

INDIVIDUAL CABINET MEMBER DECISION

Procurement of HR and Payroll System

Joint Report of Chief Officer - People and Policy and Chief Officer – Resources.

PURPOSE OF REPORT			
Lancaster City Council's current contract for the HR and Payroll system will expire in March 2025. It requires a procurement exercise to secure provision of these services when the contract ends for this business critical contract. The value of the contract requires a Key Decision approval to proceed.			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date of notice of forthcoming key decision	23 September 2024		
This report is public			

RECOMMENDATIONS

- (1) Permission to proceed with the procurement as this is a business critical contract.
- (2) Following approval and completion of a successful procurement exercise the delegation of award of contract to the Chief Executive

1.0 Introduction

- 1.1 The contract for the council's current HR and Payroll system runs until March 2025 after which time it needs to be renewed if employee and members are to be paid after this date.

Implementation of 'Selfserve' which the current HR and Payroll system facilitates, has not only truly transformed payroll and HR processes but resulted in a massive cultural shift, empowering managers and employees to engage with modern, efficient and multi device accessible technologies. This has resulted in an enhanced customer experience and provision of management information through the Managers dashboard

Since the introduction of the current HR and Payroll system users are now able to view their payslips via the employee portal, request leave digitally, update their details (including bank details) submit expense requests and managers are able update absences for employees (including the monitoring of sickness) and to submit change of contract requests all held digitally rather

than via paper forms making the processes much more efficient, quick and reliable.

Further work is scheduled to be carried out to hold case management information centrally on the system, overtime and time and attendance modules.

- 1.2 The system is also instrumental in some of the back end administration processes and data analytics with its reporting and Power BI tools. The data analytics available are critical in ensuring the productivity of the organisation; by understanding our people we can make evidence based decisions, in relation to issues across the employee lifecycle, such as improving performance, wellbeing, inclusion, and so on.

2.0 Proposal Details

- 2.1 It is proposed that approval is given to conduct a procurement exercise for the contract of the HR and Payroll system so that there is no break in service therefore avoiding any potential issues in paying employees and members.

The contract would be for 36 months (with an option to a 12 month extension). The current contract cost per annum is £86,326 before VAT per annum (this figure includes maximum indexation uplift charges) this covers the annual licence fee, hosting, annual support and maintenance and 5 prepaid consultancy days. The procurement process not only will ensure continuation of vital services but is also an opportunity to get a better deal for the council whether through a better financial package or through other means such as more modules included in the package, higher levels of customer support/training etc.

3.0 Details of Consultation

- 3.1 Procurement is aimed to be through using a Framework via the Crown Commercial Service. The preferred option will be G-Cloud 14, however this will not be opened for use until November 2024. This option is preferred as this allows for the required competition to take place, evaluation criteria to be set, as well as pre-agreed terms and conditions making the process fair and open but also the quickest option to procure to ensure there is no disruption in service.
- 3.2 There is also an Open Procurement route option, however this will potentially be a longer process and cumbersome if numerous bids are submitted. There is also a risk on whether the current provider or a provider that would meet the Council's needs would submit a tender. The rates offered through the tender process also may not be as favourable as the Framework option.

4.0 Options and Options Analysis (including risk assessment)

	Option 1: Agree to begin process of procurement of HR and Payroll System Contract using the Framework	Option 2: Agree to begin process of procurement of HR and Payroll System Contract using the Open Tender process	Option 3: Do nothing
Advantages	<ul style="list-style-type: none"> • Assurance of continuity of service for a business critical system • Can reduce the timescales for the procurement process • Potential favourable contract terms (eg of tools and modules etc) • Benefit from discounted rates. • Have pre agreed terms and conditions which we can choose to add to by way of special/additional terms • Due diligence has been carried out on the suppliers to onboard them to the framework • Direct award would enable additional efficiencies as does not need a full tender exercise 	<ul style="list-style-type: none"> • Any party interested can submit a tender • One stage procedure 	No advantages
Disadvantages	None	<ul style="list-style-type: none"> • No negotiation with bidders is permitted • Apart from basic due diligence /disqualifying defective tenders there is no mechanism to filter out suppliers first • All bids will need to be evaluated which 	<ul style="list-style-type: none"> • No guarantee of continuity of service with current provider without an agreed new contract. <p>Potentially premium prices to continue service with current provider with no new contract</p>

		could be cumbersome if numerous bids are submitted and potentially increase the timescale of the project.	Not adhering to the Council's Procurement Policy and Framework
Risks	None	<ul style="list-style-type: none"> • Current supplier may not submit a tender which may cause a break in service risking that Employees and Members will not be paid if there is no HR and Payroll system. • Process may be quite long and cumbersome depending on the number of bidders so may go past the current contract end date of March 2025. Risking a break in service and potential pay issues • No tenders are received. In which case alternative procurement method would be required and risks a break in service and potential pay issues. • Tenders only received from organisations that cannot fully support the Council's requirements and needs for the HR and Payroll system In which case alternative procurement method would be required and risks a break in service and potential pay issues. 	<ul style="list-style-type: none"> • Employees and Members will not be paid if there is no HR and Payroll system.

5.0 Officer Preferred Option (and comments)

- 5.1 Option 1 agree to begin procurement of new contract for HR and Payroll system via a Framework. As this is a business critical function if this contract is not procured before the current contract expires there is a high risk that this will impact on the council's ability to pay its Officers and Members and that it is on time and they are paid correctly through the various tools it holds (eg contract changes, leave management, expenses etc).

6.0 Conclusion

- 6.1 This is a business critical system which will have significant consequences to paying Officers and Members if a contract is not procured to ensure continuity of service.

RELATIONSHIP TO POLICY FRAMEWORK

The contract is for the provision of HR and Payroll software across the council. This software enables the council to meet its statutory obligations with regards to Payroll and HR monitoring and reporting

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)

N/A

LEGAL IMPLICATIONS

Legal have been consulted and will be involved in the procurement process.

FINANCIAL IMPLICATIONS

The current contract cost per annum is £86,326 before VAT per annum (this figure includes maximum indexation uplift charges) this covers the annual licence fee, hosting, annual support and maintenance and 5 prepaid consultancy days.

OTHER RESOURCE IMPLICATIONS

Human Resources:

This is a Business Critical system for Human Resources as it enables the ability to store employee personal information, pay information, absence monitoring, post and hierarchy data. It also assists with the day to day functions within the team for contract changes, recruitment and the general employee lifecycle at the Council.

Information Services:

Information Services will be consulted and involved once the procurement exercise has been completed. The SOR will stipulate the need for the provider to have secure features (eg multi factor authentication for access etc) to protect the data held with it being sensitive and personal data.

Property:

N/A

Open Spaces:

N/A

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has been consulted and has no further comments to add

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments to add

BACKGROUND PAPERS

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