Northumberland County Council

Cabinet

Tuesday, 7 May 2024

Oracle Contract Refresh

Report of Councillor(s) Wojciech Ploszaj, Cabinet Member for Corporate Services

Responsible Officer(s): Jan Willis, Executive Director for Resources & Transformation (S151)

1.   Link to Key Priorities of the Corporate Plan

To drive Value for Money by:

- Ensuring continuity of business-critical service provision by Oracle

- Securing the best commercial position to progress the contract.

- Alignment of two existing Oracle contracts into one

2.   Purpose of report

As outlined in the Constitution, any contract award of the value over £0.5m is deemed to be a key decision that requires Cabinet's approval.

This report seeks to gain Cabinet's approval to delegate authority to progress procurement for the Oracle E-Business Cloud Solution core services.

The expected value of the contract is above the £0.5m key decision threshold.

3.   Recommendations

For Cabinet to:

3.1   Delegate authority to Executive Director – Transformation and Resources in consultation with the portfolio holder for corporate services to progress the procurement of NCC's Oracle E-Business Cloud Solution core services in accordance with the approved revenue budget allocation.

3.2   Delegate authority to Executive Director – Transformation and Resources in consultation with the portfolio holder for corporate services to award a contract for NCC's Oracle E-Business Cloud Solution core services via a compliant procurement route.

4.   Forward plan date and reason for urgency if applicable

15th March 2024

5.   Background

5.1   Oracle E-Business Cloud is the current ERP (Enterprise Resource Planning) and HCM (Human Capital Management) system used by NCC that facilitates multiple processes across payroll, HR, finance, procurement.

5.2   The Strategic Business Case made the following recommendation: "A streamlined set of applications and information management systems will also simplify the council's information architecture".

5.3   To this end, Digital and IT, working alongside colleagues from Finance and HR have reviewed additional Oracle modules and features. NCC is currently unable to evidence the value of investing in additional Oracle functionally and decommissioning existing systems to streamline technical architecture. There is also no budget allocation for the additional modules. However, as part of the Best Use of Technology workstream of BEST, work is ongoing to optimise the functionality of core modules in order to maximise the value of the Council's investment.

5.4   The current term of the contract for the provision of Oracle E-Business Cloud was entered into in 2017 for 5 years with an extension for further 2 years. It will come to an end on 14th October 2024.

5.5   NCC is now looking to align the Enterprise Performance Management contract within the new Oracle E- Business Cloud contract.

5.6   Enterprise Performance Management is a core service delivered within the Oracle platform which was procured after the Oracle E- Business Cloud contract was established. The end date for both agreements is closely aligned.

5.7   The procurement exercise to refresh the contract for Oracle E-Business Cloud products has not been formally commenced, however estimates have been sought from Oracle to understand associated costs and pricing models . The estimated range of costs over the 5-year contract is between £4,006,000 and £4,126,000.

5.8   The cost for the provision of the core ERP, HCM and EPM Oracle E-business Cloud services is included within the Digital and IT revenue budget. The annual recurrent revenue budget allocation for this is £805,000, equating to £4,025,000 over the 5 year contract.

5.9   Although the contract is yet to be finalised, it is expected that it will be a subject to annual inflationary increases which will be factored into the annual budget setting process.

6. Options open to the Council and reasons for the recommendations.

6.1 **Do nothing** – This is not recommended. Letting the contract expire without a refresh means that NCC would have to revert to manual ways of working for key processes such as finance, procurement, or payroll, putting business as usual operations at risk and having a significant impact on service provision and resources.

6.2 **Procure and Award contract for Existing Core Functions**– This is recommended. Commitment to core functionality only whilst trying to secure the best commercial value.

6.3 **Procure and Award contract for Core and Additional Modules** – procure core functionality and additional modules ahead of contract refresh of October 2024 to streamline technical architecture. This is not recommended as NCC is not able to fully demonstrate the value of adding new functionality and there is no agreed budget available to implement the additional modules.

6.4 **Procure and Award contract for Core Modules to another software platform in place of Oracle E-Business Cloud** – this is not a viable option due to cost of change and level of effort required.

7. Implications

Policy	N/A
Finance and value for money	As the procurement exercise has not been concluded yet the contract values contained within paragraph 5.7 are estimates. It is expected that it will be a subject to annual inflationary increases which will be factored into the annual budget setting process. The recurrent revenue budget allocation for Oracle E-Business Cloud is £805,000 per annum, equating to £4,025,000 over the 5-year contract.
Legal	A compliant procurement exercise will be undertaken to secure a supplier of the Oracle E- Business Cloud software.
Procurement	The recommended option is to remain with an Oracle Solution, which may be procured via a compliant process in accordance with the Council's Finance and Contract Rules.

Human resources	Not applicable
Property	Not applicable
The Equalities Act: is a full impact assessment required and attached?	No - not required at this point Given that there is no change to core service provided, there are no foreseen equalities implications.
Risk assessment	Data protection impact assessment linked with Oracle use has been created and submitted to Information Governance
Crime and disorder	Not applicable
Customer considerations	No change to current experience where applicable
Carbon reduction	No change
Health and wellbeing	Not applicable
Wards	

8. Background papers

N/A

9. Links to other key reports already published

03.1 Strategic Business Case.pdf (moderngov.co.uk)

10. Author and Contact Details

Magdalena Michalska, Chris Thompson, Project Manager, Director of Digital and IT
Email: magdalena.michalska@northumberland.gov.uk,
chris.thompson01@northumberland.gov.uk