

LONDON BOROUGH OF CROYDON

To: all Members of the Council (via e-mail)
Access Croydon, Town Hall Reception

PUBLIC NOTICE OF KEY DECISIONS MADE BY THE CABINET MEMBER FOR FINANCE AND TREASURY ON 20 SEPTEMBER 2017

In accordance with the Scrutiny and Overview Procedure Rules, the following decisions may be implemented from **1300 hours on 28 September 2017** unless referred to the Scrutiny and Overview Committee:

The following apply to each decision listed below

Reasons for these decisions: are contained in the **attached** Part A report

Other options considered and rejected: are contained in the **attached** Part A report

Details of conflicts of Interest declared by the Cabinet Member: none

The Leader of the Council has delegated to the Cabinet Member the power to make the decisions set out below:

CABINET MEMBER'S EXECUTIVE DECISION REFERENCE NO.: 3117FT
Decision Title: Oracle Cloud Systems Implementation Services

Having carefully read and considered the attached Part A report, the associated confidential part B report, and the requirements of the Council's public sector equality duty in relation to the issues detailed in the body of the reports, the Cabinet Member for Finance and Treasury in consultation with the Leader of the Council

RESOLVED 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 the reports.

Scrutiny Referral/Call-in Procedure

1. The decisions may be implemented **1300 hours on 28 September 2017** (5 working days after the decisions were made) unless referred to the Scrutiny and Overview Committee.
2. The Council Solicitor shall refer the matter to the Scrutiny and Overview Committee if so requested by:-
 - i) the Chair or Deputy Chair of the Scrutiny and Overview Committee and 4 members of that Committee; or
 - ii) 20% of Council Members (14)

3. The referral shall be made on the approved pro-forma (*attached*) which should be submitted electronically or on paper to Jim Simpson by the deadline stated in this notice. Verification of signatures may be by individual e-mail, fax or by post. A decision may only be subject to the referral process once.
4. The Call-In referral shall be completed giving:
 - i) The grounds for the referral
 - ii) The outcome desired
 - iii) Information required to assist the Scrutiny and Overview Committee to consider the referral
 - iv) The date and the signatures of the Councillors requesting the Call-In
5. The decision taker and the relevant Chief Officer(s) shall be notified of the referral who shall suspend implementation of the decision.
6. The referral shall be considered at the next scheduled meeting of the Scrutiny & Overview Committee unless, in view of the Council Solicitor, this would cause undue delay. In such cases the Council Solicitor will consult with the decision taker and the Chair of Scrutiny and Overview to agree a date for an additional meeting. The Scrutiny & Overview Committee may only decide to consider a maximum of 3 referrals at any one meeting.
7. At the Scrutiny & Overview Committee meeting the referral will be considered by the Committee which shall determine how much time the Committee will give to the call in and how the item will be dealt with including whether or not it wishes to review the decision. If having considered the decision there are still concerns about the decision then the Committee may refer it back to the decision taker for reconsideration, setting out in writing the nature of the concerns.
8. The Scrutiny and Overview Committee may refer the decision to Full Council if it considers that the decision is outside of the budget and policy framework of the Council.
9. If the Scrutiny and Overview Committee decides that no further action is necessary then the decision may be implemented.
10. The Full Council may decide to take no further action in which case the decision may be implemented.
11. If the Council objects to the decision it can nullify the decision if it is outside of the policy framework and/or inconsistent with the budget.
12. If the decision is within the policy framework and consistent with the budget, the Council will refer any decision to which it objects together with its views on the decision. The decision taker shall choose whether to either amend / withdraw or implement the original decision within 10 working days or at the next meeting of the Cabinet of the referral from the Council.
13. The response shall be notified to all Members of the Scrutiny and Overview Committee

14. If either the Council or the Scrutiny and Overview Committee fails to meet in accordance with the Council calendar or in accordance with paragraph 6 above, then the decision may be implemented on the next working day after the meeting was scheduled or arranged to take place.
15. URGENCY: The referral procedure shall not apply in respect of urgent decisions. A decision will be urgent if any delay likely to be caused by the referral process would seriously prejudice the Council's or the public's interests. The record of the decision and the notice by which it is made public shall state if the decision is urgent and therefore not subject to the referral process.

Signed: Director of Law and Monitoring Officer.

Date: 21 September 2017

Contact Officers: jim.simpson@croydon.gov.uk; james.haywood@croydon.gov.uk

PROFORMA

REFERRAL OF A KEY DECISION TO THE SCRUTINY AND OVERVIEW COMMITTEE

For the attention of: Jim Simpson, Democratic Services & Scrutiny
e-mail to jim.simpson@croydon.gov.uk james.haywood@croydon.gov.uk

Meeting:
Meeting Date:
Agenda Item No:

Reasons for referral:

- i) The decision is outside of the Policy Framework
- ii) The decision is inconsistent with the budget
- iii) The decision is inconsistent with another Council Policy
- iv) Other: Please specify:

The outcome desired:

Information required to assist the Scrutiny and Overview Committee to consider the referral:

Signed:

Date:

Member of _____ Committee

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.

CONTACT OFFICER:

Name:	Victoria Richardson
Post title:	Head of Finance Service Centre
Telephone number:	Ext 62640

BACKGROUND PAPERS – There are none