

BARNSELY METROPOLITAN BOROUGH COUNCIL

This matter is not a Key Decision within the Council's definition and has not been included in the relevant Forward Plan

**REPORT OF THE EXECUTIVE
DIRECTOR OF COMMUNITIES
TO CABINET ON 22 AUGUST 2018**

DIGITAL FIRST – SAP SUCCESS FACTORS BUSINESS CASE

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to outline the proposal for the modernisation of the Council's SAP HR module and seek approval to progress with the recommendations.

2. RECOMMENDATIONS

It is recommended that:

- 2.1 Funding is approved as part of the Digital First Programme to procure SAP SuccessFactors Human Capital Management (HCM) Solution, for a fixed term of 3 years, with an option to maintain the contract for a further 2+2 years.
- 2.2 A procurement process is initiated to procure a SAP implementation partner, to provide consultancy, development and support capability on behalf of the Council for the lifespan of the implementation.

3. INTRODUCTION

- 3.1 Digital First is a programme of work which will completely modernise the Council's IT provision; changing current ways of working and culture to enable the organisation to make the best use of the resources available in an era of Digital Transformation. Digital First aims to:
 - Enable Future Council by providing the right technology, to access the right information, to deliver and develop local services, anytime, anywhere and anyhow.
 - Fundamentally change the way that the Council 'does digital' with a disruptive approach to introducing improved technology solutions, business processes and governance arrangements across the Council.

- 3.2 Within the Digital First programme there are 12 key themes, each of which will have a number of work packages within it. Some themes are around investing in technology and resources to develop our digital capability and others aim to support culture change and improve digital skills, generally adopting a more digital approach. This report relates to a specific work package within the SAP Modernisation theme.
- 3.3 SAP is a collection of core systems which have been used widely across the organisation since 2005. These are the systems that manage employee information and payroll, financial processes (including procurement and budgeting), record and process data for our operational services teams. Our core SAP Human Capital Management (HCM) solution integrates with the other SAP modules seamlessly; however there are limitations on integration with some key HR functions (recruitment, learning, Organisation Management, performance and goals). The lack of integration and the ability to share data effectively between systems reduces the possible benefits that might be gleaned from the SAP solution.
- 3.4 The SAP product roadmap means that the current solution will be unsupported from 2025. The current SAP HCM solution, consisting of a number of different SAP and non-SAP systems, has been superseded by SAP SuccessFactors. SuccessFactors is a market leader, giving a much richer, integrated and intuitive HR solution within a single product. In addition, SuccessFactors gives both managers and employees an enhanced interaction with HR data and processes, accessible anytime, anyplace, anywhere.
- 3.5 The Council has made significant investment and development in the current HCM solution to meet the demands of services. However, this is becoming increasingly difficult to support and maintain in what is now an aging system. An upgrade is required to continue to drive value from the original and subsequent investment, whilst supporting modern ways of working.
- 3.6 SAP SuccessFactors is an end to end, fully integrated HR system which will provide Council employees with a single, integrated solution for HR related process interactions. SuccessFactors will be available through any device and from any location, supporting the move towards agile working. It will provide managers with statistical information based on real-time data. Informative dashboards, system reminders and triggers will replace manual tracking of processes and any required actions. It will also allow for a high proportion of key HR processes to be digitised and automated, enabling a Digital First approach to all future policy and workforce initiatives.
- 3.7 The Digital Leadership Team have considered the business case relating to this and authorised this to progress for funding.

4. PROPOSAL AND JUSTIFICATION

- 4.1 To agree the procurement of SAP SuccessFactors for a fixed term of 3 years, with an option to maintain the contract for a further 2+2 years.
- 4.2 To tender for and formally procure a SAP implementation partner, to provide consultancy, development and support capability on behalf of the Council. This support partner will be responsible for the implementation, development and configuration of SAP SuccessFactors, and be responsible for skills transfer to an in-house team of specialists.
- 4.3 Investment in SAP SuccessFactors will allow BMBC to rationalise a number of legacy systems that have no direct integrations to SAP. This will deliver better integration between all HR and employee data, and reduce the number of systems staff are required to utilise and understand.
- 4.4 Ensuring that the Council's applications are up to date will increase the Council's resilience to security risks, and ensure systems meet regulatory requirements that are implemented as standard by developers.
- 4.5 As part of the contract with SAP the Council will receive quarterly updates which will include bug fixes, module enhancements with optional functionality, and ensure legislative compliance across the HCM solution.

5. CONSIDERATION OF ALTERNATIVE APPROACHES

- 5.1 The option for a solution not developed by SAP would require a comprehensive review of all the Council's current HR processes. One example of this would be disrupting the direct integration between HR and Payroll data. There is a risk that as part of the transition to a non-SAP solution, data could become corrupt, unusable or unreliable; moving forward these issues could become more prevalent. Additionally there is a risk that a new non-SAP solution would not integrate and would slow down current processes, due to the need to duplicate data into both systems or rely on the development of costly, automated interfaces to link the data in the two systems together.
- 5.2 A do nothing option would put the Council at risk of having out of date, out of support, antiquated solutions underpinning its key HR and payroll processes. If future support was required it would be at an inflated cost to the Council, as available skills and resources would be at a premium.
- 5.3 A do nothing option would also stop the Council from adopting modern working practices, which hinders the aspiration to be an employer of choice. New employees favour modern, mobile working practices that give them the ability to work any time, from anywhere, on any device.

6. IMPLICATIONS FOR LOCAL PEOPLE / SERVICE USERS

- 6.1 Investment in SAP SuccessFactors will provide potential employees of the Council with a seamless path from recruitment to retirement. They will be able to follow and trace their career path through the system.
- 6.2 Successful job applicants will be given the opportunity to “on-board” to the Council ahead of their intended start date. This will enable them to hit the ground running on the first day, rather than spending time in induction activities. This improves the psychological contract between a potential employee and the Council.
- 6.3 SAP SuccessFactors Learning Management solution will provide the Council with a tool to generate income, by offering service users the ability to procure training resources on-line.

7. FINANCIAL IMPLICATIONS

- 7.1 Consultations have taken place with representatives of the Service Director – Finance (S151 Officer)
- 7.2 The tables below summarise the estimated revenue and capital costs of delivering SAP Success Factors.
- 7.3 Implementation costs will be resourced from existing provision within the Council’s Digital First Programme – as included in the Medium Term Financial Strategy.
- 7.4 It should be noted that associated staff costs (revenue) will be temporary in nature and are reflective of the additional IT, HR and Payroll support required to implement the proposal.
- 7.5 Post implementation (from 2021/22) an ongoing revenue requirement of £118,150 p.a. is expected relating to Software and Subscription costs – these ongoing costs will be funded from savings accrued across the Digital First Programme.

	2018/19 £	2019/20 £	2020/21 £	Total over 3 Years £	2021/22 and future years £
Revenue					
Staff Costs	79,029	116,641	18,636	214,307	0
Software Costs (from Aug 18)	110,759	166,139	166,139	443,036	166,139
Annual Subscription		360	360	720	360
One-off Expenses	1,305	0	0	1,305	0

Total Revenue	191,093	283,140	185,135	659,368	166,499
Less Savings Against Current Provision	0	-60,933	-48,349	-109,281	-48,349
Net Revenue Cost	191,094	222,207	136,786	550,087	118,150

- 7.6 The capital costs of the scheme are “one-off” in nature and, subject to the scheme being approved by Cabinet, will be financed from earmarked capital reserves.

	2018/19 £
Capital Costs	
SAP Success Factors – “One-Off” Development Costs	258,500

- 7.7 Any cost variations will be managed from within the resource allocation for Digital First.

8. EMPLOYEE IMPLICATIONS

- 8.1 The recommendations within this report will create a number of fixed term opportunities to support implementation, as detailed in section 7.4.
- 8.2 The procurement and implementation of SAP SuccessFactors will impact all employees, as this will become the Council’s main tool that employees will use to interact with their data. It will give employees more control to view, manage and edit their employee data, from one single application.

9. LEGAL IMPLICATIONS

- 9.1 The Council must ensure that any contracts entered into as part of this project are done so in accordance to any related legal governance and the agreed contractual terms and conditions do not breach any legal regulations.
- 9.2 The Council must ensure that all contracts are exited as part of the project. That this is done so in accordance with the terms and conditions stated in the contract and do not breach any legal regulations.

10. COMMUNICATIONS IMPLICATIONS

- 10.1 Key stakeholders throughout the organisation have been engaged as part of the project team and business case creation.

10.2 A communication and engagement plan will be created as part of the Digital First programme for this theme with support from the Communication & Marketing team.

11. CONSULTATIONS

11.1 Stakeholders from key areas across the organisation have been engaged and consulted as part of the project team and business case creation.

11.2 The Council's Digital Leadership Team considered and approved this proposal on 18th July 2018.

11.3 The Council's Senior Management Team considered this proposal during their meeting on 14th August 2018.

12. THE CORPORATE PLAN AND THE COUNCIL'S PERFORMANCE MANAGEMENT FRAMEWORK

12.1 This proposal predominantly supports the One Council element of the Corporate Plan (2017-2020), specifically in respect of the following areas:

- Innovative & managed risk
- Learning organisation
- Flexible workforce
- Enabling organisation

13. PROMOTING EQUALITY, DIVERSITY AND SOCIAL INCLUSION

13.1 An equalities impact assessment was undertaken; concerns were raised regarding ensuring accessibility for people with visual impairments using mobile devices. These concerns will be mitigated by targeted training and resources that will educate and inform staff about accessibility features available on devices.

13.2 SAP SuccessFactors has the ability to collect and present equalities data, enabling the Council to have a better understanding of its workforce. This will enable better service provision that can be developed to meet employees' specific needs.

14. TACKLING THE IMPACT OF POVERTY

14.1 N/A

15. TACKLING HEALTH INEQUALITIES

15.1 N/A

16. REDUCTION OF CRIME AND DISORDER

16.1 N/A

17. RISK MANAGEMENT ISSUES

17.1 N/A

18. HEALTH, SAFETY AND EMERGENCY RESILIENCE ISSUES

18.1 N/A

19. COMPATIBILITY WITH THE EUROPEAN CONVENTION ON HUMAN RIGHTS

19.1 N/A

20. CONSERVATION OF BIODIVERSITY

20.1 N/A

21. GLOSSARY

21.1 N/A

23. LIST OF APPENDICES

23.1 Appendix A – Financial Implications

24. BACKGROUND PAPERS

24.1 Digital First Business Case

24.2 Further background papers for this report can be made available by sending an email request to governance@barnsley.gov.uk in order that appropriate arrangements can be made.

Report author: David Robinson

Prepared on Behalf of the Director of Finance

FINANCIAL IMPLICATIONS


Digital First: SAP Success Factors

i) <u>Capital Expenditure</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>Total</u>
	£	£	£	£
"One Off" System Development Costs	258,500	0	0	258,500
Total Funding Requirement	258,500	0	0	258,500
To be financed from:				
Earmarked Capital Reserves	-258,500	0	0	-258,500
	0	0	0	0

ii) <u>Revenue Effects</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>Later Years</u>
	£	£	£	£
Staff Costs (temporary).	79,029	116,641	18,636	0
One-off expenses	1,305			
Annual Software and Subscription Costs	110,759	166,499	166,499	166,499
	191,093	283,140	185,135	166,499
Funded via:				
The Digital First Programme - as identified in the Council's MTFS	-191,093	-222,207	-136,786	-118,150
Savings Against Current Provision	0	-60,933	-48,349	-48,349
	-191,093	-283,140	-185,135	-166,499
Total Cost/(Savings)	0	0	0	0

Impact on Medium Term Financial Strategy:

The cost of the scheme initially will be covered from resources allocated to Digital First Programme - as accommodated for in the Council's Medium Term Financial Strategy (MTFS).



Agreed by:On behalf of the Director of Finance

07 August 2018