

Commissioning and Procurement Executive Committee – 10 January 2023

Subject:	HR And Finance System (Oracle Cloud): software support services		
Corporate Director:	Clive Heaphy - Finance and Resources, Nottingham City Council		
Portfolio Holder:	Adele Williams - Finance		
Report author and contact details:	Louise Dobson, Lead Procurement Officer Louise.dobson@nottinghamcity.gov.uk		
Other colleagues who have provided input:	Jill Turner, Business Development Manager, East Midlands Shared Services 0116 3055308 jill.turner@emss.org.uk		
Key Decision	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Subject to call-in
			<input checked="" type="checkbox"/> Yes
			<input type="checkbox"/> No
Reasons:	<input type="checkbox"/> Expenditure	<input checked="" type="checkbox"/> Income	<input type="checkbox"/> Savings of £750,000 or more
taking account of the overall impact of the decision			<input checked="" type="checkbox"/> Revenue
			<input type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes
			<input checked="" type="checkbox"/> No
Type of expenditure:	<input checked="" type="checkbox"/> Revenue	<input type="checkbox"/> Capital	
Total value of the decision: £7,699,187 (full cost to EMSS but only 50% to NCC (£3,849,600))			
Wards affected: All			
Date of consultation with Portfolio Holder:			
Relevant Council Plan Key Outcome:			
Clean and Connected Communities		<input type="checkbox"/>	
Keeping Nottingham Working		<input type="checkbox"/>	
Carbon Neutral by 2028		<input type="checkbox"/>	
Safer Nottingham		<input type="checkbox"/>	
Child-Friendly Nottingham		<input type="checkbox"/>	
Healthy and Inclusive		<input type="checkbox"/>	
Keeping Nottingham Moving		<input type="checkbox"/>	
Improve the City Centre		<input type="checkbox"/>	
Better Housing		<input type="checkbox"/>	
Financial Stability		<input type="checkbox"/>	
Serving People Well		<input checked="" type="checkbox"/>	
Summary of issues (including benefits to citizens/service users):			
<p>The FFTF Programme delivered a new Finance, Payroll and HR System Implementation.</p> <p>In order to provide adequate technical support for the new Finance and HR System (Oracle Fusion, the decision has been taken to secure 3rd party application support in place of the existing support provided by the Application Management team within Leicestershire County Council.</p> <p>A procurement exercise has been undertaken and Evolutionary Systems Limited has been identified as the preferred bidder.</p> <p>The cost of this procurement is part of the annual 'Business as Usual' budget for EMSS.</p>			

Exempt information: None.

Recommendations:

- 1** To approve the award of contract for the preferred bidder to provide support and development services for the new Finance and HR System in place of the current arrangements at a total cost to Nottingham City Council of £3,849,600 (8-years). The contract will be in place for an initial 3-year period, with an option to extend for a further 5x 12-month period (3+1+1+1+1+1, up to a total 8-years).
- 2** To delegate authority to enter into the contract to the Director of Legal and Governance of Nottingham City Council
- 3** To delegate the award and contract management processes to the Corporate Director of Finance and Resources.

1. Reasons for recommendations

- 1.1 The support arrangements for Oracle Fusion cannot be met internally via the Application Management Team within Leicestershire County Council therefore a 3rd party supplier is required to deliver the required services.

2. Background (including outcomes of consultation)

- 2.1 The new Oracle Fusion Finance, Payroll and HR System Implementation (Business Case approved in February 2018) was originally due to be implemented in November 2019 but due to Covid was re-planned for April 2021.
- 2.2 The support arrangements for the new Oracle Fusion system have been considered by the Programme Team and Programme Board. The support for the old Oracle system was provided by the Application Management Team within Leicestershire County Council. The technical architecture of the new Oracle Fusion system is much more complex and as a result of moving to Cloud based technology there will be an increase in support required to deliver the quarterly system updates.
- 2.3 The technical skills required for Oracle Fusion support do not exist within the existing team. Therefore, the Programme Board concluded that it is within the best interests of all partners to outsource the application support to a 3rd party provider.
- 2.4 A tender process was undertaken led by NCC Procurement colleagues and included support from subject matter experts from the business as well as NCC Legal. Five bids were received. These were evaluated using a team of appropriate finance, HR, legal and procurement colleagues from across the partnership. The preferred bidder is Evolutionary Systems Limited, who were also the partnerships implementation partner for Oracle Cloud. Permission is sought to award and sign the contract.
- 2.5 The contract has an initial 3-year term but can be extended to eight years (in 12 month increments) to align with the Oracle Cloud contract term.
- 2.6 The cost of the old support arrangements was £802,000 / year for Application Management and System Admin (shared 50/50 between LCC and NCC).

2.7 The Programme Team and Programme Board evaluated the future support requirements and options and determined that a mix of internal and external 3rd party support is required. The total annual cost for Oracle Fusion Support will be as follows:

	Support costs	Additional services professional fees	Additional Services - development & change budget	Total support costs for 3-years		apx EMMS Staff	total cost	NCC
Year 1	£464,921.00	£146,062.67	£100,000.00	£710,983.67		327845	£1,038,828.67	£519,414.33
Year 2	£442,708.00	£146,062.67	£100,000.00	£688,770.67		327845	£1,016,615.67	£508,307.83
Year 3	£411,377.00	£146,062.67	£100,000.00	£657,439.67		327845	£985,284.67	£492,642.33
Year 4	£453,266.67	£150,580.00	£0.00	£603,846.67		327845	£931,691.67	£465,845.83
Year 5	£453,266.67	£150,580.00	£0.00	£603,846.67		327845	£931,691.67	£465,845.83
Year 6	£453,266.67	£150,580.00	£0.00	£603,846.67		327845	£931,691.67	£465,845.83
Year 7	£453,266.67	£150,580.00	£0.00	£603,846.67		327845	£931,691.67	£465,845.83
Year 8	£453,266.67	£150,580.00	£0.00	£603,846.67		327845	£931,691.67	£465,845.83
Total							£7,699,187.33	£3,849,593.67

3. Other options considered in making recommendations

3.1 For Oracle Cloud support, the following options were considered by the Fit for the Future Board:

Option 1 – Continue in-house support provided by LCC AM Team

Option 2 – Outsource all Fusion System Support to a 3rd party provider

Option 3 – Mix of internal and external 3rd party support (Recommended)

3.2 Having determined that the best option for the partners was to source application management activities to a 3rd party a full competitive tender process was undertaken.

3.3 Permission is sought to award and sign the contract.

4. Consideration of Risk

4.1 N/A

5. Best Value Considerations

Slight reduction in costs (c.£39k) for initial 3-year period given due to commitment of spend through the development budget.

6. Finance colleague comments (including implications and value for money/VAT)

This decision is seeking to enter into a 3 year contract with the option to extend every year by one year for up to 5 additional years, i.e. 8 in total, with Evolutionary Services Ltd to provide ongoing Support for Oracle Fusion. Based on figures provided (which are subject to change in January), approximate costs to NCC are as follows:

		Support costs	Additional services professional fees	Additional Services	Total support costs for 3-years	apx cost EMMS Staff	total cost	NCC 50%
2023/24	Year 1	£464,921.00	£146,062.67	£100,000.00	£710,983.67	£327,845.00	£1,038,828.67	£519,414.33
2024/25	Year 2	£442,708.00	£146,062.67	£100,000.00	£688,770.67	£327,845.00	£1,016,615.67	£508,307.83
2025/26	Year 3	£411,377.00	£146,062.67	£100,000.00	£657,439.67	£327,845.00	£985,284.67	£492,642.33
2026/27	Year 4	£453,266.67	£150,580.00	£0.00	£603,846.67	£327,845.00	£931,691.67	£465,845.83
2027/28	Year 5	£453,266.67	£150,580.00	£0.00	£603,846.67	£327,845.00	£931,691.67	£465,845.83
2028/29	Year 6	£453,266.67	£150,580.00	£0.00	£603,846.67	£327,845.00	£931,691.67	£465,845.83
2029/30	Year 7	£453,266.67	£150,580.00	£0.00	£603,846.67	£327,845.00	£931,691.67	£465,845.83
2030/31	Year 8	£453,266.67	£150,580.00	£0.00	£603,846.67	£327,845.00	£931,691.67	£465,845.83
	Total						£7,699,187.33	£3,849,593.67

No Finance objections

7. Legal colleague comments

This procurement has been undertaken in full compliance with the Public Contracts Regulations 2015 and Nottingham City Council's Contract Procedure Rules. An open tender procedure has been undertaken to procure the Oracle Fusion application support services to NCC and Leicestershire County Council with NCC entering into the contract with the successful tenderer.

S O'Bradaigh, Senior Solicitor, Legal Services 09/12/2022

8. Other relevant comments

8.1 Procurement comments

8.2 An open tender procedure has been carried out and evaluated in compliance with our Contract Procedure Rules and the decision to be taken, to award to the successful supplier raises no procurement concerns. Paul Ritchie, Procurement Category Manager 16/12/2022

9. Crime and Disorder Implications (If Applicable)

9.1 N/A

10. Social value considerations (If Applicable)

10.1 N/A

11. Regard to the NHS Constitution (If Applicable)

11.1 N/A

12. Equality Impact Assessment (EIA)

The impacts on equality were assessed as part of the decision to operate a mix of internal and 3rd party support by the Fit for the Future Board.

13. Data Protection Impact Assessment (DPIA)

13.1 Attached as Appendix 1, and due regard will be given to any implications identified in it.

14. Carbon Impact Assessment (CIA)

14.1 A CIA is not required because it is not relevant to the procurement.

15. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

15.1 None.

16. Published documents referred to in this report

16.1 None.