



Cabinet
20 April 2020

**Report from the Strategic Director
of Customer and Digital Services**

Authority to Award Contract for Oracle Cloud Subscription Licences

Wards Affected:	All
Key or Non-Key Decision:	Key Decision
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	None
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Sally Chin Head of ICT Client & Applications Support Tel: 0208 937 1432 Email: Sally.chin@brent.gov.uk

1.0 Purpose of the Report

1.1 This report concerns the award of a contract of Oracle Cloud subscription licences. This report requests authority to award contracts as required by Contract Standing Order 88. This report summarises the process undertaken in tendering this contract and, following the completion of the evaluation of the tenders, recommends to whom the contract should be awarded.

2.0 Recommendation

That Cabinet approve the award of the contract for Oracle Cloud Subscription licences to Insight Direct UK Limited at an estimated total cost of £4.8 million for a term of up to 10 years.

3.0 Detail

3.1 The Council currently uses Oracle for the Enterprise Resource Planning (ERP) system. To stay on a supported version of this software there is a need to migrate to the Oracle Cloud version. This means that the current Oracle

licences need to be replaced with subscription based licences specifically for the Oracle Cloud product.

- 3.2 The cost of the Oracle Cloud subscription licences is in the same region as the current cost of the Oracle licences; therefore there is no request for any increase in revenue expenditure to fund this, as it is considered to be a like for like basis and therefore revenue cost neutral.
- 3.3 The Oracle Cloud system will replace the current Oracle system that is used for the financial, procurement, payroll and HR transactions of the Council. A lot of the functionality remains the same or broadly similar however, to ensure a smooth transition to the new system there will be a need to take users through a process of business change and this is all included as part of the implementation plan.
- 3.4 The tender process used framework Y17038 (Software Products and Associated Services) (the “Framework”) let by Kent County Council through KCS Professional Services. Under the Framework licence resellers were invited to bid for this contract. This was to ensure that the Council obtained best value for money and that the market had been tested properly.
- 3.5 There was only one bidder for this tender, which was from the licence reseller Insight Direct UK Limited. The cost of the contract is an estimated total cost of £4.8 million for a term of up to 10 years – the exact cost being dependant on the actual number of Oracle licences, the term of the contract (it is for a possible term of 5 years, plus 5 possible further 1 year extensions), and the base price of the Oracle licences.

The Tender Process

- 3.6 The new contract will be let for an initial term of 5 years, plus 5 possible further 1 year extensions.
- 3.7 Tenders were invited from the 9 suppliers on the Framework using the London Tenders Portal on 19 February.
- 3.8 Tenderers were asked to submit their price for the Bill of Materials (list of licence requirements) that had already been agreed with Oracle.
- 3.9 The tendering instructions stated that the contract would be awarded on the basis of the lowest price.
- 3.10 As a result of the above further competition the only bid received was from Insight Direct UK Limited, and it is therefore recommended that the contract is awarded to this supplier.

Evaluation process

- 3.11 The tender evaluation was carried out by a panel of officers from the Shared

ICT Service and ICT Client & Applications support.

3.12 All tenders had to be submitted electronically no later than 4pm on 25 February 2020. Tenders were opened on 25 February and one valid tender was received.

3.13 The contract will commence on 11 May 2020. As the proposed contract represents a call-off under a framework agreement, a mandatory standstill period is not required.

4.0 Financial Implications

4.1 The Council's Contract Standing Orders state that contracts for services / supplies exceeding £2 million shall be referred to the Cabinet for approval of the award of the contract.

4.2 The estimated value of this contract is £4.8m over 10 years.

4.3 It is anticipated that the cost of this contract will be funded from the current ICT Applications budget. These licences will replace the current on premise Oracle system licences, the cost of which are broadly similar and are already contained within the Council's revenue budget.

5.0 Legal Implications

5.1 The estimated value of this contract is £4.8M over its lifetime and is thus in excess of the EU threshold for Services and Supplies and the award of the contract is therefore governed by the Public Contracts Regulations 2015 (the "EU Regulations"). The Council has used the Framework that has been let in accordance with the EU Regulations and Officers have observed the call-off procedure set out in the Framework when identifying the preferred bidder.

5.2 The award of the contract is subject to the Council's own Standing Orders in respect of High Value contracts and Financial Regulations. As a result, Cabinet approval for the award is required.

5.3 Any decision to award will be subject to observance of a 5 clear day call in period, following which Officers may formally accept the bid from Insight Direct UK Limited.

6.0 Equality Implications

6.1 The proposals in this report have been subject to screening and officers believe that there are no equality implications.

7.0 Consultation with Ward Members and Stakeholders

7.1 Key service users in Finance, HR and Procurement have been consulted in relation to the services being procured.

8.0 Human Resources/Property Implications (if appropriate)

8.1 This service is relates to the procurement of software licences and therefore there are no implications for Council staff or property considerations arising from the contract.

9.0 Public Services (Social Value) Act 2012

9.1 The Council is under duty pursuant to the Public Services (Social Value) Act 2012 (“the Social Value Act”) to consider how services being procured might improve the economic, social and environmental well-being of its area; how, in conducting the procurement process, the Council might act with a view to securing that improvement; and whether the Council should undertake consultation. Officers have had regard to considerations contained in the Social Value Act in relation to the procurement, and it was considered that, due to the nature of the services, best value would be delivered by evaluating on a price only basis.

Report sign off:

Peter Gadsdon

Strategic Director of Customer and Digital Services.