

Thursday, 1 December 2022

Report of the Portfolio Holder for Finance, Risk and Customer Services

iTrent HR and Payroll System

Exempt Information

N/A

Purpose

To request that members approve the following for the move of the Council's HR and Payroll system (iTrent), to cloud hosted Software as a Service (SaaS) provided by MHR (the application vendor) –

- The re-purposing of existing capital scheme for Time Recording System of £15,000 no longer required, to part fund the move of iTrent to MHR hosted SaaS.
- Allocation of £20,000 from the DLUHC cyber grant to part fund the move of iTrent to MHR hosted SaaS.
- The addition of a new scheme to the capital programme – iTrent HR and Payroll SaaS with a total capital budget of £46,000, funded by the two elements above and an £11,000 contribution from existing ICT capital budget.
- Procurement waiver for a 5-year contract with MHR for provision of iTrent HR and Payroll system on a hosted Software as a Service basis.

Recommendations

It is recommended that members approve the financial aspects detailed above as well as the waiver to the procurement requirement of Financial Guidance for the direct award of a new 5-year contract with MHR for provision of iTrent HR and Payroll system on an MHR Cloud hosted Software as a Service basis.

Executive Summary

The iTrent system is a critical part of the councils ICT application estate and supports essential functions such as Payroll, HR administration and recruitment. The existing contract has been in place for some years and the latest version of the application remains fit for purpose. The current system is hosted on premise but the associated infrastructure, specifically the servers hosting iTrent and associated database platform are end of life with Microsoft and therefore do not receive security and quality updates.

In line with the 5-year ICT Strategy, the ICT Service is preparing for the adoption of more cloud-based services to benefit from the flexibility and demand driven model Cloud offers and to remove application and server related maintenance work from the ICT team allowing them to focus on value-add work associated with delivering the ICT Strategy.

To address the issue with the legacy infrastructure currently hosting iTrent and in line the strategy, we are proposing to move the iTrent system and associated Business Intelligence tools to an MHR hosted Software as a Service (SaaS). This will remove all iTrent related

application and server related responsibilities from the ICT team, improving business continuity for the iTrent system, timeliness of upgrades, reducing Microsoft licensing costs, and improving flexibility of access to the iTrent system. In summary, the move to Cloud SaaS will ensure the iTrent system remains fit for the future.

Over the contract term, taking into consideration costs for upgrading the current on-premises system, the move to MHR Cloud Software as Service is the most cost-effective option as shown below. The costs detailed below also do not take into consideration the savings associated with benefits discussed earlier which cannot yet be quantified but add additional weight to the already strong business case for the move.

New MHR Cloud Software as a Service contract costs (5 years) – £172,143.26

TBC hosted on-premises contract renewal cost (5 Years) –

- Software - £155,778.09
- Upgrade of on-premises iTrent infrastructure - £15,000
- SQL Database licensing - £5000

Total on-premises costs - £175,778.09

Options Considered

There were 3 options considered.

Market testing for a potential replacement system was considered but ruled out due to cost and appetite for a system change given iTrent is considered fit for our purpose. Although specific costs for an alternative system were not obtained, based on the original implementation for the current system and recent consultancy costs associated with upgrade projects to other systems, costs for a new system implementation would likely double over the 5 years. Significant resources would also be required for implementation, training, and interface re-development from already stretched HR, Payroll, and ICT teams.

Continuing with the current model of hosting on premises was also considered. This would require significant consultancy work from MHR and ICT to bring the iTrent server and database environments up to date. Given the iTrent contract renewal due in December and the associated benefits of moving to a hosted model, this option did not make financial, business, or strategic sense for the Council.

Finally, a move to MHR's hosted Software as a Service model was considered and found to provide the best value for money, in line with strategy as well as providing the other benefits identified earlier in this report. In terms of procurement for MHR's hosted service, there were two routes open to us; engaging directly with MHR or through a Crown Commercial Service framework which allows for direct award. The framework option was discounted as it would increase costs by around 5% equating to an additional £9,000 on the total contract cost. The preferred option direct with MHR is also within threshold under Public Contracts Regulation (£213,477 including VAT).

Resource Implications

The total cost of the 5-year contract with MHR for provision of iTrent HR and Payroll system on a hosted Software as a Service basis is £172,143.25.

This is broken down as follows –

- Upfront migration costs and software initials - £36,668
- Year 1 - £25,647.85
- Year 2 > 5 – £27,456.85

Upfront and year 1 first quarter costs from 10/12/22 – 09/02/23 (new agreement commencement date) totalling £45,739.96 will be funded from the capital scheme iTrent HR and Payroll SaaS for approval in this report, broken down as follows –

£15,000 – Re-purposing of the Time Recording System Capital Scheme

£20,000 – allocation from the DLUHC cyber grant (£49k remaining from £100k received in 2021/22 - element associated with removing legacy infrastructure risk)

£11,000 – allocation from existing Technology Replacement ICT Capital Scheme 22/23

£46,000 Total.

Ongoing costs from Feb 2023 for the duration of the contract will be funded from existing budgets which include the policy change agreed and already in place from the 22/23 budget process.

Legal/Risk Implications

The main risk is the current legacy infrastructure running iTrent. Doing nothing is not an option, the infrastructure either needs to be updated or moved to MHR cloud services. Legal services will be involved to review the MHR hosting contract and new Service Level Agreements will be checked and agreed by ICT. Moving iTrent to MHR Cloud Services also reduces risk to the Council associated with business continuity of the system particularly continued provision of the payroll function. MHR have resilient data centres, 24x7x365 monitoring, 12-hour recovery time and maximum 4-hour data loss, exceeding the capability of our on-premises service and significantly lowering risk to the Authority of delayed payroll runs.

Equalities Implications

N/A

Sustainability Implications

N/A

Background Information

N/A

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List of Background Papers

N/A

Appendices

N/A

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