

MAIDSTONE BOROUGH COUNCIL AND SWALE BOROUGH COUNCIL

Sharing HR and Payroll Services

It was important for us to find an efficient and easy-to-use solution to provide exceptional quality and flexibility. Sharing the service with Swale was beneficial to both councils, reducing cost and minimising risk.

Head of HR Shared Services

Shared Service Objectives

The size of the councils was an important factor. Efficient organisations tend to have one payroll clerk for every 1,000 employees. However for a smaller council like Maidstone, with 600 employees, it would be very difficult to find this kind of efficiency. Reducing to one payroll expert would leave the council open to risks, such as a period of sickness or a prolonged absence, which could jeopardise the ability to process the payroll. By combining the two councils' needs, payroll could be managed by one team, minimising risk and cost simultaneously for both.

Joint council objectives:

- Implement a shared service solution which allows further councils to join
- Facilitate electronic workflow for transactional purposes
- Reduce cost
- Increase resilience
- Meet HMRC's statutory requirements for returns
- Reduce paper consumption

Commenting on the objectives and strategy, the Head of the HR Shared Service says: "It was important for us to find an efficient and easy-to-use solution to provide exceptional quality and flexibility. Sharing the service with Swale was beneficial to both councils, reducing cost and minimising risk."

Additionally, the new HR and payroll solution would benefit both councils' finance systems, which had remarkably different

SUMMARY

Organisational Objectives

- Implement a new integrated HR and payroll solution as a shared service
- Facilitate electronic workflow for transactional purposes
- Implement a new open IT strategy
- Increase system resilience
- Respond and adapt to the council's evolving needs
- Meet statutory requirements of HMRC

HR Objectives

- Minimise risk and cost through shared HR and Payroll Team
- Meet changing legislative requirements
- Ensure enough flexibility and scalability for future developments
- Continuously improve efficiency and service quality
- Adhere to public sector Equality Duty
- Reduce paper-based processes
- Contribute to the optimal interfacing of other systems with iTrent

interfaces despite being the same brand, and the chosen system needed to be sufficiently flexible to deal with these differences. It also needed to interface the BACS systems, another important requirement for reducing cost.

To ensure the tendering process identified the full scope of the requirements, the council followed the OJEU route. “The decision to opt for MHR came down to iTrent’s usability from the perspective of front end users,” explains a representative. The Self-Service and People Manager views are very intuitive, which we believed would help drive user acceptance within the council.

iTrent Solution

iTrent modules selected included HR, Payroll, Self-Service, People Manager, Learning & Development and Web recruitment. The system was built by MHR consultants and Maidstone’s in-house team, and was implemented over two years. While Core HR and Payroll were implemented according to a timetable, the rest of the functionality developed more organically over time.

“When an organisation decides to use self service to replace paper-based systems, it’s a complete culture change which takes time to develop,” states Smart. “In order for development to occur in line with the business, some areas, policies and processes need to be adapted to account for the change.

MHR’s consultants were in regular contact with the councils to assist with the transition. But, thanks to a rigorous and smooth implementation, the councils have been reasonably self-sufficient over the last year. “iTrent’s user-friendly system allows us to have complete autonomy, but it’s always nice to know someone at MHR is there in case we need them!”.

For the financial system, MHR suggested successful methods of combining the iTrent solution for both councils. A direct interface was built for Maidstone to upload payment data, while Swale was to use Business Objects to extract and upload data from text files.

This scrapped any requirement for additional spending as both councils could execute payrolls though the BACS system.

SUMMARY

The Solution

Implement a shared HR and Payroll Service using MHR’s iTrent. Selected modules include Core HR, Payroll, Web recruitment, Self-Service, People Manager and Learning & Development HR objectives.

Key Results

Maidstone Borough Council

- Reduced payroll headcount from 2.6 to 1.6, equating to 38% saving
- Income stream from Swale Borough Council
- Shared service cost savings of c.£50,000, due to shared staff and resources

Swale Borough Council

- Shared service cost savings of c.£90,000: £50,000 on implementation costs and £40,000 annually due to shared staff and resources
- iTrent solution complies with all HMRC statutory requirements
- High level of functionality in the HR and Payroll systems

BOTH COUNCILS

- Improved functionality
- Improved customer experience
- Reduced paper consumption and carbon footprint
- Minimised risk and increased efficiency due to management by shared team
- Joint shared service cost savings of c.£500,000 over the 5-year contract



When it came to linking Swale to iTrent, we were able to guide the process based on our own experience. Within 3 months, Swale was live on iTrent and had completed its year-end returns. Two months later, Self-Service was rolled out. What took us over two years to achieve in terms of system functionality and use for Maidstone, took Swale just six months, thanks to our partnership.

Results

The implementation of iTrent means that Maidstone's HR and payroll system satisfies its open IT Strategy, and Swale is now able to comply with the HMRC statutory requirements which its previous system failed to support. Electronic workflows have dramatically reduced both councils' paper consumption, and the improved ability to work from home has reduced their collective carbon footprint significantly. Maidstone has also successfully combined its payroll team with Swale's, which has led to an annual saving of 38%. Through the shared service, Swale has already saved approximately £90,000 in total - £50,000 on implementation costs and £40,000 on an annual basis due to the sharing of staff and resources between the two councils.

iTrent received numerous positive comments from across many different departments. "Staff like to submit mileage and expense claims online because it speeds up the payment process. Furthermore, iTrent has helped provide an explanation of the annual leave system in hours for part-time workers, including public holidays in the total calculation.

This standardisation across the council has improved the sense of equality between full and part-time staff, reducing some of the continual queries regarding leave.

"Managers are also pleased that workforce data can now be readily analysed using Business Objects reports," Smart points out. "This proved particularly helpful with the new Equality Duty for the public sector, requiring detailed workforce information to be displayed on the website. "In terms of the level of support received, the consultants have great expertise. MHR continually evolves its project methodology, and we have seen the system go from strength to strength as new functionality has simplified many processes, with a number of additional benefits. Particular highlights for the council staff include the retrospective function in payroll, analysis reports, online expenses claims, annual leave calculations and the overall reduction of the councils' carbon footprint, through online access and reduced paper usage. "Our payroll people love the retrospection function which is invaluable when there are back-dated changes to be made. Before iTrent, calculations would be performed manually on spreadsheets, but with retrospection this is now all performed by the software."

Future Plans

Future plans within the councils centre around maximising efficiencies. Through use of workflow, iTrent will automate previously manual activities within HR, such as online completion of post-training evaluation forms, and return to work forms following sickness. Swale will also be developing Web recruitment, and both councils are looking to change to e-payslips to further reduce paper consumption. Maidstone will also be talking to other organisations about the provision of payroll services to further reduce costs and increase efficiency.

So would a shared service suit other councils? The Head of the HR Services explains "I'd recommend it for any organisation that does not have sufficient project management and payroll/ IT capacity in-house to invest in the product and develop it themselves. Most of these systems are shipped to the customer with the capacity to become fully integrated systems with time-saving workflows, but this requires either a great deal of patience and development in-house, or a great amount of consultancy time. A shared service allows organisations to reap the benefits of systems such as iTrent without such requirements, as demonstrated by Swale's ability to have a high level of functionality from iTrent within six months."

Shared Service - A Partnership of Trust

The key factor in a shared service relationship is trust. "It is important that neither party is 'profiting' from the other, and that both receive value from the collaboration. For both councils, a shared service was the best option to bring the combination of resilience, cost saving and the opportunity to replace out of date systems."