

Report to CABINET

Human Resource Payroll Business System

Portfolio Holder: Cllr Jabbar, Deputy Leader: Cabinet Member for Finance and Corporate Resources

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25 March 2019

Reason for Decision

To approve the procurement and implementation of a new proprietary Human Resources Payroll System.

Executive Summary

The provision of Transactional HR and Payroll Services to Oldham Council, MioCare, Oldham schools and academies is delivered across two discrete systems.

To meet the ambition of the Council and its strategic partners we are implementing a single system predicated on next generation technology on a cloud based architecture that aligns with our IT and digital strategy, enables greater efficiency and effectiveness in the delivery of support services and creates opportunity for growth of HR and payroll as a traded service in the future.

Recommendations

It is recommended that Cabinet:

1. Approve the activity to procure, design, develop, test and implement next generation technology to facilitate the delivery of efficient and effective HR and Payroll business processes.

Human Resource Payroll Business System

This report sets out the proposal to procure and implement a line of business system, one element of the first phase of a programme of activity to redesign the transactional HR and payroll service and the transactional business processes that are administered by it.

Phase 1 of the programme will incorporate all payrolls and HR processes delivered through Unity Partnership, namely schools, MioCare, academies and Oldham Council.

1 Background

- 1.1 After the Council acquired Kier shares in Unity, a review of HRP Systems was carried out. Issues were identified restricting the delivery of transactional HR and Payroll services in line with the Council's ambition due to technology limitations.

2 Current Position

- 2.1 Following research and market evaluation, the preferred option is to replace all current software applications with one HRP application for Transactional HR and Payroll, to redesign the service based around the modern functionality.
- 2.2 HRP Programme initiation has commenced, design principles, objectives, a governance structure, resource profile and high level plan have been developed to scope out the initial phase of activity. The HRP Programme will be governed within a wider Programme structure to ensure it is implemented in a cohesive manner.
- 2.3 Phase 1 is defined as migration to a single HRP system, provided via software that is externally hosted, to replace the current systems that are currently hosted on the Council's IT infrastructure. The services that will be redesigned are core HRP, employee and managerial self-service. The business capabilities that will be enabled include subsistence and expenses, timesheets, absence and leave, variations, leavers and starters etc. We will seek to maximise the opportunities enabled by the newly installed integration layer to facilitate improved business and management information.
- 2.4 This will be delivered to the Council, its customers – schools, academies, and MioCare.
- 2.5 The target delivery date of Phase 1 is by December 2019.
- 2.6 Future phasing will include cultural and operational improvements and efficiencies, for example improved sickness and absence management and enhanced onboarding outcomes, through improved processes, policy deployment and integration as described at 2.3 above to other key HR systems such as Learning and Development and People management.

3 Options/Alternatives

- 3.1 The following options were considered during the review;

Option	Advantages	Disadvantages
1. Do nothing		<ul style="list-style-type: none"> Limited functionality of systems results in high levels of manual processing Enterprise level functionality restricts ability to realise wider ambitions of the new People Programme
2. Consolidate to one of current systems	<ul style="list-style-type: none"> Operational knowledge and experience of delivering payroll on system 	<ul style="list-style-type: none"> Enterprise level functionality restricts ability to realise wider ambitions of the new People Programme
3. Outsource to 3 rd party – Managed Service	<ul style="list-style-type: none"> Reduction in delivery costs to industry standard A referenceable, mature service may provide quicker time to value 	<ul style="list-style-type: none"> Investment outside Oldham for delivery of operational services Loss of control of service provision Contractual restrictions impact agility and responsiveness of the service respond to changing demands
4. Procure & Implement new proprietary HRP System	<ul style="list-style-type: none"> Reduction in delivery costs to industry standard Ability to build strategic capabilities/assets around the provision of HRP to trade Maintain control of provision 	<ul style="list-style-type: none"> Transformational change of service Redundancies Loss of posts & redundancy costs

3.2 As the first 2 options do not address the basic requirements of the organisation they were discounted during the evaluation stage of the review.

4 Preferred Option

4.1 Soft market testing / pre-market engagement looking at both managed service and system implementation options has been undertaken:

- A managed service has been discounted due to high costs, low benefit return and lack of ability to keep the operation locally.
- A new HRP system implementation allows the organisation to take advantage of efficiencies across all functions whilst retaining control in house.

Therefore, Option 4 is the preferred option.

5 Consultation

5.1 The proposed Programme has been reported into both the Strategic Design Support Group and Strategic Design Authority and has received support. The report received the support of the Councils Capital Investment Programme Board on 21st Feb 2019 and Leadership on 11th March.

5.2 The appropriate portfolio lead has been briefed.

5.3 An Assurance process has been undertaken with representatives from all key Council groups – Audit, Legal, Finance, People Services and Information Governance.

5.4 Procurement ICT and legal services all fully engaged and aware.

6 Financial Implications

The Programme to deliver a new Human Resources Payroll System is aligned with the priorities set out in the 2019-20 capital strategy. Due to the risks and issues associated with

existing payroll technology (as detailed in the report), it is proposed that replacement technology is sourced and implemented.

Following the special meeting of CIPB on 21 February 2019, provision for financing the programme can be made within the capital programme by utilising existing general provisions for ICT projects.

6.1 **Revenue Implications**

Contained within the report in the restricted part of this agenda. (Andy Moran and Nicola Harrop)

7 **Legal Services Comments**

- 7.1 Any procurement requires to be compliant with the Public Contracts Regulations 2015 and the Council's Contracts Procedure Rules. (Paul Entwistle)

8. **Co-operative Agenda**

- 8.1 The implementation of the HRP system will act as the catalyst, to improve the efficiency of Transactional HR, payroll and pensions, enabling a reduction in operational costs whilst providing an enhanced service to employees across Oldham Council, local schools and academies, MioCare and Unity Partnership.

9 **Human Resources Comments**

- 9.1 The current HRP Systems will not provide an efficient and effective solution going forward and a replacement system is a necessity.
- 9.2 The approach will also enable further future development from the adoption of Recruitment/Talent/Learning and Development modules but these are not yet in the scope of this Programme. (Martyn Bramwell)

10 **Risk Assessments**

Contained within the report in the restricted part of this agenda. (Mark Stenson)

11 **IT Implications**

- 11.1 It is envisioned that the system will be procured on a Software as a Service basis, which means this software will be hosted by the provider, externally to Oldham Council. The advantages of this model is that it enables cloud access to all functionality and data; that the provider undertakes all upgrades to the system – including statutory and legislative as well as improved functionality in a timely and proven manner included within the annualised licensing cost.
- 11.2 The technological and data requirements, in order to meet ours and statutory standards and compliance levels are specified within the High level procurement requirements.
- 11.3 The intention is to procure via the G Cloud Framework, which is administrated by Crown Commercial Services. This should make it easier for Information Governance and the commercial and legal assurances to be sought and agreed by the Programme. (Richard Holt)

12 **Property Implications**

- 12.1 None

13 Procurement Implications

13.1 The Crown Commercial Services RM1557 G-Cloud10 framework has been chosen as the vehicle for procuring the new HRP system. The call off contract will have an initial duration of 24 months, with 2 extensions allowed, each of up to 12 months. The contractual terms and conditions offered through GCloud10 meet our contracting requirements and offer termination by convenience clauses. It facilitates a resilient, robust and proven procurement process, and also allows a relatively fast appointment (3-4 weeks from commencement of procurement activity). (Senga Henstock)

14 Environmental and Health & Safety Implications

14.1 None

15 Equality, community cohesion and crime implications

15.1 None

16 Equality Impact Assessment Completed?

16.1 No

17 Key Decision

17.1 Yes

18 Key Decision Reference

18.1 FCR-02-19

19 Background Papers

19.1 No additional papers

20 Appendices

20.1 Full Business Case contained within the report in the restricted part of this agenda.
