

The Highland Council

Agenda Item	31
Report No	RES/31/25

Committee: Corporate Resources

Date: 28 August 2025

Report Title: Corporate Systems Update – 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 HR & Payroll and Pensions systems.
- 1.2 Following the closure of the Finance System and Altair Pensions Payroll projects, the priority for the Programme is now concluding the HR Data & Process Enablement Project which follows on from the Strategic Review conducted in 2024 and progressing into the next stages of HR & Payroll transformation.
- 1.3 The primary focus of this report is therefore the HR Data & Process Enablement Project, which is nearing closure, and details of the next steps for the programme resulting from this work, including an update on change management and Programme Vision.

2. Recommendations

- 2.1 Members are asked to:
 - i. **Note** the updates regarding the HR/Payroll and Pensions Programme.
 - ii. **Note** the update regarding the Human Resources and Payroll, including the delivery of the HR Data & Process Enablement Project products and next steps resulting from this work.

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.

Further transformation and implementation projects are now being scoped considering the HRP technology options appraisal undertaken as part of the HR Data and Process Enablement project. This will inform the further funding required to progress future transformation work.

2024/25

The Programme Financial position as at year end 2024/25 was:

	Total Remaining Programme Budget at 1 April 2024	Commitments for FY 2024/25	Remaining Forecast Spend for FY 2024/25	Total Spend to 31 Mar 25	Balance
Year End 24/25 position (£)	2,100,000	0	0	1,397,749	702,251

Programme expenditure for the 2024/25 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

2025/26

The Programme Financial position as at the end of Quarter 1 2025/26 is:

	Total Remaining Programme Budget at 1 April 2025	Commitments for FY 2025/26	Remaining Forecast Spend for FY 2025/26	Annual Spend to Date	Balance
Q1 25/26 position (£)	702,251	0	367,504	170,031	164,716

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	252,841
Project Implementation Costs	284,694
Uncommitted/Contingency	164,716
Total	702,251

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
- 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. HR, Payroll & Pensions Projects

5.1 Overall Project RAG

Reason for Project RAG Rating and Corrective Action:

M4 25/26

Project 5: Altair Pensions Payroll - formally closed 26/06/2025.

Project 9: Data & Process Enablement - some slippage on delivery of final report from supplier. Final report now with project team for review. Overall project on track for closure August-2025.

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5.2 Key Milestones & Requests for Change (as of 29th July 2025)

MILESTONES		CURRENT STATUS
<i>Starts Apr 24 / Completes Apr 24</i>	Altair Pensions Payroll: HC pensions self-serve go live	M4 24/25 Completed
<i>Starts Apr24 / Completes Aug24</i>	Altair Pensions Payroll: Pensions self-serve concludes	M6 24/25 Completed
<i>Starts Apr24 / Completes Mar25</i>	Altair Pensions Payroll: Pensions payments migrated to Altair	M12 24/25 Completed
<i>Starts Aug24 / Completes Nov24</i>	HR & Payroll: Socitm Advisory Review Complete	M8 24/25 Completed
<i>Starts Oct24 / Completes Feb25</i>	Altair Pensions Payroll: Pensioners payroll Go-live	M12 24/25 Completed
<i>Completes Jun 25</i>	Altair Pensions Payroll: Project Closure	M3 25/26 Completed
<i>Starts / Completes Feb25</i>	HR & Payroll: Data and Process Enablement: Initiation	M11 24/25 Completed
<i>Starts Mar25 / Completes Apr25</i>	HR & Payroll: Data and Process Enablement: Discover phase	M2 25/26 Completed
<i>Starts Apr25 / Completes May25</i>	HR & Payroll: Data and Process Enablement: Define phase	M3 25/26 Completed
<i>Starts May25 / Completes Jun25</i>	HR & Payroll: Data and Process Enablement: Prepare phase	M3 25/26 Completed
<i>Starts / Completes Jun25</i>	HR & Payroll: Data and Process Enablement: Deliver phase	M4 25/26 Some Slippage
<i>Starts May 25/ Completes June 25</i>	HR & Payroll: Data and Process Enablement: Options appraisal	M3 25/26 Completed
<i>Starts May 25/ Completes June 25</i>	HR & Payroll: Rapid Improvements - Talentlink (recruitment system)	M4 25/26 Some Slippage
<i>Starts May 25/ Completes June 25</i>	HR & Payroll: Rapid Improvements - Resourcelink (HR and Payroll system)	M3 25/26 Completed
<i>Starts / Completes Aug25</i>	HR & Payroll: Data and Process Enablement: Project closure	
<i>Starts Aug25 / Completes Sep25</i>	HRP&P: Option selection	M3 25/26

5.2.1 Final products have been delivered for Service Design & Data workstreams. There has been slippage on the delivery of the Final Report from the supplier, however the report is now with project team for final review with a final project playback to be scheduled with senior stakeholders in August. Overall, the HR Data & Process Enablement Project remains on track for closure in August 2025.

5.3 Financial Summary

- i) Savings
Savings of £300k in 2026/27 were brought through in the council's 2025 budget and will be enabled by implementing HR & Payroll process efficiencies.
- 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

As all project outputs have been delivered the key risks associated with the project are now closed in relation to the HR Data and Process Enablement Project.

However, these or similar risks will be re-assessed as the programme moves into the next stages and will continue to be managed by the Programme Board.

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>Undertook Socitm Advisory Strategic Review to ensure scope and resourcing is clearly understood as part of future Programme Roadmap.</p> <p>Resources required to deliver the HR Data and Process Enablement project have been agreed for 2025/26.</p> <p>The resourcing model, including both internal and external resource requirements, for future HR and Payroll transformation is being developed and is being informed by the outputs from the HR Data and Process Enablement Project.</p>
<p>Competing tensions between “business as usual” and availability of technical/SME resources and the technical expertise to deliver the project outcomes</p>	<p>The resourcing model, including both internal and external resource requirements, for future HR and Payroll transformation is being developed and is being informed by the outputs from the HR Data and Process Enablement Project.</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>Change management work has been assisted by change experts from Civiteq during the HR Data & Process Enablement Project.</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>Based on current forecast costs 2024/25 & 2025/26 and for the HR Data & Process Enablement Project in 2025/26 the projects are affordable.</p> <p>The resourcing model, including both internal and external resource requirements and systems investment, for future HR and Payroll transformation is being developed and is being informed by the outputs from the HR Data and Process Enablement Project, including the Technical Options Appraisal.</p>
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5.5 Progress Update & Forward Plan

5.5.1 Programme Vision Refresh

Following the completion of the Finance and Pensions aspects of the programme, the Programme Vision has now been updated as below.

*To deliver an **ambitious**, user-focused HR and Payroll experience that empowers users and streamlines operations through **connected** technology and **sustainable** practices.*

The newly developed draft Vision Statement places greater emphasis on delivering an improved user experience and is explicitly aligned with the Council’s high-level organisational values. Stakeholder engagement materials and graphics will be updated to reflect the Programme Vision.

5.5.2 Stakeholder Engagement and Communications

In line with the revised scope and vision for the programme, stakeholder engagement and communications plans have been updated. Stakeholders have been classified according to their role in the programme and communications will be targeted appropriately to those roles.

To assist with ongoing communications and the design of new processes, a series of “personas” have been created in conjunction with Civiteq. These describe different types of people who interact with the HR and Payroll system with details of their requirements, expectations and interactions. Using these, it will be easier to describe the current and future experience of using the system to identify where there will be improvements. More detail in section 5.8.

5.5.3 Revised HR & Payroll Target Operating Model

Following on from the creation of the refreshed programme Vision the programme team will be updating the programme Target Operating Model.

The new Target Operating Model for the HR and Payroll service will set out the desired future state, for the council in the following areas:

- Processes
- Culture
- Organisation
- Technology
- Infrastructure
- Information & Data
- Knowledge & Learning

The findings from the discovery work conducted during the HR Data & Process Enablement Project reliably inform the assessment of the current state in each of these areas.

5.5.4 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 for 6 months.

The project Discover, Define and Develop stages are now complete and products and outputs from the project are now undergoing final review as the Deliver stage approaches closure. Civiteq will present the final outcomes to the senior Stakeholders in August 2025.

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

5.5.5 The following outputs have been delivered by the project:

5.5.6 Process Mapping

- **“As Is” Process Maps** - representing the baseline for the council’s HR & Payroll process.
- **“Could Be” Process Maps** - represent streamlined processes that will be refined and finalised into final “To Be” processes at the stage of implementation with the HRP technology.

A set of agreed Design Principles were used to inform the “Could Be” processes.

- **Self Service** - Increasing user-friendly self-service from multiple devices as an enabler for service transformation and a digital workforce.
- **Automation** - Allowing for well-configured and maintained automation to push processes wherever possible.
- **Application** - Keeping activity within the specific HR application, and minimising the amount of data held informally.
- **Hand-offs** - Reducing the number of times a process is handed to another member of staff and focusing them in as small a number of hands as possible.
- **Local Decisions** - Delegating decision-making to the right level.

- 5.5.7 The council project team are continuing to progress the development of “Could Be” process and these will be a key input in the next stages of development and transformation of the HR & Payroll system.

5.8 End User Personas

- 5.8.1 User personas are fictional, yet data- and insight-informed representation, of a typical person who uses the HR service. They encapsulate key characteristics, needs, goals, behaviours, and pain points of real users to help design teams create more user-centred services. A persona is a composite of people in various comparable job roles or environments.

- 5.8.2 The 14 end user personas created 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.

These personas will be used in the following ways in future programme work:

- 1) **Empathetic User Design** - help teams empathise with users by humanising data.
- 2) **Better Decision Making** - guide design and development decisions. When faced with choices, teams can ask, “*What would this persona prefer?*”.
- 3) **Alignment Across Teams** - They create a shared understanding of who the users are across design, development, change management, and service teams. This alignment helps ensure consistency in tone, functionality, and user experience.
- 4) **Prioritisation of Decisions** - By understanding what different personas value most, teams can prioritise design decisions or messaging that deliver the greatest impact, avoiding unnecessary complexity or irrelevant functionality / content.
- 5) **Improved User Experience** - help identify pain points, motivations, and goals, which leads to more intuitive, accessible, and satisfying user experiences.
- 6) **Testing & Validation** - They serve as a reference point for usability testing and feedback. Teams can simulate how different personas might interact with the HR & Payroll service and identify potential issues early in design and implementation of process changes.
- 7) **Communication and Engagement** - inform targeted messaging and content strategies, ensuring that communication and engagement interventions resonate with the intended audience. They will be used to guide elements of the communications strategy within the HR & Payroll programme.

5.9 Data Assessment Report

- 5.9.1 The Data Assessment Report has been finalised and played back to key stakeholders by Civiteq. The outcomes and recommendations contained in the final report are an important input into the technical options appraisal work and are an important baseline in relation to Target Operating Model development and the scoping of future HR & Payroll transformation.

5.10 HR & Payroll Solution Technical Options Appraisal & Procurement Update

- 5.10.1 A Technical Options Appraisal has been undertaken by Civiteq that incorporates the key finding from the project workstreams and improved understanding of the Council's requirements for an HR & Payroll solution. The recommendations from this appraisal are now being reviewed and evaluated by the Council's programme team.
- 5.10.2 The end result of the appraisal will be a decision on whether we continue to develop the current Zellis ResourceLink HR & Payroll system or prepare to migrate to a different product.

6. Programme Governance

- 6.1 Following the appointment of the Chief Officer HR & Communications, in April 2025 the Programme Board has been re-constituted and met in June 2025 where a new Terms of Reference was agreed for the board.
- 6.2 The Chief Officer HR & Communications will now act as the Responsible Officer for the HRP Programme with the Assistant Chief Executive – Corporate, remaining as Senior Responsible Officer. The HR Manager, has joined the Programme Board in the role of Senior Supplier and User – HR.
- 6.3 Project delivery and working groups will be formed below the Programme Board to take forward the work in the next stages of HR & Payroll transformation. Civiteq have provided recommendations with regards to the composition and remit of such groups in large HR & Payroll transformation projects which will inform the future structure. These groups will have appropriate levels of project delegated decision authority to enable the future work to progress at the suitable pace.
- 6.4 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: 12 August 2025

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