

**REPORT TO:** Executive Board

**DATE:** 18th October 2012

**REPORTING OFFICER:** Strategic Director - Policy and Resources

**PORTFOLIO:** Resources

**SUBJECT:** HR/Payroll Integrated Computerised System

**WARDS:** Boroughwide

## **1.0 PURPOSE OF THE REPORT**

- 1.1 To request that the Executive Board agree to a waiver of Standing Orders as outlined within this report to extend the existing contract with Midland Software Limited to provide and support the HR/Payroll system Trent6 for a further period of up to 18 months.
- 1.2 To request that the Executive Board authorises the Strategic Director Policy and Resources to acquire the web-based upgraded version of Trent (iTrent).

## **2.0 RECOMMENDATION: That**

- 1) **the Strategic Director - Policy and Resources be authorised to enter into a contract with Midland Software Limited to extend the existing Trent 6 (computerised human resources (HR) and payroll system), for a period of up to 18 months at an annual cost of £44,576.00. This does not include annual inflation cost and additional annual developmental increases due to the introduction of Real Time Information (RTI) related to the collection of PAYE and Pension Auto-Enrolment effective from 01 January 2013, which is being imposed on all payroll software customers. The amount of the increase is not known at this present time;**
- 2) **the tendering and contract award requirements of Procurement Standing Orders relevant to 2.1 be waived on this occasion for the purposes of SO 1.8 (c) and (d) (where compliance with Standing Orders would result in a clear financial or commercial detriment to the Council and having to forego a clear financial or commercial benefit) in light of the exceptional circumstances namely that:**
  - **the existing terms of the current contract allows for an extension;**
  - **the extension will allow for investigation of an upgraded web-based system which will realise efficiency savings.**

- 3) **the Strategic Director - Policy and Resources be authorised to enter into a contract for the supply of the iTrent computerised HR and payroll system at a cost which will be reported to Members at the meeting. The proposed contract will be for a term of five years with the option to extend for a further two years commencing within the next 18 months subject to such contract being sourced through a Framework Agreement from a Central Purchasing Body that satisfies the requirements of the Public Contract Regulations 2006.**

### **3.0 SUPPORTING INFORMATION – WAIVER OF STANDING ORDERS FOR EXTENSION OF EXISTING TRENT SYSTEM**

#### 3.1 Business Case:

An extension of the existing contract with Midland Software Limited would allow for the continuation of HR and payroll processes and, if recommendation 2.3 is approved, for the procurement process to commence in October 2012 and be implemented after April 2013.

Midland Software Limited provides full support to the System Administrator and ICT Services to guarantee the integrity of the software to enable the Council to continue to provide an accurate HR/Payroll service to its employees.

All key staff are fully conversant with the system.

The extension of the contract would be under the terms of the previous contract and the provision of the service will be agreed by the Strategic Director (Policy and Resources). These terms would be open to the full range of scrutiny and audit, both internal and external.

#### 3.2 Value for Money:

Midland Software Limited are our current provider and staff are fully trained in the use of the Trent based system.

The Divisional Manager – Human Resources and Learning and Development is satisfied that the costs appear to be in keeping with market circumstances and Halton's needs.

#### 3.3 Transparency:

The contract will be subject to scrutiny. In addition, arrangements are subject to the Freedom of Information Act and both internal and external audit procedures.

### 3.4 Propriety and Security:

Standard integrity clauses will be built into the contract document and only relevant staff will have information about the terms of the contract.

### 3.5 Accountability:

Accountability would remain with the Strategic Director - Policy and Resources and be subject to the Council's own internal and external scrutiny and that of the relevant Policy and Performance Board.

### 3.6 Position of the contract under the Public Contracts Regulations 2006:

The contract is exempt from the tender process requirements of the Public Contracts Regulations 2006 because the value of the extension contract is less than £173,934. The contract is however subject to the overarching European Community Treaty requirements of transparency and non-distortion of competition.

## **4.0 SUPPORTING INFORMATION – SUPPLY OF NEW i-TRENT**

i-Trent is a web-based HR and payroll system which will realise efficiency savings and more accurate payments and data due to its "single input" functionality.

Midland Software Limited is committed to developing the system to accommodate all statutory requirements and they are a fully accredited payroll software provider.

The current server which supported Trent6 has to be upgraded in the near future.

i-Trent is the preferred software as the operating system is comparable with Trent6.

The adoption of a new system would involve an extensive lead in period, and significant additional costs, due to the setting up of a new system, data mapping and in-depth training.

Budgetary provision is available in this current financial year for the purchase, implementation and maintenance of iTrent.

The additional annual developmental increases due to the introduction of Real Time Information (RTI) related to the collection of PAYE and Pension Auto-Enrolment will be absorbed by entering into a contract for iTrent.

## **5.0 POLICY IMPLICATIONS**

5.1 There is no policy implications associated to this report.

## **6.0 RESOURCE IMPLICATIONS**

- 6.1 The current contract (for Trent6) can continue within the existing annual budgetary provision.
- 6.2 The annual maintenance costs of iTrent are comparable to that currently paid for Trent6.
- 6.3 Budgetary provision is available in this current financial year for the purchase and implementation of iTrent.
- 6.4 There are additional modules within iTrent which are not part of this contract. Future phased additions to the contract are to be approached on an invest to save basis and will be subject to further report to the Executive Board.

## **7.0 RISK ANALYSIS**

- 7.1 Employees expect to be paid for the work carried out on behalf of the Council and therefore a reliable and tested software system is a necessity and the ability to meet the contractual obligations of the employer will be put at risk if the extension is not agreed.
- 7.2 By migrating to iTrent, the risk of disruption to the Council will be minimised.
- 7.3. The risk of unsuccessful implementation is mitigated due to the fact that there is a body of knowledge within the Council that can be used to support implementation. This will also reduce the amount of supplier support required.
- 7.4 Failure to enhance HR payroll system could result in a loss of revenue from the service level agreements with schools and existing external payroll clients.

## **8.0 EQUALITY AND DIVERSITY ISSUES**

- 8.1 None.

## **9.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

- 9.1 Other software providers have been rejected because:
  - A new supplier would significantly increase the risk of disruption to the Council
  - A new supplier would involve significant set up costs to the Council
  - A new supplier would involve establishing a project team and significant training requirements by all staff using the system
  - Timescales may not be met

## **10.0 LIST OF BACKGROUND PAPERS**

None under the meaning of the Act.