

Report

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Report to:	Corporate Resources Committee
Date of Meeting:	7 May 2008
Report by:	Executive Director (Corporate Resources) Executive Director (Finance and Information Technology Resources)

Subject:	Human Resources Self-Service Business Case
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ provide the Committee with a summary of the business case for implementation of Oracle Human Resources Management System (HRMS) Self-service

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the Oracle HR Self-Service project to deliver the benefits set out in Appendix 1 be approved; and
- (2) that 5.5 additional temporary posts be established for a 22 month period as detailed at 6.1.

3. Background

- 3.1. South Lanarkshire Council has a set of personnel policies which demonstrate best practice and are forward thinking in approach. The delivery mechanism for these policies, however, is largely paper-based, administratively cumbersome and relatively outdated in comparison.
- 3.2. There is a national trend to move away from traditional Personnel Service delivery, which is administratively demanding, to a more strategic and service based approach, where the emphasis is on policy development and governance and provision of professional advice to Operational Managers.
- 3.3. Successful implementation of Oracle HR Self-service offers an opportunity to accelerate this transition through a reduction in manual based systems and introduction of standardised, streamlined and automated processes that are devolved to employees and managers.

4. Current Position

- 4.1. The Council has invested in Oracle HRMS as the delivery mechanism for payroll and personnel. An internal self-assessment of the organisation's capability to deliver personnel transactions electronically was carried out using a national diagnostic tool and the outcome was as expected, in that we do not yet have sufficiently developed mechanisms to support and deliver personnel transactions effectively.

- 4.2. A Return on Investment (ROI) exercise in relation to the proposed implementation of HR Self-service was carried out. This exercise was undertaken in conjunction with Oracle and used an independent ROI software tool. Core data based on South Lanarkshire Council was used to produce potential ROI figures over a 5 year period. These are detailed in Appendix 1 and indicate a potential saving of £3,144,751 over 5 years. However, as a minimum, there are projected savings in relation to payslips of £179,351 each year which equates to £832,247 over the 5 year period (depending on the timing of access arrangements).
- 4.3. Based on current information there will be a requirement in 2010/2011 to upgrade the HR/Payroll system. There is therefore an 18-month window in the Oracle HRMS upgrade cycle to complete this project and start to gain the projected efficiencies. Appendix 2 sets out the high level work programme.

5. Proposal

- 5.1. The strategic objectives of the project are as follows:-

- ◆ To achieve sustainable efficiency savings in relation to printing, postage and a reduction in administrative workload
- ◆ To develop and implement a suite of HR self-service applications based around standard day-to-day HR transactions for both employees and managers
- ◆ To create a platform for the HR modernisation agenda and future shared services, both internally and externally
- ◆ To provide a single Council electronic HR solution which delivers improved transparency, quality and completeness of data
- ◆ To demonstrate Best Value through continuous development and improvement of our systems and processes
- ◆ To contribute to the sustainability agenda by reducing printing, paper transactions and delivery miles

- 5.2. Following consultation with Oracle, and visits to organisations which have implemented self-service, it is proposed that self- service be rolled out in 3 phases as detailed below:-

- ◆ **Phase 1** is essential in terms of momentum and critical mass and includes 2 key applications or 'anchors' for Self-service. These are applications that are most likely to draw users to the system on a regular basis, and these will be:-
 - Payslip View
 - View and Maintain Personal Details
- ◆ **Phase 2** then introduces more complex self-service functionality, where there are direct links to employee payment and annual leave entitlement. Examples include:-
 - Request/Authorise Leave
 - Submit/Approve Expenses Claim Form
 - Update and Maintain Bank Details
- ◆ **Phase 3** extends the breadth of self-service functionality further by introducing the use of processes to support the Performance Development Review (PDR) process, and also provides managers with scope to process employee changes. Examples include:-
 - Completion and Exchange of PDR documentation

- Process a New Start, Promotion, Leaver
- Sign-up to Corporate Benefits

5.3. In common with any change project there will be an important role to be played by Resources which will work with and support the Project Team to meet implementation timescales.

Resource support of the changes being brought about by the implementation of HR Self-service is crucial to the success of the project and to meeting our objectives. Resource support includes:-

- ◆ Nomination of a Resource Lead Officer
- ◆ Nomination of staff to be actively involved in the Early Adopters Group
- ◆ Nomination of staff to be HR Self-service Super-users
- ◆ Supporting the training and development of staff as required in the use of HR Self-service
- ◆ Considering end-user access requirements and providing solutions to support this
- ◆ An acceptance that corporate developments and the need to focus on standard approaches and processes will result in change to existing Resource-based processes

6. Employee Implications

6.1. This proposal recommends the establishment of a dedicated team to ensure implementation is achieved within the timeframe available. Part of this team will be resourced from existing positions with a requirement of 5.5 additional temporary posts for a 22 month period as detailed below.

Post Title	Grade & Level	SCP Range	Hourly Rate	Annual Salary
Business Systems Team Leader	Grade 3, Level 8	SCP 75 -80	£17.50 - £18.84	£31,936 - £34,381
Business Systems Engineer	Grade 3, Level 1-4	SCP 46 - 74	£11.36 - £17.24	£20,731 - £31,461
Business Change Engineer	Grade 3, Level 1-4	SCP 46 - 74	£11.36 - £17.24	£20,731 - £31,461
Finance Officer	Grade 3, Level 1-4	SCP 46 - 74	£11.36 - £17.24	£20,731 - £31,461
Finance Assistant (0.5 FTE)	Grade 2, Level 1-4	SCP 27 - 57	£8.56 - £13.38	£7,811 - £12,209
Personnel Officer	Grade 3, Level 1-4	SCP 46 - 74	£11.36 - £17.24	£20,731 - £31,461

6.2. As self-service is rolled out, employees and managers will have to be supported through the change process with tailored training and ongoing access to advice. A programme to encourage employees to improve their IT literacy will run alongside the rollout of self-service. This will be particularly important in those areas where employees are not office based and where alternative access arrangements will need to be developed.

7. Financial Implications

- 7.1. The total cost involved in implementing Oracle HR Self-service over the 18-month period will be £544,111 as detailed below. The funding to implement this project is available within the IT Development Fund.

Item	Year 1	Year 2	Total
Project team Staffing	£138,816	£181,095	£319,911
Technical Consultancy / Training, Software Licences and Other Project Costs	£132,250	£91,950	£224,200
TOTAL	£271,066	£273,045	£544,111

- 7.2. From 2011/2012, budgets would be reduced to reflect savings realised.

8. Other Implications

- 8.1. The move to self-service will reduce the need for paper-based transactions, printing, postage and delivery and will, therefore, contribute to the sustainability agenda.

9. Equality Impact Assessment and Consultation Arrangements

- 9.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.
- 9.2. Consultation has taken place with the appropriate Trade Unions.

Robert McIlwain
Executive Director (Corporate Resources)

Linda Hardie
Executive Director (Finance and Information Technology Resources)

18 April 2008

Link(s) to Council Objectives

- ◆ Accountable, effective and efficient
- ◆ Excellent employer
- ◆ Sustainable development

Previous References

- ◆ None

List of Background Papers

- ◆ Oracle HR Self-service Business Case

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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Benefits Title	Benefits	Full year impact – Per annum	*5 years expected efficiencies
Improve Staff Productivity – HR/ Payroll	Through automation of data entry for profile changes, time is released for HR/Payroll staff, and less queries should arise.	£329,503	£1,528,998
Reduce payroll Processing Fees	Electronic payslips are available, thereby printing costs are saved.	£179,351	£832,247
Improve Employee and manager productivity – Time tracking Activities	By automating time entry, applying time management rules, and workflow approvals, employees and managers spend less time on process.	£64,870	£301,018
Improve Productivity – Performance management	Streamlining PDR process through automated processes releases time to focus on more productive areas. Employees and managers spend less time managing their performance evaluations.	£48,790	£226,400
Improve Employee and manager productivity – Absence requests	Through automation, less time is taken by employees and managers in requesting and authorising absence.	£28,503	£132,266
Improve Staff Productivity - Payroll error Correction	By providing employee access to view, update and maintain their own data, payroll errors will be reduced, reducing the time spent by payroll staff in dealing with errors	£21,418	£99,384
Other Improvements	Through automated processing other benefits include:- <ul style="list-style-type: none"> - managers save time processing job changes - Less errors, therefore less costs of processing immediate payments, - Employees spend less time advising of changes to their profiles (including personal details, staff benefits and pension) 	£5,266	£24,438
Total		£677,701	£3,144,751

*Includes reduction for implementation phase

Implementation programme

	2008/09												2009/10											
	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	
Business Case Approval																								
Establish Project Team																								
Project Initiation and Scoping																								
Wave 1																								
Go-Live																								
Support																								
Review Implementation																								
Repeat – Wave 2																								
Repeat – Wave 3																								