

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting:	Deputy Leader
2.	Date:	3 rd February 2015
3.	Title:	Financial Systems Managed Service Renewal – Exemption from Standing Orders
4.	Directorate:	Resources

5. Summary

To seek an exemption from standing order 48.1 (requirement to invite three to six tenders for a contract with an estimated value of £50,000 or more) in order to contract directly with Advance Business Solution (ABS), as the proprietary provider of Cedar e5, in respect of providing a Managed Service for the hosting and support of the Council's financial systems, and thereby enabling Financial Services and Procurement Services to deliver its services.

In July 2011, the e5 and other financial systems were hosted with ABS to enable Financial Services to deliver and underpin the objectives of the Financial Services' review and to support the Council's wider objective of delivering more for less without compromising the level or quality of services. As the contract is approaching its renewal date, October 2016, the Council's Procurement Service were asked to identify other suppliers capable of providing similar services with the aim of undertaking a full procurement exercise to introduce competition in to the process, allowing for sufficient lead in time to enable any resulting negotiations and implementation to take place whilst avoiding adverse impact on business critical activities such as close down and budget setting. Investigations have revealed that there are no other providers in the market place who are capable or have any experience of hosting and supporting the e5 system. The estimated annual value of the contract is £125.5k.

Additionally, the report seeks approval to publish a European Union (EU) Voluntary Ex-Ante Transparency (VEAT) notice for 10 days which is needed in order to cover legal requirements.

6. Recommendations

It is recommended that:

- 1. An exemption from standing order 48.1 (requirement to invite three to six tenders for a contract with an estimated value of £50,000 or more) be granted and Advance Business Solutions be appointed to provide a ICT managed Service for Cedar e5.3 and ancillary reporting systems.**
- 2. A procurement exercise is undertaken at the end of the renewed contract to determine whether the market has matured.**
- 3. Negotiations are commenced immediately with ABS to review current contract costs and services with the aim of achieving improved value for money.**
- 4. Approve the publication of an EU VEAT notice.**

7. Proposals and Details

In July 2011 as part of Financial Services' review, the Strategic Director's vision of a "Finance Function for the Future" sets down a number of strategic imperatives one of which was to deliver improved financial services at reduced cost.

In order to support this objective the current system, Cedar e5.0 was upgraded and the Cabinet Member for Resources and Commissioning approved an exemption to Standing Orders enabling ABS to provide hosting and support arrangements for the ICT platform and applications.

The original exemption was sought on the basis that the e5 platform could not be moved but had to be replaced as part of the Council's decision to relocate to Riverside House and the Council's Corporate ICT and Information Governance Board preferred strategy is to host all ICT platforms with the software vendor where a VFM business case exists. In this case, as the proprietary provider of Cedar e5, ABS was awarded the managed service contract.

As the existing contract is now approaching its renewal date, October 2016, investigations have been undertaken to identify alternative vendors capable of providing a hosting platform and application support giving us sufficient lead in time to enable any resulting negotiations and implementation to take place whilst avoiding adverse impact on business critical activities such as close down and budget setting.

Investigations have revealed that the market place is not mature enough to provide such an offering, with suppliers only able to provide the hardware platform, but are unable to provide the application support remarking that they would need to put a back to back contract in place with ABS to provide this support. Given that such arrangement will only lead to further complexity it is inevitable that costs would increase.

By seeking an exemption, it would enable the continued and uninterrupted delivery of the managed service and access to the Council's financial systems. The decision will allow Financial Services to begin an upgrade of e5 to its latest version which is currently being planned, which would otherwise have to be delayed until a new supplier is selected and the managed service migrated and bedded in, circa 6 – 9 months.

The estimated annual value of the managed service contract is £125.5k. Standing Orders require a contract of this value to be procured in the open market by inviting 3 to 6 tenders for the contract. For the reasons outlined above, it is recommended that the contract is exempted from the requirements of standing order 48.1 and awarded to ABS.

A European Union (EU) Voluntary Ex-Ante Transparency (VEAT) notice will be published aiming at notifying suppliers of the fact that we do not plan to issue an invitation to tender thereby giving them the opportunity to make contact and offer their services prior to the contract being award.

The Director of Legal and Democratic Services concurs with the recommendation for the reasons outlined in the report.

8. Finance

The estimated annual cost of the Cedar e5 managed service proposal is £125.5k.

The cost of the project will be met through mainstream funding. The revenue consequences of the managed service proposal are built into the Council's medium term financial strategy.

9. Risks and Uncertainties

The incumbent supplier, ABS, has a proven track record of provided acceptable levels of support and system resilience. As current market testing has shown that alternative providers are unable to provide similar levels of support having no experience of supporting e5, it is inevitably introduce what is considered unacceptable levels of risk not only affecting the delivery of services by Financial Services and Procurement Services but will affect the Council's ability to manage its finances.

A 3-way contract would make issue resolution much more difficult with the potential of suppliers arguing over the ownership of an issue before resolution action is taken.

10. Policy and Performance Agenda Implications

The expected outcomes of the project will be:

- Fit-for-purpose hardware platform;
- Continued robust and tested business continuity arrangements;
- Reduced ICT costs; and
- Enable Financial Services and the Council to do more for less.

11. Background Papers and Consultation

2008-11 Corporate ICT Strategy
2011-2015 Corporate ICT Strategy

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