Havering
LONDON BOROUGH

CABINET

Subject Heading:

Arrangements for One Oracle post July 2018

Cabinet Member:

Councillor Ron Ower

SLT Lead:

Jane West, Managing Director, oneSource

Report Author and contact details:

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Policy context:

Havering's contract with Capgemini for the provision of its One Oracle R12.1 solution for finance, HR and payroll ends in July 2018. Alternative arrangements need to be put in place to secure the availability of the One Oracle R12.1 solution for at least one year after July 2018.

Financial summary:

It is recommended that a new contract be entered into with the existing provider Capgemini. The new contract with Capgemini requires set up costs of £55,000 and an ongoing contract cost of £497,709 per annum which is an additional cost per year of £30,000.

Is this a Key Decision?

Yes

(a) Expenditure or saving (including anticipated income) of £500,000 or more

When should this matter be reviewed?

A further review of the contractual arrangements will be required in a year's time.

Reviewing OSC:

Overview and Scrutiny Board

The subject matter of this report deals with the following Council Objectives

Communities making Havering   [X]
Places making Havering   [X]
Opportunities making Havering   [X]
Connections making Havering   [X]

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SUMMARY

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The current contract with Capgemini for the provision of Havering's One Oracle Finance, HR and Payroll system expires in July 2018. The long term strategy for the replacement of these systems is still being worked through and will not be completed by July 2018. It is therefore necessary to put in place alternative arrangements from July 2018.

Capgemini have submitted a proposal for arrangements after July 2018. Other options have been explored but the Capgemini proposal is the only option considered to be suitable. The proposal is to use Crown Commercial Services G-Cloud to award a contract to Capgemini for a period of at least one year.

This proposal has an additional cost per year of £30,000 and a set up cost of £55,000. There is an existing shortfall in annual budget for the One Oracle system of £190,000. The additional budget requirement of £220,000 will be funded from Havering's 2018/19 ICT revenue funding. The overall ICT budget is currently subject to review to understand the full underlying pressure.

It is also proposed that the resources currently managed by London Borough of Brent on behalf of the One Oracle Partnership are returned to be managed within oneSource, within the existing budget.

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RECOMMENDATIONS

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1. That Havering enter into a contract with Capgemini, if possible through a Crown Commercial Services G-Cloud framework for the One Oracle R12.1 solution for a period of at least one year.
2. That the resources in relation to Havering's One Oracle Shared Applications Support Team be transferred to oneSource at the appropriate time.
3. The additional budget required per annum of £210,000 will need to be identified from the oneSource ICT budget (currently under review) in relation to the additional cost above base budget of the new contract with Capgemini, due to an ongoing

shortfall in the current budget for One Oracle (the shortfall is being met from one-off funding from the Strategic Reserve in 2017/18)

4. That the Managing Director, oneSource be delegated authority to finalise the contractual arrangements with Capgemini.

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In July 2012, six London Councils entered into an agreement with Capgemini to deliver a solution known as "One Oracle" into their back office services supporting HR, Finance, Procurement and Reporting. The solution was defined on common One Oracle processes and procedures being shared across the partner councils. Newham joined the partnership and went live with the system in April 2016.

The members of the One Oracle partnership have agreed not to continue with the current arrangements beyond July 2018. oneSource is therefore seeking a solution to replace the current One Oracle hosting and support agreement in Havering and Newham separately to the other partner councils (who are also seeking solutions independently), albeit collaborating with other authorities where there is benefit in doing so.

The other boroughs (with the exception of Barking & Dagenham, which is to be confirmed) are all planning to move to Oracle Cloud, albeit at different times as shown in the table below. As an interim step, Brent has decided to host their own on-premises Oracle R12.1 solution in advance of moving to Cloud post 2020.

2018	2019	2020+
Lambeth	Croydon	Brent
Lewisham		Barking & Dagenham (TBC)

Havering and Newham have yet to make a decision on the way forward. Newham has commissioned an independent review of its options from Gartner and the outcome of this review is awaited. Once this is received, and Newham have had an opportunity to consider its findings, oneSource will be able to devise either a joint strategy or separate strategies for Havering and Newham.

But in the meantime it is clear that the two boroughs will need to continue using the current One Oracle R12.1 solution until at least April 2019 which is beyond the timeframe of the current contract with Capgemini.

The current cost of the Capgemini contract per annum is £468,000.

A further consideration is that the seven boroughs have in place a Shared Application Support Team based in Lambeth but managed by Brent. The cost of this team to the council is currently £168,000 per annum.

The total cost of the current system, excluding Oracle licences and in-house support, is therefore £636,000.

Recommendation and Options

There are two options for replacement arrangements for the current Capgemini contract within the time available before the current contract expires:-

- Put in place arrangements with Brent to use their planned One Oracle R12.1 solution hosted on Brent's infrastructure
- Put in place a new arrangement with Capgemini to continue to host the One Oracle R12.1 solution after July 2018.

The detail in relation to these options is contained in the Part B confidential Cabinet paper.

Shared Application Support Team

There is no demand, post July 2018, for a shared arrangement across the boroughs for application support. In the Finance restructure, oneSource established a Business Systems Team that brought together technical staff who were responsible for the One Oracle R12.1 system in Havering and Newham, the Oracle system in Bexley and an assortment of other financial systems. It is proposed that this team be supplemented by the resources currently located within the Shared Application Support Team managed by Brent but who are identified as supporting Havering and Newham. The Business Systems Team will then assume responsibility for all the calls currently dealt with by the Shared Application Support Team and will interface directly with Capgemini for calls that they are unable or do not have the access rights to fix themselves.

REASONS AND OPTIONS

Reasons for the decision:

Havering's contract with Capgemini for the provision of its One Oracle R12.1 solution for finance, HR and payroll ends in July 2018. Alternative arrangements need to be put in place to secure the availability of the One Oracle R12.1 solution for at least one year after July 2018.

Other options considered:

The potential option of an open tender process for the One Oracle R12.1 solution was discounted as there is insufficient time to run such a process and for an alternative provider to reprovision the solution onto their own infrastructure before July 2018. It is also unlikely that the market would be interested in responding to such a process as the Oracle R12.1 solution will not be maintained by Oracle after December 2021 and so the lifespan of any R12.1 contract would be severely limited.

A further potential option of oneSource hosting the One Oracle R.12 solution within its own ICT infrastructure was also considered but discounted. This would require a new procurement exercise to be undertaken, similar to the one undertaken by Brent already, to find a partner to facilitate the transfer from Capgemini. There is insufficient time available to undertake such a procurement. There is also insufficient time to design, cost and implement an on-premises solution within oneSource's ICT infrastructure. There is no assurance that the cost of such a solution would be less than the cost of the service on offer from Capgemini.

IMPLICATIONS AND RISKS

Financial implications and risks:

The new contract with Capgemini requires set up costs of £55,000 and an ongoing contract cost of £497,709 per annum which is an additional cost per year of £30,000. There is an existing shortfall in annual budget for the One Oracle system of £190,000. The additional budget requirement of £220,000 will be funded from Havering's 2018/19 ICT revenue funding. The overall ICT budget is currently subject to review to understand the full underlying pressure.

Legal implications and risks:

This report seeks delegated authority to be given to the Managing Director of oneSource to conclude the contractual arrangements regarding the continuation of the One Oracle service currently delivered by Capgemini for at least one year.

Delegation of authority for this Key Decisions is rightly being sought from Cabinet in accordance with section 17(b) of Part 4 of the Havering Constitution and clause 9 of the oneSource Scheme of Delegation requiring all delegations to comply with the specific Authority's Constitution.

The oneSource Managing Director's authority to enter into the proposed contractual arrangements derives from the delegation to the oneSource Joint Committee by the Council to control and co-ordinate the Council's back office

functions including Business Systems as specified in Article 11.02(e) and section 2.8(c) of Part 3 of the Havering Constitution.

The proposed use of one of the CCS' G Cloud frameworks is permitted as the London Borough of Havering is named as one of the contracting authorities authorised to call off the frameworks. This complies with the provisions of Regulation 33 of the Public Contracts Regulations 2015 (the Regulations).

Finally, the approved procurement route must be conducted in accordance with the Regulations and the provisions of the Council's Contract Procedure Rules and Constitution.

Human Resources implications and risks:

Two contractors currently work on behalf of oneSource for the Shared Application Support team run by Brent. The proposal will be to bring the service back in-house and therefore a reorganisation will be required nearer the time.

Equalities implications and risks:

Any staff reorganisation will require an Equalities Impact Assessment to be undertaken.

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BACKGROUND PAPERS

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None