
By: Roger Gough – Cabinet Member for Corporate Support and Performance Management
Amanda Beer – Director of Personnel & Development

To: Policy Overview & Scrutiny Committee

Date: 12 November 2010

Subject: Oracle HR and Payroll System Update

Classification: Unrestricted

Summary: This report gives an overview of the major Oracle HR related developments including self service. It details financial and business benefits since the initial implementation, and future planned development.

1. Introduction

Oracle HR (without payroll) was implemented in January 2003 to replace 2 separate legacy systems and was developed to integrate with the existing Oracle financial package to cover around 44,000 staff in KCC employed in Directorates and in Kent Schools.

At that time there was no requirement for an integrated payroll system as the KCC payroll had been outsourced to Capita Business Services based in Sittingbourne.

In 2003 Capita and KCC agreed to work jointly to implement Oracle payroll, as support for the existing legacy payroll system was being withdrawn. The Oracle payroll system went live in November 2004 and was run by Capita, at an annual cost of £1.3m (excludes system upgrades and enhancements).

This contract was due for renewal in 2004, and because of the cost and lack of other providers it was decided to transfer the payroll service back to KCC (for non schools staff).

2. Benefits and Savings

The implementation of an integrated HR and Payroll system, coupled with the transfer of the payroll and expenses services from Capita back to KCC were key enablers for Personnel and Development (P&D) to deliver strategic HR business and Oracle system related objectives:

- Deliver savings of £2.7m cumulatively over a five year period.
- Ensure key HR processes are delivered more quickly and efficiently to staff and managers.
- Provide KCC managers with improved management information.
- Transform the Oracle system from purely an HR/Payroll tool to an integrated business tool with self service as the main conduit to achieve this.

- Modernise the delivery of HR processes and make it more attractive to current and future staff.
- Maintain and develop an effective HR and payroll operational tool (the core functional modules).
- To provide a platform to enable KCC to deliver payroll services to schools with associated income generation

Paragraph 3 highlights key Oracle projects which are contributing to the delivery of planned cost savings and improved service delivery. Appendix A details the Oracle HR system direction of travel.

3. Time line of Successful Oracle System developments

Details key Oracle developments and achievements since the initial implementation.

	Key Developments	Date	Purpose & Key Benefits
1.	Implementation of Oracle HR	Jan 2003	Replaced legacy systems
2.	Implementation of Oracle Payroll	Nov 2004	Replaced legacy systems
3.	Payroll processing service brought back in-house from Capita (Newly formed Employee Service Centre Team)	Dec 2005	Payroll service delivery savings & initiator for provision of integrated delivery of HR and Payroll service
4.	Expenses processing service brought back in-house from Capita.	Aug 2006	Oracle system developed to process expense claims via payroll. Expenses service delivery savings
5.	Creation and upload of a KCC reporting hierarchy set-up in Oracle.	Nov 2006	To support Employee Self Service and Total Contribution Pay recording process.
6.	Development of Employee Self Service (ESS)	Dec 2006	Enabler for key HR processes to be actioned on-line
7.	Improved reporting capabilities via Discover	Mar 2007	Improved reporting at Corporate and Directorate level
8.	Total contribution module in place and extended to all Kent scheme staff	Mar 2007	Enables managers to record appraisal assessment ratings
9.	Pilot of Employee Self service to 600	Jan 2007	Piloted across all Directorates
10.	Development and implementation of linking time recording system for home care staff to Oracle	Jul 2007	Enables managers to enter timesheets for homecare staff directly into Oracle payroll

	Key Developments	Date	Purpose & Key Benefits
11.	Automated end of year links with HM Revenue and Customs	Jul 2007	Improved data processing with HM Revenue and Customs
12.	Development of Oracle Learning Management	Apr 2007	Enables P & D Learning & Development Teams to record staff training records in Oracle.
13.	Implementation of Oracle enhanced Retro pay	Apr 2007	Allow the system to automatically calculate pay arrears
14.	Creation and upload of all KCC staff email addresses set-up in Oracle	Jan 2008	Key requirement for delivery and rollout of Self Service
15.	Development of Oracle upload tool.	May 2009	To support staff restructures across KCC
16.	Wider rollout of Employee Self Service and on-line expenses across KCC	Jul 2009 - present	7,200 staff have access, on target to deliver to 9,300 by year end.
17.	Development and pilot of Manager Self Service	Mar 2010	Piloted to 200+ KCC managers, who have provided positive feedback about accessing staff information on-line
18.	Development and implementation of facility to automatically alert managers of key sickness absence dates	Jul 2010	Enables managers to proactively manage employee sickness absence
19.	Rollout of expenses on-line to Members	Sep 2010 - present	Positive message to KCC staff about using self service.
20.	Major upgrade of Oracle system to version 12.1.1.	Nov 2010	In progress at date of report

4. Future Developments

The focus of future Oracle development is extra functionality for Manager Self Service, such as additional absence monitoring, payment processing, managing changes to staff contractual details. Plans are also in place to continue the rollout of Manager self service to all KCC managers.

Additionally, there is now a requirement for establishment control within Oracle HR. This requires a fundamental change to the Oracle set-up and there are cost and resource implications. Options for delivering a solution are under review in conjunction with Finance and ISG, and an ideal time to implement this would be aligned to the restructure of KCC. Earlier implementation would not be cost effective.

Other areas which have been identified as requiring future review and or development, but funding is not allocated are detailed in Appendix B.

5. Oracle Employee and Manager Self Service overview and progress to date

Employee self service was developed during 2007. It was planned to rollout to around 9,300 staff (those with access to a networked computer and a KCC email address). It is currently used by around 7,200 and is on target to deliver the completed rollout of 9,300 by year end. Manager self service is rolled out as a pilot to around 200 KCC managers and will be rolled out more widely during 2011.

See Appendix C for details about Self Service functionality.

The implementation of self service is a key driver for P&D to deliver planned savings and streamline HR processing across KCC.

The benefits to KCC are:

- Speeds up end to end personnel/payroll processes by cutting out areas of repetitive keying e.g. sickness/overtime forms.
- Provides managers with more timely and accurate (real-time) information about their staff.
- On-line visibility of staff data means that managers can more proactively manage staffing processes such as sickness absence monitoring and escalation and other key management responsibilities.
- Gives ownership of personal data to our employees
- Makes physical location of staff and managers less important
- Dramatically reduces paper flow within the Authority
- Provides an environment that fits in with the new world of work which is attractive to current and future staff

The implementation of self service is reducing the volume of HR back-office functions, and therefore contributing to planned savings, prior to its introduction Employee Service Centre processed:

- At its peak around 4,200 expense forms a month. By mid-2010, this number reduced by 50% through self service.
- Around 16,000 sickness absence per year, by mid-2010 this number has reduced by more than 30% through self service.

6. Recommendations

Members are asked to note:-

1. the major developments and enhancements made since the initial set-up of the system in 2003 and the associated streamlining of core HR structure processes.
2. the cost savings and efficiencies achieved.
3. the planned future development and other areas highlighted for review

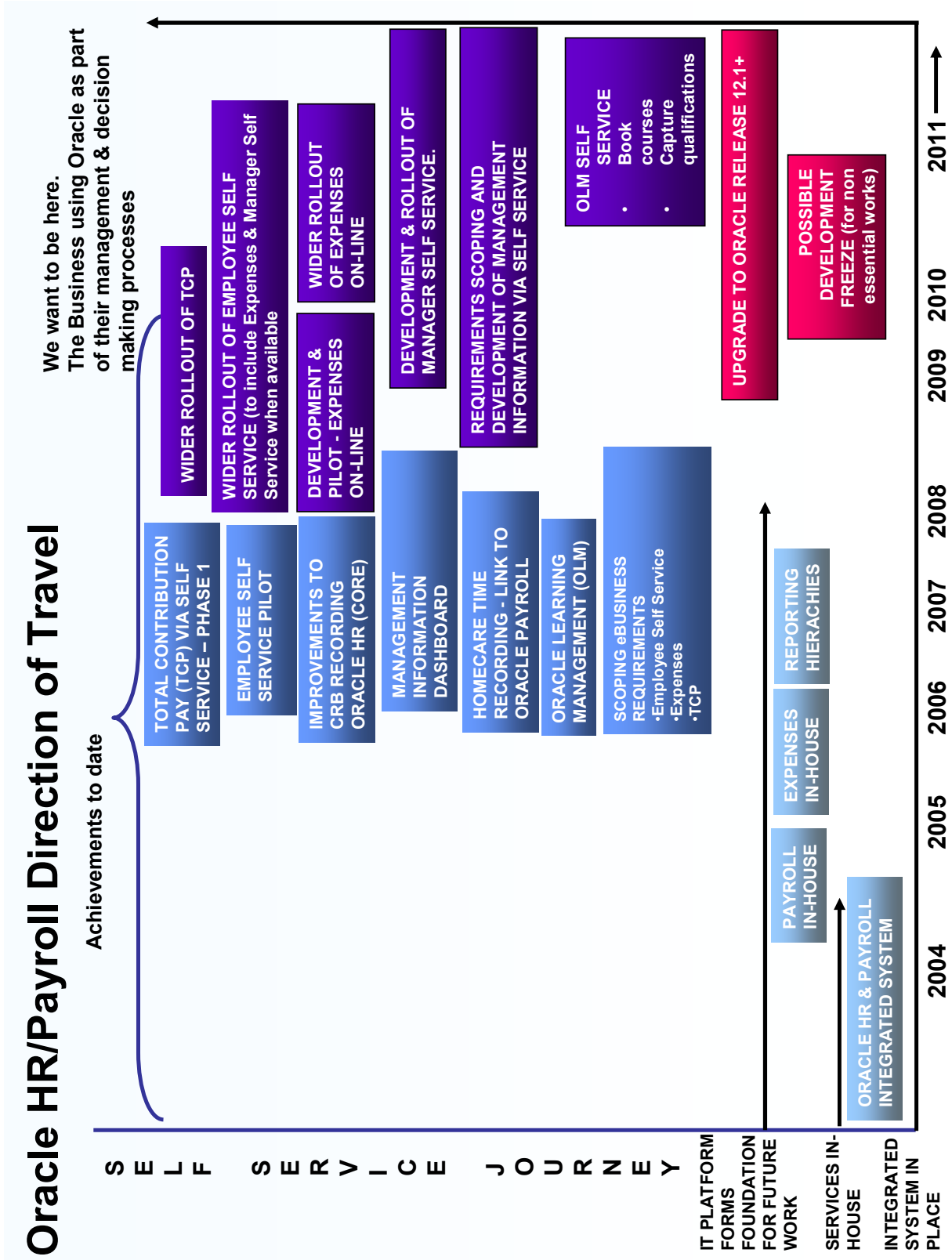
Author Contact Details

Amanda Beer, Director of Personnel & Development

✉ amanda.beer@kent.gov.uk

☎ 01622 694136

Appendix A – Oracle HR System – Direction of Travel



Appendix B – Other areas which have been identified as requiring future review

	Headline	Detail	Recommendation
1	Lack of single password to access KCC IT systems	Self service adds to the burden of passwords and logins for staff to remember	To be driven forward as part of corporate initiative.
2	Remote access to Oracle systems	Headcount currently around 15,000, but only around 9,300 have access to a networked PC. Greater access could improve cost savings for processing HR transactions.	To be driven forward as part of a corporate initiative and requires a decision to open up access and address security requirements.
3.	Standardising working practices and approvals across KCC	Differing working practices and approvals processes across the Authority means that additional development costs are incurred.	Need to get the balance right between technologies and working practices and aim for greater standardisation across common processes and standardise terms & conditions where practical.

Appendix C – Self Service Functionality

Employee Self Service Functionality

Through Employee Self Service staff and managers can carry out key HR functions on-line, direct into the Oracle HR system such as:

- View / change personal details, such as home address, and vehicle information.
- Record sickness absence (manager signs off).
- Change bank account details (securely).
- View KCC employment history.
- Claim overtime (manager approves).
- Access payslips and P60 on-line.

Manager Self Service Functionality

Through Manager Self Service KCC managers can carry out HR processes and view and run reports about their staff at individual and team level, such as:

- Team reporting hierarchy, job titles, salary information, employment and training history with KCC as well as their sickness absence record.
- Record and report appraisal ratings for staff - 1,300 managers entered Total Contribution Pay (TCP) ratings via Manager Self Service during January 2010.
- Record sickness absence for staff directly into Oracle HR.