



**Report for:
ACTION**

Item Number:

Contains Confidential or Exempt Information	NO
Title	Contract for HR and Payroll IT System
Responsible Officer(s)	Liz Chiles, Director of HR & OD
Author(s)	Andrew Scully, HR Business Partner and Head of HR Operational Services
Portfolio(s)	Councillor Bassam Mahfouz – Finance and leisure
For Consideration By	Cabinet
Date to be Considered	Tuesday 20 th April 2021
Implementation Date if Not Called In	Tuesday 4 th May 2021
Affected Wards	All
Keywords/Index	

Purpose of Report:

To seek Cabinet approval to conduct a call off exercise from the Crown Commercial Services (CCS) G-Cloud 12 framework for the provision of a HR and Payroll IT System and associated managed service. In accordance with the rules of this framework, this would be for a duration of 2 years plus two 1-year extensions.

1. Recommendations

It is recommended that Cabinet:

1.1. Authorise the Director of HR & OD to conduct a call off exercise from the Crown Commercial Services (CCS) G-Cloud 12 framework and award a contract for the provision of a HR and Payroll IT System and associated managed services. In accordance with the rules of this framework, this would be for a duration of 2 years plus two 1-year extensions. The value of the current contract is £499,768.72 over a 2 year period which will be fully met from existing service budget.

2. Reason for Decision and Options Considered

2.1. There is a clear business need for a HR and Payroll IT System due to the significance of its service provisions.

2.2. An average of 16,500 people are paid and circa £22m processed by the “System” monthly. This system contract is critical to the business to manage

payroll, pensions, recruitment, absence management, employee self-service and people management by managers.

3. Key Implications

- 3.1. On 23rd March 2010 Cabinet agreed to award the contract for the Provision of a corporate Human Resources (HR) IT System and Associated Managed Service (the “System”) to Midland Software Limited for a period of ten years commencing on 25 July 2010.
- 3.2. The contract provided an integrated Payroll and HR Information System (the “System”) providing functionality including but not restricted to: maintenance of organisations and posts; maintenance of records for all LBE workers including LBE Employees, Teachers and Administrative staff at LBE Schools and Pensioners; maintaining a history of workers in posts; entering expenses claims; payroll processing; E-Recruitment; Employee and Manager Self-Service; provision of management information; interface with Finance and other systems; and appropriate security and audit trail.
- 3.3. The original contract was entered into in 2010 and renewed in 2017 on the basis of entering into a contractual and working relationship that was based on a practical, disciplined, fact-based approach combined with a genuine intention to achieve a long-term, transparent partnership achieving mutual benefit and offering Ealing value for money for the services delivered by the tenderer.
- 3.4. In 2010 tenderers were encouraged to provide innovative solutions such that both Ealing and the tenderer could employ commercial and operational methods where the methods were mutually beneficial and sustainable for the duration of the contract.
- 3.5. On 17th October 2017 Cabinet authorised the Director of HR & OD to proceed with an extension of the HR and Payroll system contract for a further three years from 21 February 2018 to 20 February 2021 as allowed under the contract, with the current supplier, Midland Software Limited.
- 3.6. On 27th December 2019 the Director of HR & OD a direct award was made to Midland Software Limited by way of a call off from the Crown Commercial Service (CCS) G-Cloud 11 framework for the period 31st December 2019 to 30th December 2021. When the contract was awarded effective from 31st December 2019 case management, pensions data service and mobile modules were bought. Time and effort have been invested in developing the case management module to enable better management information reporting on employee relations cases so that there is the reporting of management information including on protected characteristic information to meet strategic equalities and to meet organisational objectives. The pensions data service module is being developed and increasingly being utilised. The mobile module allows users to access the “System” on PCs, laptops, tablet devices and mobile telephones 24/7/365.
- 3.7. The current contract is for the 24 months from 31.12.2019 to 30.12.2021. The Order Form was issued under G-Cloud Framework Agreement (RM1557.11).

The Call-Off Contract is for the provision of Services under: Lot 2 – Cloud software. The G-Cloud Services provided under the Lot are: Hosting of iTrent; iTrent software modules and SAP Business Objects for a maximum of 8,000 employee and 8,500 pensioner records.

- 3.8. Ealing Council is a large organisation with circa 8,000 employees (this includes employees based in Schools), circa 8,500 Pensioners as well as outside organisations i.e. Greener Ealing Limited (GEL), Broadway Living Limited (BL) and Academy Schools etc. As for any organisation of this size, it is essential to have a corporate HR IT System and Associated Managed Service to provide HR/employment services to employees, managers and the organisation.
- 3.9. The requirement for a “System” cannot be eliminated because any large organisation such as LBE with circa 8,000 employees (this includes employees based in Schools) and circa 8,500 Pensioners needs to have a “System” to provide HR/employment services to employees, managers and to the LBE organisation.
- 3.10. An average of 16,500 people are paid and circa £22m processed by the “System” monthly.
- 3.11. The “System” is used by employees & managers of LBE and pensioners daily. The “System” links to LBE finance and other organisations e.g. First Care (LBE’s Nurse led absence management reporting system) systems. The “System” is used through manager and employee self-service. The “System” is web based and available 24/7/365 from anywhere in the world. The “System” is well established in LBE and easy to use with simple online processes. The “System” provides essential HR/employment related management information.
- 3.12. The current contract ends on 30.12.2021.
- 3.13. A new contract is required from 31.12.2021.
- 3.14. The preferred procurement route would be to procure a new contract through Crown Commercial Services (CCS) G Cloud framework. ESPO are currently tendering for HR and payroll software however the contract is not due to start until August 2021.
- 3.15. Suppliers shortlisted through G Cloud will be assessed using the Most Economically Advantageous Tender (M.E.A.T) process to evaluate multiple suppliers against pre-determined criteria. Considerations to ensure best fit will be based on: whole life cost, cost effectiveness and running costs; technical and functional merit; and value for money.
- 3.16. Approval is required from Cabinet approval to conduct a call off exercise from the Crown Commercial Services (CCS) G-Cloud 12 framework for the provision of the HR and Payroll IT System and associated managed service.

4. Financial

- 4.1. The ICT (CIO) and Property Services department are currently responsible for paying the annual licence fee for circa 16,500 users, with an annual cost of £0.250m. This is funded through budget held by the service.
- 4.2. Any increase in annual contract costs will be managed through a combination of the following to release both cashable and non-cashable savings to ensure that any new contractual arrangement is fully funded from existing service budgets;
 - negotiations with the successful supplier;
 - charging for increased licence costs provided to other parties (i.e. Greener Ealing Limited {GEL}, Broadway Living {BL} and any new Schools purchasing services etc); and
 - reviewing existing contractual arrangements to see if services/modules can be decommissioned if no longer required i.e. paper payslips etc
- 4.3. Savings will be sought through negotiations with suppliers on the Crown Commercial Services (CCS) G-Cloud 12 framework.
- 4.4. Further cashable and non-cashable savings will also be explored.

5. Legal

- 5.1. The Crown Commercial Services (CCS) G Cloud 12 framework has been procured in accordance with the Public Contract Regulations 2015. The call off exercise will be conducted in accordance with the rules of this framework which limits the term of the call off contract to a duration of 2 years plus two 1-year extensions.

6. Value For Money

- Savings will be sought through negotiations with suppliers on the Crown Commercial Services (CCS) G-Cloud 12 framework.
- Further cashable and non-cashable savings will be explored.
- Considerations to ensure best fit will be based on: whole life cost, cost effectiveness and running costs; technical and functional merit; and value for money.
- SLA reviews.
- Spend reviewed and monitored by the HR & OD Department.
- Any increase in annual contract costs will be managed through negotiations with the successful supplier, charging for increased licence costs (i.e. Greener Ealing Limited {GEL}, Broadway Living {BL} and any new Schools purchasing services etc) and reviewing existing contractual arrangements to see if services/modules are no longer required i.e. paper payslips etc
- The contract will be managed by the Director of HR & OD, HR Business Partner and Head of HR Operational Services and other staff in the HR & OD department. Regular contract review meetings will be held with the

supplier to ensure the contract is achieving the KPIs set and address any issues that arise.

- In addition, and with the support of the Commercial Hub HR & OD will carry out an annual benchmarking exercise to certify the council is receiving value for money.
- The contract performance information will be shared with the Joint Contracts Board (JCB) on a regular basis.

7. Sustainability Impact Appraisal

Not applicable.

8. Risk Management

No risks have been identified by using the Crown Commercial Services (CCS) G-Cloud 12 framework.

9. Community Safety

None.

10. Links to the 3 Key Priorities for the Borough

None.

11. Equalities, Human Rights and Community Cohesion

An EAA was attached as Appendix 2 to the Cabinet report dated 17th October 2017. The contents of this EAA still apply.

12. Staffing/Workforce and Accommodation implications:

None.

13. Property and Assets

There are no property implications.

14. Any other implications:

No other implications.

15. Consultation

Please see Consultation tables below.

16. Timetable for Implementation

The new contract is required to be effective from 31st December 2021.

17. Appendices

None.

18. Background Information

Cabinet report dated 15th September 2009.

Cabinet report dated 23rd March 2010.

Cabinet report dated 17th October 2017.

Consultation

Name of consultee	Post held	Date sent to consultee	Date response received	Comments appear in paragraph:
Internal				
Liz Chiles	Director of HR & OD	10.03.2021		
Helen Harris	Director of Legal and Democratic Services	10.03.2021		
Ross Brown	Chief Finance Officer	10.03.2021		
Shabana Kausar	Assistant Director – Strategic Finance	17.03.2021	17.03.2021 and 08.04.2021	1, 4.1 and 6
Lara Balogun	Payroll & iTrent System Manager	10.03.2021		
Chuhr Nijjar	Senior Contracts Lawyer	10.03.2021	08.04.2021	Throughout
Darren Sullivan	Category Lead	10.03.2021		
Anita Hamilton	Finance Business Manager	10.03.2021		

Report History

Decision type:	Urgency item?
Key decision	No
Report no.:	Report author and contact for queries: Andrew Scully, HR Business Partner and Head of HR Operational Services. 020-8825-6930.