Appendix B Specification
HR and Payroll Software Solution

1. Introduction

This document defines the requirements and specifications for an integrated **Human Resources (HR) and Payroll Software Solution** to be implemented within South Staffordshire College (the Authority).

The Authority procured a third party cloud hosted HR and Payroll Software Solution in 2021.

The Authority has 721 employees, 14 pensioners and 3361 16-18 year old students and operates 5 campus sites in South Staffordshire: Cannock College, Lichfield College, Rodbaston College, Tamworth College and TORC College. Further details about the Authority are available here: About Us – South Staffordshire College

The HR and Payroll solution will manage all HR, payroll, and associated compliance processes in accordance with UK employment law and data protection legislation including GDPR.

The objectives of the HR and Payroll Software Solution are to:

- Streamline and automate HR, people management, and payroll operations.
- Ensure compliance with UK statutory requirements (e.g. PAYE, NI, pensions, HMRC submissions).
- Maintain high standards of data protection and information security in accordance with the Data Protection Act 2018 and the UK General Data Protection Regulation (GDPR).
- Improve reporting, analytics, and decision-making capabilities.

2. Functional Requirements

The HR and Payroll Software Solution MUST support all HR and payroll processes, including but not limited to:

2.1 Essential Requirements:

- Core HR reporting structure,
- Employee self-service for payslips, timesheets, milage and expenses submission, leave requests, personal data updates, absence management, holiday entitlement calculations, tracking and management.
- Manager self-service for approvals, performance reviews, and reports including absence and employee data,
- Automated Enrolment and payroll processing monthly.
- Real Time Information (RTI) submissions to HMRC.
- Ability to manage different pension management including Teachers' Pension Scheme and Local Government Pensions Scheme (employee and employer).
- MCR and iConnect report population, faster accrual pension element/calculation, and contribution history reporting.
- Compliance alerts e.g. NMW, duplicate records/bank details

- Accommodate multiple posts/roles, pay structures (hourly, salary, pay scales and pay points) term time only, holiday calculations, sick and statutory calculations, expenses - PAYE, National Insurance, and statutory deductions in line with HMRC rules.
- Payroll lock (for processing)
- Custom pay schedules (e.g. monthly), error correction, back pay processing, benefit payrolling, ad-hoc payments and deductions.
- Salary sacrifice calculations
- Customised pay elements (net pday deductions e.g. staff lottery, utilities; gross pay / deductions e.g. pay adjustment)
- Payslip generation (digital and printable), year-end processing (P60, P11D, P45, etc.), audit trails for payroll adjustments and approvals
- BACS report for payments and reporting and analysis e.g. NI tax, net pay and custom reporting and third-party reporting e.g. HMRC/unions/court orders/pensions
- Incremental progression tracking (with optional automation)
- Automatic NI table updates,
- Legislative compliance - driven by automation in patches and updates for tax bandings, NIC etc.
- Operational compliance with internal policy rules/entitlements e.g. DBS certificates, vehicle business insurance etc
- Custom maternity, paternity, adoption etc, and sick pay calculations
- Warnings for pay reduction due to long-term sickness.
- Holiday pay calculations (including average holiday pay and element-level adjustments)
- Performance management, disciplinary and grievance
- Document storage/management e.g. contracts and policy acknowledgement/sign off.
- Training and development tracking.
- Time and attendance, including flexible work patterns and integration with payroll to ensure accurate payment.
- On call supplements, overtime calculation, and approval workflow.
- Recruitment and onboarding workflows, new starter transition
- Reporting and analytics, including the FE Workforce data collection, standard HR, and payroll reports (headcount, turnover, cost analysis, absence, training compliance, KPI reporting and EDI reporting, Pay Gap Reporting).
- Customisable dashboards and ad-hoc reporting. Export to Excel, CSV, and PDF. Audit logs and activity history.
- Employee record management (personal details, contracts, job history, qualifications)
- Single Central Record (SCR), Disclosure and Barring Service compliance.
- Mobile access (mobile app),
- Artificial Intelligence (AI) enabled.
- Integrated to the Payroll system (currently part of this tender process)

2.2 Non Essential Requirements:

- Training administration including event bookings and API to e-learning catalogue

- Engagement functionality e.g. birthday/anniversary of service/congratulations/awards
- Employee engagement survey e.g. Net Promoter Score/how are you feeling today?
- Employee benefits dashboard/library of links for end users
- Case management capability for absence, disciplinary, grievance and capability
- Calendar integration to O365 for leave bookings
- Protect data at rest, including physical access control, and the provider fully complies with a recognised standard such as CSA CCM v3.0 etc.

3. Non-Functional Requirements

3.1 Data Protection and Privacy (DPA 2018 & UK GDPR)

The HR and Payroll Software Solution and/or provider MUST:

- Process personal data lawfully, fairly, and transparently.
- Support role-based access control to ensure data minimisation.
- Enable data subject rights: access, rectification, erasure, restriction, and portability.
- Provide secure methods for data transfer and storage (encryption in transit and at rest).
- Include data retention and deletion capabilities in line with the Authority policy.
- Maintain an auditable log of all data processing activities.
- Provide a Data Processing Agreement (DPA) if vendor-hosted (processor obligations under GDPR Article 28).

3.2 Information Security

The HR and Payroll Software Solution and/or provider MUST:

- Be compliant with **ISO 27001 2022** or equivalent security standard,
- Hold Cyber Essentials Plus certification,
- Conduct regular security updates, vulnerability testing, and patch management.
- Have two-factor authentication (2FA) for administrative users.
- Provide secure password management and encryption.
- Conduct regular data backups and disaster recovery provisions.
- Use a datacentre with a security standard that complies with a recognised standard such as CSA CCM or similar.
- Penetration tested at least every 6 months using an external provider,
- CSA Star Certified – desirable,
- Connection to public sector networks – desirable.

3.3 System Architecture

The HR and Payroll Software Solution will be:

- AI enabled, cloud-based and operates in real time.

- High availability (target uptime 99.99% or greater).
- Scalable to accommodate future organisational growth.
- API integrations - both the desktop and mobile applications must consume the same server-side data source. No client may maintain a separate or divergent copy of the data.

3.4 Usability

The HR and Payroll Software Solution and/or provider MUST:

- Intuitive and accessible interface (WCAG 2.1 AA compliance recommended).
- Configurable workflows and approval hierarchies.
- Comprehensive online help and user documentation.

3.5 Support and Maintenance

The HR and Payroll Software Solution and/or provider MUST:

- Provide UK-based support (phone, email, portal),
- Define SLAs for issue resolution,
- Provide regular software updates and legislative compliance releases (e.g. HMRC changes),
- Provide user training and onboarding support,
- Provide a dedicated Account Manager free of charge.

4. Compliance Requirements

The HR and Payroll Software Solution and/or provider MUST comply with the:

- Employment Rights Act 1996,
- Equality Act 2010,
- Worker Protection (Amendment of Equality Act 2010) Act 2023,
- Working Time Regulations 1998,
- National Minimum Wage Act 1998 and associated regulations,
- Employment Relations Act 1999,
- Employment Rights (Flexible Working) Act 2023,
- Carer's Leave Act 2023,
- Strikes (Minimum Service Levels) Axt 2023,
- Data Protection Act 2018 including UK GDPR,
- Pensions Act 2008 (Auto-Enrolment),
- HMRC RTI submission requirements,
- Employment Rights Bill 2024-25.

5. Implementation and Transition

The HR and Payroll Software Solution provider MUST provide:

- A dedicated Account Manager free of charge who is supported by an implementation team.
- A UK based helpdesk and English language training manuals.
- A detailed project management and implementation plan (Excel Format) for the Authority that includes the end-to-end process, including milestones, tasks, dependencies, responsible owners, timescales, and a risk assessment of each milestone.
- A data migration plan for the Authority (including data cleansing, validation, and testing).
- Integration with existing systems – (payroll)
- System report and dashboard building,
- Super user and end-user training and knowledge transfer.
- User Acceptance Testing, Change Requests,
- Post-implementation review and support handover.
- Contract Management,
- Consultancy.

6. Acceptance Criteria

The HR and Payroll Software Solution shall be accepted following:

- Successful completion of functional and non-functional testing.
- Validation of data accuracy post-migration.
- Confirmation of compliance with all data protection obligations.
- User Acceptance Testing (UAT) sign-off.