

REPORT TO: Executive Board

DATE: 17 January 2019

REPORTING OFFICER: Strategic Director, Enterprise, Community & Resources

PORTFOLIO: Resources

SUBJECT: Waiver to Procurement Standing Orders: Integrated HR and payroll system.

WARDS: Borough Wide

1.0 PURPOSE OF THE REPORT

- 1.1 To seek a waiver to Procurement Standing Orders in respect of the award of a new contract to the supplier of the Council's integrated HR and payroll system.

2.0 RECOMMENDATION: That

- 1) the report be noted; and**
- 2) the Board approves the waiving of Part 3 of Procurement Standing Orders relying on numbers 1.14.4 (iii), 1.14.4 (iv) and 1.14.4 (v).**

3.0 SUPPORTING INFORMATION

- 3.1 The Council uses an integrated HR and payroll system known in the market-place as iTrent. The system is used to maintain the Council staffing establishment, to run the Council's two monthly payrolls (Teaching and non-teaching), and to run payrolls for 21 external customers who purchase payroll services under traded SLA arrangements.
- 3.2 The iTrent contract entered into in 2013, ended on 17th November 2018. Consideration was given to market testing for a change of system, however the iTrent system is firmly established within the Council and many associated internal and external systems interface with it to produce reliable HR and payroll process outcomes. These interfaces would need to be re-engineered or replaced.
- 3.3 In addition, the 21 external customers for whom payroll services are provided, all have established processes in place tailored to their payroll administration being undertaken in iTrent. Implementing revised arrangements for transfer and receipt of pay related data would be likely to be time and resource intensive, with the potential to increase short-

term costs for all parties and make the traded service offered by the Council less competitive.

- 3.4 The contract price from the incumbent supplier (MHR International) was more competitive than the lowest available price on a pre-procured public sector framework. The iTrent system cannot be procured from any other supplier as no reseller arrangements are in place within the market.
- 3.5 By making a direct award under the Light Touch Regime to effect this procurement, the cost saving to the Council is £38,587. This is the financial benefit gained as a result of this waiver.
- 3.6 In the longer term (5 - 10 years) a change of system might deliver cashable savings, however the cost to manage any change (exclusive of product and licencing costs) is estimated to be equivalent to at least half of the five year contract cost of the incumbent iTrent system alone. This negates any immediate benefits to be gained from procuring a different but compatible HR system at a lower cost, were one available.
- 3.7 The waiver is requested on the following grounds:
 - compliance with Standing Orders would result in a clear financial or commercial detriment to the Council;
 - compliance with Standing Orders would result in the Council having to forego a clear financial or commercial benefit;
 - compliance with Standing Orders is not practical because the Councils requirements can only be delivered by a particular supplier.

4.0 POLICY IMPLICATIONS

- 4.1 There are no policy implications.

5.0 FINANCIAL IMPLICATIONS

- 5.1 The waiver enables the Council to maintain the existing operational state, delivering an efficient HR and payroll service across the Council without incurring additional costs associated with changing the system and process re-engineering.
- 5.2 The waiver enables the HR service to continue to offer consistent and uninterrupted service to customers receiving payroll services under a chargeable SLA framework, thus ensuring continuity of income.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

- 6.1 **Children and Young People in Halton**

None

6.2 Employment, Learning and Skills in Halton

None

6.3 A Healthy Halton

None

6.4 A Safer Halton

None

6.5 Halton's Urban Renewal

None

7.0 RISK ANALYSIS

The waiver enables the Council to maintain the existing operational state, delivering an efficient HR and payroll service across the Council, mitigating any risk of temporary service diminution that can be associated with large scale system and process change.

8.0 EQUALITY AND DIVERSITY ISSUES

There are no equality and diversity issues.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

None under the meaning of the Act.