

Wyre Forest District Council

Record of a Council Decision delegated to be made by an Officer

This includes a record of an Executive Decision made by an officer under Regulation 13, Part 4 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

Item decided: Future Provision of HR Management System and Payroll Service.	
Officer who has taken the decision	Corporate Director: Resources and Principal Advisor HR
Date of the decision	3 rd June 2020
Reason for the decision/alternatives considered	Redditch Borough Council (RBC) has provided this Council's HR Management and Payroll Service under a Service Level Agreement since April 2011. RBC are moving to a new Enterprise Resource Planning Software Solution for multiple systems from 2021 so it is necessary to decide now about our future service provision. Following exploration of alternative collaborative working arrangements and detailed discussions with RBC on specification and cost, continuation of the current collaborative arrangement for these key services best meets this Council's business need.
Date and source of Delegated Decision (if appropriate)	See detailed Information Note attached. Cabinet 16 th November 2010 and Council 1 st December 2010 source for original Shared Service decision
Council/Cabinet member consulted – if applicable	Cabinet Member for Housing Health, Well-Being and Democratic Services and Cabinet Member for Strategy and Finance
Any interest declared by the Consultee or officer	None

INFORMATION NOTE ON OFFICER DECISION ON THE FUTURE PROVISION OF THE HR MANAGEMENT SYSTEM AND PAYROLL SERVICE

1. Purpose

- 1.1 The purpose of this briefing note is to provide the rationale for the Officer Decision on the Future Provision of HR Management System and Payroll Service.

2. Background

2.1 Redditch Borough Council (RBC) have provided the HR Management and Payroll Service to this Council since 1 April 2011 with the original Service Level Agreement (SLA) ending on 31 March 2016, and thereafter from year to year or until terminated in accordance with the provisions of the Agreement, (6 months' notice in writing).

We were advised initially if transferring to this platform our financial management system would need to be on the same platform and implemented prior to the payroll module of the system and therefore this was not an option. However, after further clarification we have been advised that this is possible for the HR Management System only enabling payroll to be provided.

3. Market Testing for Collaborative Working

- 3.1 To test alternative service providers and ensure the Council secures a product that meets its specification at a competitive cost, a number of local authorities across the West Midlands region were approached to ascertain whether they would be interested in collaborative working and providing our payroll service.

Unfortunately, we did not receive any expressions of interest.

- 3.2.1 We have recently received costs from RBC for the access to the HR Management System of their Enterprise Resource Planning - ERP system and provision of the payroll service that are within current budgets. We have also been through our system specification detail with them and attended their system design workshops to gain understanding and confidence in their solution.

4. Financial Implications

Redditch Borough Council have provided the financial implications of remaining with them for this service. These are outlined below:

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Revenue Costs - Redditch Borough Council Payroll & Consultancy

	Actual	Actual	Estimate	Estimate	Estimate
	2018-19	2019-20	Year 1	Year 2	Year 3
CHRIS/HR21 & Software as a Service (SaaS)	£9,000	£8,119	£21,146	£22,810	£23,494
Financial Services Manager	£3,944	£4,208			
Finance Officer - 60% & Payroll Manager - 10% *	£27,233	£33,892	£19,900	£20,500	£21,100
On-going training costs (estimate for Year 1-3)	£666	£1,348	£2,000	£2,000	£2,000
Systems Admin Role - Difference Band F to Band H - 15hrs *			£2,770	£2,900	£3,000
Additional Consultancy			£2,574	£7,232	£7,394
<i>* Assumed 3% Pay Award</i>	£40,843	£47,567	£48,390	£55,442	£56,988

Setup Costs

SETUP Costs	£50,000				
Payroll	Days		Finance		Days
Work shop	2		Workshop to agree scope		1
Configuration	4		GL Configuration for Payroll and Ex		2
KUT - Key User Training	3		AP Config for Expenses reimbursen		1
UAT - User Acceptance Training	3		AR Config for Advances		1
Parallel Run	3		Workflow considerations		2
Go Live	1		Data extracts for e.g. GL posting, B		2
Contingency	6		Automatic new employee creating		1
			Security design, configuration and t		2
			Contingency		8
			Testing and UAT support for the ab		3
	22				23
Project Manager	5				

Wyre Forest District Council Project Team

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Wyre Forest District Council Project Team

Payroll	£5,030
HR	£5,240
IT	£1,600
General - Data cleansing/Migration and Contingency	£4,000
	<u>£15,870</u>

As this is a HR Management System the Systems Administrator role will fall within the HR Team and suitable resource has been identified to fulfil this role.

The ongoing costs are in line with current budget approvals. The one-off costs of implementation can be capitalised and contained within the ICT strategy. RBC are confident that the ERP System will lead to service efficiencies once fully embedded; a review will be included as part of the SLA after the first year where we seek to identify these in collaboration with RBC and implement them. Subject to achievement of savings and by mutual agreement, a modest price increase currently estimated to be circa £7k pa may then be applied to the contract to be off-set by these savings to reflect the additional support provided by RBC to help realise these ongoing service efficiencies. This increase is shown in the table of costs under the row for additional consultancy and is subject to the conditions as set out in this paragraph.

5. Risks and Issues

- The ERP system is an IT solution for the integration of financial activities such as the financial management system and payroll. The ERP provider (Technology One) for Redditch has provided a unique solution to enable Wyre Forest District Council to run the HR Management System and Payroll modules and allow the payroll data to be uploaded into Agresso. This is key to the success of this partnership but as this is the first time such a concept has been implemented this represents a risk.
- Will require a full proposal from RBC to understand the Service Level Agreement (SLA), Costs, modules etc. including: -.
 - Implementation timetable
 - Detailed costing of setup and revenue costs

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- Elements included within the HR Management System Roles and Responsibilities
- Roles and responsibilities of staff – WFDC and Redditch
- Access to the system Developments and training
- Clearance of outstanding ICT issues
- Sufficient control over timetable etc. -to be agreed in advance
- Access to system for ICT support if required – to be agreed in advance
- The potential update of present processes – e.g. paper payslips
- The potential update of present procedures – e.g. sickness As RBC is current provider they are unlikely to cease Payroll service until new software is up and running
- Access to data for migration for HR / Payroll on RBC is a risk that we should be able to manage
- Cost over-runs – mitigated by the agreement of the costs in advance collaborative nature of this Shared Service
- Implementation timetable slips – since RBC provide the current payroll service if the timetable does slip they will continue to provide the current service platform
- Resource issues – both RBC and WFDC – Resource requirement has been identified and costed, if extra is required this will be reported to CLT and funding agreed.
- Service does not adequately meet required service standards – a revised Service Level Agreement that specifies service standards, sets out regular monitoring and implications of default should mitigate this risk

6. Legal implications

6.1 The expression of interest route for a collaborative service arrangement recognised that the in order to meet a public to public co-operation we have to satisfy the following criteria:

- The parties co-operate to perform public services they provide, meeting common objectives;
- The co-operation is for public interest reasons only
- The parties perform less than 20% of the co-operative activities on the open market

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- 6.2 No expressions of interest were received in response to the expression of interest exercise. We have been able to secure and are now proposing to continue working with RBC under a revised Service Level Agreement a formal Cabinet Decision is not required; this decision can be agreed with Cabinet/CLT.
- 6.3 The revised SLA will be prescriptive in term of quality service delivery to ensure business need is met. The current arrangement with RBC can be terminated on six months' notice. By entering this varied SLA the Council is intending to agree to commit to the Service for a period of 3 years to recognise the investment of both parties in implementing the new system. Following this period the SLA will continue until terminated by either party on notice.

7. Indicative Timetable for Implementation

The timeline is outlined below:

Timeframe	Activity
20.01.2020 – 24.02.2020	RBC – ERP Design Workshops Discussions with other authorities/organisations
05.06.2020	Final sign off and Officer Decision published
June – October	Development/Migration
01.11.2020 – 31.01.2021	Parallel runs, user acceptance testing
From 01.02.2021	Implementation of new system/service

8. Decision

- 8.1 The decision is to continue working collaboratively with RBC under a revised Service Level; this has been agreed with the Cabinet Member for Housing Health, Well-Being and Democratic Services and the Cabinet Member for Strategy and Finance.

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3rd June 2020