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GOOD PRACTICE CASE STUDY

NHS North West

ST.HELENS AND KNOWSLEY TEACHING HOSPITALS NHS TRUST

TRANSFER TO ESR PAYROLL SYSTEM
BY SHARED SERVICE PAYROLL PROVIDER

SUMMARY

The Electronic Staff Record (ESR) programme is a Department of Health (England) led initiative, providing an integrated HR and Payroll system across almost the whole of the NHS in England and Wales. It is the largest programme of its kind in the world and is the central resource for NHS workforce information. All Trusts have now adopted the system and are going on to further develop and utilise its functionality. This is an opportunity to record one example of the good practice behind how the original implementation was achieved.

This case study documents the journey taken by the payroll department of this Hospital Trust as it adopted the ESR based payroll system, bringing the whole of payroll processing in-house. As a shared service payroll provider to 5 organisations it successfully established new payroll processes after going live on 1 April 2007 and has since identified both efficiencies and benefits realised.

The NHS ESR Programme was rolled out nationally in 12 waves of around 50 Trusts every 2 months between March 2006 and April 2008, St. Helens and Knowsley Teaching Hospitals NHS Trust was part of Wave 7. This National Directive set out to migrate all payroll and Human Resource records from existing legacy systems into ESR, an Oracle solution.
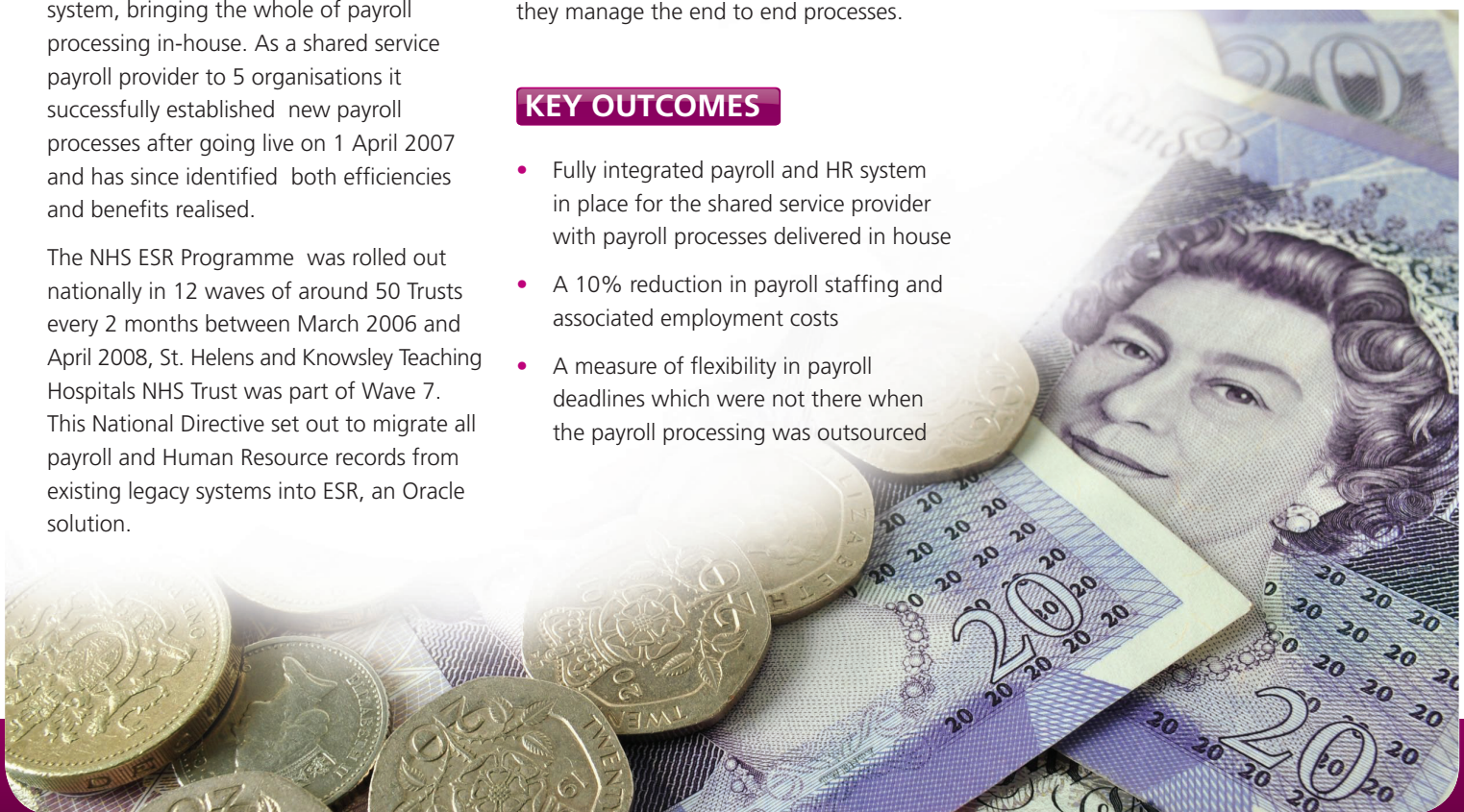
More recently with organisational changes, including an additional Community Trust joining the shared service and 'Lead Employer' status resulting in the Hospital Trust taking on the employment of doctors in training, there have been further developments and learning experiences based on a 'demerging' process. This involved moving 2200 staff records/assignments from 6 Virtual Private Databases (VPD) in November 2010 and constituted the single largest demerge that McKesson (as prime national contractor with Oracle and IBM as partners) had undertaken at this time.

Rob Simonds, Head of Pay and Staff Services at the Trust and ESR Group Project Lead for the shared service, is proud of the implementation and benefits of this payroll system, now feeling "more in control" as they manage the end to end processes.

KEY OUTCOMES

- Fully integrated payroll and HR system in place for the shared service provider with payroll processes delivered in house

- A 10% reduction in payroll staffing and associated employment costs

- A measure of flexibility in payroll deadlines which were not there when the payroll processing was outsourced

- Managers now input payroll information electronically which is uploaded directly into ESR. This eliminated the need for manual input of data by payroll staff from Staff Variation Lists (SVL) and not only led to improved data quality but also staff rationalisation

- Improved absence reporting through an ESR generic absence interface

- Introduction of Managers Self Serve has allowed further rationalisation of payroll resource

- Increased staff engagement and job satisfaction within the payroll team

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CASE STUDY

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BACKGROUND

St Helens and Knowsley Teaching Hospitals NHS Trust provides a full range of acute in-patient, out-patient, day case and emergency services to the local communities of St Helens, Knowsley, parts of Halton and Liverpool, extending to the whole of Cheshire, Merseyside, North Wales and the Isle of Man with the Regional Plastic Surgery and Burns Unit. It was the only acute Trust in the country to have performed above the national average in every indicator for quality of services and care in the Care Quality Commission (CQC) assessment (2010).

The Trust opened the new Whiston Hospital in March 2010, six months ahead

of schedule and within budget. This followed the opening of the new St Helens Hospital in 2008 as part of a combined £338 million investment to provide world class healthcare facilities to the local community. It employs over 4000 staff delivering the full range of acute healthcare services.

As payroll provider to 3 local PCTs and a large Mental Health Trust, in addition to its own organisation, the shared service was responsible for the payroll of over 11,500 staff. The existing legacy system used was PRISM with a link to SPS.

HOW IT WORKS

Integrated payroll and HR information
ESR holds all the information needed to produce accurate and timely payments to staff. This includes personal details that are shared with the HR functionality of the system so that there is no duplication of information. To this is added data specific to pay, such as tax and National Insurance details, allowances and deductions, and pension arrangements. ESR holds all the relevant pay grades and rates for allowances and deductions whilst allowing local flexibility.

Reporting The reporting module allows control and audit of all aspects of the payroll process and produces the mandatory information required for relevant internal and external bodies.

Best practice processing Payroll processing within ESR requires that the due processes and reports are run in a given order to ensure that the payroll is processed accurately and on time and best practice guidance issued by McKesson is followed. Details of the end to end payroll procedures used in St Helens and Knowley are attached to this case study for information.

Accurate and on time With the majority of monthly payrolls paid towards the end of the month, critical processes tend to run around the third week of the month. The Payroll Best Practice process ensures that the processing of payrolls has the minimum impact upon other system users during core hours, and ensures that Trusts payrolls are completed accurately and on time. It also allows McKesson to forecast any potential problems and assist Payroll providers where issues arise

Manager data input **Managers** have been trained to input automated data (AD1) each month for payroll purposes. Changes in staff hours, pay bandings, absence etc are all uploaded directly into ESR

Facilities available The Date Track facility enables the calculation of future-dated and backdated changes. The Retro Pay facility enables arrears dating back over any period to be cleared within the normal payroll cycle

KEY AIMS

With the implementation of ESR offering a fully integrated payroll and HR system, the Trust took the decision to fully utilise this opportunity to move to the ESR payroll solution. This would involve:

- The smooth migration of all HR and payroll records into ESR and the adoption of best practice processes to deliver an end to end payroll function

- The accurate and timely payment of salaries given that there was no opportunity for parallel running.

- Benefits realisation including improved data quality and rationalisation of payroll staffing

- Staff engagement and training in the new ways of working

- McKesson suggested best practice processes and chronological template of how and when to run the payroll routines which were used and developed by the Trust.

- Two phases of service testing including a form of simulation, cleansing data and records

- Audit reports (FUSE) produced by McKesson kept drilling down into existing data and what it would look like in Oracle

- Transfer of 'clean' data on dedicated 'go live' date 1.04.2007

- Reports from the legacy system and from ESR were compared and validated

- Validation routines on the day of migration were carried out before a 'sign off' to go live

- Alistair Mulvay, Trust Finance Director was identified as the Cluster Executive sponsor who on the day liaised with the 5 partner organisations' sponsors before agreeing to go live.

KEY STAGES OF SETUP

- Implementation group established for the cluster (shared service partners) chaired by Rob Simonds, Group Project Manager. Supported by Sue Hodkinson (NHS North West) and implementation consultants from McKesson, ensured the implementation stages were carried out within the timeframe set nationally for the Cluster.

- HR and Payroll data cleansing and checking prior to migration from legacy system

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Interfaces Full suite of Interfaces with NHS Pensions for New Joiners; Leavers; Changes; and Year-End. EDI interfaces with HMRC plus year-end reporting

Recalculation The Retry facility allows for the recalculation of payments to individuals rather than a full re-run of the payroll – which reduces the number of queries and need for supplementary payments

Security Four levels of security control access to payroll information and facilities

RESOURCES

The running costs for ESR are funded nationally within the NHS. The Trust has therefore no direct cost implications related to the new payroll system. It has however, made overall improvements in productivity from electronic data input by managers even though there is additional work to process the payroll. This has resulted in the loss of a number of payroll posts equating to approximately a 10% saving in staff costs.

KEY CHALLENGES

- Having the confidence to run new routines and generation of the payroll as a direct responsibility. e.g. previously the BACS file to generate payment into employee bank accounts would have been the responsibility of the external provider whereas this is now carried out in house

- Accepting that if there are any mistakes made or delays in deadlines, there is no safety net

- Ensuring that payroll staff, Staff Side, the Project Group and Managers were engaged and involved in the changes

- Having the confidence to run routines at various times of the day and night as suggested by best practice – sometimes in the absence of staff in the department

KEY LEARNING

- **EFFORT DELIVERED THE RESULTS**

- Inclusive **involvement** and engagement of payroll staff – utilising their knowledge and ideas

- **Communicating** well regarding progress and feedback

- Having **time** to explain to staff why they have been asked to do something in a certain way

- Although an implementation team was offered to the department to help get the new systems in place it was decided to **use existing staff** with back up of additional lower graded staff. This gave them a better understanding and ownership of the new processes

- **Support** from McKesson was vital and proved to be excellent

- Although training was necessary for payroll staff and managers it has been the **practical application** that was vital in building capability

SUSTAINABILITY

The system is well embedded in the organisation with managers trained to provide electronic Staff Variation Lists (eSVLs) and absence data through the manager self service allowing further rationalisation of resource. The 65 procedures that have to be carried out in sequential order have been mainstreamed into the day to day working of the payroll department.

Although there are impending changes to some of the shared service partners through NHS structural changes the Trust has already added to its provider base with an additional Trust joining the shared service and the employment of over 2000 junior doctors following the appointment as Lead Employer for the NW Deanery.

The movement of staff records between separate organisational databases (VPDs), referred to as 'demerging' has been carried out on a significant scale and been

extremely successful. This process has relied on the engagement of both Finance and HR departments and is now a strength for the future.

NEXT STEPS

Although the Trust has gone as far as it can for payroll implementation, there is still scope for further development and utilisation of ESR functionality. Developments in the future will be based on further roll out of the manager self serve possibly to extend self service to employees.

The transfer of the e-expenses solution into ESR is already planned

SUPPORTING MATERIAL

The following resources are available as an appendix to this case study:

- Example of ESR end to end payroll production procedure

FURTHER LINKS

Relevant websites
http://www.electronicstaffrecord.nhs.uk

CONTACT FOR FURTHER INFORMATION

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