

MEETING: Cabinet DATE: 03/04/2018

Title: HR & Payroll System – procurement, implementation and integration of other systems	
Ward(s):	This is an internal system and will not impact directly on any ward
Author: John Walsh	Job title: Interim Director: HR, Workforce and Organisational Design
Cabinet lead: Cllr Craig Cheney	Director lead: Denise Murray: Acting Executive Director of Resources
Proposal origin: BCC Staff	
Decision maker: Cabinet Member Decision forum: Cabinet	
Purpose of Report: <ol style="list-style-type: none">1. To provide an update on the project progress to date2. To request delegated approval of up to £2.8m capital allocation for the project (to include implementation, decommissioning and archiving costs of a HR and Payroll solution) and integration of other back office systems.3. To request delegated authority to the Interim Director of HR, Workforce and Organisational Design to award a contract for a HR & Payroll system, in consultation with Deputy Mayor – Finance, Governance and Performance and Section 151 Officer.	
Evidence Base: <p>The council's current HR & Payroll solution consists of five different software systems with limited integration. This means that we are not operating as efficiently or as cost effectively as we could be. This coupled with the potential risk of not being able to easily meet future legislation changes means that we have no viable option but to replace the current solution.</p> <p>Soft market testing and an options analysis have been undertaken and the results were considered by the Resources Directorate Leadership Team in July 2017. They approved the approach of:</p> <ul style="list-style-type: none">• A tactical solution to extend the existing contract for two years until June 2019 whilst new platform is procured and implemented• A strategic solution to secure a new HR & Payroll system from April 2019 <p>The Outline Business Case (which has been scrutinised and approved by Delivery Working Group) assessed the strategic options and provided a recommended approach to the delivery of a secure future platform which will provide:</p> <ul style="list-style-type: none">• Consolidated systems into a single platform• Revenue savings• Fully integrated HR and Payroll solution with integration to finance and other back office systems• More timely and better quality Management Information• Enhanced user experience <p>Procurement is currently underway. Initial Invitation To Tender (ITT) responses have been received and evaluation is underway. A shortlist of suppliers will proceed to negotiation stage before final ITT responses are received and evaluated. A contract can then be awarded following the obligatory standstill period and finalisation process.</p> <p>Owing to the current stage of procurement, the final bidders and their exact costs are not yet known, however the estimated costs of the contract have been based on the upper end of soft market testing with a +/- 10% tolerance. These costs have been validated against the initial ITT submissions.</p> <p>The contract cost is estimated to be lower than the current revenue spend and will generate overall savings of around £0.45m over eight years. There will also be additional efficiency benefits from having a single integrated system.</p>	

The implementation of a new HR and Payroll system will include integration with other systems; improved management information; improved efficiency of back office processes; and improved information to help with decision making.

Recommendations:

1. To note the project progress to date
2. To allocate £2.8m from the Capital Programme for the project (to include implementation, decommissioning and archiving costs of a HR and Payroll solution) and integration of back office systems.
3. To delegate authority to the Interim Director of HR, Workforce and Organisational Design to award a contract for a HR & Payroll system for eight years (with the option for two extensions of two years each), in consultation with Deputy Mayor – Finance, Governance and Performance and Section 151 Officer. This will be paid for by revenue budget allocated for the existing contract

Revenue Cost: Exempt – see appendix J1	Source of Revenue Funding: 11726
Capital Cost: up to £2.8m	Source of Capital Funding: RE02
One off cost <input checked="" type="checkbox"/> Ongoing cost <input checked="" type="checkbox"/>	Saving Proposal <input checked="" type="checkbox"/> Income generation proposal <input type="checkbox"/>

Finance Advice: The projected £2.8m capital spend is an estimate at this stage based on early soft market testing and initial estimates of decommissioning/archive and associated support costs. These will be refined in the full business case but this is within the current allocation in the capital programme. There are also costs within this envelope to develop integration of back office systems, including HR, Payroll and Finance.

The on-going revenue costs of the system for the life of the contract (again based on early soft market testing) will be funded by the saving from replacing the current system.

Provision exists within the revenue budget for the costs of the current system. Early analysis indicates there should be efficiency savings in replacing the current systems with the new solution but this will be further refined following submission of tender responses and developed in the Full Business Case.

On current estimates there is likely to be a period of parallel running costs which will mean additional one-off costs in the short term. These are currently being assessed, but will be an essential component of this transformation programme and can be funded from within the capital estimate, as part of the Flexible use of Capital Receipts.

Finance Business Partner: Mike Pilcher, Finance Business Partner. 21 March 2018

Corporate Strategy alignment:

The Corporate Strategy describes the aspirations for the future organisation, one where we innovate and improve, ensuring the council is one that people are proud of and which delivers its priorities to high standards.

This project is an enabler for this priority and will help the council’s systems become more efficient and improve the quality of its workforce data.

Legal Advice:

The procurement process being followed is the ‘competitive procedure with negotiation’, in accordance with the rules described in The Public Contracts Regulations 2015 (PCR 2015) and Crown Commercial Service guidance. This is a new approach for the council, but legal advice has been given in respect of its appropriateness for this procurement process. The procurement timescales are very tight, and in that sense less than optimal in terms of the development of documents and the period for negotiation with tenderers, but are otherwise compliant with the requirements of PCR 2015 and are achievable. There are no legal impediments preventing the council from awarding a contract in due course. Certain information

in the business plan (set out in Appendix J1 and J2) is information relating to the financial or business affairs of the Council which should not be made public at this time.
Legal Team Leader: Eric Andrews. Team Leader 21 March 2018
Implications on ICT: There are a number of IT implications for this initiative, including use of Software as a Service or cloud based hosting, integration with other applications, use on mobile devices, ongoing support requirements and GDPR and data protection compliance. These have been addressed within the functional and non-functional requirements. The project has already engaged with Business Change and IT services and will continue to do so
ICT Team Leader: Ian Gale, Head of IT. 19 February 2018
City Benefits: A new HR and Payroll system will not directly impact the citizens of Bristol. However it will provide more accurate data on the workforce and help us identify the gaps in our demographics and help inform our workforce planning process to ensure the workforce reflects the city it serves. Managers will also be able to do more self-serve and keep a more up to date record of their welfare and performance conversations with their teams.
Consultation Details: Resources Directorate Leadership Team; Corporate Leadership Board; Cabinet Member Cllr Cheney; Delivery Working Group; peer review by PWC who are undertaking a future state review of ICT

DLT Sign-off	Denise Murray	16 February 2018
SLT Sign-off	Corporate Leadership Board	20 February 2018
Cabinet Member sign-off	Cllr Craig Cheney	19 February 2018
For Key Decisions - Mayor's Office sign-off	Mayor	5 March 2018

Appendix A – Further essential background from the Business Case	YES
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment – Exempt Appendix J2	YES
Appendix E – Equalities screening / impact assessment of proposal -	YES
Appendix F – Eco-impact screening/ impact assessment of proposal -	NO
Appendix G – Financial Advice	
Appendix H – Legal Advice	NO
Appendix J – Exempt Information - for reasons of commercial sensitivity J1 Estimated costs of delivery and contract J2 Risk log	YES