

 Executive March 2nd 2011		Agenda Item No. 20
Title	Proposal for a single IT system for HR and Payroll	
For further information about this report please contact	Karen Warren	
Service Area	Human Resources	
Wards of the District directly affected	none	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	
Date and meeting when issue was last considered and relevant minute number	n/a	
Background Papers	None	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	No

Officer/Councillor Approval		
With regard to officer approval all reports <i>must</i> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Relevant Director	1/2/11	Andrew Jones, Bill Hunt
Chief Executive		Chris Elliott
CMT		As above
Section 151 Officer	1/2/11	Mike Snow
Legal		
Finance	1/2/11	Mike Snow
Portfolio Holder(s)	1/2/11	Cllr Michael Doody
Consultation Undertaken		
Please insert details of any consultation undertaken with regard to this report.		
This topic was discussed at Employment Committee 4 th January 2010 and Finance and Audit Committee 25 th January 2010		
Final Decision?		No
Suggested next steps (if not final decision please set out below)		

1. SUMMARY

- 1.1 This report recommends that the Council moves to a single IT system for both HR and Payroll.

2. RECOMMENDATION

- 2.1 That the Executive agree to move to a single IT system for both HR and Payroll provided by Warwickshire County Council.
- 2.2 That the budget for the annual licence fee for the current HR system of £7,000 per annum be removed from the Budget from 2011/12.

3. REASONS FOR THE RECOMMENDATION

- 3.1 There are currently two different systems in operation to manage the Council's staffing establishment and associated costs:- Snowdrop the HR system that holds people data; Oracle HRMS, the Payroll system; The HR and Payroll systems need maintaining with similar or the same information by two separate teams - HR admin team on Snowdrop and the Payroll team on Oracle.
- 3.2 The Support Services Review highlighted some of the areas of duplication caused by using the two systems and how "work-around" processes had been developed because of the inefficiency of having two systems.
- 3.4 Providing an accurate staffing establishment requires reconciliation of both systems which means a double the work to produce reports and to reconcile staff posts to salary details.

4. ALTERNATIVE OPTION CONSIDERED

- 4.1 Executive could decide to retain both systems but gross inefficiencies would then remain.
- 4.2 The option to outsource the associated HR and Payroll services has not been investigated as the council is currently reviewing all its activities in accordance with system thinking principles.

5. BUDGETARY FRAMEWORK

- 5.1 Warwickshire County Council have made the offer of the provision of free payroll and human resources IT systems and processing available to the five Warwickshire district councils. Warwick District Council is currently benefitting from the free payroll Oracle system. The Council is able to benefit from taking up the offer of the free HR system. The County Council have not intimated any intention to withdraw this free offer, although it needs to be acknowledged as a possible risk for the future. Other districts are also using Oracle from WCC.
- 5.2 There are no additional costs to the introduction of a new system if the Oracle option is pursued as it is fully supported by WCC and free support is part of the offer the County. There may be a cost of training the staff in using the system which would be met within current budgets. The main cost would be in terms of officer time which would be accommodated out of existing resources.

- 5.2 There would be an annual saving from the licence fee for the current HR system of approximately £7,000pa. The next annual licence fee is due to be paid in November 2011. This would represent a financial saving which should be reflected in reducing the relevant budget.
- 5.3 There may be a one off cost for data migration work but this could be met from the current budgets and would be officer time within the ICT function of approximately 3 - 4 days work.
- 5.4 Applications Support within ICT spent 110 hours supporting Snowdrop in 10/11 and 379 hours in 09/10 (when it was bedding in). This is in comparison to 12 hours in 10/11 and 14 hours in 09/10 for the Payroll Oracle system.
- 5.5 The current Snowdrop system was initially introduced in 2006/07, and went live in November 2008 at a cost of £64,500. The Council originally chose Snowdrop on the basis of it enabling the future possibility of a shared HR service with Stratford on Avon District Council which is now believed to be unlikely to proceed. It is understood that Stratford are now looking into the possibility of using Oracle in place of Snowdrop.

6. POLICY FRAMEWORK

- 6.1 This proposal is in line with the current Fit for the Future change programme to ensure that all work contributes to the purpose of WDC and in the most efficient and timely manner. Whilst some functionality for the HR team may be lost, the needs to access immediate and accurate information on the Council's Establishment to ensure that it can manage its staffing resources appropriately far outweighs the loss.

7. BACKGROUND INFORMATION

- 7.1 The HR system was implemented in 2008 and has the capacity to hold a significant amount of data, run detailed reports and initiate 'work flows' which are email alerts / reminders for managers that advise of timely actions required.
- 7.2 The HR system is currently supported with experienced in-house ICT staff; the Oracle system is supported by WCC for which there is not a service level agreement in place. As the HR system would need similar levels of support, it is expected that a formal SLA be put in place for the both systems.
- 7.3 Through the work on the support services' lean intervention, it highlighted that a real deficiency in the process was the maintenance of two systems that created convoluted systems on their own. The investigation into a single system has been ongoing since the beginning of the year through work undertaken on the establishment and through the systems thinking review of support services. The data suggest that a single system would eliminate 'waste' through the removal of duplication of work by dual inputting, better use of time by not checking both sets of data and more efficient reports as one set of data is used. It is anticipated that longer term, there may be savings in salary costs as inputting into one system will be required once rather than duplicate but as this is not a single post's task in both areas, but part of a range of posts and duties, additional work will be needed within the support services' review to identify this more clearly.

- 7.5 There has been initial discussions with WCC regarding the Payroll and HR administration being undertaken by WCC for a nil cost agreement; this could open these discussions again as a single system would better facilitate this move. There has been an issue to overcome with these talks as there would be a TUPE implication and this would still need to be addressed. As Oracle is being offered free, there are no procurement issues to address, and the offer does not contravene the Council's Code of Procurement Practice.
- 7.6 Officers from HR and Finance have been working on a specification for an HR system to confirm where Oracle may not meet the Council's ideal requirements. By going with Oracle it is acknowledged that the system may not provide all the desired functionality and there may need to be some compromises (as with any "off the shelf" system).