

CABINET MEETING

Agenda Item 153

Brighton & Hove City Council

Subject: Award of a Contract for a New HR/Payroll System
Date of Meeting: 15 January 2009
Report of: Director of Strategy & Governance
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Key Decision: Yes Forward Plan No. CAB2874
Wards Affected: All

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 To seek approval for Brighton & Hove City Council to award the contract for the provision of an integrated HR/Payroll Management Information System and associated services following the procurement process advertised through the Official Journal of the European Union (OJEU). NB This paper needs to be read in conjunction with the sister paper on Part B of the Agenda which contains commercially sensitive information.

2. RECOMMENDATIONS:

- 2.1 To note the contents of the report and the information provided in the sister paper on Part B of the Agenda.
- 2.2 It is recommended that cabinet approve the award of the contract to “contractor A” following the outcome of a tender submission and formal presentation.
- 2.3 That the five year contract, with an optional extension of up to a further two years, commences as soon as legal clarifications have been concluded.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 Members will see from the report on Part B of the Agenda that the council has a number of patchwork legacy systems that currently provide payroll, recruitment, employee management information and a range of other functions that have reached the end of their functioning life. At present, the absence of one post based HR system to provide essential data, that is easily updated and integrates with our new Financial Information System is a real barrier to a variety of strategies for developing our workforce, financial planning, the delivery of value for money and the provision of an HR service that adds real value to the council and moves away from having a focus on providing paper based transactional services.

- 3.2 The Policy & Resources Committee of 6th March 2008 considered a report on the options appraisal and risk assessment of maintaining the existing software systems and of tendering through the Official Journal of the European Union (OJEU) for a new integrated system. Authorisation was granted to commence the procurement process with cabinet approval required for award of contract at the conclusion of the tendering process and for agreement of the final funding structure of the project.
- 3.3 The tender was advertised in the OJEU on 31st March 2008 with a closing date of 7th May 2008. There were 17 responses to the Pre-Qualification Questionnaire and following evaluation, 6 of these companies were invited to tender.
- 3.4 The Invitation to Tender was issued on 3rd September 2008 with a closing date of 13th October 2008. During this period each supplier was invited to a separate tender clarification meeting to communicate the council's vision and to allow tenderers the opportunity to ask key members of the project team any questions. Responses to any questions raised at these clarification meetings, or received in writing, were provided to all tenderers.
- 3.5 An evaluation matrix was established to score each tenderer as follows:

Evaluation Criteria	Maximum Percentage Score
Pricing	35%
Contract Compliance	5%
Functional and ICT Requirements	40%
Presentation (Scenarios)	10%
Presentation (Project Board & Users)	4%
Organisation	6%

- 3.6 The procurement of technology services is complex and can require specialist advice and guidance. External legal advisers were appointed to support this major procurement. This was to provide assurance and reduce the likelihood of contractual difficulties. The advisors will provide knowledge and skills transfer as part of the agreement to enhance the council's ability to procure major ICT systems internally in the future.
- 3.7 Following the evaluation of the suppliers the scores for the preferred and reserve bidders were as follows:

Contractor A	86.35%
Contractor B	81.35%

4. CONSULTATION:

- 4.1 The specification for the tender was drafted having consulted a range of other organisations that had tendered for similar services recently, key internal professionals with relevant up to date technical knowledge and external professionals who have advised on similar procurement exercises.
- 4.2 The AD, Head of Human Resources also conducted extensive discussions with senior officers and members on the vision for the service and how new systems could support significant organisational change and value for money.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 The financial implications of the project are detailed within the Part B report.

Finance Officers Consulted: Anne Silley & Rob Allen Date: 09/12/08

Legal Implications:

- 5.2 The contract falls under 'Part A' of the EU Procurement Directive and accompanying UK Regulations. As a result, the contract is subject to the full application of both the Directive and Regulations. The tender process has been undertaken in compliance with the relevant legislation. Contracts over £75,000 must be prepared in a form approved by the Head of Law. The Council must take the Human Rights Act into account in respect of its actions but it is not considered that any individual's Human Rights Act rights would be adversely affected by the recommendations in this report.

Lawyer Consulted: Sonia Likhari Date: 28/10/08

Equalities Implications:

- 5.3 A new system will support improved diversity monitoring across a range of employment related areas.

Sustainability Implications:

- 5.4 The contract will be awarded to support the council's sustainability strategy. The provision of an integrated HR/Payroll Management Information System will improve the council's carbon footprint by significantly reducing the amount of paper and manual processes by introducing Employee and Manager Self Service and by reducing the council's direct energy use.

Crime & Disorder Implications:

- 5.5 The system will improve the management of all necessary employment checks prior to employment commencing or on renewal of registration. This will include Criminal Records Bureau, Child Protection Register, right to work in the UK, references and health checks.

Risk & Opportunity Management Implications:

- 5.6 The Policy & Resources Committee report of 6th March 2008 included an initial risk log for the project that is also included in the Part B report.

Corporate / Citywide Implications

- 5.7 A post-based HR system will support improved financial control across the whole organisation. An HR service that can contribute more strategically to the council will impact on organisational change and service delivery.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 6.1 The business case and options appraisal presented in March 2008 considered the merits and risk of retaining existing systems compared with procuring a new integrated HR/Payroll system. An updated business case is attached within the Part B report. One of the council's key HR systems will only be supported by the existing supplier in the short-term and the risk of maintaining and developing the current systems is high.
- 6.2 The option of outsourcing has not been preferred on the strategic view that the benefits to be delivered by a new system can be realized with the service "in-house" and thus all of the benefits retained for the council tax payer. Experience of several recent HR outsourcing ventures elsewhere in the UK strongly suggests that organisations should make their functions cost effective before any consideration of other options.

7. REASONS FOR REPORT RECOMMENDATIONS:

- 7.1 Following a tender process in line with both EU and council regulations the preferred contractor has shown through their tender submission and subsequent presentation that they are the company which has provided most evidence to support their ability to deliver on this contract.
- 7.2 The contract will support a number of the council's priorities in both better use of public money through use of resources, protecting the environment by eliminating paper and other resources, reducing inequality through improved management information for monitoring and informing strategy.

SUPPORTING DOCUMENTATION

Appendices:

None

Documents in Members' Rooms

None

Background Documents:

None

