

The Highland Council

Agenda Item	10.
Report No	RES/26/24

Committee: Corporate Resources

Date: 11 September 2024

Report Title: Corporate Systems Update – Finance, HR/Payroll and Pensions Programme

Report By: Assistant Chief Executive – Corporate

1. Purpose/Executive Summary

1.1 This report provides an update on the programme to replace and improve the Council's Core Corporate Financial, HR & Payroll and Pensions systems. The report provides information on key deliverables, and progress to date, as part of the Finance, HR/Payroll and Pensions Programme. Having provided a focussed update on the replacement corporate financial system and confirmation of go-live in a report to the May 2024 Committee, this report now provides updates on the Human Resources, Payroll and Altair Pensions projects as well as the corporate financial system within the programme. An update regarding work to undertake a strategic review of these areas of the programme with the Society for Innovation, Technology & Modernisation (Socitm) Advisory service is also provided.

2. Recommendations

2.1 Members are asked to:

- i. **Note** the updates regarding the Finance, HR/Payroll and Pensions Programme;
- ii. **Note** the review of governance arrangements and revisions to the Programme Board and respective Project Boards;
- iii. **Note** the update regarding the Human Resources and Payroll project, including the commissioning of an external strategic review to support future strategy and decision making;

3. Implications

3.1 **Resource:** Earmarked reserve and budget pressure funding alongside the existing budgets for the current systems in use has provided project funding to support the project implementation. Resource requirements are being reviewed to ensure that they are adequate to meet the specified project deliverables, ongoing project work, and considering remaining project risks.

Planned programme expenditure for the current financial year, categorised across over-arching programme level spend, and project level spend, is as follows.

2024-25	£
Programme Office Staff	103,300
HR, Payroll & Pensions Staff	381,018
Finance Staff	235,583
Project Implementation Costs	348,187
Systems	575,909
Uncommitted/Contingency	456,003
Total	2,100,000

Any expenditure beyond 2024/25, which will be informed by the ongoing strategic review, will need assessment of cost and funding requirements as part of budget planning for 2025/26.

- 3.2 **Legal:** The Council has a statutory requirement to pay staff and suppliers and record payments for tax and other audit purposes. Systems and processes need to comply with these statutory duties.
- 3.3 **Risk:** The systems being replaced are critical corporate systems that support core aspects of service delivery (paying suppliers, receiving income, etc). It is essential therefore that successful implementation is achieved, and risk is managed and mitigated given the critical impact risks could have on Council business.

The Programme Board continues to manage ongoing key risks and issue which include:

- Having a cost-effective solution for storing historical financial data.
- The level of Project Team resources.
- Competition between “business as usual” activity and remaining project delivery work.

This programme complies with Corporate and Transformation PMO standards in respect of proactive risk management as a key discipline in the controlled and managed delivery of the work. The project also directly contributes to the risk response to the Corporate Risk in respect of Financial Sustainability (CR1).

- 3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people):** There will be process changes and as a result implications for staff using the new systems. Effective change management will be imperative and there is a dedicated Change Manager undertaking this role to mitigate any risks to the organisation.
- 3.5 **Gaelic:** There are no specific Gaelic implications arising from this report. All projects will ensure the Council’s bilingual policy is appropriately applied.

4. Impacts

- 4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children’s Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.

- 4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.
- 4.3 This is an update report and therefore an impact assessment is not required.

5. Programme Milestones

5.1

Milestone	Milestone Date	Status
Go-Live THC Zellis ResourceLink HCM Cloud Solution	21/12/22	Complete
HR Business Process & Data Project Complete	TBC (pending Strategic Review)	In Progress
Go-Live TechnologyOne CiA (Financials Modules)	01/04/24	Complete
TechnologyOne CiA (Financials Modules) into Business-as-Usual Support	01/07/24	Complete
Go-Live TechnologyOne CiA Solution (HR & Payroll Modules)	TBC (pending Strategic Review)	On hold
Rollout of Member Self Service Altair Pensions (My Pensons Engage) System	31/08/24	In Progress
Go-Live Pensions Payments from Altair Pensions System	29/11/24	In Progress
Socitm Advisory Strategic Review Complete	01/11/24	In Progress
Report & Dashboard Developments	30/09/24	In Progress
Historic Financial Data Archive Solution	31/03/25	In Progress
Finance Interfaces "Legacy" Code Updates	31/03/25	In Progress

6. Programme Governance Update

- 6.1 Programme governance arrangements have been reviewed following the appointment of the council's Assistant Chief Executives, establishment of the Corporate Solutions Portfolio as part of the council's Delivery Plan and the achievement of the important milestone of going live with the new corporate financial system in April 2024.
- 6.2 A revised Programme Board has been constituted, chaired by the Assistant Chief Executive – Corporate. This board will provide the overall governance for programme outcomes, finances and resources.
- 6.3 In addition, two project level boards have been constituted that report to the Programme Board. The Finance Projects Board will be chaired by the Head of Corporate Finance & Commercialism. The Human Resources, Payroll and Pensions Projects Board will be chaired by the Head of People.
- 6.4 This revised structure streamlines reporting and supports delivery including decision making at the programme level and allow for faster decisions to be made within specific projects with the appropriate levels of delegation. The Programme Board will be responsible for ensuring appropriate linkages are made and dependencies managed between the projects within the new structure.

7. Human Resources & Payroll Projects Update

- 7.1 Having reviewed progress to date with TechnologyOne, readiness of business processes and data and lessons from the implementation of the CiA Financials system, the programme team with support from the Programme Board have concluded that the business case of the future ICT solution has not yet been made. Any changes to a payroll system leads to high impact risks, therefore such changes need to be carefully considered and planned to minimise risk.
- 7.2 As a result, Socitm Advisory (part of the Society for Innovation, Technology & Modernisation) have been commissioned to undertake an external strategic review to support future strategy and decision making of the programme.
- 7.3 Socitm Advisory have extensive experience in supporting UK Local Authorities with ERP implementations.
- 7.4 The Strategic Review will involve “discovery” workshops with senior council leaders and managers as well as with key practitioners within the business to identify strengths, weaknesses, opportunities and threats with current arrangements and options for the future.
- 7.5 This exercise will allow Socitm Advisory to prepare a robust Outline Business Case, assessing the best option for the Council’s ongoing delivery of applications supporting the HR and Payroll functions. The Outline Business Case will importantly include a financial model required to deliver for the proposed option, which will better inform future programme resource requirements.
- 7.6 Socitm Advisory will also provide a roadmap for future finance transformation as a second phase of the CiA Financials implementation, to best achieve the benefits offered by the new system.
- 7.7 The outcomes of the strategic review by Socitm Advisory are expected by November 2024 after which time the overall Programme Roadmap will be updated.
- 7.8 In parallel to the Strategic Review the project team are continuing to undertake business analysis to review the current detailed ‘As Is’ processes for HR and Payroll. This will ensure work continues during the review period to effect improvements and indeed can be an important part to inform any future changes including the ICT technology used.

8. Altair Pensions Project Update

- 8.1 As of 9th August, My Pensions Engage, the self-service Pension Members portal, has rolled out to 26 fund employers and has had an uptake of 31.46%. Rollout has been to active and deferred members. Councillor members rollout is still to occur, starting in late August 2024. Roll out to pensioner members will be done alongside the 2nd Phase of the Altair Pensions Payroll project.
- 8.2 This allows pension members to access to their pension information, such as P60s, and to update personal/banking details etc.
- 8.3 The 2nd phase of the project is now in the delivery stage. This part of the project will move the Pensions Payroll to the Heywood’s Altair system from the existing payroll system - Zellis.

8.4 Two “parallel running” periods will be undertaken in September and October 2024 with the anticipated first live payments to pensioners being made from the Altair system on 29th November 2024.

9. Corporate Finance System Update

9.1 Following the go live of the TechnologyOne CiA Financials modules work has continued with important follow-on work.

9.2 This has included development of reporting and budgeting tools. The development and implementation work are scheduled to support budget monitoring from Quarter 2 onwards, and in turn is expected to deliver longer-term benefits and opportunities also. In the meantime, there has been communication to and provision of further training materials to budget holders to support them in their role.

9.3 The CiA Financials system offers significant improvements in reporting options from the previous system, including visual representations of data within dashboards. The project team are working closely with the TechnologyOne Application Managed Service consultants to develop the reports and dashboards, starting with a Payroll Dashboard, given the high importance of the work for Quarter 2 monitoring.

9.4 As noted in previous reports a cost-effective solution for storing historical financial data is required as a priority, to retain data currently within the previously used Integra financial system. The project team are working with the TechnologyOne Application Managed Service consultants to finalise the approach to migrating this data to the TechnologyOne CiA system by March 2025. A full extract of the required data currently held within the Integra system is provisionally scheduled to be taken in early December 2024.

9.5 Currently several business systems continue to use “legacy” ledger and supplier codes, e.g. the ResourceLink HR & ServiceNow ICT service desk systems. These legacy codes are handled by the CiA Finance system interfaces, however there are significant efficiencies to be gained by updating these systems to use the new “CiA Financials” codes. Early planning has begun for the update of several systems with “legacy” codes.

Designation: Assistant Chief Executive - Corporate

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Authors: Chris Donaldson, Principal Project Manager
Brian Porter, Head of Corporate Finance & Commercialism
Elaine Barrie, Head of People
Jon Shepherd, Head of ICT & Digital Transformation