

MAIDSTONE BOROUGH COUNCIL

RECORD OF DECISION OF THE CABINET MEMBER FOR CORPORATE SERVICES

Decision Made: 4 January 2010

HR/Payroll Information System

Issue for Decision

To consider proposals to incorporate the Swale HR and Payroll information onto the iTrent system based at Maidstone Borough Council and to commence the delivery of a Payroll Bureau service to Swale from February 2010.

Decision Made

1. That the information from the Swale HR and Payroll systems are moved onto the iTrent database hosted by Maidstone Borough Council.
2. That Maidstone Borough Council takes on the provision of Payroll services to Swale Borough Council from February 2010.
3. That the Payroll Clerk from Swale Borough Council be TUPE transferred to Maidstone Borough Council at the time that the full provision of service commences.
4. That the license with MidlandHR for iTrent be extended for a further 7 years to enable the maximum benefit of the existing and future development of the system.
5. That the provision of the Payroll to Swale is considered as part of the wider MKIP HR/Payroll Shared Service.

Reasons for Decision

Background

The Council has identified a strategic intention to create efficiencies and resilience in the HR and Payroll teams (People Strategy 2006 and 2008). To facilitate this and to fulfil the Council's IT Strategy, it procured the MidlandHR iTrent system in 2007. The procurement process followed the full OJEU requirements and was developed as a framework agreement such that other organizations would also be able to join the contract without themselves having to go through full procurement. This strategic intent has been pursued through the Mid Kent Improvement Partnership (MKIP) business case to establish an HR/Payroll Shared Service. The use of a common IT platform across all the authorities is a fundamental part of the business case. The business case was

considered and agreed by the Cabinet Member for Corporate Services on the 30th October 2009 (Appendix A to the Report of the Head of Human Resources).

Within the report of the MKIP HR/Payroll Shared Service there was reference to the immediate need for the Swale payroll to move to the iTrent system as its own payroll system is 20 years old and cannot satisfy the HMRC (inland revenue) requirements to produce an electronic end of year tax return. It was therefore anticipated that the data migration of Swale payroll would be the first step of the partnerships move to a shared system.

The partnership decision has been delayed within Ashford Borough Council which would have given the over-arching authority for the full implementation, of which the IT system was one part. As this has been delayed there is a requirement within Swale and Maidstone Borough Councils to gain specific agreement to the migration of Swale data to Maidstone's iTrent so that payroll can continue to the original timetable. The Swale Executive agreed the report for authority for the work on 9th December 2009 (Appendix B to the Report of the Head of Human Resources) this document also sets out the time table.

The data migration will incur costs for license extension with MidlandHR which will be met by Swale Borough Council and will be subject to a separate legal agreement between Swale and Maidstone to ensure that cost liability is transferred to them. The extension of the license will be a one off cost which will be charged to Swale and any consultancy charges necessary for implementation will either be paid direct by Swale or cross charged. The on-going maintenance fee for Swale employees to be on iTrent will also be charged to Swale.

Under the full HR/Payroll Shared Services these costs would be incurred but the way in which the implementation and savings are to be divided was subject to separate section 151 officer agreement. This arrangement with Swale should therefore be seen as an interim way of working until the full partnership approach is agreed. The charges from Maidstone to Swale at this point is therefore on the simplistic basis of 50% of the cost of the current IT department charges to Payroll and 50% of the cost of the Payroll Manager. In addition Maidstone will pick up a 50% charge for the Payroll clerk who will be engaged in work for MBC once she has transferred.

This will bring in a net income of £10,838 per annum to Maidstone. Further savings will be available from the full implementation of Shared Services.

The original contract with MidlandHR was signed in August 2007 for 5 years. The system is not yet fully developed and will take a further period to maximize its full potential. The contracts negotiations between MidlandHR and MKIP have been led by Paul Naylor (Ashford Borough Council) and have been based on a contract of seven years to January 2017 which would be for an additional five years to the original contract. The value of this extension for Maidstone is the cost of the annual maintenance charge for the additional period – this is approximately £35,000 in total which comes under the required level for further tendering processes. This additional contract extension will give a certainty and stability to the provision of IT systems for the Council.

Alternatives considered and why rejected

Maidstone Borough Council could do nothing until such time as the MKIP HR/Payroll service is determined. However this would not be in line with the strategic intention to operate a Payroll bureau to reduce costs and increase resilience. If Maidstone does not support the Swale payroll they may be forced to go to another provider to meet the HMRC requirements which would then undermine the position of a shared IT platform for the MKIP partners.

Background Papers

None

The Cabinet Member determined his decision was urgent because it needs to meet the necessary timescales for the year-end tax return submissions. In accordance with paragraph 18 of the Overview and Scrutiny Procedure Rules of the Constitution, the Mayor, in consultation with the Head of Paid Service and the Chairman of the Corporate Services Overview and Scrutiny Committee agreed that the decision was reasonable in all the circumstances and should be treated as a matter of urgency and not be subject to call in.