

EXECUTIVE BOARD DECISION



REPORT OF: Executive Member for Digital and Customer Services,
Executive Member for Finance and Governance

LEAD OFFICERS: Director of HR, Governance and Engagement (MO),
Strategic Director of Resources (SIRO)

DATE: Thursday, 8 April 2021

PORTFOLIO(S) AFFECTED: ALL

WARD/S AFFECTED: (All Wards);

KEY DECISION: Y

SUBJECT:

EB Replacement HR & Payroll System Procurement Decision

1. EXECUTIVE SUMMARY

This report is to advise the Executive Board on the procurement of a replacement HR and Payroll system and to seek approval to award the contract to the successful bidder with the associated financial implications.

2. RECOMMENDATIONS

That the Executive Board:

- Further to the approval of the Capital Programme at Finance Council in March 2021, the Executive Board is asked to approve the reallocation of £716,000 from the earmarked ICT Capital Reserve, to commence the programme of works to replace the Council's current HR and Payroll system.
- Approves the awarding of the contract to the successful bidder
- Notes the potential additional modules that may be implemented

3. BACKGROUND

The Council previously entered into a contract for its current HR system on the 10th March 2014 which was for up to an 8 year period with the current contract due to end in March 2022. The current solution is hosted in the Council's data centre, over recent years the market has seen a shift from on premise solutions to those hosted by the supplier. This has meant that suppliers are now no longer investing in on premise solutions and are implementing modules that are available to customers who move to their hosted solution. Due to the costs involved in moving to a hosted solution this left the Council with no legal alternative, but to tender for a new solution.

The department undertook soft market testing to look at the current state of the market in providing a new solution and to engage with suppliers. Following this, approval was given from the Head of Corporate Contracting & Procurement to progress via the recommended strategy for the procurement being an OJEU restricted process. This process allows for an initial pre-qualification stage (PQQ) to narrow down the number of suppliers to be invited to bid for the main tender.

PQQ Stage

62 companies expressed an interest in the opportunity with 12 responses received from suppliers; these were evaluated by a panel of senior leads. The responses were initially evaluated on pass/fail criteria in relation to exclusion grounds, economic and financial standing, insurance,

quality management and audit and information security. The suppliers then responded to 13 questions in relation to their technical and professional ability to provide the services. Based on their overall scores 5 suppliers were selected to progress to the full tender stage of the process.

Tender Stage

The tender documents asked each bidder to respond to 240 questions regarding their solution split into the following sections;

Strategic Differentiators – To address the Council's strategic aims of the project including the likes of partnership, analytics and vision.

User Stories – To address the needs of the business gathered from speaking to individuals within service areas.

Non-functional - To address IT, security and project implementation.

During the tender process 4 out of the 5 opted out of the bidding process. This was due to the likely impact of COVID, which has seen some suppliers driving down prices in the market making it uneconomical for certain providers to bid and some concerns that they would not be able to comply with the mandatory criteria within the tender.

The winning bidder provided a fully compliant tender response and currently provides HR and Payroll solutions to in excess of 1,100 customers and is a well-known provider to local authorities. The department has undertaken due diligence and engaged with other authorities who use the solution and is happy to proceed with the supplier. The contract will be for a period of 5 years with the Council having an option to extend for a further period of up to five number two-year periods (15 years in total).

The implementation of the new solution will be split into 2 phases.

Phase 1 will look to replace core functionality by the end of December 2021;

- Data migration
- Integrated HR & Payroll solution
- Recruitment & Onboarding.
- Payroll & pensions processing.
- Establishment management.
- Integration with Office 365, corporate finance system.
- External customer web portal – Customer support.
- Full manager and employee self-service including mobile app functionality.
- Self-service modules to include recruitment & onboarding, time & attendance, mileage & expenses.
- Flexible and proactive reporting and data analytics.
- Security profile for HR service users to access the solution at various levels.
- Electronic document, content and records management.
- Communication and customer feedback facility.

Phase 2 will look to review and redesign existing services to improve employee and customer experience by achieving channel shift for full manager and employee self-service and the use of AI and machine learning to complete transactional activity during Q4 or 2021 and Q1 and Q2 of 2022;

- Service redesign and enhancements from Phase 1
- Performance management
- Workforce development
- Employee relations
- Health & safety and incident management
- Organisational design & workforce planning

There are other modules available within the system which as part of the contract the department will have the option of adding to the contract, integrated learning platform, PowerBI interface, rostering & enhanced AI. These will be subject to further evaluation by the department to demonstrate return on investment before a decision is made on their implementation. Although the system has a built in recruitment module which was compliant with the Councils specification a further review will be taken in this area to compare with the applicant tracking and recruitment systems used by other authorities to ensure the correct solution is chosen for the Council moving forwards. This will be subject to a separate business case.

It is expected that the following benefits will be gained by the Council by entering into the new contract;

- Ensure that systems and data are integrated and that data and processes across systems are open and effective.
- Reducing support complexity, risks and limitations of the current system; improving disparate peripheral systems and processes by introducing standardisation and simplification of processes.
- Deliver improvements in effectiveness by removing any outstanding manual processes and 'off-line' manipulation and processing of data in spreadsheets.
- Potential options for commercialisation and shared services opportunities.
- Improve workforce planning and deployment.
- Enabling our staff to work with optimum agility and effectiveness, enhancing governance and controls and releasing front-line staff time.
- To unlock the potential of the data with better analytics informing service improvement and demand management.
- Enable real-time flexible reporting across strategic purposes
- Deliver some savings from improved working practices and further automation of processes.
- Standardise work processes and workflows within the departments as well as standardising data as much as possible to enable sharing of information more easily between teams and reducing keying of data as well as creating consistent management information.
- Provide an opportunity to reset management culture, through the reinvestment of HR resource saved in to proactive support to managers and better analysis of workforce MI to shape future workforce needs.
- Improvement to the whole recruitment and on-boarding process from start to finish. From the posting of the first job advert to interviews, provision of welcome packs, and the creation of training plans, Employee on-boarding helps organisations to build engaging relationships with new recruits from the start. This helps drive up retention rates through a more thorough process that makes people immediately feel part of the organisation and is known to increase retention levels.
- Deliver access to real-time data insights, trends and clear visualisations of HR and payroll information, empowering better decisions across the organisation based on accurate and easily understood information
- Time & Attendance - The Time and Attendance module can make life easier for employees and HR managers through simplified, faster management of time sheets, complex work patterns, time off in lieu (TOIL) and so on.
- HR Chatbot - The HR Chatbot module is a digital assistant that will give employees fast answers to HR queries.
- The introduction of single-sign on and the use of the HR platform to improve employee communication and engagement.

4. KEY ISSUES & RISKS

- The current contract ends in March 2022 and therefore the new system needs to have a "Go Live date" prior to 1st April 2022.
- Suppliers are no longer investing in on premise forcing a move to cloud hosted solutions.

- The current on premise solution is based on infrastructure where there is a skills shortage in the market and is therefore difficult to support moving forwards. Moving to a cloud hosted solution puts this onus on the supplier freeing up internal resource time.

5. POLICY IMPLICATIONS

The project will enable the Council to harness the opportunities that digital offers to drive improvement across services and staff experience. It will unlock further potential efficiencies within our workforce by giving them the right tools, systems and skills to drive change. Decisions will be increasingly driven by high quality data.

6. FINANCIAL IMPLICATIONS

The Capital costs are made up of supplier module / implementation costs, internal IT project costs, backfill for HR staff and a 10% contingency.

The current system support costs are less than those required for the new solution, the remainder of the support costs will be made up by savings across the resources portfolio.

7. LEGAL IMPLICATIONS

The procurement process used complies with the regulations of the Council's Contract and Procurement rules and the Public Contract Regulations 2015.

All contracts and contract variations will be in a form approved by legal officers in the Contracts and Procurement team.

8. RESOURCE IMPLICATIONS

It is estimated that a considerable amount of internal resource will be required to implement the new system, some staff will require backfill within the HR and Payroll function, for other staff this will be built into existing work plans.

Backfill for HR project Team

Grade	Posts	Duration (months)
E	6	12
H	2	12

IT Project Team

Role	Grade	FTE
Service Desk	F	0.1
Operations Analyst	H	0.1
Business Analyst	I	0.6
Project Manager	I	0.8
Systems Specialist	I	0.64
Technical Manager	J	0.02

9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below.

Option 1 Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision.

Option 3 In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision.

10. CONSULTATIONS

Consultations have already taken place within the Council with representatives from portfolios being invited to participate in the tender scoring. As the project progresses further consultations will occur with service users and schools.

11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published on the day following the meeting.

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DATE:	25/03/2021
BACKGROUND PAPER:	None