Finance Shared Services Payroll Strategy

2022-2025

NFD
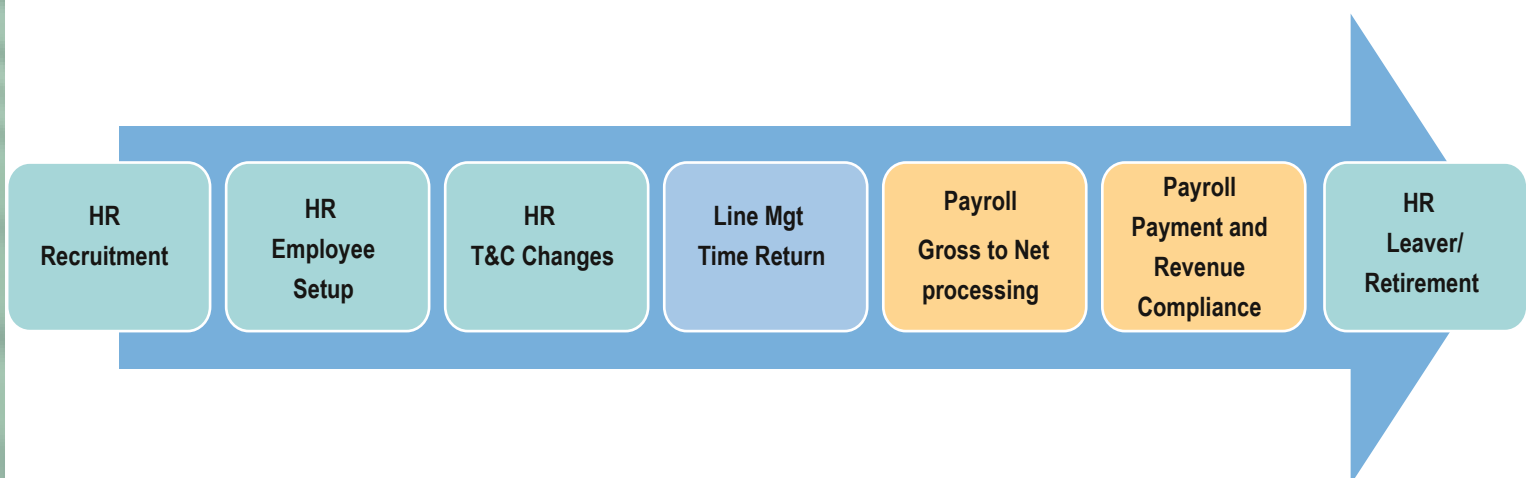NATIONAL FINANCE DIVISION

Contents

Introduction

HSE Payroll Services is a function of Finance Shared Services within the National Finance Division (NFD). Payroll is an integral part of our finance operations and provides an important service to all employees, pensioners and functions across the organisation.

One of the key elements to any organisation operating today is that their employees are valued and are paid accurately, compliantly and on time. The importance of the HSE payroll service has been highlighted during the Covid 19 pandemic, and more recently following the cyber-attack, in ensuring that the processing of payroll for all HSE staff is maintained and delivered on time.

The HR Payroll hire to retire process is dependent on numerous inputs across HR functions (e.g. Recruitment, Organisation Management, National Personnel Administration, National Employee Relations and National Pensions Management), local Line Managers, returning officers and central payroll teams across the health sector.

The following high level diagram highlights these processes, dependencies and interconnectivities:

HR Recruitment	HR Employee Setup	HR T&C Changes	Line Mgt Time Return	Payroll Gross to Net processing	Payroll Payment and Revenue Compliance	HR Leaver/ Retirement

While this strategy document focuses on the processes delivered by the Payroll team only, we will continue to work collaboratively with our colleagues in NiSRP, HR, SAP CoE and all stakeholders to deliver the optimal HR & Payroll end to end process for the HSE. An engagement process will also be undertaken with the Staff Associations and Trade Unions to discuss this future strategy.

The consultative document has been shared with feedback received from HR & Finance colleagues in the CHO, Hospital Group and Corporate divisions. In relation to Section 38 agencies, the NiSRP programme is currently working on a scoping project and further discussions will be required on service delivery and implementation options.

For the purposes of this strategy both statutory and voluntary Section 38 agencies are in scope for future payroll service delivery on the principles outlined in the document. At this point, Section 39 agencies are not in scope.

In addition to the reform of our health services and the emerging Sláintecare structures, a number of other Reform programmes (Integrated Financial Management System (**IFMS**) - Finance and Procurement; National integrated Staff Records and Pay (**NiSRP**) - HR and Payroll) are underway across the corporate functions and services to support the HSE strategic objectives for the health sector. As a key stakeholder in those reforms, our payroll service will need to develop to ensure we deliver a sustainable, efficient and future proofed service delivery model using the technology, new ways of working and tools now available to support the overall HSE financial planning and management objectives.

Note that this is a high level payroll strategy document. A detailed planning phase will be completed as a separate exercise that will document the steps, responsibilities and timelines required to deliver the referenced payroll strategic objectives.

1.1 HSE Payroll Strategic Objectives

The following sets out the future payroll direction from 2022-2025 focusing on a number of key payroll objectives. The duration is aligned to and supports the NiSRP plan. However the transition to the end state payroll operations model will continue beyond this date.

Governance	• Agree our future Service Delivery Model through governance.
Centres of Excellence	• Consolidate HSE Payroll to a reduced number of national sites ensuring long-term sustainable centres of excellence.
National Helpdesk	• Establish a Customer Relationship Management (CRM) model to include a national Helpdesk with telephony and functionality to manage all employee queries to industry standards.
Inclusion of Section 38s	• Delivery of an efficient payroll service model for Section 38s in line with the NiSRP programme.
Single Payroll Solution	• Implementat standard payroll processes for the health sector supported by a single National SAP HR & Payroll solution.
Streamlined Processes with Self Service Functionality	• Move away from a large scale manual, paper based, less efficient HR & Payroll end to end process to a more streamlined and efficient solution supported by self-service functionality.
Single ERN for the HSE	• Reduce the number of Employer Registration Numbers (ERNs) with a desire to move to a single ERN for the HSE as a single legal entity.
Align Payroll WTE	• Align payroll WTE numbers to best in class benchmarks to ensure efficient use of health care resources.
Technology Based Solutions	• Implement technology based solutions to support process automation through the use of digital innovation (e.g. Robotic Process Automation (RPA)).
Collaboration	• Work collaboratively with our colleagues in NiSRP, HR and SAP CoE to deliver the optimal HR & Payroll end to end process for the HSE.

We also engaged with external consultants, Deloitte to:

> *Review the Target Operating Model and proposed structures through a site consolidation approach*

> *Facilitate engagement with key HSE stakeholders & Corporate functions to discuss the current and future payroll operating model options*

> *Provide insight, best practice research and comparative case studies to support the strategy*

This high level strategy document has been developed by HSE Payroll leadership and incorporates feedback from the stakeholder engagement. The strategy document will focus on how we operate today to provide context, highlight insights and best practice research including case studies to support the strategic direction, and outline our vision for the future payroll operating model for the HSE.

2

Executive Summary

The HR Payroll hire to retire process is dependent on numerous inputs across the HSE functions. Supported by the implementation of the NiSRP programme, our payroll service will need to transform to ensure we deliver a sustainable, efficient and future proofed service delivery model.

This document lays out the strategic objectives for payroll, what the future of payroll will look like, including analysing the current landscape, the long term vision and key trends that will shape the future.

It will highlight the key principles and critical success factors for Payroll to achieve its long term vision and focus on the roadmap to ensure service delivery for the emerging Sláintecare structures. We will work collaboratively with our NiSRP colleagues and all stakeholders to deliver the optimal HR & Payroll end to end process for the HSE.

Payroll Today

HSE Payroll processing service provision is provided by Finance Shared Services within the National Finance Division (NFD). Across the Health Sector there are approximately 190,000 payees including the Section 38 agencies.

Payroll is operated via 9 HSE sites based on the former health board structure that existed prior to the formation of the HSE in 2005, and across 38 sites for the voluntary sector agencies. There are multiple payroll software solutions, processes and staffing structures across these sites, with elements of the HSE service provided both internally by HSE and externally by a 3rd party payroll service provider. The payroll process is dependent on various inputs, processing and outputs with limited standardisation across the HSE sites, and formal structured customer relationship management is not in place.

Building on the core values and brand of our team and services today, our vision is an efficient payroll function delivering a best in class service accurately, compliantly and on time.

Drivers & Enablers for Change

Given the emerging Sláintecare structure and reform programmes (IFMS, NiSRP) there is a requirement to define a formal enhanced Payroll Operating Model that will deliver an efficient and sustainable service. Some of the other key drivers and enablers providing strategic direction to the future payroll operating model include:

- the full implementation of a single payroll system (SAP HR & Payroll)
- standardisation of payroll processing and systems
- aligning the future resource model to industry best practice and
- consolidating sites to delivering a more sustainable long-term payroll service for the health sector

In setting the context for payroll reform, we have included some insight, benchmarking data (Appendix 3) and Case Studies referenced in the appendices before assessing our future operating model.

Future Roadmap for Payroll including the Target Operating Model (TOM)

This document will provide the direction for the payroll management team over the next 4 years and support the implementation of the long-term payroll service delivery model for the health sector.

The Target Operating Model (TOM) set out on the following page, builds on what payroll operations are responsible for today and aligns to the new standard SAP Payroll functionality.

Fig 1.3 HSE Finance Shared Services – Payroll – Target Operating Model
(See Appendix 6 - Landscape Version)

Local and/or Self Service Community
(HGs, CHOs, Corporate Functions), Revenue, HR Policies, Corporate Finance & Treasury

Time Data	Misc. Payroll Data	T&S Data via ESS/MSS	HR Data and Policies	Revenue	NFRs	External Inputs

Process Optimisation and Standardisation

Operations

Maintain Tax Details	EFT file to Bank
Maintain 3rd party deductions	Print payslips/cheques
Process Time and Misc. Data	GL file creation
Settle Travel	PMOD files
Run validation reports and Gross to Net	3rd Party Deduction Listings

National Support Services

Compliance, Audit and Risk Management	Process Optimisation and Standardisation	National Services
Compliance	CRM Development	Payee Queries
Audit Management	Payroll Process Optimisation	FOIs and PQs
Risk Management and Mitigation	National Metrics Reporting	National Overpayments Reporting and Mgt.
Business Continuity	Continuous Improvement	NTS Hub

NiSRP Project

Local/regional/site owned	Shared services

The design of the Target Operating Model (TOM) is based on a number of key factors to include:

(1) Consolidated Centres of Excellence Approach

As outlined earlier, Payroll processing currently operates from 9 geographical sites based on the former health board structures and from 38 sites for the Voluntary sector. There is an opportunity to consolidate payroll processing to a reduced number of sites. **This strategy is proposing 4 payroll operational hubs for the health sector.**

(2) Single National Payroll System

Currently a HR & Payroll SAP ERP solution is being implemented across the health sector (Statutory and Section 38s) over the next 5+ years. This solution will deliver a single national HR & Payroll system with standardised processes, functionality, Self-Service and automation tools including time entry at source.

(3) Customer Relationship Management (CRM) Model

An integral part of the future payroll service provision to address and resolve employee & line management queries will be a dedicated National Payroll Helpdesk with CRM and integrated telephony functionality.

(4) Service Delivery Model

The emerging payroll delivery model for the health sector should be a **_flexible Hybrid approach_** to payroll processing as follows (subject to detailed design phase):

- End to end payroll processing services for each of the Slaintecare regions delivered from a single site.
- Corporate services, payroll centralisation for certain categories of staff (e.g. NCHDs), Tax & Revenue returns and other national services agreed during project planning phase from a single site.
- One single HR & Payroll system with self-service functionality in line with standard best practice processes (no local variations).
- Single National Customer Relationship Management Service.

(5) Resources

Following implementation of NiSRP we expect significant efficiency gains and reduction in manual workload. Consideration is required regarding the geographical location of current resources, the proposed CoE locations and the flexible resource model. A number of options will need to be considered during project planning including medium term hub and spoke models, HSE work from home policies and maintaining payroll services during the transition phases. It will be important that the significant experience and dedication of current payroll resources will not be negatively affected in the short-term as we progress towards the future centres of excellence model.

Timelines and Deliverables

The overall programme of work will be delivered in two phases:

- **Phase 1** will focus on the setup of the project plan, resources and some key work transfers and payroll delivery model development.

- **Phase 2** will focus on the continued rollout of the NiSRP SAP solution and further development of the payroll delivery model.

Critical Success Factors

The delivery of our strategic objectives and plan are depended on a number of key critical success factors to include the following:

- Strong mandate from HSE governance and Senior Leadership support.
- Adequate project funding and resourcing during the programme.
- Successful implementation & adoption of both IFMS & NiSRP programmes including all Section 38 organisations.
- Support from all key stakeholders including staff, line management, employee trade union representatives, SAP CoE, HR, Revenue and Corporate Finance.
- Effective Change Management throughout the programme.
- Customer Relationship Management solution and related tools delivered.

Conclusion

With a changing health sector landscape emerging drivers and enablers for change, the current payroll service provision needs to transform to deliver a long term sustainable service delivery model.

The various insights, best practice data and stakeholder feedback considered as part of this review supports the future direction and service delivery model as outlined in our strategy.

While the roadmap for transformation will be challenging, the vision and long term objectives of providing the optimal HR & Payroll end to end process for the health sector is achievable with strong governance and leadership support.

3

Payroll Today

The following section sets out to review the current HSE Payroll landscape and Operations and provide some context on the process of providing payroll services across the HSE today.

3.1 Background

Across the Health Sector there are approximately 190,000 payees: HSE 139,000, Tusla 6,000 and the Section 38 organisations 45,000.

HSE Payroll processing nationally is operated via nine sites based on the former health board structure that existed prior to the formation of the HSE in 2005. Multiple payroll software solutions, processes and staffing structures exist across these sites, and elements of the services are provided both internally by HSE processing on SAP Payroll (67%) and Perfast (1%), and externally supported processing by 3rd party provider Zellis (Resourcelink 32%).

The following table (Fig 1.0) provides a high level view of the 9 HSE payroll areas, the payroll software, payee numbers and staff WTE. It highlights a varied range of staff WTE between payroll areas due to the nature of the work in each site, the payroll software solution, site efficiency, complexity and levels of services provided.

Fig 1.0 Payroll System and Payee Detail by Area:

HSE Region	Pay System	Employees Sept 2021	Pensioners Sept 2021	Totals Sept 2021	Payroll Headcount
East	SAP	16,834	2,862	19,696	43
Mid West	SAP	9,903	1,549	11,452	19
Midlands	SAP	9,004	1,166	10,170	19
North West	SAP	10,404	27,997	38,401	12
South East	SAP	12,221	2,202	14,423	23
	SAP	**58,366**	**35,776**	**94,142**	**67%**
North East	ResourceLink	9,952	1,261	11,213	21
South	ResourceLink	16,203	2,606	18,809	35
West	ResourceLink	12,038	2,038	14,076	19
	ResourceLink	**38,193**	**5,905**	**44,098**	**32%**
Portiuncula	**Perfast**	**847**	**111**	**958**	**3**
Totals		**97,406**	**41,792**	**139,198**	**194**
Mid West Tusla	**SAP**	**6,067**			

A breakdown of all the Section 38 payroll operations and payees is not available at this point.

Fig 1.1 Current HSE Payroll Processing Sites

The below map (Fig 1.1) provides a geographical view of all the sites including the Section 38 locations across the health sector.

Fig 1.1 Current HSE Payroll Processing Sites

▲ - Finance Payroll Hub Area

● - S. 38 Organisations

NORTHWEST

NORTHEAST

WEST

MIDLANDS

EAST

MIDWEST INCL. TUSLA

SOUTHEAST

SOUTH

3.2 Payroll Service Provision

All HSE payroll services are co-ordinated and managed by a Finance Shared Services team who consistently deliver to the highest standard in ensuring staff are paid compliantly and on time.
The service provided is a combination of:

- Direct service provision – i.e. HSE employees who manage and operate gross to net payroll & payments.
- External contracting arrangements with a 3rd party payroll service provider – i.e. where HSE staff are supported by an external 3rd party for processing gross to net payroll & payments.

3.3 Payroll Processing

HSE Payroll processing involves multiple steps to ensure that the end to end process is completed accurately and on time. There is a high dependency and interaction with multiple personnel and departments throughout the process. Payroll processing is based on the key elements of Inputs, processing and outputs. Processing can vary across the areas in terms of these elements as set out in the high level diagram featuring on the next page.

To process gross to net, core data is required for input either through systems integration, file uploads, manual calculation and manual data input. While the payroll data inputs required to process gross to net payroll are the same for all areas, the gathering of this core data varies across the sites depending on the payroll system in use.

Fig 1.2 Payroll Processing – Inputs, Processing and Outputs

Resource Link - North East, South & West	SAP HR & Payroll - East, South East, Midlands, MidW & NW

INPUTS

Resource Link side:
- Time data is entered manually onto pay sheets
- Manually updating of the payroll system with HR data
- Paysheets uploaded by local areas and submitted to Central Payroll
- **Resource Link**
- ResourceLink is updated via interface files i.e. HRI & Remote Data Entry System (RDE)
- Paysheets are scanned and transferred to Zellis via file transfer for data entry

SAP HR & Payroll side:
- Supports direct input of time entry at source
- **SAP HR & Payroll**
- Employee and Manager Self Service functionality is utilised
- Other data flows through the integration of the different modules

PROCESSING

- All validation and verification is performed by HSE staff
- Running Gross to Net processes is carried out by a third party provider (I.e. Zellis)
- End to End Payroll is completed in-house

OUTPUTS

- Following HSE approval, the transfer of the pay is completed by an external provider (i.e. Zellis)
- The transfer of the pay file is performed in-house

Further details are included in <u>Appendix 1</u> this document to show the impact of the changes which a single integrated SAP HR & Payroll system will bring to the elements for payroll processing.

Customer Relationship Management

Across all of the payroll teams in the HSE, the employee interaction with payroll takes many forms. Employees can attend in person, post, email or phone local payroll offices today. There are limited query management solutions in place and telephony is mainly legacy office phones at staff member's desks. In some areas contact is limited to certain times of the day/week due to operational workload and customer service is dependent on resource availability. Whilst every effort is made to deal with everyday queries and issues there is no ability to measure or monitor customer satisfaction.

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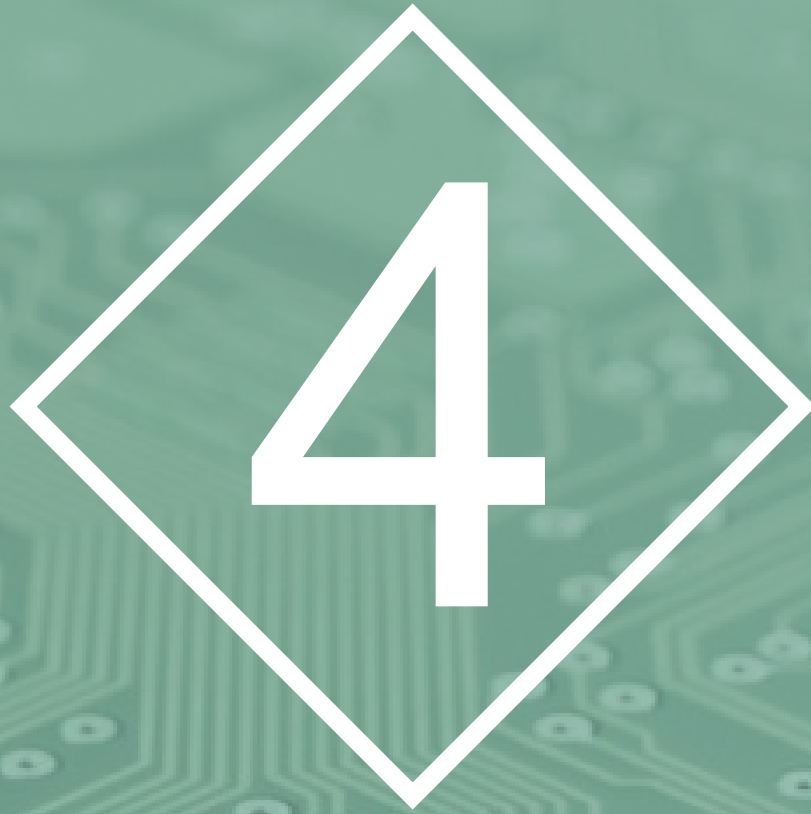
Vision for our Payroll function

4.1 Vision

Our vision is an efficient payroll function delivering a best in class service accurately, compliantly and on time.

Building on the core values and brand of our team and services today, we will focus on the long-term vision for our future service delivery model by working collaboratively with other stakeholders during the NiSRP programme.

4.2 Core Values and Principles

Deloitte have identified a number of key principles of good governance that set the leading payroll functions apart as outlined below. These are a priority to be implemented during the lifetime of this strategy:

ACCOUNTABILITY FRAMEWORK	**1**	This includes key reporting lines, clear ownership and accountability, defined roles and responsibilities, agreed decision making and escalation thresholds
CLARITY	**2**	Clarity of purpose and a defined scope, which means knowing what areas the payroll function is responsible for, and which activities are outside of that role and remit
SERVICE DELIVERY	**3**	Processes and procedures to ensure service is delivered to an appropriate standard are clearly documented and articulated
PROCESS OWNERSHIP	**4**	Key processes should have nominated owners who are responsible for reviewing, monitoring and updating processes and process documentation to reflect agreed changes such as the Process Councils
GOVERNANCE	**5**	Appropriate structures are in place to ensure that payroll is processed in accordance with relevant rules and regulations, that customer queries are dealt with effectively and efficiently and that customer records are maintained appropriately in line with General Data Protection Regulation (GDPR) GDPR legal framework
PERFORMANCE MANAGEMENT	**6**	The governance framework should have clear processes to monitor and report on overall performance, and mechanisms to identify and address any performance issues
DATA MANAGEMENT	**7**	It is important that data is appropriately structured, secured and protected, classified and retained in accordance with agreed procedures

The Operational Principles linked to the above governance values for processing Payroll for HSE Payees is referenced in Appendix 2 of the document.

4.3 Drivers & Enablers for Change

There are several drivers and enablers that have provided the strategic direction for the future payroll operating model, including new technology, ways of working, changing landscape and the HSE strategic objectives for improvement in financial planning and control. The following outlines some of those key enablers:

(a) Emerging health sector structures

In line with future health sector Sláintecare structures the payroll service provision needs to support changing requirements and deliver long-term flexibility of staff movement, organisation resource management and business intelligence reporting.

(b) Standardisation of Payroll Processing and Systems

One of the challenges the HSE Payroll function currently face is the multitude of payroll processing systems which limits standardisation and results in inconsistency in processing across the areas. While there is progress with moving to online processes, there is still a high dependency on manual and paper-based processes across HR & payroll. A change in the payroll delivery model along with full implementation of a single payroll system (SAP HR & Payroll) will bring about a standardisation in processes and reduction in manual data entry. This will bring more clarity, improvement in data quality and efficiencies in the way Payroll is processed and support management decision making.

(c) Payroll WTE Staff and Benchmark Ratios

The current design and structure of HSE Payroll processing is aligned to the previous health board structure. This payroll delivery model is outdated and will not support the changing health sector environment. Our vision is to ensure the future resource model is aligned to industry best practice by re-aligning our very experienced and dedicated staff today to the future structure and ensure we maintain service levels through the delivery of an efficient future operating model.

(d) Risk Management & Sustainable service provision

With 9 HSE payroll processing sites and 38 voluntary sites currently, a long term plan for site consolidation will deliver a more sustainable long-term payroll service for the health sector. This will reduce business continuity risk and the management and cost of multiple software supports across a significant number of sites. It will also allow economies of scale to be achieved, improve payroll governance & compliance and continuity of service to be managed through a centre of excellence model.

4.4 Insights and Case Studies from other Organisations

In setting the context for payroll reform, it is useful to include some insight, benchmarking data Appendix 3 and Case Studies referenced in the appendices before assessing our future operating model.

4.4.1 Insights

The stated and expected benefits to the organisation from payroll reform in parallel to the delivery of a single integrated HR and payroll system include:

- **Standardisation of process and ways of working nationally.**

- **Delivery of a high quality customer relationship management model by staff with subject matter expertise resulting in improved customer satisfaction.**

- **Reduction in errors, duplication, rework and queries accruing from process standardisation clearly defined roles and responsibilities, single point of contact and skilled workforce.**

- **ICT optimisation and automation.**

- **Integrated HR and Payroll system supported by a single system service provider.**

- **Elimination of dependency on multiple payroll and other payroll support systems.**

- **Greater flexibility and response to future system failures or cyber attacks.**

- **Streamlined cost effective processing.**

- **Enhanced Business Intelligence capability for management decision making.**

- **Savings on system support, maintenance, development and licence costs.**

- **Adherence to controls and improved compliance with HSE / Government policies.**

- **Development of staff skills, process knowledge and improved job satisfaction.**

4.4.2 Case Studies

It is important that the services provided by Payroll meet the expectations of the organisation, are aligned to best practice and compare against other similar organisations (size, industry, geography, etc.). As part of a review Deloitte have provided reference to a number of case studies to show how other organisations structure deliver their payroll services.

Outlined below and in <u>Appendix 4</u>, are a variety of organisations and key facts around their payroll service provision which we have taken into account in proposing our model.

Fig 1.3 Payroll Service Provision – Case Studies

Organisation	Region	Public Sector (Y/N)	No of employees processed through Payroll	No of Payroll WTE	Payees: WTE	No of Sites	No of Entities processed	Payroll Service Delivery Model	Customer Support Model/Service Desk/ Query Management Structure	Key dependence on HR
Health Organisation	UK	Y	300,000	200	1,500	1	90	Outsourced HCM (Human Capital Management)	Employee specific customer support line	✔
Health Organisation	UK	Y	103,414	154.4	670	3	12	Shared Services Centre model	Centralised information point on the PSSC website	✔
Public Body	Irish	Y	144,600	289	500	4	69	Shared Services Centre model. Single payroll system in place - CorePay	Centralised information point on the PSSC website	✔
Global Medical Maket Organisation	Europe	N	92,500	107	864	4	91	Shared Services Centre model	IBM will support customers with customer service and technical support	✔
American Multinational Technology Organisation	America	N	58,000	50	1,160	10	67	Outsourced	Customer Support and Service desk are managed by Salesforce and Workday	✔
Consultancy Company	Europe	Y	2,750	3	917	1	5	Combination of in house and outsourcing	Centralised Service	✔
Large Hotel Chain	Europe	N	3,500	4.5	778	1	93	Shared Services Centre model	Combination of queries dealt with by hotel & shared services centre	✔

5

Future Roadmap for Payroll

5.1 Strategy Implementation

This document will provide the direction for the payroll management team over the next 4 years and support the implementation of the long-term payroll service delivery model for the health sector.

The agreed strategy will be implemented through:

- Approval through Governance to proceed with the future Service Delivery Model.

- A programme implementation team established by Finance Shared Services.

- Consolidation of HSE Payroll service to a reduced number of national sites.

- Standard payroll processes implemented for the health sector supported by a single national SAP HR & Payroll solution.

- Alignment of payroll WTE numbers to best in class benchmarks to ensure efficient use of health care resources.

- Alignment with other relevant reform programmes.

- Organisational leadership and governance structures in place to monitor and evaluate.

- Principles of payroll processing being adopted by all parties.

- Working to implement a fit for purpose customer service model.

- Engagement and support from:

| HR and National Employee Relations (NERs) in managing the staff engagement and redeployment options as necessary | Revenue Commissioner support required with regards to the transition to optimal ERN solution for HSE | SAP CoE is required at an early stage to ensure their support throughout the transition process | All relevant stakeholders including line management to support the future operating model |

5.2 Future Target Operating Model (TOM) for Payroll

Building on the future standardised processes implemented through the NiSRP programme, and supported by a Deloitte review of future Payroll governance structures, the future target operating model for payroll as set out below in Fig 1.3 will provide a service delivery model to the Heath Sector.
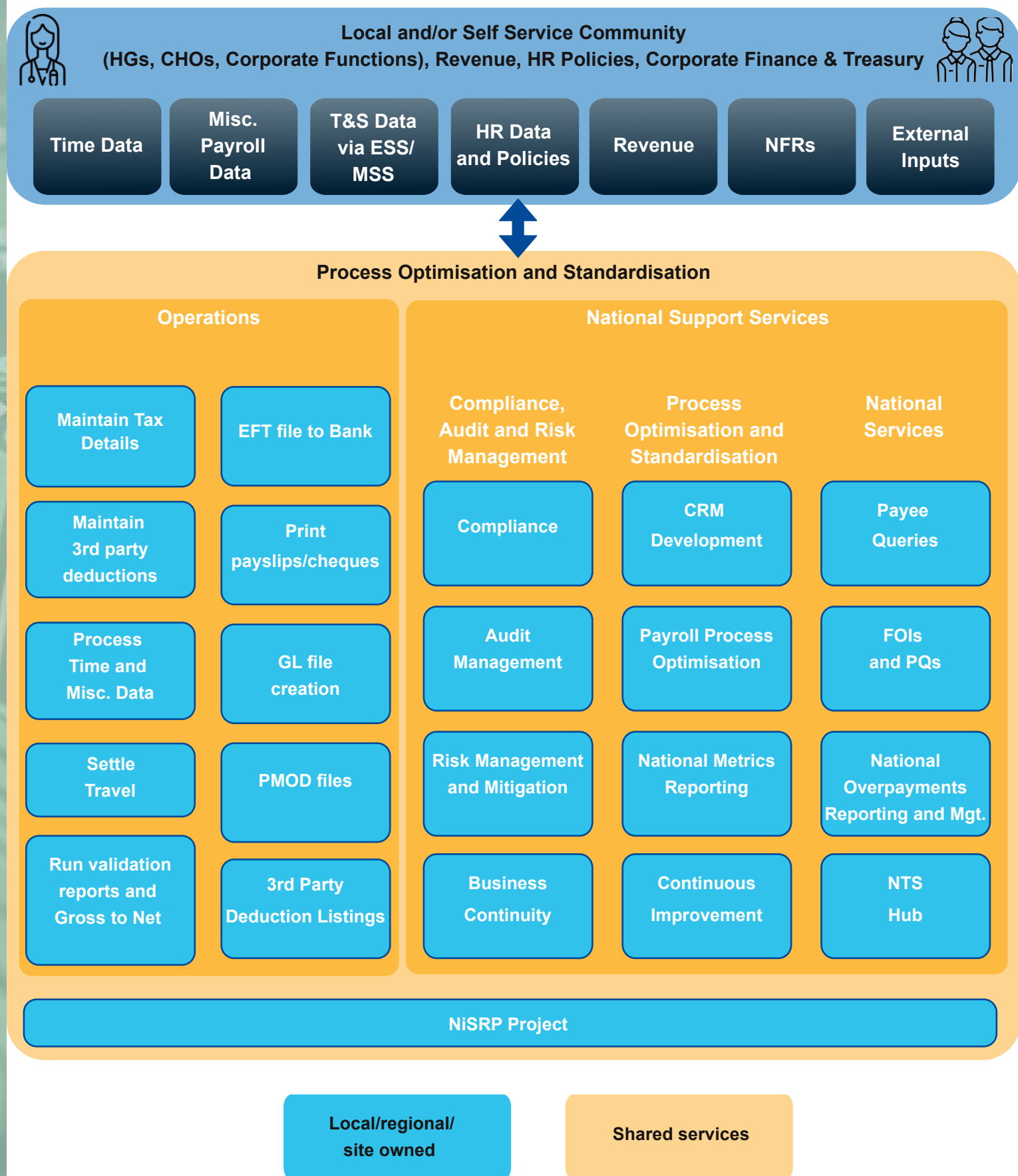
The Target Operating Model (TOM) builds on what payroll operations are responsible for today, aligning it to the new standard SAP Payroll functionality, and is supported by the external review by Deloitte of global payroll shared service TOMs. The results have provided us with a TOM that will meet the future service delivery model for payroll across the Health Sector.

The future operating model will ensure all staff are working on one single national system, using standard operating procedures (SOPs) across all sites that will be regularly audited (no local or site specific variances will be accepted) and supported by customer relationship management tools in delivering services to all employees and management.

A comprehensive full Gross to Net service for the Health Sector based on standard processes and a single national HR & Payroll system for all users is the future target operating model.

We are conscious that the Section 38 scoping project and discussions are on-going, for now the Strategy for Payroll includes service provision to all Section 38s. At this point, Section 39 agencies are not in scope.

Fig 1.4 HSE Finance Shared Services – Payroll – Target Operating Model
(See Appendix 6 - Landscape Version)

Local and/or Self Service Community
(HGs, CHOs, Corporate Functions), Revenue, HR Policies, Corporate Finance & Treasury

Time Data	Misc. Payroll Data	T&S Data via ESS/ MSS	HR Data and Policies	Revenue	NFRs	External Inputs

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National Support Services

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Risk Management and Mitigation	National Metrics Reporting	National Overpayments Reporting and Mgt.
Business Continuity	Continuous Improvement	NTS Hub

NiSRP Project

Local/regional/ site owned	Shared services

5.3 Key factors contributing to our Target Operating Model (TOM)

The key factors that contribute to the design of the Target Operating Model (TOM) include:

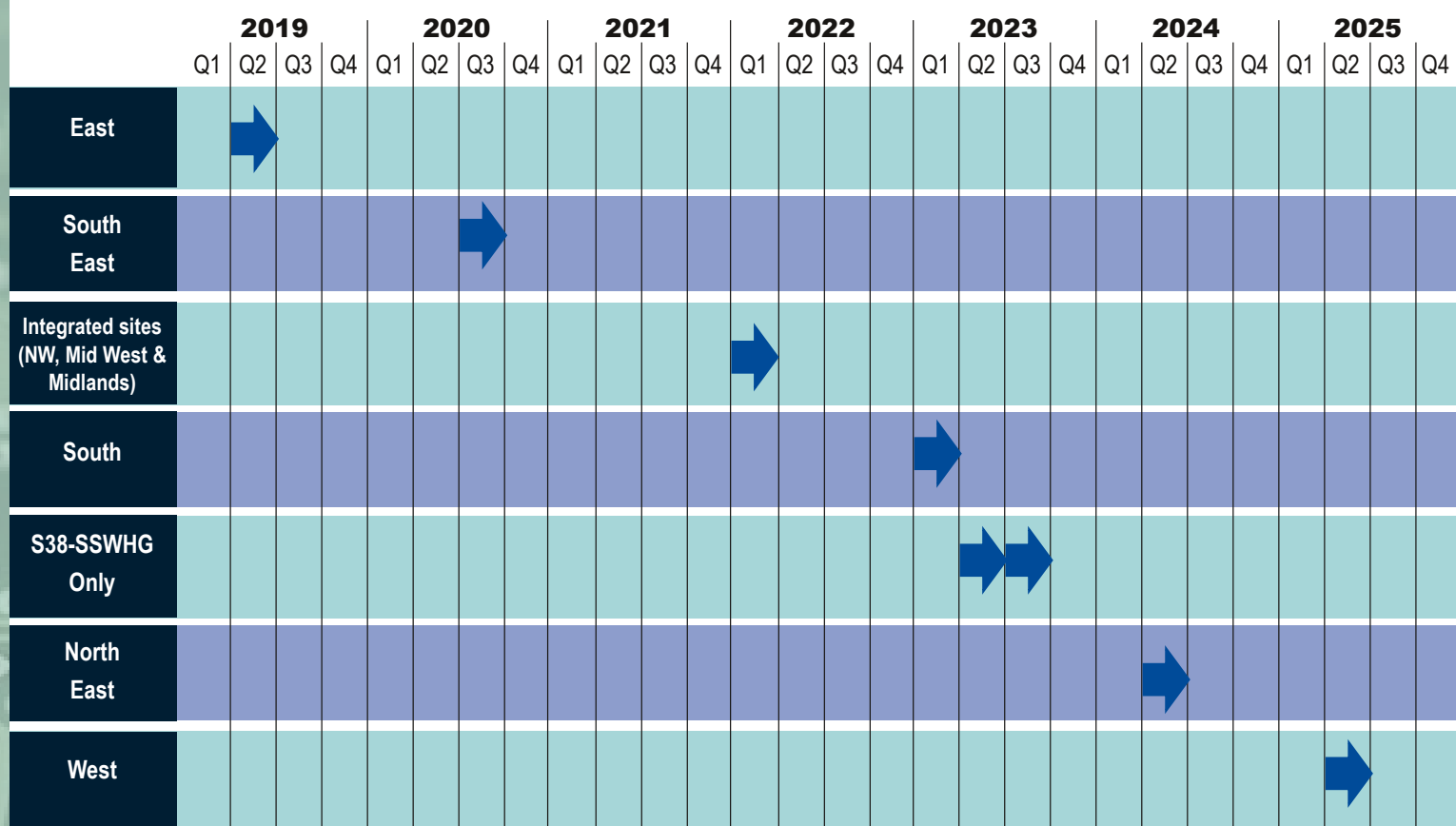## (1) Consolidated Centres of Excellence Approach

As outlined previously, the HSE currently operates from 9 geographical sites based on the former health board structures and from 38 sites for the Voluntary sector. Over the years with the development of shared services, all HSE payroll operations are managed by a single national team. This has provided several benefits in terms of national service management, standard communications, streamlined issue resolution, improvement in ways of working and all payroll staff being part of a national team.

However the challenge of managing multiple teams and the long-term sustainability of retaining staff across multiple sites, and with the lack of process and solution standardisation, we now have an opportunity to consolidate payroll processing to a reduced number of sites through the NiSRP & payroll reform programme.

Hub Assessment

A comprehensive hub criteria was developed to assess the consolidation and location of sites taking into account the relevant factors including consideration of NiSRP programme timescales as set out below. The criteria applied included; current staffing levels, resource availability, resource retention, NiSRP programme timescales, software systems, workload balance and industrial relations.

National Integrated Staff Records and Payroll Programme Timelines

	2019				2020				2021				2022				2023				2024				2025			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
East		➤																										
South East							➤																					
Integrated sites (NW, Mid West & Midlands)												➤																
South																➤												
S38-SSWHG Only																	➤➤											
North East																						➤						
West																										➤		

Also taken into account was the implementation of Sláintecare, and the planning for the establishment of six new health regions and expansion of services in Section 38 organisations. The proposed payroll hubs map will support the new Sláintecare regions.

Based on our assessment the proposal is to move to **4 main Payroll CoE Hubs** (current number of sites = 9 Statutory & 38 voluntary agencies).

Note: This will not preclude the HSE from moving to fewer hubs in the future but given the complexity, scale and risk involved the preferred option now is 4 payroll CoE hubs. The location and configuration of same including the service provision will be worked through during the next phase of the project.

As per a recent Deloitte review of our future Payroll structures:

"The proposed plan to move to hubs as it is currently constituted, has a well-defined and robust logic and rationale. In that sense, the logic and rationale for Payroll management to consolidate sites is in line with current trends and best practice. In terms of locations proposed, there is robust logic behind the Consolidation Assessment Matrix developed by Payroll management."

(2) Single National Payroll System

The HSE is currently implementing a HR & Payroll SAP ERP solution across the health sector (Statutory and Section 38s) over the next 5+ years. This SAP solution will be a single national HR & Payroll system with standardised processes, Self-Service functionality and automation tools including time entry at source.

This system will provide the platform for standardisation of processes, new ways of working and efficient HR & payroll processing.

It is also important to highlight the HR element of the new solution. Both HR & Payroll are interlinked in the end to end process for staff payroll (new employee setups, pay rate or hours of working changes, staff leaving, promotion, etc.) all impact an employees pay week to week. By implementing a single national integrated solution across HR & Payroll it will bring significant benefits to line management, HR, Payroll and employees.

(3) Customer Relationship Management (CRM) Model

An integral part of the future payroll service provision to address and resolve employee & line management queries will be a dedicated National Payroll Helpdesk with CRM and integrated telephony functionality.

Based on the case studies reference earlier in the document, it is evident that organisations have adopted a centralised customer support solution as part of their payroll delivery model. In most cases, point of contact for the customer is through phone/email which is linked to a case/ ticketing management system with defined KPIs in place. A combination of Self Service FAQ's, digital escalation forms and specialised query handling teams are part of their solutions.

A concern raised during the stakeholder engagement was the loss of local support and knowledge, particularly for some of the more complex staff categories. This feedback will be taken into consideration as part of the detailed planning phase to develop the future CRM solution as it is important to HSE payroll that employees are satisfied with the service provided.

The aim is for Payroll to have an end-to-end integrated national CRM & helpdesk that will benchmark to industry standards. See an example of the competencies required for a CRM model in diagram below. We will also collaborate with key stakeholders to ensure we have solutions in place for sharing information and working together on all HR & Payroll processes.

Fig 1.5 - Eight competencies of a CRM Model (Gartner)

Gartner's CRM Model

1. CRM Vision
leadership, social worth, value proposition

2. CRM strategy
Objectives, Segments, Effective interaction

3. CRM processes
Customer life cycle, Knowledge Management

4. Valued customer experience
Understand requirements, monitor expectations, Satisfaction versus competition, Collaboration and feedback

5. CRM information
Data, analysis, one view across channels

6. CRM technology
Applications, Architecture, Infrastructure

7. CRM metrics
Cost to serve, Satisfaction, Loyalty, Social costs

8. Organisational collaboration
Culture and structure, Customer understanding. People: Skills, competencies, incentives and compensation, employee communication, partners and suppliers

(4) Service Delivery Model

Whilst decisions on future organisational operating models are awaited, the emerging payroll delivery model for the health sector should be a **flexible Hybrid** approach for payroll processing as follows (subject to detailed design phase):

- End to end payroll services for each of the Slaintecare regions delivered from a single site.

- Corporate services, payroll centralisation of certain categories of staff (e.g. NCHDs), Tax & Revenue returns and other national services agreed during project planning phase from a Single site

- One single HR & Payroll system in line with standard best practice processes (no local variations).

- Single National Customer Relationship Management Service.

(5) Resources

We expect significant efficiency gains and reduction in workload following the implementation of NiSRP and new ways of working. At an early stage it would suggest a small increase in staff resources may be required in the short-term to ensure safe delivery of all payroll services. This can be accommodated by a **flexible resource model** (permanent, temporary, contract staffing model) allowing us to flex up or down as required. However, consideration is required regarding the geographical location of current resources, future work from home policies, the proposed CoE locations and the flexible resource options.

A variety of options will need to be considered through the project planning to accommodate workload movement for staff such as Virtual Teams, HSE work from home policies, alternative roles and future career paths. The following proposed payroll organisational structure will support the Target Operating Model and ensure standardised, safe and compliant services are provided.

Fig 1.6 – Payroll Organisational Structure

(6) Employer Registration Numbers for the HSE

Currently there are nine employee registration numbers ("ERNs"), covering the nine regions. A single ERN for the HSE as a single legal entity would be desirable. There are risks in terms of systems capacity (Revenue & HSE) and processing capacity (ability of staff to manage such large volumes of data). A working group of all key stakeholders would need to assess the practicality of all aspects of a move to a single ERN. In addition the number of ERNs will be subject to agreement with Revenue Commissioners and be aligned to the Sláintecare, NiSRP and IFMS strategies.

5.4 Timelines and Deliverables

Proposed Payroll Reform Plan – 2022/2023 Revised Timelines

The overall programme of work is structured in two phases. **Note**: Phase 1 timelines mentioned and deliverables are indicative and are subject to review at the detailed design phase.

Phase 1

Phase 1 focuses on the setup of the project plan, resources and some key work transfers and payroll delivery model development as per below:

Proposed Dates	Description
Q1 2022	High level transition proposal developed
Q1, 2022	FSS Project Commenced
Q1, 2022	Project team resources established
Q2, 2022	Detailed Project Plan developed and agreed

Phase 2

Phase 2 focuses on the continued rollout of the NiSRP SAP solution and further development of the payroll delivery model. Timelines will be developed in line with the overall NiSRP programme, although some deliverables will be independent of this. At the end of Phase 2, three of the processing hubs will be established.

Description	
Hub 1	• RHA B & RHA E Payroll processing consolidated in Hub 1 • RHA B & RHA E legacy pensioners transferred to NPM • Transition of relevant pay groups from legacy payroll area to Hub 1
	NiSRP Solution delivered in the South West
Hub 2	• RHA C & RHA D Payroll processing consolidated in Hub 2 • RHA C & RHA D legacy pensioners transferred to NPM • Transition of relevant pay groups from legacy area to Hub 2
Hub 3	Establish National Payroll Services hub, including: 1. Revenue/PMOD Management 2. CRM/Helpdesk 3. Pay Related Overpayments 4. Uploads & other digital solutions (e.g. RPA) 5. Other national services
Hub 4	• RHA A & RHA F Payroll processing consolidated in Hub 4 (Subject to NiSRP Timelines)
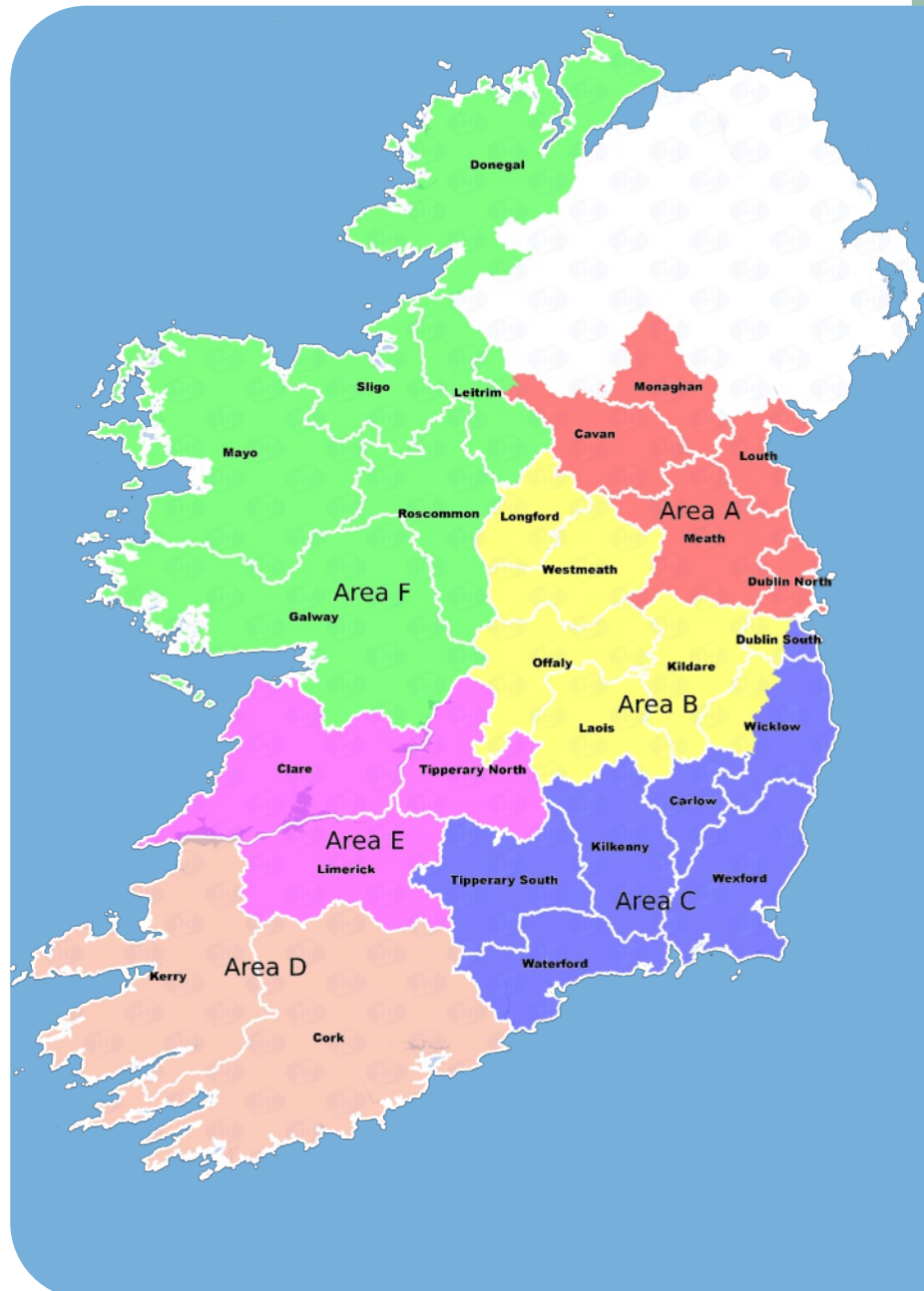
Dependencies

- Funding and resources available from Q1 2022.
- A programme team will be established by FSS Finance to implement this proposal.
- Engagement with Forsa to be initiated on commencement of the project.
- Support from HSE HR in managing the staff engagement and redeployment options as necessary.
- Revenue engagement and agreement required with regard to the transition of payees across employer registered numbers.
- Engagement with SAP CoE is required at an early stage to ensure their support throughout the transition process.
- All pensioners processing to transition from legacy payroll areas and section 38 agencies to the National Pensions Payroll (in line with referenced high level timelines).
- Agreement and support is required from Corporate Finance to progress funding transfers and GL interfaces across areas (as required following engagement with SAP CoE and Revenue).

5.5 Critical Success Factors

In order to deliver on all of our objectives and plans, the critical success factors include:

- Strong mandate from HSE governance and Senior Leadership support.
- Successful implementation & adoption of both IFMS & NiSRP programmes including all Section 38 organisations.
- Customer Relationship Management solution and related tools delivered.
- Adoption and embedment of the principles of payroll processing by all parties.
- Support from all key stakeholders including staff, line management, employee trade union representatives, SAP CoE, HR, Revenue and Corporate Finance.
- Effective Change Management throughout the programme.
- Other key programmes successfully delivered including OoCIO HealthIrl, HR National Personnel Administration project, SAP business to business interface for Revenue Commissioner.
- Adequate project funding and resourcing during the programme.
- Effective project planning including risk and issues management.
- Adherence to best practice HR & Payroll policies and procedures.

6

Conclusion

Payroll services and the importance of maintaining and delivering payroll processing accurately and on time is recognised as a critical finance function. Across the health sector the payroll teams have consistently maintained payroll services to over 190,000 employees and pensioners.

However, with the emerging health structures and key reform programmes underway, the future for payroll needs to change by:

1 Moving us away from paper based to more streamlined online processing with self-service functionality

2 Transitioning us from multiple systems and payroll hubs to single national solutions and consolidated centres of excellence

3 Supporting the drive for compliant processes and procedures by standardising how we work

4 Integrating seamlessly our HR & Payroll end to end processes

5 Transitioning our payroll workforce from manual paper based transactional processing to adding more value in compliance and control

6 Ensuring all payees have access to and receive the same level of customer service

Considering the various insights, best practice data and stakeholder feedback shared with us as part of this review, it supports the direction and model as outlined in our strategy.

Organisations are utilising modern technology, integrating HR & Payroll systems, deploying self-service functionality to empower staff and creating centres of excellence to deliver key finance services. A flexible hybrid model approach provides the ability to meet current and changing requirements while maintaining standardisation and high levels of service quality.

This payroll strategy is focused on these strategic objectives and sets out a vision for the future health sector roadmap over the next 5+ years in line with the NiSRP implementation plan.
There will be significant challenges in terms of change management, new ways of working, system implementation and project deliverables & timelines.

Like teams all across our services, we are very dependent on other functions to support our day to day operations and the proposal for the future delivery model. We have worked closely with our colleagues in NiSRP and are confident the future service delivery for HR & Payroll will deliver significant improvements in standardisation, compliance and financial management for the health sector.

With strong governance and collaboration aligned with the NiSRP programme, the payroll strategy can deliver long-term benefits across the health sector for both staff and management.

7

Appendices

Appendix 1: Implementation of a Single Payroll system on payroll processing

The implementation of single payroll system will bring about changes to the key elements of inputs, processing and outputs as set out in the below table:

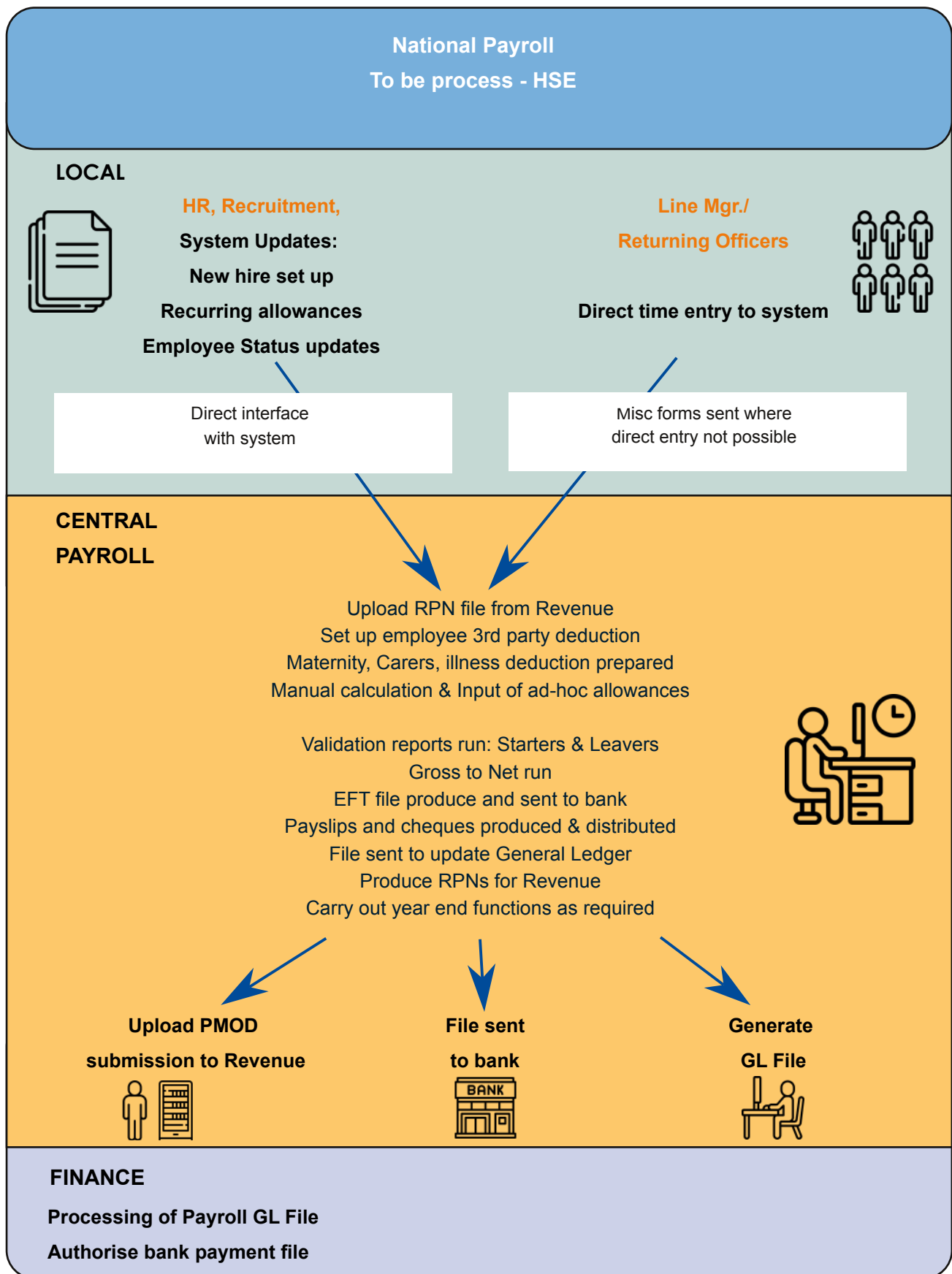|	SAP System	Legacy System
Key changes		
Transition from a Third Party payroll provider to an in-house solution	✔	✖
Delivers an integrated end to end solution	✔	✖
Opportunity to standardise processes aligned to roles and responsibilities	✔	✖
Devolved responsibility for data quality, certification, verification, approval and entry	✔	✖
Access to information for Reporting, PQ's, FOI's & Media Requests	✔	✔
Centralised and standardised updating in line with HR Circulars, budget and pay awards	✔	✖
Full staff service history captured for Pensions	✔	✔
Detailed, accurate at source data capture and management	✔	✖
Reduction in transaction errors and cost of rework	✔	✖
Ownership for data quality and timeliness rests with the source approving and authorising the data	✔	✔
Inputs		
Absences via Employee/Manager Self Service (ESS/MSS)	✔	✖
Travel & Subsistence Expenses via Employee/Manager Self Service (ESS/MSS)	✔	✖
Opportunity to eliminate manual key entry of time data	✔	✖
SAP updated with HR data & status changes by NPA	✔	✔
Time & Premium data entered directly to system by TRO	✔	✖
Central Payroll only responsible for verification of data inputs by Payroll staff	✔	✖
Process		
Upload & download of RPN file from Revenue via Payroll	✔	✔
Variable Miscellaneous Allowances entered by Payroll	✔	✖
Files uploaded directly to System	✔	✖
Gross to Net & validation reports produced by Payroll	✔	✖
Gross to Net & validation reports verified by Payroll	✔	✔
Payroll control of finalisation of pay groups	✔	✖
Generation & transfer of EFT file to bank	✔	✖
Reduction of dependency on third party system providers	✔	✖
ESS/MSS support queries handled by a Central helpdesk team	✔	✖
Outputs		
ESS/MSS encourages transition to Online Payslips	✔	✖
Generation of General Ledger File	✔	✖
Updating of general ledger by Finance	✔	✔
Optimise B2B link with Revenue /ROS	✔	✔
System updates and technical support managed in-house	✔	✖
Disaster Recovery Plan managed in-house	✔	✖
Execution of reports by Local payroll offices in-house	✔	✖

Appendix 2: Operational Principles for Payroll Processing for Staff, Pensioners

The Principles for Payroll processing for HSE Staff, Pensioners in a 'to be' model, are summarised as follows:

- In the SAP Time Management areas, time recording should be devolved to the lowest level possible.

- All time and pay sheet data required for processing outside of the Time Management solution should be either entered directly to the payroll system at line management level or supplied to Central Payroll in an electronic Short Term Payments and Deduction (STPD) flat file format for direct upload to the single national payroll system.

- In terms of completeness, accuracy and appropriateness, all input data processed outside of Central Payroll remains the responsibility of that area.

- Any data entered directly to the payroll system or through an upload file would be checked, verified and approved by the designated authorising officer (e.g. two signatures on every STPD form). Similar protocols would apply in Central Payroll for any allowances and deductions entered by payroll staff.

- Through the integration of HR and Payroll, all HR and superannuation scheme details would be automatically fed to the Payroll system.

- To comply with Audit requirements there should be a segregation of roles, controlled by system security role profiles and maintained by SAP CoE.

- The key payroll functions that would be processed in payroll in advance of gross to net process are:

  ▶ Upload RPN file from Revenue.
  ▶ Set up of employee 3rd Party deductions.
  ▶ Maternity, Carers, illness deductions prepared.
  ▶ Manual calculation and input of ad-hoc allowances.

- Run required starters and leaver's reports and follow up with employee changes as required.

- Run and check Exception Reports.

- Run gross to net and check outputs.

- Print payslips or release payslips for online viewing.

- Generate Bank File submit, approve and sent to bank.

- Produce payslips or set up for online viewing.

- Produce cheques if required.

- Submit Payroll Submission File to Revenue (PMOD).

- Produce GL upload file and send to Finance for processing (posting).

- Carry out all end of year functions and start of year processes on time.

National Payroll Process (HSE) – Process Flow

National Payroll
To be process - HSE

LOCAL

HR, Recruitment,
System Updates:
New hire set up
Recurring allowances
Employee Status updates

Line Mgr./
Returning Officers

Direct time entry to system

Direct interface
with system

Misc forms sent where
direct entry not possible

CENTRAL
PAYROLL

Upload RPN file from Revenue
Set up employee 3rd party deduction
Maternity, Carers, illness deduction prepared
Manual calculation & Input of ad-hoc allowances

Validation reports run: Starters & Leavers
Gross to Net run
EFT file produce and sent to bank
Payslips and cheques produced & distributed
File sent to update General Ledger
Produce RPNs for Revenue
Carry out year end functions as required

Upload PMOD
submission to Revenue

File sent
to bank

Generate
GL File

FINANCE

Processing of Payroll GL File

Authorise bank payment file

Note: This process flow does not include the TOM Support Services e.g. ROS/RPN, CRM

Appendix 3: Payroll Benchmarking Survey - (Deloitte Report)

Each year, Deloitte carries out a Payroll Benchmarking Survey. The 2020 survey captured responses from more than 750 distinct organisations across 55 countries, spanning several different industries, ranging in employee size from a few hundred to several hundred thousand, and included over 100 questions.

Outlined below are some of the key highlights of the survey that are relevant to HSE Payroll Reform.

Payroll Staff: Payee Ratios

How many employees do you have per payroll FTE?

	Global	N. America	APAC	LATAM	EMEA
	760	1,390	1,120	341	311

	U.S.	Non-U.S.
	1,425	813
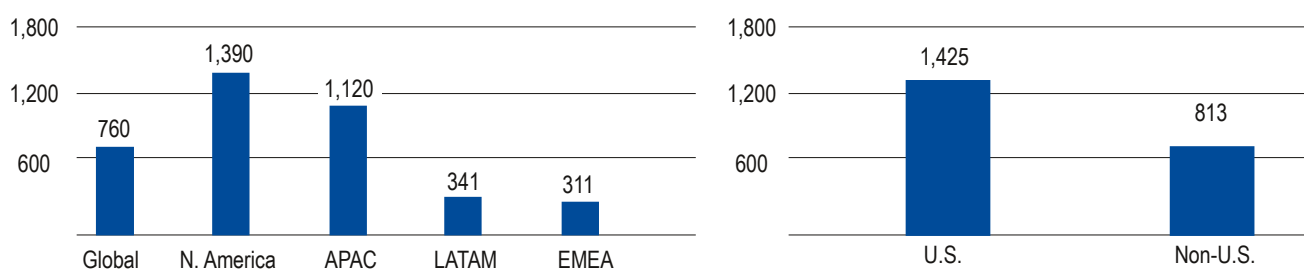
Key message and implications for Finance Shared Services - Payroll

Respondents from APAC and North America average the highest number of employees served per payroll FTE at about 1,100:1, while LATAM and EMEA lag behind significantly, averaging about 320:1. Payroll operations within organisations in the United States outpace those across the rest of the world by almost 600 employees per payroll FTE. Lower ratios of ~320:1 in EMEA and LATAM are due to complex compliance needs and a preference for 'higher touch' employee experience.

One of the key aspects is to ascertain if the objective for Finance Shared Services - Payroll to achieve a standard ratio of operational staff to payees of 1:800 for the HSE payroll service provision, and 1:1000 for the section 38 payroll service provision is appropriate and in line with international benchmarks and best practice. As seen in the results above, Finance Shared Services - Payroll would be broadly in line with non-US respondents and performing more efficiently than EMEA counterparts.

Payroll Function Size

How many full-time equivalent (FTE) resources support payroll-related activities?
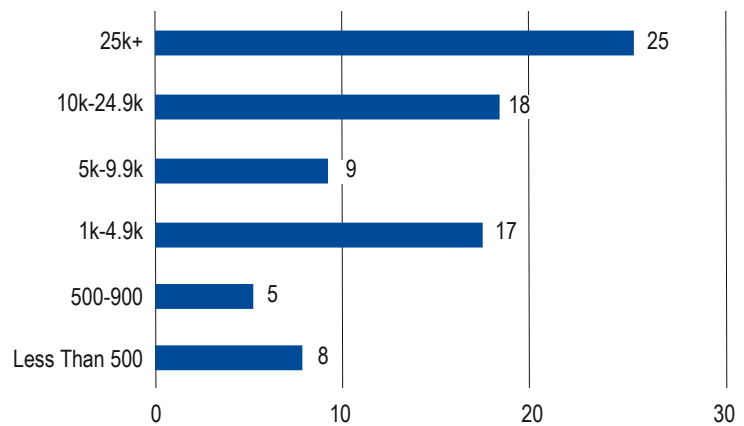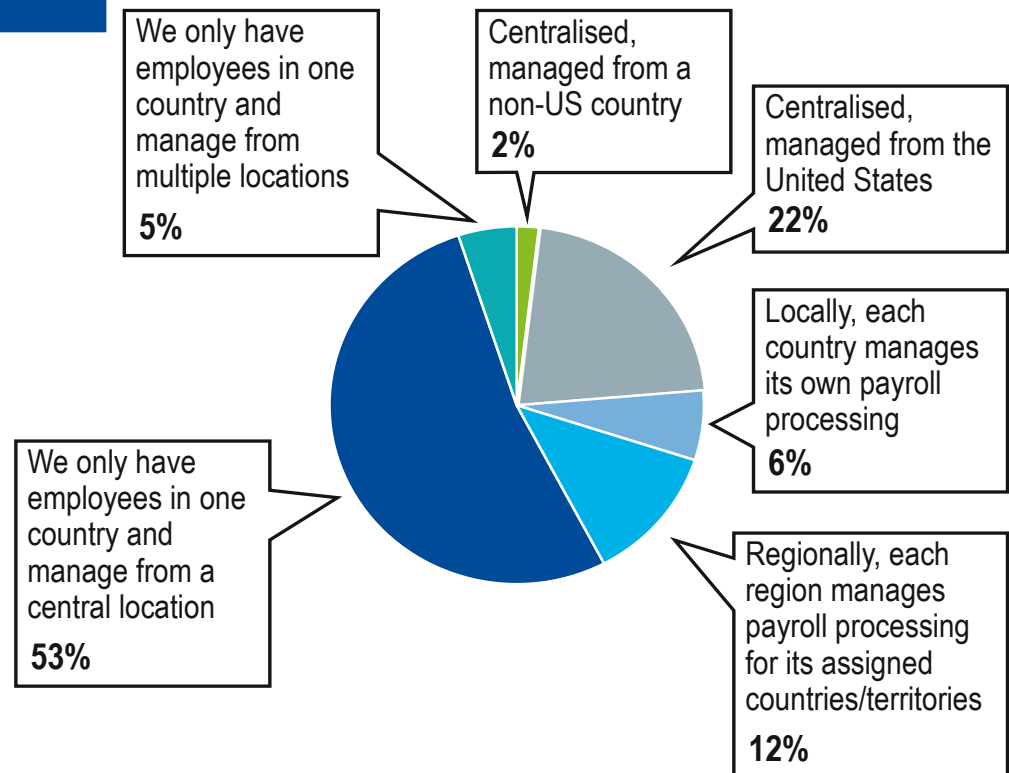

Key message and implications for Finance Shared Services - Payroll

Typically, the larger the employee population size, the greater the number of employees payroll resources can support through economies of scale. Based on these figures, the Finance Shared Services – Payroll function is broadly in line with benchmarked organisations in terms of WTE to Payees.

Responsibility for Payroll Processing (Number of Locations)

How do you manage responsibility for payroll processing?

We only have employees in one country and manage from multiple locations
5%

Centralised, managed from a non-US country
2%

Centralised, managed from the United States
22%

Locally, each country manages its own payroll processing
6%

We only have employees in one country and manage from a central location
53%

Regionally, each region manages payroll processing for its assigned countries/territories
12%

Key message and implications for Finance Shared Services - Payroll

For those respondents who have employees in one country and manage payroll from multiple locations, there is an opportunity to centralise. Only 5% of respondents manage payroll from multiple locations, while 53% manage payroll from a central location.

The desire to consolidate Finance Shared Services – Payroll sites and develop processing Centres of Excellence is in line with current trends and industry-leading best practice. This is also evidenced in the case studies outlined below, showing a clear and consistent trend towards consolidation. Crucial for Finance Shared Services – Payroll will be to ensure that the consolidation to four sites is 'future-proofed' to enable a potential transition to one site in the years ahead, in order to realise the benefits of full shared service consolidation.

Payroll Systems

How many of each type of system does your organisation have?

Payroll Systems

9%

91%

■ 1
■ 2 or more

Time and Attendance Systems

20%

80%
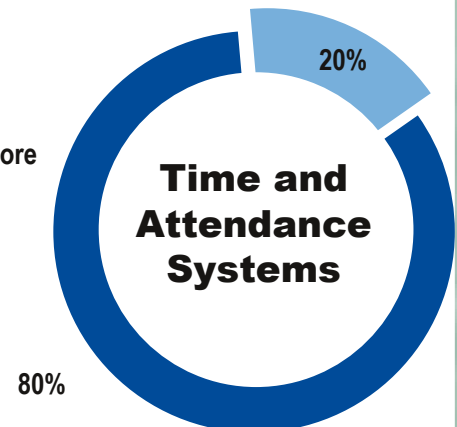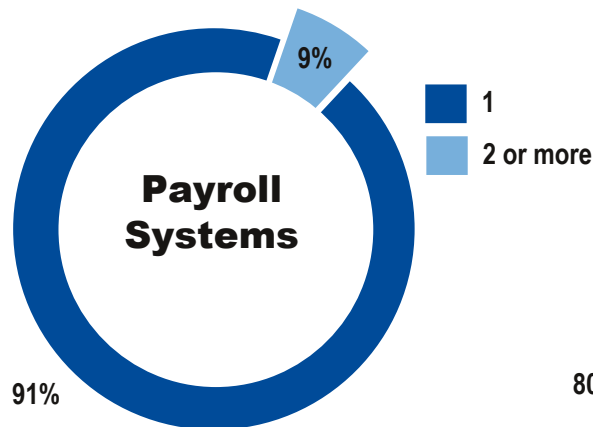
Key message and implications for Finance Shared Services - Payroll

Of particular note above is that ninety-one percent of respondents utilise only one type of payroll system, while 9 percent utilise two or more systems. This trend is consistent globally. What is relevant to Finance Shared Services – Payroll is the fact that globally, organisations are overwhelmingly moving towards and operating from single payroll systems, which validates the rationale and aims of the on-going National Integrated Staff Records and Pay Programme (NiSRP) project.

Payroll Employees

Who is the typical payroll organisation employee?

-4
Years of post secondary education

12
Years of experience

25
Overtime hours worked per month

7.5
Years at current organisation

-20
Hours of training per year

3+
Years of advanced payroll system experience

Key message and implications for Finance Shared Services - Payroll

Based on the survey results, it typically requires about four to six months to on board credentialed payroll talent. Talent shortages can be mitigated against with next-gen technologies (Robotics, automation, artificial intelligence etc.) and targeted outsourcing. Growing payroll talent through training is critical, especially for entry-level positions. This is particularly pertinent for Finance Shared Services – Payroll, given some of the challenges around recruitment and retention of staff members, and the perceived lack of time to undertake training initiatives.

Payroll Activities

On average, what percent of time does your payroll staff spend on the following activities each month?
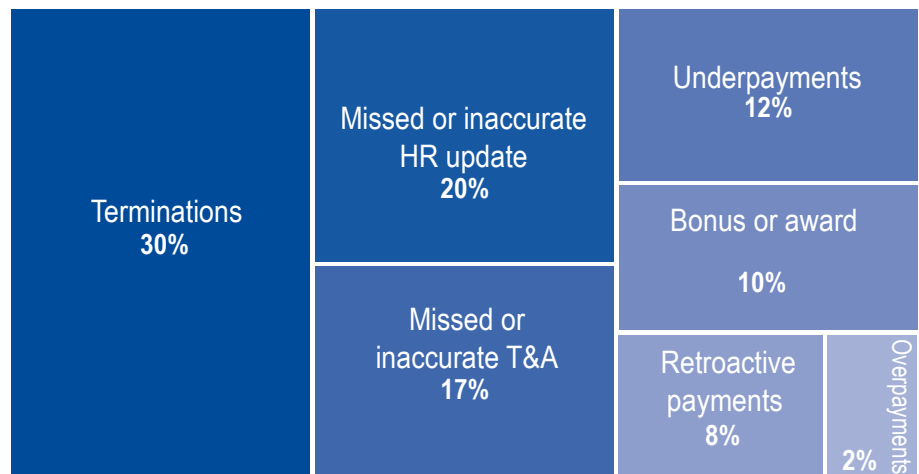

Activity	Percent
Run Payroll	27%
Reconciliation, audits, and controls	24%
Data Entry	20%
Answering employee and other inquiries	14%
Other	13%
Technical support and file management	10%
Process improvement activities	8%
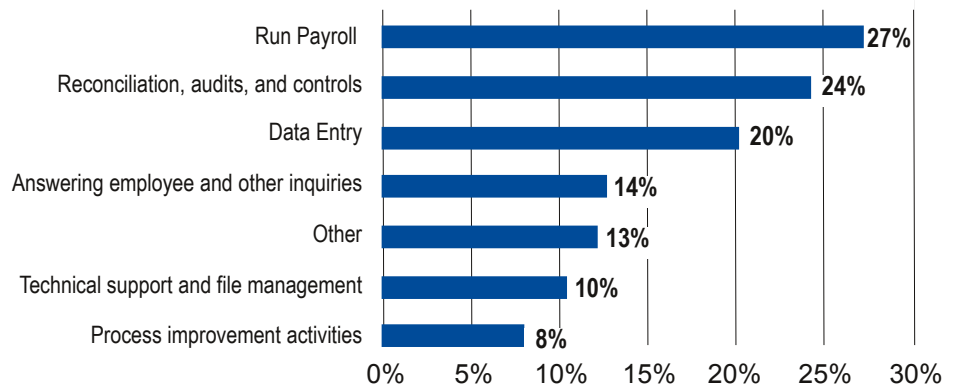
Key message and implications for Finance Shared Services - Payroll

More than 25 percent of respondents indicated that their payroll staff spend the most time on running payroll (with reconciliation, audits, controls, and data entry not far behind) and are largely manual. Payroll is an area ripe for RPA given the amount of time spent largely on manual work, freeing up payroll resources to spend more time on more strategic activities, including process improvement activities. An in-flight initiative being undertaken by Finance Shared Services – Payroll at present, to ascertain what activities are carried out by what areas/staff members will provide key information for which to assess automation capabilities against.

Off-Cycle Payments

What are the most common reasons for processing off-cycle payments?

- Terminations 30%
- Missed or inaccurate HR update 20%
- Missed or inaccurate T&A 17%
- Underpayments 12%
- Bonus or award 10%
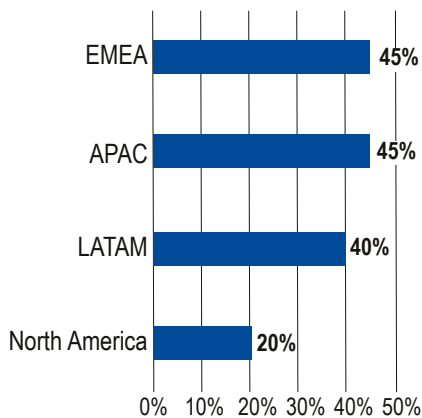- Retroactive payments 8%
- Overpayments 2%

Key message and implications for Finance Shared Services - Payroll

Terminations, as expected, are the leading cause of off-cycle payments, as they are required by law in some countries. Thirty-eight percent of off cycle payments are caused by upstream processes. Many payroll organisations struggle with resolving up stream issues. These results are interesting when looking through the lens of Finance Shared Services – Payroll, as we know that a high volume of changes/re-work stem from upstream processes. An 'interactions model' between Finance Shared Services - Payroll and contingent stakeholders outlining the expectations, process and procedures for receiving upstream inputs should be developed and agreed.

Payroll Activities

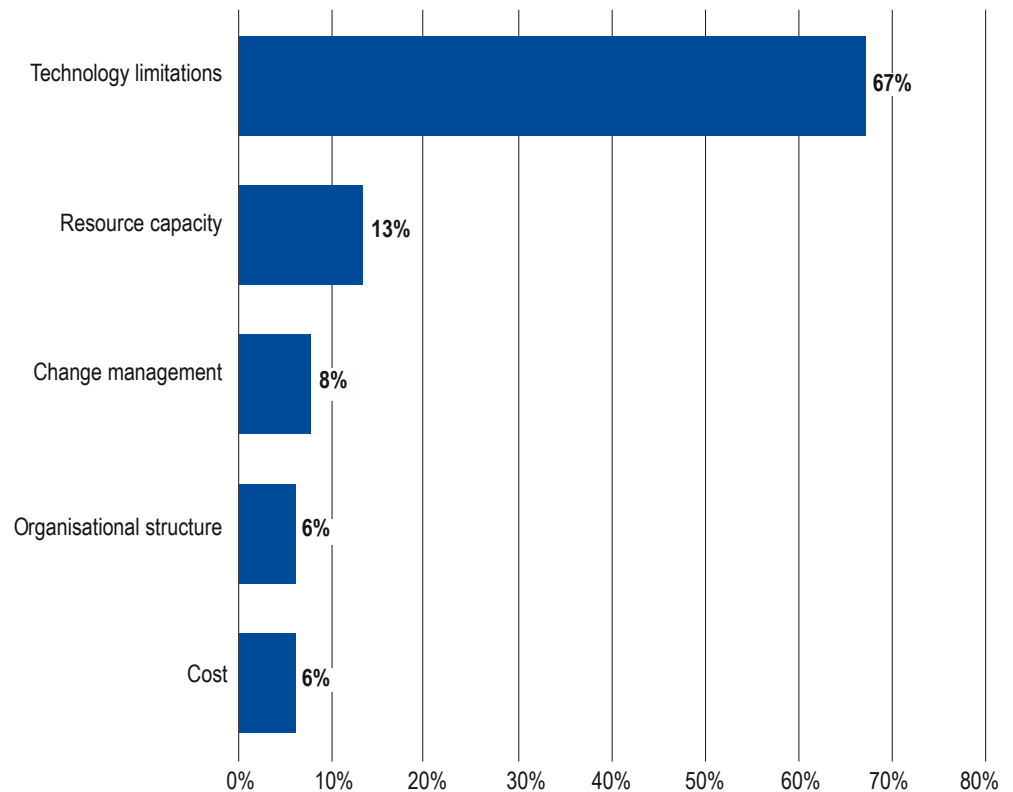**What is the most time-consuming aspect of processing each payroll?**

Manually entering or loading payroll inputs **30%**

Entering adjustments **20%**

Reconciling inputs to source **19%**

Loading and correcting T&A **19%**

Reconciling gross to net **8%**

Entering employee demographic data manually **4%**

0% 5% 10% 15% 20% 25% 30% 35%

EMEA **45%**

APAC **45%**

LATAM **40%**

North America **20%**

0% 10% 20% 30% 40% 50%
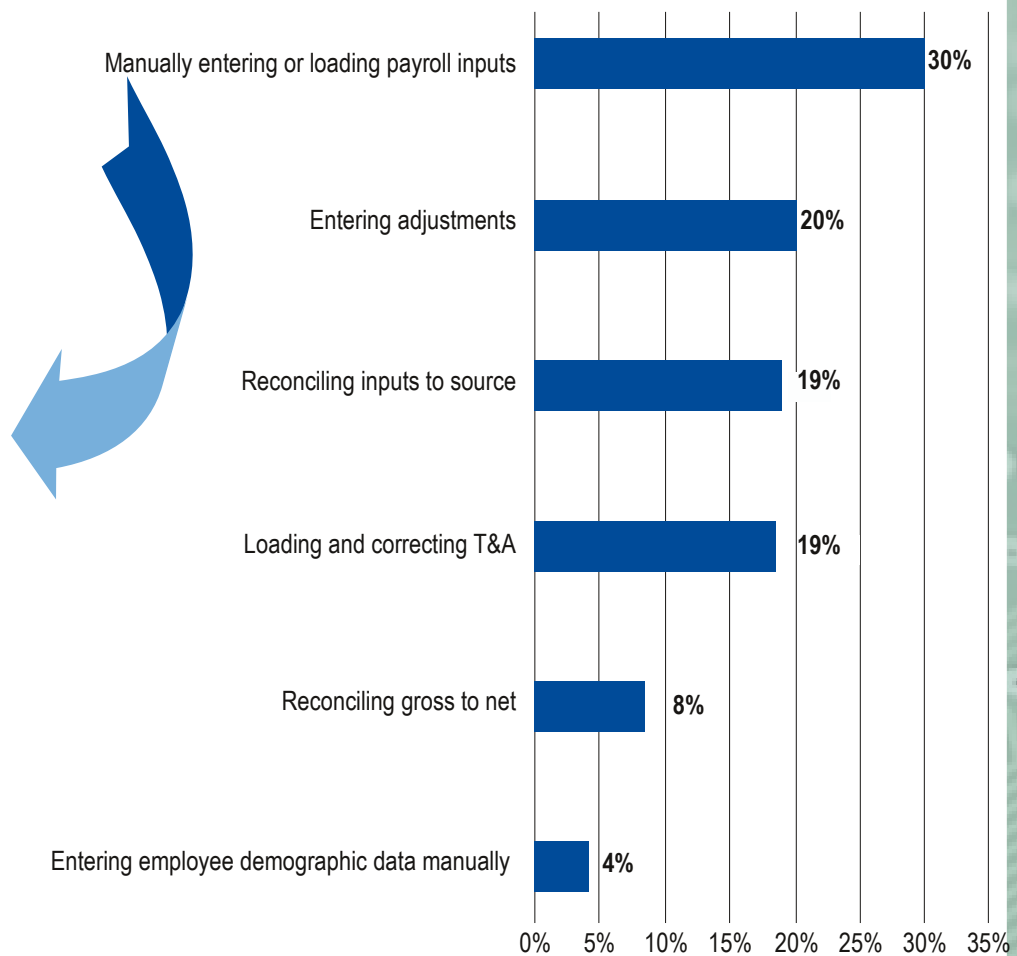
Key message and implications for Finance Shared Services - Payroll

Respondents indicated that manually entering or loading inputs is the most time-consuming aspect of processing each payroll. Organisations can consider implementing robotic process automation (RPA) to automate time-consuming, manual tasks to decrease overall processing time. EMEA, APAC, and LATAM respondents indicated they had more than 40 percent of their effort tied to manual data loads. This is not unusual because these regions typically have a higher volume of payroll vendors with a lack of consolidation and standardisation.

Finance Shared Services – Payroll are currently undertaking a project to identify the taxonomy of activities carried out by the various sites, and the time associated with these activities. The results should be cross-referenced against the benchmarks above to identify opportunities for automation and other improvements.

Payroll Challenges

Currently, what are your biggest payroll service delivery and processing challenges?

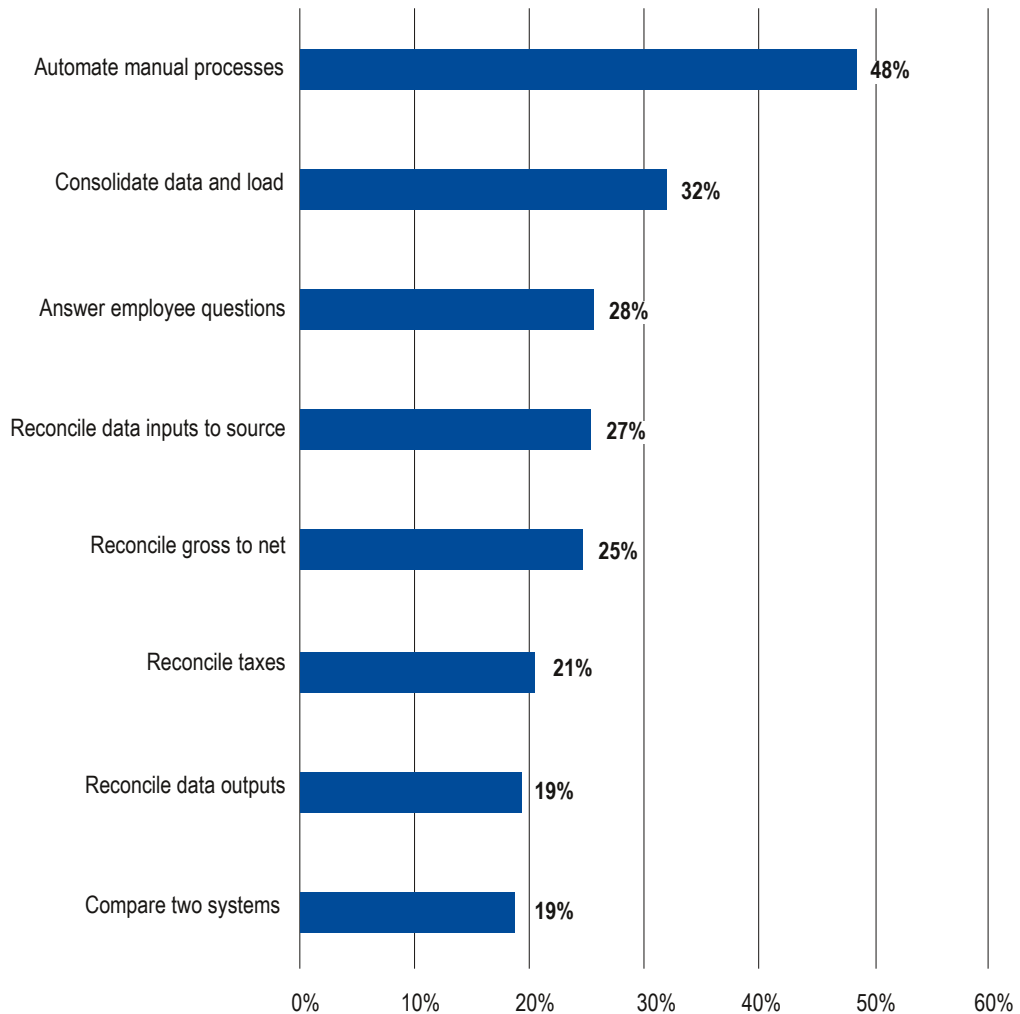| Challenge	Percentage
Technology limitations	67%
Resource capacity	13%
Change management	8%
Organisational structure	6%
Cost	6%

Key message and implications for Finance Shared Services - Payroll

Technology limitations are the most pressing service delivery issues which respondents face. Respondents are working to alleviate these technology limitations through transforming their HR and Payroll functions. Based on consultations with the Finance Shared Services – Payroll management team, the above challenges are also being experienced by Finance Shared Services – Payroll, and a variety of initiatives are underway to address these, specifically the NiSRP project.

Payroll activities and next generation technologies

Which payroll activities use next-gen technologies?

Chart: Which payroll activities use next-gen technologies?

Activity	Percentage
Automate manual processes	48%
Consolidate data and load	32%
Answer employee questions	28%
Reconcile data inputs to source	27%
Reconcile gross to net	25%
Reconcile taxes	21%
Reconcile data outputs	19%
Compare two systems	19%

Key message and implications for Finance Shared Services - Payroll

Forty eight percent of respondents that use next-gen technologies indicate they use it for automating manual processes. This allows for a significant increase in payroll compliance and efficiency. HSE Payroll are currently undertaking a project to identify the taxonomy of activities carried out by the various sites, and the time associated with these activities. The results should be cross-checked against the benchmarks above, to identify opportunities for automation and other improvements.

Appendix 4: Case Studies

From the research below it was interesting to note other organisations have moved in similar directions as follows:

1. Geography e.g. Regional Integrated Care Organisations (RICOs) under Sláintecare

Insights from Other Organisations	The NHS Wales which has 160,000 employees has recently consolidated to manage twelve health boards from three regional hubs. All hubs have standardised processes and standardised systems. This has created greater efficiencies across the organisation.
Feedback from the Consultations	*"It would mean there would be local knowledge of the staff which assists with dealing with queries promptly"* *"One of the issues that will arise as we move away from local to a central model is that there would be a reaction to that. It's a balance of becoming more efficient long term and achieving a reduced number of sites"*

2. Single National Service (e.g. one single service for all payees with that service split appropriately across multiple sites)

Insights from Other Organisations	The NHS SBS in England covers the payroll for 90 NHS entities and over 300,000 staff from one site. There is a highly efficient operation in place with standardised systems, processes and deep knowledge shared across the business from the one site.
Feedback from the Consultations	*"Single site might be a step too far at the moment."* *"From lessons learned, when Payroll and HR were in the same building, we had a regular operations meeting where we shared experiences as what HR were doing was impacting Payroll. When the information was shared and everyone understood the impact their action was having on the team, frustration was avoided."* *"There should be one single payroll department. Location should not matter. If we outsourced it, we wouldn't care where they were based. Ideal situation is to have one location and one centre and decisions are based on one process."*

3. Staff Category (e.g. NCHDs processed from site A, Management/Admin processed from site B, etc.)

Insights from Other Organisations	The NHS Wales, which is a similar sized organisation, has recently restructured to centralise all health boards in three key regions. In line with this restructure, all junior doctors have been moved to one VPD, the equivalent of an ERN in the Republic Of Ireland. The reason NHSWales seperated out the junior doctors during this move was based on the complexities of this staff category and the complications arising when they were transferring hospitals during their training. The hotel group has a centralised Payroll and HR department in the Shared Services Centre in Cork. Although the processes are standardised and consolidated, there is still a complication with certain staff categories who move between hotel sites, resulting in the leaver and joiner process with each move. They now use a specialised software that directly addresses this challenge with those employees who move across sites and ERNs regularly. This software removes the complications of the site and ERN moves and reduces any human error by removing the manual processes associated with the moves.
Feedback from the Consultations	*"Staff category model is very high risk. You don't want all nurses being processed at one site as they could then all be impacted at once."* *"The issue is for the returning officers having to look after people in different payrolls"* *"The NCHDs flow through the system. I'd be an advocate for consolidating the NCHDs"* *"There is set staff categories already so they cold be split this way, certainly having the staff categories together and reporting by staff category would be easier. So, this could be an option, and you would definitely need to have the NCHDs together."*

CASE STUDY ONE
Department of Public Expenditure and Reform

OVERVIEW

As part of the Public Service Reform Plan 2011, a Payroll Shared Services Project was rolled out for the Civil Service and Public Service Organisations. A new single Payroll Shared Service Centre was created for the Civil Service, based in three locations – Killarney, Galway and Tullamore. Based on the 'Civil Service Renewal Plan – Progress Report May 2019'[1] the number of payees stood at 127,000, for 45 public sector organisations (including 60,000 pensioners).

WTE: PAYEE RATIOS

The target FTE for the single Payroll Shared Service was to be reduced in order to create a more efficient organisation. The reduction in FTEs was based on the premise that FTEs could be reduced via redeployment and voluntary redundancy.

PAYROLL SHARED SERVICE CENTRE BENEFITS

- Introduction of one set of standard HR Processes based on Policy for the Civil Service
- Access to multiple HR channels to improve ease of access for Civil Servants

CHALLENGES RELEVANT TO FINANCIAL SHARED SERVICES - PAYROLL

Any large-scale transformation project will meet a variety of challenges and risks. Below are some of the challenges and risks that the Department of Public Expenditure and Reform faced that are relevant to Finance Shared Services - Payroll:

- Recruitment challenge – Difficulties with retaining and sourcing the appropriate level of skills (including new recruits)
- Industrial Relations and redeployment challenge - It may be difficult to redeploy/ assign new responsibilities to existing payroll staff. In addition, with any large-scale change of this nature, there is the potential to lose experienced staff to other areas. A potential shift towards 'virtual working' could help to mitigate against this

Civil Service Renewal Plan 2014 – Progress Report May 2019

CASE STUDY TWO
Education and Training Board (ETB)

OVERVIEW

The Education and Training Sector – Shared Services Plan 2017-2020 included an objective for the implementation of a payroll Shared Service project. The outcome of the business case for ETB Shared Services concluded that a co-located site for payroll and finance would be the best solution under the Education Shared Business Services (ESBS). As of 2014, a total of 16 ETBs delivered payroll to 26,706 payees through 26 separate payroll centres. These centres operated a standalone approach to the delivery of payroll processing. A total of 93 FTE payroll staff were involved in processing payroll with a further 3.14 FTE involved in payroll systems support.

WTE: PAYEE RATIOS

Key payroll volumes were identified during the baselining exercise across the 16 ETBs. The ratios were then compared to international payroll benchmarks to ascertain the best performing ETB payroll centres. The international payroll benchmarks were sourced from the American Productivity and Quality Centre (APQC), one of the world's leading proponents of business benchmarking, best practices, and knowledge management research. The APQC benchmark of 1,643 was well in excess of ETB ratios, possibly due to complexity of ETB payroll process.

CHALLENGES RELEVANT TO FINANCIAL SHARED SERVICES

- Redeployment Challenge - Redeployment and reassignment of existing payroll staff will need to be actively managed in order to ensure that benefits from the implementation of shared services are realised

- Recruitment Challenges - The recruitment of the required number of staff for the shared services centre, at the right time, with the right skills, has been a significant challenge for other shared service projects including SUSI (the student grant administration function), and PeoplePoint (HR shared service for the civil service

Appendix 5: Consultations

Deloitte completed consultations with a number of key stakeholders and the following is the list of agreed questions circulated to the stakeholders prior to consultation.

No.	Question
1.	Could you give a brief outline of your current role and remit?
2.	What is your opinion on how Payroll is structured and delivered at present? (i.e. What works well and what could be improved?
3.	What criteria should be considered for any potential change in service delivery model? (Please mention all that come to mind)
4.	Are some criteria more important than others, and how should the criteria be weighted?
5.	Below are some potential service delivery models for payroll i.e. provision of a payroll service by: 1. Geography e.g. Regional Integrated Care Organisations (RICOs) under Sláintecare 2. Single National Service (e.g. one single service for all payees with that service split appropriately across multiple sites) 3. Staff Category (e.h=g. NCHDs processed from site A, Management/ Admin processed from site B, etc.) 4. Process based (i.e. inputs and Payroll set up from Site A, Payroll Processing from Site B. etc.) 5. Hybrid (a combination of any of the above) Are there other modeals that might work based on your experience?
6.	Based on the options provided, what would you consider the pros, cons, risks, challenges, pitfalls, benefits for each? How would you rank the options based on your preference/perspective?
7.	In relations to a Payroll Helpdesk/ CRM: ▶ What if your current experience of service levels from Payroll? ▶ What are the key elements of a quality service that you would expect from a 'to be' national payroll service? ▶ Do any of the delivery options pose particular challenges in delivering this 'to be' helpdesk service level?
8.	What other considerations would need to be taken into account whenlooking at service delivery model options (i.e. external environment, in-flight projects, interdependencies, other?)
9.	Are there any non-negotiables in terms of how payroll is delivered i.e. Something that can't change, or must be changed?
10.	Is there anything we have not asked about that might be relevant, or do you have any further comments?

Consultation Findings

The following is the general feedback from the Deloitte consultations:

What Works Well

Payroll staff are highly respected by their colleagues, regarded as perfectionists and considered highly reliable. The experience and local knowledge of the payroll staff is thought to be the driver of an efficient, timely and accurate payroll function. The most important factor for most consultees was that everyone must get paid on time, and this is the case with the current structure.

Standardisation/Processing/RPA

Standardising processes, eliminating manual data and having a single system for payroll processing were some of the criteria called out as being the most important when considering any potential change in service delivery model.

Processing is not consistent across the areas, with different approaches established in different areas. Currently, staff can exist on more than one payroll at the same time based on variances in the structures across the regions. There is a concern that any future geography-based model, if not implemented correctly, would see individual sites revert back to establishing their own regional processes, limiting the effectiveness of any change. It was highlighted as foundational that the organisation that delivers payroll would have a single national set of standard processes and is operated in a standard way. The operating model could be set up in a number of ways, however at its core, there should be one set of processes and one set of systems. "Ensure there is back up and resilience in the system in case cyber happens again."

SAP HR & Payroll implementation

There was positive feedback about the SAP reporting capabilities and the increased standardisation of reporting that is possible with SAP. The visibility of leave and employee details on SAP was called out as a positive. Areas that had implemented the SAP HR & Payroll System were covered by the recovery site during the cyber-attack, demonstrating the resilience that the SAP systems facilitated in this area of the organisation.

There has been a reduction in the volume of data entry required by the TROs where SAP has been rolled out, resulting in less duplication of information and less manual intervention required.

Service Desk

It is important to staff to have a responsive payroll helpdesk with a dedicated team answering the phone and or email, providing resolution timelines and frequent updates. There is a sense that local support for payroll is the preferred approach, including SMEs for some of the more complex staff categories.

This was reiterated throughout the consultations, particularly the requirement for a facility for complex issues. People prefer a name that they know in payroll, and the familiarity of the local touch with a helpdesk service. Timelines for responding to queries were raised as an issue, with an example provided of a four week wait for a mortgage certificate. The issue was also raised that queries are sometimes 'closed' without actually having a satisfactory resolution. There was widespread agreement that there should be an estimate provided of the time it will take to resolve the query, to give staff confidence in the service.

Long term vision, payroll and HR would come in under one helpdesk. That would be the goal. Ideally, we would have one point of contact for everything.

The help desk needs to be reliable, responsive, you want to be kept informed of progress, easy to access...It would need to be very clear and consistent for users.

How do we maintain the local touch...Payroll historically is just down the corridor. When you move away from that it will cause chaos in the short term.

There is no national payroll helpdesk in place, rather there are many payroll helpdesk teams, and the service received by staff is not consistent across these teams. It is felt to be critical to establish a national payroll helpdesk linked to the telephony system, with a streamlined process for logging queries. There needs to be a central ticketing system in order to understand what volume of calls are coming through, and to allow for analytics and continuous improvement for the payroll helpdesk. The staff base is called out consistently as being of utmost importance when building any solution, for example, "nurses coming off the wards can't be ringing payroll and not getting through". There needs to be a high degree of self-service so that staff can access key information, documentation and FAQs on a 24 hour basis.

Staff Category and NCHDs

The NCHD group was highlighted as a particularly complex group for payroll processing. This derives from the "flowing" of staff between regions every six months, resulting in the requirement for leaver and joiner actions to be performed by payroll. The result of this action is that many NCHD staff are subject to emergency tax when they change sites. This creates an increased risk of overpayments in this staff category. It is evident from all consultations that NCHD staff should be considered for an element of specialised processing. Ambulance staff were also called out as a staff category that is subject to similar challenges. The application of pay awards has been a highly manual process in recent years with an example of one site needing to code the uplift on a "person by person" basis due to the inconsistent processes in place for staff categories.

"If people move areas it's a challenge i.e. the NCHDs. There are issues to do with different areas with different processes for certain things"

Unions

Union consideration and engagement is extremely important. If a significant change is made to the grades or opportunities available in each site, this could raise issues with the unions. Engagement with unions 'early and often' was advised. There was a consensus that change can bring anxiety and consternation if not managed correctly, and the unions will always be a strong element of any "to be" solution. Although a single process and a reduction in the number of manual interventions is key for the future organisation, legacy contracts, agreements, terms & conditions, and the locations where staff are based, were issues raised that will be extremely important for any potential union negotiations.

Any project, no matter how small, the unions will be involved.

Engagement with the unions early and often will be crucial.

Employer Registration Numbers

There are currently nine employee registration numbers ("ERNs") in the organisation, covering the nine regions. There is an appetite to consolidate these to a lower number.

Multiple ERNs create a challenge for many staff categories whenever there is movement across regions, particularly the NCHD group mentioned above. The multiple ERNS also cause reporting challenges for the finance team as the cost centres and ERNs are connected. Although one ERN would seem like a simple solution, it is likely that current IT infrastructure would struggle to cope with such a high volume of staff being processed through the same number.

An example of this would be the process of uploading and downloading the relevant files with revenue i.e. the filing of returns. There are many risks associated with making this change, internally if the system is impacted and HSE staff don't get paid and externally, if the volume is too high for the Revenue Commissioner systems and the payroll of other organisations is impacted.

The Revenue Commissioner has been contacted in relation to this matter and the most recent responses are requesting clarity on the direction the HSE wants to take. There was a low appetite for risk across the consultations with concerns that if the ERN consolidation was implemented but unsuccessful, there could be major repercussions including reputational damage, negative publicity and the obvious issue of front line staff pay timing being impacted.

Consultation Outcome

Following the consultations, the general views would suggest a hybrid approach.

A hybrid approach to payroll processing would allow a combination of geographical, staff category, Single National Service or other model to be utilised.

Hybrid approach to Processing payroll Advantages:
1. Improved service to staff with Subject Matter Experts (SME's) available to respond to queries in particular locating NCHD's in one Location.
2. Clearly defined roles and responsibilities, single point of contact and skilled staff.
3. Impact of NCHD rotation on system changes and updates would be reduced.
4. Alignment and standardisation of payroll processes between areas upon transition.
5. Improved management information leading to enhance decision making.
6. Staff moving to nearby area, currently constituting a payroll area move may not be required.

Hybrid approach to Processing payroll Disadvantages:
1. Trade Union engagement – loss of roles and re-deployment of payroll staff.
2. Lack of standardisation of payroll processing between geographical areas.
3. Variation of payroll processing frequency and volumes.
4. Cross training required to share familiarity with tasks specific to areas impacted.
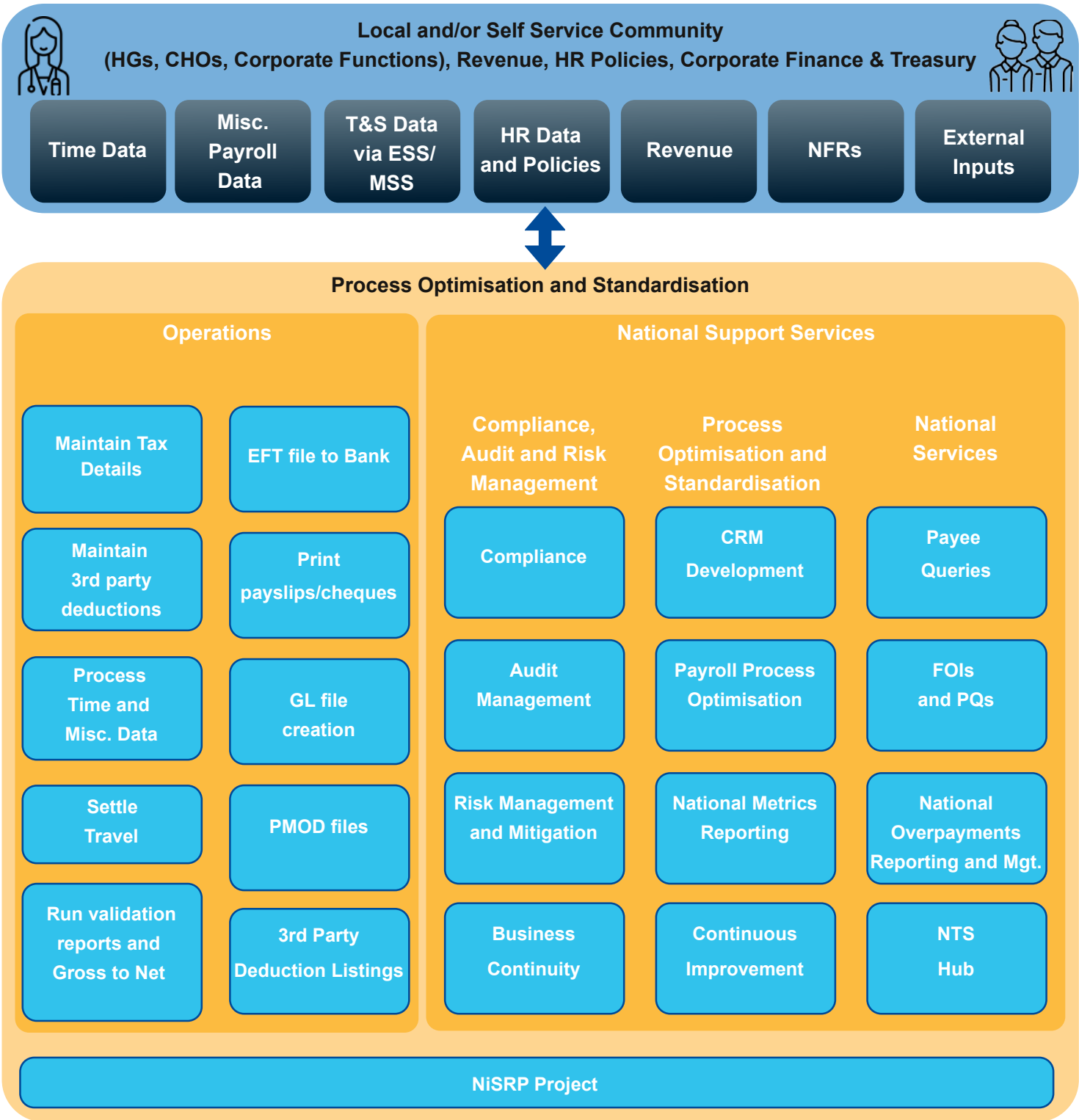
Key Positives for Hybrid Approach:

1. Variation of payroll processes decreases, alignment and standardisation increases.
2. Ease of data comparison with data easily available and standardised reporting.
3. Strong oversight and governance at central and sector levels.
4. Cost reduction when critical mass is achieved re payroll staff productivity:
    a. No. of payments/expenses/deductions processed per payroll processor
    b. Time taken to resolve errors/queries/automation and project efforts.
    c. Premises utilised and associated costs relieved (eg. IT Support).
5. Staff turnover reduces with larger supportive network and standardisation of work/processes.

Key Challenges for Hybrid Approach:

1. Resourcing staff with skills and capabilities to deliver the transition and resulting release of resources upon transition go-live.
2. Varied rates of progress across geographical/business areas during transition.
3. Challenges in developing formal process upon alignment of tasks during/after transition.
4. HSE approach to minimise risk, conducting wide consultation, engagement with staff and union sides can add complexity and extend timelines.
5. Keeping existing workforce happy and motivated during period of change.
   Pressure on HR staff to hire quality skill and local expertise.

Fig 1.4 HSE Finance Shared Services – Payroll – Target Operating Model

Local and/or Self Service Community (HGs, CHOs, Corporate Functions), Revenue, HR Policies, Corporate Finance & Treasury

Time Data	Misc. Payroll Data	T&S Data via ESS/ MSS	HR Data and Policies	Revenue	NFRs	External Inputs

Local/regional/site owned

Shared services

Process Optimisation and Standardisation

Operations

Maintain Tax Details	EFT file to Bank
Maintain 3rd party deductions	Print payslips/cheques
Process Time and Misc. Data	GL file creation
Settle Travel	PMOD files
Run validation reports and Gross to Net	3rd Party Deduction Listings

National Support Services

Compliance, Audit and Risk Management	Process Optimisation and Standardisation	National Services
Compliance	CRM Development	Payee Queries
Audit Management	Payroll Process Optimisation	FOIs and PQs
Risk Management and Mitigation	National Metrics Reporting	National Overpayments Reporting and Mgt.
Business Continuity	Continuous Improvement	NTS Hub

NiSRP Project

HSE Finance Shared Services – Payroll - Target Operating Model (TOM) – Hub Services Explanation

Operations	
	Maintain Tax Details • Record and update the employee's tax details at the employee level. **Maintain 3rd party deductions** • Record, update and process legacy 3rd party deductions on behalf of the employee. **Process time and miscellaneous data** • Data entry for time codes not configured in Time module (TMWP) and other miscellaneous entries via the Short Term Payment and Deductions (STPD) form. **Settle Travel** • Process the SAP transaction to pull the travel entered via ESS into the payroll module for inclusion with pay. **Run Validation Reports and Gross to Net** • Process payroll, execute and review Validation and Gross to Net reports. **EFT File to Bank** • Generate EFT file and submit to bank for each payroll run. Operations Management. • Management structures in place responsible for the day to day operations of Health Payroll. **Print Payslips/ Cheques** • Generate print files. • Print and distribute payslips and cheques. **GL File Creation** • Generate FICO/ GL file following each payroll run. **PMOD Files** • Upload files to Revenue following each payroll run. • Download files from Revenue and upload to SAP.

HSE Finance Shared Services – Payroll - Target Operating Model (TOM) – Hub Services Explanation

Compliance, Audit & Risk Management	Assessment and tracking of compliance across Payroll. Ensuring Audit recommendations are tracked and implemented. Maintenance of Risk Register and risk mitigation. Developing, reviewing and ensuring comprehensive business continuity plans are in place. Compliance and Audit reporting.
Process Optimisation and Standardisation	**CRM development** • On-going monitoring of the CRM solution to ensure its fit for purpose and optimises the user experience. **Payroll Process Optimisation** • Reviewing and updating processes to ensure that they are standard, efficient and effective. • Continuous improvement to optimise the use of digital and automation technologies. **National Metrics Reporting** • Identifying key metrics and ensuring systems and processes are in place for recording and reporting of same. • Continuous Improvement • On-going effort to improve delivery of services and processes.
National Support Services	**Payee Queries** • National CRM and single helpdesk solution. • ASC45s, Statement of Earnings, Loss of Earnings, Legal Correspondence. **FOIs, PQs & Media Queries** • Single national service for the management and coordination of relevant FOIs, PQs, Media Queries, etc. **National Overpayments Reporting and Management** • Single team for managing and reporting on overpayments. • Central team for generation and issuing of correspondence in line with NFRs. **NTS Hub** • Development and expansion of National Expenses (NTS) Hub to the provision of national services and assurance.
NiSRP Project	Supporting the implementation of the single SAP solution and process standardisation in partnership with NiSRP.

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