

Norfolk County Council

Record of Executive Director Decision

Human Resources and Finance System Transformation Project

Responsible Executive Director: Fiona McDiarmid (Executive Director of Strategy and Governance)

Background and Purpose:

In May 2019 Cabinet considered the business case developed to assess the options for replacing the County Council's core and peripheral Human Resources (HR) and Finance systems. The business case concluded that of the options, a cloud based integrated Enterprise Resource Planning (ERP) system was the best fit to the Council's present and future requirements and would realise net savings of between £20m and £30m over a ten year period.

On 3rd February an update was made to Cabinet on the Programme and to request approval for the decision to award the contract be delegated to the Executive Director of Strategy and Governance, as Programme Sponsor, in consultation with the Executive Director of Finance and Commercial Services, the Leader of the Council and the Cabinet Member for Innovation, Transformation and Performance.

The comprehensive procurement process has now concluded and the contract award is ready for approval and signing by the Executive Director in consultation with the Executive Director of Finance and Commercial Services, the Leader of the Council and the Cabinet Member for Innovation, Transformation and Performance

When making a decision, the Executive Director considered the Exempt Appendix A which is exempt from publication as it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. The public interest test has been applied and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information at this stage.

The information is exempt from the Report for the following reason: -

The appendix contains the name of the proposed successful bidder. Once a decision is made, there will be a need for a contract award process, including the necessary stand-still period, to confirm the appointment of the contractor. There is a public interest in openness and transparency in who has been appointed by the Council to deliver this project. There is also a public interest in ensuring the Council is able to operate effectively and in a way that means it can achieve good value for money for Norfolk communities, in this case by

ensuring that the procurement process can be concluded in an unfettered way.

The name of the successful contractor will be released into the public domain once the contract award, and associated stand-still period, is concluded. Therefore, on balance, it is considered that the information should not be published as part of this decision notice.

Decision:

1. To approve and sign, in consultation with the Executive Director of Finance and Commercial Services, the Leader of the Council and the Cabinet Member for Innovation, Transformation and Performance, the decision to:
 - Provisionally award the contract for a cloud based Integrated Enterprise Resource Planning System to Oracle and provisionally award the contract for system implementation services to the bidder named in the Exempt Reportand, subject to no legal challenge being received in the standstill period, to award

Is it a key decision?	No
Is it subject to call in? If Yes – Deadline for Call in	No

Impact of the Decision:

As set out in the Cabinet Report “Human Resources and Finance System Transformation Project” which was discussed at the meeting of Cabinet on 20 May 2019 and further considered on 3 February 2020.

Evidence and reason for the decision:

As set out in the attached report.

Alternative options considered and rejected:

Alternative options were considered and discounted by Cabinet at their meeting on 20 May 2019.

Financial, Resource or other implications considered:

As set out in the attached report.

Record of any conflict of interest:

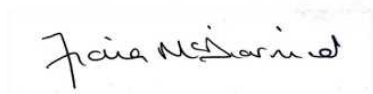
None

Background Documents:

- Cabinet Report – 20 May 2019
- Corporate Select Committee report – 28 May 2019
- Corporate Select Committee – 14 November 2019
- Cabinet Report - 3 February 2020

Date of Decision:**20 March 2020****Publication date of decision:****31 March 2020****Signed by Executive Director:**

I confirm that I have made the decision set out above, for the reasons also set out and that I have made the decision in consultation with the Executive Director of Finance and Commercial Services, the Leader of the Council and the Cabinet Member for Innovation, Transformation and Performance.

**Signed:****Print name: Fiona McDiarmid****Date: 31 March 2020****Accompanying Documents:**

Individual Executive Director Decision Report: Human Resources and Finance System Transformation Project

Once you have completed your internal department clearance process and obtained agreement of the Cabinet Member, send your completed decision notice together with the report and green form to committees@norfolk.gov.uk

Executive Director Decision Report

Decision making report title:	Human Resources and Finance System Transformation Project
Date of meeting:	20 March 2020
Responsible Cabinet Member:	Cllr Tom FitzPatrick (Cabinet Member for Innovation, Transformation and Performance)
Responsible Director:	Fiona McDiarmid – Executive Director, Strategy and Governance.
Is this a key decision?	No

Introduction from Cabinet Member In May 2019 Cabinet considered the business case developed to assess the options for replacing the County Council's core and peripheral Human Resources (HR) and Finance systems with a view to transforming service delivery and to realise savings. The business case concluded that of the options, a cloud based integrated Enterprise Resource Planning (ERP) system was the best fit to the Council's present and future requirements and would realise net savings of between £20m and £30m.

Having considered the business case Cabinet at that time RESOLVED to:

1. Agree that the procurement process for the ERP system be carried out.
2. Agree the £13.2m costs through a capital funding provision of £12,706,895 and the approach to revenue funding, as set out in the report.
3. Devolve the management of the contingency element in the proposal to Executive Directors of Strategy and Governance and Finance and Commercial Services, in consultation with the Cabinet Member.
4. Approve the governance structure described in the report

On 3rd February Cabinet considered a further report and RESOLVED to:

- Note the progress made on the procurement of a cloud-based ERP system.
- Delegate the decision on award of the contract to the Executive Director of Strategy and Governance, as Programme Sponsor, in consultation with the Executive Director of Finance and Commercial Services, the Leader of the Council and the Cabinet Member for Innovation, Transformation and Performance.

The consultation with the Executive Director of Finance and Commercial Services, the Leader of the Council and the Cabinet Member for Innovation, Transformation and Performance took place. This included a review of the initial business case to support the decision-making process. It was agreed

- To provisionally award the contract for a cloud based Integrated Enterprise Resource Planning System to Oracle.
- To provisionally award the contract for system implementation services to the bidder named in Appendix A (Exempt Report) and, subject to no legal challenge being received in the standstill period, to award the contract.

Executive Summary

The comprehensive procurement process has concluded and the contract award decision has been made by the Executive Director following consultation with the Executive Director of Finance and Commercial Services, the Leader of the Council and the Cabinet Member for Innovation, Transformation and Performance.

When making a decision, the Executive Director considered the Exempt Appendix A which is exempt from publication as it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972. The public interest test has been applied and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information at this stage.

The following information is exempt from the Report for the following reason: -

This appendix contains the name of the proposed successful bidder. Once a decision is made, there will be a need for a contract award process, including the necessary stand-still period, to confirm the appointment of the contractor.

There is a public interest in openness and transparency in who has been appointed by the Council to deliver this project. There is also a public interest in ensuring the Council is able to operate effectively and in a way that means it can achieve good value for money for Norfolk communities, in this case by ensuring that the procurement process can be concluded in an unfettered way.

The name of the successful contractor will be released into the public domain once the contract award, and associated stand-still period, is concluded. Therefore, on balance, it is considered that the information should not be published as part of this decision notice.

Recommendations

To note the decision which has been made in accordance with the process previously agreed by Cabinet on 3rd February 2020.

1. Background and Purpose

- 1.1. The process by which the business case was developed to support the purchase of the new HR and Finance system was described in the May 2019 report to Cabinet. Following authorisation to proceed, work has been undertaken on the

development of a robust procurement process with the necessary supporting documentation. This resulted in:

- A Prior Information Notice (PIN) being issued in July 2019 to advise the market of our intention to issue an invitation to tender later in the year
- A well-attended Market Engagement Day was held on 22 July to explain our strategic context and outline our aspirations for the new system
- A pre-Qualification Questionnaire (PQQ) process was run whereby potential bidders for the contract were asked to demonstrate their capability and track record of delivering a project of our size, complexity and scope – completed in October.
- As a result of the PQQ process, three potential suppliers were invited on 27 October 2019 to tender against our requirements specification. This had been developed in conjunction with representatives of HR, Finance, Procurement, IMT, managers and employees and focussed on required outputs from the system. This enables suppliers to fully explain the technology opportunities available to deliver those outputs thereby encouraging greater innovation
- Initial supplier responses were received on 20 December 2019. There was then a rigorous evaluation process. Final bids were received from the suppliers on 17 March 2020 and final evaluation completed on 19 March 2020.
- Consultation then took place between the Executive Director of Strategy and Governance, as Programme Sponsor, the Executive Director of Finance and Commercial Services, the Leader of the Council and the Cabinet Member for Innovation, Transformation and Performance. This has resulted in the decision to award the contract.

Corporate Select Committee and members more generally have participated in one of four workshops to raise awareness of the programme and the opportunities it presents to transform the way in which the County Council runs its business processes.

2. Proposals

- 2.1. The Executive Director has approved the award of the contract for an Enterprise Resource Planning system to Oracle, and for this to be supported by a second contract for system implementation services to the bidder named in Appendix A (Exempt Report).

3. Impact of the Proposal

- 3.1. The approval and signing of the contracts give effect to the Cabinet decision of 20 May 2019 to replace the County Council's core and peripheral Human Resources (HR) and Finance systems with a view to transforming service delivery and to realise savings.

4. Evidence and Reasons for Decision

- 4.1. The business case supporting the decision has validated the initial assumptions around costs and benefits with project costs being recovered and net savings of between £20m and £30m capable of being realised over a ten year period.

5. Alternative Options

- 5.1. The original proposals considered by Cabinet on 20 May 2019 considered alternative options and concluded that these did not support the realisation of the strategic benefits or savings to the same extent as that provided by the move to an integrated ERP system.

6. Financial Implications

- 6.1. As set out in the report to Cabinet on 20 May 2019 and further validated by the review of the business case. This concluded that costs of £13.2m could be recovered and a further saving of between £20m and £30m realised over a ten year period. The necessary provision has been made in the approved capital programme.

7. Resource Implications

7.1. Staff:

The resources required to support the implementation phase of the programme have been quantified and the costs included in the business case.

7.2. Property:

Accommodation will be needed for members of the System Implementor team.

7.3. IT:

The Head of IMT has been engaged with the Programme

8. Other Implications

8.1. Legal Implications

The Chief Legal Officer (Monitoring Officer) and the Head of Procurement have been consulted and relevant considerations are set out in the reports to Cabinet on 20 May 2019 and 3 February 2020.

8.2. Human Rights implications

None

8.3. Equality Impact Assessment (EqIA) (this must be included)

An EqIA has been completed and will be updated now a system has been selected. The requirements specified of the suppliers demand a high standard of compliance with accessibility in addition to an intuitive and user-friendly interface for all system users

8.4. Any other implications

None

9. Risk Implications/Assessment

- 9.1. Cabinet required the HR and Finance System Transformation Programme to be added to the Corporate Risk Register. This has been done (RM027) and the risk is monitored alongside other corporate risks by the Audit Committee and by the Corporate Select Committee as part of its role in overseeing the Programme on behalf of Cabinet.

10. Select Committee comments

- 10.1. Corporate Select Committee considered progress at their meeting on 14 November 2019 and will continue to monitor progress as implementation proceeds.

11. Recommendations

- 11.1. **1. To note the decision which has been made in accordance with the process agreed by Cabinet on 3rd February 2020.**

2. Background Papers

Cabinet Report – 20 May 2019
Corporate Select Committee report – 28 May 2019
Corporate Select Committee – 14 November 2019
Cabinet Report - 3 February 2020

Officer Contact

If you have any questions about matters contained in this paper, please get in touch with:

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