7.6 Contract No. 2015/52 - Human Resource Information System - Contract Variation Delegation

Abstract

Approval is sought to extend the Executive Manager People, Culture and Development's authorisation to approve contract variations for Contract No. 2015/52, Human Resource Information System. The original contract was awarded by the Services Special Committee to Datacom Business Services Pty Ltd (ABN 98 151 694 629) on 11 June 2015, and included the implementation and ongoing licence fees for three Human Resource Information System modules, namely E-Recruitment, Performance Management and E-Learning. Council is now seeking to add a fourth module to the suite of software licenced through Datacom Business Services Pty Ltd, to assist with the onboarding of new employees.

The estimated cost for the new Onboarding module in 2018-19 is $176,649 excluding GST which includes the implementation costs and the initial 12 month licence fee.

Officers' recommendation

That Council resolve to authorise the Executive Manager People, Culture and Development to approve the additional variation for Contract No. 2015/52, Human Resource Information System (Onboarding module). The estimated additional contract cost for a term of 20 months to 30 September 2020 is $226,040 (including GST). The cost to Council after the return of the GST Tax Input Credits is $205,491.

Responsible director: Carolyn Terry
**   Executive Manager People, Culture and**
**   Development**

1.   Purpose

The purpose of this report is to seek Council's approval to extend the Executive Manager People, Culture and Development's authorisation to approve contract variations for Contract No. 2015/52, Human Resource Information System.

2.   Policy implications and relevance to community plan and council plan

This contract aligns with the following themes and strategies in the Boroondara Community Plan (2017-27) and Council Plan (2017-21):

Strategic Objective 7 - Civic Leadership and Governance

Strategy 7.5: Ensure sound financial management while allocating resources to deliver strategic infrastructure and services that meet the community needs.

Strategy 7.8: Develop and implement a program of actions that will progressively move the organisation towards a customer-centric, high performing, engaged and collaborative culture, that supports the successful delivery of customer experience and the Boroondara Community Plan.

The original procurement process was carried out in accordance with the requirements of Council's Contracts and Tendering Probity Policy and Council's Procurement Policy.

3.   Background

On 11 June 2015, the Services Special Committee awarded Contract No. 2015/52, Human Resources Information System to Datacom Business Services Pty Ltd (ABN 98 151 694 629) at their tendered pricing for the implementation and ongoing licences for the E-Recruitment, Performance Management and E-Learning modules. The estimated contract cost for the first five years was $403,330.40 (including GST). The cost to Council after the return of the GST Tax Input Credits was $366,664.

The Human Resource Information System modules were integrated with the current payroll system, Payglobal, allowing seamless data management and reporting. The modules were implemented over three financial years.

As part of the evaluation process for this Contract, it was noted that Datacom Business Services Pty Ltd were able to provide additional modules that Council may consider implementing in the future.

"Onboarding" refers to the process of welcoming and familiarising new employees to the organisation, as well as rigorously recording compliance to Council's obligations (for example, that the person is inducted and familiar with Council's safety requirements before commencement). These activities start as soon as the employment offer from Council is accepted, and continues for six months. Research into the benefits of having a structured onboarding program shows that:

1. First impressions count (22% of staff turnover occurs in the first 45 days of employment where unstructured onboarding programs exist, *The Wynhurst Group 2007*),
2. Structured onboarding programs lead to increased productivity (*54%*), employee engagement and retention (*50%, Aberdeen Group 2009*), and
3. Structured onboarding programs reduce turnover (*Hunter Douglas upgraded their onboarding process and reduced turnover at 6 months from 70% to 16%, 2005*).

Council's Instrument of Sub-Delegation from the Chief Executive Officer to the Executive Manager People, Culture and Development dated 23 February 2018 only allows for a variation of $50,000 to be approved.

4.   Outline of key issues/options

Council has committed to utilising the Human Resource Information System provided by Datacom Business Services Pty Ltd for a term of five years. The purchase of the Onboarding module through Datacom Business Services Pty Ltd will provide for an efficient integration to the existing system. As a component of the SAP SuccessFactors integrated suite of solutions of which Council has purchased three other modules, this onboarding module is able to seamlessly integrate with other components already embedded within Council including recruitment, performance management and learning management. Implementation of the SAP SuccessFactors Onboarding module is a further opportunity for Council to present itself as an attractive employer with contemporary, best practice human resource solutions.

Focusing on three key factors of people, process and productivity, the SAP SuccessFactors Onboarding module supports a comprehensive approach to onboarding which aims to facilitate retention, engagement and productivity. The system delivers a complete set of digital tools that will create efficiencies, improve current processes and reduce manual effort to ensure our customers (new employees) experience a more effective onboarding framework. Council's current onboarding activities are mostly manual, which is inefficient, lacks uniformity, and leaves the door open to human error.

Implementation would increase our ability to hold people leaders accountable for the necessary steps throughout the onboarding process. Increasing the success of the onboarding journey for new employees supports Council's commitment to developing a customer-centric, high performing, engaged and collaborative culture that supports delivery of the Customer Experience Improvement Strategy and the Boroondara Community Plan.

Alternatives, which are not recommended, include continuing our manual processes, finding an alternate IT system which does not integrate with our current Human Resource systems, or using an alternative provider which is not recommended due to interdependencies with other systems.

5.   Consultation/communication

The Chief Information Office has been engaged and consulted to support effective implementation and deployment.

An overarching project plan includes a comprehensive change management and implementation plan, to ensure a smooth transition to the new system.

6.   Financial and resource implications

Council's 2018-19 budget contains a total allocation of $146,141 for the Corporate Induction Module (HRIS). The estimated cost for the new Onboarding module in 2018-19 is $176,649 excluding GST which includes the implementation cost and the initial licence fee. Capital works funding of $146,141 was provided for the initial implementation cost. Additionally a licence fee of $30,508 is required which has been referred to the March forecast. At the time of writing this report $0 of the budget amount had been spent or committed.

Expenditure in future years (annual licence fees) will be in accordance with Council approved operating budget allocations.

7.   Governance issues

The implications of this report have been assessed in accordance with the requirements of the Victorian Charter of Human Rights and Responsibilities.

The officers responsible for this report have no direct or indirect interests requiring disclosure.

8.   Social and environmental issues

It is envisaged that there are no issues relevant to this proposed contract variation.

9.   Conclusion

This report seeks Council's approval to extend the Executive Manager People, Culture and Development's authorisation to approve a contract variation for Contract No. 2015/52, Human Resource Information System.

Manager: Carolyn Terry, Executive Manager People, Culture & Development

Report officer: Ashlee Camm, Projects and Support Lead, People, Culture & Development