The Highland Council

Agenda Item	10
Report No	RES/16/25

Committee: Corporate Resources

Date: 5 June 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 The priority for the Programme is now progressing with the HR Data & Process Enablement Project which follows on from the Strategic Review as reported to this Committee in March 25. 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, the Pensions Members Self Service portal uptake and first three months of Altair Pensioners Payroll live operation.

2. Recommendations

2.1 Members are asked to:

i. **Note** the updates regarding the Finance, Pensions and HR/Payroll Programme.
ii. **Note** the update regarding the HR 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.

3.1.1 The Programme Financial position as at Q3 2024/25 is presented below. At the time of writing the final year end position is not available and will be presented in future reports.

	Total Remaining Programme Budget at 1st 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
Qtr 3 24/25 position (£)	2,100,000	1,136,338	79,558	123,294	1,339,151	760,810
Year End 24/25 position (£)	2,100,000					

3.1.2 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**

3.1.3 Subject to final year position, the forecasted 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.

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

- Programme Affordability
- The level of Project Team resources.
- Competition between "business as usual" activity and remaining project delivery work.

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

3.3.3 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:	M2 25/26	○ R
		○ A
Project 5: Altair Pensions Payroll. Post Project Closure Review meeting with Heywood - completed. Positive lessons and learning points to be incorporated into the project closure report, drafting of which is underway.		● G
Project 9: Data & Process Enablement - Service Design: As Is processes took longer than anticipated, with high volume of process. Through management and replanning the workstream remains on track.		○ C
Data workstream: product deliverables on track.		

5.2 **Key Milestones & Requests for Change (as of 20th May 2025)**

MILESTONES		CURRENT STATUS
Starts Apr 24 / Completes Apr 24	One Council HRP&P: HC pensions self-serve go live	M4 24/25 Completed
Starts Apr24 / Completes Aug24	One Council HRP&P: Pensions self-serve concludes	M6 24/25 Completed
Starts Apr24 / Completes Mar25	One Council HRP&P: Pensions payments migrated to Altair	M12 24/25 Completed
Starts Aug24 / Completes Nov24	One Council HRP&P: Socitm Advisory Review Complete	M8 24/25 Completed
Starts Oct24 / Completes Feb25	One Council HRP&P: Pensioners payroll Go-live	M12 24/25 Completed
Starts / Completes Feb25	HRP Data and Process Enablement: Initiation	M11 24/25 Completed
Starts Mar25 / Completes Apr25	HRP Data and Process Enablement: Discover phase	M2 25/26 Completed
Starts Apr25 / Completes May25	HRP Data and Process Enablement: Define phase	M2 25/26 On Target
Starts May25 / Completes Jun25	HRP Data and Process Enablement: Prepare phase	
Starts / Completes Jun25	HRP Data and Process Enablement: Deliver phase	
Starts Jun25 / Completes Aug25	HRP Data and Process Enablement: Options appraisal	
Starts / Completes Aug25	HRP Data and Process Enablement: Project closure	
Starts Aug25 / Completes Sep25	One Council HRP&P: Option selection	

5.3 **Financial Summary**

i) Savings
Savings of £300k in 2026/27 were approved in the 2025 March budget. Savings will be identified from the HR & Payroll Data and Process Enablement options appraisal work following completion of the workstreams by Civiteq.

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
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**

Following the Strategic Review undertaken by Socitm Advisory (now Civiteq) in 2024 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 January 2025.

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

5.5.3 Civiteq have been contracted to provide project resources where it was identified from the strategic review that the council lacked either specialist capacity or capability. These resources are working in partnership with existing project team members to deliver the work collaboratively.

5.5.4 The specialist resources sourced from Civiteq include an HR data specialist, a Service Design specialist and a Business Analyst. Additional expertise from Civiteq is being drawn on as required, for example in Business Change expertise.

5.5.5 Civiteq are leading on the delivery of the Data & Reporting and Service Design workstreams with council staff assisting with the facilitation of engagements with staff and provision of data and information where required.

5.5.6 Civiteq resources report directly into the council Project Managers & the Programme Governance structure.

5.5.7 **Rapid Improvement Workstream**

This workstream focusses on 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 The work is being primarily delivered by in-house council resources with advice from Civiteq and/or system suppliers were required, each rapid improvement is being fully scoped with its own defined work package.

5.5.9 To date, work in this workstream has prioritised improving the Council's implementation of the COSLA – Talentlink system that is used for recruitment. Activities have taken place during March and April 2025 to cleanse data within the system in preparation for implementing improvements such as enabling several automatic email notifications to recruiting managers as part of the recruitment process.

5.5.10 The outcome sought from this work is to reduce volume of manager enquiries to supporting teams and increase recruiting manager satisfaction with the recruitment process.

5.5.11 Training from COSLA is planned to be delivered in late May 2025 to both programme staff and operational delivery team staff to ensure that the required capability and capacity is in place to make the initial system changes and for long-term continual improvements of the Talentlink system, such as adopting new functionality when it is released.

5.5.12 Implementing these initial changes will address some of the findings identified from the COSLA Health Check previously conducted.

5.5.13 **HR Data & Reporting Workstream**

The data & reporting workstream is on track to deliver its final reports and outputs on schedule. The Civiteq data specialist has been undertaking the following activities:

- Workshops and one-to-one sessions with data and system owners and support teams. Engagement from council staff and Highlife Highland ICT has been positive.
- Investigation of existing HR & Payroll data structures and integrations within the councils HR & Payroll systems and "feeder" systems.
- A mapping of the council's HR & Payroll data landscape.

5.5.14 This work is being developed into an HR & Payroll Information Asset register and a Data Discovery Report that will make recommendations on the options available to improve our HR & Payroll data and how this can be technically achieved. This will be a key input in the decision on a final technology option & roadmap to take forward at the conclusion of the Data & Process enablement project.

5.5.15 **Service Design Workstream**

Through the Service Design Workstream, the Civiteq team has been undertaking the following activities:

"As-Is" Process Mapping
- A significant volume of "As-Is" Process Mapping workshops and one-to one engagements with stakeholders aimed at understanding our existing process steps, the people involved and the data flows. This work has been supported across the council services.
- Supplementary to this volumetric information has been gathered, wherever possible, to identify process "pain points" and areas where efficiency can be improved.
- The "As-Is" process maps have been captured in the council's Process Engage tool. These maps will form the baseline for the council's HR & Payroll process and work is now focussing on the development of the "To-Be" maps and their associated implementation plans. The "As-Is" maps incorporate variations to corporate "As Is" Processes for our partners: Highlife Highland and the Valuation Joint Board.
- The final delivery of the full set of "As-Is" maps has had some slippage due to the volume of processes and variations between corporate process, other services such as education process, and our partner's process. The full set of "As-Is" products are anticipated to be finalised in May 2025.
- A playback session was held with key stakeholders in to share the findings from the Discovery phase of the project in April 2025. As well as outlining the challenges identified with current process this also highlight where there are achievable opportunities to improve and/or make better use of existing technology and data

End User Personas
- To create & develop the "To Be" process maps, Civiteq have developed staff personas using staff surveys and interviews with staff. These personas can be used to re-model our processes and understand our user needs for the HR & Payroll processes.
- The end user personas represent user groups in corporate, education, Highlife Highland and a "hard to reach" cohort that includes front-line workers such as Catering, Cleaning & Facilities Management and Roads, representing those with limited corporate IT or who may be digitally excluded.

"To-Be" Process Mapping

- The focus of the Service Design workstream is now to use the "As-Is" process maps as a baseline to develop the "To Be" process maps and operating model. This will require further gathering of volumetric data and workforce analysis to identify capability gaps, inefficiencies and opportunities for improvement.
- An initial workshop has been held between our current HR & Payroll System provider, Civiteq and Highland Council Project Team to provide high-level direction and best practice to support Civiteq develop 'To-Be" process maps.

5.5.16   The service design process will be developed being system agnostic, in other words processes will not be tied to a particular software system and will be still relevant if we procure a new system. 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.

5.5.17   **HR & Payroll Options Re-Appraisal**

Final findings and recommendations from the workstreams will be a key input into the re-appraisal of the council's technology options for its HR & Payroll systems. Some early work has now begun on developing the options available for the HR & Payroll technology roadmap. In addition to the process and data considerations this options appraisal will also consider the forecast resourcing and cost implications for each option presented by Civiteq.

5.5.18   **Altair Pensions Project Update**

The Altair pensioners payroll system was used to process the February, March and April payrolls, which has significantly reduced the time taken to process the payroll so staff can focus on actioning current cases and resolving historic cases. Straight-through processing functionality went live mid-May which will continue to improve process efficiency. This project is now being closed.

5.5.19   **Engage (My Pension)**

As of 16 May 2025, the overall uptake of Engage (My Pension) across all the membership (active, deferred and pensioners) is currently 30% (red line). Uptake amongst active members has increased to 44%, representing a 3% increase since 13 February 2025.

Engage uptake, 16 May 2025
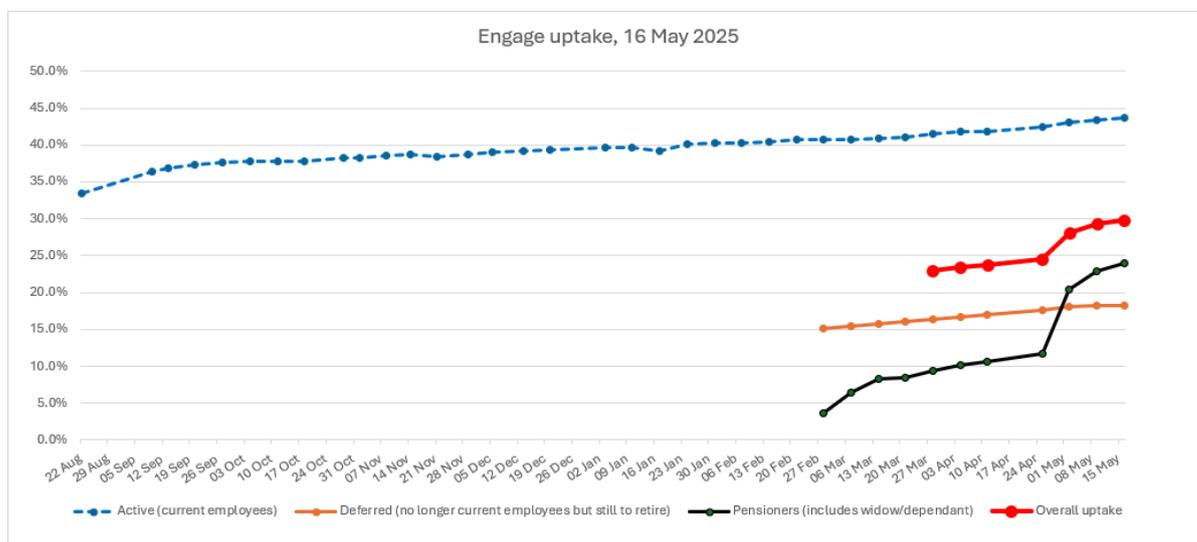
5.5.20   The Pensioners' Annual Pensions Increase notification letter was published on Engage (My Pension) and email correspondence issued to Pensioners advising them they could access Pension Increase information online. Following this, pensioner registrations for My Pension increased significantly from just over 11% (11 April 2025) to 24% on (16 May 2025) (black line).

5.5.21   While the focus is for scheme members to access information online, where pensioners have requested, correspondence is sent by mail, with there being 742 currently opting for this method of communication.

5.5.22   As part of project closure recommendations are being 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:	M1 25/26	○ R ○ A ● G ○ C
Some slippage of transfer of historic data archive files to CiA due to unplanned lack of consultant availability. However, work replanned for April and file transfer work now in progress. Mitigated by having historical archive data stored and available in THC infrastructure. Project closure is on track for closure in May 2025.		

6.2   Key Milestones & Requests for Change (as of 20th May 2025)

MILESTONES		CURRENT STATUS
Marked as complete Jun 23	One Council Financials: Design Complete	M6 23/24 Completed
Marked as completed Mar 24	One Council Financials: Acceptance Testing End	M12 23/24 Completed
Starts Apr 24 / Completes Apr 24	One Council Financials: Go-live	M1 24/25 Completed
Starts Aug24 / Completes Nov24	One Council Financials: Socitm Advisory Review Complete	M8 24/25 Completed
Starts Sep24 / Completes Mar25	One Council Financials: Financial Data Archive Solution Live	M2 25/26 Some Slippage
Starts Apr 25 / Completes May 25	One Council Financials: Project Closure	M2 25/26 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 25/26.	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. 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.
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 for 2025/26. 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   In terms of business as usual, the annual accounts process remains ongoing, and accounts are due to be reported to council at the end of June 2025.

6.5.2   In preparation, the Corporate Finance and Finance Systems Administration Team undertook trial runs of the processes in February & March 2025 with support from a TechnologyOne consultant with a focus on knowledge transfer to the THC staff involved. This allowed the creation of extensive process notes prior to the live running and building capability within the council team for future years.

6.5.3   A TechnologyOne consultant was also available during the live running of the process, providing support and further knowledge transfer as required.

6.5.4   Workflow improvements for requisitions within the council's Small Schools & Travel desk teams have been implemented in May 2025.

6.5.5   **Historical Data Archive**

An extraction of file attachments from the Integra system was undertaken by the supplier in December 2024 with a final transfer taking place in January 2025.

6.5.6   Acceptance checking of the extracted files was completed in March 2025 and the contract for the Integra system has now ended.

6.5.7   Work took place in April & May 2025 in conjunction with the TecnologyOne Application Managed Service to migrate these files into the CiA system form the council's infrastructure. This work and both automated and spot check acceptance checking is complete.

6.5.8   The file structure in CiA provides the ability for Finance Process Development Officers to retrieve historical file attachments. The approach to host the files in CiA also fits with the councils ICT Strategy to reduce dependencies on the internal Data Centre infrastructure.

6.5.9   Historical transaction record reports are being uploaded into the CiA archive, and this work is now on track to complete in May 2025.

6.5.10 As part of project closure recommendations have been made to the Corporate Finance service on post-project follow on and continuous improvement work to be taken forward or considered as future projects, including the adoption of further modules within the CiA system.

7.   Programme Governance

7.1   Considering the planned closure of the One Council Financials Project and Altair Pensions Project programme governance arrangements have been reviewed to deliver the remaining project, HR & Payroll. The Programme Board will have a revised membership including the Chief Officer HR & Communications following their appointment in April 2025, and representation from the council's People service cluster and Highlife Highland.

7.2   The previous Project Boards will be dissolved and in the context of remaining HR and Payroll initiatives replaced by project delivery groups with appropriate levels of project decision delegation.

7.3   The Programme Board will remain responsible for ensuring appropriate linkages are made and dependencies managed between the projects within the new structure and controlling programme budgets.

Designation: Assistant Chief Executive - Corporate

Date: 20 May 2025

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