GOVERNANCE COMMITTEE	**Agenda Item 46** Brighton & Hove City Council

Subject:		**Information update on Implementation of New HR and Payroll System**
Date of Meeting:		**17 November 2009**
Report of:		**Director of Strategy & Governance**
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Wards Affected: All		

FOR GENERAL RELEASE

1.   SUMMARY AND POLICY CONTEXT:

1.1   To provide an information and progress update on the implementation of the new integrated HR/Payroll system that was approved at the Cabinet meeting on 15 January 2009.

1.2   The new HR/Payroll replaces the current system with an integrated suite of software. The new system which is post-based will support improvement of HR processes and financial control and provide improved reporting capability.

1.3   The system will enable faster and more efficient HR service to all customers and is scheduled to provide employee and line manager online access to view and change personal data.

2.   RECOMMENDATIONS:

2.1   That the Committee notes the report.

3.   RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

3.1   The contract for the provision of the integrated HR/Payroll system was signed with MidlandHR on 18 April 2009.
N B. MidlandHR has been recognised for its excellence in provision of leading payroll solutions and services by the Institute of Payroll Professionals (IPP) who awarded them Payroll Service Provider of the Year 2009.

3.2   The contract for the provision of a Recruitment module was signed with Stepstone on 26 August 2009. Stepstone is one of the largest providers of recruitment software solutions and this module will be integrated with the HR/Payroll system to ensure non-duplication of activity. The decision to purchase a separate Recruitment module was made because the MidlandHR product does not support the recruitment requirements of the council.

3.3   The project implementation is being managed in 2 phases. The first phase provides an integrated HR/Payroll system covering recruitment, core HR, absence and payroll processes. This phase is on target for scheduled completion in April 2010.

3.4   The second phase delivers HR functionality for workforce development and health and safety management in addition to employee and line manager online access to the HR/Payroll system. This phase is scheduled for completion by December 2010.

3.5   Project governance and implementation assurance is managed through monthly reporting to Project Board and through five key audit and assurance gateways for each phase:

- Procurement
- Design
- Build
- User test
- Preparation for go-live.

3.6   The project has completed Phase 1 Procurement and Phase 2 Design Gateway. Both phases have been given substantial assurance from (Deloitte) our external auditors.

4.   CONSULTATION

4.1   Successful delivery of the HR and Payroll System project divides into two key areas:

- The delivery of technical improvements required by the council for an HR and Payroll system.
- Getting users of the system to engage so that the improvements and efficiencies can be realised and sustained.

4.2   Significant progress has been made on the technical side - this will need to be maintained and resource will now need to focus on timely and meaningful consultation, communications, engagement and training.

4.3   Plans have been put together and agreed by the Project Board to manage all of the consultative issues whilst also taking into account the learning points and experience gained from previous projects.

4.4   All stakeholders have been identified and engagement and communications plans prepared to help ensure appropriate level awareness. Learning interventions are being developed based upon Customer needs identified through process work and user group consultation. Initial consultation with the Trade Unions on the roll out and implementation is scheduled for 25 November 2009.

4.5   Design Walkthroughs of the system have been completed with HR and Finance representatives who have assured the design approach, high level process maps

and testing scenarios for the core HR and payroll processes and data migration. The areas listed have been through the assurance process:

- Absence, Expenses and Timesheets
- Starters and Leavers
- Organisation Structure and Inheritance
- Payroll Processing

4.6 The main differences for all employees at April 2010 will be:

- A change of payroll reference number and an improved payslip advice.
- Employees with a Brighton and Hove City council email account may be given the option of receiving the payslip advice via e-mail.
- Integrated reporting to support management information requirements
- The opportunity to provide line managers with view access to employee data

4.7 The key focus for engagement for Phase 1 is to:

- Ensure all employees are aware of the pay reference number and payslip change.
- Ensure line managers are aware of the benefits of the post-based system, understand the need to keep establishment and employee information updated and do so.

4.8 A demonstration of the HR & Payroll System including both employee and line manager online access to information has been prepared and roadshow events will run from early 2010.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

5.1 The Project Budget and any variances are reported monthly to the Project Board. The project is currently forecast to be delivered within budget. HR and Finance time, external to the budget, provided to support the implementation of the project is being captured to inform future implementation and budget planning. Financial and service benefits set out in the original business case are scheduled to be delivered from April 2010 and will be monitored by service management. The measurement of benefits will confirm realisation of project outcomes and baseline measures are being agreed and will be subject to tracking from December 2009 (see Section 5.8).

Finance Officer Consulted: *Nigel Manvell*   *Date: 23/10/09*

Legal Implications:

5.2 The contracts referred to in this report fall under 'Part A' of the EU Procurement Directive and accompanying UK Regulations. As a result, they were subject to the full application of both the Directive and Regulations. The tender process was undertaken in compliance with the relevant legislation. The Council

must take the Human Rights Act into account in respect of its actions but it is not considered that any individual's Human Rights Act rights would be adversely affected by the recommendations in this report.

Lawyer Consulted: *Sonia Likhari*   *Date: 15/10/09*

Equalities Implications:

5.3   The new system will support improved diversity monitoring across a range of employment related areas. An equalities impact assessment of the system was prepared prior to contract award and will be re-confirmed during the build phase and the outcome will be reviewed as part of the Build approval gateway.

Sustainability Implications:

5.4   The contract has been awarded in line with the council's sustainability strategy. The provision of an integrated HR/Payroll Management Information System will improve the council's carbon footprint by significantly reducing the amount of paper and manual processes through electronic transmission of data. Carbon footprint will be further reduced by introducing Employee and Manager Self Service and by reducing the council's direct energy use by having the system hosted externally. Measurements to track the improvement in benefits are being measured with effect from October 2009.

Crime & Disorder Implications:

5.5   The system will improve the management of all necessary employment checks prior to employment commencing or on renewal of registration. This will include Criminal Records Bureau, the new ISA safeguarding regulations Child Protection Register, right to work in the UK, references and health checks

Risk and Opportunity Management Implications:

5.6   A risk and opportunity log is maintained for the project and reviewed monthly at the Project Board and interventions are being in place to ameliorate the risk as appropriate

5.7   The project is carrying 2 major elements of risk which are currently being managed:

- Availability of HR resource for user testing and parallel running of the new systems whilst maintaining the existing Business as usual activities for customers
- Potential conflict of interest in resource requirement for other high profile activities which require access to the resource and skills that are currently identifies to support the HR/Payroll implementation programme eg. single status

Corporate / Citywide Implications:

5.8   The delivery of a new HR & Payroll system supports the corporate strategy of value for money services for both the employees and residents of Brighton & Hove. The project supports the BHCC corporate plan objectives as described in the following table, the majority of which will be realised from April 2010

BHCC Objective	Project Objective	Realised from April 2010
Value for Money /Added Value	• Processing speeds will reduce administration costs	Y
	• Simplified process will enable increased volume and reduced costs	Y
	• Ensure that data only has to be entered once	Y
	• Capacity to develop Shared Service for other 3rd parties	Y
	• Resource released either as a cost saving or to deliver added value	Y
	• Build a business focussed relationship between HR and the line	ongoing activity
	• Compatible with most 3rd party supplier products	Y
Environment	• Reduced print, paper, toner and files:	
	-Electronic filing	Y
	-Electronic pay slips	Y
	-Electronic transmission of overtime,	
	-time-sheets, mileage and other subsistence claims	
	• Reduced carbon footprint on IT infrastructure	Y
	• Improved working environment	Y
Employer of Choice	• Manager and staff access to self service for key employee data and online payslips	
	• Intuitive to customer needs	
	• Automated customer prompts and reports	Y
	• Management information for timely decision making	
Probity and Control	• Better budgetary and cost control	Y
	• Better control of organisational structures, rates of pay & allowances	Y
	• Increased safety & robustness of payroll function	Y
	• Common standards and protocols	Y
	• Secured data sources	Y

SUPPORTING DOCUMENTATION

Appendices:

None

Documents In Members' Rooms

None

Background Documents

None