



Notice of KEY Executive Decision containing exempt information

Appendix A of this Executive Decision is not available for public inspection as it contains or relates to exempt information within the meaning of paragraphs 3 and 5 of Schedule 12A to the Local Government Act 1972. It is exempt because it refers to Information relating to the financial or business affairs of any particular person including the authority holding that information; and Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings, and the public interest in maintaining the exemption outweighs the public interest in disclosing the information

Subject Heading:	OneSource Oracle EBS licencing and support
Cabinet Member:	Councillor Roger Ramsey, Cabinet Member for Finance and Property
SLT Lead:	Jane West, Chief Financial Officer
Report Author and contact details:	Mark Hobson, Director of Finance and Transformation, oneSource, mark.hobson@onesource.co.uk
Policy context:	Software Licencing
Financial summary:	A 19 month extension to an existing Software Licencing Agreement at a cost of £687,667.76.

Key Executive Decision – Not for publication

Reason decision is Key	Yes - Expenditure of £500,000 or more
Date notice given of intended decision:	May 2019
Relevant OSC:	Chair of Overview and Scrutiny
Is it an urgent decision?	Yes
Is this decision exempt from being called-in?	Yes, for reasons of urgency relating to the imminent expiry of a contract which has impact on the Councils shared services teams to appropriately deliver its day to day functions relating to financial support including paying vendors and staff

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]

Place an X in the [] as appropriate

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

An urgent decision is sought to maintain business as usual operations across the OneSource Shared Service to which the London Borough of Havering is a party.

The report provides the background to an existing relationship whereby the London Borough of Havering contract software licencing subscription including maintaining those on behalf of the London Borough of Newham, a fellow member of the OneSource Shared Service. That contract requires an extension to assist with service continuity.

The report also explains that the London Borough of Havering are contracting a fixed-term extension (19 months) to this software licencing subscription which is due to expire on 29/05/2019, at a cost of £687,667.76.

Recommended Action

The Chief Operating Officer/s151 is recommended to agree to the extension of the license agreements with Oracle UK Limited relating to UK-BPO License and Services for a period of 19 months from 30th May 2019 at the cost of £687,667.76. The cost of which will be recovered from shared services partner, London Borough of Newham.

AUTHORITY UNDER WHICH DECISION IS MADE

The Chief Operating Officer(s151) is capable of taking the recommended action detailed in this report under Part 3 Responsibility and Functions of the Councils Constitution at Paragraph 3.3 Powers of Members of the Senior Leadership.

Specifically under Contract Powers

“(b)To award all contracts with a total contract value of between £500,000 and £5,000,000 other than contracts covered by Contract procedure Rule 16.3.”

STATEMENT OF THE REASONS FOR THE DECISION

1. The London Borough of Havering and the London Borough of Newham are both members of a Shared Service. In 2013 the Council contracted for a BPO Master Agreement and in 2016 agreed to contract licencing for the required Oracle eBusiness Suite (EBS) software to support its back office operations at London Borough of Newham.

The contracting arrangements are

- A subscription with a term of 36 months was contracted by the London Borough of Havering on 30/04/2013
- The above subscription was extended by the London Borough of Havering for a further 36 months on 30/05/2016
- The subscription is due to expire on the 29/05/2019

Key Executive Decision – Not for publication

- The London Borough of Newham licence its use of Oracle EBS via a software licencing subscription provided by Oracle UK known as Business Process Subscription (BPS) agreement.
- The Business Process Subscription (BPS) offering utilises an Oracle UK initiative known as eBusiness as a Service for Local Government through which local authorities are able to licence their use of Oracle EBS on a subscription basis.
- The cost of the contract extension will be met by The London Borough of Newham..
- Both shared services Councils are beginning projects to migrate from Oracle EBS to Oracle's Public Cloud platform (Oracle Cloud) with projects running independently.
- The London Borough of Newham are planning to Go-Live on the Oracle Cloud platform in December 2020
- The proposed extension is to provide sufficient licencing coverage on Oracle eBusiness Suite estate beyond 29/05/2019 until Newham goes live on the Oracle Cloud Platform.
- The term of the BPO Extension would run from the day after the expiry date of the existing agreement (30/05/19) for a period of 19 months (until 29/12/20)
- The total cost of the 19 month extension is £687,667.86
- The commercial terms of the extension remain the same save for the change in the expiry date of the contract

OTHER OPTIONS CONSIDERED AND REJECTED

Do nothing

Not viable as that would potentially open the shared services partner to potential legal proceedings and financial penalties should an extension not be made to allow business as usual.

PRE-DECISION CONSULTATION

None.

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: Mr Mark Hobson

Designation: Director of Finance, oneSource

Signature:

Date: 16th May 2019

Key Executive Decision – Not for publication

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

The Council is obligated to follow procedures set out in its Constitution, the Public Contracts Regulations 2015 (PCR) and the EU General Treaty Principles impose an obligation on the Council to act fairly, transparently and in a non-discriminatory way. This means at the expiry of a contract, the Council may only award a contract or vary its existing contract where permitted by legislation.

The London Borough of Newham utilises Oracle eBusiness Suite (EBS) software to support its back office operations. The London Borough of Newham licence its use of Oracle EBS via a software licencing subscription, provided by Oracle UK known as Business Process Subscription (BPS) agreement.

London Borough of Havering and the London Borough of Newham are both members of a shared services and are capable of sharing resources pursuant to the Local Government Act 1972. The London Borough of Havering contracted the original BPS agreement and the London Borough of Newham utilised the provision through a call off mechanism.

The London Borough of Newham licensing provision under the BPS agreement is due to expire on 29th May 2019. Both the London Borough of Havering and the London Borough of Newham are beginning projects to migrate from Oracle EBS to Oracle's Public Cloud platform. The proposed go live date for the London Borough of Newham in relation to Oracle Cloud is December 2020.

In order to provide sufficient time for the migration to take place and to secure sufficient licencing coverage on the Oracle EBS Suite estate beyond the current expiry, London Borough of Havering are seeking a fixed-term extension of 19 months to the software licencing subscription on behalf of the London Borough of Newham pursuant to the BPS agreement at a cost of £687,667.76 (such sums to be reimbursed by the London Borough of Newham).

In order to rely on an extension of the existing arrangements, it must be considered whether the BPS agreement is currently in force.

Clause 13 of the BPS agreement indicates that the agreement shall continue in effect until the licences (which includes the London Borough of Newham licence subscription) expire. Given this the purchase of additional/extended licences is permitted under the existing BPS agreement which would meet the provisions of regulation 72(1)(a) of the Public Contract Regulations 2015. Therefore, London Borough of Havering could seek to rely on the existing BPS agreement to meet its obligations under the Public Contracts Regulations.

Exempt Appendix A to this report contains further Legal Implications.

FINANCIAL IMPLICATIONS AND RISKS

The current Newham Oracle software license contracted under the Havering BPO

Key Executive Decision – Not for publication

master agreement will terminate on 29th May 2019, therefore the need to extend for a period of 19 months is key to ensure Newham has licensed coverage for use of oracle EBS, up until the planned oracle cloud go live in Newham.

The current annual cost of the oracle license is £434,317.76, for the Newham element of the oracle licensing contract Havering does not have a designated budget, however as part of the arrangement an annual invoice is raised to Newham, which reimburses the annual charge.

Given the estimated cost for 2019-20 as detailed below of £434,316.69, there is no foreseen risk to Havering of Newham not continuing the arrangement of reimbursing the annual charges, as there is no material change to the annual cost and Newham remain within the oneSource shared service agreement with Havering.

	Current Contract	Contract Extension	Total
1 st Apr 2019 – 29 th May 2019	£70,051.25		£70,051.25
30 th May 2019 – 31 st Mar 2020		£364,265.44	£364,265.44
2019-20	£70,051.25	£364,265.44	£434,316.69
1 st Apr 2020 – 31 st Dec 2020		£323,402.42	£323,402.42
Total	£70,051.25	£687,667.86	£757,719.11

**HUMAN RESOURCES IMPLICATIONS AND RISKS
(AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)**

None.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

There extension of the contract means no change to the current arrangements and it is considered that no further regard to public sector equality duties is required at this time.

Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Delete as applicable

~~Proposal NOT agreed because~~

Details of decision maker

Signed 

Name: Jane West

Cabinet Portfolio held:
CMT Member title: Chief Operating Officer
Head of Service title:
Other manager title:

Date: 16th May 2019

Lodging this notice

The signed decision notice must be delivered to the proper officer, Debra Marlow, Principal Democratic Services Officer in Democratic Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on 16/5/2019

Signed 