

For General Release

REPORT TO:	Cabinet Member for Finance & Treasury 18 September 2017
AGENDA ITEM:	Background paper to Investing in our Borough report
SUBJECT:	Oracle Cloud Systems Implementation Services
LEAD OFFICER:	Richard Simpson Executive Director Resources (& S151 Officer) Graham Cadle, Director of Customer and Corporate Services
CABINET MEMBER:	Councillor Simon Hall Cabinet Member for Finance and Treasury
WARDS:	ALL
<p>CORPORATE PRIORITY/POLICY CONTEXT AMBITIOUS FOR CROYDON These works meet the Council’s Corporate priorities to:</p> <ul style="list-style-type: none"> • Improve our Assets through investment in our ICT • Include the Council’s commitment to the London Living Wage <p>Croydon Corporate Plan 2015-18 http://www.croydonobservatory.org/strategies/</p> <p>This report relates to the Council’s ongoing provision of Enterprise Resource Planning (ERP) software. ERP software allows a business to automate its core functions such as finance and HR in order to run a smooth and efficient organisation. Consequently renewal of the ERP system is a critical business need as an enabler under the Corporate Plan supporting Ambitious for Croydon.</p>	
<p>FINANCIAL IMPACT: The total cost of this contract over the 2 year term is £1.269m which will be funded from existing capital budget held within the Resources department.</p>	
<p>KEY DECISION REFERENCE NO.: 3117FT This is a Key Decision as defined in the Council’s Constitution. The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Overview Committee by the requisite number of Councillors.</p>	

1. RECOMMENDATIONS

The Leader of the Council has delegated to the Cabinet Member for Finance and Treasury the power to make the decisions set out in the recommendations below

- 1.1 The Cabinet Member for Finance and Treasury in consultation with the Leader of the Council is recommended to approve the award of contract for Oracle Cloud Systems Implementation Services for a term of two years at a value of £1.269m and upon the terms detailed in this report.

2. EXECUTIVE SUMMARY

- 2.1 The purpose of this report is to detail the procurement and evaluation process undertaken for the Oracle Cloud Systems Implementation Services and to recommend the award of contract for a period of 2 years.
- 2.3 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB Approval Date	CCB ref. number
02/08/2017	CCB1264/17-18

3. DETAIL

Background

- 3.1 Croydon is part of a 'One Oracle' partnership that includes seven Councils (the others being Barking & Dagenham, Brent, Lambeth, Havering, Lewisham, and Newham). The One Oracle software (and associated software support and maintenance) is provided by Oracle.
- 3.2 The hosting and applications support is provided by Capgemini. The current arrangement with Capgemini UK plc in respect of the hosting and applications support ends in July 2019.
- 3.3 All members of the partnership have agreed not to continue with the current arrangements as it has been identified through the course of the current arrangements that there is no solution for all members of the partnership which aligns with each partners timescale and/or requirements.
- 3.4 Croydon has concluded that the most efficient and economically viable solution is to upgrade from Oracle R12 (the current arrangement) to Oracle Cloud. Choosing a Software as a Service solution is seen as the best approach to achieving the Future-Proofing objectives, meeting the Cloud first ICT strategy and avoiding the need for another major upgrade in 3 years' time as the current version goes out of support from Oracle

- 3.5 Oracle is a world-renowned supplier of modular and integrated business software which covers the full scope of Croydon’s requirements for Finance, Procurement, HR and Payroll (i.e. the full ERP suite).
- 3.7 In order for the upgrade to One Oracle to take place, Systems Implementation Services are required to undertake the full end-to-end activities needed to complete the transition from the current One Oracle version to the Cloud. These activities will include but are not limited to: extracting data from the current environment, assessing and analysing the unique nature of the Council’s dataset, building a new environment / interfaces so that the data can be transferred onto Oracle Cloud servers, and associated change management support.
- 3.8 The approved procurement strategy (CCB Reference Number CCB1216/16-17) was to run an OJEU procurement exercise to procure systems implementation services.

Procurement Approach

- 3.9 An EU ‘restricted’ procurement procedure was carried out using the Council’s e-tendering system. In response to the contract notice (advert) placed in the Official Journal of the European Union (OJEU) on 9th April 2017 5 SSQ responses were received and 3 companies were invited to tender. The other 2 bidders failed to meet the SSQ requirement. A full tender was returned by 2 companies and the third did not respond.

Tender Evaluation Process

- 3.10 An evaluation panel was established and assessed each submission.
- 3.11 The evaluation was conducted in accordance with the Tenders and Contracts Regulations and Corporate Evaluation Guidance.
- 3.12 The tenders were evaluated according to the published criteria as set out below. The quality/price ratio had been approved by CCB in the approved strategy.

Evaluation Section	Criteria	Weight
Qualitative Evaluation (60%)	Method Statements	60%
Commercial (40%)	Price	40%

- 3.13 A quality assessment was made for each element of the tendered services by reviewing method statements submitted by the bidders. Each element of bidders’ responses was evaluated and scored out of a maximum of 5, applying the scoring guide as below:

Score	Acceptability	Description
0	Unacceptable	The information is omitted/no details provided
1	Poor	The response does not address the criterion, or the Evaluator is not confident that the applicant understands the contract requirements covered by this criterion and/or will be able to satisfactorily meet the criterion requirements.
2	Fair	The Evaluator has some reservations that the applicant understands the contract requirements covered by this criterion and/or will be able to satisfactorily meet the criterion requirements.
3	Satisfactory	The Evaluator is reasonably confident that the applicant understands the contract requirements covered by this criterion and/or will be able to satisfactorily complete the contract requirements covered by this criterion to a reasonable standard.
4	Good	The Evaluator is confident that the applicant understands the contract requirements covered by this criterion and/or will be able to satisfactorily complete the contract requirements covered by this criterion to a high standard.
5	Excellent	The Evaluator is completely confident that the applicant understands the contract requirements covered by this criterion and or will be able to satisfactorily complete the contract requirements covered by this criterion to a very high standard.

- 3.14 Scores were multiplied by a weighting reflecting the importance of each element.
- 3.15 Price represented 40% of the overall marks and was awarded on the basis of comparing each bidder's price against the other. The lowest price tendered was awarded 40%, other tender prices were then awarded a percentage of the lowest price score.

Reason for Recommendation/Proposed Decision

- 3.17 Two compliant tenders were received by the deadline of 12 noon on 22nd June 2017.
- 3.18 The percentage scores for quality and price were added together. The bidder with the highest combined score is the contractor recommended for award of the contract.
- 3.19 The recommendation to award the contract is based on the Most Economically Advantageous Tender as scored against the published award criteria. The bidder met or exceeded requirements against every quality criteria and tendered the lowest price.

	Quality %	Price %	Total %	Ranking
Preferred bidder scores	45.60%	40.00%	85.60%	1

4. CONSULTATION

- 4.1 Consultation with officers in Procurement, Finance, ICT and Human Resources with regards to the scope was undertaken.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

Revenue and Capital consequences of report recommendations

	Medium Term Financial Strategy – 3-year forecast		
	17/18	18/19	19/20
	£'000	£'000	£'000
Revenue Budget available			
Expenditure			
Income			
Effect of decision from report			
Expenditure			
Income			
Remaining budget	_____	_____	_____
Capital Budget available			
Expenditure	1126	2560	
Effect of decision from report			
Expenditure	254	1015	
Remaining budget	872	1545	

- 5.1.1 However, it is important to consider the impact of this expenditure in the context of the project as a whole. The current approved capital budget is £3.686m, with an additional £1.219m of funding required to deliver the project based on current estimates.

- 5.1.2 The £1.269m worth of contract spend detailed in this report is included in the highlighted row below (under Oracle SI), with some other minor expenditure also expected to be incurred as part of the systems implementation work.

Project Element	2017/18 (£000s)	2018/19 (£000s)	Total (£000s)
One Oracle hosting extension	54	0	54
Oracle Systems Implementation (SI)	277	1,109	1,386
Oracle Cloud licences	253	429	682
Partnership programme team	200	0	200
Internal programme team	776	1,807	2,583
TOTAL	1,560	3,345	4,905

The effect of the decision

- 5.2.1 The effect of the decision will be to enter into a contract for Oracle Cloud Systems Implementation Services for a period 2 years at a cost of £1.269m.
- 5.2.2 Capital budget of £1.1m in 2017/18 and £2.56m in 2018/19 has been approved for Oracle ERP migration which includes funding for this contract.

Risks

- 5.3.1 Finance has appraised the most recent accounts for all Tenderers and has ascertained that the preferred bidder/s achieved a financial health score rating of good.

Options

- 5.4.1 Procurement options were set out in the Strategy report with the recommended approach. No other options were considered for the award

Future Savings/Efficiencies

- 5.5.1 Savings and efficiencies will come from the implementation of the Cloud solution and this award of contract enables that implementation
(Approved by: Luke Chiverton, Head of Finance)

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 6.1 The Council Solicitor comments that the procurement process as detailed in this report meets the requirements of the Council's Tenders and Contracts Regulations and the statutory duty to demonstrate best value under the Local Government Act 1999.

(Approved by: Scott Couzens, Lawyer on behalf of Jacqueline Harris-Baker, Director of Law & Monitoring Officer.)

7. HUMAN RESOURCES IMPACT

- 7.1 There are no immediate HR implications that arise from the recommendations in this report for LBC staff.

(Approved by: Jason Singh, Strategic HR Business Partner (on behalf of Sue Moorman, Director of Human Resources).

8. EQUALITIES IMPACT

8.1 An initial Equality Analysis was undertaken that concluded the award of contract for Oracle Cloud Implementation Services would not have any adverse impact on people who share a protected characteristic and those who do not.

9. ENVIRONMENTAL IMPACT

9.1 There are no environmental impacts arising from this report.

10. CRIME AND DISORDER REDUCTION IMPACT

10.1 There are no direct crime and disorder impacts identified as a result of the proposed contract award

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

11.1 Following analysis of the commercial and qualitative aspects of the tenders received, it is recommended that the contract for Oracle Cloud Implementation Services be awarded to the company whose tender will be most advantageous to the Council taking account of quality and price.

12. OPTIONS CONSIDERED AND REJECTED

12.1 No other options have been considered.

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BACKGROUND PAPERS – There are none