# Appendix One
# HR & Payroll Business Case Summary

**CORE BUSINESS TRANSFORMATION**

**The Executive Board are asked to:**

- **Approve the Core Business Transformation Programme to proceed with phase 2 of delivery requiring additional Authority to Spend of £8.05m funded from Capital Receipts.**

The original approval (September 2020) was to commence procurement activities for the implementation of a full ERP system across the whole of core business, with one supplier providing both technology and transformation support.

This business case outlines a change to this approach, splitting the transformation into a portfolio of activity with phases* for approval to reduce commercial and delivery risk from having one partner with a wide scope and to enable the authority to take advantage of rapid advances in available technology.

Phase 1 which has been approved, concluded adoption of a Microsoft Dynamics for Finance and Purchase to Pay with best of breed solutions in other areas. Phase 2 will invite responses to a competitive tender to select core HR and Payroll technology to: meet the council requirements; interface to Dynamics; have proven local government payroll to deal with the complexity; enable digital access to HR and Payroll services for all employees.

This report recommends that phase 2 of delivery, requiring additional **Authority to Spend of £8.05m be approved funded from capital receipts**. Phase 2 will be to **replace the core HR and Payroll systems, transform ways of working and provide digital access for employees who do not currently have access**. The report further recommends that the award of contract will be delegated to the appropriate director providing the contract award is within the margins of the indicative costs.

The investment includes further applications or functionality for Recruitment, Learning and Development, Occupational Health and Health and Safety, which will be best of breed solutions, interfaced into the core HR and Payroll solution.
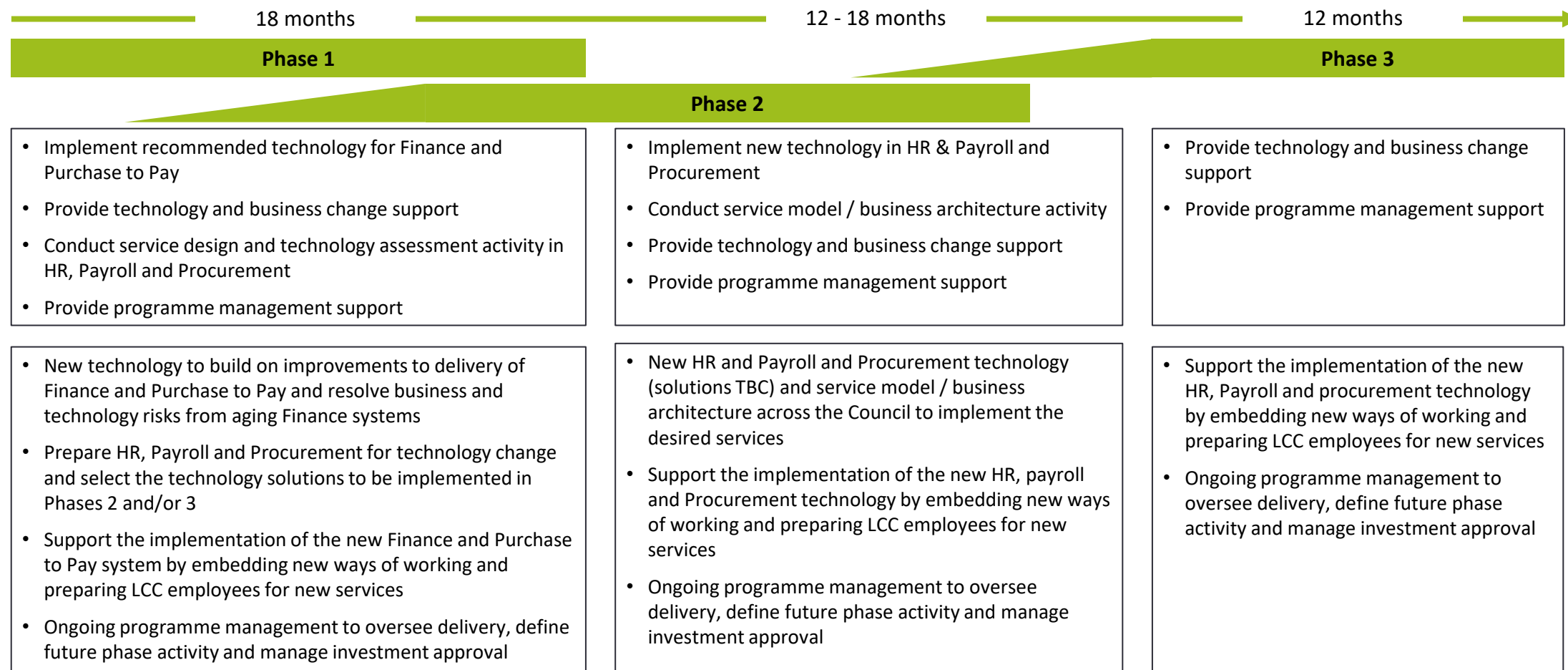
| Investment recommended | Funding requested | Key Outcome |
|---|---|---|
| HR technology implementation | £2.50m | Provide the best employee experience through digital access to modern services.  Embrace digitisation to free up HR & BSC colleagues to focus on more complex activity and increase efficiency 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 | £1.50m | |
| Transformation and Change support across CBT Portfolio | £2.50m | |
| Management of CBT portfolio and delivery | £0.50m | 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 | £1.05m | |
| Total for phase 2 | £8.05m | |

**CORE BUSINESS TRANSFORMATION**

The transformation activity will be delivered as a portfolio of activity across three phases over 3 – 4 years. Phases are not necessarily sequential and may happen simultaneously to some extent. The durations for the phases are estimated as the activity to be included and the implementation timeline possible will be determined as part of the detailed planning activity in the preceding phase.

| | 18 months | 12 - 18 months | 12 months |
|---|---|---|---|
| | **Phase 1** | **Phase 2** | **Phase 3** |

| | **Phase 1** | **Phase 2** | **Phase 3** |
|---|---|---|---|
| **Overview of transformation activity** | • Implement recommended technology for Finance and Purchase to Pay<br>• Provide technology and business change support<br>• Conduct service design and technology assessment activity in HR, Payroll and Procurement<br>• Provide programme management support | • Implement new technology in HR & Payroll and Procurement<br>• Conduct service model / business architecture activity<br>• Provide technology and business change support<br>• Provide programme management support | • Provide technology and business change support<br>• Provide programme management support |
| **Key Outcomes** | • New technology to build on improvements to delivery of Finance and Purchase to Pay and resolve business and technology risks from aging Finance systems<br>• Prepare HR, Payroll and Procurement for technology change and select the technology solutions to be implemented in Phases 2 and/or 3<br>• Support the implementation of the new Finance and Purchase to Pay system by embedding new ways of working and preparing LCC employees for new services<br>• Ongoing programme management to oversee delivery, define future phase activity and manage investment approval | • New HR and Payroll and Procurement technology (solutions TBC) and service model / business architecture across the Council to implement the desired services<br>• Support the implementation of the new HR, payroll and Procurement technology by embedding new ways of working and preparing LCC employees for new services<br>• Ongoing programme management to oversee delivery, define future phase activity and manage investment approval | • Support the implementation of the new HR, Payroll and procurement technology by embedding new ways of working and preparing LCC employees for new services<br>• Ongoing programme management to oversee delivery, define future phase activity and manage investment approval |

**CORE BUSINESS TRANSFORMATION**

Analysis in the previous business case has been updated; as a result of market engagement held in January 2022, new entrants to the ERP market, the Leeds City Digital Strategy 2022 and recent work to consider the operating model and future way of working for LCC core business functions.

**Do Nothing** and **Replace Individual Systems** remain rejected as options as per the original case. **Full ERP Solution** and **Best In Breed** options comparison has been updated to give another option: **Core of recommended technology for Finance plus best of breed for HR and Payroll**. This is following recent CBT analysis and drawing on other Council experience; notably Birmingham and Norfolk moving to Oracle cloud, Barnet, Bournemouth Christchurch and Poole and Somerset moving to Dynamics.

Key: | Compares favourably to other options / equivalent to next best option |

| | Original Options Appraisal Summary (Updated) | | How the Recommended Approach Compares |
|---|---|---|---|
| | **Option A - Full ERP Solution** | **Option B - Best in Breed** | **Option C (Recommended Approach) - Core of recommended technology for Finance plus best of breed for HR and Payroll** |
| **Strategic Case** | • Supports the aims of the programme.<br>• No longer aligns with LCC digital strategy. | • Supports the aims of the programme.<br>• Weaker alignment to LCC digital strategy. | • Supports the aims of the programme.<br>• Aligns with LCC digital strategy. |
| **Commercial Case** | • No single supplier can meet all LCC needs.<br>• Possible to achieve a value for money deal. | • Suppliers exist to meet our needs.<br>• Possible to achieve a value for money deal. | • Suppliers exist to meet our needs.<br>• Possible to achieve a value for money deal.<br>• Potential to seek investment from recommended technology provider. |
| **Economic Case** | • Expected to meet Must Have CBT Functional requirements for HR and Payroll<br>• Resolves business and technology risks from complex and partially integrated HR and Payroll system<br>• More expensive to integrate to existing LCC technology estate | • Expected to meet Must Have CBT Functional requirements for HR and Payroll<br>• Resolves business and technology risks from complex and partially integrated HR and Payroll system<br>• Increases complexity of LCC technology estate | • Meets Must Have CBT Functional requirements for Core HR and Payroll<br>• Enables best of breed solutions for Recruitment, Learning and Development, Health and Safety and Occupational Health<br>• Easiest integration to existing LCC technology estate |
| **Financial Case** | • Implementation costs equivalent to Recommended Approach.<br>• Slight increase to ongoing licence and support costs | • Higher Implementation Cost<br>• Slight decrease to ongoing licence and support costs | • Implementation costs equivalent to Full ERP.<br>• Slight decrease to ongoing licence and support costs. |
| **Management Case** | • Equivalent resource requirement to Recommended Approach<br>• Equivalent time scale to implement as Recommended Approach<br>• Median support option | • Procurement and implementation requires the median amount of resource<br>• Equivalent time scale to implement as Recommended Approach<br>• Most expensive support option | • Equivalent resource requirement to Full ERP.<br>• Equivalent time scale to implement as Full ERP.<br>• Lowest support cost option given increased availability of recommended technology skilled professionals in current market. |

**The recommended approach is to build on the core of Microsoft Dynamics for Finance because this will; support the overall aims of the programme, achieve a value for money solution, provide data and process integration through system interoperability.**

**CORE BUSINESS TRANSFORMATION**

Below is a snapshot of traditional and new entrants within the HR Technology market; some of the vendors provide a broad offering to cover multiple HR Capabilities (i.e. Core HR, Payroll, Learning, Recruitment) while others are considered niche specialists (i.e. Wellbeing, Recognition, Employee Listening).

There **is no "one size fits all" HR Technology offer that covers all current and future business requirements for LCC**; the market for HR Technology is very dynamic with mergers and acquisitions often occurring between vendors. Vendors are looking to expand their offering and provide solutions for needs that previously were ignored or were simply unknown to businesses.
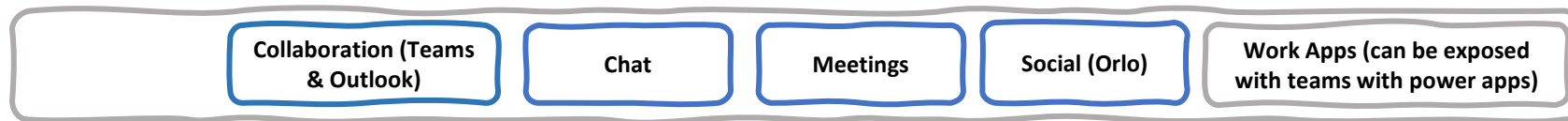


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Potential Future Technology Options for HR & Payroll. Solution to be determined through procurement

CORE BUSINESS TRANSFORMATION

| LCC Workforce | Business Admins | Line Managers | Service Leaders | Core Business Leadership | Core Business Professionals | Staff (online) | Staff (offline) | Traded Service recipients |
|---|---|---|---|---|---|---|---|---|

**Experience Delivery Solutions**

**I Work**
- Collaboration (Teams & Outlook)
- Chat
- Meetings
- Social (Orlo)
- Work Apps (can be exposed with teams with power apps)

**Service Delivery Solutions**

**I Engage**
- Case Management
- Knowledge Management
- Workflow
- Document Management
- Chat
- Portal / Intranet

**Core HR/Payroll Solutions**

**I Perform**
- Core HR
- Payroll
- Benefits
- Learning
- Recruitment
- Performance
- Time
- Talent
- Reward
- Workforce Management
- Strategic Workforce Planning
- Listening
- O&H Database

**Core Finance Solutions**

**I Connect**
- Dynamics for Finance
- Recommended technology+ Azure (OCR)
- Mercell

Azure Power Platform/Application Adapters/Connectors: Integration(API,REST API/ file based access, RPA & AI

PowerBI: Analytics & Insights

**Legend:**
- Option 1 (green)
- Option 2 (blue)
- Option 3 (red)
- Option 4 (orange)
- HR Provider
- Payroll Provider

**Notes:**
- Business Admins includes H&S professionals to access data for their work
- Core Business Professionals include Business Support Centre workforce
- Workforce Management i.e. Resource scheduling / rostering
- Strategic Workforce Planning i.e. skillset required in the next 5-10 years

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# V. Walkthrough Summary of Business Case
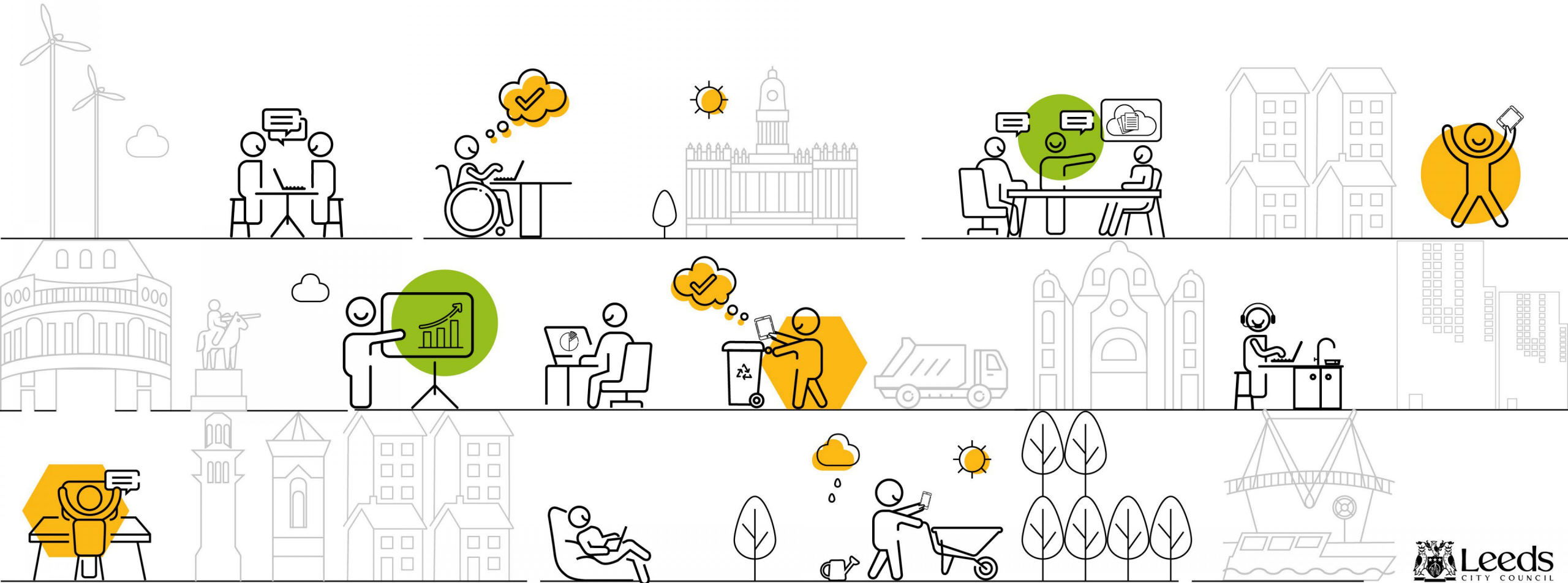
# Summary of the Strategic Case for investing in recommended technology for HR and Payroll and maintaining CBT as a programme to drive delivery

The CBT programme links to the Leeds City Digital Strategy 2022: core business functions need to transform processes and ways of working delivered using modern technology. The CBT programme includes improving data management, use and access and will provide the backbone of core connectivity and infrastructure to enable world class delivery of core business services to the functions and service users. Through the transformation journey, digital skills of the functions and users will be built.

LCC's core business technology estate is complex, bespoke and driving inefficient processes that requires extensive manual activity. In Core HR and Payroll, the existing provider is SAP which is the most expensive application the council runs. The data underlying SAP and the Finance system is not currently aligned which leads to manual processes to align and means that more time is needed for reports. Currently around 5,000 council employees do not have digital access to council HR and payroll services. Surveys and engagement have shown that many employees would welcome the ability to be able to interact with core HR services using their own devices

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**HR and Payroll requires new technology to enable all employees to digitally access HR and payroll services and help to deliver the People Strategy 2020 - 2025**

Implementation of new technology is needed in HR and Payroll align to how modern systems work. Technology is now the key factor preventing further improvements and continued realisation and sustainability of annual savings.

The technology will be required to:

- Meets LCC must have functional requirements
- Deliver efficient digital end user self serve experience and streamline the processes to request holidays, track overtime, view payslips, apply for council roles and produce reports.
- Integrate into the new Finance Dynamics application ensuring one source of the truth for data
- Align closely to the Council's technology strategy and enterprise architecture; complementing existing skills and investments in other technologies (Active Directory for identity management, Azure interfaces, Azure data services, Power Apps and Power BI)
- Have proven experience in running local government payroll and dealing with the complexity and variety of local government roles and pensions
- Compare favourably to common ERP platforms in terms of interoperability, Total Cost of Ownership and user experience

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**CBT activity to deliver technology implementation and core business transformation**

The CBT needs to be more than a technology implementation programme, it is a transformation enabled by technology.

The current state maturity assessment and future Target Operating Model work has shown that the different areas of core business are at different stages of readiness.

The HR and Payroll technology landscape is complex, functional fit against a more focused set of potential technologies is needed and technology change for these areas will have a significant impact on service areas across the council.

# CORE BUSINESS TRANSFORMATION

## THE BEST PLACE TO WORK

Our People Strategy 2020 –2025
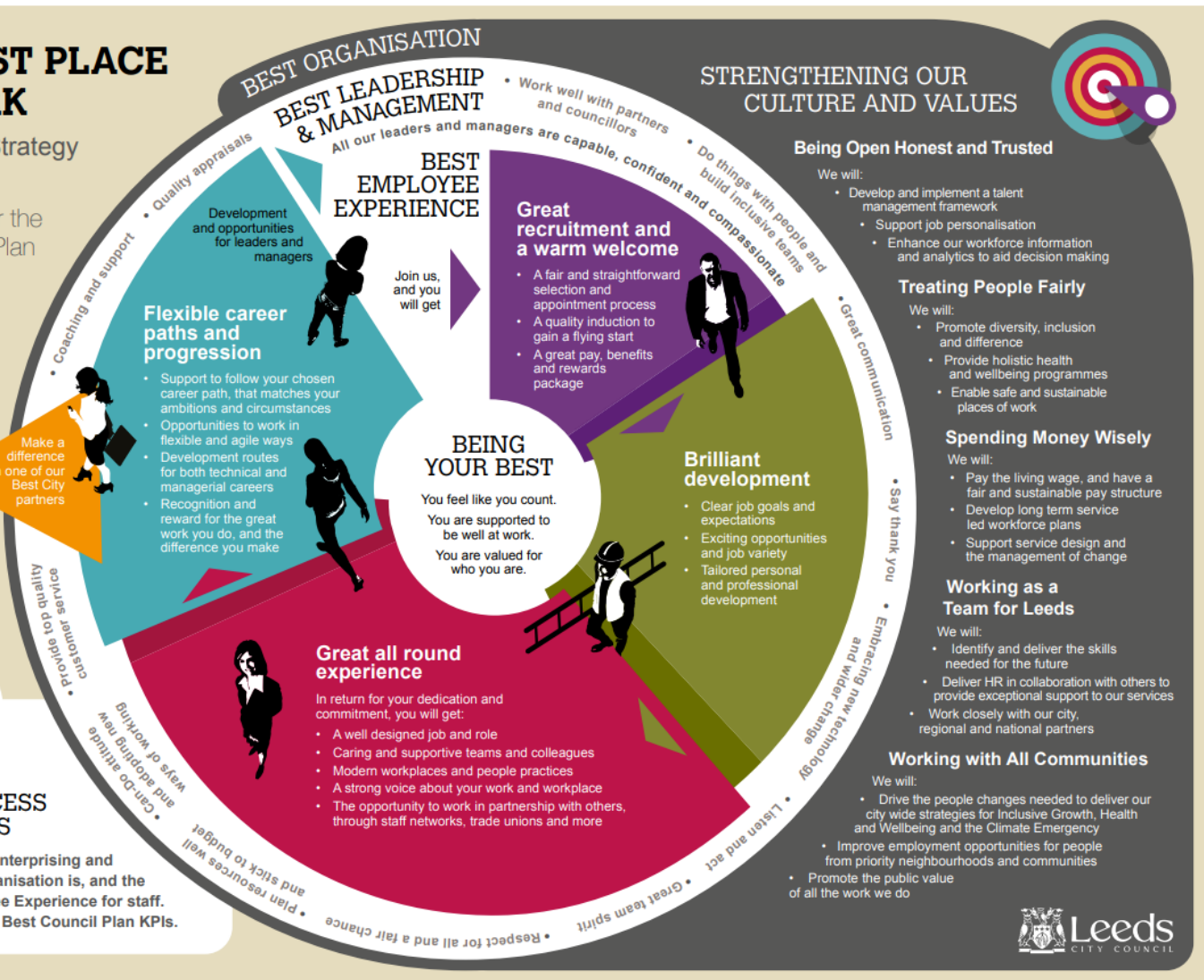
Helping deliver the Best Council Plan

**BEST ORGANISATION**

**BEST LEADERSHIP & MANAGEMENT**
All our leaders and managers are capable, confident and compassionate

Development and opportunities for leaders and managers

Quality appraisals

Coaching and support

### BEST EMPLOYEE EXPERIENCE

Join us, and you will get

Make a difference with one of our Best City partners

### Flexible career paths and progression
- Support to follow your chosen career path, that matches your ambitions and circumstances
- Opportunities to work in flexible and agile ways
- Development routes for both technical and managerial careers
- Recognition and reward for the great work you do, and the difference you make

### Great recruitment and a warm welcome
- A fair and straightforward selection and appointment process
- A quality induction to gain a flying start
- A great pay, benefits and rewards package

Work well with partners and councillors

Do things with people and build inclusive teams

### BEING YOUR BEST
You feel like you count.
You are supported to be well at work.
You are valued for who you are.

### Brilliant development
- Clear job goals and expectations
- Exciting opportunities and job variety
- Tailored personal and professional development

### Great all round experience
In return for your dedication and commitment, you will get:
- A well designed job and role
- Caring and supportive teams and colleagues
- Modern workplaces and people practices
- A strong voice about your work and workplace
- The opportunity to work in partnership with others, through staff networks, trade unions and more

## STRENGTHENING OUR CULTURE AND VALUES

### Being Open Honest and Trusted
We will:
- Develop and implement a talent management framework
- Support job personalisation
- Enhance our workforce information and analytics to aid decision making

### Treating People Fairly
We will:
- Promote diversity, inclusion and difference
- Provide holistic health and wellbeing programmes
- Enable safe and sustainable places of work

### Spending Money Wisely
We will:
- Pay the living wage, and have a fair and sustainable pay structure
- Develop long term service led workforce plans
- Support service design and the management of change

### Working as a Team for Leeds
We will:
- Identify and deliver the skills needed for the future
- Deliver HR in collaboration with others to provide exceptional support to our services
- Work closely with our city, regional and national partners

### Working with All Communities
We will:
- Drive the people changes needed to deliver our city wide strategies for Inclusive Growth, Health and Wellbeing and the Climate Emergency
- Improve employment opportunities for people from priority neighbourhoods and communities
- Promote the public value of all the work we do

Great communication · Say thank you · Embracing new technology and wider change · Listen and act · Great team spirit · Respect for all and a fair chance · Plan resources well and stick to budget · Can-do attitude and adopting new ways of working · Provide top quality customer service

### OUR SUCCESS MEASURES
How Efficient, Enterprising and Healthy the organisation is, and the overall Employee Experience for staff. Captured in our Best Council Plan KPIs.

**Leeds CITY COUNCIL**

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Transformation and new technology will support the delivery of our People Strategy 2020 – 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, 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.

CORE BUSINESS **TRANSFORMATION**

The implementation of modern technology will allow for LCC to **drive greater efficiency through continuous improvement of ways of working;** such as more efficient processes and reassigning resource from manual transactional processes to other valued activities **across the organisation.** Through technology implementations, efficiencies are typically delivered through the transformation of the operating models as opposed to the implementation itself. Further benefits could be realised by further continuous improvement. Relevant KPIs will be developed, specific to Leeds and targeted on the improvements which LCC wants to make.

**Strategic Principles for design of future working, HR & tech solutions and potential benefits** - new technology is only an enabler to support the individuals and teams involved, significant change management will be required to support those inputting and approving requests to adopt and utilise the functionality provided by the new solution.

| Principle | What this means | Benefits |
|---|---|---|
| Provide the Best Employee Experience | The quality & consistency of employee experience is prioritised with a focus on simple, modern & inclusive processes & practices. Quality information is clear and easy to access. Advice on more complex queries is delivered in a personable way. | Efficiencies can be realised in many processes across the organisation through: Greater access to manager & employee self-serve - including front line colleagues who do not currently have access; Ensuring that the data input onto the system is right first time, preventing the need for a central team to resolve mistakes; Simpler and visible workflow, combined with clearer reporting so that managers and employees can understand requests are without the need to ask local administration or a central team e.g. Annual leave requests. |
| Embrace Digitalisation | We welcome & seek out new technologies to support the delivery of a modern HR service, adopting processes not adapting technology. We use automation to resolve transactional activities and engage with colleagues on how we resolve queries quickly. | Increased use of automation for transactional activities will free up HR & BSC colleagues to focus on more complex activity and increase efficiency and time to resolve transactional issues. |
| Get the basics right | Robust data management & consistent standards ensure 'One version of the truth', confidentiality and compliance. | Reduction in time taken to produce reports, greater trust in the data & reports produced, better exploitation of data as a valued asset, opportunity to improve evidence based management decision making across the council. |

**CORE BUSINESS TRANSFORMATION**

**Strategic Principles for design of future working, HR & tech solutions and potential benefits** - new technology is only an enabler to support the individuals and teams involved, significant change management will be required to support those inputting and approving requests to adopt and utilise the functionality provided by the new solution.

| Principle | What this means | Benefits |
|---|---|---|
| Empower people and give real accountability | All have appropriate and easy real time access from anywhere and any device to trusted information with the ability to make changes to records they are accountable for. Decision making takes place as close as possible to the individual it affects. | Eliminate costly manual / paper based 'workaround' practices e.g. Appraisal, annual leave booking. Eliminate dual inputting – e.g. personal details into an e-form or on paper and then into another system. |
| Continuous development & improvement | Continually evolve to ensure a valued, modern, service is delivered for Leeds with the development of agile & innovative solutions that respond to organisational change and our customer feedback. | Making the most of our investment in modern solutions. |
| Providing valued support | Our specialist teams (e.g. Health & Safety, Occupational Health, Schools, Employee Relations, OD and others) will provide trusted expert advice for services.<br><br>Shared Services will deliver accurate and quick high-volume, repeatable, transactional activities<br><br>Business Partners will have proximity to business areas and understand their requirements whilst collaborating to develop and implement solutions aligned to achieve sustainable business and functional strategy.<br><br>HR Leadership defines strategy, designing key business initiatives that are required to remain relevant. | Making the most of our teams' expertise, knowledge and experience - The right advice, at the right level, in the right way, at the right time. |

**CORE BUSINESS TRANSFORMATION**

## Overall management and governance of the CBT activity

The CBT Programme, governed by the CBT Programme Board, will be the principle point of control for the portfolio of activity required to deliver the transformation. Portfolio management office responsibility will be established to monitor and evaluate the Programme activity to identify changes to scope, timeline, cost etc. that may materially impact the desired outcomes. The CBT Programme will be accountable to the Council Executive Board and report on an agreed periodic basis (at least half-yearly) and more frequently if required.

### Capabilities and Roles required by the Programme

A range of capabilities will be required to support the transformation. The roles underpinning these are likely to be delivered through a combination of LCC and external resource (in line with the commercial case). The external resource will augment the LCC team with specialist skills or additional capacity to achieve the desired timeline. An outline of the capabilities and key roles is shown below. The CBT Programme, through its delegated authority, will confirm the roles and resources required to deliver the portfolio of activity.

The capabilities include:

- **Programme & Project Management -** Programme strategy, Programme management and Project Management Office

- **Commercial Management & Procurement** – Procurement strategy, Delivery support selection, Contract management

- **Technology & Data** – Technology selection, Technology solution architecture, System integration, Data migration

- **People Change** – Communication and engagement, Learning, Business readiness and adoption

- **Functional Specialists** – Operating model design, Business architecture, functional design (across HR, Finance, Payroll and Procurement)

- **Quality Assurance** – Independent assurance

The key roles* include:

- **Exec Sponsor -** Exec level owner and Steer Co. member

- **Programme Director -** Management of the programme

- **Portfolio Management Lead** – Support the Programme Director to identify programmes and secure funding approval

- **Operating Model & Business Architecture Leads** – Design and development of the functional operating models and architecture to support the identification of the change (people, process and technology) required

- **Functional Specialists and Change Leads -** Super-users in each core business area to assist operating model, business architecture activity, process and solution design, be the day-to-day programme decision-maker for their function

- **Technical Lead** – Technical delivery and co-ordination of integration, data and development

- **Data Migration Lead** – Data migration activity to secure data sources, manage cleansing, support migration test cycles and cutovers into Production

- **Power Platform Lead** – Development of reports, dashboards and KPIs in PowerBI, workflows in Power Automate and custom applications using PowerApps

- **Integration Lead** – Management of integrations with legacy systems, co-ordinating with internal and external parties for design, build and testing

- **Change and Business Readiness Lead** – Define the change strategy and plans, provide oversight of the communications, training and business readiness activities

- **Communications Lead** – Planning, design, development and co-ordination of communication and engagement activity

- **Training Lead** – Planning, design, development and co-ordination of training to support business readiness

*All roles will be required to flex in terms of commitment based on the portfolio of activity as the programme progresses

**CORE BUSINESS TRANSFORMATION**

**Phase 2 of delivery requires Additional Authority to spend of £8.05m. This will require budget to be added to the capital programme. Current budget in the capital programme is £10.48m and fully used up by Phase 1(capital scheme 33276/000/000).**Previous total Authority to Spend on this scheme was £1.01m and Additional Authority to Spend of £9.47m for the Finance Implementation.

The technology implementation for HR and Payroll is expected to cost around £4.0m due to Leeds City Council's size and complexity, including the number of disparate systems and many interfaces. This figure includes smaller implementations or additional functionality for Learning and Development, Recruitment, Occupational Health and Health and Safety.

Transformation and change support is made up of the current internal team supporting the programme which is costing around £800k per year. Resources labelled as Internal may include a small number of external resources with specialist skills, which are not available internally.

Management of the CBT portfolio, and defining the programme portfolio for delivery of the roadmap is expected to be completed with 3 resources, including and led by a Programme Director.

Looking across the whole programme, we expect the ROM costs for the full 3-4 year programme to be **£18.53m**. This includes everything within phase 1 plus technology implementation for HR and payroll, transformation and change management, management of CBT portfolio and delivery, and 15% contingency for the programme. The contingency figure does not cover any risk of inflation, which will be reviewed following phase 2 procurement tender returns

**Estimated costs for Phase 2**

| ROM Cost for 3-4 year programme | Expected Cost | Internal or External resource |
|---|---|---|
| HR technology implementation | £2.50m | External |
| Payroll technology implementation | £1.50m | External |
| Transformation and Change support across CBT Portfolio | £2.50m | Internal[2] |
| Management of CBT portfolio and delivery | £0.50m | Internal |
| 15% Contingency | £1.00m | TBD |
| Total for phase 2 | £8.05m | |
| Total for phase 1 including costs to date | £10.48m | |
| **Total Expected Cost** | **£18.48m** | |

The estimated costings have been developed based on EY's experience of similar local government implementations and calibrated against known figures from other councils to ensure that they are realistic.

1 Includes some external, mainly contractors          2 Includes backfill for internal posts

**CORE BUSINESS TRANSFORMATION**

## Procurement and support approach

The intention is to take a multi-vendor approach to reduce the dependency on a single provider. Procurement for core HR and Payroll will be via a public competitive tender.  The contract length for Core HR and Payroll will be four years with the opportunity to extend for four lots of two years at a time, meaning a maximum contract length of 12 years.

 Subsequent procurement & implementation of the related Health and Safety, Learning and Development, Occupational Health and Recruitment applications will be undertaken by the Director of Resources, the Chief Officer Human Resources and Chief Officer Strategy and Policy.

The market can support LCC requirements and the approach recommended in the business case. There are a range of technology implementation partners available and routes to procure them. There are providers able to supply implementation support and the capabilities set out in the Management Case spanning people, process and technology skills needed to deliver the change.

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.  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.

## Implementation support

The Council has a number of choices for resourcing the required support. Ranging from an entirely 'in-house' LCC team, to appointing a single external partner(s) to deliver the programme. The preferred solution is to use the existing CBT Programme team and draw on support from external partners for specific capabilities or packages of work (as set out in the Management case). The external support will be focused on supplementing LCC resource where capability and/or capacity gaps are identified so that the required transformation timeline is met. It is anticipated that support from a delivery partner will include a requirement to upskill and support LCC programme team members and other colleagues to help transfer knowledge and build LCC capability that can be drawn upon in the future.

## Resource and Legal implications from the approach

This procurement approach is not expected to have additional implications on CBT Programme resources as experience of external modular procurement is already in place.

The approach to procurement will enable the council to set Service Level Agreements and other key contract clauses for operating payroll to ensure a reliable approach for paying our employees.

**CORE BUSINESS TRANSFORMATION**

**An initial investment of £8.05m is needed to complete Phase 2.** This will allow for **investment in the recommended technology HR and Payroll** and **maintain funding for the CBT programme**. Recruitment, Learning and Development, Occupational Health and Health and Safety additional applications or functionality will be implemented following the core HR and Payroll implementation

**What does this investment achieve?**

- Implementing new technology for HR and Payroll - in combination with updated processes to adopt the technology solution – will:
    - Provide digital access to services for all our employees. Around 5,000 employees do not currently have this access
    - Enable us to integrate new Core HR and Payroll systems into the new Finance system.
    - Implement additional applications and functionality for Recruitment, Learning and Development, Occupational Health and Health following the core HR and Payroll implementation.
    - Enable best practice efficient and modern HR and Payroll processes and ways of working.
    - Allow one source of aligned data across HR, Payroll and Finance enabling analytics and reporting.
    - Enable ongoing investment to deliver further improvements for core HR and payroll post go-live of the new system
- Provides programme and change management to oversee delivery and embed the new ways of working

**What are the next steps after Phase 1 & 2?**

- Fully define the implementation roadmaps for Phase 3 of the CBT programme which relates to Contract Management and the process from Sourcing to Contract award and management for suppliers. We will develop a business case and roadmap to transform Source to Contract arrangements (including contract management and supplier management)

# VII. Appendices
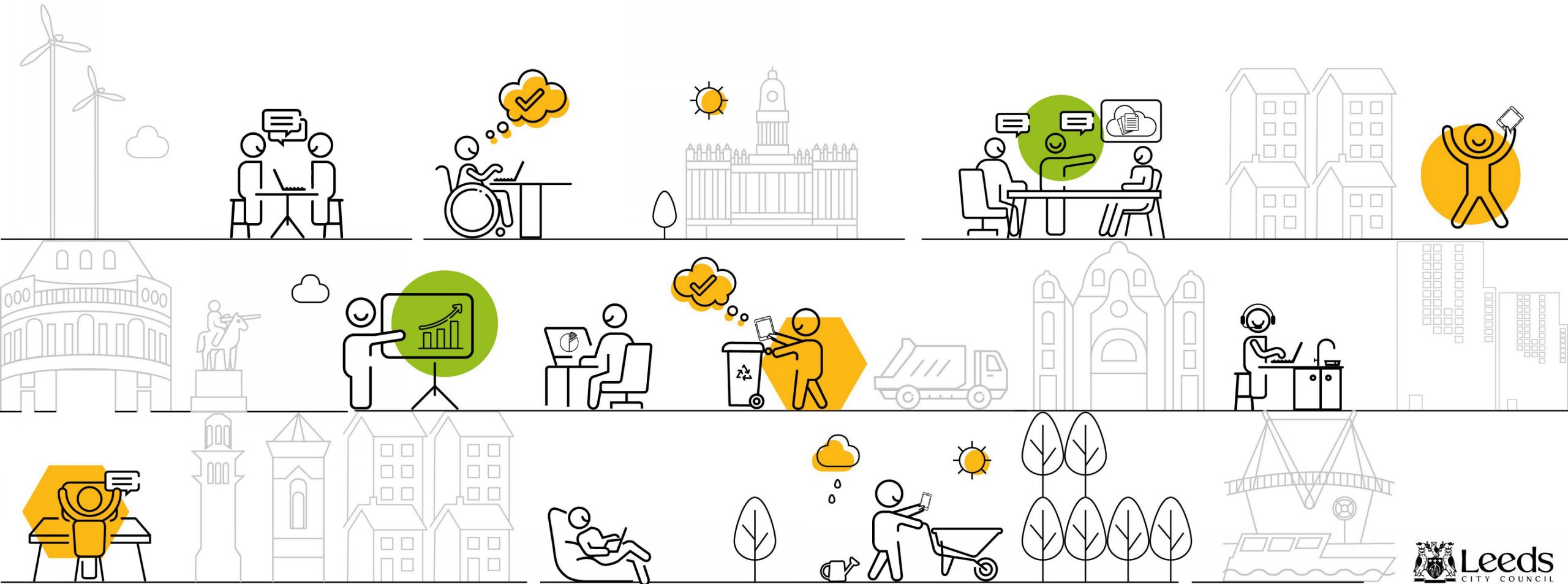
**CORE BUSINESS TRANSFORMATION**

**CORE BUSINESS TRANSFORMATION**

The Core Business Transformation Programme aims to **transform Finance, Procurement, HR and Payroll activities** across the Council to **enable** our workforce to deliver **modern, valued services** as part of our Best Council ambition.

## Our Current Challenges

Our **core technology systems have limited integration** – our staff in core business services and in our services have to do lots of **manual data entry,** find it **difficult to access and rely on data** without a shared single source of truth

Some of our **processes are unnecessarily complex** and split across multiple teams – making it more **difficult for us serve our colleagues and communities** effectively

Our **tools and technology are outdated** and aren't user friendly – negatively impacting the experience that our staff have at work and making it more **difficult for them to access the information they need** to do their jobs

## Our Opportunities

We must change our ways of working to **adopt new technology** and the standardisation it brings instead of trying to adapt and tailor it to us

We need to **use modern technology to automate and simplify our processes** and improve the experience of our people

We need to **have access to the right tools and data to empower us** to work more efficiently and make well-informed decisions quickly

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**CORE BUSINESS TRANSFORMATION**

**1** **No single way to do HR**

- Every organisation interprets and **designs processes** and structures their HR capability **to suit everchanging needs and aspirations**

- The **broad and competitive HR Tech landscape** enables experimentation and provides greater optionality and purchasing power to CHROs / CIOs and CTOs

**2** **Employee Experience is taking over**

Business needs now require imminent feedback on workforce's habits or preferences and are focused on:

- **Me:** Purpose and meaning, Health and Well-being, Personal Growth, Recognition
- **We:** Social Interaction, Teaming and Innovation
- **Here and Now:** Physical environment, Ease and efficiency

**3** **Transition to Cloud**

- Advances in technology and **lower barrier to entry** have led to an increased offering of SaaS solutions

- Large technology companies have also **expanded their product range** and capability to offer new and innovative solutions (e.g. IBM with Watson, Facebook with Workplace and Microsoft with Dynamics)

**4** **Integration of work, organisations and life**

- The pandemic initiated the adoption of **hybrid work** enabling the **integration** between **life and work**.

- Previously technology expectations built around having the **right product** (i.e. functionality and features, ease of use and implementation, customer support) but **now the aim is to find the right platform** (i.e. flexibility and scalability, flow of work integration / connectivity, configurability).

**5** **Compliance**

- As **workforce starts to related less their work with a physical workplace** (office), the need to adhere to the various legislative obligations is becoming more challenging

- The HR Tech market offers solutions to monitor compliance with the **usage of analytics**

- Furthermore, governments and authorities require **integration points** with businesses to monitor adherence to rules more frequently

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**CORE BUSINESS TRANSFORMATION**

**The selection of the Microsoft Dynamics for Finance does not limit optionality for HR and Payroll Technology.** The service provider has 400+ 'out of the box' connectors and we view **this technology's relative strength around it's ability to integrate** with existing LCC technical architecture, systems, Azure platform and active directory as positives when it is likely a best approach will be taken for HR and Payroll functions.

Dynamics functionality is being leveraged by other Councils (e.g. Somerset, Harrow, South Gloucester) to shift away from single ERP systems and create logical and purposeful splits between HCM and Finance systems to achieve greater functionality and flexibilities.
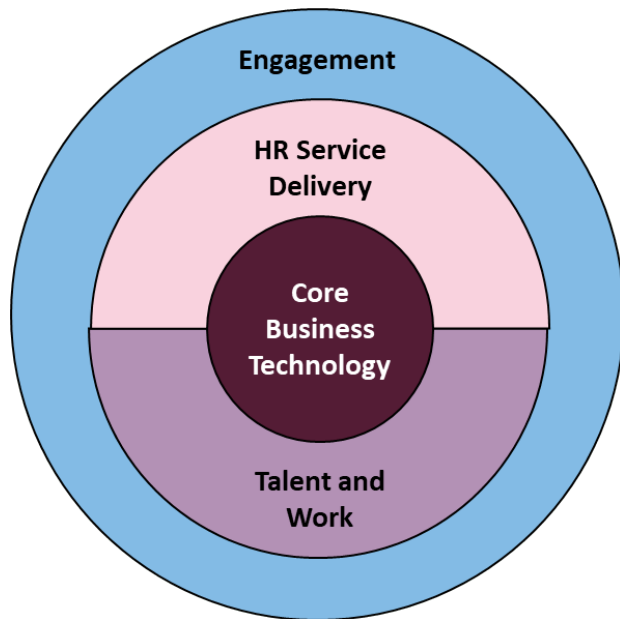
As there is no "one for all solution" in today's HR Tech Market; that meets all LCC requirements, the **technology components that are essential to realise desired operating model need to be selected, and connected with solution focus on a consistent LCC employee experience**. There are multiple components and various combinations available, the main themes are outlined below.

| **Core Business Technology** | **HR Service Delivery** | **Talent and Work** | **Engagement** |
|---|---|---|---|
| Core HR, Finance and Payroll. These are essential to ensure the workforce can be paid accurately, on-time and the organisation remains compliant | Apps that the workforce leverage to interact, transact and communicate with HR | Apps to support all aspects of attracting, onboarding, developing and identifying talent and recognising and rewarding performance | Apps to increase employee engagement and provide a consistent user experience |