

Classification: Open	Decision Type: Key
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Report to:	Cabinet	Date: 17 April 2024
Subject:	Renewal of the Council's HR & Payroll Management System Contract (Part A)	
Report of	Cabinet Member for Corporate Affairs and HR	

Summary

The Council's current HR and Payroll Management System, iTrent, was supplied by Midland HR, now called MHR International UK Limited (MHR). The system is core to the operational management of the council as an employer and is critical in ensuring employees are paid correctly and that the council is able to maintain HR records in accordance with statutory requirements. In recent years significant work has been undertaken to enhance the functionality of the system through the roll-out of employee and manager self-service. As well as the Council's central workforce, the system also provides the core infrastructure for HR and Payroll Management for Bury maintained schools and a range of external clients and partners for whom the Council provides a payroll service.

The Council has utilised iTrent since 2012 with the current arrangement agreed by Cabinet in 2020 and due to expire on 31st July 2024.

MHR is one of the most significant providers of HR and Payroll Management Systems to Local Authorities in the UK and iTrent is utilised by 8 of the 11 local authorities in Greater Manchester. – Given its use across the conurbation a framework contract was established across Greater Manchester in October 2022 with MHR. This gives constituent Councils a compliant route to contract with MHR and supports significant financial and delivery benefits.

Given the investment made in the iTrent system by Bury, the opportunity of the Greater Manchester Framework and the complexity and capacity needed for any full and competitive tender process this report sets out proposals to join the Greater Manchester framework and extend the Council's use of iTrent three years with the option to extend for a further two. During this period, officers will continue to explore and pursue opportunities for improvement and efficiencies in the use of the system to support the Council. This will be enabled by the integration of Payroll and HR services into a single Service as previously agreed by Cabinet.

Recommendation(s)

1. To approve Bury's continued use of iTrent for an initial period of three years (August 2027) with the option to extend for a further two (August 2029).

2. To approve the direct award to MHR through the Greater Manchester Framework
3. To delegate the finalisation of the terms of the direct award to the Director of People and inclusion and Cabinet Member for HR and Corporate Affairs

Reasons for recommendation(s)

Continuing to utilise iTrent and engaging MHR via the GM Framework allows the Council to continue to take advantage of the investment made in this product over recent years as well as the efficiencies available through the GM Framework.

Alternative options considered and rejected

The alternative option would be to pursue a full re-tender process. This would take approximately 18 months and require significant additional capacity.

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1. Background

- 1.1 The Council's HR & Payroll Management system, iTrent, is currently supplied by Midland HR (MHR). iTrent is a single robust and configurable platform which is adaptable to the Council's existing processes and requirements. The system is currently used to pay 8,538 individuals (as of January 2024). This includes Council Services, Schools, Academies, Pensioners and External Customers who have purchased our payroll service.
- 1.2 iTrent provides a single database that houses all people records; including personal information, employment history, payroll details, pre-employment checks, absence records and equality information. The system enables the Council to report in accordance with its statutory requirements including returns to HMRC for taxation purposes, pension returns, equality & gender pay reporting and both the school workforce and the social work censuses.
- 1.3 The Council's current contract with MHR has been in place since 31st August 2020 and is due to expire 31st July 2024.

2. Proposal

- 2.1 Following a review of available options the proposal is to continue the Council's relationship with MHR and utilisation of iTrent. This will enable officers to build on the significant investments made in the system within the last three years which have overhauled and streamlined the Council's HR and Payroll processes, supporting both improvements and efficiencies.
- 2.2 At present, the Council contracts directly with MHR for iTrent. However, in recognition of the opportunity for efficiencies and potential further system improvements and integration a Greater Manchester level framework agreement for the provision of a HR and Payroll Management system was put in place in October 2022. MHR were awarded this contract following a full competitive process led by the GMCA and Tameside Council and a further six Local Authorities (including Bury) are either now part of this arrangement or working towards joining it.

2.3 *Advantages of joining the Greater Manchester Framework*

2.3.1 There are a number of advantages for the Council in joining the GM Framework including:

- A competitive fixed price contract agreed for the next five years following the GM led tendering process which provides the benefit of economies of scale. (This includes the costs associated with support for any future enhancements). – Prices through the GM Framework are fixed and, for Bury, represent a 20% saving in comparison to costs if the Council were directly to contract with MHR today. The Council's financial benefit here will grow significantly over the lifetime of the contract as it will not be subject to quarterly price rises which would form a standard term of engagement with MHR if an award outside the framework were made.
- Strengthened contract management given the scale of the contract and support from dedicated contract management capacity employed on behalf of Greater Manchester HR Directors to oversee a number of joint contracts.
- The ability to develop a more accurate picture of the workforce across Greater Manchester through integrating workforce reporting arrangements.
- The opportunity to share learning and skills around system utilisation and development and integrate capacity here going forward.

2.4 *Building on the investment have already made*

2.4.1 The Council has invested significantly in developing its use of iTrent over recent years to improve service delivery and drive efficiencies building on movement to a Cloud Based approach early in the contract term. Continuing with this system will allow us to build on these developments. Key recent developments include:

- Annual leave – In April 2022, the Council moved away from paper based annual leave cards and automated this through iTrent. Employees can now manage their leave through self-service, managers can authorise/reject leave and HR can monitor leave balances to ensure employees are using their leave effectively.
- Absence automation – In April 2023, the Council moved away from manually calculating sickness and other absence entitlements. As with annual leave, employees and managers can enter the details into iTrent, follow the workflows that have been created and monitor trends and patterns. This has also decreased the amount of manual calculations that payroll are required to undertake and has assured consistency of sickness pay and compliance with statutory requirements here.
- Recruitment – In the last 12 months, the Council has streamlined a number of processes through the system including the new starter chain which streamlines the way new starters are set-up and the automation of letters which ensures accuracy and consistency with contracts. The Council has also recently launched an onboarding platform, which provides new starters with a checklist on all pre-employment checks, provides transparency on what is required and extra assurance with GDPR as confidential documents are not sent by email. It is anticipated that this will significantly decrease the time it takes to onboard a new starter.

2.5 Future developments

2.5.1 Work is already underway on a number of future developments which will be supported through the new contractual arrangement with MHR.

- Automation of Offboarding – Reducing the need for payroll to manually move leavers within the system.
- Expenses – Expenses can be claimed for by utilising self-service, this reduces the need for a paper forms and can provide a clear authorisation and audit trail.
- Overtime - Overtime can be claimed for by utilising self-service, this reduces the need for a paper form and can provide a clear authorisation and audit trail.
- Checklists – A recent upgrade of the system has provided new functionality in relation to the processes carried out by HR and Payroll. Essentially each process can be mapped out as a to do list so that the person completing the process can ensure that all steps are followed, which will help ensure consistency. This functionality is currently being developed for processing new starters, contractual changes and leavers with future plans to widen this to support payroll processes.
- Improved reporting and Management Information – With the support of colleagues in the Council's IT and Performance teams work is underway to

enhance both management and strategic workforce reporting which will be driven directly via iTrent.

2.6 *Modules and Functionality*

2.6.1 As part of the contract renewal, Officers have taken the opportunity to review the licences and additional modules that are currently in place and ensure any modules not currently used or planned to be used are either removed from the costings or planned to be developed so that the Council maximises the contract as a whole. The benefit of joining the GM framework means that should the Council chose to develop the system further during the lifetime of the proposed contract then the module prices remain fixed price and can be added.

2.6.2 The below table lists those modules which are proposed for inclusion in the revised contract.

1 extra Hosted Database (TRAIN)	An additional database that is required to complete annual financial returns (Train environment)
Business Objects	The system that enables the Council to run reports and create bespoke reports to suit our requirements
Configurable questionnaires / Survey builder	Allows the creation of forms within iTrent, these are currently used for family friendly initiatives
Core HR	Management of core people, organisational structure & role data, including: <ul style="list-style-type: none"> – Employee self service – Electronic signatures – GDPR (maintains data in line with legislation) – Insight dashboards – Mobile Access – Occupational Health & Safety (recording of data) – Standard reports – Web services – Organisation charts
Hosting 3 Databases	Standard iTrent databases that are necessary to run the system, maintenance and development (Live environment, Test environment & Development environment)
Item	Purpose
Learning administration	Management and administration of training and learning activities
Manager self service	Portal that managers access to see key data on their direct reports, currently used to manage leave, sickness, training and employee reviews
Onboarding (new starters)	Recruitment portal for new starters to enable them to provide pre-employment information and documents
Payroll	Management of core payroll functions including:

	<ul style="list-style-type: none"> - Absence management - E-slips (Electronic payslips) - GL interface (extracts costing data) - Returns to HMRC & Pension processing - Time & attendance (flexi, TOIL, direct payments)
Pension returns for LGPS annual, LGPS starters and leavers	To facilitate pension returns
Pensioners	Not included in Core HR/Payroll costs but charged 25% of unit cost. This amount will fluctuate depending on numbers
People development	Enables qualifications, professional memberships, pre-employment check information to be stored against employees
Performance management	Creation and Maintenance of performance reviews and check ins
Reporting interface	Enables the Council to link iTrent data with Business Objectives to run reports
SDDA	Secure direct database access
SECURE E-MAIL less than 12,000 messages	Allows text messages to be set for authentication when logging in
SES Escrow	Secures data and documentation which enables business continuity should the system fail

2.6 Costings and Funding

2.6.1 Due to the commercial confidentiality of the proposed contractual Arrangements financial information is included in a separate Part B report.

2.7 Procurement Compliance

2.7.1 As noted above, in 2022, a framework agreement was signed between the Greater Manchester Combined Authority and MHR for the provision of HR and Payroll services. This agreement allows individual authorities within GM to call off services and complete a direct award to MHR. A full procurement process was carried out by the GMCA as the basis for this award.

2.7.2 The proposed approach has been confirmed with the Council's procurement team.

3. Next steps

3.1 Subject to approval by Cabinet, Officers will engage directly with the Council's MHR Account Manager who will draw up the necessary contract for review by the Council's legal team and agreement to join the GM framework. The contract will begin on the 1st of August 2024 and will run for three years initially until 31st July 2027 with the option to extend for a further two years, to 31st July 2029.

Links with the Corporate Priorities:

The Council's HR and Payroll system is pivotal to the delivery of all Council services that play their part in the Let's Do It Strategy. Without the system we would be unable to pay our employees, maintain our workforce, monitor our recruitment and retention and provide key metrics that we can compare with our neighbouring boroughs within the Greater Manchester area and beyond.

Equality Impact and Considerations:

An Equality Impact Assessment has been completed which confirms there is no impact/risk.

Environmental Impact and Considerations:

No impact on the environment as an internal system which is already in place.

Assessment and Mitigation of Risk:

Risk / opportunity	Mitigation
Risk – There is low risk of challenge around not completing a full procurement process.	The Council must have a functioning system to support business critical processes and the current contract comes to an end in August. The Greater Manchester Combined Authority has completed a full tender exercise on behalf of the group and all bar three authorities are set to join this framework.
Risk – Doing nothing is not viable.	By joining the GM framework, we can seamlessly continue with business critical function with minimal impact of business continuity whilst minimising costs.

<p>Risk – The contract cost is based on employee numbers. A significant number of employees may move away from Council payroll services in the coming few years, in particular, as schools move to academies and transfer to alternative providers.</p>	<p>The impact of known academy transfers has been built into the contract negotiations and modelling.</p> <p>Engagement for a three-year period initially (as opposed to a straight five year term) present the Council with the opportunity to consider re-setting employee numbers after this period.</p> <p>A minimum contract duration is required by the GM Framework and engagement outside of this would cost significantly more.</p>
<p>Opportunity – Having a single approach across GM has a number of advantages which have been highlighted above.</p>	

Legal Implications:

The use of the GMCA single supplier framework with MHR is compliant with both the Public Contracts Regulations 2015 and the Council’s Contract Procedure Rules. Compliance with both sets of rules is required due to high value of the proposed contract.

Financial Implications:

The financial implications of this decision are set out in part B of the report. These should be contained within the budget framework set in February 2024.

Appendices:

N/A

Background papers:

None.

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning
GM	Greater Manchester
MHR	Midland HR