

Agenda Item	10
Report No	RES/07/25

Committee: Corporate Resources

Date: 20 March 2025

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 With the Finance system and Pensioners Payroll projects forecast to close in March 2025, the priority for the Programme is now progressing with the HR & Payroll Data & Process Enablement Project which follows on from the Strategic Review conducted in 2024. An update is provided in relation to the workstreams and outcomes from this project that is now in progress.
- 1.3 Updates are also provided on progress with financial system developments, including the rollout of Budget Holder and Aged Debt monitoring dashboards, the Pensions Members Self Service portal uptake 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; and
 - ii. **Note** the update regarding the Human Resources and Payroll, including the commencement of the HR Data & Process Enablement Project.

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 3 2024/25 is:

	Total Remaining Programme Budget at 1 st April 2024	Annual Spend to Date	Commitme nts for FY 2024/25	Remaining Forecast Spend for FY 2024/25	Total Forecast Spend to 31 Mar 25	Balance
Qtr 3 24/25 position (£)	2,100,000	1,136,338	79,558	123,294	1,339,151	760,810

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

Forecast Programme expenditure for the 2025/26 financial year, categorised across over-arching programme level spend, and project level spend, is as follows.

2025-26	£
Staffing	211,516
Project Implementation Costs	466,800
Uncommitted/Contingency	82,494
Total	760,810

- 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:

M11 24/25

Project 5: Altair Pensions Payroll. Go-no-go decision made on 21/01/2025.
Project Team handed over data to Heywoods for data conversion.
Highland to receive live system w/c - 10/02/2025 for inputting of payroll ahead of 1st live payment 28/02/2025.
Project 3: HR Business Process & Data project, will be migrating to Project 9: HR & Payroll Data & Process Enablement. Project 9 is in start-up/initiation, project PID 1st draft complete.

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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	M11 24/25 On Target
<i>Starts Aug24 / Completes Nov24</i>	One Council HRP&P: Socitm Advisory Review Complete	M8 24/25 Completed
<i>Starts Oct24 / Completes Feb25</i>	One Council HRP&P: Pensioners payroll Go-live	M12 24/25 Completed
<i>Starts / Completes Feb25</i>	HRP Data and Process Enablement: Initiation	M11 24/25 Completed
<i>Starts Mar25 / Completes Apr25</i>	HRP Data and Process Enablement: Discover phase	M12 24/25 On Target
<i>Starts Apr25 / Completes May25</i>	HRP Data and Process Enablement: Define phase	
<i>Starts May25 / Completes Jun25</i>	HRP Data and Process Enablement: Prepare phase	
<i>Starts / Completes Jun25</i>	HRP Data and Process Enablement: Deliver phase	
<i>Starts Jun25 / Completes Aug25</i>	HRP Data and Process Enablement: Options appraisal	
<i>Starts / Completes Aug25</i>	HRP Data and Process Enablement: Project closure	
<i>Starts Aug25 / Completes Sep25</i>	One Council HRP&P: Option selection	

5.3 Financial Summary

- 5.3.1
- i) Savings
Post project completion, efficiency savings resulting from HR & Payroll process redesign and new ways of working of £300k from 2026/27.
 - 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

5.4.1 Programme risks are currently under review.

Key Risks	Mitigation
Competing tensions between “business as usual” (BAU) availability of resources to support project work and deliver change: Due to competing workload - project dependencies between programme projects, other projects, BAU, council wide priorities.	Undertook Socitm Advisory Strategic Review to ensure scope and resourcing is clearly understood as part of future Programme Roadmap. Resources required to deliver the project have been agreed for 2025/26.
Significant cultural change is required to transform from current operations, in order to systemise HR and payroll and achieve project outcomes: 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.	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.
Project funding may be insufficient to achieve some/all project objectives: Due to potential resources required from within organization – SME’s and technical expertise to support project delivery.	Risk being monitored by Project & Programme Boards and through Programme Financial Statement. Based on current forecast costs 2024/25 & 2025/26 and for the HR Data & Process Enablement Project in 2025/26 the projects are currently affordable.

5.5 Progress Update & Forward Plan

5.5.1 HR Data & Process Enablement Project

5.5.2 Following the Strategic Review undertaken by Socitm Advisory (now renamed to *Civiteq*) the Programme Board and Corporate Management Team agreed to progress with a revised Programme roadmap for HR & Payroll based on the Outline Business Case and options appraisal presented. It was agreed that an HR Data & Process Enablement project should be undertaken from February 2025 for 6 months.

5.5.3 The project is organised into three workstreams; a Rapid Improvement workstream, a Data & Reporting workstream & a Service Design workstream.

- 5.5.4 Civiteq have been contracted to provide project resources where it was identified from the strategic review that the council did not have sufficient specialist capacity or capability. These resources will be working in partnership with existing project team members and HR Project Lead to deliver the work collaboratively. The HR Project Lead will provide the vision and direction for the project, leading on embedding the change with stakeholders and ensuring support from HR & Payroll delivery teams. The specialist resources sourced from Civiteq include an HR data specialist, a Service Design specialist and a Business Analyst. Additional expertise from Civiteq will be drawn on as required, for example in the area of Business Change expertise. This approach to delivery will ensure subject matter expertise is available immediately whilst also directly involving the Council team, therefore enabling a transfer of skills to reduce the requirement for future external input.
- 5.5.5 Civiteq resources will report directly into the council Project Managers & the Programme Governance structure.
- 5.5.6 **Rapid Improvement Workstream**
- 5.5.7 This workstream will conduct a 3- 6 month set of low-intensity improvement initiatives oriented around eliminating some of the key inefficiencies in process, especially where there cross-cutting dependencies on data sanitation.
- 5.5.8 Rapid improvements will be based on system health checks completed by current suppliers: Zellis – ResourceLink for HR & Payroll and COSLA - Talentlink for recruitment. There are opportunities for improvement of both HR function and Payroll functions by utilising the technology currently available, removing bespoke elements and moving closer to “out of the box” functionality.
- 5.5.9 Examples of such changes include:
- Increasing use of system automated rules, emails & workflows, reducing manual intervention and repetitive tasks.
 - Reducing SharePoint forms, instead utilising system functionality and forms.
- 5.5.10 This workstream will be primarily delivered by THC resources with advice from Civiteq and/or system suppliers where required, each rapid improvement will be fully scoped with its own defined work package.
- 5.5.11 **HR Data & Reporting Workstream**
- 5.5.12 The Data & Reporting workstream will develop & deliver:
- An HR & Payroll Information Asset Register (IAR) - A complete register which fully catalogues the HR & Payroll information assets within the organisation. The IAR will support the identification, control, risk management, and compliance for these assets and be underpinned by an associated audit and continuous improvement process.
 - Data Dictionary (DD) - A complete DD which provides full understanding of the database structures. This will support the definition, standardisation, quality and integrity of future data changes. As with the IAR this will be managed by a set of associated audit and update processes.
 - Data Processes - Existing data governance processes will be updated to include activity to maintain both the IAR and DD and incorporate these into standard

business activity. Where not already in place, data owners will be identified to support the maintenance of the IAR & DD.

- A Data Cleanse Plan – A plan detailing the activities and timelines for data update and cleanse objectives. Clearly outlining what will be achieved and ensuring all organisational data needs are met.

This approach importantly aligns with the Data Foundations project, another project within the Corporate Solutions portfolio, details of which were reported to the December 2024 meeting of this Committee.

5.5.13 Service Design Workstream

The Service Design workstream will develop & deliver:

- *As Is Service Blueprint* – this will build on the “HR & Payroll On A Page” work by the Programme to date.
- *As Is Process Maps* - the process maps will include the end-to-end process, including technology, data, pain points and workload analysis. The work will build on the existing work that has begun to map key processes by the Programme.
- *Benefits analysis* - Collecting the workload analysis and populating the information into the benefits model. The outputs from this will provide savings calculations associated with process and efficiency changes.
- *To Be Service Blueprint* - this will demonstrate the end-to-end lifecycle of the HR and Payroll function. The Blueprint will include both Corporate, Education and partner HR & Payroll services harmonised where possible to deliver efficiency and user experience benefits.
- *To Be Process maps* - end-to-end maps that will detail the future process including technology, data & integrations. The processes and changes will be co-designed with end users and to enable full optimisation where possible.

The process maps will be created and maintained using the Engage Process software that the Council recently invested in. This will allow the process maps to be developed, shared and used on a daily basis to inform operations and to support ongoing process improvements.

- 5.5.14 The service design process will be developed being system agnostic. Throughout the process a list of requirements will be created to enable future procurement activities if the current technology doesn't deliver the efficiency the council requires.

5.5.15 HR & Payroll Options Re-Appraisal

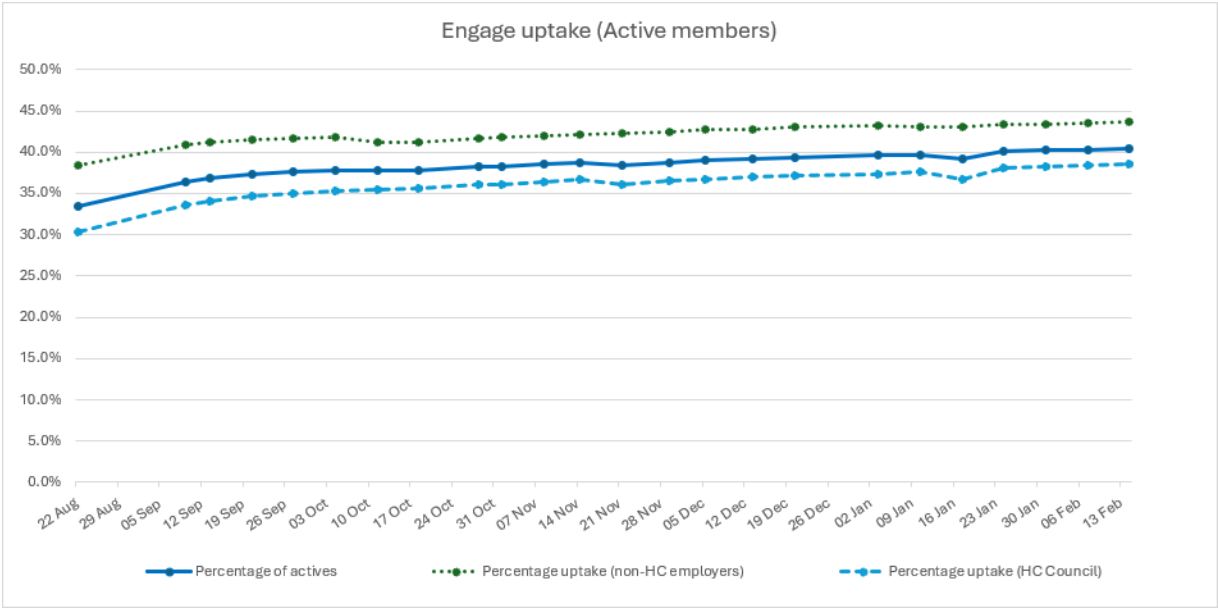
Following the completion of the three workstreams a re-appraisal of the council's technology options for HR & Payroll will be undertaken. This will follow the approach used in the 2024 strategic review and provide a recommended technology roadmap for long term transformation based on the new position with regards to HR data and processes.

5.5.16 Altair Pensions Project Update

The Altair pensioners payroll system went live on 10 February 2025. Pensions staff were able to process the February pensioners payroll on the new system and completed this activity on being 21 February 2025. Subsequently, the first

pensioners payments were successfully made as planned on 28 February 2025, representing a key milestone in the project.

- 5.5.17 Adoption of the Altair system removes the requirement to manually set up pensioners on two separate systems and the need for Pensions Officers to undertake monthly system comparisons to check personal details and so on.
- 5.5.18 As of 13 February 2025, My Pensions Engage, the self-service pension Members portal that has been rolled out to active pension members across all fund employers, has had uptake of 41% of all active pension members. This represents a 3% increase since 1 November 2024.



- 5.5.19 The Altair Pensions Project is expected to close on budget, at the end of March 2025 as planned. As part of project closure recommendations will be made to the service on post-project follow on and continuous improvement work to be taken forward.

6. One Council Financials Project

6.1 Overall Project RAG

Reason for Project RAG Rating and Corrective Action:

Work on target for remaining milestones.

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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 Completed
<i>Starts Sep24 / Completes Mar25</i>	One Council Financials: Financial Data Archive Solution Live	M11 24/25 On Target

6.3 Financial Summary

- i) Savings
No direct savings directly attributed to this project have been identified. Future efficiency savings from further process transformation and system features will be identified and evaluated as part of post project continuous improvement work.
- 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

6.4.1 Programme risks are currently under review.

Key Risks	Mitigation
<p>Internal resources may be insufficient to deliver the remaining project outputs:</p> <p>Current projects are resourced for 24/25 however, additional resourcing will be required for workstreams to be agreed following Socitm Advisory Review recommendations.</p>	<p>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.</p> <p>Additional accounting team staff were made available in late January/early February 2025 to assist with finalisation of Financial Insights Dashboards, change management and associated training materials.</p>
<p>External suppliers may lack capacity or perform poorly in the delivery of remaining project outputs:</p>	<p>The council have agreed an Application Managed Service contract with TechnologyOne. This provides the council with monthly credit that can be used to obtain</p>

Lead in times with suppliers, lack of capacity with specific knowledge & skills of the financial system modules being developed.	specialist consultancy from the supplier at short notice as required.
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6.5 Progress Update & Forward Plan

6.5.1 Financial Insights Dashboards

Financial Insights Dashboards within the CiA Financials system were released to all Budget Holders on 14th February 2025. This release followed on from a period of use by Accounting & Sundry Debtors teams as early adopters who assisted with feedback on refinement of the dashboards.

6.5.2 The Financial Insights Dashboards enhance access to the information already available within the system, making it easier to review and retrieve the real time data. Budget Holders can drill down into their financial information as well as being able to take snapshots of the information at any time to suit business requirements.

6.5.3 Four dashboards are currently available:

- **Revenue Monitoring** – allows Budget Holders to review expenditure & income against their budget and drill down into transactions.
- **Payroll Costs** – displays details of actual payroll costs.
- **Aged Debt** – details outstanding sundry debt invoices.
- **Capital Monitoring** – allows monitoring of the progress of capital projects and tracking of associated costs.

6.5.4 The release of these dashboards represents a commitment for continuously improving the functionality based on ongoing feedback and evolving needs for financial information across the council.

6.5.6 To support the rollout and adoption of the new dashboards communications were sent to all budget holders along with a series of short training videos, developed by the Change Manager, Learning & Development and the subject matter expert accounting and Sundry Debt teams. These videos are available to all staff.

6.5.7 The Aged Debt training video is complemented by a user guide that provides additional information regarding Budget Holder responsibilities in this area.

6.5.8 Additionally, a separate version of the dashboards has been created for the Accounting Teams which allows them to select the budget holder and replicate their dashboard view to assist with monitoring queries.

6.5.9 Conversion of Ledger Codes

The Zellis ResourceLink system for HR & Payroll had the ledger codes used within the system converted on 31 January 2025 after successful testing. In parallel the Supply Teacher database had its ledger codes updated also. These updates increase the efficiency of the interface processes for these systems with CiA Financials and reduce the need for staff to “map” to old ledger codes by using the new CiA Financials codes.

6.5.10 Work is at an advanced stage to update the ICT Service Portal to use CiA ledger codes. Again, this will reduce the need for staff to staff to “map” to old ledger codes.

6.5.12 **Historical Data Archive**

An extraction of file attachments from the Integra system has been undertaken with a subsequent file transfer to THC servers. Acceptance checking has been taking place to ensure the file repository is complete and free from corruption.

6.5.13 Work will take place to March 2025 in conjunction with the TechnologyOne Application Managed Service to migrate these files into the CiA system. This will mean both current and historical financial data will be maintained and can be reported on from within the same system. This approach also fits with the councils ICT Strategy to reduce dependencies on Data Centre infrastructure.

6.5.14 The One Council Financials Project is expected to close by March 2025 as planned. This deadline aligns to the end of the contractual agreement for the Integra system on 31 March, beyond which the legacy finance system is not expected to be available. Corporate Finance will lead on any further continuous improvement work as business-as-usual activity.

Designation: Assistant Chief Executive – Corporate

Date: 5 March 25

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