

Calderdale MBC

Wards Affected ALL

Cabinet 12 September 2022



REPORT ON THE PROCUREMENT OF THE STRATEGIC HR & PAYROLL SYSTEM

Report of the Head of HR & OD

1. Purpose of Report

- 1.1 HR & OD completed a full procurement exercise in 2015 for a fully hosted strategic HR & Payroll System. MHR (formerly Midland HR) were awarded the contract and iTrent was implemented across the organisation, for our schools and Academies and other traded service customers with a Go Live date of 1 April 2016.
- 1.2 The current contract is due to terminate in March 2023 and we are looking for a solution that enhances the Council's employee and customer experience by ensuring self-serve and interactions with HR&OD are easy, without the need to chase or duplicate activities across a wide range of HR & Payroll functions.

2. Need for a decision

- 2.1 This paper presents the rationale for extending the current arrangement **or** agreeing a new contract through the existing framework agreement that exists.
- 2.2 This central system is fully funded within existing budget.

3. Recommendation

- 3.1 That Cabinet approve the award of a new contract to the Council's existing supplier (MHR) by way of direct award call-off pursuant to CCS G-Cloud 12 framework to maximise the efficiency and ensure the HR & Payroll system is fit for our future requirements.
- 3.2 That Cabinet authorise the Head of HR & OD, in consultation with the Head of Legal and Democratic Services, to negotiate and finalise all appropriate call-off documentation.

4. Background and/or details

- 4.1 The Council requires a contractor to provide a 3rd party hosted strategic HR & Payroll system to be in place when the current contract ends. This will ensure that we can continue to effectively manage and pay employees in compliance with relevant legislation, and to meet our obligations in respect of statutory reporting.
- 4.2 Due to the investment in the use of iTrent at the Council since 2016, its integral position in our processes, it is proposed that the Council retain the iTrent system for a further period and in line with the procurement framework agreement.
- 4.3 The contract will support the achievement of the Council's Vision and strategic objectives in the following ways:
- Those elements of the contract that support achieving value for money and controlling expenditure in order to remain financially sustainable to deliver service priorities.
 - Ensuring that all operational posts are covered by a suitably qualified and experienced member of staff to ensure we are:
 - Safeguarding and protecting those that are most vulnerable; and
 - Keeping the borough clean, safe, green and active.
 - The digitisation of HR transactional processes to continue to help with
 - Tackling climate change and working towards our Council target of Net Zero emissions by 2038 with significant progress by 2030.
 - The increased visibility and understanding of our people data, including applicants to vacancies ensuring everyone has an equal chance to thrive whatever their economic, social, cultural, ethnic or religious background.

Scope

The key priorities for this project are the provision of:

- 4.4 A fully integrated digital HR and Payroll solution that is best in class and able to support a manager and employee self-service solution for internal and external customers. The solution should be adaptable to all statutory and legislation changes without additional costs – Payroll.
- 4.5 A fully digital integrated solution that is able to deal with multiple pension schemes for the same employee who has multiple posts. The solution needs to enable global eligibility checks for auto enrolment and cyclical re-enrolment – Pensions.

- 4.6 A best-in-class recruitment solution that supports the filling of vacancies first time with minimal delays and without the need to rely on agency workers/contractors/casuals – Recruitment.
- 4.7 A system which supports managers to monitor competency skills against organisational set criteria/behaviours for employees through performance management. To support learning, succession planning, talent identification and skills gaps – Learning.
- 4.8 A portal which supports managers and HR to be able to effectively manage all types of employee relations cases in a timely manner – Case Management.
- 4.9 Functionality which provides for the introduction of clear organisational structure layers and spans of control. It allows for reviewing team structures and costs based on task required.
- 4.10 An easy-to-use self-service option for all managers, employees and external users. To demonstrate channel shift particularly for remote workers which includes the use of a mobile – Self Service.
- 4.11 A data driven solution that produces real time, high quality information and analyses to monitor organisational performance on all aspects of HR and OD activity – Capital Management.
- 4.12 Integration/Interface with Office 365 or similar and other Council systems including the Corporate Financials System.
- 4.13 Functionality to manage employee data that conforms with the Data Protection Act 2018, the Council's data retention policy and with HMRC regulations.
- 4.14 Comprehensive workflows and reporting function. To include scheduled and ad-hoc reporting, flexible date interrogation, in built statutory reports, dashboards for managers and traded service customers – Workflows and Capital Management.
- 4.15 A Cloud-based solution that provides access anywhere via a secure link with user profiles with varying access level controls.
- 4.16 Customer feedback functionality.
- 4.17 Cyber-Security and IT resilience is the single highest risk to the delivery of the Council's services and business continuity, the HR & Payroll hosted system supports this priority as the rest of the Council moves towards Cloud based platforms to ensure resilience to cyber-attack and protect personal data.
- 4.18 In 2020 a Systems Project Board was set up co-chaired by the Head of HR & OD and the Chief Finance Officer to review the contract, evaluate the current system and business processes. Colleagues from Finance, Legal, Procurement, Transformation and IT/Digital have all been part of the project board and contributed to the proposals in this report.

- 4.19 The HR & OD team have become extremely competent on the programming and use of the iTrent system. There are additional training packages that we are able to access to enhance the system further, and develop our in-house systems skills, maximise the systems' potential, improving work practices and further increase efficiency.

5. Options considered

- 5.1 The Project Board have considered a number of options including the following:
- 5.1.1 Extension of the current contract for a period of 18 months to 2 years to allow for full procurement exercise to be planned and implemented subject to the restrictions placed on any extension as set out in Regulation 72(5) of the Public Contracts Regulations 2015 (i.e. any extension must not exceed (a) current procurement thresholds (b) 10% of the initial contract value and (c) must not alter the overall nature of the contract).
 - 5.1.2 Investigated the use of current systems available and systems being used in local authorities in the region to inform our approach and recommendations.
 - 5.1.3 The review of existing Procurement Frameworks which are available to the Council – including through the Governments Crown Commercial Services (CCS) and NHS Shared Business Services (SBS) (the latter would be through a third party/intermediary 'Softcat' which provides IT solutions for public sector organisations).
- 5.2 The option to 'Do Nothing' is not a viable option as in order to have an HR & Payroll system in place from the beginning of March 2023 and fundamentally to be able to continue to pay our staff, Members and partners, correctly and on time and remain compliant with procurement regulations and Contract Procedure Rules, a contract needs to be in place.
- 5.2.1 The continuation of the current system reduces the burden on the limited ICT resources available to manage the existing infrastructure and databases.
 - 5.2.2 To enable the Council to continue to meet all statutory requirements for reporting and financial management especially for HMRC and Pension Regulations.
- 5.3 MHR are the only supplier in the available Frameworks fully able to meet our system specification requirements.

6. Research undertaken

- 6.1 We have looked at both CCS G-Cloud 12 and SBS to consider which frameworks are available. CCS was the chosen route as the SBS option is through a third party provider, resulting in additional costs. The CCS option deploys a digital marketplace which provides the facility to create searches on essential criteria linked to our specification requirements. The search were undertaken jointly with Corporate Procurement and the initial longlist

search returned two results – MHR and IRIS, however when we added our requirement for the System to be able to offer a Case Management solution there was only one provider identified and shortlisted through the framework search toolkit, which was MHR.

- 6.2 As a result of there being only one provider identified and shortlisted in accordance with the framework search toolkit, it is possible for a Direct Award through a call-off under the Framework.
- 6.3 This option would be the most timely and cost effective solution and would provide an effective outcome for our customers with minimum impact (operational and financial reputational) for the Council, our Schools and Academies and other traded service customers.
- 6.4 If we were purely to extend our current contract we would still need to adapt the terms of the contract to build in new functionality and therefore the framework is the preferred option as it already provides for our additional requirements. The CSS G-Cloud 12 framework is preferred as we have been able to input our specific requirements in order to identify a suitable supplier and contract is direct with the supplier (rather than through a third party), this should therefore secure the best rates.

7. Financial implications

- 7.1 The current cost of the system is built into the base budget. Should the cost of the re procured system be greater than this then the budget will need to be increased accordingly. This increase in budget will be funded from existing budgets. The contract length will be an initial period of 2 years plus an option of 2 x12 months extensions.
- 7.2 Initial additional spend (to the value of approximately £10k) is required to maximise internal capacity through the implementation of MHR training for Systems Administrators – this would enable internal colleagues to increase their skills and knowledge base to support further with system development work reducing the need for additional MHR consultancy costs. This additional £10k will be found with existing budgets.
- 7.3 The supplier will be directly accountable for the delivery of the project. Regular status meetings or progress updates are to be issued to the CMBC Project Manager against the plan, budget and key findings (as well as any escalation actions required).

8. Legal Implications

- 8.1 The Council must comply with the shortlisting process required for the CSS G-Cloud 12 framework, and where there is only one provider shortlisted, further evaluation and selection is not required and the Council may direct award to the shortlisted supplier. Legal Services and the CPU will ensure the award to the shortlisted supplier is compliant with CCS G-Cloud 12 framework conditions and Regulation 33 of the Public Contracts Regulations 2015.
- 8.2 The use of a framework agreement is permitted pursuant to Rule 17 of the Council's Contract Procurement Rules where:

- (a) It can be demonstrated that the framework delivers value for money to the Council.
- (b) The objectives of the framework support, and are compatible with the priorities of the Council; and
- (c) The Head of Legal and Democratic Services has confirmed that the framework and the framework agreement terms are legally compliant before engaging in any procurement or commissioning activity through the framework.

9. Human Resources and Organisational Development Implications

- 9.1 There are no implications to the HR & OD staffing other than to further enhance the capability of our systems team to ensure we continue to develop the system to best fit with our future requirement and reduce the reliance on expensive MHR consultants. See 7.2.

10. Consultation

- 10.1 Stakeholders, including key system users, Finance, Legal, Procurement, ICT and Transformation have all been involved and part of the Project Board (see below).

11. Environment, Health and Economic Implications

- 11.1 The implications are covered above.

12. Equality and Diversity

- 12.1 An EIA is not necessary for the procurement of the system, however one is being produced to ensure we fully consider our equality duty.

13. Summary and Recommendations

- 13.1 Cabinet is recommended to agree to the new contract through the existing framework for the reasons contained within this report.

For further information on this report, contact:

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The documents used in the preparation of this report are:

1. CLT Briefing Report to CLT (August 2022) of the Head of HR&OD
2. LGA information re other Yorkshire and Humber HR & Payroll systems used.

The documents are available for inspection at: The Town Hall, Crossley Street, Halifax.

The Project Board members are as follows:

Project Sponsor: Jackie Addison, Head of Human Resources and Organisational Development

Chris Forrester, Chief Finance Officer

Craig Chew-Moulding, Corporate Lead for Digital Transformation

Magda Dyson, Senior Solicitor - Commercial

Debbie Gaunt, Corporate Procurement Officer

Jill Bardsley, HR Manager

Jane Kirk, People Development Manager

Emma Bolton, Recruitment and Resourcing Manager

Gez Roberts, Corporate Lead for Transformation

Project Manager: Scott Rawlinson, Projects and Systems Team Leader