

REQUEST FOR MAYORAL DECISION – MD1303

Title: Procurement of an online integrated HR system

Executive Summary:

This Mayoral Decision seeks approval from the Mayor for the procurement by Human Resources and Organisational Development (HR & OD) of the provision of an online human resources system required to support the GLA/LFEPA shared payroll service whilst addressing the GLA's strategic and operational Human Resource requirements. The provision of the system will be procured by seeking five written quotes from potential suppliers identified during pre-market testing. The total expenditure required to set up and host the system for the GLA for 4 years, is estimated to be up to £150,000.

As part of the HR & OD business plan objectives, the HR & OD Team has been tasked with the implementation of online systems for performance management, learning management/training records, and absence management. Following extensive pre-market testing and in order to provide the required capability whilst also supporting the GLA/LFEPA shared payroll service, the GLA is seeking to procure an online integrated HR solution.

Decision:

That the Mayor approves expenditure of up to a maximum of £150,000 (from the existing HR & OD budget) on supplies and services required to set up and host an online integrated HR system for the GLA for 4 years; and the procurement approach in compliance with section 5.2 of the GLA's Contracts and Funding Code.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:

Date:

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1 There are currently no specialist IT systems in place within HR & OD outside the core HR data management system. This means that the majority of administrative tasks are carried out manually by HR & OD staff, other GLA staff and managers. However, there are online systems available on the market that have the potential to create efficiencies and savings, will improve data provision and will allow online self-service by staff and managers in certain areas.
- 1.2 These online systems are cloud based i.e. they are hosted by the provider. Therefore, the GLA would not be procuring the software, but access to the system hosted on the providers site. The costs involved will be a one-off fee to set up and configure the site to the GLA's requirements, and an annual fee for the provider to host the GLA on their site for the length of the contract.
- 1.3 A project was set up to investigate the systems that are available and how they could improve the provision of various functions within HR & OD. The systems considered included performance management, learning management/training records, and absence management.
- 1.4 The Project Team established that there are considerable benefits to be gained by moving these functions to online systems. These include:

Performance management

- The ability to complete, save and sign-off performance review records online for staff and managers.
- Performance objectives live and regularly updated.
- The ability to record performance feedback received throughout the year, as well as notes from 1:1s.
- Instant insight into team performance records for managers.
- Easy tracking of performance review returns with automatic reminders sent out, leading to timely completion.
- Easier reporting on team and organisational development needs.
- Access to data to support talent management and succession planning.
- Ability to create online personal development plans and link this to in-house training opportunities.

Learning management/training records

- The ability for staff to see and book on to training courses, and for their managers to approve these courses online.
- Individual's training records updated automatically following training.
- Post course evaluations sent and completed online and easy tracking of returns with automatic reminders sent out.
- Create waiting lists for oversubscribed courses and allocate places when further courses are scheduled.

Absence management

- The ability to complete, and sign-off annual and special leave requests online.
- Sickness recorded online by the absent member of staff or their manager and signed-off online by their manager.
- Sickness for units coordinated online by their sickness coordinator.
- Sickness and leave records live and regularly updated.
- Instant insight into team absence records for managers.
- Instant access to team's leave calendars for managers, allowing them to plan staff availability.
- Easier reporting by HR&OD on team and organisational absence figures.

Additional benefits available from providing all the above functions through an online system are that there will be a reduction in bureaucracy, a streamlining of process and environmental advantages, as the use of hardcopy forms will be eliminated through online self-service.

- 1.5 Following visits to Transport for London (TfL) and the London Fire Brigade (LFEPA), the only organisations within the GLA Group to use online systems, it was established that there are no suitable shared services options available. Their systems do not offer practicable solutions for a number of reasons, including:
- Their systems are significantly tailored to the specific needs of TfL and LFEPA.
 - Some of the systems are SAP based and shared services would require us to set up a virtual HR system on SAP.
 - Other systems are hosted by outside organisations and would require substantial changes to the functionality for them to meet the GLA specification, which would be costly.
- 1.6 The Project Team then established that there are two approaches that can be taken, either to procure one integrated system that operates through a core HR data management system, or to procure separate free-standing systems for each of the required functions.
- 1.7 The Project Team has reviewed these two approaches and has concluded that there is a clear advantage in procuring an integrated system. It has become apparent that this is the most cost effective and efficient solution and there are a number of benefits from this approach:
- The total cost of procuring an integrated system will be similar to that of procuring three separate systems. However, this will also include a new core HR system and other functions as standard that would not be available if separate systems were procured. This includes an online self-service expense claim system. The Finance Team have been tasked with introducing online expense claims, and if a core system were not procured, this would have to be procured as a separate system.
 - The core system and the additional functions will all be provided by the same supplier, who will host all the systems. Therefore, they will be fully integrated, in effect being one system. As a result, information will only need to be input once, to be available throughout the system.
 - The various modules of the integrated system will all feed and be fed from the core database holding the organisation and people information ensuring users are always working on the most up to date information.
 - Implementation will be simpler, with less consultancy time as, in effect, only one system is being implemented.
 - Staff and managers will have access to the self-service functions of the system through one log in. Additionally, they will only be required to be trained on one system.
 - A new integrated system would offer far greater control over the way fields and screens work and have a significant impact on data integrity which in turn will improve the quality of output for system reporting, reduce time required to cleanse data, ensure no duplication of input and reduce maintenance time, as only one system will need to be maintained rather than several.
- 1.8 In addition, there are clear disadvantages from procuring separate stand-alone systems:
- The combined cost of the three systems would be high, as consultancy costs would be incurred for implementing each system. However, the core HR system and the additional functions such as expense claims would not be included, as these are only available as part of an integrated system.
 - Each system would probably require a different sign-in, so to use the self-service staff and managers would be required to remember three new passwords and user names.
 - Each system would have a different way of working, so detailed training would be required for each.
 - To allow information to be shared with the core system and between systems, interfaces would have to be developed, which would complicate the systems, take considerable time to implement and would require costly input from external consultants. This would also create greater risk, as there would be more opportunities for systems errors to occur.

- 1.9 In addition to the benefits listed above, a major advantage of procuring an integrated system is that it will replace the current HR system which, along with payroll, is provided by LFEPA. This system is heavily tailored to LFEPA's specific needs and as a result, it has proved difficult for GLA staff to use, requiring a significant amount of manual input and not providing data in a format appropriate to the GLA's requirements. The current system would also present difficulties if separate systems were procured for the additional functions, as it would be extremely difficult to integrate these.
- 1.10 As well as being more cost effective, efficient and versatile, a new core system, which had not been tailored to a specific organisation, would offer far greater opportunities for the GLA to provide shared HR and OD services to other members of the GLA Group, including MOPAC, who currently have HR functions provided by the GLA's HR & OD Unit.
- 1.11 The proposal maintains the shared services agreement with LFEPA to pay GLA salaries and this forms the primary element of the shared services agreement between the GLA and LFEPA. By providing more robust staffing information, the new system will support and help maintain this agreement. Additionally, while the provision of the payroll represents the majority of the costs for this agreement, the savings made from terminating the provision of the core HR data management system by LFEPA will cover the annual costs of the new integrated HR system.
- 1.12 In order to procure the provision of the system the proposal is to seek quotes from five potential suppliers identified during pre-market testing.
- 1.13 Section 3.6 of the GLA's Contracts and Funding Code ("Code") states that where the expected value of a contract is above £125,000 then specialist advice must be sought and in most circumstances an OJEU/advertised tender exercise is to be conducted for such services or that they be called off from an accessible framework. The expected value of the contract to be awarded in this case is up to £150,000. Therefore in compliance with section 5.2 of the code specialist advice was sought from TfL procurement and explicit authorisation for the procurement approach is sought by the document following the required risk assessment articulated below.

In this instance it is considered that 1) the value of the contract will remain below the OJEU threshold and 2) the time it would take to conduct an OJEU/advertised tender exercise/call off from an accessible framework would delay the implementation of more effective management of GLA/LFEPA shared payroll service. This would create the risk that the GLA's human resources system would continue to operate sub-optimally for a longer period than is necessary. The GLA is a best value organisation committed to continuous improvement of its procedures and the prompt procurement and implementation of the new system would allow the GLA to start obtaining the predicted benefits at an earlier date. A delay in procuring a new system would also take its implementation in to the next reporting year, which could lead to a delay in introducing systems improvements and obtaining the attached benefits for a considerable amount of time and possibly not until the following financial year (2015/16). In addition:

- pre-market testing indicated that only a limited number of suppliers have the requisite public sector experience and could supply the required functionality within the available budget;
- in any event, the value of the contract falls below the threshold mandating advertised tender activity under the Public Contracts Regulations 2006 (c.£173k); and
- the GLA by conducting a competitive quotation exercise, is acting in an open and transparent manner in order to secure value for money.

It is considered therefore, that there are negligible risks associated with conducting a competitive quotation exercise over an OJEU/advertised tender exercise/ call off from an accessible framework. The Mayor is asked accordingly to approve the proposed approach on the basis set out above.

2. Objectives and expected outcomes

- 2.1 The objective is to procure the provision for 4 years of an integrated online HR system comprising a core HR data management system and additional performance management, learning management/ training records, and absence management functions.

- 2.2 The expected outcomes are that as a result of the more effective HR systems:
- HR & OD will be able to deliver a more efficient, cost effective service to the GLA.
 - The opportunity to offer shared HR & OD services to other members of the GLA Group will be created that are not available with the current system.
 - The current shared services agreement with LFEPA to pay GLA salaries will be supported and strengthened by the provision of more robust staffing information.
 - There will be a significant impact in the integrity of data available, greatly improving the quality of reporting across the HR & OD functions.
 - Self-service will be available to managers and staff over a number of functions including completing and signing off performance reviews, sickness and absence reporting, booking and approving leave, and booking and approving training courses. This means that they will not have to do these manually, or send the information to HR & OD to be input.
 - Managers will be able to instantly access data relating to their teams for the above functions and view information such as approved leave and sickness records for all their team members, without having to request this information from HR & OD.

3. Other considerations

3.1 Risk

The main risk related to the project is that the system procured is not compatible with the GLA's computer system. To mitigate this risk a number of actions will be taken:

- A member of the Technology Group, Tom Jackson, is part of the Project Team and will advise on technical issues related to the system.
- The compatibility of the system will be an integral part of the procurement specification.
- Extensive testing of the system will take place before it goes live.
- Procuring a cloud based system will mitigate this risk further, as the software itself will be hosted on the supplier's system, not by the GLA.

3.2 Links to Mayoral strategies and priorities

The implementation of new HR systems is one of the key milestones for developing the HR & OD function and the ability to establish high-quality HR shared services a key milestone for developing the organisation in the GLA 2013/14 to 2014/15 business plan.

3.3 Impact assessment and consultation

The new system will improve access for staff and their managers to the performance management and absence management processes. Additionally, managers will have greater access to the system, to review their team's records. However, members of staff who have specific requirements regarding access to the system will still be able to contact the HR & OD Team for assistance.

The requirements for online systems have been the subject of discussion and consultation within the HR & OD Unit, and have been presented to Directors by Juliette Carter. Two focus groups have also been held to discuss the requirements of managers and staff for the online performance management system.

In addition to consultation, it is planned to set up a user group of internal stakeholders to assist with the systems installation, testing and training.

4. Financial comments

This will be contained within existing budgets and deliver savings that are difficult to quantify at this stage.

5. Legal comments

5.1 Sections 1-4 of this report indicate that:

- 5.1.1 the decisions requested of the Mayor fall within his powers, acting on behalf of the Authority, to do anything which maybe considered to be facilitative of or conducive or incidental to the exercise of its principal purposes; and
- 5.1.2 in formulating the proposals in respect of which a decision is sought officers have complied with the Authority’s related statutory duties to:
- (a) pay due regard to the principle that there should be equality of opportunity for all people;
 - (b) consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
 - (c) consult with appropriate bodies.
- 5.2 Section 3.6 the Authority’s Contracts and Funding Code (“Code”) requires that an OJEU/advertised tender be conducted for supplies or services with values of that proposed or that they be called off from an accessible framework. However, section 5 of the Code provides that exemptions from that requirement maybe approved where the risks of complying with section 3.6 of this Code and the benefits of approving the exemption outweigh (in the reasonable opinion of the relevant decision-maker in light of all circumstances) the risks associated with approving the exemption. Officers have indicated, at section 1.13, that this is the case here. Therefore, if the Mayor is satisfied with the content of this report he may approve the exemption.
- 5.3 Officers should liaise with TFL procurement to conduct the proposed procurement activity and ensure that an appropriate contract is put in place between and executed by the Authority and successful bidder before commencement of the supplies and services in question.

6. Investment & Performance Board

This is not an external programme, but is concerned with improving internal GLA systems. Therefore, this decision does not fall under the remit of the Investment and performance Board.

7. Planned delivery approach and next steps

Activity	Timeline
Procurement – ITT sent to potential suppliers	20 December 2013
Closing date for tenders	17 January 2014
Evaluation of tenders/clarification	24 January 2014
Award of contract	31 January 2014
Systems Implementation and testing	1 February to 31 March 2014
Communications and training	1 February to 31 March 2014
Projected launch	1 April 2014

Appendices and supporting papers:**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:**Is the publication of Part 1 of this approval to be deferred? YES**

If YES, for what reason:

It contains information the disclosure of which would be likely to prejudice the Authority's commercial interests by distorting competitiveness in the relevant market. Such distortion impacts upon the Authority's ability to secure competitive and sustainable bids for the provision of such supplies and services and value for money which is not in the public interest

Until what date: 1 February 2014.

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:	Drafting officer to confirm the following (✓)
Drafting officer: <u>Philip Farr</u> has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.	✓
Assistant Director/Head of Service: <u>Juliette Carter</u> has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.	✓
Sponsoring Director: <u>Martin Clarke</u> has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.	✓
Mayoral Adviser: <u>Sir Edward Lister</u> has been consulted about the proposal and agrees the recommendations.	✓
Advice: The Finance and Legal teams have commented on this proposal.	✓

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

Date

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

Date