

Agenda Item	15
Report No	RES/27/26

The Highland Council

Committee: Corporate Resources

Date: 4 June 2026

Report Title: Corporate Systems Update – HR & Payroll Programme

Report By: Assistant Chief Executive – Corporate

1. Purpose/Executive Summary

- 1.1 This report provides an update on progress, financial position, risks and impacts of the HR & Payroll Programme, which is delivering modernisation of the Council's core people and payroll systems.

The programme is working towards the agreed vision to deliver an **ambitious**, user-focused HR and Payroll experience that empowers users and streamlines operations through **connected** technology and **sustainable** practices.

The programme is essential in supporting wider organisational transformation and financial sustainability while also ensuring statutory obligations are met, and the Council maintains secure, compliant handling of personal data.

- 1.2 The HR & Payroll Transformation Project formally commenced in April 2026 and is on track. The sponsor is the Chief Officer, HR & Communications. Stage 1 (Consolidation and Planning) is well underway and remains scheduled for completion by end of June 2026, with delivery of system changes beginning in July 2026.

The TalentLink Recruitment Improvements Project has delivered the majority of its objectives and is nearing formal closure, with demonstrable improvements for managers, candidates and HR teams.

Updates on these projects and associated preparatory work are provided in this report.

Updates are also provided on change management and stakeholder engagement activity that supports the technical delivery within the programme.

- 1.3 Overall, the programme is on track, within approved budgets, and operating within the Council's risk appetite.

2. Recommendations

2.1 Members are asked to:

- i. **Note** progress, financial position, and risk management of the HR & Payroll Programme.
- ii. Consider and **note** the summary in **section 4.5** to support the decision-making process.

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.

2025/26

The forecasted Programme Financial position as at the end of financial year 2025/26 is:

	Programme Budget at 1 April 2025	Actual Spend 2025/26	Underspend at Year End 2025/26
End of Financial Year 25/26 position (£)	775,945	£610,170	165,775

2026/27

An additional investment of £0.926M was agreed in the council budget for 2026/27 to deliver further transformation. Forecast Programme expenditure for the 2026/27 financial year, categorised across over-arching programme level spend, and project level spend, is shown below.

The 2026/27 forecast is fully balanced at c.£1.077m, including staffing, implementation costs, and contingency provision remaining above 10%.

	Budget (£)	Forecast Spend (£)
Newly Agreed Funding	926,000	
Funding Carried Forward	165,775	
Staffing		455,000
Project Implementation Costs		502,000
Uncommitted/Project Contingency		119,701
Total	1,076,701	1,076,701

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 using the Corporate Risk Management Process which include:

- Programme affordability
- Competition between “business as usual” activity and remaining project delivery work.
- Cultural change requirements
- Supplier engagement to support our transformation.

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.
- 4.2 An Integrated Impact Assessment and associated full Data Protection Impact Assessment was conducted by the HR & Communications service as part of the procurement of the council’s HR & Payroll Solution. Further assessments will be conducted as required during the planned HR & Payroll Transformation Project.
- 4.3 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.
- 4.4 An Integrated Impact Assessment screening was undertaken in November 2025. The conclusions have been subject to the relevant Manager Review and Approval.

A full Data Protection Impact Assessment (DPIA) was required due to risk associated with holding and sharing of personal data. Some of the HR data collected is considered special category (sensitive) personal data under UK GDPR, requiring increased security measures, such as restricted access and robust encryption, to prevent breaches.

Members are asked to consider the summary in **section 4.5** to support the decision-making process.

4.5 **Data Protection Impact Assessment – Summary**

The HRP Programme enhances the current HR/Payroll system to improve automation, accuracy, security and compliance.

Positive Impacts

- Improved data accuracy through automation and reduced manual processing.
- Strong GDPR compliance supported by retention schedules and built-in system routines.
- High security standards, including ISO 27001 and Cyber Essentials Plus.
- Increased transparency and employee self-service.

Negative Impacts & Mitigation

- **Historic data quality issues**, mitigated by dedicated data cleansing and specialist support.
- **Risk of incorrect retention or deletion**, mitigated by configuring GDPR rules within HR & Payroll Solution in line with Council schedules.
- **Potential processing errors** during implementation, mitigated through comprehensive testing and contingency plans.

5. **HR & Payroll Projects**

5.1 **HR & Payroll Transformation Project**

5.1.1 **Overall Project RAG**

Project: HR & Payroll Transformation Project	R	●
	A	●
	G	●
	C	●

5.1.2 Key Milestones & Requests for Change

MILESTONES		CURRENT STATUS
<i>Starts Feb 26 / Completes Apr 26</i>	Project: HR & Payroll Transformation Project:1 Pre-project preparation	M12 25/26 Completed
<i>Starts Apr 26 / Completes Jun 26</i>	Project: HR & Payroll Transformation Project:2 Consolidation & Planning with Supplier	M1 26/27 On Target
<i>Starts Jun 26 / Completes Feb 27</i>	Project: HR & Payroll Transformation Project:3 HR & Payroll Solution Redesign & Configuration & Testing	
<i>Starts Feb 27 / Completes Mar 27</i>	Project: HR & Payroll Transformation Project:4 Further Solution Module Development	
<i>Starts Apr 27 / Completes Jun 27</i>	Project: HR & Payroll Transformation Project:5 Project Closure	

5.1.3 Financial Summary

i) Savings


Annual savings as shown below were brought through the council's 2026 budget and will be enabled by delivering the HR & Payroll Transformation Project.

2026/27	2027/28	2028/29
£50,000	£100,000	£150,00

ii) Income

No direct income directly attributed to this project have been identified.

iii) Investment

	People & Finance Systems Programme: Investment: EMR	£ 1,076,701
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iv) Mitigations

Identify all known Programme costs and source appropriate funding for duration of Programme.

5.1.4 Key Risks

KEY RISKS ASSESSED	CURRENT RISK RATING	RESPONSE
HRP&P Transformation: Risk 1 Programme Affordability	8	Tolerate
HRP&P Transformation: Risk 2 Competing tensions and priorities between operational and project work	16	Treat
HRP&P Transformation: Risk 3 Cultural change required for transformation	12	Tolerate
HRP&P Transformation: Risk 4 Supplier engagement and appetite to support transformation	20	Treat

5.1.5 Existing controls are in place alongside further mitigation actions for each of these risks.

Each risk is proactively managed using the Council's Corporate Risk Management Process and risk appetites with assurance being provided by the Strategic Improvement Team Project Management Office and the Programme Board assurance officer.

The following actions have been, or are being, undertaken to mitigate **Risk 2: Competing pressures between operational and project work**:

1. A detailed resourcing plan was developed in late 2025 as part of pre-project activity. This models the resource requirements across the duration of the project.
2. A detailed project plan for Stage 1 has been developed.
3. A detailed project plan and associated resource plan will be developed for Stage 2.
4. A contingency resource plan has been prepared by the Project Manager and Service Project Lead, identifying backup resources for key specialist areas.

The following actions have been, or are being, undertaken to mitigate **Risk 4: Supplier engagement and capacity to support transformation**:

1. An initial meeting has taken place between the Senior Responsible Officer (Chief Officer, HR & Communications), the Council's Senior Supplier (Chief Officer, Business Solutions), the Programme Manager, and the Zellis UK Engagement Director. This established clear alignment on the forward plan for the project and the expected levels of engagement.
2. Weekly meetings with the Zellis UK Engagement Director are scheduled throughout Stage 1 of the project.

5.1.6 Progress Update & Forward Plan

This project formally commenced in April 2026 and is progressing and is split into three delivery stages:

- 1) Consolidation & Planning
- 2) System configuration, upskilling & knowledge transfer
- 3) Further enhancements/contingency

5.1.7 Activity on Stage 1 to date has included:

- Review of the outcomes from the HR & Payroll Data & Process Enablement recommendations, process maps & supporting information with our HR & Payroll solution supplier, Zellis UK.
- Several workshops with Zellis UK specialists and council Subject Matter Experts to agree priorities and discuss the options and recommendations to transform our use of the system, including our Core HR & Payroll modules and opportunities to make greater use of other system modules such as Onboarding to improve our processes to bring new staff into the organisation.

5.1.8 Further planned work in Stage 1 includes:

- Performing a Gap Analysis of the system versus our desired future improved processes.
- Mapping these gaps to delivery tasks.
- A detailed Technical Review of Proposals.
- Delivery of detailed & validated plans to deliver the transformative changes in Stage 2.

5.1.9 Stage 1 deliverables remain on target for completion by the end of June 2026 with Stage 2 to begin delivery of specific workstreams scheduled to start in July 2026.

5.1.10 The Programme team continue to engage closely with the Data Foundations Project, another project within the Corporate Solutions Portfolio of the Delivery Plan, to ensure changes to HR & Payroll processes and data align with the principles and requirements of the data platform being delivered.

This will inform critical data cleansing priorities and the required strategic decisions to be made. At a future stage there will also be the opportunity for the HR & Payroll Programme to inform Data Foundations of the data and insights sought from the data platform that is being delivered.

5.2 TalentLink Recruitment System Improvements Project

5.2.1 Overall Project RAG



5.2.2 Key Milestones & Requests for Change

MILESTONES		CURRENT STATUS
Starts Aug 25 / Completes Sep 25	TalentLink Recruitment System Improvements:1 Initiation	M6 25/26 Completed
Starts July 25/ Completes Oct 25	TalentLink Recruitment System Improvements:2 Implement Single Sign On	M7 25/26 Completed
Starts May 25 / Completes Jan 26	TalentLink Recruitment System Improvements:3 Implement System Dashboards and Notification	M11 25/26 Completed
Starts Oct 25 / Completes Feb 26	TalentLink Recruitment System Improvements:4 Review and redesign of candidate management process	M12 25/26 Completed
Starts Oct 25 / Completes Feb 26	TalentLink Recruitment System Improvements:5 Review and redesign of offer management process - [Closed, moved to HRP Transformation]	M12 25/26 Completed
Completes Apr 26	TalentLink Recruitment System Improvements:6 Project Closure	M1 26/27 Some Slippage

5.2.3 Financial Summary

As per section 3.1.

5.2.4 Key Risks

KEY RISKS ASSESSED	CURRENT RISK RATING	RESPONSE
TalentLink : Limited supplier resources impacts availability and response times	4	CLOSED

5.2.5 Formal project closure is now anticipated to take place in late May and as part of this process follow on action recommendations will be made to ensure the Council realises the full benefit of the changes delivered by the project.

5.2.6 The specific project objectives are based on the recommendations from the TalentLink health check carried out by COSLA, in April 2023. Prior to development of the project plan, the project team engaged with COSLA's subject matter experts to ensure these recommendations were still valid.

5.2.7 The progress of the work is as follows:

N o.	Description	Strategic Driver	Benefits	Status
1	Build and implement dashboards for Manager and Recruiting Team	<ul style="list-style-type: none"> User experience and flexibility 	<ul style="list-style-type: none"> Reduce queries, email traffic and forms, with double handling 	Complete

2	Implement automated system notifications to better inform recruiting manager at stages in the recruitment process.	<ul style="list-style-type: none"> • User experience and flexibility 	of tasks to back-office teams by rolling out recruitment manager self-service.	Complete
3	Migrating recruiting officers' access from username and password to Single Sign On (SSO).	<ul style="list-style-type: none"> • User experience and flexibility 	<ul style="list-style-type: none"> • Increasing system security, aligning with corporate ICT strategy. • Reducing the requests for password resets. 	Complete
4	Review and redesign Candidate Management process	<ul style="list-style-type: none"> • User experience and flexibility • Standardised Processes • Data Management & Integrity 	<ul style="list-style-type: none"> • Systemising steps and reducing manual handling • Reduction in off system working limiting the opportunities of teams to do things differently. 	Complete
5	Review and redesign Offer Management process			This will be considered for delivery as part of the HRP Transformation Project Onboarding workstream as there are key dependencies between the two systems.

5.2.8 **Recruitment Dashboards:** The Manager dashboards improve visibility of recruitment activity, support better decision-making, and reduce reliance on manual tracking.

5.2.9 **Automated Notifications:** Managers now get emailed alerts with Post IDs and advertisement dates and when a post is withdrawn, cancelled, or held. Applicants also get emailed to confirm withdrawal and how to correct if this was in error. This cuts down on manual processing time, doubling handling and reduces queries.

5.2.10 **Single Sign on:** Individuals using the system now use their Microsoft Office 365 login to access the system instead of separate username and passwords.

5.2.11 **Interview Arrangements:** Lead officers for recruitments now arrange interviews with candidates directly within the system which gives the following benefits:

1. Reduced effort required by back-office support teams as recruitment leads can undertake interview arrangements themselves.
2. Reduced "off system" working improving our recruitment data.
3. Significantly reduced lag time in confirming arrangements with candidates.

4. An improved experience for candidates who immediately receive automated emails from the system to confirm arrangements & keep them informed.
5. Improved experience for Lead officers as they will know exactly what stage their post is at all times within the recruitment process, and they will also know the information that has been issued to each candidate as they have instigated this.
6. Reduced overall recruitment process time from start to finish.
7. Standardised notification which reduces the number of Microsoft forms to be completed.

5.2.12 **Standardised Questionnaire:** Changes have been made to the standard questionnaire in relation to right to work and driving information that should reduce shortlisting time and email traffic volumes.

5.2.13 The project team are now working on further enhancements to this functionality to facilitate the arrangement of online interviews using Microsoft Teams.

5.2.14 The project has been delivered by a development team including a Process Development Officer, HR Analyst and a Principal Workforce Planning officer with support from the HR Change Manager and the TalentLink team within COSLA. Key back-office stakeholders including HR, Payroll & HR Transactions team were heavily involved in the work.

5.3 **Stakeholder Engagement and Communications**

Readiness assessments have been carried out with key stakeholder groups to understand how prepared the organisation is for the forthcoming changes. These assessments use the recognised ADKAR (Awareness, Desire, Knowledge, Ability, Reinforce) change management model and provide a clear, evidence-based baseline of organisational readiness.

5.4 The results are now being used to identify priority areas where additional support is needed. Targeted actions are being developed to support both project delivery and operational teams as changes are implemented during 2026/27. Readiness will be re-assessed at key stages of delivery to ensure progress is being made and issues are addressed early.

5.5 In parallel, a benefits mapping exercise is nearing completion following a series of staff workshops. This work will clearly set out what the programme will deliver during 2026 and beyond, and how success will be measured. These “Measures of Success” will be monitored through the Council’s Performance & Risk Management System, providing transparency and assurance that expected benefits are being realised.

6. **Programme Governance**

6.1 An HR & Payroll Transformation Steering Group will be established below the Programme Board with delivery working groups reporting into this group to ensure delivery decisions are made in a timely manner to ensure progress.

6.2 The Programme Board 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 May 2026

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