



**ARTICLE NO: 1D**

**CORPORATE OVERVIEW AND  
SCRUTINY COMMITTEE**

**MEMBERS UPDATE 2010/11**

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**Article of: Assistant Chief Executive**

**Issue: 4 February 2011**

**Relevant Portfolio Holder: Councillor D. Westley & Councillor Ashcroft**

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**SUBJECT: Northgate Human Resources/Payroll computer system contract**

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Wards affected: Borough wide

## **1.0 PURPOSE OF ARTICLE**

- 1.1 To update Members on the renewal of the contract with NorthgateArinso for the provision of their ResourceLink Human Resources/Payroll computer system.

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## **2.0 BACKGROUND**

- 2.1 In October 2003, under the direction of the then Human Resources Manager and Chief Financial Officer the Council procured Northgate's ResourceLink computer system for a 7 year contract term ending 30<sup>th</sup> October 2010 which included the purchase of Application Licensing, Implementation Services, Training and Annual Maintenance Support.
- 2.2 This system has provided and continues to provide, a fit for purpose, highly functional and legislative compliant solution to enable the Council to provide and maintain its statutory obligations in relation to Human Resources (HR), Payroll and Pensions for Council staff.
- 2.3 In 2009, it was decided not to pursue renegotiation/tender for provision of a replacement for this system when the current contract ended on 30<sup>th</sup> October, 2010, as the Council was in discussion with Lancashire County Council (LCC) in relation to an innovative pilot partnership arrangement for provision of a Human Resource Management function and potential Payroll and Pensions support, and it was envisaged that if entered into this arrangement would include provision of such a system.

2.4 In January 2010 the Council finalised the details of the partnership agreement with LCC on a pilot 2 year basis, with HR Management being provided via LCC with effect from 1/4/2010. The agreement provided for the future delivery of payroll services subject to further detailed discussions, agreement and costs.

### **3.0 CURRENT POSITION**

3.1 On assuming interim responsibility for the Human Resources function on the 1<sup>st</sup> April 2010, the Assistant Chief Executive reviewed the position in relation to the Northgate ResourceLink contract.

3.2 The current contract with Northgate ended on 30th October 2010 and at the time, no firm arrangements were in place through the partnership with LCC, for provision of a replacement system. LCC did however, expect that their ICT and related services procurement process which include provision of a Human Resources/Payroll System, would be completed by April 2011, and therefore the option for the Council to partner with them in respect of use of this system, was likely to be available in the short – medium term.

3.3 Taking into account the cost saving and other efficiencies that this partnership may bring for the Council, it has been prudent to seek a contract renewal with Northgate for continued provision of the existing system, until such time as the LCC option is available for detailed consideration.

3.4 Detailed negotiation with Northgate secured a favourable 2 year renewal option, with a perpetual licence with Northgate in respect of our existing system. This provides a suitable lead in/implementation period to transfer to the LCC Partnership option in the future, should this prove, on examination to offer the Council best value for money.

### **4.0 ISSUES**

4.1 There are two issues relating to Procurement in respect of this contract renewal:-

1. The Council's current contract Procedure Rules (CPR's) require that as the existing contract ended on 30<sup>th</sup> October 2010 any replacement contract should be tendered. As tendering is not the preferred route then a waiver of the CPR's has been sought and granted.
2. Whilst the value of a 2 year renewal to the contract would be below the threshold value which demands the tendering of the renewal contract, general case law under EU Procurement legislation requires that if a new contract (of any value) would be of interest to an organisation in another member state then that contract opportunity must be advertised throughout the EU. As the proposed contract renewal is only for 2 years, pending the Council deciding whether or not to join the LCC Partnership, it is advanced that no organisation in another member state would be interested in such a short term contract and, therefore, there is no need to advertise the opportunity throughout the EU.

## **5.0 PROPOSALS**

- 5.1 The Chief Executive has granted a waiver to the Council's CPR's which would otherwise require that the contract be tendered. Obviously, for the reasons given previously in this Report tendering is not a pragmatic option.
- 5.2 A renewal to the existing contract with Northgate has been negotiated, for continued provision of Northgate ResourceLink HR/Payroll System for a 2 year period and a perpetual licence.

## **6.0 SUSTAINABILITY IMPLICATIONS**

- 6.1 None.

## **7.0 FINANCIAL AND RESOURCE IMPLICATIONS**

- 7.1 The renewal cost can be met from within existing budgets, and funds earmarked for IT purposes.

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### **Background Documents**

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

### **Equality Impact Assessment**

There is no evidence from an initial assessment of an adverse impact on equality in relation to the equality target groups.

### **Appendices**

None