

CONFIDENTIAL
MID KENT SERVICES
HR SHARED SERVICE

Project proposal for the Dartford Borough Council

1. Introduction

This proposal is based on the information provided by Philippa Curtis, HR Business Advisor and Ann Smyth, Insurance and Payroll Officer at the system demonstration on 07 August 2017. Dartford Borough Council (DBC) is currently in outsourced arrangements for the HR, Payroll and an integrated system with BT and previously with Northgate. The council wish to change its current arrangements through the creation of an in-house HR team but continuing the outsourcing of the provision of the payroll service and integrated system, they are keen to work with another local government provider as they have found some difficulties working with private sector providers.

The current scope of the volume of activity is believed to be:

- 280 employees
- 44 elected members
- Approximately 330 payslips per month on average
- Payment date currently 15th each month
- Staff group familiar with self-service for payroll
- Current system - Agresso

The proposal is based on the operating model set out below however this can be flexible and scoped as part of the project. The costs are indicative and subject to confirmation once the details of the project and operating model are confirmed.

The proposal is for a five year contract to commence in full from 01 April 2018.

2. Shared Service Arrangements within Maidstone and Swale Borough Councils

Maidstone and Swale are two of the three councils within the Mid Kent Services (MKS – the third council being Tunbridge Wells). There are currently eight services shared between the councils, some between just two others between all three councils and one which has four partners (Audit services include Ashford Borough Council). The current range of shared services is ICT, Audit, Legal, Revenues and Benefits, HR, Planning Support, Environmental Health and Parking. Maidstone is

also currently in discussion with several North Kent councils about the further development and integration of several of these services.

The shared service benefits from a well-developed 'best of breed' integrated HR/Payroll system (iTrent) with full self-service and we are a demonstration site for MHR the software providers. The councils are continually developing the system to automate as many processes as possible and improve efficiency.

The service is audited annually and achieves a 'substantial' rating on each audit. The Payroll Manager is a graduate of the Chartered Institute of Payroll Professionals (CIPP) and the Payroll Officer is a qualified Payroll Technician and associate member of the CIPP. In addition to the payroll professionals the system is supported by a system administrator to ensure that it runs smoothly. The team utilise an SAP reporting tool, Business Objects and are self-sufficient in developing reports to extract the information held within the system.

3. Proposed operating model

The shared service approach means that the team is used to working with other organisations as if they were part of the same team, this is the approach that would be taken with the services provided to DBC.

There would be a joint approach to the processing of employee information and reporting with some aspects undertaken by HR, IT or Finance in DBC and some with the MKS payroll team. The precise workflows within the activities would need to be specified as part of the project but an example would be the instigation of a new starter through recruitment, contract generation and personal details in the system (DBC HR) to the setup of payroll details and payment (MKS payroll) followed by the BACS payments (DBC Finance) and third party returns (MKS payroll).

The current shared service operation is attached at Appendix One; this gives the detail of the current agreed model which could be tailored for DBC.

The pricing structure set out in this proposal is reliant on the implementation of self-service and people manager as these modules of the system ensure that there is minimal requirement for data entry by payroll or HR.

In summary the service would provide:

- Monthly payroll processing including electronic payslips;
- Net pay to net pay report for approval before final processing
- BACS reports for payment;
- 3rd party payment files;

- Pension returns and information for KCC (NB. DBC may need to input to these where reasons for change are not immediately apparent)
- General ledger interface reports
- Self-service for staff and managers
- Access to existing Business Objects (BO) reports (NB there may be further license cost implications for this if existing 5 BO license is insufficient)
- On-going support in the use of the system
- Global system administration
- Application of updates from MHR and system testing

DBC HR/Finance would provide

- Inputting of starters/leavers/changes and contractual information
- Basic support admin to own users e.g. password support
- Provision of information to MKS payroll in a timely manner where there are any agreed changes that could affect payroll e.g. rate changes.
- Management information
- Statutory returns (ONS etc.)
- Authorisation for payments
- Training staff and managers to use self service
- Maintenance of annual leave groups and working patterns
- Production of structure charts using Business Objects information

4. Project Timetable

DBC have identified the desire to implement a new system by April 2018, this is achievable with an indicative timetable below.

Action	Timescale
DBC agree preferred provider and costs	End Sept 2017
SBC/MBC agreement to proceed	End Oct 2017
Produce Overarching PID	Nov 2017
Build IT Infrastructure & Test system	Nov 2017
DBC data extract	Jan 2018
Migrate Data to Test	Jan 2018
Proof of Concept	Jan 2018
User Acceptance Testing	Jan 2018
Build Live system	Feb 2018
Migrate Data to Live	Feb 2018
1 st Parallel Run	Feb 2018
Validate 1 st Parallel Run (may require 2 nd parallel run)	Feb/ March 18
Re-iterations as necessary	Feb/ March 18
Sign off	March 2018
Go Live – core HR and Payroll	April 2018
Build and design self-service – to include annual leave , expense claims, etc.	Feb/ March 18
Roll out self-service – expense claims/ overtime	April 2018

5. Project Implementation Costs

The initial implementation and system build may be delivered in a number of ways depending on timescales and availability of resources. The preference is that our retained consultant and the in house team work with DBC to configure the system and data load the legacy information. The general estimate for a new payroll is 40 days of consultancy at an average charge of £500 per day, only days used would be charged. However if the timescales meant reliance on MHR consultants the charge would be around £1,000 per day depending on the rate we could negotiate.

Dartford BC (DBC) would be responsible for the provision of the legacy data in appropriately formatted csv files. DBC and the MKS payroll would jointly test the data during the parallel run and at go live. MKS staff will be responsible for training DBC staff on how to use the system and on the roll-out of self-service to users.

It is anticipated that there would be two phases to the project, the first would be live HR and payroll and self-service for expenses, overtime etc. Phase 2 would be the build and development for annual leave and sickness absence automation.

There is an option to utilise the recruitment module within iTrent and if this is an option that DBC wished to develop it would require additional consultancy to set up.

6. Annual Charges

The annual charges for the provision of the payroll and system:

Charge from Mid Kent Shared Service	49778
License fee to MHR (estimate)	6000
Total fee for service	55778

This annual charge should cover the bulk of the system and transactional services.

The only additional charges would be in circumstances where DBC requested bespoke reports or workflow designed. This would be charged at a cost of £30 per hour in development time.

Where there are additional costs from MHR relating to their system developments these would be split between the councils using the system. If any of the councils have requests that are not needed by the others they would pick up the full cost of the development.

7. Next steps

DBC are currently 'soft 'market testing the local government options. If MKS Shared Service is the preferred provider there will need to be agreement within Maidstone and Swale councils to extend the service to DBC and negotiations with MHR (the providers of iTrent) regarding the license costs.

There would also need to be a scoping exercise with the IT teams for the MKS Shared Service and DBC to determine the precise optimum configurations.