Cabinet – 21 March 2018

Award of a New Contract for a Cloud Enterprise Resource Planning (ERP) Solution for Finance, Procurement, HR and Payroll

Portfolio:	Councillor Keith Chambers – Personnel and Business Support
Service:	Resources and Transformation
Wards:	All
Key decision:	Yes
Forward plan:	Yes

1.   Summary

1.1   The Council currently operates two corporate systems to support the running of the organisation:

- MHR iTrent, the current Human Resources and Development (HRD) system which supports HRD transactional processing including payroll and self service capabilities; and
- Oracle E-Business Suite Financials, the current finance system supporting financial management and ordering and invoicing processes.

1.2   MHR iTrent comes to the end of its current contractual arrangement in July 2019 although there is the opportunity to extend the contract.

1.3   The managed support contract for the Oracle E-Business Suite Financials reaches the end of its contract in December 2018.

1.4   The relative contemporaneous contract timelines of both of these corporate systems provides an opportunity to assess if performance improvements and cost savings could be achieved by replacing both the HRD and Finance systems with a single Enterprise Resource Planning (ERP) solution.

1.5   An initial business case identified that performance improvements could be achieved by procuring a single Cloud ERP system which could, over the next 10 years, be implemented and operated for the same cost as the current 2 separate systems.

1.6   A Mini-competition process was carried out utilising Crown Commercial Services Framework RM1042 Lot 1, to invite tenders for the provision of a Cloud ERP Solution for Finance, Procurement, HR and Payroll.

1.7 In response to concerns raised by a number of the framework providers of the ability to submit a comprehensive and accurate bid by the 27 November 2017, the Council changed the return date to 8 January 2018 to ensure that it received the best possible submissions.

1.8 Due to the revision of the tender return date it has not been possible to complete the tender evaluation process to seek Cabinet approval for award of contract whilst still meeting the Council's indicative implementation plan.

1.9 Approval is therefore sought under this report to delegate the award of a contract for provision of a Cloud ERP Solution for Finance, Procurement, HR and Payroll, to the Executive Director of Resources and Transformation, following the conclusion of the procurement process.

1.10 In order to implement the Cloud ERP Solution for Finance, Procurement, HR and Payroll, it is also necessary for the Council to award an associated contract for provision of Business Integration Support to the ERP Cloud project. Due to incompatible timing and sequencing of the implementation plan and Cabinet timetable, approval is therefore sought under this report to delegate the award of a contract for provision of Business Integration Support to the ERP Cloud project to the Executive Director of Resources and Transformation, following the conclusion of a compliant procurement process.

1.11 This is a key decision because it exceeds the threshold for significant expenditure.

2.   Recommendations

2.1 That Cabinet delegates authority to award a contract for the provision of a Cloud ERP Solution for Finance, Procurement, HR and Payroll to the Executive Director of Resources and Transformation.

1.2 That Cabinet delegates authority to the Executive Director of Resources and Transformation, in consultation with the Portfolio Holder for Personnel and Business Support, to enter into the necessary contracts to deliver the provision of a Cloud ERP Solution for Finance, Procurement, HR and Payroll by using the most appropriate procedures and to subsequently authorise the sealing or signing of any contracts, deeds or other related documents for such services.

1.3 That Cabinet delegates authority to the Executive Director of Resources and Transformation, in consultation with the Portfolio Holder for Personnel and Business Support, to award and enter into a contract to provide Business Integration Support to the ERP Cloud Project following an appropriate compliant procurement process by using the most appropriate procedures and to subsequently authorise the sealing or signing of any contracts, deeds or other related documents for such services.

3.   Report detail

3.1   The Council is committed to delivering all of its corporate services Digital by Default, in line with its ICT Strategy. This will mean IT systems across HR, Payroll, Procurement and Financial services meet the needs of our residents and businesses. Providing the capability to transact with the Council '24x7' to book, pay or report through web browser technology (any time, any place, anywhere), removing the reliance on paper, excel spreadsheets and other off line systems.

3.2   The Council also recognises that its greatest asset is its staff as defined in its Corporate Workforce Strategy 2017-20. Through the delivery of its key actions as defined in the strategy, systems/processes will need to be streamlined and aligned to delivering outcomes that realises the Council priorities and values rather than the process itself. Such systems and processes to be digital by solution and self-service where possible.

3.3   Any such procured system will also need to assist in embedding the Council's required culture which is customer focused at its core, positive in nature; performance driven and flexible.

3.4   A Transformation Programme has been established to deliver the required Business, People and Technology Changes. We are seeking a supplier to deliver a key component of this programme, namely the transition to a new, modern cloud ERP solution.

3.5   The transition shall:-
- Be cost effective;
- Utilise all appropriate capabilities of the system;
- Ensure continuity of service, data records and audit trails;
- Provide effective knowledge transfer to in-house teams.

3.6   The Cloud ERP will be provided as Software as a Service (SaaS). It will:
- Provide all the functionality needed by local authority corporate services;
- Be updated in line with changes to legal requirements and emerging best practice;
- Provide modern, robust system interfaces;
- Provide modern, user-friendly, intuitive user interfaces across all modern computing devices (computers, laptops, tablets, Smartphones);
- Be readily adaptable to meet changes to the business model, e.g. removing or adding contracted services;
- Have a pricing model which remains cost efficient as the business model and volumes are flexed.

3.7   The supplier shall provide adequate assurance throughout the project and service life cycle for:-
- Data Protection, including the upcoming General Data Protection Regulation (GDPR);
- Information Security Reliability, Disaster Recovery and Business Continuity.

4. The Cloud ERP Procurement Process

4.1 A Mini-competition process was carried out utilising Crown Commercial Services Framework RM1042 Lot 1 to invite tenders for the provision of a Cloud ERP Solution for Finance, Procurement, HR and Payroll.

4.2 Eleven suppliers from the above Framework expressed an interest in the project, which commenced on 30 October 2017, with tenders due to be returned by 27 November 2017. However, a number of bidders identified that the timescale for responding to this tender was very tight to submit a comprehensive and accurate bid. In light of this and with the Council wanting to ensure that it received the best possible submissions, the return date for tenders was changed to 8 January 2018.

4.3 Tenders were opened on 8 January 2018, by the Chief Finance Officer and a Senior Procurement Officer, using a formal opening ceremony on the In-tend e-tendering portal.

4.4 The Council received three tender submissions as set out below:

Bidder No.	Bidder Name	Based In or Out of Borough	SME
1	Bramble Hub Limited	Out	No
2	Methods Business and Digital Technology Limited	Out	No
3	Softcat plc	Out	No

4.5 The tenders were evaluated against the following published criteria:

- Price   40%
- Social Value   3%
- Quality   57%

Quality	Core or Optional	Evaluation percentage
Human Resources and Payroll Requirements		**10%**
2a 01 Human Resources – Core	*Core*	
2a 02 Self-service (Inc. Performance Management) (a multiplier of 2 will be applied to this score)	*Core*	
2a 03 Resourcing	*Core*	
2a 04 Workforce management – Time and attendance	*Core*	
2a 05 Absence management	*Core*	
2a 06 LMS	*Core*	
2a 07 Health and safety monitoring	*Core*	
2a 08 Payroll – core	*Core*	
2a 09 Expenses	*Core*	
2a 10 P11D	*Core*	
2a 11 Common requirements across all modules	*Core*	
Licensing/User Approach - Pricing Schedule (a multiplier of 150 will be applied to this score of 0 to 4)	*Core*	

Quality (cont.)	Core or Optional (cont.)	Evaluation percentage (cont.)
2b Financial Requirements		**10%**
1. General	*Core*	
2. Chart of Accounts	*Core*	
3. General Ledger	*Core*	
4. Reporting	*Core*	
5. Controls and Reconciliation	*Core*	
6. Purchase to Pay	*Core*	
7. AR/Debt Recovery	*Core*	
8. Taxation	*Core*	
9. Planning & Budgeting - Strategy	*Core*	
10. Scheme of Delegation	*Core*	
Licensing/User Approach - Pricing Schedule (a multiplier of 150 will be applied to this score of 0 to 4)	*Core*	
2c Contracts Management and Procurement	*Optional*	N/A
2d Assurance Requirements	*Core*	**5%**
2e Delivery Approach	*Core*	**10%**
2f Scenarios	*Core*	**12%**
1. Standard Scenarios		5%
2. Key Scenarios		7%
2g Technical Requirements		**10%**
1. General Design and Architecture	*Core*	
2. Infrastructure	*Core*	
3. User Interface	*Core*	
4. Interoperability	*Core*	
5. Internet Access	*Core*	
6. Security	*Core*	
7. Operations and Computing Performance	*Core*	
8. Workflow Messaging	*Core*	
9. Document Management and Record Management	*Core*	
10. Training & Documentation	*Core*	
11. Technical Delivery Approach	*Core*	
12. Problem Resolution and Support	*Core*	
13. Disaster Recovery and Business Continuity	*Core*	
14. Business Intelligence	*Core*	
Optional Requirements	*Optional*	**N/A**

Tender Pricing Evaluation

SaaS Price over 5 years	25%
Implementation Core Cost	15%

Bidders' price scores were calculated based upon the lowest price submitted for each element.

The Bidder with the lowest price was awarded the full % score with the remaining Bidders gaining pro-rata scores in relation to how much higher their prices were when compared to the lowest price.

4.6　Tender quality evaluations were completed independently by the relevant subject matter experts from Human Resources, Payroll, Finance, Procurement, Information Technology and the Council's consultants - Socitm.

4.7　Due to the revision of the tender return date detailed in 4.2 above it has not been possible to complete the evaluation process in time to request Cabinet to award the contract at this meeting. The Council's indicative implementation plan does not allow a report to be delayed until the next Cabinet meeting on 25 April so Cabinet are requested to approve the delegation of the award of this contract to the Executive Director of Resources and Transformation.

5.　Business Integration Support to the ERP Cloud Project

5.1　During the tender evaluation process it became apparent that the Council does not have sufficient staff with a knowledge of Cloud based systems to be able to suitably challenge the implementer of the Cloud ERP Solution for Finance, Procurement, HR and Payroll to ensure that the Council procures the best possible ERP solution and that all decisions and costs are appropriately challenged.

5.2　In addition, the nature of the Cloud ERP Solution will mean that the Council will need to adopt a large number of best practice business processes in order to achieve best value and fully exploit all the capabilities of the Cloud ERP solution. This will require a review of the existing practices and support to allow services to make the necessary transition.

5.3　In order to provide the necessary Business Integration Support service a detailed knowledge of the Cloud ERP Solution that the Council has selected is essential, therefore the specification and procurement of these services cannot be undertaken until a decision has been made on the award of contract for provision of the Cloud ERP Solution.

5.4　The award of the Business Integration Support contract will be required during May and contract commencement in early June, which is why this report requests that Cabinet delegate authority to the Executive Director of Resources and Transformation, in consultation with the Portfolio Holder for Personnel and Business Support, to enter into a new contract to provide Business Integration Support to the ERP Cloud Project.

6. Council Corporate Plan priorities

6.1 The priorities in the Corporate Plan of Economic, People, Children and Communities themes are serviced by this programme via the core theme of "**Internal Focus" – All Council systems are efficient and effective**

7. Risk management

7.1 *Corporate Risk 6 – Failure to match the council's technology solutions with the corporate objective requirements* identifies significant risk of service failure due to lack of ongoing investment in ICT over the past years.

7.2 There are a number of key risks which the business case aims to mitigate. The major environmental risks relate to HR, Payroll and Finance systems being compromised either through power loss, environmental equipment failure or system failure.

7.3 The lack of continued investment in the relevant IT systems has led to the technical architecture of systems being unable to meet the Council's future transformation aspirations.

7.4 The current range of systems to carry out these functions combined with the number of disparate data sources and lack of electronic indexing been identified as a significant risk to the Council's ability to meet its future statutory requirements with regard to the GDPR.

8. Financial implications

8.1 The budget for the implementation of the ERP Cloud Project has been agreed as part of the Council's Capital programme which was approved at Council on 28 February 2018.

8.2 All delegated contract award decisions referred to in this report will be within the agreed overall budget for the implementation of the ERP Cloud Project.

9. Legal implications

9.1 The procurement exercise which the Council has carried out has been undertaken in accordance with the requirements of the Public Contracts Regulations 2015 and the Council's Contract Rules.

9.2 The new services will be evidenced by written contracts in a form required by Crown Commercial Services under the terms of Framework RM1042 Lot 1 which will be agreed by the Head of Legal and Democratic Services and shall be made and executed in accordance with the Council's Contract Rules.

10.   Procurement Implications/Social Value

10.1   The procurement processes have been conducted in accordance with the procurement rules which are set out in the Public Contract Regulations 2015, the Council's Contract Rules and Social Value Policy.

10.2   Social Value is an integral part of this contract and all tenders have been evaluated based on their ability to bring social value including employment and volunteering opportunities as part of their delivery to Walsall.

10.3   Steps have been taken to minimise procurement-related risk. However, there will always remain an inherent risk of legal challenge associated with any procurement undertaken by the Council.

10.4   Input has been sought from Procurement, as required to ensure the conduct of compliant procurement process.

11.   Property implications

11.1   There are no direct property implications resulting from the award of this contract.

12.   Health and wellbeing implications

12.1   ICT is historically a back office service, supporting front line services being delivered to citizens and aspiring to be a positive enabler for service improvement. Digital transformation will see our service offering change to enable suppliers to access services and the ability to receive orders, submit invoices and check on payments at a time and place convenient to them.

12.2   Mobile technology on Smartphones, Tablet PCs and Laptops will enable the implementation, where appropriate, of flexible working arrangements with the opportunity to positively impact the work/life balance of Council staff without a negative impact on productivity or visibility. This in turn will support service improvement and all aspects of the Marmot objectives.

13.   Staffing implications

13.1   There are no direct staffing implications resulting from the award of this contract. However mobile technology on Smartphones, Tablet PCs and Laptops will enable the implementation, where appropriate, of flexible working arrangements with the opportunity to positively impact the work/life balance of Council staff without a negative impact on productivity or visibility.

14.   Reducing inequalities

14.1   Through liaison with the Consultation and Equalities team, the feedback is that at this stage an Equalities Impact Assessment is not required.

14.2 Since this is purely a software system implementation property implications such as access are not relevant.

14.3 The systems being evaluated have enhanced functionality which is available to people with protected characteristics over and above existing arrangements e.g. flexible working arrangements and modifications for blind, deaf, dyslexic people, by considering alternative ways to access systems.

14.4 The need for an Equalities Impact Assessment will be reviewed as part of the design, build and delivery stages of the programme

15. Consultation

15.1 Wide ranging consultation has been undertaken involving over 300 staff from across the Council.

15.2 This consultation with staff has taken the form of:
- Business / End Users Workshops;
- Online Questionnaires:
  - o People Gateway;
  - o iProcurement;
  - o AR Self Service;
  - o QlikView Budget Management Reporting;
- Focused iTrent workshop - Money, Home Job;
- Oracle Financials Questionnaire;
- HR Workshops;
- Finance Workshops;
- Procurement Workshops.

15.3 Feedback received:

15.3.1 A significant issue has been identified in terms of the self-service functionality of the current HR Systems with 67% managers who responded to the People Gateway Questionnaire describing self-service as either difficult or very difficult to use. Through the workshops this was further enforced with the following key issues emerging:
- The complexity and lack of uniformity in process related to sickness absence reporting;
- The lack of a single repository for all HR documentation and the need to store documents and the time taken to retrieve reference documents from HR;
- The number of off line processes and need to store HR related documents locally (either electronically or in a paper based format);
- The lack of historical data viewable following changes to line management and/or position; and

- The time taken to generate background reports.

15.3.2   Other general issues identified with the current solutions were:
- The lack of integration between Payroll and other sources of financial data which require continuous budgetary reconciliation and validation;
- The need to rekey data into multiple systems; and
- The number of different systems staff are required to use to perform 'back office' functions with different interfaces, training and passwords.

Background papers
None

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