost associated with the one month delay of £25,000 payable to the mainframe operator. Since "go live" there have been numerous problems with the system which have led to backlogs of work and a loss of confidence among staff in the new system. All of this has impacted on services to the public as well as, for example Council Tax collection performance. The problems have included:	
	§ Significant numbers of error messages.	
	§ Temporary loss of key areas of functionality such as payment posting and bill production.	
	§ Frequent periods of system unavailability.	
	§ The issue of numerous amendments to correct database errors.	
	§ Sx3 software patches and upgrades being issued three or four times per week to alter the operation of the application.	
	§ The requirement for staff to make large numbers of manual corrections.	
	§ Interfaces not initially functioning correctly.	
	In order to gain an impartial, external view of the cause of the problems, the Director of Finance and Corporate Services commissioned District Audit to undertake a review of the implementation and operation of the system and make appropriate recommendations.	
	The main conclusions of the District Audit review can be summarised in the following extract from their report:	

	The implementation of major new IT projects is a challenging task, and many notable failures have occurred in central government and in the private sector, where the resources involved often exceed those available to any individual local authority.	
	In our review of this project at Eastbourne Borough Council, we have found evidence of great commitment among the officers involved (including, for example, additional work being performed on bank holiday weekends) to bring the implementation process to a successful conclusion. However, this task has been performed in the face of a combination of negative factors including:	
	§ The short time scale compressed the period available for the implementation, although the Sx3 bid did indicate that the time scale could be achieved.	
	§ The lack of continuity in the key roles of Project Sponsor and Project Manager which resulted in key project-related tasks not being performed or documented (such as the authorisation to proceed with stages, and the reporting of exceptions for formal consideration by management).	
	§ Extended sick leave in key posts in the Divisional Support team and the absence of alternative staff in the Council with the skills necessary to occupy those posts.	
	§ The uncommon hardware configuration in place at the Council.	
	§ The high number of upgrades and SQL scripts which are required to be run.	
	§ Dissatisfaction with aspects of Sx3 system training, documentation and support, which have created difficulties for Council staff seeking to gain maximum advantage from the system.	
	These negative factors have affected the implementation process and there remain a number of tasks, which need to be completed before the implementation can be formally signed off.	
	District Audit identified a series of actions for the future. The actions and progress with implementation are set out below.	
	Recommendation	Action to date

	1.	Progress outstanding points with Sx3, including support for hardware configuration and SQL.	1.	All outstanding points have recently been resolved.
	2.	Formally conclude the implementation once acceptance criteria and other agreed tasks are complete, using appropriate project management approaches.	2.	We are now in a position to do this.
	3.	Develop PRINCE 2 usage for future Council projects.	3.	CMT have agreed to adopt PRINCE2 for key projects. The Director of Finance and Corporate Services is corporate lead for this initiative. Major projects are now using PRINCE 2, for which an EBC toolkit and training programme has been developed.
	4.	Assess the requirement for ongoing onsite Oracle support and procure in the most efficient way.	4.	A report agreed by Cabinet on 5 th September sets out proposals to appoint a data base administrator or "DBA".

	5.	Transfer the responsibility for running SQL scripts from Divisional Support to SIS and ensure effective change control procedures are implemented.	5.	This was implemented with immediate effect. The only scripts now run by Divisional Support are those agreed as part of the daily revenues and benefits processing. It is planned to transfer the full responsibility to the IT section and to employ a DBA. The new DBA role will take over overall maintenance for the Sx3 system. This will involve – in close liaison with SIS – the co-ordination, and in many cases the actual
				tasks involved, in running updates and scripts on the system. The DBA will be a trained Oracle specialist and will be able to monitor the integrity of the system on a day-to-day basis in a way we cannot currently do.
	6.	Define the future role of Divisional Support in relation to the system and consider changes to the current working arrangements to achieve service cover.	6.	A report has been agreed by Cabinet on 5 September making recommendations to restructure Community Finance Revenues and Support functions in order to achieve appropriate service cover and Sx3 Oracle database administration.

	7.	Consider the wider need for systems administrator cover for key Council systems.	7.	All council systems currently have systems administrators with varying levels of expertise. All do, however, have immediate access to third party support services for their particular systems. In a few cases, more specialist skills in-house would be useful – and this is where a full-time in-house Oracle DBA will be invaluable. Key systems here being Orchard and Powersolve.
	8.	Communicate the action being taken to all staff.	8.	Managers briefed at the weekly business meetings and disseminated to staff through circulation business meetings minutes and followed up by Wednesday morning training sessions.
4.0	<u>Implementation/Post Implementation</u>			
4.1	Given the extremely tight timescales and subsequent difficulties experienced, a range of measures were introduced to facilitate an effective implementation process. Such steps included a managed delay to the implementation date and the identification of budget growth needed to assist staff with the migration process.			
4.2	In addition, a Post Implementation Review has been undertaken. This has been instrumental in achieving improvements to date. It should be noted however, that this has required the re-direction of key managerial resources away from other areas of service development. Key topics for the attention of PIR team have included:			
	§	Contractual matters		

	§ User concerns	
	§ Functionality of software	
	§ Software/specification comparison	
5.0	<u>Conclusion</u>	
5.1	The mainframe migration project implemented a key step in the Council's ICT strategy. It has resulted in modern IT systems and significant cost savings. The implementation process was very demanding for all staff involved and they deserve credit for the efforts made to meet deadlines and maintain services through the process. The problems on the Sx3 implementation were largely a consequence of the unrealistic timetable set. Use of formal project management techniques from the outset would have prevented this key error and would also have helped to deal with problems which arise. Nonetheless, the project is now at a point where it can be concluded and actions are in place to ensure the lessons are learnt for the future.	
	Sue McHugh Director of Finance and Corporate Services	
	Background Papers: The Background Papers used in compiling this report were as follows: Information and Communications Technology (ICT) Strategy - 1999. To inspect or obtain copies of background papers please refer to the contact officer listed above.	
	Scrutiny Committee 020916 Mainframe Migration	