



REPORT TITLE:	ZELLIS HR & PAYROLL SOFTWARE SOLUTION
REPORT OF:	AD - HUMAN RESOURCES & ORGANISATIONAL DEVELOPMENT AND CHANGE

REPORT SUMMARY

This report seeks authority for the award of HCM (Human Capital Management) & Payroll System contract for the Council to Zellis under Crown Commercial Services G-Cloud 13 framework for a further 3 years. It will run from 1 January 2024 until 31 December 2026 with an option to extend for one additional year if the requirement still exists.

The decision will contribute directly and indirectly to the delivery of key themes in the Council Plan 2023-2027, as an enabling service to support other areas delivering outcomes. The Council plan references the underpinning aspect of a robust digital system enabling remote connectivity and the ability to maintain essential services using digital technology.

The system is essential to process the payroll for 12,500 council employees, members and school employees.

This is a key decision. This decision affects all wards in the borough.

RECOMMENDATION/S

The Director of Law and Corporate Services is recommended to approve the award of a new contract to Zellis UK Ltd for HCM (Human Capital Management) & Payroll software and associated services for a 3 year term with an additional 1 year option by way of a direct award through a Call-Off Contract via the G-Cloud 13 Framework Agreement (RM1557.13) at a total cost over the 3 years of £1,003,500.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 The contract for the Councils' current Payroll & HR system runs until December 2024 after which time it needs to be renewed if employees, members and commissioning schools employees are to be paid after this date. The renewal at that time was planned to be through Call-Off Contract for the G-Cloud 13 Framework Agreement (RM1557.13).
- 1.2 The annual pricing structure of the G-Cloud 13 Framework Agreement is cheaper than our current contract annual price. Zellis have agreed to allow the council to transfer to the G-Cloud 13 contract early which creates a financial saving of £100k per annum and allows the council to implement additional functionality sooner which in turn will provide further operational efficiency opportunities.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Do nothing. There is a requirement for this contract to be renewed before January 2025. If renewed later in 2024 the G-Cloud 14 catalogue will be in place which will almost certainly be more expensive due to inflation.

Cloud based Enterprise Resource Planning (ERP) solution

- 2.2 A capital investment bid of £10m was submitted for internal officer review in December 2018 for the SmartBusiness Project, to replace the 1Business Finance system (Oracle R11) and HR/Payroll Platform (Zellis ResourceLink) with a Cloud based Enterprise Resource Planning (ERP) solution. This was approved at Capital and Assets Group Meeting December 2018.
- 2.3 The project was approved for inclusion in the capital programme at the Budget Council meeting in March 2019, where it was noted that procurement of a new ERP system could be conducted in phases with financial systems being the priority, followed by payroll and HR.
- 2.4 An ERP Project Board was established to provide oversight to proceedings and facilitate operational decision-making - a Full Business Case (FBC) was set out and approval was granted to procure an ERP system. As the Project Team were preparing the documentation to go out to tender in March 2020, the country went into lockdown due to COVID-19. The pandemic delayed progress until August 2020, when the tender process commenced.
- 2.5 In May 2020, the HR/Payroll Platform provider, notified the Council that the Zellis system would not be supported if the on-site Oracle database was not upgraded by December 2021. This upgrade would have been a major project demanding significant resources that would be competing with ERP implementation activity. The cost and impact of upgrading the on-site database did not align with the Council's strategy of moving to cloud based solutions. Other considerations at the time were the ERP implementation timescales and the risks of the HR/Payroll system being unsupported.

Change From Original Scope of ERP solution

- 2.6 In November 2020, the Project Board made the decision to migrate the HR/Payroll system to the Zellis cloud service, rather than diverting resources to an on-site database upgrade. This decision was taken as it was not possible to implement a new Oracle HR/payroll system by December 2021, as per original plans, given the ERP contract award would not be made until early in 2021. As part of the negotiations for cloud migration, the Council extended its contractual arrangement with Zellis to 2024, thus facilitating time to subsequently review the HR element of ERP plans.
- 2.7 A Full Business Case (FBC) was subsequently presented to, and approved by, the Project Board, to continue matters without the Human Capital Management (HCM)/HR modules.
- 2.8 Whilst the FBC, which was subsequently approved by Policy & Resources Committee, did not contain HCM modules for the reasons outlined above, a further review was undertaken in January 2022.
- 2.9 This review concluded that it was not considered financially viable at that point to implement HCM considering Oracle implementation costs and the ongoing annual licencing costs (including schools) in comparison to the costs of remaining with Zellis. There were also some risks identified from a reduction in the functionality of HCM for Council and school users. The circumstances had also changed following the migration to the Zellis cloud-based service, which provided new integration technologies and opportunities to interface with Oracle.
- 2.10 Subsequent to this decision the HR Team have worked with Finance to develop new integration technologies to interface HR/Payroll data.
- 2.11 The HR/Payroll system is the primary feed for all people data into the Oracle Fusion Financial System, providing the benefits of an integrated solution without the additional costs and implementation time. It provides organisational structure, hierarchy and payroll data to the EPM module of the Oracle Fusion System via an automated system integration.
- 2.12 As noted in Paragraph 1.1, the contract for the current Council HR and Payroll system runs until December 2024 whereupon it would need to be renewed. The plan for renewal, initially, was to use a call-off contract via a G-Cloud 13 Framework Agreement when the current contract term ends. However, working with the Procurement team, it has been established that there are financial benefits available if this timeline were accelerated. As a result, the Council has been in discussions with the system provider regarding the option to transfer to the G-Cloud 13 contract early, rather than wait until December 2024. This has the potential to achieve a significant financial saving on the annual costs of the contract from as early as January 2024, and would also enable the Council to implement additional functionality sooner, which in turn will provide further operational efficiency opportunities.

- 2.13 This work is being progressed in accordance with the Council's relevant contract procedure rules and in consultation with the Procurement Team.
- 2.14 The process provides an opportunity for a very positive outcome for the Council with an integrated solution developed between cloud-based HR/Payroll system and Oracle:
- a significant saving in the capital costs of the project,
 - the retention of current functionality of the HR/Payroll system, which is embedded within the organisation,
 - the potential to enhance its functionality further and
 - a reduced annual contract price.

3.0 BACKGROUND INFORMATION

- 3.1 The Council has utilised ResourceLink software from Zellis since April 1999.
- 3.2 Over the years numerous efficiencies have produce substantial saving in Payroll and HR as more automated and less resource intensive processes have been implemented within the core service.
- 3.3 Implementation of 'Selfserve' over the last 10 years has not only truly transformed payroll and HR processes but resulted in a massive cultural shift, empowering managers and employees to engage with modern, efficient and multi device accessible technologies. This has resulted in an enhanced customer experience and provision of management information through the Managers dashboard whilst generating year on year savings within the core Payroll and Resources. The system is deployed across the Council, schools which commission payroll via SLA arrangements and some third party organisations, generating income of £700k per annum. The income funds the associated Zellis schools licence costs as well as the payroll staffing costs.
- 3.4 During 23/24, Payroll have achieved staffing savings of £100k through a combination of corporate budget savings target and ongoing review of its operations and processes.
- 3.5 It is the intention to implement further HR and Payroll modules such as Leave Management, ResourceLink Reporting Services (RRS) and HR interface to achieve further efficiencies. An early renewal of the contract will facilitate this sooner rather than later.
- 3.6 This is a direct award on CCS framework for G-Cloud 13. It will be initially for a 3 year duration with a view to extending for a further year.
- 3.7 The proposed contract will require Zellis to fulfil the following support for its software and services to remain operational, including:
- To provide regular updates, patches to core software and builds to ensure all software is secure and operational.

- Use all reasonable endeavours, software and the most up-to-date antivirus definitions available from an industry-accepted antivirus software seller to minimise the impact of Malicious Software.
- To provide reasonable support to enable Wirral Council to work in an environmentally friendly way, for example by helping them recycle or lower their carbon footprint.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The 3 year cost of renewal is based on an annual cost of £334,500 resulting in a total cost over the 3 years of £1,003,500
- 4.2 The CCS framework was used to ensure compliant tender process.

5.0 LEGAL IMPLICATIONS

- 5.1 The award of this contract is on the Framework “Software and Associated Services” on the Crown Commercial Services and is in accordance with the Council’s Contract Procedure rules, Part 4 of the Constitution, and the Public Contracts Regulations 2015.
- 5.2 The award will be underpinned by Call-off Contract and formulated by Legal.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 There are no new direct staffing, ICT or asset implications arising from this renewal.

7.0 RELEVANT RISKS

- 7.1 Any delay in renewing the Zellis contract beyond January 2024 will incur financial costs of £8,500 per month.
- 7.2 If renewed later in 2024 the G-Cloud 14 catalogue will be in place which will almost certainly be more expensive due to inflationary increases.
- 7.3 The contract must be renewed by December 2024 else the Council will not have an operational HR / payroll system and employees and external customers will not be paid.
- 7.4 The award is supported by a contract drawn up by the Director of Law and Corporate Services and agreed with the supplier. This provides protection should an issue arise.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 There are no engagement/consolation implications arising out of this report.

9.0 EQUALITY IMPLICATIONS

- 9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision, or activity.
- 9.2 The Zellis Group Equality Statement confirms that the company respects the diversity, equity and inclusion of people at work and those living within communities and promotes individual expression, innovation and accomplishment. They comply with all applicable civil rights, human rights, and employment laws across by integrating ethical practices needed to support equity, diversity and inclusion. They are also committed to maintaining a work environment that is culturally diverse and free from all forms of discrimination, harassment, and retaliation.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 Zellis Group are committed to becoming an operationally net carbon zero company by 2027 in addition to becoming a certified B Corp. They also measure their supply chain (Scope 3) emissions and have committed to being net zero across all scopes by 2050.

11.0 COMMUNITY WEALTH IMPLICATIONS

- 11.1 Zellis Group seeks to outperform its competitors fairly in line with applicable competition (anti-trust) laws ensuring their corporate citizenship, products and services are judged solely on their merits and service excellence. They engage in lawful means of obtaining information about their competitors. They comply with all international trade laws, including applicable export, import and sanctions laws, regulations and decisions that impose restrictions and embargoes against third countries, individuals, and entities in the countries where they conduct business.
- 11.2 They select their business partners, including suppliers, vendors and contractors, based on merit, reputation and ability to help Zellis Group meet its business objectives. In doing so, they consider, among other things: price, quality, delivery capability, reputation for service, integrity, cross-border risks, environment management, climate change impacts, social impacts, and other social responsibility. They require their business partners to abide by ethical standards and business practices consistent with their own and good management practice.

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APPENDICES

BACKGROUND PAPERS

Corporate Social Responsibility E-book
Zellis Group code of conduct and ethics

SUBJECT HISTORY (last 3 years)

Council Meeting	Date