

Report No.

## London Borough of Bromley

### PART ONE - PUBLIC

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**Decision Maker:** EXECUTIVE

**Date:** 20<sup>th</sup> October 2021

**Decision Type:** Non-Urgent Executive Key

**Title:** **FORMAL CONSULTATION ON PROPOSALS AND  
PROCUREMENT OF A REPLACEMENT HR PAYROLL SYSTEM**

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**Chief Officer:** Charles Obazuaye, Director of HR, Customer Services & Public Affairs

**Ward:** All Wards

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#### 1. Reason for report

- 1.1 The contract for the Council's integrated HR & Payroll System, ResourceLink, ends in June 2023. ResourceLink has been in use at the Council since 2002 when it replaced separate HR and Payroll systems.
  - 1.2 In November 2020, the Leader agreed to the procurement of Oracle Cloud ERP for Finance and Procurement functions through a variation to the BT contract. That report advised that a separate report would be taken forward in 2021 regarding our HR/Payroll software.
  - 1.3 Following an options appraisal, it is now proposed to procure Oracle Cloud ERP system for HR and Payroll functions to ensure the Council has a fit for purpose and fully integrated HR/Payroll system, alongside finance, that will meet the current and future needs of the Council.
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## 2. RECOMMENDATIONS

### 2.1. The Executive is requested to:

- (a) consider the contents of the report;
- (b) agree a variation to the BT contract to include the procurement of Oracle's Cloud Enterprise Resource Planning system for HR & Payroll functions for a period of 5 years with the option to extend this for up to a further five years on an annual renewal basis;
- (c) delegate authority to the Director of HR, Customer Services & Public Affairs to agree the annual renewal of the Oracle Cloud Enterprise Resource System for HR & Payroll functions

after year 5 in consultation with the Portfolio Holder for Resources, Commissioning and Contracts Management;

- (d) give approval to proceed to procurement to appoint a Systems Integrator via a suitable framework at an estimated value of £600k and delegate the subsequent award of that contract to Chief Officers in consultation with the Portfolio Holder.
- (e) note that the capital scheme budget will be reduced by £250k to reflect the current projected costs of implementing the system;

### Impact on Vulnerable Adults and Children

1. Summary of Impact: N/A
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### Corporate Policy

1. Policy Status: Existing Policy:
  2. BBB Priority: Excellent Council
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### Financial

1. Cost of proposal: Estimated Cost: Oracle licenses detailed in part 2 report, plus £1,400k other capital costs
  2. Ongoing costs: Recurring Cost: Please see the part 2 report
  3. Budget head/performance centre: Capital Programme - HR/Payroll System Replacement; Revenue Budget - HR Information Systems and Revenues & Benefits
  4. Total current budget for this head: £1.65m (capital) and £128k revenue
  5. Source of funding: Capital receipts and existing revenue budgets
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### Personnel

1. Number of staff (current and additional): See below numbers under Customer Impact
  2. If from existing staff resources, number of staff hours: N/A
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### Legal

1. Legal Requirement: Statutory Requirement.
  2. Call-in: Applicable
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Approximately 70 users of the core system, and 1650 employees using HR Self Service. In addition, 5400 pensions paid via the system.
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### Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments: N/A

### **3. COMMENTARY**

#### **3.1. Background**

- 3.1.1. The Council has been using ResourceLink as its integrated HR and Payroll system since 2002. It was last upgraded to the current version R25B in March 2021 and is hosted by Liberata in the Sheffield Data Centre.
- 3.1.2. There is one mandatory year end upgrade each year with other optional mid-year upgrade releases. Upgrades are an additional cost on top of the annual software licence and support costs.
- 3.1.3. The Council are 'on premise' customers and the system is hosted by Liberata under the Exchequer Contract. All required upgrades of hardware are an additional cost.
- 3.1.4. The 'core' system is used by around 70 LBB and Liberata staff across HR, Finance, Audit, Payroll and Pensions.
- 3.1.5. In addition to the core system, HR Self Service is used by all employees to access payslips, update personal details, book annual leave and record other absences and allow managers to view team details and approve claims forms and leave requests. It is also increasingly being used for e-form functionality to allow the collection and reporting of workforce data.
- 3.1.1. The system currently includes the following functionality:
- a) Core HR
  - b) Payroll
  - c) HR Self Service including Time Management, Expenses and Online Claims and Manager Reports
  - d) ResourceLink Reporting Services (RRS) Web Reporting
- 3.1.2. Cognos is used for reporting of HR/Workforce management information from the main system which is vital for completion of statutory returns, FOIs and benchmarking data and management data.

#### **3.2. Current Issues/Risks**

- 3.2.1. There are a number of potential issues and areas of risk with the current system:
- a) The system is currently hosted by Liberata, as part of the Exchequer Contract, in the Sheffield Data Centre. Our access to the system and our ability to report on our data is very much dependent on our access to the Liberata networks.
  - b) Although the system has been modernised over recent years, the core system is not as user friendly and processes within it not as streamlined as they could be.
  - c) Upgrades to the system have often negatively impacted on previously functioning tasks and cause a lot of additional work dealing with queries, workarounds and additional patches then required to resolve the issue.
  - d) The core reporting tasks and functionalities in the system relating to pensions returns are not meeting requirements which means manual work has to be carried out to make these fit for purpose.

- e) The current reporting tool used alongside ResourceLink is Cognos. There are only limited licences available for this and a small number of officers who have the required skills to use this. There is therefore a risk with turnover of staff and loss of knowledge.
- f) There are also risks in regards to loss of knowledge, due to turnover of staff, of the system administration and system development of the current system with limited employees trained in this area.
- g) The data from the HR/Payroll system feeds into other Council systems, such as the Employee Budget Monitoring System (EBM), via the Central Data Repository (CDR) which is an in house built system with complex integration between the systems.

### 3.3. Opportunities for Improvement

3.3.1. There are a number of opportunities to make improvements to various HR related processes with an updated system:

- a) Use of AI to support with common HR queries creating a more efficient service to our customers and allowing our focus and time to be spent on more complex or strategic work.
- b) Greater web reporting capabilities to allow easier and quicker access to management information for HR, managers and senior officers. Having a full ERP with both HR and Finance information in one system will allow for improved production and quality of data.
- c) An improved user experience in self-service for managers and employees and increased use of online, and less paper based, processes.
- d) Ability to have greater establishment controls with a full ERP which could replace and improve the current post establishment/variation process.
- e) Implementing a new system would allow more scope to include additional functionality, such as:
  - Automatic Reminders for employees and managers e.g. completion of tasks like probation forms, completion of DBS rechecks
  - Automating the production of standard letters and contracts
  - Improving the tracking of work through workflows in the system to create more efficient processing.
  - Potential to automate pre-employment checking
  - Potential for integration with HR Document Management System.
- f) In addition, some other HR systems such as Web Recruitment could potentially be brought into a new system, as additional modules, reducing the need for interfaces, duplication of data and ongoing license/support costs.
- g) Modern Cloud based systems normally have a regular upgrade cycle. Whilst this means more testing is required from the systems teams, the updates are usually covered within the ongoing license costs so there is no additional cost to access benefits of future developments.

3.3.2. Where these improvements could be delivered within a replacement system purchased on a like-for-like basis then this would be considered as part of the implementation plan, possibly to be delivered after initial go-live. Where this would require the purchasing of additional modules/licenses then these would be subject to separate business cases.

3.3.3. Whilst there are some clear benefits that may produce some efficiency savings, it must be noted that additional work may be generated in other areas, such as the more frequent update testing required. As a result the replacement of the Council's HR & Payroll system is not expected to generate any significant savings at this time, although this will be reviewed once the system has been implemented and processes reviewed.

#### 3.4. **The case for an Enterprise Resource Planning (ERP) System**

3.4.1. Officers have discussed the opportunity to procure an ERP system which is an integrated suite of business applications sharing business processes and data models rather than continue to procure separate 'Best of Breed' Financial and HR/Payroll systems.

3.4.2. In addition to not having to procure separate Finance and HR/Payroll systems, there are a number of benefits from having an ERP system, such as:

- a) Having a single source of key data in real time
- b) Removing duplication of data, and eliminating the potential for timing differences or even errors where data is imported between systems and reducing the need for a data warehouse
- c) Providing an integrated system for managers to view key performance data with a single login, consistent look and feel and single dashboard
- d) Improved self-service functionality
- e) Consistent system updates reducing the risk that a change to one system impacts on interface etc in another system
- f) The opportunity to later add additional elements such as Web Recruitment, Customer Relationship Management (CRM), Supply Chain Management and Asset Management
- g) Having a single organisation structure and improved establishment controls
- h) Ability to better leverage future developments in artificial intelligence and machine learning
- i) Having a single service level agreement

3.4.3. There is however a need to recognise that moving to an ERP system (or any cloud based system) will require changes to business processes as there is less scope to customise systems ("adopt not adapt"). Conversely, this means that systems are likely to be more consistent across local authorities using the same provider, reducing the learning curve for new employees.

3.4.4. The project to implement the Oracle Cloud Financial System is already underway, with a target go-live of April 2022. If the suggested approach was agreed, this would allow a year to implement the HR and Payroll elements, with a planned go live date of April 2023, before the current ResourceLink contract expires in June 2023. This is an approach that has been successfully delivered in other local authorities.

#### 3.5. **Options Appraisal**

3.5.1. The current system is 'on premise' and hosted for LB Bromley by Liberata. The system does the job but longer term we would want to automate many more of our processes, including establishment changes and reporting, and feel a fully integrated system would support this.

3.5.2. Some key principles of the ICT strategy approved by the Executive in November 2018 include:

- Utilise Proven Solutions within the Market Place
- Use open standards and common platforms
- Promote Self Service ICT to Citizen's, User's and Partner's
- Buy Software not Build
- Build in resilience: design for failure
- Cloud First

3.5.3. The Council has considered various options which are summarised below.

#### **Option 1 – Do Nothing (Not recommended)**

The Council require a HR & Payroll system in order to facilitate payment to our employees and pensioners, ensuring all necessary deductions are correctly processed and to gather and produce key workforce data. HR & Payroll software also saves time by automating and streamlining processes. The HR & Payroll system is a key system and the data is used across other systems in the Council.

For these reasons, the option to do nothing is not recommended.

#### **Option 2 – Enter into a new contract with Zellis ResourceLink via a compliant framework (Not recommended)**

ResourceLink has been in use at the Council since 2002 during which time there have been major advances in HR and Payroll Software across the board. Although the system does the job, there are areas of the system that we would need to improve such as the pensions annual return reporting. Areas such as these would require bespoke work in order to work in the way we need them to.

Zellis' goal is to encourage customers to move to its Cloud version of ResourceLink which would involve a new system set up and implementation to move away from our 'on premise' system.

The costs of a like for like system with ResourceLink, but cloud based rather than on-premise, via G-Cloud would be higher than the cost of moving to an integrated ERP system with Oracle. There would also still be a requirement for integration work at an additional cost to link into Finance systems and other systems across the Council.

As the cost of this option is higher and this system does not allow us the benefits of having a fully integrated ERP system, as set out in 3.4, this option is not recommended.

#### **Option 3 – Go out to a full tender exercise (not recommended)**

In light of our vision to have a full ERP system, with the many benefits this brings, along with the fact that Finance colleagues are already implementing the Finance and Procurement functions of Oracle Cloud ERP, Officers do not consider there to be any benefits to going out to a full tender exercise for this contract.

Other than Oracle, there are only two Cloud ERP providers with established solutions in Local Government – SAP and Unit4. However, finance had previously been given approval, in November 2020, to move forward with Oracle.

If standalone HR/Payroll systems were reviewed, there would still be a requirement for integration between any new HR/Payroll system and the Oracle Cloud system for Finance which would create additional cost and risk. These complex integrations would still need to be maintained for the sake of financial reporting.

Local government payroll has a number of complexities including the need to deal with multiple post holding, term time only pay, claims, allowances and complex and differing terms and conditions. No local authority, to the best of our knowledge, have introduced a SME HR/Payroll system. Although SME HR/Payroll software providers may seem cost effective, there would be additional time and costs of work arounds/bespoke work to factor in to deal with the complexities of our payroll. There would also still be the requirement to have complex integrations between HR/Payroll and Financial systems.

For these reasons, this option is not recommended.

#### **Option 4 – Access the G-Cloud Framework (not recommended)**

Officers have reviewed the G-Cloud framework for potential options for a replacement HR & Payroll system. The framework allows Local Authorities to benefit from its procurement route, meaning that the Council would avoid substantial procurement costs.

The framework offers access to pre-approved suppliers who have been selected for their ability to provide customers with a comprehensive range of services. The framework is compliant with UK/EU procurement legislation and there is no need for the Council to run a full EU procurement process for replacement HR and Payroll systems.

However, a review of the pricing for 4 alternative systems on the G-Cloud framework has indicated they would be between £24k and £101k per annum higher than the quote from Oracle and would not allow us the benefit of having a fully integrated ERP system.

#### **Option 5 – Agree a variation to the BT Contract for Oracle (recommended)**

The Council has the option to procure software through its IT provider, BT. By way of a variation to the BT contract we could include the procurement of Oracle's Cloud Enterprise Resource Planning system for HR & Payroll functions. This is the route that was previously agreed to award for the Oracle Cloud Finance and Procurement functions.

This would allow us to implement a fully integrated ERP system and is the lowest cost option compared to the other options.

Moving to Oracle's integrated HCM and ERP cloud would give the Council access to the latest innovations Oracle has to offer; allowing us to improve and simplify HR processes, enabling modern working methods and improving the user experiences of all employees. The regular quarterly updates of Oracle's software will also ensure the Council has the latest responsive technology.

3.5.4. The preferred options are further explored below

### **3.6. Recommended Option**

3.6.1. Of the options above, option 5 is the recommended route and most likely to deliver potential benefits to the Council as well as being fully future-proofed and meeting the ICT Strategy principles.

- 3.6.2. Oracle have provided a quote for Oracle Cloud ERP licenses, including a 5 year price hold for HR/Payroll. On a like for like basis these are lower cost than the current license and support costs for our HR/Payroll system, whilst including additional functionality and resilience. There would also be savings on periodic hardware replacement.
- 3.6.3. All of Oracle's Local Government customers are hosted in UK datacentres.
- 3.6.4. It should also be noted that a number of other local authorities have been through a full tender process and awarded to Oracle, both where they are the current provider or moving to Oracle from their existing provider.
- 3.6.5. The adoption of Cloud in Local Government has gained real traction with Local Authorities prioritising the need to modernise back-office processes to demonstrate cost savings, operational efficiencies and best use of resources. This in tandem with the Council's shift to smart and flexible working embraces the ethos of cloud solutions with easy mobile deployment.
- 3.6.6. London has been at the forefront of the Oracle's Cloud journey in Local Government. In London, Lambeth, Lewisham, Camden, Croydon, Havering, Newham Councils are all live with Oracle Cloud. Brent Council are currently 'in project' to go live 2021.
- 3.6.7. There would be significant cost and additional time required to produce a fully detailed specification and potentially contract terms and then undertake a tender process whilst resources are facing pressures resulting from the COVID pandemic.
- 3.6.8. In summary, a move to Oracle Cloud ERP system for HR and Payroll and therefore using one database for both HR, Payroll and Finance would provide the following key benefits:
- Reduction in ongoing revenue costs compared to current systems – no annual upgrade or server maintenance costs
  - Business continuity/resilience
  - Avoids significant time and resources of one or more tenders which are unlikely to deliver a different result
  - The benefits of ERP as set out in section 3.4
  - A fixed license cost for 5 years with no inflationary increases
  - No need for future capital expenditure on system and/or hardware upgrades
  - Provide data-driven insights about the Council and our people from one source of data
  - Use the integrated financial, strategic, regulatory, and technological capability—to inform hiring and training decisions
  - Challenge the status quo and investigate new work models, collaboration methods, and internal processes
  - Improve statutory compliance
- 3.6.9. It is therefore recommended that the Council implements the Oracle Cloud ERP solution for HR and Payroll functions.

### 3.7. Procurement Options

- 3.7.1. As the total contract value is in excess of the EU threshold, the process must comply with the EU Public Procurement Rules (or UK equivalent once the transition period has ended). There are several options available that would comply with this requirement, which are summarised **Error! Reference source not found.** below.

### 3.7.2. **Direct award through a Voluntary Ex-Ante Transparency (VEAT) Notice**

3.7.2.1. This could be directly awarded to Oracle by using a VEAT notice, which a number of other local authorities have done in recent years.

3.7.2.2. Whilst this is a legitimate alternative to open competition or the use of a framework, other providers who consider they could have met the requirements would be able to challenge the decision.

### 3.7.3. **BT**

3.7.3.1. The Council also has the option to procure software through its IT provider, BT. This is the route that was taken to award for the Oracle Cloud Finance and Procurement functions.

3.7.3.2. This would help to ensure the system is procured in-line with corporate IT practices with better oversight of change control requirements etc. It would also be consistent with the approach already taken for Oracle Cloud Finance and Procurement functions.

3.7.3.3. The BT contract is currently due to expire in December 2023; however the contract with Oracle would include a novation clause to allow the transfer to any subsequent provider if necessary.

### 3.7.4. **G-Cloud Framework**

3.7.4.1. The Government Digital Service G-Cloud framework facilitates the purchasing of cloud hosting, software and support.

3.7.4.2. The G-Cloud framework is limited to a 2 year contract plus 2 further one year extensions. Delegated authority could be sought to re-award after this date; however this poses a risk if framework terms change, the provider is not on the new framework, or if there is no replacement.

3.7.4.3. The short length of contract term available would be problematic for a HR and Payroll system where you require approximately 12 months to implement any new system.

### 3.7.5. **Recommended Procurement Option**

3.7.5.1. For the reasons set out above, it is recommended that Oracle Cloud ERP system for HR and Payroll functions is procured through a variation to the BT contract.

## 3.8. **Implementation**

3.8.1. In order to implement the Oracle Cloud ERP system, the Council will need to award a contract to a System Integrator, who will assist with the initial preparation and design, configuration, migration, testing and deployment of the system.

3.8.2. There are a number of System Integrators with experience of implementing Oracle Cloud ERP and HCM for local authorities, and Oracle have indicated that typical System Integrator costs are around £600k for HR and Payroll.

3.8.3. Similar to the system licenses, there are a number of potential procurement options:

- Open tender process
- G-Cloud framework
- CCS Digital Outcomes & Specialists (DOS) 5 framework

- 3.8.4. It is proposed that the System Integrator is procured through a suitable framework as this will facilitate a fairly quick procurement process whilst also ensuring a balance of cost and ability to undertake the work. Although further competition is not permitted, the award should be based on whole life costs, technical merit and functional fit, after-sales service management and non-functional characteristics.
- 3.8.5. To avoid delays in the project, it is requested that approval be given to proceed to procurement to appoint a Systems Integrator and delegate the subsequent award of that contract to Chief Officers in consultation with the Portfolio Holder.
- 3.8.6. The System Integrator will implement the Oracle licenses that the Council has procured. Some of the key deliverables are:
- developing the solution design including reports and workflows
  - plan and delivery of migration from the current HR/Payroll System
  - setting up, testing, and ensuring the solution fits the business need for the new functionality
  - providing training, guidance and documentation that ensure all staff are able to use the new systems
  - providing a solution including new functionality for Bromley – HR Helpdesk including AI functionality
  - providing a suite of reports for each module
  - delivering a future-proofed system with additional modules as requirements develop as required to best suit the business
- 3.8.6 This is a very specialist service that it is highly recommended to be delivered by an accredited Oracle partner to achieve a fit for purpose implementation.

### 3.9. Estimated Project Timetable

- 3.9.1. The estimated timetable for the project is set out below.
- 3.9.2. These timescales allow for parallel running of the payroll systems as part of the implementation and also allows time for contingency.

Stage	Date
Executive Approval	October 2021
Framework Search for System Integrator	November- December 2021
Contract Award for System Integrator	January 2022
Scoping and Design	February 2022-February 2023
Environment Set Up	February 2022-February 2023
Configuration	May 2022-February 2023
Data Migration	May 2022-February 2023
UAT and testing	October 2022 - March 2023
Training	October 2022 - March 2023
<b>Go Live</b>	<b>Apr-2023</b>

#### **4. CUSTOMER PROFILE**

- 4.1. The Council's core HR & Payroll system is used by approximately 70 employees across the Council and Liberata.
- 4.2. The HR Self Service system is used by all employees and managers.
- 4.3. The system facilitates payments to around 1650 employees each month as well as 5400 pensioners.

#### **5. MARKET CONSIDERATIONS**

- 5.1. There are currently three established providers of ERP Systems to local authorities: Oracle, SAP and Unit4, with Microsoft and TechnologyOne also recently entering the market.

#### **6. STAKEHOLDER CONSULTATION**

- 6.1. This is a corporate Council contract that does not materially affect the way services are provided to our stakeholders. No formal consultation is required in advance of a procurement exercise.
- 6.2. The Council's Exchequer Services provider, Liberata, will need to be fully engaged in the implementation.
- 6.3. In addition, regular communication will be provided to all staff who use the system, and where relevant will be consulted on potential changes.

#### **7. SUSTAINABILITY / IMPACT ASSESSMENTS**

- 7.1. This proposal has been judged to have little or no impact on local people and communities.

#### **8. OUTLINE PROCUREMENT STRATEGY & CONTRACTING PROPOSALS**

##### **8.1. Estimated Contract Value**

- 8.1.1. Oracle Cloud ERP licenses for HR and Payroll - detailed in the Part 2 report
- 8.1.2. System Integrator – detailed in the Part 2 report

##### **8.2. Other Associated Costs**

- 8.2.1. The procurement exercise will be carried out within existing resources at no additional cost.
- 8.2.2. There will be additional costs for Liberata to undertake the specification, implementation, testing work, and to decommission the existing hardware and for BT to implement Change Control Notices where changes are required to interface with other systems and network/firewall changes.
- 8.2.3. There will also be additional resources required for project management, business change, and the backfill of existing posts.

##### **8.3. Proposed Contract Period**

- 8.3.1. It is proposed that the contract will be for an initial period of 5 years with the option to extend for up to a further five years on an annual renewal basis to be agreed by the Director of HR, Customer Services & Public Affairs in consultation with the Portfolio Holder for Resources, Commissioning and Contracts Management.

## **9. POLICY CONSIDERATIONS**

- 9.1. The procurement of a fit for purpose, future proofed HR/Payroll system will enable the Council to meet the Building a Better Bromley priority of being an Excellent Council.
- 9.2. The system will also meet key principles of the Council's ICT Strategy.

## **10. PROCUREMENT CONSIDERATIONS**

- 10.1. This report seeks to directly award a contract to Oracle via the Council's BT contract for a period of 5 years, with an option to extend licenses for up to a further 5 years at the total estimated cost detailed in the part 2 report.
- 10.2. This would require a variation to the BT contract. The Council's requirements for authorising a variation are covered in CPR 23.7 and 13.1. For a contract of this value, the Approval of the Executive committee following Agreement by the Portfolio Holder, Chief Officer, the Assistant Director Governance & Contracts, the Director of Corporate Services and the Director of Finance must be obtained. Following Approval, the variation must be applied via a suitable Change Control Notice, or similar, agreed with the Provider.
- 10.3. Further to this, this report seeks to delegate authority for the annual license renewal to Chief Officers. Without delegation, the Approval of the Executive committee would be required in accordance with Section 13 of the Council's CPRs.
- 10.4. This report also seeks to appoint a system integrator via a suitable framework at an estimated value of £600k. In accordance with Clause 3.5 of the Contract Procedure Rules, the Head of Procurement will be consulted regarding the use of any Framework.
- 10.5. Further, award of the subsequent contract has been requested to be delegated to the Chief Officer. The Council's requirements for authorising an award of contract are covered in CPR 16. For a contract of this value, the Approval of the Portfolio Holder following Agreement by the Chief Officer, the Assistant Director Governance & Contracts, the Director of Corporate Services and the Director of Finance would normally be required. In accordance with CPR 2.1.2, Officers must take all necessary professional advice.
- 10.6. The relevant notices will be published following the above-mentioned procurement actions.
- 10.7. The actions identified in this report are provided for within the Council's Contract Procedure Rules, and the proposed actions can be completed in compliance with their content.

## **11. IT AND GDPR CONSIDERATIONS**

- 11.1 The Council, as part of its on-going commitment to sustaining an evolved approach to data protection and information management, requires the following to be considered and evidenced for all contractors providing a service for or on behalf of the Council;
  - Privacy By design and by default – adequate system and process controls must be ensured as part of the base design and implementation of the system
  - A Data Protection Impact Assessment to be carried out to ensure the protection of the rights and freedoms of data subjects as well as protect the councils statutory and regulatory processing obligations. The assessment must address the provider's need to evidence appropriate information security and management controls to safeguard personal and sensitive personal data
  - The provider is required to take all reasonable steps to assist the Council in complying with obligations regarding the rights of the Data subject – any exercise of the rights of the data subject must be actioned within 30 days where legally obliged to comply.

- All systems hosted by the provider or their subcontractors must have adequate information security and management tools and processes in place.
- Providers must be able to evidence have necessary GDPR compliance including, but not limited to; policies, training, register of processing activities and the appointment of a data protection officer where required
- Contractually SLA's must be agreed to for breach notification and reporting
- Data Sovereignty – providers that use hosted or cloud-based services must ensure they are in UK Data Centres. All of Oracle's Local Government customers are hosted in UK datacentres
- Adequate Disaster recovery agreements must be in place to ensure the service reliant on the application are brought back on line in a reasonable timescale.
- Exit strategy: explicit determination of what happens to the information collected and stored by providers after the contract finishes must be identified, documented and actioned as appropriate.

11.2 Any project to implement the system must engage ISD and BT by raising a CCN in a timely manner to ensure sufficient time to manage network changes and integrations with existing applications and infrastructure.

## 12. FINANCIAL CONSIDERATIONS

- 12.1. The current systems budget for ResourceLink is £128k.
- 12.2. The estimated costs of the proposed Oracle Cloud ERP contract are shown in the part 2 report.
- 12.3. Implementation costs will be inclusive of the first year license costs and therefore will be charged to the capital scheme as the existing system contracts will continue during the implementation.
- 12.4. It is anticipated that there will be efficiency savings delivered following the implementation, such as inputting time for HR and Payroll processes by automating more processes; however this is not quantifiable at this time and will be reported to Members in the post-completion report.
- 12.5. It is also anticipated that there will be some efficiency savings from annual upgrade costs and hardware costs. These will also need to be reviewed and any further revenue budget savings subsequently reflected in the Council's financial forecast.
- 12.6. In February 2021, Council approved the addition of £1,650k to the Capital Programme for a replacement HR/Payroll system. Following the options appraisal and estimated costing for the recommended option, the total capital expenditure is estimated at £1,400k which includes System Integrator costs for implementation as well as additional internal resources for project management, backfill and business change lead. Detailed costs are included in the part 2 report and summarised below:

	<b>£'000</b>
2021/22	244
2022/23	1,056
2023/24	100
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	1,400

- 12.7. This is £250k less than the original capital budget but final contract costs need to be confirmed. Once that has happened, the capital programme provision will need to be adjusted to reflect the revised scheme costs.

12.8. It should be noted that by moving to a Cloud system the Council will avoid any future capital costs for system and/or hardware upgrades.

### **13. PERSONNEL CONSIDERATION**

13.1. These are set out in the body of the report.

### **14. LEGAL CONSIDERATIONS**

14.1. The Council has both an implied and a specific power under section 111 of the Local Government Act.1972 to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.

14.2. The report explains how the provision of the Oracle Cloud Enterprise Resource System for HR and Payroll functions and services is in support and furtherance of the council's various statutory duties requiring the provision of a corporate system and services as identified in this report.

14.3. The value of the services and supplies for the Oracle Cloud Enterprise Resource System is above the EU threshold level and as such would need to be procured in full compliance with the Public Contracts Regulations 2015 (Regulations). However, as the proposal is to vary the existing BT contract it is necessary to comply Regulation 72 which makes provision for modification of a contract during its term without the need to carry out a new full procurement exercise under the Regulations

14.4. The report has explained the reasons why Officers consider that a variation to the BT contract is the best solution to meet the Councils stated needs. These reasons would appear to fall within the permitted modifications criteria under either of both Regulation 72 (1) (a) and (b) as follows

(a) where the modifications, irrespective of their monetary value, have been provided for in the initial procurement documents in clear, precise and unequivocal review clauses, provided that such clauses state the scope and nature of possible modifications or options as well as the conditions under which they may be used, and do not provide for modifications or options that would alter the overall nature of the contract or the framework agreement;

(b) for additional works, services or supplies by the original contractor that have become necessary and were not included in the initial procurement, where a change of contractor cannot be made for economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment, services or installations procured under the initial procurement, and would cause significant inconvenience or substantial duplication of costs for the contracting authority- provided that any increase in price does not exceed 50% of the value of the original contract;

14.5. Under Regulation 72 (b), this report and the Part II report show the original contract value and the estimated variation value which is below 50%. Furthermore, if this ground is used then the Council will need to publish a Modification Notice which would add to transparency.

14.6. Officers will need to be entirely satisfied over the Variation and the contractual arrangement entered into between BT and Oracle, in particular the future use of the system in the event of the BT contract coming to an end.

14.7. This report also seeks authority to proceed to procurement for a System Integrator on a suitable framework at an estimated cost of £600k. Under the Regulations the procurement of these supplies and services is a public contract within the meaning of the Regulations. As the value exceeds the relevant threshold under the Regulations the Council is required to carry out a fully complaint EU Procurement exercise. The Regulations however accept compliance where the

Council call-off from an EU compliant Framework which is expressed as being available to the Council. The procurement proposal is to use such a framework.

- 14.8. Compliance with the Council's Contract Procedure Rules are fully set out in the Procurement comments to this report.
- 14.9. Officers should contact the legal team should they wish to seek any input on the Variations and the use of the framework and to assist in the contract formation and completion.

<b>Non-Applicable Sections:</b>	Impact on Vulnerable Adults and Children
Background Documents: (Access via Contact Officer)	