

Agenda Item	14
Report No	RES/50/23

Committee: Corporate Resources Committee

Date: 7 December 2023

Report Title: People and Finance Systems Programme

Report By: Interim Depute Chief Executive

1. Purpose/Executive Summary

1.1 This report provides an overview of the People and Finance Systems programme, key deliverables, and progress to date, as a key Service Plan action to replace the Council's existing Finance, Payroll and HR systems.

2. Recommendations

2.1 Members are asked to:

- i. note the update provided regarding the People and Finance Systems Programme.

3. Implications

3.1 **Resource:** Earmarked funding exists alongside the existing budgets for the current systems in use. Budgets are being reviewed to ensure that they are adequate to meet the specified programme deliverables considering currently identified key risks.

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 **Community (Equality, Poverty, Rural and Island):** there are no implications arising from this report.

3.4 **Climate Change / Carbon Clever:** where relevant this programme will make links with the Council's Net Zero Strategy.

3.4 **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.

This programme complies with Corporate and Transformation PMO standards in respect of proactive risk management as a key discipline in the controlled and

managed delivery of the work. The programme also directly contributes to the risk response to the Corporate Risk in respect of Financial Sustainability (CR1). The Overall RAG status of the programme is amber due to the imminent Go Live date for the Financials System and the critical lines of business systems involved. The User Acceptance Testing (UAT) is progressing well for the majority of the processes that need to migrate to the new system in April 2024. However, risks have been identified with the current functionality and build of the Revenues Management Modules. These have been escalated with TechnologyOne and are being closely managed by the project team and Project Sponsor. Mitigation is being identified to ensure successful delivery.

3.5 **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.

3.6 **Gaelic:** There are no specific Gaelic implications arising from this report. All projects will ensure the Council's bilingual policy is appropriately applied.

4. **People and Finance Systems Programme Update**

4.1 The key target dates for the programme are driven by the following factors:

- The current Integra financial systems platform contract ends on 30 June 2024, and support from Integra for the platform ceases 31 March 2025 (extended from an initial 31 March 2024 at the time the programme initiated).
- The OneCouncil Implementation HR & Payroll Project has to date been driven by a key contract milestone date relating to the current HR and Payroll system, with opportunity to give notice on that contract arising September 2024. While that opportunity still exists, unlike the Finance project, there is not the same critical end point of a system being removed from ongoing supplier support. There is consequently less of a time-critical driver, and the HR and Payroll system project is an inherently more complex project given legacy business processes. As a result, project target dates are being reviewed, alongside ongoing discussions with the current supplier, to re-assess the most appropriate project timetable and approach.

4.2 **Project Resources & Governance**

- The Programme Sponsor is now Kate Lackie (Depute Chief Executive). This reflects the programmes strategic significance.
- Brian Porter (Head of Finance and Commercialism) remains on the Programme Board as Project Sponsor for the OneCouncil Implementation Financials Project.
- Elaine Barrie (Head of HR) remains on the Programme Board as Project Sponsor for HR & P related projects.
- Since the last report several dedicated project staff resources and backfill positions have been put in place.

4.3

Milestone	Date Complete	Status
P&FS Programme Start	25/02/22	Complete
Procure new ERP solution for Highland Council	29/09/22	Complete
Go-Live THC Zellis ResourceLink HCM Cloud Solution	21/12/22	Complete
Cleanse THC HR Data	30/04/24	Ongoing
Rationalise THC Payrolls	TBC (01/07/24, planning underway)	Ongoing
Go-live of Financial Management Modules	01/04/24	Ongoing
Go-live of Revenues Management Modules	01/04/24	Ongoing
Go-live of Supply Chain Management Modules	01/04/24	Ongoing
Go-live of Business Strategy & Planning Modules	01/04/24	Ongoing
Go-live of Expenditure Management Modules	01/04/24	Ongoing
Go-live of E-Invoicing (EzeScan) Modules	TBC	Ongoing
Go-live of Enterprise Content Management Modules	01/04/24	Ongoing
Go-live of Contracts Management Modules	01/04/24	Ongoing
HR & Payroll Support Teams Redesign	TBC	Ongoing
Go-Live of Altair Payroll system	TBC (no later than 31/3/25)	Ongoing
Go-Live THC HR & Payroll on TechnologyOne ERP	TBC (go live replanning underway)	Ongoing
P&FS Programme Closure	TBC	Ongoing

5. OneCouncil Implementation Financials Project

5.1 Activity in the last period:

- Implementation Team Training was completed in October 2023.
- The configuration build by TechnologyOne was completed in September 2023.
- User Acceptance Testing by Council Subject Matter Experts started in late September 2023. Round 1 has been extended to run until the end of December 2023. This does not change the anticipated total testing effort and duration, with Round 2 of testing due to be complete by end of February 2024.
- Data Migration development has been continuing.
- Development of critical data integrations to and from other systems by THC ICT teams has been scoped and the intention is for TechnologyOne to build this between end of November 2023 and end of January 2024. THC effort will be focussed on full testing of these data flows.
- Additional costs of £31,218.75 (excl. VAT) were agreed at the end of the Configuration Design stage in July. The additional consultancy days booked for the development of the data integrations will increase costs by up to £22,500 (excl. VAT). Further costs of up to £10,125 (excl VAT) are expected in order to

complete additional changes in the Debtors and Billing area. These costs can be met within the current Programme budget.

- Monthly project communications have been circulated.

5.2 Planned Activity (December 2023 – Feb 2024):

- Complete User Acceptance Testing rounds 1 & 2. Consultancy days from TechnologyOne are planned to resolve issues found during this testing.
- Completion of the data integrations to and from other systems by February 2024.
- Full data refresh during early January 2023.
- Development and finalisation of revised business transaction process documentation.
- Development and start of delivery of user training and change management communications to end users, targeted at each user group as required.
- Go-live planning.

6. OneCouncil Implementation HR & Payroll Project

6.1 Activity in the last period:

- One critical Specific Solution Design workshop for payroll with TechnologyOne is outstanding.
- High level revised timeline options were provided by TechnologyOne following the last Project Board.
- A fit gap analysis has been undertaken.
- THC project plan & action list - draft in progress.
- Benefits session, draft of benefits profiles in progress.
- Commenced review/replan of interdependent HR & Payroll projects including resource plan.

6.2 Planned Activity (December 2023 – Feb 2024):

- Review/replan all HR & Payroll projects including resource planning.
- Review high level TechnologyOne timelines to aid replanning.
- Follow up on fit gap analysis and roadmap with TechnologyOne.
- Develop project documentation.

7. Zellis ResourceLink HCM Data Project

7.1 This project has been retitled the “HR Business Process & Data Project” and has a significant focus on the delivery of HR processes and procedures that ensure data is entered correctly at source, reducing or eliminating the need for future data cleansing.

7.2 A Project Initiation Document is being developed for the project by the December Programme Board. This is required to provide a clear scope of work for the project, resource requirements, timeline and tolerances in relation to Project 6 implementation.

8. Payroll Initiative

8.1 The Programme Board agreed in October that the Payroll Initiative would be closed and outcomes delivered via business as usual work and Payroll Rationalisation Project.

9. Altair Pension Payroll Project

- 9.1 Current focus and activity has been on implementing the pension members self-serve module (TME is the title of this element of the project reflecting the software supplier's terminology). This is a precursor to the pensions payroll module, as it will enable access to payslip and P60 information and allow pension members to update changes in personal/banking details.
- 9.2 A Data Protection Impact Assessment (DPIA) document has been completed, as has User Acceptance Testing for the TME self-serve element. Pensions Staff have been trained on 21 November 2023 to enable them to assist pension scheme members with enquiries regarding logging in etc.
- 9.3 Access to the TME self-serve module is being rolled out to active LGPS scheme members in stages over the coming months.
- 9.4 With regard to the pensions payroll module, Pensioners will be communicated with in advance of Altair Payroll system taking over paying them and onboarded to TME on time for viewing payslips and P60s on TME. It is expected that the Altair payroll module to be live in November 2024. Change Management communications have been prepared.
- 9.5 Work to cleanse personal email addresses and home addresses for all pension members will be ongoing to ensure as high a take up as possible as TME will be the best route to improve processes and keep members up to date (and to meet statutory and data quality requirements).

10. Risks and issues

- 10.1 Given the significance of the programme and the systems, which under-pin so much of Council service delivery, Senior Officers have recommended that this programme be incorporated into the Corporate Risk Register.

The programme is currently seeking to address the following key risks and issues:

Key Risk/Issue	Response
A cost-effective solution for storing historical financial data is required.	Options and costs are being assessed with the supplier of the current system (Integra). Should historical data need to be migrated to the Technology One system this will require significant additional staff resource to undertake this work prior to April 2024.
BACS Bureau Service	Options for replacing the current BACS Bureau Service provided by Capita are being explored.
Team resources	Combination of backfill to free up staff from BAU and commissioning TechnologyOne to undertake further elements of the build work.
There are competing tensions between "business as usual" activity and project delivery work.	Backfill and additional resource requests have been agreed in several areas with a view to enabling key

	<p>technical and business staff to deliver project outputs.</p> <p>TechnologyOne have been asked to build the required system integrations and data flows as a mitigation to this risk.</p>
<p>The 'As Is' HR and payroll processes and operations may not be fully documented or understood. This means critical information may not be passed onto Technology One for design purposes.</p>	<p>Proposals being developed regarding how to undertake the required level of business analysis to inform new solution design and/or existing process and data improvement.</p>
<p>Business readiness for change - the system will bring significant change to the whole business and an off the shelf solution has been purchased.</p>	<p>Proposals being developed regarding how to undertake the required level of business analysis and change management to ensure the business is ready to accept changes to key HR & Payroll processes.</p>

10.2 Further updates on the People and Finance Systems programme will be brought back to future Committees.

Designation: Interim Depute Chief Executive

Date: 20/11/2023

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Background Papers:

Appendices: **Appendix 1 – Finance System Functional Areas Being Migrated to Technology One System; Appendix 2 – HR & Payroll System Functional Areas Being Considered for Migration to Technology One System;**

Appendix 1 – Finance System Functional Areas Being Migrated to Technology One System

Area	Description
Financial Management	General Ledger
	Asset Accounting
	Taxation
	Banking
Revenues Management	Debtors & Billing
	Enterprise Cash Receipting
Supply Chain Management	Purchasing
	Inventory
Business Strategy & Planning	Enterprise Budgeting
Expenditure Management	Accounts Payable
	Purchase Card Management
E-Invoicing (EzeScan)	E-Invoicing
Enterprise Content Management	Enterprise Content Management
Contracts Management	Contracts
	Reviews
	Sourcing

Appendix 2 – HR & Payroll System Functional Areas Being Considered for Migration to Technology One System

Area	Description
Human Resources & Payroll System	Human Resources and Payroll (HRP) incorporates Organisation Management, Recruitment, Talent and Succession, Training, Safety, Payroll and Workforce Management.
	It seamlessly integrates with other organisational systems to enable process automation, comprehensive reporting, and detailed analysis.
	HRP enables the organisation to make informed decisions quickly with real-time metrics. It empowers employees with advanced self-service features they can access anywhere, on any device. HRP enables management of the entire employee lifecycle from recruitment to termination.