

## **NORTH LINCOLNSHIRE COUNCIL**

### **BUSINESS TRANSFORMATION AND FINANCE CABINET MEMBER**

## **JOINT PROCUREMENT OF HUMAN RESOURCES, PAYROLL AND FINANCE MANAGEMENT SYSTEMS**

### **1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1 The council needs to reprocure its HR, Payroll and Finance systems.
- 1.2 A joint procurement with North East Lincolnshire Council is proposed.

### **2. BACKGROUND INFORMATION**

- 2.1 The council currently operates a number of systems for HR and Finance purposes:
  - The HR Professional Personnel System
  - The Itrent system for payroll, through East Riding of Yorkshire Council
  - E-Financials for financial management

Its shared service partner North East Lincolnshire Council (NELC) also uses Itrent and E-financials. These contracts are due to expire.

- 2.2 The proposal in this paper is to procure the next generation of Finance and HR systems jointly with NELC. Combining procurement of human resources, payroll and finance management systems will help achieve efficiencies and economies of scale. It also provides the opportunity to explore the potential benefits of fully integrated Finance and HR systems.
- 2.3 Shared systems are central to the delivery of the shared services business plans for HR and Finance, enabling the next phase of planned efficiency savings.

- 2.4 They will also contribute to the council's digital transformation, enabling the council to implement new agile and responsive ways of doing business.
- 2.5 Reprourement will also allow HR and Finance to develop their commercial offers for accountancy and payroll services, which are prohibited under current contracts.
- 2.6 The intention is to implement the new systems from April 2019. Procuring the systems now should allow the councils sufficient time to develop and test the systems and ensure users are suitably trained.
- 2.7 The decision should be taken as soon as reasonably practical to allow the procurement process to begin as soon as possible and maximise the time available for development.

### **3. OPTIONS FOR CONSIDERATION**

- 3.1 The council can choose to procure its Finance, HR and payroll systems independently.
- 3.2 The council can choose to procure shared systems with its shared service partner NELC.
- 3.3 There are also choices to be made about the procurement route and the degree to which systems are integrated.

### **4. ANALYSIS OF OPTIONS**

#### **Option 1 Procure systems separately**

- 4.1 Maintaining separate systems across the two councils will not deliver the efficiencies from harmonisation of processes and streamlined ways of working which are the fundamental to the Shared Service strategy and both councils' digital transformation agendas.
- 4.2 The shared services bring teams together to provide services to both councils. This provides greater assurance that, at a time of reducing resources, the services provided to both councils are robust. Teams can work most effectively with common systems and processes.

#### **Option 2 Procure Systems Jointly**

- 4.3 This option provides the optimum benefit. It will enable the shared service to standardise its processes using the most up to date technology to help both councils realise the organisational transformation they seek. There is also the opportunity to consider fully integrated ERP systems as well as separate HR Payroll and Finance systems.

## **Procurement routes**

- 4.4 There are two procurement options: to go to market under full OJEU requirements or to procure under an existing public sector framework. Making use of a framework agreement will allow the procurement process to be commenced sooner, and for a speedy award decision to be made. This will give the maximum time for system implementation.
- 4.5 After investigation of options, a framework has been identified which provides the best way to deliver all requirements. This is the Crown Commercial Service (CCS) G-Cloud 9 Framework:
- It is a recognised framework structured and tailored to provide the best fit for our requirements.
  - It provides a wide range of potential cloud based solutions.
  - Opting for cloud software and services will future proof services, and provide greater capability compared to existing locally hosted systems.
- 4.6 The procurement process meets the requirements of the Contract Procedure Rules and Public Contracts Regulations. Because the framework is for purchasing off-the-shelf cloud software, there is no need to ask suppliers to bid against the council's requirements. All the necessary information for evaluating which software best meets the needs of the council is already available in the catalogue
- 4.7 The software will be evaluated in accordance with the following weightings:
- Cost 60%
  - Quality 40%

## **5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

- 5.1 A combined revenue budget of £180k per annum is available to support the maintenance and support costs of operating the new systems. There is also provision in the capital programme of £898k towards the cost of acquisition and implementation. There are equivalent budgets at NELC and the costs of the new systems will be shared equally.
- 5.2 As the technical infrastructure for the new systems will be cloud based rather than locally hosted, the spending profile between revenue and capital will change.
- 5.3 North East Lincolnshire Council, will act as the contractual lead authority on behalf of North Lincolnshire Council.

## **6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT**

6.1 Not applicable

## **7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED**

7.1 Not applicable

## **8. RECOMMENDATIONS**

8.1 That the joint –procurement of HR and Finance Systems is approved.

8.2 That a report detailing the outcome of the joint procurement is made following the award of the contract.

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Date: 15 January 2018

**Background Papers used in the preparation of this report:** None