

POLICY & FINANCE COMMITTEE

25 JUNE 2020

HR AND PAYROLL SYSTEM UPDATE

1.0 Purpose of Report

- 1.1 To advise Members of the current position with regard to the contract with Access UK Limited who currently support and maintain the Council's HR & Payroll system.
- 1.2 To seek authority to enter into a contract with Access UK Limited until June 2022.

2.0 Background Information

- 2.1 The Council currently delivers its HR & Payroll provision through a system procured in 2003, which went live during January 2004 with the 'Selima' product. This product has served the Council well in the 16 years of operation and has always met requirements that the Council has asked of it, including but not limited to, updates in legislative changes and the evolution of more sophisticated and efficient processing ability.
- 2.2 The original 5-year contract ended in 2008. Since this point in time Contract Procedure Rules have been exempted, in order to waive the need for procurement exercises and enable further contract extensions. It was concluded that the financial cost of moving to another provider (in both capital expenditure and in-house resource terms) together with the benefits accrued from the relationship formed with the existing provider, outweighed the benefits of running an open competitive process.
- 2.3 The current contract ends during January 2021. The anticipation was that by this point in time, a procurement exercise would have been completed and implementation of a new system be underway.
- 2.4 During July-October 2019 a tender document had been worked up in anticipation of publishing during November 2019. The tender document is substantially complete, albeit the document needs to be reviewed prior to publication. ICT input to cover off ICT mandatory requirements is also required.
- 2.5 However, over the most recent months Financial Services has needed to focus its resource on facilitating the reintegration of Newark and Sherwood Homes into the Council. Newark and Sherwood Homes had recently changed their Financial Management System and there were many errors within the system, which needed to be resolved in order for the Council to consolidate into its financial position. This therefore had to take priority to ensure the integrity of the financial management system and financial reporting. This therefore pushed the timeline back into 2020 to start the procurement exercise for the HR and Payroll system.
- 2.6 The impacts of COVID-19 have then taken precedence and as such, work priorities have again had to be re-prioritised and the procurement exercise has not been progressed.

- 2.7 As the new procurement exercise will inevitably lead to a contract that is larger than the current EU threshold, an OJEU compliant process would need to be completed. In order to be a compliant process it is anticipated that this could take circa 3 months in order to complete due to the normal period between publication of contract notice and receipt of tenders, followed by a period of evaluation and due diligence, and a mandatory 10 day standstill period.
- 2.8 Should the Council then award the contract to a new provider, a start date of January 2021 (when the current contract expires) would now leave insufficient time for the smooth implementation of a fundamental system change for the Council. The HR and Payroll system is integral to the Council's business operations and system failure would expose the Council to risk of financial loss and reputational damage, as well as having a significant impact on staff.
- 2.9 In accordance with the Contract Procedure Rules, Committee approval is now required if the contract is to be extended further.

3.0 Proposals

- 3.1 The Council has had initial discussions with the Access Group regarding an extension to the current contract. This would be in the form of a 2-year extension from 1 July 2020. This would therefore run to 30 June 2022, by which time the Council will have had sufficient time to procure and implement a new system (whether that be an upgraded product with the existing provider, or a new provider altogether).
- 3.2 The proposed contract is at an increased cost of £35,341 per annum, which is an increase from the current cost of £23,560 per annum. This increased cost is due to the system being phased out by the software providers and therefore represents an acknowledgement from the Council that there will need to be some investment from the Access Group in order to maintain this system.
- 3.3 It is proposed that the procurement exercise will begin in December 2020, which will ensure that there is sufficient time in order to complete the implementation with ample time for parallel running to be completed also.
- 3.4 Approval is sought for the Council to enter into a new contract, from 1 July 2020 for a period of two years, the total value equating to £70,682. Committee is asked to approve a Contract Procedure Rules exemption from following a competitive process (seeking three competitive quotations). Following on from approval of this approach, the Council will still adhere to its other obligations under the Contract Procedure Rules; it will contact Welland Procurement to publish a Contracts Finder Award Notice and arrange for the internal publication of the contract details on the Council's Contract Register (available publicly on ProContract).

Risks

- 4.1 There is a risk that other providers in the market will query any decision not to follow a competitive process. The purpose of this report is to set out, for transparency, the Council's reasons, and to confirm that a competitive process will be undertaken going forward.

5.0 Equalities Implications

5.1 Equalities impact assessments will be completed where appropriate for activities taking place within this project.

6.0 Financial Implications (FIN20-21/3872)

6.1 The current value of the contract is budgeted for within the existing budget provision.

6.2 The additional annual £11,780 can be contained within existing budget provision by releasing budget from within agency costs from financial services.

7.0 Community Plan – Alignment to Objectives

7.1 The proposals in this report align with the Council's objectives to adopt a commercial, business-like approach, given the continuity risks to service delivery for the Council and ensures value for money.

8.0 RECOMMENDATIONS that:

- (a) an exemption to the Contract Procedure Rules be approved in order to enable the Council to enter into a contract extension with Access UK Limited from 1 July 2020 for a period of 2 years at a total cost of £70,682; and**
- (b) the Council commence a procurement exercise for the provision of its HR and Payroll system by December 2020.**

Reason for Recommendations

To ensure continuity of the Council's HR and Payroll system and a smooth transition to a new system and/or provider.

Background Papers

Nil.

For further information please contact Nick Wilson on Ext.5137.

Sanjiv Kohli
Director – Resources and Deputy Chief Executive