

EAST RENFREWSHIRE COUNCILCABINET26 August 2021Report by Head of Human Resources, Corporate & Community ServicesVARIATION TO CONTRACT – HR AND PAYROLL SYSTEMS**PURPOSE OF REPORT**

1. This report asks Cabinet to approve a variation of £100,000 to the contract value for the Provision of the HR & Payroll System being delivered by Midland iTrent using Clause 14 of the Standing Orders Relating to Contracts. This is in addition to a variation of £100k approved under delegated authority by the Chief Officer Legal and procurement earlier this year.

RECOMMENDATIONS

2. It is recommended that Cabinet:

Approve a variation of £100K under the Standing Orders Relating to Contracts – Clause 14 that requires any variation exceeding £100,000 of the accepted award value to be agreed by the Cabinet prior to instruction. This variation will take the contract value to £1,370,000 covering up to expiry of March 2023.

BACKGROUND

3. In 2018 Cabinet was introduced to a specific programme aimed at modernising and transforming the processes and systems used to manage Finance, Procurement, HR and Payroll – we call these the Core Systems as they are integral to the Council's business.

4. Following a successful procurement exercise, in March 2019, the Council awarded a 4-year contract for the new HR & Payroll system to Midland iTrent. The award value covering the 4-year period was £900k plus a contingency of 30% which included primarily provision of a system and four years support and maintenance. The contingency was expected to be used for any additional support required from the systems experts and for additional modules and integration as determined once the project was underway.

REPORT

5. Implementation of the new system was planned for March 2020 but was delayed due to COVID-19.

6. Following these unforeseen delays, an intensive period of work, planning and testing was undertaken which enabled the system to go live in December 2020. Much of the work that had been undertaken in preparation for the March 2020 go live had to be repeated prior to the December 2020 go live. Challenges were also encountered as staff were working at home, making training in the new system more challenging.

7. Midland iTrent system experts were also engaged to undertake the payroll development role that the Council had intended be undertaken in-house but the Council was unable to fill the vacant role after several recruitment attempts.

8. Midland iTrent experts led on the set-up of the HR and Payroll system, data migration and management of repeat parallel runs between the current and new system to ensure accuracy of employee pay. Their role also included knowledge transfer to the Councils HR and Payroll team to support self-sufficiency which continues to be a challenge due to limited resource.

9. As a result of the unplanned issues and the associated costs to bring in system experts the 30% contingency element allowed under the contract award was committed by year 2 of the contract term. To ensure the Council could continue to engage external experts from Midland iTrent for training, report writing and knowledge transfer, a routine variation of £100,000 was authorised by the Chief Officer Legal and Procurement under clause 14 of Standing Orders Relating to Contracts. This variation took the contract value to £1,270,000.

10. The variation now being requested of £100,000 is expected to cover additional modules and integration required and ensure that further unplanned spend can be accommodated should it be required. Applying this variation takes the new total contract value to £1,370,000.

FINANCE AND EFFICIENCY

11. The Contract notice issued for the Finance, Procurement, HR and Payroll systems reflected that the Council reserves the right to spend up to £15M over the lifetime of these contracts but with caveats that no guarantee is offered as to the final level of contract spend.

12. It is not expected that there would be any external challenge to the internal variation to the award value offered to Midland iTrent.

13. The budget is in place to support this change to the contract value.

CONSULTATION

14. The Chief Officer for Legal and Procurement Services is supportive of this report.

RECOMMENDATIONS

15. It is recommended that Cabinet:

Approve a variation under the Standing Orders Relating to Contracts – Clause 14 that requires any variation exceeding £100,000 of the accepted award value to be agreed by the Cabinet prior to instruction. This variation will take the contract value to £1,370,000 covering up to expiry of March 2023.

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