



## Officer Decision Report

**Author/Lead Officer of Report:** Peter White, HR Service Manager – Systems & Performance

**Tel:** 07785592738

**Report to:** *Claire Taylor, Chief Operating Officer*

**Date of Decision:** *3<sup>rd</sup> April 2024*

**Subject:** *HR & Payroll System Contract / Learning Management System Contract*

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given? EIA 2648				
Has appropriate consultation taken place?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below: -				
<i>"Appendix A is not for publication because it contains exempt information under Paragraph of Schedule 12A of the Local Government Act 1972 (as amended)."</i>				

### **Purpose of Report:**

This report sets out the need for the continuation of the Councils HR & Payroll system and Learning Management System and provides background on the services being delivered by current providers.

This report proposes the commission of a HR & Payroll system and Learning Management System from external providers and goes on to explain the additional benefits that can be accessed via these new contractual relationships.

**Recommendations:**

That the Chief Operating Officer approves the commissioning of the HR & Payroll system and a Learning Management System from an external provider over a period of 4 years and for an estimated maximum value of £1.6m, as set out in this report.

**Background Papers:**

- Appendix A – Contract Costs (Confidential)
- Appendix B – Equalities Impact Assessment
- Appendix C – Climate Impact Assessment

Lead Officer to complete: -		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: <i>Matthew Ardern</i>
		Legal: <i>Richard Marik</i>
		Equalities & Consultation: <i>Richard Bartlett</i>
		Climate: <i>Kirsty Surtees</i>
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	<b>SLB member who approved submission:</b>	<i>Claire Taylor – Chief Operating Officer</i>
3	<b>Relevant Policy Committee</b>	<i>Strategy &amp; Resources Policy Committee</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the SLB member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	<b>Lead Officer Name:</b>  Peter White	<b>Job Title:</b>  HR Service Manager – Systems & Performance
	<b>Date:</b> 27/3/24	

## 1. PROPOSAL

- 1.1 This report seeks approval for the commissioning of an HR & Payroll system and Learning Management System with an external provider. The proposed service is for a period of 4 years with a combined estimated total maximum value of £1.6m.
- 1.2 The Council proposes a combined HR & Payroll system and Learning Management System service period of 4 years to give stability and ensure continued best value for money can be obtained from the market.

### Background

- 1.3 The current HR & Payroll system is provided by Insight UK Ltd. The product provided by Insight UK Ltd is called iTrent and is a Midland HR (MHR) product. This service has been in place since May 2019 and expires on 31<sup>st</sup> May 2024.
- 1.4 A decision was reached by the Director of Human Resources in September 2022 to extend the current service upon its expiry date of 31 May 2024, for a further four years via an Officer decision route as the provision is deemed commonly recurring.
- 1.5 Although improvements have continually been made to the iTrent product since its implementation (e.g. implementation of the Recruitment module) a sustained period of under investment in the product's additional capabilities and a reduction in capacity of the Council's team that supports the product have impacted significantly on its effectiveness.
- 1.6 Recent workshops with HR, ICT and Managers identified a number of key issues with the product including initial set up based upon the previous HR & Payroll systems processes, a poor user interface and lack of compliance by end users.
- 1.7 This has led to a recommendation to invest project resource, budget and time to better exploit the iTrent product and its associated processes delivering benefits across the Council.
- 1.8 The current Learning Management System is a Docebo product called Go Learn and is provided by MHR. This contract has been in place since July 2022 and expires on 29<sup>th</sup> June 2024.
- 1.9 The Go Learn service provided by MHR was initially placed on a short 2-year contract to align with the Insight contract termination date thus ensuring consideration could be given to alignment of the two services.

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## **Current Service**

- 1.10 The iTrent product has core functionality that is administrated by the Councils HR Business Services team, an employee self-service offer called MyHR, and a manager self-service offer called iManage.
- 1.11 iTrent is HR's key system and holds all employee data required to link with a number of other systems that enable payroll processing and employee administration activities and the provision of HR metrics/information. This includes the provision of statutory returns and submissions across a range of areas.
- 1.12 As part of the Councils Digital Strategy a project management company called Entec Si have been commissioned by the Councils ICT & Digital Innovation Service.
- 1.13 They are also helping to form a future strategy looking at new opportunities to further evolve the iTrent product.
- 1.14 Listed below are new opportunities HR is looking to exploit as part of a new contractual relationship.
- Onboarding
  - E-signatures
  - Paid Time
  - Chatbot
  - Interactive Payslips
  - Report Dashboards
  - Flexi/TOIL
  - Casework
- 1.15 Go Learn offers a course booking system (virtual/classroom), a range of e-learning opportunities, a record of training completed through the platform, informal & social learning, bite-sized learning, and the management of required and team learning.
- 1.16 The platform is interfaced with iTrent for a seamless flow of establishment data and learning records.
- 1.17 Go Learn has been well received by employees and managers across the Council since its launch in July 2022.

## **Contract Costs**

- 1.18 Current and proposed contract costs for both the HR & Payroll System and the Learning Management System are set out in Appendix A – Contract costs.

- 1.19 There is a significant increase in proposed H&R payroll System costs due to a number of factors, these include a below market price for the current iTrent product in 2019, lack of indexation during the contract term, cost of living increases and a significant increase in the product options being requested in this paper and supporting documentation.
- 1.20 The proposed cost of the HR & Payroll system compares well with Northgate the previous provider who charged £2,440,000 for the five-year period from 2014 to 2019. The new HR & Payroll system will cost £1,410,276 for a four-year period from 2024 to 2028.
- 1.21 The proposed cost of the Learning Management System still compares well with Learning Pool the previous provider charging £196,000 for the four-year period 2018 to 2022, The new contract will cost £202,403 for a four-year period from 2024 to 2028.
- 1.22 The total new contract cost for the HR & Payroll System and Learning Management System is £1,612,679 for the four-year period.

## **2. HOW DOES THIS DECISION CONTRIBUTE?**

- 2.1 The proposed delivery of HR & Payroll system and Learning Management System by an external provider will support the Our Sheffield aspiration to be a good council delivering high quality services for all and aligns with the stabilise, embed, grow and flourish phases of the delivery plan.
- 2.2 The delivery of a HR & Payroll system and Learning Management System by a highly competent provider supports the delivery of Council services through the provision of reliable secure software and support services that Payrolls over 10,000 people per month (including employees, gratuities and elections officials), process new applicants, manages thousands of daily HR processing tasks and supports all our employees through learning and development experiences.
- 2.3 The Climate Impact Assessment focusses on the use of digital technology to reduce the need for employee travel and minimisation of paper-based records.

## **3. HAS THERE BEEN ANY CONSULTATION?**

- 3.1 Although there is no requirement for public consultation, Human Resources conducted a HR systems survey with employees and managers in June 2022 to gauge levels of satisfaction with the product.
- 3.2 Further, more detailed feedback has been gathered via HR, ICT and manager workshops carried out by Entec Si in December 2023.

#### **4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION**

##### **4.1 Equality Implications**

- 4.1.1 The equalities lead for the Strategic Support Services Directorate has reviewed the HR & Payroll/Learning Management System documentation and has created EIA2648 (see Appendix B – Equalities Impact Assessment) in relation to this proposal. He is satisfied that we have fully considered the equality impacts of the proposal at this stage in the process. The likely impacts are positive and primarily focus on IT system accessibility to ensure disabled people have access to what they need and are not subject to any less favourable treatment. The EIA is a live document so should the criteria for the tender change during this process then the EIA will be updated and resubmitted for further approval.

##### **4.2 Financial and Commercial Implications**

- 4.2.1 The initial set up and year one (2024/25) costs for the 'Core' service and £63k of additional modules will be funded via a combination of earmarked reserves and the existing budget provision for the iTrent and Decebo systems. However, the ongoing annual increase of the £171k will need to be added to the 2025/26 Business Planning process, along with any further development costs. These additional costs will require mitigations to be found from within the Strategic Support Services directorate. Refinement and/or reductions in the proposed additional modules could reduce any budget pressures faced by the service.
- 4.2.2 It is also worth noting Entec Si Ltd are supporting the set up and implementation of this updated system and is funded by the Council's Transformation fund.
- 4.2.3 The current contract for the HR/Payroll software will end 31<sup>st</sup> May 2024. The current contract end date for the e-learning software is 29<sup>th</sup> June 2024. As there are no extensions available on either contract a compliant procurement vehicle(s) in accordance with Council Standing Orders and PCR2015 will be managed by the Commercial Services team.

##### **4.3 Legal Implications**

- 4.3.1 The Council also has various obligations under contracts of employment with its employees.
- 4.3.2 The commission of HR/payroll services and learning management services shall go some way to meeting these duties and fulfilling these obligations.
- 4.3.3 The contracting provisions in this report are permitted by the Local Government (Contracts) Act 1997.
- 4.3.4 The services to be commissioned in this report are “commonly recurring” in accordance with the Council’s constitution and the power to approve the commissioning strategy is therefore reserved to officers in this instance.

#### 4.4 Climate Implications

- 4.4.1 The Head of Service for HR Business Services has reviewed the HR & Payroll system, Learning Management system and Climate Impact Assessment (see Appendix C – Climate Impact Assessment) that has been created in relation to this proposal. She is satisfied that we have fully considered the Climate impacts of the proposal at this stage in the process. The CIA will be reviewed regularly during the term of any future provision

#### 4.4 Other Implications

- 4.4.1 The Councils Commercial Services team are developing a Procurement Strategy alongside this Officer Decision Report and the earlier People Strategy Leadership Group Management Report.

### **5. ALTERNATIVE OPTIONS CONSIDERED**

- 5.1 Other options considered and discounted as part of this proposal:
- To not purchase HR & Payroll and Learning Management System Services – this option was discounted as the Council is required to payroll its employees, gratuities and elections officials and train employees to a required standard. A systems approach is deemed the most cost effective and efficient way of achieving this requirement.
  - To deliver the Service in-house – this option was discounted as the Council does not possess the skills, experience and technology required to build its own HR & Payroll and Learning Management systems.

## **6. REASONS FOR RECOMMENDATIONS**

*(Explain why this is the preferred option and outline the intended outcomes.)*

6.1 To commission an external provider to provide the HR & Payroll system and Learning Management System for 4 years for an estimated value of £1.6m to:

- ensure continued access to a HR & Payroll system that supports Human Resources service delivery requirements.
- ensure all prospective employees, employees, ex-employees and elections officials have relevant access to a HR & Payroll system to carry out required tasks and view appropriate information.
- ensure all prospective employees, employees, ex-employees and elections officials have relevant access to a Learning Management System to carry out required learning and access development opportunities.