

Core Business Transformation Programme Phase 2 – HR and Payroll Technology

Date: 8th February 2023

Report of: Director of Resources

Report to: Executive Board

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

- The Core Business Transformation Programme (CBT) aims to make it easier to do business within the council by improving and transforming the Council's Finance, HR, Payroll and Procurement activities to meet the growing demand and requirement for more modern, efficient, digital services. These systems and processes are used by staff across the authority for a range of key activities, including ordering goods and services, processing invoices, paying staff, managing workforce establishment and Job Search, Recruitment, Selection, On-Boarding & Induction activity, booking annual leave, requesting training, and recording sickness absence and appraisals. This programme offers the opportunity to respond to the Peer Review recommendations about engaging with managers about digital change and in time it will simplify processes and help with staff burnout and workloads.
- The current Core HR and Payroll system (SAP) will be out of support by 2027 and needs to be replaced before then. The Cornerstone contract (Recruitment & Selection and Performance & Learning) ends in October 2024. By reviewing our technology choices, underlying processes, and ways of working we believe that we can achieve even better value for money with simple, modern, systems will enable us to do more with the same or less.
- Replacement of these systems, and reviewing and improving their underlying processes, will provide cloud based technology, as well as easier and more joined up processes. The new systems will integrate with each other, meaning aligned information for people and money, reducing manual interventions and workarounds, and improving analytics and reporting for managers. This will simplify transactional activities for managers and staff, provide more self-service and autonomy, and help with the current digital divide across the workforce. Importantly, the use of off-the-shelf cloud-based technology, along with an approach that “adopts rather than adapts technology” will also help ensure the systems remain up to date and fit for purpose. The CBT Programme therefore supports the Council's aim set out in its People Strategy to be the best place to work with staff provided with the right tools for the job ([here](#)), the Leeds City Digital Strategy (approved by this Board in October 2022, [here](#)) which aims to transform how we work using the many opportunities provided by digital technology, and deliver savings through more efficient ways of working and application rationalisation.

- All programme costs, whether revenue or capital, are included under the banner of transformational change, and as such can be capitalised under the Government's Flexible Use of Capital Receipts guidance. This funding source cannot be used to cover other, non - transformational revenue costs, including the day-to-day delivery of frontline services. Around 50% of the costs cover the salaries of existing Council staff who have been deployed to work on the programme.

Recommendations

Executive Board is recommended to:

- a) Approve the CBT Programme to proceed with Phase 2 of delivery requiring additional Authority to Spend of £8.0m funded from Capital Receipts in accordance with the Government's Flexible Use of Capital Receipts statutory guidance (updated August 2022) and issued under section 15(1)(a) of the Local Government Act 2003. This forms part of a wider programme of works estimated to cost a total of £18.5m, Phase 1 of which (£10.48m) was approved by the Executive Board on 19th October 2022.
- b) Note that Phase 2 of the programme will initially replace the Council's core HR and Payroll systems, followed by the replacement of related Health and Safety, Learning and Development, Occupational Health and Job Search, Recruitment, Selection, On-Boarding & Induction applications.
- c) Give authority to procure the new core HR and Payroll system(s) via an open procedure process, providing the award remains within the margins of the indicative costs and to waive Contract Procedure Rule (CPR) 15.2(c) in respect of the minimum points for price, the evaluation criteria will be 60% quality, 30% price and 10% social value.
- d) Note that subsequent procurement & implementation of the related Health and Safety, Learning and Development, Occupational Health, Job Search, Recruitment, Selection, On-boarding & Induction applications will be undertaken by the Director of Resources, the Chief Officer Human Resources and Chief Officer Strategy and Policy. The project sponsor is the Chief Officer Financial Services.

What is this report about?

- 1 The CBT Programme aims to make it easier to do business across the council by transforming the Council's Finance, HR, Payroll and Procurement activities, providing improved, modernised, digital services. This programme helps respond to the Peer Review recommendations about staff burnout and engaging managers in digital developments.
- 2 At its October 2022 meeting through the '*Core Business Transformation Programme*' report available [here](#), Executive Board gave approval to proceed with Phase 1 delivery: to replace the current Finance system (FMS), as well as providing the investment to carry out the operating model work to prepare the HR, Payroll and Procurement phases, wider transformation and change support, and CBT programme management. This report seeks approval to proceed with Phase 2 of the programme, providing investment to deliver:
 - The procurement and implementation of new Core HR systems (Organisation Management, Employee Records and Data Management, Absence, Exits, Time and Management including Annual Leave) and Payroll providing digital access to all Council employees to these functions and integrated into the new Finance system. Following this, the procurement and implementation of Health and Safety, Learning and Development, Occupational Health and Job Search, Recruitment, Selection, On-Boarding & Induction additional applications or functionality to support the employee lifecycle;

- New best practice efficient and modern HR and Payroll processes and ways of working;
 - One source of aligned data across HR, Payroll and Finance enabling analytics and reporting; and
 - Ongoing investment to deliver further improvements for core HR and Payroll post go-live of the new system(s), potentially enabling future additional savings.
- 3 Appendix One sets out the detailed Business Case for Phase 2.
 - 4 Procurement for Core HR and Payroll will be via an open procedure in accordance with the Public Contracts Regulations 2015 (PCRs) and the Council's Contract Procedure Rules (CPRs). The contract length will be 4 years with the opportunity to extend for four lots of two years at a time, meaning a maximum contract length of 12 years. This report is seeking approval to waive CPR 15.2(c) which requires the price element of tender evaluations to be 40% or higher due to the Core Business Transformation Programme having far greater impact than a standard technology implementation, meaning changes to ways of working and the associated cultural change are critical to its success. A better-quality product will result in improved adoption across the organisation, more effective integration with existing applications and strategies (Leeds City Digital Strategy and People Strategy 2020 – 2025) resulting in the programme being more effective in enabling future savings. The evaluation criteria will be 60% quality, 30% price and 10% social value.
 - 5 The procurement route for the smaller additional applications or functionality for Health and Safety, Learning and Development, Occupational Health and Job Search, Recruitment, Selection, On-Boarding & Induction will be delegated to the Director of Resources, the Chief Officer Human Resources and Chief Officer Strategy and Policy. The project sponsor is the Chief Officer Financial Services.
 - 6 Following Executive Board's approval of Phase 1, Microsoft Dynamics 365 has been chosen to replace the Council's in-house Finance system, FMS. SAP provides the current Core HR and Payroll functions, with Access databases used for Health and Safety and Occupational Health, and Cornerstone used for Learning and Development, and Job Search, Recruitment, Selection, On-Boarding & Induction. As noted in the previous October report, the technology market is rapidly evolving and the Council's requirements across these key business functions will continue to change. As such, the CBT Programme has shifted away from its initial consideration of a single Enterprise Resource Planning solution provided by one vendor, moving instead to choosing a core technology platform plus integrated 'best of breed' applications. This gives the Council the flexibility to choose the best fit for each of the core business activities within scope, without being tied into a single solution that is typically more expensive, requiring specialist support skills that are less available in the market.
 - 7 The CBT Programme team has worked with Ernst and Young (EY) to assess the current process and technology maturity and agree the future approach about how the Council will organise, ways of working, business process design and technology choice. Moving from current ways of working and technology to the future approach has been built into a roadmap of broad phases consisting of projects or work packages across transformation and technology.

What impact will this proposal have?

- 8 Phase 2 and the wider CBT Programme will make it easier to do business across the council and provide several benefits, including:
 - ***Delivering value for money and savings:*** simple, modern, systems will enable us to do more with the same or less. The implementation of new technology will provide services with opportunities to adopt good practice and more efficient ways of working, enabling sustainable savings to be made to contribute to closing the Council's estimated budget gaps

in future years. We will onboard our implementation/transformation partner for phase 2 in May 2023 and will work together to identify where savings can be made, feeding into subsequent budget and service planning. This programme should help with staff burnout by removing unnecessary burdens and simplifying processes.

- **Improved services, data and information:** the CBT Programme will provide the connectivity, infrastructure, skills and training to deliver world class core business services. Implementing new core HR and Payroll systems will enable Finance, HR and Payroll processes, data, and organisation hierarchy to be joined. This will provide a robust 'one source of the truth' and reduce the current manual work to try to maintain system and data alignment, freeing up Support Services' staff and other colleagues' time currently spent in less value-added tasks such as producing reports and data inputting, and more into helping the organisation tackle challenges and support change. New systems will make the data more accessible and visible to leaders and managers, for example providing them with management dashboards (for example including finance and HR information) that are easier to view and interpret, supporting evidence-based decision making. The programme will ensure that there is development in digital skills so that the potential of the technology can be exploited and that managers are engaged in the development of the programme and implementation of the new systems.
- **Better employee experience:** technology implementation will enable Core HR and Payroll to deliver further benefits through continuous improvement, facilitating safe and sustainable places of work with modern workplaces and people practices. This will improve the overall employee experience, especially for those delivering frontline services where process variation between the digital and non-digital enabled workforce creates administrative burdens. We will be working with colleagues to identify any skills gaps and support them to develop the skills needed for the future. To achieve this with current systems would be costly, technically challenging and less user friendly.
- **Bridging the 'digital divide':** currently around 5,000 (more than one third) of the Council's employees do not have digital access to the Authority's HR and payroll services, often relying on manual paper-based processes, while many find it difficult to access payslips and other functionality through the existing online portal. Surveys and engagement to date have shown that most employees would welcome the ability to be able to interact with such core services using their own devices (please see the 'Consultation and Engagement' section of the report below for further detail). Phase 2 of the CBT Programme will provide digital access to these functions for Council employees who currently do not have it, facilitating greater staff engagement, connectivity, inclusion, and development.
- **Improved Job Search, Recruitment, Selection, On-Boarding & Induction:** with a large workforce facing capacity challenges, the Council has a critical requirement to fill essential roles to deliver our front-line services. We have a need to transform the way that we recruit to fill these crucial roles in an increasingly competitive marketplace. The implementation of modern and easy to use technology, with improved integration between recruitment and core HR / payroll technology, will underpin this transformation to make savings in the cost and time taken to undertaken administrative recruitment processes and to enable the Council to present itself as a modern workplace that is attractive to the best talent.

9 Phase 2 will deliver a number of specific benefits and efficiencies across Core HR and Payroll unable to be delivered through current systems, freeing up capacity in particular within the Business Support Centre (BSC), Business Administration Service (BAS) and HR:

- **Onboarding new starters:** new starters will be able to access team & organisation information before their first day. They will have more control over personal data and will be able to easily see the progress of their appointment.

- **Contract production:** automated in-system capability will reduce overheads created by manual processes.
- **Self-service for all users and in-system help facilities:** individuals will benefit from improved visibility of, and ease of access to, their personal employment information, including payslips and annual leave entitlement.
- **Automation and improved workflows:** improved automation in payroll processing and post-payroll processes will increase efficiency.
- **Reporting:** as noted above, capacity will be freed up for staff spending less time on producing reports, both internally and for external purposes and organisations such as HMRC and Pensions. There will also be greater integration with wider reporting, including the NHS Workforce Race Equality Standard (WRES), making it easier and more efficient for services to meet these requirements.

10 A summary of how Phase 2 will support the delivery of the Council's People Strategy is shown here:

Transformation and new technology will make it easier to do business across the council and support delivery of our People Strategy 2020 to 2025

Everyone

We will all see improvements to how we access things like HR advice, training, development, and appraisals, leave requests, payslips and so on. We think we can improve the 'self-serve' experience and extend it to colleagues who don't currently have it. We will make sure it is simple and accessible. The focus will be digital, including developing digital skills, but no-one will be excluded.

Leaders and managers

Managers at all levels will get easier, faster and more direct access to the information you need for your job, whether you are line-managing people, building a team or controlling a budget. The new systems will support managers to be their best as a manager and we will make sure any training needed is part of the Council's leadership and management development offer.

Core business specialists

Finance, HR, Procurement or Business Support: the services you offer the Council will get a boost. With systems to be proud of, and more self-service, colleagues will be able to spend even more time on the 'value-added' work.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing

Inclusive Growth

Zero Carbon

11 At its broadest level, this programme will enable the council to make the maximum contribution to the Best City Ambition, by making it easier to do business within the council, improving efficiency, delivering savings and enable colleagues to work well with partners. The CBT programme supports Inclusive Growth by helping to ensure the Council's staff are equipped with the skills to do their jobs. Staff not currently digitally enabled in the workplace will be included and well supported to use new digital ways of working and standard processes – including providing them with easier, direct, access to learning and job opportunities. Intuitive (minimal training needed for the user to easily operate the process), inclusive (available to all

employees) and accessible (for a wide range of users with differing accessibility requirements/access technologies) user interfaces will be provided for system users and end users with office, remote and mobile access.

- 12 Access from any device will support remote working and therefore contribute to reducing travel and a more efficient use of the Council's office space, supporting the Council's Zero Carbon pillar.
- 13 Health and Wellbeing will be enabled by making core processes easier to access and use, releasing time and capacity for people to focus on more value-adding and rewarding activities.

What consultation and engagement has taken place?

Wards affected: No specific ward affected

Have ward members been consulted? Yes No

- 14 Executive members and senior managers have been engaged to understand challenges and opportunities with the current systems and processes, as well as their ambitions for future service delivery. This engagement will continue through implementation.
- 15 Frontline employees have been engaged through surveys and direct discussions to understand their attitudes towards using digital devices to access HR and Payroll services and information. The overall reaction is favourable with many wanting the access as soon as possible. Appendix Two provides a snapshot of the results for the 'Equal Digital Access to Employee Services for All' survey, a survey that kicked off with staff – with a particular focus on frontline colleagues – in August 2022. The survey will remain open, and the results continue to be reviewed.
- 16 Consultation with the Trade Unions is ongoing through a CBT standing item at quarterly Corporate JCC meetings.
- 17 Colleagues from Procurement and Commercial Services and IDS Procurement have been engaged to ensure the most appropriate procurement processes are followed in line with the Council's CPRs and PCR's.
- 18 Discussions have been held with staff networks – including several workshops with DAWN (Disability and Wellbeing Network) colleagues to capture their user stories - and directorate equality boards. Equality, diversity and inclusion (EDI) requirements have been included within procurement processes and will flow through all stages of implementation, go live and business as usual. A refreshed Equality Impact Assessment for the CBT Programme is provided at Appendix 3.

What are the resource implications?

- 19 The current Core HR and Payroll system (SAP) will be out of support by 2027 and so needs to be replaced before then. The Cornerstone contract (Recruitment & Selection and Performance & Learning) ends in October 2024. The current annual revenue costs for these applications are as follows:
 - **SAP: £382k** (Core HR & Payroll). This includes SAP licences for around 50% of workforce + Mandant support for ABAP and Basis, clone and test, e-Pay and hardware.
 - **Cornerstone: £300k** (Recruitment & Selection, Performance & Learning). This includes licenses for around 50% of workforce, support maintenance and direct IDS costs.
 - **Total annual cost: £682k.**

20 A breakdown of the £8.0m recommended investment for Phase 2 is provided at Table 1:

Table 1: Recommended investment for CBT Phase 2

Investment recommended	£m	Key outcomes
HR technology implementation	2.50	Provide the best employee experience through digital access to modern services. Embrace digitisation to free up HR & BSC colleagues to focus on more complex activity and increase efficiency and time to resolve transactional issues. Get the basics right with connected data, one source of the truth and improved analytics and reporting. Empower people and give real accountability. Enable ongoing continuous improvement and development. Provide valued support for HR, Payroll, Occupational Health and Health & Safety more efficiently.
Payroll technology implementation	1.50	
Transformation and Change support across CBT Portfolio	2.50	
Management of CBT portfolio and delivery	0.50	Ensuring alignment between the different phases and technology implementations and a common change and transformation approach. Gaining the necessary approvals and driving progress and governing to ensure that we 'adopt not adapt' – adopt best practice processes and avoid customisation or complication of processes.
15% Contingency	1.05	
Total CBT Phase 2	8.05	

21 All programme costs, whether revenue or capital, are included under the banner of transformational change, and as such can be capitalised under the Government's Flexible Use of Capital Receipts guidance. This funding source cannot be used to cover other, non-transformational revenue costs, including the day-to-day delivery of frontline services. Around 50% of the costs cover the salaries of existing Council staff who have been deployed to work on the programme.

22 Table 2 below sets out the Authority to Spend required for Phase 2 of the CBT Programme of £8.0m and previous Authority to Spend under this scheme. The ongoing revenue costs will not be finalised until the procurement process is completed, the technology choice for HR & Payroll is made and license costs known. If this is over and above the costs already built into the budget, this will be addressed through the refresh of the Council's Medium-Term Financial Strategy which will be reported to Executive Board in September 2023. The estimated costings have been developed based on EY's experience of similar local government implementations and calibrated against known figures from other local authorities to ensure that they are realistic.

Table 2: Core Business Transformation Authority to Spend. Capital funding and cash flow table.

Previous total Authority to Spend on this scheme	TOTAL £000's	TO MARCH 2022 £000's	FORECAST				
			2022/23 £000's	2023/24 £000's	2024/25 £000's	2025/26 £000's	2026 on £000's
LAND (1)	0.0						
CONSTRUCTION (3)	0.0						
FURN & EQPT (5)	7280.0			6000.0	1280.0		
INTERNAL DESIGN FEES (6)	2516.8	1292.2	574.6	350.0	300.0		
OTHER FEES / COSTS (7)	683.2	414.0	99.2	100.0	70.0		
TOTALS	10480.0	1706.2	673.8	6450.0	1650.0	0.0	0.0
Authority to Spend required for this Approval	TOTAL £000's	TO MARCH 2022 £000's	FORECAST				
			2022/23 £000's	2023/24 £000's	2024/25 £000's	2025/26 £000's	2026 on £000's
LAND (1)	0.0						
CONSTRUCTION (3)	0.0						
FURN & EQPT (5)	6170.0			3000.0	3170.0		
INTERNAL DESIGN FEES (6)	745.1		145.1	350.0	250.0		
OTHER FEES / COSTS (7)	1084.9		754.9	200.0	130.0		
TOTALS	8000.0	0.0	900.0	3550.0	3550.0	0.0	0.0
Total overall Funding (As per latest Capital Programme)	TOTAL £000's	TO MARCH 2022 £000's	FORECAST				
			2022/23 £000's	2023/24 £000's	2024/25 £000's	2025/26 £000's	2026 on £000's
Flexible Use of Capital Receipts	18480.0	1706.2	1573.8	10000.0	5200.0		
Total Funding	18480.0	1706.2	1573.8	10000.0	5200.0	0.0	0.0
Balance / Shortfall =	0.0	0.0	0.0	0.0	0.0	0.0	0.0

23 An external transformation/implementation partner(s) may be used for the Core HR and Payroll new process design and technology implementation. The existing CBT team will be used to lead the Change Management, which affects all Council staff and in particular those who currently carry out or manage the HR and Payroll business functions that will change, notably colleagues from HR, the Business Support Centre and administrative support staff from the corporate Business Administration Service and based within directorates. This programme is an opportunity to respond to the Peer Review recommendations about staff burnout and about engaging managers in digital change.

What are the key risks and how are they being managed?

24 Table 3 sets out the key risks and how they will be mitigated.

Table 3: Core Business Transformation Phase 2 Risk Management

Risk	Mitigation
Lack of organisational buy in and less readiness to transform and implement new technology in some functional / workforce areas resulting in the programme stalling or stopping before completing the whole scope of delivery.	Plan phases of work to identify current challenges , benefits and engage with each functional area to ensure that each area is ready and enthusiastically drives adoption. The change is not seen as adding to colleague's workloads – rather is seen as simplifying and empowering. Focus on quality will assist in driving adoption.
Potential low uptake from frontline employees and dependency on digital access and skills.	Early engagement and communications to show employees how to access the new processes and benefits of the system. Linking into existing training routes and adult learning. Focus on quality will assist in driving adoption.
Supplier does not deliver.	Mitigated by splitting the scope into milestones which will be linked to payments to the supplier. Full testing and sign-off by the authority prior to go-live with the new payroll system.
Integration of different technology solutions.	Ensure that solutions are cloud-based with standard API (Application Programming Interface) data connections enabling integration. Define a standard data model which all

Risk	Mitigation
	solutions must adhere to. Technology platform choice with strengths in integration
Lack of consistent look and feel.	Programme Board agreed that ease of access and ease of use is more important than differences in look and feel between applications. Operational and management reporting will retain the same look, feel, and means of operating.
Programme focuses on the technology and loses sight of the core aim of ongoing transformation.	Ensure that the approach incorporates service design, engages with users and managers, as well as drawing on best practice and agreeing these priorities prior to technology choice.
Cost or timescale overrun.	For a programme of this nature, cost or timescale overruns are typically driven by: data migration not ready; lack of access to LCC Subject Matter Experts; customisation of processes. LCC will only contract for modules of delivery one at a time, not the whole scope. This enables effective mitigation of risks through advance planning, flexible scheduling if necessary and ensuring functional areas are ready.
Customisation drives increased implementation, support costs and upgrade issues	Robust process including a Design Authority, Chief Officer sign-off to agree and prioritise any customisations against a fixed budget.
Risk of delays leading to unsupported payroll system.	The current Core HR and Payroll system (SAP ECC) (used to pay around 46,000 Council staff, traded services and Member allowances) will end support in 2027 - meaning that we will not receive updates. This would increase security risk, risk of errors or failure of payroll and the system will quickly become obsolete. SAP requires customers, to migrate off or migrate to their SAP S4/HANA cloud offering before 2027. Following end of support our payroll will be running at high-risk of service failure on obsolete software no longer receiving legislative, security or compliance updates and impacting our ability to guarantee the timely payment of our employees. By starting this process well before 2027 we are mitigating this risk and ensuring value for money from future revenue spend.
Payroll changeover errors result in incorrect payments to staff or payments do not happen. Risk of losing income from 3 rd parties.	Robust testing pre go live, dual running, contractual penalties for errors made by supplier, release and backfill of specialist colleagues to work on the implementation.
Data / reports do not integrate with Directorate / service reporting requirement	Relevant parties to input into the specification document and can be called as 'Subject Matter Experts' during the procurement process.

What are the legal implications?

- 25 This is a key decision and has been included in the List of Forthcoming Key Decisions on 30th November 2022 for the required period and is subject to call-in. There are no grounds for keeping the contents of this report confidential under the Access to Information Rules. Future decisions necessary to the delivery of Phase 2 of the CBT will be considered to flow from this key decision and will be treated as significant operational decisions.
- 26 A full open procurement process for Core HR and Payroll will be carried out in an open and transparent manner in line with the Council's CPRs and the PCRs, ensuring competition is sought to identify best value for money.

- 27 There are no legal implications in relation to waiving CPR 15.2(c) in respect of the minimum evaluation criteria for price.
- 28 A restricted procurement process was considered; however, this was rejected on the basis of the tight timescales involved in this particular project. There are no suitable framework agreements for the Council's particular requirements, therefore an open procurement process will be undertaken.
- 29 As noted above, an updated Equality Impact Assessment of the CBT Programme is provided at Appendix Three.

Options, timescales and measuring success

What other options were considered?

- 30 Doing nothing is not an option: new HR solution(s) are a key enabler to deliver much-needed transformation of these functions, help to deliver the Council's People Strategy 2020 to 2025 and enable services to make sustainable financial savings (current Council wide budget savings targets are £47.9m 24/25 and £26.5m 25/26). Keeping current systems running will leave the Council with existing complex processes which require significant and costly manual effort. As a result, the CBT programme would not deliver benefits to all employees and potential employees, make it more complex for employees without digital access to access HR and Payroll services and would not contribute to enabling further financial savings to be made.
- 31 The original intention was to deliver the whole programme for all functions within 24 months. Investigation into the timelines of other authorities which have implemented similar programmes, and experience from EY have indicated this timeline is unrealistic and high risk. The CBT team, together with EY, have completed a more detailed assessment of the current state and considerable level of change for people and technology to reach the future state. The CBT programme will take every opportunity to speed timelines where possible.
- 32 Delaying the replacement of the existing SAP solution for Core HR and Payroll until support expires (2027) was considered. However, given the complexity of our payroll it is desirable to have a long lead-in time, and implement sooner, to avoid the risk of delays and running an unsupported payroll system. In addition to being costly (see above) this would delay the wider benefits realisation across the programme (enabling services to make future savings) and would likely lead to the Council having to extend contracts for systems which are preventing transformation and delivery of key elements of the People Strategy.
- 33 Additionally, our ambition is to start using Microsoft Dynamics for Finance from October 2023. Core HR and Payroll must be tightly integrated into the new Finance system and this is a prerequisite before much needed improvement in Job Search, Recruitment, Selection, On-Boarding & Induction, Learning and Development, Occupational Health and Health and Safety can be undertaken. It is most cost effective and efficient to ensure that the new finance system and the new Core HR and Payroll systems are aligned from the start so that we must only integrate once; should we wait to implement Core HR and Payroll nearer to 2027 this work would need to be carried out twice.
- 34 Further investment in current systems is not an option for the initial part of phase 2 - Core HR and Payroll systems as the existing SAP solution will be unsupported from 2027.
- 35 There are multiple options of traditional and new entrants within the HR technology market: some vendors provide a broad offering over multiple HR offerings (such as Core HR, Payroll, Learning and Job Search, Recruitment, Selection, On-Boarding & Induction) while others are considered more niche specialists (for example, Wellbeing, Recognition and Employee Listening). Working with EY, the CBT Programme Team reviewed the offerings and concluded that there is no "one size fits all" HR technology offer which covers all current and future

requirements for the Council. It is essential to implement new Core HR and Payroll system(s) first as a foundation for further improvements and thus Core HR and Payroll is the focus of the initial Phase 2 procurement and implementation. The Council will then be able to select appropriate additional functionality or applications to replace the HR-related systems for Health and Safety, Learning and Development, Occupational Health and Job Search, Recruitment, Selection, On-Boarding & Induction based on the best offering at the time in the rapidly evolving HR technology marketplace.

How will success be measured?

36 KPIs to measure progress will be defined as we go through the implementation journey and built into the Council's performance management framework. The KPIs will be designed to be specific to Leeds and targeted on the process improvements and user experience we want to see. Please see Appendix 4 for example KPIs. Success will also be measured by delivery on cost, quality, and timescales, as well as softer measures such as engagement levels.

What is the timetable and who will be responsible for implementation?

37 The overall CBT Programme roadmap, including this Phase 2, is a 3 – 4 year transformation given the level of change required, and to manage the other priority demands on the Council's Support Services, managers and staff.

38 The Director of Resources, Chief Officer Human Resources and Chief Officer Strategy and Policy will be responsible for the delivery of Phase 2 of the Core Business Transformation Programme. The Chief Financial Officer is the programme sponsor. Decisions will be taken in accordance with the Director of Resources' sub-delegation scheme, in liaison with Chief Digital and Information Officer in relation to all matters relating to the Council's use of digital technology.

39 Oversight and challenge in respect of all aspects of the CBT will continue to be provided by the cross-Council Programme Board, and subject to independent review by Internal Audit.

Appendices

- Appendix 1: Business case to replace Core HR and Payroll systems.
- Appendix 2: Equal Digital Access to Employee Services for All survey results.
- Appendix 3: Equality Impact Assessment, updated December 2022.
- Appendix 4: Example key performance indicators.

Background papers

- None