

<b>Report to:</b>	Cabinet	<b>Date of Meeting:</b>	9 January 2020
<b>Subject:</b>	Procurement of Payroll System		
<b>Report of:</b>	Head of Corporate Resources	<b>Wards Affected:</b>	All Wards
<b>Cabinet Portfolio:</b>	Cabinet Member, Regulatory, Compliance and Corporate Services		
<b>Is this a Key Decision:</b>	Yes	<b>Included in Forward Plan:</b>	Yes
<b>Exempt / Confidential Report:</b>	No		

### Summary:

This report sets out the background to the Council's current arrangements for the Payroll Software System. It also seeks authority to commence a procurement exercise for the provision of a new contract for a replacement Payroll Software System.

### Recommendation(s):

- (1) That the Head of Corporate Resources be authorised to conduct either an OJEU compliant procurement process or a mini competition using an OJEU advertised Framework Agreement (e.g. Crown Commercial Services Framework RM3821) for a Payroll Software System. If an OJEU Compliant Procurement Process is used, then the proposal would be to enter into a contract for a maximum of 7 years of an initial 5 year period with an option to extend for up to 2 periods of 12 months. If a mini competition is used, then the proposal would be to enter into a contract for a period of four years.
- (2) That the Head of Corporate Resources, in consultation with the Cabinet Member for Regulatory, Compliance and Corporate Services be granted delegated authority to award the contract, resulting from the procurement exercise and to award any extension thereof.

### Reasons for the Recommendation(s):

1. The current contract relative to Payroll Software Solution is due to end on 30<sup>th</sup> September 2021.
2. To have appropriate and best value contractual arrangements in place for the Payroll function by 1<sup>st</sup> October 2021.

### Alternative Options Considered and Rejected: (including any Risk Implications)

There is no provision within the existing contract to extend beyond 30<sup>th</sup> September 2021. Consequently, a procurement exercise is required.

## What will it cost and how will it be financed?

### (A) Revenue Costs

It is anticipated that the cost of the contract for the Payroll Software System will be within the current budget available on the basis of the proposed procurement route detailed later within this report. The maximum contract is five years with an optional extension period of up to a maximum of two additional twelve month periods.

### (B) Capital Costs

**Based upon initial investigation it is not anticipated that there will be any capital costs to be incurred.**

## Implications of the Proposals:

### Resource Implications (Financial, IT, Staffing and Assets):

Staff from the Corporate Personnel, the ICT Client Team and the Procurement Team will be required to develop a specification and tender documentation detailing the Council's requirements for the Payroll Software Solution. Legal colleagues will provide specific advice throughout the procurement exercise.

Depending on the outcome of the procurement exercise, there is the potential requirement for staff from Corporate Personnel and the ICT Client Team to develop and implement transition plans, e.g. user acceptance testing, staff training and the development of new operational working procedures.

### Legal Implications:

A Payroll Software System enables the Council to meet its statutory obligations in terms of service delivery and statutory reporting requirements. The Council must also comply with procurement legislation and associated legal terms and conditions.

### Equality Implications:

There are no equality implications.

## Contribution to the Council's Core Purpose:

Protect the most vulnerable: N/A
Facilitate confident and resilient communities: N/A
Commission, broker and provide core services: This proposal will ensure that a core element of the council's activity can be delivered
Place – leadership and influencer: N/A
Drivers of change and reform: N/A
Facilitate sustainable economic prosperity: N/A
Greater income for social investment: N/A

Cleaner Greener N/A
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**What consultations have taken place on the proposals and when?**

**(A) Internal Consultations**

The Head of Corporate Resources (FD5876/19) and Chief Legal & Democratic Officer (LD4060/19) have been consulted and any comments have been incorporated into the report.

**(B) External Consultations**

Not applicable

**Implementation Date for the Decision**

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting

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**Appendices:**

There are no appendices to this report

**Background Papers:**

There are no background papers available for inspection.

## **BACKGROUND**

1. Cabinet is aware that the Council outsourced a number of services, including Payroll Services, to an external provider for a 10 year period between 1<sup>st</sup> October 2008 to 30<sup>th</sup> September 2018.
2. During the period 1<sup>st</sup> October 2008 to 30<sup>th</sup> September 2018, the external provider managed Payroll Services.
3. At the point at which the Payroll service was outsourced, a contract with a Software System provider was in place. Therefore, this contract novated across from the Council to the external provider of Payroll Services on 1<sup>st</sup> October 2008.
4. Subsequently, the contract for the Payroll Software expired. The expiry of this contract occurred during the period of time that Payroll was outsourced.
5. As a result, the Payroll provider entered into a new contractual relationship with the same Payroll Software Company. This provided stability and continuity of service.
6. However, the contract for the provision of Payroll Software was designed to be coterminous with the Council's partnership arrangement with the external provider and thus ended on 30<sup>th</sup> September 2019.
7. This presented the Council with significant risk at the point of service transfer, therefore it was agreed that the Payroll provider would extend the contract with the Payroll Software Company for a limited period of time with no provision for an extension. This was done to mitigate the immediate risk to the Council.
8. The intention was that the Payroll provider would extend the contract with the Payroll Software Company for a period of three years to run from 1<sup>st</sup> October 2018 to 30<sup>th</sup> September 2021.
9. Cabinet are therefore requested to provide approval to begin a procurement exercise for the provision of a Payroll Software System that will come into operation from 1 October 2021.

## **PROPOSED PROCUREMENT PROCESS**

### **Timescale**

10. There are two procurement routes that are available to the Council. This will either take the form of an OJEU compliant procurement process or a mini competition using an OJEU advertised Framework Agreement (e.g. Crown Commercial Services Framework RM3821) for a Payroll Software System.

If an OJEU Compliant Procurement Process is used, then the proposal would be to enter into a contract for a maximum of 7 years of an initial 5 year period with an option to extend for up to 2 periods of 12 months. If a mini competition is used, then the proposal would be to enter into a contract for a period of four years. These options are currently being evaluated to determine the most appropriate

approach for the Council and once conducted will be the subject of a report to the Cabinet Member Regulatory, Compliance and Corporate Services

11. Should Cabinet approve the request to enter into a Procurement exercise, then the following indicative timeline would be adhered to:

January 2020 – September 2020	<ul style="list-style-type: none"><li>• Develop Service Specification and tender document</li><li>• Develop basis for evaluation</li><li>• Establish terms and conditions</li></ul>
September 2020	Publish opportunity in the OJEU Contracts finder and on The Chest or if using a Framework Agreement, publish a mini competition on the chest.
Oct-Nov 2020	Evaluation and Moderation of Bids
December 2020	Award Contract
January-September 2021	Implementation and Mobilisation of Contract,
October 2021	Contract Start Date

11. The contract will be awarded on the basis of the most economically advantageous tender (MEAT). A qualitative dimension, as well as a price, will be taken into account which reaching an award decision.

### **Governance**

12. With regards to governance of this Procurement exercise, it is envisaged that the Head of Corporate Resources would appoint a Board who would have responsibility for providing overall strategic leadership for the exercise. It is envisaged that the Chief Personnel Officer and senior officers from the ICT Client Team, Procurement, Legal and Finance would be represented.
13. A Project team would also be established. The Project team would have responsibility for developing a draft Service Specification and establishing the basis of evaluation. This would be subject to approval by the Board.