

**London Borough of Sutton
Scrutiny Overview Committee
8th November 2011**

Report of Executive Head of Human Resources

**"PROJECT TRINITY" - PROJECT IMPLEMENTATION UPDATE REPORT:
NEW HRIS/PAYROLL SYSTEM AND EXTERNALISED PAYROLL SERVICE FOR THE
LONDON BOROUGH OF SUTTON; LONDON BOROUGH OF MERTON AND ROYAL
BOROUGH OF KINGSTON UPON THAMES**

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Report For Information only

Summary

This report provides elected Members with an update regarding the project implementation of the new HRIS/Payroll system (iTrent) and externalised payroll service, delivered by Agilisys, which will 'go live' on 1st April 2012. This strategic partnership is between LB Sutton, LB Merton and RB Kingston upon Thames ("the Partnership") and will realise significant cashable savings for each of the three Boroughs. For LB Sutton these savings are in the region of £280,000 in year 1 and 2, rising to £290,000 from year 3 (as stated in para 7.6 Executive Report 18th January 2011).

The report format provides an overview of the project implementation to date with the detail provided in appendices. The report gives Members the opportunity to be fully informed on the financial and organisational challenges ahead and the approach being taken to address these.

Members will recall that the Executive approved the contract award to Agilisys on 18th January 2011. Formal contract signature with all relevant parties took place on 5th July 2011, for a term of ten years, plus two years; with a 'break clause' at five years.

On 28th February, 2011, Agilisys began the project implementation and a specially appointed "Partnership project team" was also established concurrently. Reporting to both a fortnightly multidisciplinary Project Board, with tri-Borough representation, and a monthly Governance Board for strategic project decision-making, the project implementation has been named "Project Trinity".

The implementation has made good progress against plan. The current phase is approaching Stage 3, project realisation, with project preparation and blueprinting having been successfully completed.

On-going engagement with key stakeholders such as managers; schools and colleges, and other third party clients across the three Boroughs has been an important focus as well as multidisciplinary involvement from colleagues within the three organisations. A specially designed website, regular roadshows and engagement briefings as well as traditional meetings and one-to-one opportunities has ensured colleagues have been kept abreast of how the project has developed.

The project is currently addressing several pertinent issues which have 'emerged' as implementation has progressed:

- a) Access to the functionality of iTrent for at least 30% of the workforce with non-pc connectivity;
- b) future access to historic legacy data;
- c) configuring multiple annual leave schemes;
- d) mitigating the need for costly contingency measures and
- e) implementing a new web recruitment solution, using iTrent technology.

This is an ambitious project within an exacting timescale. The outcomes from the project will support significant organisational change across all three councils, transforming how staff, managers and elected Members transact with their employer via self service. The project reflects the corporate objective for Smarter Services Sutton of channel migration. Using the latest technology to give stakeholders more choice over their own data, line managers will be able to monitor and respond proactively to their people performance via system access and use of a 'dashboard'. Real-time, accessible information will give busy managers and staff, accurate and greater control of what is important to them and when they want it.

The project reflects the corporate objective for Smarter Services Sutton of reflecting a leaner, faster and more efficient Authority, using technology to support channel migration, procuring cost-effective service provision from the private sector, if appropriate, and creating a more agile and dynamic organisation.

1. Background

- 1.1 In January 2011, the Executive and Cabinets of LB Sutton, LB Merton and RB Kingston agreed to jointly recommission a new integrated human resources information/payroll system (iTrent, developed by MidlandHR) and an externalised payroll service, delivered by Agilisys. Following implementation of the new system during 2011, the new payroll system and externalised payroll service would 'go live' on 1st April 2012. The payroll service would be delivered by Agilisys with a payroll production team based in Rochdale.
- 1.2 The contract was subsequently awarded and the formal contractual negotiations concluded with joint signature on 5th July 2011. The contract was offered for a 10 plus 2-year term with a break clause at 5 years.
- 1.3 From the outset, this unique tri-Borough collaboration determined several important features in its approach:
 - a) the use of self-service as a method of HR and pay-related transactional activity with the employer;

- b) the creation of a joint payroll client team with a strong emphasis on customer relationship management;
 - c) the development of standardised, streamlined HR business processes across all three organisations to reduce administrative overheads and unnecessary bureaucracy;
 - d) a collective intention to maintain and support the unique relationship with LEA schools as clients, as well as colleges and housing partners;
 - e) a desire to explore and 'win back' payroll business from schools, who had historically transacted with other providers;
 - f) a desire to encourage Academy status schools to continue to 'buy back' payroll services from 2012.
- 1.4 In general, good progress has been made since the start of the project at the end of February, with a four week project slippage to date due to earlier resourcing deficiencies on both the part of Agilisys and the Partnership. This has been addressed with more robust resourcing measures being put in place.

2.0 Issues

- 2.1 Project deliverables are highlighted monthly to the Governance Board. The latest highlight report (October 2011) is attached as reference at **Appendix A**. A summary of deliverables achieved to date include:

Nature of the deliverable	What does this mean?
All "As-Is" HR business processes have been analysed, mapped and recorded in a Partnership information library – "Sharepoint", hosted by RB Kingston	This preparatory work provided an invaluable resource upon which to challenge and re-engineer the "To Be" HR business processes and establish more standardised thinking
Completion of new "To Be" business processes blueprint	Agreed on 15 th September, the blueprint compilation of new re-engineered and wherever possible, standardised "To Be" HR business processes will inform the system build and configuration.
Data cleansing and extract audits	Significant work has been undertaken to audit and cleanse the quality of employee and pensioner data held in the current ResourceLink system. Corrective action has been taken where appropriate.
Organisational structures and reporting hierarchies	A strategy for the collection and validation of organisational structures and reporting hierarchies has been prepared and line managers supported by HR colleagues have been completing templates updating and amending records as required. iTrent functionality is predicated on accurate and timely manager authorisation workflows which are linked together via

Nature of the deliverable	What does this mean?
	accurate reporting hierarchies.
System design	Work on the system design has been underway in parallel with the data mapping and cleansing work. Ten system design specifications have been produced by Agilisys for 'sign off' by subject matter experts of the Partnership.
Gap analysis regarding self serve 'roll out'	Work has defined that across the Partnership 30% of the workforce do not have email addresses or pc access. Solutions to address how data and information will be inputted into iTrent at local level is being progressed.
Other iTrent modules – phased implementation	Other iTrent modules deemed as non-core HR and payroll have been programmed for implementation.
Schools engagement – SIMS interface work and business case	In depth work with client schools across the three Boroughs has been undertaken to understand the Schools Information Management System (SIMS) and scope how future interfacing with iTrent might work to minimise duplication of data entry. Recommendations were presented to Governance Board on 15 th September.
Communications and Stakeholder Engagement Strategy	Work has also begun on how best to communicate the project: "Project Trinity" to the wider stakeholder audience. A detailed Communications Plan, a specially designed website linked to the three Boroughs' own intranet sites and a series of information-giving roadshows to schools; managers and staff have been commissioned and/or undertaken already.
Introduction to iTrent training programme	12 officers from across Partnership have undertaken a 3 day training course introducing them to the functionality of iTrent. A detailed training delivery programme has been drafted by Agilisys and MidlandHR (developers of iTrent), for the wider user communities.
Costing and interface work with existing financial systems – ProActis and Agresso	Work has begun and should have been concluded by Partnership Finance officers on 26 th September. Slippage in delivery of costing interface work at LB Merton has had an impact on system build.
Access to historic legacy data from ResourceLink system	A perpetual licence purchase in the region of £66,000 was approved at the Governance Board on 15 th September 2011. This will allow LB Sutton unlimited access to historic data in relation to pensions; payroll and HR.

2.2 Payroll Client Team

- 2.2.1 The new externalised payroll service delivered by Agilisys will require the creation of a Partnership Payroll Client Team. Such a team will have the unique responsibility of providing a joint client service to all three Boroughs.
- 2.2.2 The roles of the new client team are different from those roles of the existing service arrangements and comprise a three-tiered approach, to which Members agreed in January 2011. This comprises: a core team of a Payroll Client Manager, two Payroll Client Officers and two Payroll System Administrators; a transitional resource of one Payroll Client Officer (an initial two years envisaged) and two additional Payroll Client Officers, fully funded by Merton Council, to ensure continued schools support is maintained.
- 2.2.3 A key feature of the new iTrent system and payroll service is the use of self - service, both by staff; Members and pensioners as well as managers. A gap analysis has been completed that shows that only 70% of the workforce have access to email addresses. Therefore, the Client Team will be required to provide more of a data entry service to the 30% remaining. Originally, it had been envisaged that a higher percentage of system access would be available. Self-service has been adopted by Merton Council and is also widely applied at Kingston. However it is a new operational discipline at Sutton and will require appropriate support from the Client Team. An assessment of team capacity in relation to business need will be undertaken to ensure there is a reasonable level of resource.
- 2.2.4 The creation of the new Payroll Client team is following the agreed organisational change policy and procedural routes – informal consultation for 30 days has occurred and on 12th October 2011, a formal 30 day consultation commenced. Trade union officials have also been informed. Full legal implications of TUPE transfer liabilities in relation to the existing payroll processing arrangements for the Merton team as well as redeployment opportunities for unsuccessful Sutton applicants to the new posts have been discussed and will be applied, as appropriate.
- 2.2.5 Selection and appointment of the new Payroll Client team is anticipated before Christmas with the ‘taking up’ of new posts not until 1st April 2012. Intensive iTrent training for the new team will commence in the New Year, with close communication with the Agilisys payroll processing team in Rochdale.

2.3 HR Transactional Team

- 2.3.1 Subsequent to the re-engineering of the HR business processes for the iTrent system design, the role of the HR transactional resource is being re-configured to meet customer needs. Working very closely with the new Payroll Client Team, it is envisaged that a new style core HR Transactional team will be developed for Sutton for April 2012 (system Go Live).
- 2.3.2 Service manager input in to shaping the new “To Be” HR business processes has informed some of the likely requirements and expectations from a refreshed HR transactional and administrative service.

2.4 Self-service and Manager access

- 2.4.1 A key feature of the new iTrent system and payroll service is the use of self - service, both by staff; Members and pensioners as well as managers. Self -service is a relatively new discipline for Sutton Council, whereas a certain level of self-service has been adopted as part of the organisational culture at Kingston and

Merton Councils. Nonetheless, the importance of self-service as a pre-requisite to accurate payroll reporting will be a discipline that all three Boroughs will need to embed if payroll production is not to be compromised. This support will be an important responsibility of the Payroll Client Team and in the transitional period will take much of their time.

2.5 Timetable

2.5.1 The context plan is the project implementation 'roadmap' that provides strategic direction for the project. **Appendix B** refers. The project is now in realisation phase, focusing on system design and build. Subsequent key phases are new system testing and acceptance, followed by parallel running in tandem with existing pensions and payroll systems across the Partnership. Go Live continues to be considered viable for 1st April 2012.

2.6 Risks and Challenges

2.6.1 *Project Trinity* is fundamentally a programme of organisational change, not just a technological implementation. It comprises three key elements:

- Risk – its management and mitigation
- Relationships – between system/service provider and Partnership stakeholders
- Resource – resilience and capacity amongst those required to implement the project.

2.6.2 Whilst progress has been positive and the working relationship with the Agilisys project team, MidlandHR consultants and the Partnership's project team has been collaborative and constructive, the Autumn months will intensify the work volume on colleagues especially in the HR and Payroll community so as to meet project deliverables. Much of the progress thus far has been achieved as a result of HR and payroll colleagues delivering 'above and beyond' performance to ensure project slippage does not occur. They should be congratulated.

2.6.3 Important focus until Christmas will be on the user acceptance testing of the newly designed iTrent system for the Partnership. Parallel running for Pensions is now scheduled to run ahead of plan in November to accommodate more stringent parallel running of up to 26 payrolls in January, February and March 2012.

2.6.4 As a structured programme using best practice principles, the project team of *Project Trinity* undertakes regular reviews of the issues and risks and manages these accordingly. The latest version of the strategic Risk Register for the project is attached at **Appendix C**.

2.6.5 Several of the 'high' strategic risks focus on use of self-serve functionality and manager access to iTrent for the authorisation of workflows. This is a new cultural change for Sutton staff who are unfamiliar with self service as a preferred mode of employer transaction. Significant effort is being placed on engaging with managers especially to introduce and support them in the use of technology to process employment-related matters.

2.6.6 Nearly 30% of the Sutton workforce do not have access to electronic methods of communication. The value of iTrent is predicated on such access being available to as many staff as possible. Analysis of what local solutions can be deployed to ensure self service and electronic access is enhanced is currently an important focus of the project.

2.6.7 *Project Trinity* is being implemented within the context of other significant corporate initiatives and these interdependencies pose strategic risks to the project if not skillfully mitigated and managed. The terms and conditions reviews at both Sutton and Merton Councils; the Smarter Working programme at Sutton and the implementation of the new PARIS system in Adult Social Services at Sutton pose challenges to the timely delivery of Project Trinity and being carefully managed as links to *Trinity*.

2.6.8 Access to historic data in current 'legacy' systems when existing contracts end in March 2012 is another important factor being reviewed and relevant mitigating action is taking place with existing suppliers. Such access may prove costly but with for example access to 13 years worth of pensions data, it is business critical that a well-negotiated solution with existing suppliers (Northgate and Selima) is secured.

2.7 Consultation undertaken or proposed

2.7.1 Considerable effort has been taken to engage, inform and involve a range of stakeholders who will be users of iTrent and recipients of the new HRIS/Payroll service. A detailed communications strategy and related plan has been produced by the Project Team which has been approved by the Governance Board. The table below describes activities undertaken to date to engage and consult with key stakeholders:

Stakeholder (applied equally across 3 Boroughs)	Nature of engagement/consultation activity
Schools	<p>Engagement with school bursars and business managers has been a key feature of the communication/consultation work thus far:</p> <p>May – series of introductory events across the 3 Boroughs, explaining iTrent and new payroll service</p> <p>June – series of schools working group sessions to explore SIMS interface work and input to iTrent design.</p> <p>September – further series of group sessions across Partnership re. development of new style SLAs and SIMS work.</p>
Service Managers	<p>June – critical challenge sessions with representative sample of service managers across 3 Boroughs regarding proposed new HR "To Be" business processes</p> <p>July – series of roadshows across 3 Boroughs to engage re. iTrent and implications of Project Trinity</p> <p>January – follow up series of roadshows to demo new iTrent system for Partnership and define manager access</p> <p>September – November – series of visits/presentations to each of the Boroughs' respective DMTs to explain and update re. iTrent and its implications</p>

	September – November – targeted gap analysis work with managers of service areas where no/minimal email connectivity in use. Also using such opportunities to engage and inform local business areas.
HR/Payroll Community	Quarterly briefing sessions and Community events. Production of quarterly 'Next Steps' information and engagement papers Informal and formal consultation on creation of new Partnership Payroll Client Team.
Elected Members	January 2012 - Communications to Members. Interim communication via update report to Overview & Scrutiny in November 2011.
Employees	Beg. September – launch of special Project Trinity website – aim to update, inform and involve wider employee 'workforce'. January 2011 – more targeted engagement and training of new system and self service.
Pensioners	October – Communications to pensioners being despatched especially with the planned parallel running of pensions payrolls pre-Christmas with Go Live for Pensions in January 2012.

3.0 Financial Implications

- 3.1 A comprehensive costings plan linked to project implementation has been produced and an update on spend is reported to the Governance Board on a monthly basis. **Appendix D** refers.
- 3.2 As the project has progressed several 'exceptional' items requiring additional budget provision for Sutton Council have been highlighted and agreed by the Governance Board. In summary, these items are:

Description of exceptional item	£cost to LB Sutton
The purchase of a perpetual access licence from Northgate (ResourceLink) and related legacy data held on this system for pensions, payroll and general employment-related purposes	£66,000
Implementation costs for iTrent web recruitment module	£19,000
E-Learning interventions to support the roll-out of iTrent-related training for all Sutton stakeholders. Full training strategy developed.	Circa £50,000 - £60,000 split across Partnership (£20,000 to Sutton)

- 3.3 No specific 'contingency budget' for Sutton Council has been agreed in the event that significant project slippage looks to compromise the 'Go Live' date of 1st April 2012.
- 3.4 It was agreed at the Governance Board on 15th September 2011 that all reasonable efforts will be taken during the realisation and testing phases of the project implementation to mitigate any slippage or actions that might seriously compromise Go Live date. Such mitigating activities would include (as deemed appropriate) overtime and additional hours working (evenings and at weekends) by relevant staff; and fixed term interim consultancy support to address any project critical issues.

4.0 Influence of the Council's Core Values

- 4.1 The project is reflecting the Council's core values of 'Partnership'; 'Respect'; 'Innovation'; 'Diversity' and 'Empowerment'.
- 4.2 An integral feature of *Project Trinity* is partnership and collaboration across three Boroughs and the stakeholders who will be recipients of the new payroll services and HRIS/Payroll system.
- 4.3 A project of this complexity and ambition requires mutual respect demonstrated by key stakeholders across three organisational cultures; the project team implementing the new system and service as well as the new contractor/provider.
- 4.4 Innovative ways of implementation have and are being introduced into the project roll-out including: standardisation of process wherever possible; the access and use of self service to channel migrate core employment-related transactional activity as well as a adopting a menu of different ways of training users of the new system (iTrent).
- 4.5 The project implementation is sensitive and cognisant of the Council's diverse range of staff, managers, elected Members; schools, colleges, pensioners and third party associated bodies. Detailed work is underway to ensure access and use of iTrent and the new payroll service meets the diverse needs of all key stakeholders of the system and service.
- 4.6 Manager access to iTrent via use of real time reporting and a dashboard facility displaying current, up to date people information will empower busy managers to take a more proactive stance in managing their staff.
- 4.7 Self serve functionality for staff with access to the web will also empower colleagues to take more personal responsibility for the accuracy of their own data and keep it updated.

5.0 Equality Impact Assessment

- 5.1 There should be no negative impact on any groups of people as a result of the iTrent implementation. Any new technology system must meet standards for use by individuals with visual impairments. Additionally, the new system should be accessible, in particular access to self service, by those staff who would not ordinarily access such a system as part of their work.
- 5.2 The new HRIS/Payroll system provides all employment equalities management information. iTrent is an established nationally-used system that enables Sutton Council to meet statutory and local equalities duties and commitments.
- 5.3 An equalities impact assessment has been undertaken as part of the consultation process for the creation of the new Partnership Payroll Client Team.

6.0 Background Papers

Executive Team report – 18 January 2011: “Re-commissioning and amalgamation of Sutton, Merton and Kingston Payroll Services and HR/Payroll systems”.

7.0 Appendices

Appendix A – Highlight Report – October

Appendix B – Project Context Plan as at October

Appendix C – Strategic Risk Register - October

Appendix D – Project Costing Plan as at October