

The Highland Council

Agenda Item	9
Report No	RES/38/24

Committee: Corporate Resources

Date: 5 December 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 financial, performance, risk and general information on the programme to replace and improve the Council's Core Corporate Financial, HR & Payroll and Pensions systems.
- 1.2 In addition to supporting the provision of financial reporting, the priorities for the Programme include the Society for Innovation, Technology & Modernisation (Socitm) Advisory strategic review for which an update is provided in relation to the options being considered for progressing the HR & Payroll components of the programme.
- 1.3 Updates are also provided on progress with financial system developments, the Pensions Members Self Service and the planned go-live of Pensioners Payroll within the new system.

2. Recommendations

- 2.1 Members are asked to:
 - i. **Note** the updates regarding the Finance, HR/Payroll and Pensions Programme.
 - ii. **Note** the update regarding the Human Resources and Payroll project, including the delivery of an external strategic review and Business Case to support future strategy and programme roadmap.

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.

The Programme Financial position as at end of Quarter 2 2024/25 is:

	Total Remaining Programme Budget at 1 st April 2024	Annual Spend to Date	Commitments for FY 2024/25	Remaining Forecast Spend for FY 2024/25	Total Forecast Spend to 31 Mar 25	Balance
Qtr 2 24/25 position (£)	2,100,000	841,630	62,144	459,144	1,362,918	737,082

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

2024-25	£
Staffing	615,087
Project Implementation Costs	350,000
Systems	397,831
Uncommitted/Contingency	737,082
Total	2,100,000

Use of the uncommitted/contingency balance in 2024/25 and 2025/26 will need to be assessed considering the next steps arising from the Socitm Advisory strategic review. Any forecast expenditure above this figure will need to be addressed 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 staff, 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 issues which include:

- Programme Affordability
- 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.

There are no risk implications arising as a direct result of this report.

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 for this report.

5. One Council HR, Payroll & Pensions Projects

5.1 Overall Project RAG

Reason for Project RAG Rating and Corrective Action:

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Project 5: Altair Pensions Payroll Go-Live Re-planned revised Go-Live date with supplier for Feb-2025. Overall project remains on track.
 Project 3: HR Business Process & Data project, data cleansing and process mapping ongoing. Project timeline and deliverables to be revised to align with Socitm.
 Project 8: Socitm Advisory Review on track, outline business case revised following playback sessions.

5.2 Key Milestones & Requests for Change

MILESTONES		CURRENT STATUS
<i>Starts Apr 24 / Completes Apr 24</i>	One Council HRP&P: HC pensions self-serve go live	M4 24/25 Completed
<i>Starts Apr24 / Completes Aug24</i>	One Council HRP&P: Pensions self-serve concludes	M6 24/25 Completed
<i>Starts Apr24 / Completes Mar25</i>	One Council HRP&P: Pensions payments migrated to Altair	M8 24/25 On Target
<i>Starts Aug24 / Completes Nov24</i>	One Council HRP&P: Socitm Advisory Review Complete	M8 24/25 On Target
<i>Starts Oct24 / Completes Feb25</i>	One Council HRP&P: Pensioners payroll Go-live	M8 24/25 On Target
<i>Milestone on hold</i>	One Council HRP&P: New HR/Payroll system Go live	
<i>Starts / Completes tbc</i>	One Council HRP&P: Review and measure impact	

A revised milestone of February 2025 for the Pensioners payroll Go-Live milestone has been agreed and is now being planned for. Work against this milestone is on target.

The New HR/Payroll system Go live milestone is currently on hold pending the outcomes of the Socitm Advisory Review.

5.3 Financial Summary

- i) **Savings**
No direct savings directly attributed to this project have been identified, although it is expected that efficiencies will result from improved systems, data and processes.
- ii) **Income**
No direct income directly attributed to this project have been identified.
- iii) **Investment**
See section paragraph 3.1.
- iv) **Mitigations**
Identify all known Programme costs and source appropriate funding for duration of Programme.

5.4 Key Risks

Programme risks are currently under review.

Key Risks	Mitigation
<p>Competing tensions between “business as usual” (BAU) availability of resources to support project work and deliver change:</p> <p>Due to competing workload - project dependencies between programme projects, other projects, BAU, council wide priorities.</p>	<p>Undertaking Socitm Advisory Strategic Review to ensure scope and resourcing is clearly understood as part of future Programme Roadmap. Resources required to deliver the project will then be factored into the overall business case for the next stage and options for providing those resources identified.</p>
<p>Significant cultural change is required to transform from current operations, in order to systemise HR and payroll and achieve project outcomes:</p> <p>Due to systemising this will bring significant change to the whole organization, processes and new ways of working. Paper based processes will be replaced with system modules, change will impact all employees.</p>	<p>HRP&P project team includes a Change Manager and Learning & Development Adviser. Project team is actively reviewing opportunities for improvements, rolling out training and guidance to support managers.</p>
<p>Project funding may be insufficient to achieve some/all project objectives:</p> <p>Due to potential resources required from within organization – SME’s and technical expertise to support project delivery.</p>	<p>Risk being monitored by Project & Programme Boards and through Programme Financial Statement.</p> <p>Additional funding will be sought if required for the updated Programme Roadmap following the completion of the Socitm Advisory Strategic Review. This would be part of an overall business case clearly stating the benefits to be delivered from the investment.</p>

5.5 **Progress Update & Forward Plan**

5.5.1 **Socitm Strategic Review**

5.5.2 Socitm Advisory (part of the Society for Innovation, Technology & Modernisation) were engaged by the Programme to undertake an external strategic review to support future strategy and decision making of the Programme, with particular focus on HR and Payroll components of the Programme.

5.5.3 The “discover” phase conducted in August and early September 2024 comprised of three main areas of work; a desktop analysis, user experience workshops and exploratory meetings with key personnel throughout the organisation.

5.5.4 Five Strengths, Weaknesses, Opportunities & Threats (SWOT) workshops were held with members of the services, key HR/Payroll & Finance practitioners and end users to develop a 360-degree view of the service and its performance.

5.5.5 Eighteen one-to-one interviews were conducted with senior leadership to explore the underlying strategic drivers and issues within the business, with particular focus on HR and Payroll.

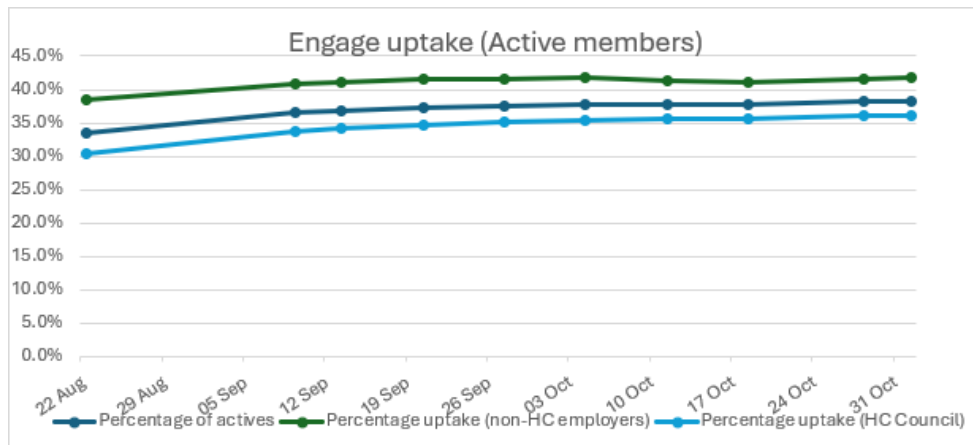
5.5.6 Further sessions were conducted for the development of the Financial Model to inform a revised business case.

5.5.7 This work will inform the Strategic, Economic, Commercial, Financial and Management case for the required workstreams that ultimately supports the strategic review of HR and Payroll. Discussions will then take place with the Corporate Management Team and Programme Board with the aim to have a fully revised programme roadmap in place and to initiate the chosen workstreams by early Quarter 4 of 2024/25.

5.5.8 Under the proposals, it is likely that the implementation of the recommendations will include an option to use external expertise where it has been identified that the council does not have the required capability or capacity in-house at present or where there would not be an ongoing need for such resource within the council establishment, for example the use of HR Data Specialists & Business Analysts. The intention would be that these resources would work with the Council’s programme team and service subject matter experts and report directly into the council Project Managers & Programme Governance structure.

5.6 **Altair Pensions Project Update**

5.6.1 As of 1st November 2024, My Pensions Engage, the self-service pension Members portal, has been rolled out to active pension members across all fund employers with the uptake steadily increasing and current uptake being 38.3% of all active pension members. Rollout has been to both active and deferred pension members and in early 2025 there will be a focus on communicating with deferred pension members to raise awareness.



5.6.2 All pension members can now access the secure document upload facility on Engage which enables members to send and receive their pension forms and documents using their My Pension account. Pensioners will be able to access full functionality in Engage as part of the 2nd Phase of the Altair Pensions Payroll project.

5.6.3 User Acceptance Testing and two parallel runs have been successfully completed as part of the 2nd phase of the project to migrate the Pensions Payroll to the Altair system. However, switching to use the Altair system for live payments to pensioners has been delayed to February 2025. It was essential that sufficient time was taken to ensure current payroll dates are not impacted and more work was required to mitigate risks. The final milestone for completion of this project by 31st March 2025 remains on target.

6. One Council Financials Project

6.1 Overall Project RAG

Reason for Project RAG Rating and Corrective Action:

Work on target for remaining milestones.

M8 24/25

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6.2 Key Milestones & Requests for Change

MILESTONES		CURRENT STATUS
<i>Marked as complete Jun 23</i>	One Council Financials: Design Complete	M6 23/24 Completed
<i>Marked as completed Mar 24</i>	One Council Financials: Acceptance Testing End	M12 23/24 Completed
<i>Starts Apr 24 / Completes Apr 24</i>	One Council Financials: Go-live	M1 24/25 Completed
<i>Starts Aug24 / Completes Nov24</i>	One Council Financials: Socitm Advisory Review Complete	M8 24/25 On Target
<i>Starts Sep24 / Completes Mar25</i>	One Council Financials: Financial Data Archive Solution Live	M8 24/25 On Target

6.3 Financial Summary

- i) Savings
No direct savings directly attributed to this project have been identified.
- ii) Income
No direct income directly attributed to this project have been identified.
- iii) Investment
See section paragraph 3.1.
- iv) Mitigations
Identify all known Programme costs and source appropriate funding for duration of Programme.

6.4 Key Risks

Programme risks are currently under review.

Key Risks	Mitigation
Internal resources may be insufficient to deliver the remaining project outputs: Current projects are resourced for 24/25 however, additional resourcing will be required for workstreams to be agreed following Socitm Advisory Review recommendations.	Monitoring of risk likelihood at Finance Projects Board and through project planning. An assessment will be made of future resourcing requirements to maintain business as usual as well as enabling continual improvement and development post project.
External suppliers may lack capacity or perform poorly in the delivery of remaining project outputs: Lead in times with suppliers, lack of capacity with specific knowledge & skills of the financial system modules being developed.	The council have agreed an Application Managed Service contract with TechnologyOne. This provides the council with monthly credit that can be used to obtain specialist consultancy from the supplier at short notice as required.

6.5 Progress Update & Forward Plan

- 6.5.1 The Financials project team have prioritised the work to publish budgets within the CiA system during September & October 2024. Publishing of the 2024-25 budgets is now complete and has been supporting Quarter 2 budget monitoring activities. In advance of a full suite of budget holder and payroll dashboards being available to staff, the accounting teams are sharing budget information with services directly. The published budgets include c.55,000 lines of income and expenditure within the Budget Pack (including the Valuation Joint Board).
- 6.5.2 Work will now continue to develop the reporting and dashboards tools further within the system, supported by appropriate change management activities and training where required to support the uptake of these tools by staff. As noted in previous reports these tools offer significant improvements in reporting from the previous

system and this area can be continually improved following closure of the project. The work is being assisted by the TechnologyOne Application Managed Service consultants as required. The first published dashboard, showing Aged Debt, is now in use by the council Sundry Debtors team to assist with debt monitoring.

- 6.5.3 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.
- 6.5.4 Work has progressed very well, in conjunction with TechnologyOne AMS consultants to migrate transaction records from the Integra system in the CiA platform and this part of the archive is on target for completion by the end of December 2024. Reporting tools will be now developed to most efficiently interrogate and retrieve the historical records.
- 6.5.5 A final, full, extract of historical data and document attachments from the Integra system is scheduled in December. These files will then be transferred into the CiA platform by the end of March 2025. Again, this work will be undertaken with TechnologyOne AMS consultant support.
- 6.5.6 Work has continued between the Financial Systems Administration Team and “feeder” systems to update the relevant systems to use CiA codes from the old Integra codes. This work will be ongoing, however, all integrations between the systems continue to work using appropriate code mappings built into the CiA processes.

7. Programme Governance Update

- 7.1 The revised Governance structure agreed in August has now been fully implemented. Programme Board and project level board meetings are now being held on a 6-weekly basis and Terms of Reference have been agreed.

Designation: Assistant Chief Executive - Corporate

Date: 20 November 2024

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