

<b>Notice of:</b>	<b>EXECUTIVE</b>
<b>Decision Number:</b>	EX6/2021
<b>Relevant Officer:</b>	Steve Thompson ,Director of Resources
<b>Relevant Cabinet Member</b>	Councillor Lynn Williams, Leader of the Council
<b>Date of Meeting</b>	25 January 2021

## **APPROVAL TO AWARD A CONTRACT FOR AN INTEGRATED HR AND PAYROLL SYSTEM**

### **1.0 Purpose of the report:**

- 1.1 To seek Executive approval (subject to satisfactory due diligence) to appoint MHR International UK Limited as the Council's Preferred Bidder to provide an Integrated HR and Payroll system and all associated implementation, support and maintenance services.

### **2.0 Recommendation(s):**

- 2.1 To approve (subject to satisfactory due diligence) the appointment of MHR International UK Limited as the Council's Preferred Bidder for the provision of an Integrated HR and Payroll system and all associated implementation, support and maintenance services.

### **3.0 Reasons for recommendation(s):**

- 3.1 A formal OJEU tender process was carried out between February 2020 and January 2021 to select a suitable supplier to provide a replacement integrated HR and Payroll System including implementation, support and maintenance services.

The evaluation panel scored responses to each of the questions – system demonstrations were also provided by each bidder and scored as part of the process.

The Council then conducted negotiation meetings with all bidders (as permitted within the competitive with negotiation tender process) before finalising specification requirements and inviting Final Tenders.

Improved Final Tenders were received from all invited suppliers and evaluated by the panel. MHR International UK Limited provided the most advantageous tender for HR

& Payroll (based on a combination of price, quality and social value). It is our intention to enter into a formal agreement with MHR International UK Limited.

3.2 Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.3 Is the recommendation in accordance with the Council's approved budget? Yes

**4.0** Other alternative options to be considered:

4.1 None – the current HR and Payroll system contract expires in 2023 and there is no compliant ability to extend this.

**5.0 Council priority:**

5.1 The relevant Council priority is: "The economy: Maximising growth and opportunity across Blackpool"

**6.0 Background information**

6.1 Blackpool Council's HR and Payroll System, Selima, has been used by the Council for over 20 years. The Finance Management System, Cedar/Advanced e-financials, was first implemented in April 2001 and will also have been in place for over 20 years by the time the current contract lapses.

6.2 Both systems are hosted on site and the Council incur annual revenue costs incorporating licencing, database management and server provisions.

6.3 Current contracts expire in 2023 (HR and Payroll) and 2024 (Finance) and there is no further ability to extend these.

6.4 The Council requires replacement HR, Payroll and Finance systems which offer best value, are fit for purpose and meet all essential requirements. Blackpool Council's ICT department is primarily an infrastructure and support service and does not contain a systems solution function.

6.5 A broader objective of going to market for replacement HR, Payroll and Finance system is to drive a move away from silo working and transform how the Council runs its business activities and reporting. This transformation aims to introduce joined-up cross-Council systems, automate processes and drive significant service improvements and further efficiencies across the Council.

- 6.6 Measures of the achievement of the objective will include:
- Systems which are fit for purpose;
  - Achieving better value for money;
  - Reduced costs of third-party integrations and system interfaces;
  - Reduced transaction costs through self-service / system efficiencies / efficiency savings through reduced duplication, improved process flows and increased accessibility;
  - Staffing efficiencies through more integrated and automated working;
  - Improved financial planning and management / ability to make more evidence-based decisions with improved data quality, visualisations and reports;
  - An excellent customer experience that makes it easier for managers and employees to carry out their duties;
  - Increased accessibility including use of mobile technology and apps; and
  - The ability to easily share data and information across systems; and
  - The ability to improve income generation and retention from Traded Services;
  - Improved self-service functionality for Traded Services and Council entities.
- 6.7 In 2019 the Council's Corporate Leadership Team approved the commencement of a process to project plan and tender for both systems. A Project Board chaired by the Director of Resources was established to oversee the process from specification design to successful implementation and roll out. The Project Board includes representation from a range of key Council services including HR, Payroll, Transactional Services, Finance, ICT, Procurement and Risk. Meetings have been held regularly throughout the process, key decisions have been documented and risks have been managed and mitigated by the Board.
- 6.8 Following approval to proceed, the Board engaged in pre-tender activity to gain a better understanding of the type of systems / solutions currently available which would meet our objectives (and those of our entities and Traded Services). An open invitation was provided to suppliers to provide technical and practical feedback via a market engagement exercise. A number of suppliers were invited (without favour or prejudice) to provide system demonstrations.
- 6.9 Environment scanning took place to establish what systems were being used by other local authorities, in particular unitary authorities of a similar size and profile, and to gain an understanding of the challenges of the process ahead.
- 6.10 The Project Board also engaged consultancy services (via a competitive exercise) to help prepare detailed specification of requirements for both systems, in particular defining the functional system requirements.

- 6.11 The procurement process has taken place during the Covid 19 pandemic and the Project Board has adapted to the challenges brought about by lockdown. The Project Board has embraced available technology and completed complex evaluation processes and negotiation discussions remotely; worked co-operatively with bidders to ensure system demonstrations could still be delivered; and maintained the momentum of the procurement process whilst managing additional day to day workload pressures.
- 6.12 A formal OJEU tender process commenced in February 2020 to select a suitable supplier or suppliers to provide 1) a replacement integrated HR and Payroll System and 2) a replacement Finance Management and eProcurement System. Services for both systems to include implementation, support and maintenance.
- 6.13 The initial contract term for both systems will be 10 years following successful implementation and roll out (April 2022 for HR and Payroll and April 2023 for Finance Management and eProcurement) with the potential to extend for a further 5 years (renewal term).
- 6.14 A 3 stage, competitive with negotiation tender process was undertaken via the Authority's electronic tendering portal, The Chest. Interested suppliers were able to bid for each system via separate Lots; Lot 1 for HR and Payroll; and Lot 2 for Finance Management and eProcurement. Suppliers offering solutions for both Lots were required to demonstrate savings for the provision of a single combined solution.
- 6.15 Submissions were evaluated by panels consisting of representatives from the Council's Chief Executive and Resources Directorates and facilitated by members of the Council's Procurement Team.
- 6.16 A total of 13 suppliers submitted compliant responses at Stage 1 of the process (Selection Questionnaire) and following evaluation, 5 suppliers were shortlisted for each Lot and invited to submit Initial Tenders (Stage 2).
- 6.17 Initial Tenders required bidders to complete a comprehensive set of questions based on system functionality, delivery approach, social value and provide a fixed priced proposal for the whole life of the contract.
- 6.18 3 tender submissions were received for Lot 1 from:
- MHR International UK Limited – Northampton
  - Namos Solutions Limited – London
  - TechnologyOne UK Limited – Reading
- 6.19 The evaluation panels scored responses to each of the questions – system demonstrations were also provided by each bidder and scored as part of the process.

- 6.20 The Council conducted negotiation meetings with all bidders (as permitted within the competitive with negotiation tender process) before finalising specification requirements for both Lots and inviting Final Tenders (Stage 3).
- 6.21 Improved Final Tenders were received from all invited suppliers and evaluated by the panels. MHR International UK Limited provided the most advantageous tender for Lot 1 - HR and Payroll (based on a combination of price, quality and social value).
- 6.22 The evaluation panel conducted Due Diligence on the Lot 1 – HR and Payroll Preferred Bidder including; testing the validity of the supplier’s tender responses via existing customer references; checking the supplier’s financial standing; and ensuring compliant and satisfactory ICT/Information Governance processes are in place.
- 6.23 As required by the Public Contract Regulations 2015 a 10-day standstill period commenced following Executive approval and completion of the call-in period. The purpose of the standstill period being to communicate the decision to all bidders. No challenges were received from Lot 1 bidders during this period and the Council is moving towards signing a formal agreement with MHR International UK Limited.
- 6.24 Lot 2 evaluations for Finance Management and eProcurement have not yet been completed. A further report to the Executive will follow to seek approval for the appointment of the Preferred Bidder for a Finance Management System once the evaluations have been completed and Due Diligence has been completed to the Council’s satisfaction.
- 6.25 Does the information submitted include any exempt information? Yes

The information regarding the tender and the proposed or potential courses of action is currently exempt from publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It is considered on balance that the public interest would be not served by publishing information at this stage however once agreement with the other parties has been reached the relevant parts of this information will be published.

## **7.0 List of Appendices:**

7.1 None.

## **8.0 Financial considerations:**

8.1 The Preferred Bidder’s costing proposal for implementation plus 10 year support and maintenance services was within the Council’s declared affordability envelope.

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To achieve successful implementation and roll out there will be an impact on internal

8.2 resource across several service areas including HR, Payroll, Accountancy and ICT. Dedicated internal resource has been identified to ensure the systems are implemented and rolled out successfully.

**9.0 Legal considerations:**

9.1 The tender process has been undertaken in line with Public Contract Regulations 2015 and is in line with the Council's Contract Procedure Rules.

9.2 The Council will enter into a formal contract with the supplier. There are no TUPE implications.

**10.0 Risk Management considerations:**

10.1 HR and Payroll systems are business critical. Should contracts not be awarded there is a risk that the Council will not have sufficient time to implement replacement system before the current contracts and system support expires.

10.2 The Project Board, chaired by the Director of Resources, will continue to oversee the process until successful contract award, implementation and roll out has been achieved for both the HR and Payroll and Finance Management and eProcurement systems. There is a Risk Register for the project which is a standing agenda item at Project Board meetings and is updated regularly.

10.3 Dedicated internal resource has been identified to ensure the systems are implemented and rolled out successfully

**11.0 Equalities considerations:**

11.1 Equality and diversity has been assessed and considered and there are no implications or impacts in relation to this.

**12.0 Sustainability, climate change and environmental considerations: considerations:**

12.1 The proposed successful bidder, MHR International UK Limited has signed up to Blackpool Council's Supplier Charter which includes a commitment to consider how they can make a positive contribution to improve the economic, social and environmental well-being of Blackpool in order to help achieve the Council's priorities.

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**13.0 Internal/external consultation undertaken:**

13.1 Key internal stakeholders from a range of Council services (as mentioned above at 6.7) have been engaged on the Project Board and evaluation panel/s. Consultation with service users will take place as part of the system implementation process.

13.2 The Supplier has been assessed on their ability and understanding around their role in communicating with the Council entities and Traded Services who will also use the system.

**14.0 Background papers:**

14.1 None.

**ONLY APPLICABLE FOR REPORTS WHICH WILL EVENTUALLY BE CONSIDERED BY THE EXECUTIVE/CABINET MEMBER**

**15.0 Key decision information:**

15.1 Is this a key decision? Yes

15.2 If so, Forward Plan reference number: 4/2021

15.3 If a key decision, is the decision required in less than five days? No

15.4 If **yes**, please describe the reason for urgency:

**16.0 Call-in information:**

16.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? No

16.2 If **yes**, please give reason:

**TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE**

**17.0 Scrutiny Committee Chairman (where appropriate):**

Date informed: 15 January 2021 Date approved:

**18.0 Declarations of interest (if applicable):**

18.1 None.

**19.0 Executive decision:**

19.1 The Executive resolved as follows:

1. That the public and press be excluded from the consideration of the decision. on the grounds that this item contains the likely of information not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. The information contained in the report concerns ongoing negotiations with third parties and the public interest would be served by making this information public at the point once the negotiations are concluded parts of that information would be published.
2. To approve the appointment of MHR International UK Limited as the Council's Preferred Bidder for the provision of an Integrated HR and Payroll system and all associated implementation, support and maintenance services.

**20.0 Date of Decision:**

20.1 25 January 2021

**21.0 Reason(s) for decision:**

21.1 A formal OJEU tender process was carried out between February 2020 and January 2021 to select a suitable supplier or suppliers to provide 1) a replacement integrated HR and Payroll System and 2) a replacement Finance Management and eProcurement System. Services for both systems to include implementation, support and maintenance.

The evaluation panels have scored responses to each of the questions – system demonstrations were also provided by each bidder and scored as part of the process.

The Council then conducted negotiation meetings with all bidders (as permitted within the competitive with negotiation tender process) before finalising specification requirements for both Lots and inviting Final Tenders.

Improved Final Tenders were received from all invited suppliers and evaluated by the panels. MHR International UK Limited provided the most advantageous tender for Lot 1 - HR and Payroll (based on a combination of price, quality and social value). It is



our intention to enter into a formal agreement with MHR International UK Limited subject to satisfactory completion of due diligence.

At the meeting it was confirmed that due diligence had now been completed with references and information provided from the identified tenderer.

**22.0 Date Decision published:**

22.1 26 January 2021

**23.0 Executive Members in attendance:**

23.1 Councillor L Williams, in the Chair

Councillors Benson, Brookes, Campbell, Farrell, Hobson, Kirkland, Smith and Taylor

**24.0 Call-in:**

24.1

**25.0 Notes:**

25.1