

Arun District Council

REPORT TO:	Corporate Support Committee – 6 February 2025
SUBJECT:	Procurement of Human Resources and Payroll System
LEAD OFFICER:	Jackie Follis, Group Head of Organisational Excellence
LEAD MEMBER:	Councillor Francis Oppler, Chair of Corporate Support Committee
WARDS:	All
CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION: It is essential that the organisation is able to continue to pay staff and members and manage the employment lifecycle so that we can continue to deliver services. As the current Human Resources and Payroll (HRP) system will be end of life in 2026, with no possibility of this being extended, a new system is required.	
DIRECTORATE POLICY CONTEXT: The HRP system is a corporate system which is managed within Human Resources, but with close links to Finance to enable efficient management of resource.	
FINANCIAL SUMMARY: The detail of this is included in the business case which is attached as an exempt appendix . The public and press are likely to be excluded from the meeting during consideration of the appendix only , as it contains exempt information as defined in paragraph no. 3 of Schedule 12a to the Local Government Act. The project team has carried out substantial research and estimated the 'reasonable' cost of a full system. As this is about to go out to tender it is not appropriate for this to be in the public domain until a contract has been awarded	

1. PURPOSE OF REPORT

- 1.1 The current HRP system (SumTotal) will no longer be available from 31 December 2026. This report sets out the background to the procurement of a new system and seeks delegated authority for the S151 Officer to award a new contract, subject to approval of the budget at Full Council.

2. RECOMMENDATIONS

It is recommended that the Corporate Support Committee:

- a. Requests that the Policy and Finance Committee approves the scheme and recommends to Full Council its inclusion in the Council's capital programme; and
- b. Grants authority to the Group Head of Organisational Development to award the contract if bids come within budget, subject to approval of the scheme by Full Council.

3. EXECUTIVE SUMMARY

3.1 The current HRP has been in use for many years with the last upgrade being 16 years ago. The supplier is withdrawing from the market in December 2026 and we have no alternative but to put new arrangements in place for an HRP in order, at the most basic level, to pay staff and members. Whilst this is necessary it will also provide distinct improvements across the organisation and these benefits are set out in section 4 of the report. The Corporate Leadership Team have agreed the business case and its recommendation for approval.

3.2 It is recognised that Local Government reorganisation will raise issues around combining corporate systems, possibly within the lifetime of a new contract. The team has researched HRP systems used in neighbouring authorities. There are many of these with little consistency or sharing between authorities and there are different views on their functionality and effectiveness. At this stage there is no evidence that there would be advantages of a particular system, linked to possible reorganisation, that would influence a procurement decision now, but consideration will be given to the length of contract.

4. DETAIL

4.1 Benefits of a new System

4.1.1. The current system is outdated, with very little in the way of development or enhancements from the supplier.

4.1.2. Our processes use old technologies and we currently have to combine a number of different systems to deliver individual elements such as recruitment, performance, payroll, reporting and limited self-service. A modern fully integrated solution will streamline all/most of these.

4.1.3. A new system will enable better decision making as the current reporting system is difficult and relies technically on the ICT team to produce anything other than basic standard reports. This impacts on our ability to produce timely and reliable information.

- 4.1.4. A new system will provide enhanced integration with the Council's finance system, supporting further automation and improved reporting.
- 4.1.5. The implementation of a new system will require full data cleansing and process mapping is already taking place to ensure that our specification reflects modern working practices. This work will put us in a good position to support whatever organisational change is required as a result of local government reorganisation.
- 4.1.6. Modern systems offer much better self-service that will improve the employee's experience, provide better data needed for managers to manage their staff and with increased automation, enable a small HR team to focus on higher value areas of their work.
- 4.1.7. We must be able to ensure the highest level of data security given the sensitive nature of the information the system will hold. Any new system will be cloud based which will reduce risk and enhance our cyber-security.

4.2 HRP Project

- 4.2.1 The project to replace the system has been broken down into 2 stages:
 - Phase 1 – procurement (up to contract signature) expected to be April/May 2025
 - Phase 2 - implementation and go live, target is April 2026, with June-Sept if necessary. We cannot take the risk of not having a fully tested go live date before the existing system expires, including parallel runs.
- 4.2.2 Phase 1 of the project is fully funded and we are using external project management to support this. To date we have fully explored the market and procurement routes. We will be awarding the contract using a compliant framework, the detail of which is to be decided following receipt and evaluation of tenders. The timing is that we expect to send out tender documentation by the end of the month and to have completed evaluation by the end of February, ready to enter into detailed contract discussions in March 2025 with award of contract early in 2025/26. Due to the tight timescale for implementation, we will need to be able to award the contract as soon as possible and will not be able to wait until after Annual Council and the meetings in the new civic year.
- 4.2.3 Phase 2 – the business case sets out an indicative timetable, which focuses on key elements of the system which we must have in place before the old systems are 'switched off'. Other functionality has been put towards the end of the programme, but it is important that they are mainly completed within the timescale because of the need to transfer existing/older data (if required) to the new system whilst it is still available

4.3 System cost

The detail of this is included in the business case which is attached as an **exempt appendix**. The public and press are likely to be excluded from the meeting during consideration of the **appendix only**, as it contains exempt information as defined in paragraph no. 3 of Schedule 12a to the Local Government Act. The project team has carried out substantial research and estimated the 'reasonable' cost of a full system. As this is about to go out to tender it is not appropriate for this to be in the public domain until a contract has been awarded

5. **CONSULTATION**

Consultation has not been carried out as it is not required

6. **OPTIONS / ALTERNATIVES CONSIDERED**

6.1 A new HRP system must be procured as the existing system is approaching end of life and the decision has been made to go ahead with procurement through a compliant framework agreement.

6.2 Outsource the service to another local authority. As set out in section 3 there is no obvious route forward on this given our research into current provision, complicated by the uncertainties around local government reorganisation. Timescales are relatively tight and it is simply not an option to not have a fully tested new system by the middle of 2026, so we cannot delay the procurement process 'until the dust settles'.

6.3 Some examples of why a supplier may not be suitable are where we have specific needs which must be met. One of the most significant is the ability to process employer level data and interact with our Local Government Pension Scheme administrators. Public sector pension schemes are particularly complex. We also require an HRP which will interact with our existing finance system, in addition a number of suppliers will only provide a full system that includes HR and Finance, not a stand-alone HRP.

7. **COMMENTS BY THE GROUP HEAD OF FINANCE/SECTION 151 OFFICER**

7.1 The financial implications of this project are included in the exempt appendix.

8. **RISK ASSESSMENT CONSIDERATIONS**

8.1 The business case provides a full risk log. The most significant risk is that of the budget not being approved, thus not being able to procure a new system and therefore not achieve 'go live' within the required timescale. There are risks associated with the implementation phase, but we are confident that these will be mitigated through strong project management.

9. COMMENTS OF THE GROUP HEAD OF LAW AND GOVERNANCE & MONITORING OFFICER

9.1 The contract will be procured in accordance with the Council's Contract Standing Orders (CSOs) (part 6.5.2). For contracts of this level of contract value, approval of the budget is required as one is not already in place, and officers also require approval to award the contract if the tender bids received come within budget. No committee decision is required following receipt of tenders and prior to the contract being awarded unless tenders are received in excess of the approved budget.

10. HUMAN RESOURCES IMPACT

10.1 A new HRP system can only impact positively on the ability of the organisation and all of those in it to manage HR processes more efficiently and effectively. This includes HR and payroll staff, managers, finance, staff (through self-service) and members

11. HEALTH & SAFETY IMPACT

No direct impact.

12. PROPERTY & ESTATES IMPACT

No direct impact

13. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE

13.1 Although there are no direct implications for equalities or social value, any modern HRP will allow the organisation to report accurately and consistently on relevant issues to support legal compliance and best practice in employment.

14. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE

No direct impact

15. CRIME AND DISORDER REDUCTION IMPACT

No direct impact

16. HUMAN RIGHTS IMPACT

16.1 A new HRP will support improved delivery of all HR and Payroll activities across the organisation for staff, managers and members as described in section 4 of this report, included the ability to report accurately and consistently on staff related matters.

17. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS

- 17.1 A new HRP will support improved delivery of all HR and Payroll activities across the organisation for staff, managers and members as described in section 4 of this report, included the ability to report accurately and consistently on FOI and data protection issues.

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