Purchase of HR & Payroll System and Fully Managed Payroll Service (with lots)

TENDER SPECIFICATION / SCOPE OF REQUIREMENT

Lot 1: Integrated HR and Payroll System with fully managed payroll service
Or;
Lot 2: Integrated HR and Payroll System
Or;
Lot 3: Fully managed payroll service;
Or;
Lot 4: HR System

Reference: 227936

November 2022

1. Introduction

The National Museum of the Royal Navy ("the NMRN") was established in 2008 as a charitable company and the holding company of the National Museum of the Royal Navy Group. The National Museum of the Royal Navy is also a Non-Departmental Public body, sponsored by the Ministry of Defence, and as such is required to comply with the HM Treasury financial reporting requirements. The Group includes sites across the UK, including;

The National Museum of the Royal Navy Galleries and Collections, the Fleet Air Arm Museum (FAAM), the Royal Navy Submarine Museum with HMS Alliance, Explosion! The Museum of Naval Firepower including Coastal Forces, the future Royal Marines Museum, HMS Victory, HMS Caroline (Belfast, Northern Ireland), HMS M33, HMS Warrior and NMRN Hartlepool (including HMS Trincomalee). We also operate a heritage site in HMNB Devonport, Plymouth.

In 2018 the NMRN procured its first HRIS helping to transform accessibility of Human Resources ("HR") information for employees, casual workers, line managers and the HR team. The NMRN's payroll service is currently outsourced and whilst this has been an effective service, this still requires a level of manual data inputting. There is currently duplication of administrative effort between the two existing systems and processes that the NMRN is seeking to minimise.

Systems are continually evolving and our reporting requirements and accessibility to HR and payroll data is increasing, in particular the ability to export data into other systems, such as our IRIS (PSF) Financials system, making our processes more efficient. Scalable HR and Payroll systems that are capable of seamless integration are essential to improve the administrative HR and payroll process for the NMRN.

The intention of the tender is to have fully implemented and operational systems and/or services in place by 1 April 2023.

This invitation to tender is divided into lots to ensure that the NMRN can secure the most efficient HR and payroll solution possible. Suppliers are invited to tender for all lots, one lot or more than one lot:

- **Lot 1** – An integrated HR and payroll system with a fully managed payroll service (section 4).
- **Lot 2** - An integrated HR and payroll system (section 5).
- **Lot 3** – A fully managed payroll service (section 6).
- **Lot 4** – An HR system (section 7).

Please note that all HR administration is currently performed in house and this will continue to be the case, as such the managed service in Lot 1 and Lot 3 should cover payroll only.
Separate contracts for the above services will be awarded to separate tenderers if it is more economically advantageous to do so. The NMRN is seeking to procure either:

- an integrated HR and payroll system with fully managed payroll service; OR
- an integrated HR and payroll system that the NMRN can manage itself; OR
- a separate HR system PLUS a fully managed payroll service

2. Background

We currently employ approximately 375 members of staff across the NMRN, consisting of employees and casual workers. The number of staff fluctuates due to seasonality of our operations - our peak season runs from April to October and off-peak season from November to March with super-peak periods during school holidays. Our contract types are varied and include: permanent, temporary, annualised, internships, secondments and casual. Staff working patterns cover a broad range from Monday to Friday, 9-day condensed fortnight with flexible day off, 2-weekly to 6-weekly rota patterns and set number of working days per month.

Our staff cover a wide range of professions and specialisms; collections, conservation, property services, commercial, visitor experience, public programming, marketing, fundraising, development, finance, IT, HR, Health and Safety and Governance. We have approximately 130 different job roles. The HR team consists of 5.14 FTE providing HR services across the NMRN including organisational development. Our outsourced payroll is currently supported by a team of 0.57 FTE.

Our current salary grading structure consists of 10 pay grades and 50 pay points. We also operate a pay progression scheme. Our pay date is the last working day of the month. There are currently 2 PAYE schemes in place for two charitable companies within the NMRN Group.

The NMRN holiday year runs from 1 April to 31 March. Holiday entitlement is the same for all staff upon commencement of employment, increasing after 5 years continuous service – pro-rata for part-time employees. This will differ for part-year workers who are also included in our staffing establishment.

The NMRN occupational sick pay entitlement changes according to service; entry up to 1 year, 1-2 years, 2-5 years and 5 years. The occupational maternity, adoption and shared parental leave pay changes after 6-months service and we offer 2-weeks paid paternity leave.

In addition, the NMRN pays Guidebook Commission, honorariums, non-consolidated bonuses, pay progression, on-call, special leave, compassionate leave and allowances.

3. Solution Requirements

3.1. General

The following is a list of mandatory generic system requirements that the Bidder must be able to demonstrate its proposed solution is capable of delivering:

a) User-friendly ensuring usability and accessibility for all levels of system users.
b) Differentiated user access controls enabling tailored access to and amendment of records and reporting according to user's role.
c) Employee self-service to enable employees to access and update their own records.
d) Fully compliant with HMRC.
e) Fully compliant with GDPR.

f) Cloud based system.
g) Data backup and security.
h) Single Sign On.
i) Ability to create IT user accounts and work email addresses (work with our hybrid Exchange environment, on-premise and cloud-based elements) as well as changes to existing staff and leavers.
j) Ability to interface with recruitment and finance systems.
k) Ability to generate a suite of reports/ dashboards and key performance indicators including the ability to create specialised reports to comply with statutory, management and audit reporting requirements.
l) Ability to create departments and reporting lines which flow to authorisation chains.
m) Ability to send automated notifications to staff and line managers, e.g. work anniversary, probationary period, exit interview, etc.
n) A comprehensive audit trail that provides sufficient information to establish key events, records changes and their cause.

Bidders are required to provide details of the GDPR compliance measures in place and the location of where data is stored.

Bidders must provide copies of any accreditations or certifications in place for data security and details of Cyber essentials or any other cyber security standards.

Lot 1 – Integrated HR and Payroll System with fully managed payroll service

3.1.1. HR system

In addition to the requirements set out in section 3.1 the HR system element of the integrated HR and Payroll system must be able to demonstrate ability to deliver the following functionality:

a) Onboarding including recording of pre-employment checks.
b) Personal details where permissions can be set so that access restrictions may be applied to certain personal data.
c) Equal opportunities monitoring.
d) Comprehensive Job and pay records.
e) Facility for jobs roles to be identified through the use of unique references.
f) Ability to accommodate staff with multiple jobs.
g) Absence management records and reporting.
h) Training records.
i) Ability for a range of documents to be uploaded by staff and managers.
j) Able to record wellness scores.
k) Ability to add and monitor performance objectives.
l) Policy acceptance module and reporting.
m) Timesheet for casual workers hours with workflow for line manager approval.
n) Timesheet for employees' additional hours or overtime with workflow for line manager approval.
o) Timesheet for staff to record hours worked on specific funded projects.
p) Annual leave booking and recording.
q) Time off in lieu (TOIL) recording and booking.
r) Other absences to be recorded such as sickness, compassionate, unpaid, etc.

4.1.2 Managed Payroll Solution

The solution must ensure the timely processing of the payrolls to ensure staff are paid accurately on the designated pay date, ensuring full compliance with HMRC regulations and standards and other relevant legislation. The solution must provide the following functions:

a) Integration with the HR system, enabling data to be input efficiently.
b) Ability to interface/ report to the nominal ledger to enable payroll data to upload quickly and accurately to the finance system with minimal intervention.
c) A BACS Bureau service that processes all payments once appropriately authorised.
d) Ability to run separate payrolls for each company (NMRN [3 employees] and NMRN Operations).
e) User-friendly portal/interface for uploading payroll data.
f) Secure access to electronic monthly payslips in a format that is simple, clear and understandable for staff.
g) Compliance with pension requirements (Group Pension Plan and LGPS).
h) Calculation of statutory and non-statutory deductions.
i) Calculation of entitlement to statutory payments e.g. SSP, SMP, etc.
j) Operate payroll aspects of salary sacrifice schemes.
k) Ability to deal with commission payments, allowances, honorarium, on-call payments, etc.
l) Calculation of average pay for annual leave relating to our casual staffing group.

m) Apply the apprenticeship levy threshold to the total payroll and ensure the NMRN pays the correct levy on a monthly basis.
n) Provide statutory reports including gender pay gap.
o) Ability to make payroll adjustments in a timely manner, including bulk or global adjustments (e.g. application of a global pay award, change to pay grades).
p) Process any emergency salary payments.
q) Payment of net wages to staff by BACs from the nominated bank account(s).
r) Provision of P45s, P60s, P11ds (if relevant) and other tax documents to individual members of staff as and when appropriate.
s) Auto-enrolment to Group Pension Scheme.
t) Automatically update tax, levy and pension rates as well as individual staff tax allowances.
u) HMRC compliant reporting, including RTI's.
v) Year end payroll and pension administration.

4.1.3 Reporting

The solutions should be capable of generating a suite of reports/ dashboards and key performance indicators, including the ability to create ad hoc/ bespoke reports to comply with statutory, management and audit reporting requirements.

Bidders must specify what reports the system will provide as standard, providing examples. Bidders should explain how ad hoc/ bespoke reports may be generated by the inhouse team.

4.1.4 Key Performance Indicators and Service Levels

Bidders should propose Key Performance Indicators (KPIs) and service levels that will be used to monitor the performance on the contract as part of their proposal. The bidders are also required to outline their proposed resolutions to failure to delivery to the agreed service levels. As a minimum the NMRN is expecting the following measures to be utilised:

KPI
Achieve BACS deadline to schedule
BACS payments made into correct employee accounts
Accuracy of Net Pay Values
Over or under payments arising from provider error
Error arising from failure to process change request (assuming received within agreed timeline)
Late payment to HMRC or pension provider
Service levels for systems failures, such as response time to system errors, notification of downtime, etc
Meeting ad hoc requests, e.g. system changes, bespoke reporting, etc.
Payslips distributed to schedule
P60s distributed by scheduled date
Tax Year End reconciled to schedule
P45 issued in next available payroll run
System availability

A reliable and responsive managed service (helpdesk) is essential to be able to resolve HR and payroll system issues quickly.

Please provide a sample SLA for the managed service including proposed performance targets and scheduled performance reviews to support your response.

Please detail your proposed approach to data migration including data verification methods.

Lot 2 – Integrated HR and Payroll System

In addition to the requirements set out in section 3.1 the integrated HR and Payroll system should be able to provide the following requirements:

5.1 HR

a) Onboarding including recording of pre-employment checks.
b) Personal details where permissions can be set so that access restrictions may be applied to certain personal data.
c) Equal opportunities monitoring.
d) Comprehensive Job and pay records.
e) Facility for jobs roles to be identified through the use of unique references.
f) Ability to accommodate staff with multiple jobs.
g) Absence management records and reporting.
h) Training records.
i) Ability for a range of documents to be uploaded by staff and managers.
j) Able to record wellness scores.
k) Ability to add and monitor performance objectives.
l) Policy acceptance module and reporting.
m) Timesheet for casual workers hours with workflow for line manager approval.
n) Timesheet for employees' additional hours or overtime with workflow for line manager approval.
o) Timesheet for staff to record hours worked on specific funded projects.
p) Annual leave booking and recording.
q) Time off in lieu (TOIL) recording and booking.
r) Other absences to be recorded such as sickness, compassionate, unpaid, etc.

5.2 Payroll

Timely processing of payroll data, HMRC compliant and updated in accordance with relevant payroll legislation; the system should have the following functions:

- Ability to run separate payrolls for each company (NMRN [3 employees] and NMRN Operations)
- Comply with pension requirements (Group Pension Plan and LGPS)
- Calculate deductions for absence such as; unpaid leave, maternity/paternity leave and sickness, etc.
- Calculate entitlement to statutory payments e.g. SSP, SMP, etc.
- Support salary sacrifice schemes
- Ability to deal with commission payments, allowances, honorarium, on-call payments, etc.
- Calculate average pay for annual leave relating to our biggest staffing group (Front of House)
- Calculate National Insurance contributions and tax deductions in accordance with HMRC regulations
- Provide statutory reports including gender pay gap

5.3 Payroll reports

The solutions should be capable of generating a suite of reports/ dashboards and key performance indicators, including the ability to create ad hoc/ bespoke reports to comply with statutory, management and audit reporting requirements.

In addition, evidence of delivering data that can be used for journaling into the NMRN's finance system, PS Financials which can be downloadable into Excel or other formats that allows data to be allocated to cost centres.

5.4 Performance KPI's and SLA

Bidders should propose Key Performance Indicators (KPIs) and service levels that will be used to monitor the performance on the contract as part of their proposal. The bidders are also required to outline their proposed resolutions to failure to delivery to the agreed service levels. As a minimum the NMRN is expecting the following measures to be utilised:

KPI
Accuracy of Net Pay Values
Deadlines and timetables for payroll and HR system such as response time to system bugs/errors, notification to downtime
Payslips distributed to schedule
System availability

A reliable and responsive managed service (helpdesk) is essential to be able to resolve HR and payroll system issues quickly.

Please provide a sample SLA for the managed service including proposed performance targets and scheduled performance reviews to support your response.

Please detail your proposed approach to data migration including data verification methods.

Lot 3 – Managed Payroll Solution

The solution must ensure the timely processing of the payrolls to ensure staff are paid accurately on the designated pay date, ensuring full compliance with HMRC regulations and standards and other relevant legislation. The solution must provide the following functions:

a) Integration with the HR system, enabling data to be input efficiently.
b) Ability to interface/ report to the nominal ledger to enable payroll data to upload quickly and accurately to the finance system with minimal intervention.
c) A BACS Bureau service that processes all payments once appropriately authorised.
d) Ability to run separate payrolls for each company (NMRN [3 employees] and NMRN Operations).
e) User-friendly portal/interface for uploading payroll data.
f) Secure access to electronic monthly payslips in a format that is simple, clear and understandable for staff.
g) Compliance with pension requirements (Group Pension Plan and LGPS).
h) Calculation of statutory and non-statutory deductions.
i) Calculation of entitlement to statutory payments e.g. SSP, SMP, etc.
j) Operate payroll aspects of salary sacrifice schemes.
k) Ability to deal with commission payments, allowances, honorarium, on-call payments, etc.
l) Calculation of average pay for annual leave relating to our biggest casual staffing group.
m) Apply the apprenticeship levy threshold to the total payroll and ensure the NMRN pays the correct levy on a monthly basis.
n) Provide statutory reports including gender pay gap.
o) Ability to make payroll adjustments in a timely manner, including bulk or global adjustments (e.g. application of a global pay award, change to pay grades).
p) Process any emergency salary payments.
q) Payment of net wages to staff by BACs from the nominated bank account(s).
r) Provision of P45s, P60s, P11ds (if relevant) and other tax documents to individual members of staff as and when appropriate.
s) Auto-enrolment to Group Pension Scheme.
t) Automatically update tax, levy and pension rates as well as individual staff tax allowances.
u) HMRC compliant reporting, including RTI's.
v) Year end payroll and pension administration.

6.1. Reporting

The solutions should be capable of generating a suite of reports/ dashboards and key performance indicators, including the ability to create ad hoc/ bespoke reports to comply with statutory, management and audit reporting requirements.

Bidders must specify what reports the system will provide as standard, providing examples. Bidders should explain how ad hoc/ bespoke reports may be generated by the inhouse team.

6.2 Performance KPI's and SLA

Bidders should propose Key Performance Indicators (KPIs) and service levels that will be used to monitor the performance on the contract as part of their proposal. The bidders are also required to

outline their proposed resolutions to failure to delivery to the agreed service levels. As a minimum the NMRN is expecting the following measures to be utilised:

KPI
Achieve BACS deadline to schedule
BACS payments made into correct employee accounts
Accuracy of Net Pay Values
Over or under payments arising from provider error
Error arising from failure to process change request (assuming received within agreed timeline)
Late payment to HMRC or pension provider
Service levels for systems failures, such as response time to system errors, notification of downtime, etc.
Meeting ad hoc requests, e.g. system changes, bespoke reporting, etc.
Payslips distributed to schedule
P60s distributed by scheduled date
Tax Year End reconciled to schedule
P45 issued in next available payroll run
System availability

A reliable and responsive managed service (helpdesk) is essential to be able to resolve HR and payroll system issues quickly.
Please provide a sample SLA for the managed service including proposed performance targets and scheduled performance reviews to support your response.

Please detail your proposed approach to data migration including data verification methods.

Lot 4 – HR System

In addition to the requirements set out in section 3.1 the HR system must be able to demonstrate ability to deliver the following functionality:

a) Onboarding including recording of pre-employment checks.
b) Personal details where permissions can be set so that access restrictions may be applied to certain personal data.
c) Equal opportunities monitoring.
d) Comprehensive Job and pay records.
e) Facility for jobs roles to be identified through the use of unique references.
f) Ability to accommodate staff with multiple jobs.
g) Absence management records and reporting.
h) Training records.
i) Ability for a range of documents to be uploaded by staff and managers.
j) Able to record wellness scores.
k) Ability to add and monitor performance objectives.
l) Policy acceptance module and reporting.
m) Timesheet for casual workers hours with workflow for line manager approval.
n) Timesheet for employees' additional hours or overtime with workflow for line manager approval.
o) Timesheet for staff to record hours worked on specific funded projects.
p) Annual leave booking and recording.
q) Time off in lieu (TOIL) recording and booking.
r) Other absences to be recorded such as sickness, compassionate, unpaid, etc.

7.2 Reporting

The solutions should be capable of generating a suite of reports/ dashboards and key performance indicators, including the ability to create ad hoc/ bespoke reports to comply with statutory, management and audit reporting requirements.

Bidders must specify what reports the system will provide as standard, providing examples.
Bidders should explain how ad hoc/ bespoke reports may be generated by the inhouse team.

7.3 Performance KPI's and SLA

Bidders should propose Key Performance Indicators (KPIs) and service levels that will be used to monitor the performance on the contract as part of their proposal. The bidders are also required to outline their proposed resolutions to failure to delivery to the agreed service levels. As a minimum the NMRN is expecting the following measures to be utilised:

KPI
Deadlines and timetables for HR system such as response time to system bugs/errors, notification to downtime
System availability

A reliable and responsive managed service (helpdesk) is essential to be able to resolve HR system issues quickly.

Please provide a sample SLA for the managed service including proposed performance targets and scheduled performance reviews to support your response.

Please detail your proposed approach to data migration including data verification methods.