

Cabinet – 22 March 2023

Renewal of the Council's Oracle Cloud licences

Portfolio: Councillor Bird – Leader of the Council

Related portfolios: All

Service: Finance – Council-wide

Wards: All

Key decision: Yes

Forward plan: Yes

1 Aim

This report seeks to ensure that the council has adequate licences in place from 30 May 2023 to continue to be able to utilise its One Source (Oracle Cloud) system when its current licences expire, meaning that the system can continue to be used to manage the council's finance, HR, payroll and procurement processes.

2 Summary

- 2.1 The council's existing One Source (Oracle Cloud) licences expire on 30 May 2023, this being the end of the current 5-year contract period.
- 2.2 Following a review of the sourcing options available the council has concluded that using the Crown Commercial Service (CCS) Framework (reference RM6194) is the most appropriate solution available. The contract is proposed for a period of 5 years from 31 May 2023.
- 2.3 This is a key decision as the value of the contract will exceed £500,000.

3 Recommendations

- 3.1 That Cabinet approve the award of the contract for provision of Oracle Cloud licences for a period of 5 years, commencing on 31 May 2023.
- 3.2 That Cabinet delegate authority to the Director of Finance, Corporate Performance and Corporate Landlord (Section 151 Officer), in consultation with the Leader of the Council as the relevant Portfolio Holder, to subsequently sign contracts or other related documents for the services that have been procured.

- 3.3 That Cabinet authorise the signing of this contract under hand, as due to the nature of the services provided it is unlikely the Council would benefit from 12 years of protection under seal.
- 3.4 That Cabinet delegate authority to the Director of Finance, Corporate Performance and Corporate Landlord (Section 151 Officer), to authorise any variations to the contractual arrangements or other related documents for such services should this be required throughout the duration of the term of any contracts and provided they are in line with the Council's Contracts Rules and any relevant legislation, including Public Contract Regulations 2015.

4 Report detail

- 4.1 Following a detailed review a programme to replace the council's legacy finance, HR, payroll and procurement systems with the integrated One Source (Oracle Cloud) system began during 2018. This required the purchase of associated licences for the build and subsequent operation, with a contract for those licences being issued to Oracle for a period of 5 years which is due to expire on 30 May 2023.
- 4.2 In preparation for this expiry an internal review of potential options available to the council has taken place. This identified that as there have been no material developments to competing integrated systems, and as the council has invested significantly in the development and implementation of the One Source system, to ensure value for money and return on that investment the One Source system is currently expected to continue to be used by the council over the medium (and longer) term.
- 4.3 Additionally, as the system has been live for some time now, a separate piece of work, the One Source health check, has been undertaken to identify existing weaknesses in the processes developed by Walsall. This has identified several changes that can be made to improve the use of the system and a project plan to take those changes forward is now being developed.
- 4.4 Given these findings the direction was clear that renewal of the licences for the One Source (Oracle Cloud) system would be required. Work was therefore undertaken with Procurement to identify the most suitable route to secure the renewal, with a recommendation to utilise the Crown Commercial Service (CCS) Framework (reference RM6194) which would ensure effective value for money given that the framework has already been subject to a best value exercise when developed.
- 4.5 Consultation with the core services utilising the system (finance, HR, payroll and procurement) then took place to confirm their licence requirements over the next 5 years – taking account of any potential changes to the system that may result from the recent One Source health check work, with the consolidated position from that provided to Oracle to issue a quote under the framework.
- 4.6 That quote has now been reviewed and approved internally within Oracle and issued to the council. The existing contract with Oracle does stipulate that if

there are no changes to licence requirements that Oracle will minimise increases in the first 2 years of any extension to 2% per year, and whilst there have been some changes in the licences being requested by the council within the renewal, Oracle have still abided by those terms and have limited increases in the first 2 years of the new contract to 2%, with then their normal inflationary increase utilised for years 3-5. The outcome of that process is then averaged over the 5 years to provide the council with a fixed charge each year.

4.7 Whilst that fixed charge does represent an increase on the current costs (given the change in requirements by the Council and also the inflationary increases that have been included) it is affordable within the budget for this service that has been included within the Council's Medium Term Financial Outlook.

4.8 As such this report seeks Cabinet's approval to enter into the new contract alongside delegation to the Director of Finance, Corporate Performance and Corporate Landlord (Section 151 Officer), in consultation with the Leader of the council as the relevant Portfolio Holder, to subsequently sign and / or authorise the sealing of any deeds, contracts or other related documents for the services that have been procured.

5 Council Plan priorities

5.1 The One Source (Oracle Cloud) system allows the council to provide effective back-office processes (finance, HR, payroll and procurement) that support the delivery of all Council Plan priorities, and specifically Internal Focus.

6 Risk management

6.1 The One Source system ensures that there are robust internal controls in place to manage the risk associated with key council processes, including both financial and payroll transactions and control of the overall organisational structure of the authority. Renewal of the One Source (Oracle Cloud) licences will ensure these processes continue to be available to the council.

7 Financial implications

7.1 The outcome of the renewal process has resulted in an annual cost for the provision of licences for the one Source (Oracle Cloud) system of £529k, with the contract value over the 5-year period totalling £2.647m.

7.2 Whilst this represents an increase on the current costs (given the change in requirements by the council and also the inflationary increases that have been included) it is affordable within the budget for this service that has been included within the council's Medium Term Financial Outlook.

8 Legal implications

8.1 As the proposed procurement from Oracle is via a compliant Framework Agreement which the Council is permitted to use and the legal implications associated with the proposed contract do not raise any significant issues. The

risk of any legal challenge materialising is very low and the Council's Procurement Team have been fully involved in the procurement.

- 8.2 The contract which will be signed between the Council and Oracle contain fixed terms and conditions which have already been agreed under the terms of (CCS) Framework (reference RM6194); therefore both the Council and Oracle must accept these terms and conditions.
- 8.3 Given the likely value of the proposed contract, it is normally recommended that both parties seal the contract as a deed. This is consistent with the requirements of the Contract Rules in relation to Strategic Contracts with a value of over £500,000.
- 8.4 As a matter of law the sealing of a contract extends the ability of the Council to pursue an action through the courts in the event that the Council needed to take legal action against the supplier in relation to their failure to comply with the contract, to twelve years instead of the usual six years from the date on which the cause of the action accrued. However due to the nature of the services provided in this case, it is unlikely the Council would actually benefit from 12 years of protection under seal. Therefore it is proposed that the contracts be signed on behalf of the Council rather than being sealed. This will also simplify the completion of the contract.

9 Procurement Implications/Social Value

- 9.1 The commercial advantages of using a compliant framework agreement are flexibility and reduced timescales of procurement procedures.
- 9.2 The Crown Commercial Service (CCS) Framework (reference RM6194) was selected as being the most appropriate to meet our needs. The Public Sector is entitled to use this framework, which includes the option to make a Direct Award in the following circumstances:
- If the potential Buyer can determine that:
 - its Deliverables can be met by the Suppliers' catalogues and description of the Deliverables as set out in Framework Schedule 1 (Specification) and Framework Schedule 2 (Framework Tender); and
 - all of the terms of the proposed Call-Off Contract are laid down in this Contract and do not require amendment or any supplementary terms and conditions;
- 9.3 Advice and guidance has been given by the Corporate Procurement Team throughout this process. The award process which the Council has carried out has been undertaken in accordance with the requirements of the Public Contracts Regulations 2015 and gave consideration to social value in line with the Public Services (Social Value) Act 2012 and was in compliance with the Council's Contract Rules.

10 Property implications

10.1 None directly as a result of this report.

11 Health and wellbeing implications

11.1 None directly as a result of this report.

12 Reducing Inequalities

12.1 The purchase these licences have no equality implications and the corporate equalities team have confirmed that an equality impact assessment is therefore not required.

13 Staffing implications

13.1 None directly as a result of this report.

14 Climate Impact

14.1 None directly as a result of this report.

15 Consultation

15.1 Internal consultation has been undertaken with the council's Procurement team, Legal Services, Finance, Corporate Property and Public Health. Additionally as part of the data gathering exercise to support this renewal liaison with the core services utilising the system (finance, HR, payroll and procurement) took place to confirm their licence requirements over the next 5 years

16 Decide

16.1 Alternative options were considered prior to commencing the procurement exercise, however this identified that there have been no material developments to competing integrated systems during the past five years and that Oracle remains the market leader for such applications. Also, as the council has invested significantly in the development and implementation of the One Source system, to ensure value for money and return on that investment the One Source system is expected to continue to be used by the council over the medium (and longer) term.

16.2 A procurement exercise for the renewal of licences therefore took place and this report seeks Cabinet's approval to enter into a new contract alongside delegation to the Director of Finance, Corporate Performance and Corporate Landlord (Section 151 Officer), in consultation with the Leader of the council as the relevant Portfolio Holder, to subsequently sign and / or authorise the sealing of any deeds, contracts or other related documents for the services that have been procured.

17 Respond

- 17.1 Subject to Cabinet approval of the recommendations in this report, the procurement process will be finalised, and contracts awarded to allow continued access to the One Source system with effect from 31 May 2023.

18 Review

- 18.1 A further detailed review of future One Source (Oracle Cloud) licence requirements will take place before the end of the 5-year period to inform the direction regarding any further renewal that may be necessary.

Background papers

None

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Signed



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22 March 2023

Signed



Councillor M Bird
Leader of the Council

22 March 2023