

To: City Executive Board

Date: 18 February **Item No:**

Report of: Head of Human Resources

Title of Report: Award of Contract for the supply of a HR/Payroll MIS solution for Oxford City Council

Summary and Recommendations

Purpose of report: To update the City Executive Board on the HR /Payroll MIS solution project and to grant delegated authority to award a contract for supply and services

Key decision? Yes

Executive lead member: Bob Price

Report approved by: Peter Sloman, Chief Executive
Simon Howick, Head of HR

Finance: Sarah Fogden
Legal: Jeremy Thomas

Policy Framework: Oxford City Council Corporate Plan
Transform Oxford City Council by improving value for money and service performance

Recommendation(s):
That the City Executive Board agrees:

- 1) To note progress on the HR/Payroll MIS solution project
- 2) To grant delegated authority to the Head of HR, in consultation with the Chief Executive, to award a contract for the provision of a HR/Payroll MIS solution to Oxford City Council
- 3) To note the contract being for 5 years commencing on 1st April 2009 with an option to extend the contract by up to 2 years.

1 Background

- 1.1 Following the submission of a successful bid to the Transformation Board in 2008, funding of £140,000 was allocated to enable the provision of a new HR/Payroll MIS solution.
- 1.2 As this project requires a significant investment (although less than the prescribed £150,000 threshold for key decisions) and it will positively impact a large majority of employees in terms of provision of information and automation of processes, this report is being submitted to the City Executive Board.
- 1.3 The PID is attached at appendix 1. The key features of the proposal are that through the provision of a new solution there will be:
 - A single database of all the Councils HR and Payroll information proving 'once-only' data entry.
 - Simplified, common processes and procedures across the Council
 - A web-enabled solution to maximise the benefits of Manager and Employee self service, updating procedures for a number of paper-based admin processes
 - Improved training and personal development plans (appraisals, training needs etc) via Performance Management supporting the Councils bid for IIP status
 - Powerful report writing functions available in a number of formats (word, excel, PDF) with flexible accessibility (web etc) and scheduling facility.

2 Options Appraisal

- 2.1.1 The Council has researched a number of possible options in order to meet their HR and Payroll requirements. These included;
 - Buying/renting system
 - Outsourcing
 - Entering into a partnership with another authority. (A partnership arrangement with Oxfordshire County Council is currently being evaluated)

3 Current Position

- 3.1.1 Following an invitation to tender and 15 expressions of interest, 7 suppliers were invited to submit a tender.
- 3.2 A short-listing exercise will result in a sub-set of suppliers being invited to demonstrate the key components of their solution and provide walk-through for a number of agreed scenarios.
- 3.3 The Project Team are due to make their award recommendation by the 9th February 2009.
- 3.4 The short – listing has taken place from the tenders and suppliers have been invited to presentations where they will demonstrate their software.

4 Risk

- 4.1 Based on the submissions received, cost estimates and the Council's requirements, there is a likely solution and therefore the risk of not fulfilling the project brief is very low. The project is being resourced appropriately in order to ensure a successful implementation.

5 Climate Change/environmental Impact

- 5.1 The functionality associated with a web-enabled solution will provide the Council with a significant opportunity to reduce paper intensive activities (such as recruitment/application forms) together with the opportunities Employee Self Service can offer including changing details on-line and requesting electronic payslips in place of paper copies.

6 Equalities Impact

- 6.1 A new HR/Payroll MIS solution will provide excellent data storage and reporting features that will assist greatly with the recording and reporting of equalities data. These will inform the Council's developing workforce plan and present a basis from which to target areas for potential positive action.

7 Financial Implications

- 7.1 £140k has been set aside from the Transformation Programme for this project. Any further budget requirements will be presented in the form of a business case to the Transformation Board, but early indications suggest this sum will enable purchase and implementation.

8 Legal Implications

- 8.1 This contract has been tendered in accordance with the EU procurement regime. It therefore complies with both the Council's own procurement requirements and external regulation. A contract for services will apply to the arrangements.

9 Staffing Implications

- 9.1 There are no staffing implications. Resource savings identified within the HR team on completion of this project are being achieved through non-renewal of fixed term contracts.

10 Recommendations

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List of background papers:

Version number: 2

**Name and contact details of author: Sean Hoskin Tel: 01865 252036
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Project Initiation Document (PID)

Reference number:

Project Title: Payroll & HR Management Information Solution

Date: 9th September 2008

Responsible Board: Transformation Board

Portfolio Holder: Oscar Van Nooijen

Links to OCC Priority: Improving Value For Money

Sponsor: Sue Shutter

Project Manager: Sean Hoskin

Project Administrator:

Version No: 1.0

Approvals: 1.

2.

Distribution: 1. Project Board

2.

Project Definition

Objectives

- Ensure all staff are paid on time accurately each pay period, ensuring all statutory and contractual obligations of the Council are met.
- Improve workflows and HR/Payroll business processes by providing the Council with an integrated solution for its Recruitment, HR and payroll needs, thus reducing unnecessary duplication of work between two systems.
- Improve data collection and data input methods (ability to input into payroll system via spreadsheets remotely etc)
- Improve availability and accessibility of system (Employee/Manager Self Service) together with up to date management information from one single application

Background

Currently the Council has two separate software applications for the payment of employees and the maintenance and monitoring of the HR administration. The HR application is Compel and was installed in 2001. This system holds all the information relating to recruitment, employment and training. The payroll system is provided via Agresso's Payroll module and was implemented in 2000.

There are significant issues regarding both applications, as they are stand-alone products with no interface between the two, which results in duplication of work. Additionally, the reporting functionality of both products is restrictive and does not make use of technology improvements in the areas of MSS (Manager Self Service) and ESS (Employee Self Service).

More significantly, Agresso, the payroll provider, have struggled to make an impact in payroll software. After 7 years in the market they have only 6 UK clients which has itself caused significant issues regarding legislative changes (e.g. Local Government Pension Scheme –LGPS changes). Because the provider has not met our requirements on many of these issues, the system has become increasingly bespoke and unstable and additional support is required by Business Systems in terms of maintenance and service.

Deliverables

The deliverables for this phase of the project are:

- Review existing Payroll & HR Processes
- Assess and evaluate the alternative options (outsource, buy system, bureau, rent etc)
- Identify issues of current systems & requirements of integrated HR & Payroll solution

- Finalise specification
- Shortlist suppliers
- Evaluate responses
- Site Visits/Presentations with suppliers
- Recommend supplier
- Agree implementation timetable with supplier

Benefits

The final solution will provide Oxford City Council with a stable HR & Payroll solution that will meet all of the Council's legislative and contractual requirements today and in the future. The single database of information will provide a high level of up to date management information and will have the ability to support e-recruitment together with employee and manager self service.

Scope

The key components of the project are included in the objectives above.

The scope in terms of how these objectives are met is relatively broad. The transformation Board have already agreed that they do not wish to purchase an integrated system and have indicated that they believe a bureau solution or a partnering arrangement with Oxfordshire County Council to be the preferred options.

Timings

The current situation is that we have shortlisted 7 external bureau providers. By mid-September the system specification will be finalised and we will be in a position to forward this to suppliers.

The project will be broken down into modules/tasks. It is anticipated that payroll could go 'live' in April 2009 but this will very much depend on the final solution chosen.

Risks

- Funding – Insufficient funding may not be available to complete the project
- Data Cleansing/Staffing – Current data on both Compel & Agresso needs cleansing before any build/implementation can begin. Anticipated 3-4 months of work required in this area. At least three months parallel payroll running will be required with staff resource for this.
- Single Status Project – Ideally, this would be complete before configuring new system.
- Chosen supplier may not provide exactly what is required, particularly if this is not a core part of their business.

Measures

Much of the success of the project will be down to the improved service the payroll and HR teams can provide to the Service Areas around recruitment and management information. Additionally, key performance indicators relating to the recruitment and payroll process will enable these areas to monitor the success of the project against current trends and error levels.

Assumptions

Funding will be available.

Project Standards

The project will be run in accordance with Prince 2 Project Management Methodology.

High Level Plan

Key Tasks & Milestones	Target Date	Resources
Pre- Qualifying questionnaires to external bureau providers	May 2008	Completed
Pre-Qualifying questionnaires moderated & shortlisted	June 2008	Completed
Specification agreed	August 2008	Project Board
Specification requirements sent to shortlisted providers	September 2008	Procurement
Specification returned and moderated	Late November /early December	Project Board
Site visits/presentations	December/January	Project Board
Award of contract	February	
Stage 1. Payroll build/Configuration	March	Supplier/Project Team
Stage 1. Payroll Parallel Runs	April/May/June	End Users, Project Team, Supplier
Stage 1. Payroll 'Live'	July	End Users, Project Team, Supplier
Stage 2. HR configuration	July/August	Project Team, Supplier

Stage 2. HR 'Live'	September	End Users, Project Team, Supplier
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Cost Profile & Funding Proposals

Financial Requirements

Cost of System: The total cost of implementation will depend on the final specification and supplier chosen. However, it is envisaged that to have the full functionality of the product supplied by external bureaus, the cost will be in the region of £150k for implementation and year 1 costs.

Additional staff resource: Additional staff resource would be required in order to complete the data cleansing and parallel processing during the period before, during and immediately after implementation. Estimated cost £15k.

Staffing

Staff Requirements

A Project Board and Project team has been set up.

It is envisaged that the team will meet on a regular basis as necessary and will be involved in ensuring the best choice of solution is made.

It is anticipated that once the decision has been made on the solution to be adopted, the project team is consolidated and the emphasis based on end users.

Project Controls

The project manager will report progress to the Transformation Board on a monthly basis.

Quality Plan

Techniques

- The project will adhere to Prince2 project standards.
- The project manager will be responsible for complying with these standards.

Communications Plan

Group	What	When	Who
1. Project Board	Highlight Reports	Each Meeting	
2.			
3.			
4.			
5.			

Related Projects/Interfaces

It is a requirement of the specification that the final solution will provide an interface into the Councils Agresso Financials.