

**REPORT TO: POLICY & RESOURCES COMMITTEE – 10 MARCH 2003**

**REPORT ON: REPLACEMENT OF CORPORATE PAYROLL AND PERSONNEL SYSTEM**

**REPORT BY: DIRECTOR OF FINANCE & HEAD OF INFORMATION TECHNOLOGY**

**REPORT NO: 251-2003**

**1. PURPOSE**

1.1 The purpose of this report is to recommend the replacement system for the corporate Payroll and Personnel system currently operated by the City Council.

**2. RECOMMENDATIONS**

2.1 It is recommended that the integrated Payroll and Personnel “Resourcelink” package from “Northgate Information Solutions” be chosen to provide the council’s payroll and personnel services

2.2 It is recommended that further negotiations be carried out with Northgate to determine the best hardware platform and more detailed costings of possible implementation variations.

**3. FINANCIAL IMPLICATIONS**

3.1 The detailed financial implications of implementing this report are set out in Appendix 1.

3.2 The annual Revenue cost of operating the proposed Resourcelink package is estimated to be £130,260. This should be considered the absolute maximum annual cost as the Head of IT is presently negotiating with Northgate on the precise software and hardware configuration for implementing the proposed system. It is possible that these negotiations could reduce the annual revenue cost to circa £70,000. In addition, the City Council provides a payroll service to various external bodies, eg Tayside Police, Dundee College, etc and a proportion of the above cost will be recharged to these external bodies. The 2003/04 Revenue Budget includes an annual provision of £50,000 for the operation of the payroll and personnel systems and while there will be a shortfall in that financial year, it is proposed that the eventual shortfall be met from the General Contingency and thereafter any ongoing shortfall be included in future years Revenue Budgets.

3.3 In order to implement these critical systems, there will have to be an expensive and complex implementation programme, covering a period of up to 12 months. During this implementation period, there will be additional costs in respect of consultancy and training, currently estimated at a maximum figure of £120,940 (see Appendix 1). The officers believe that this is a maximum figure and that through the use of in-house project management, it will be possible to reduce this cost. There is no budget provision for these implementation costs and these will be met from the Council’s General Fund balances.

**4. EQUAL OPPORTUNITIES IMPLICATIONS**

4.1 The contents of this report are consistent with the Council’s Equal Opportunities policy.

## 5. LOCAL AGENDA 21 IMPLICATIONS

5.1 There are no Agenda 21 implications.

## 6. BACKGROUND

### 6.1 Current Situation.

The ISIS Payroll and ISIS Personnel Systems, supplied by Northgate Information Systems, have been used in Dundee City Council and their preceding Councils now for over ten years. These systems are not integrated in any way and this means that there have been, and still are, ongoing problems with double input and inconsistencies between the separate Payroll and Personnel systems. The payroll system is generally considered to give good value for money, and satisfaction levels, both in finance and in user departments, are high. This cannot be said for the Personnel System, and the extent of the use of the system varies considerably from department to department. This has meant that extracting corporate statistics of any kind from the Personnel System has been very difficult. The I.T. Division has had to carry out a considerable amount of supplementary work to a) provide acceptable corporate statistics and b) to support departments who are using the system extensively.

The licences for the Payroll and Personnel systems expired on 30<sup>th</sup> November 2002, and an extension was negotiated for 3 months to allow a decision to be made on the way forward. The ISIS Systems are based on what is considered now old technology and these systems are now not being further developed, although they will possibly be supported for some time.

A working group was set up of staff from, the Payroll Section of the Finance Department, the Personnel and Management Services Department, the I.T. Division, and four of the larger user Departments (Dundee Contract services, Education, Housing and Social Work).

The remit of this group was to a) to examine the Payroll and Personnel systems being used in other Councils in Scotland to see if a standard common system was emerging, b) to consider the options available, and c) to recommend a way forward for Dundee City Council.

The other Councils in Scotland were contacted, through both their Payroll Sections and through their I.T. Sections and the responses received were analysed. There appeared to be two leading suppliers, when comparing the number of councils using their products being Northgate (our current supplier) and one other alternative supplier.

## 7 Options

The options, which were examined were

- 1) Northgate's integrated "Resourcelink" Payroll and Personnel System
- 2) A major alternative integrated Payroll and Personnel System.
- 3) "Resourcelink" payroll only system.

## **8 CONSIDERATIONS**

Payroll and Personnel Systems have developed considerably over the years and are now very complex. They need to be flexible and easy to use, but accurate and dependable. They must cope with changing taxation strategies and therefore any supplier who offers a combined Package of Payroll and Personnel must have a stable background and a solid dependable proven track record on delivering this specific service.

The working group (especially the Departmental representatives) felt that an integrated system was imperative and therefore the third of the options above was dropped from our deliberations.

Northgate have supplied and supported our Payroll since Local Government Reorganisation in 1996 and Tayside Regional Council Payroll for some time prior to reorganisation, and have proved dependable and effective in service delivery and support. We have carefully examined Northgate's new Resourcelink Package and all the group (and other users from both within Dundee City Council and from bodies to which we deliver a Payroll Service) were impressed by the functionality and the seeming easiness of use. The presentation created an enthusiasm in which many questions were asked and all were answered confidently and satisfactorily.

The alternative package was also examined, and while the presentation was very slick and efficient and most of the functionality required was ably demonstrated, the group generally felt it was not as impressive as Northgate. There are other doubts about the alternative supplier, in that their high presence in Local Government in Scotland is primarily due to the fact that they supplied a major Scottish Regional Council before reorganisation, therefore several of the Unitary Authorities within that Regional area which were created in 1996 inherited the system. There is no firm evidence of many authorities moving to the alternative supplier, but there is evidence of authorities moving from them.

In looking at the Personnel Department requirements, there is currently an examination of a "Recruitment only" package, and this may very well be a cost effective and beneficial product for the council. If an option is taken to use this system, it does not affect the decision on the Integrated Payroll and Personnel Package, except that there would be a reduced price for the Integrated Package (Approx £5000 per year for Resourcelink).

No matter what system is eventually chosen, the changeover will be a major project which will require a dedicated project team working over a large time scale (the time taken depend on the resources made available, but Fife took over 4 years to complete a recent Payroll Personnel change)

## **9 CONCLUSION**

In arriving at our recommendation, we believe that the Resourcelink Package from Northgate Information Solutions is a modern up-to-date package with a considerable amount of extra payroll and Personnel facilities, which will be of considerable benefit to the Payroll section and to all Departments of the Council. Northgate have for some time delivered a high quality service to the Payroll Section and this is considered a very important factor. The implementation will be complex and should be carefully planned by a corporate project team.

**10 CONSULTATION**

The Chief Executive and Director of Personnel and have been consulted on the contents of this report.

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Director of Finance

Date: 03 March 2003

David White  
Head of Information Technology

Date: 03 March 2003

**RESOURCELINK PAYROLL AND PERSONNEL SYSTEM COSTING****ANNUAL COSTS**

Software annual cost (based on 10 years)	£67,495
Additional annual licensing required *	17,289
Reporting tool	3,500
Hardware Costs - Leasing	20,400
- Annual Maintenance	<u>21,576</u>
<b>TOTAL ANNUAL COSTS</b>	<b><u>130,260</u></b>

**ONE-OF COSTS**

Implementation	93,000
Training	<u>27,940</u>
<b>TOTAL ONE-OF COSTS</b>	<b><u>120,940</u></b>