

Report to: Lead Member Resources and Climate Change

Date of meeting: 8 June 2021

By: Chief Operating Officer

Title: Modernising Back Office Systems - Contract Award

Purpose: This report requests approval for the award of the Modernising Back Office Systems contract(s) (to replace the Enterprise Resource Planning System) by the Lead Member Resources and Climate Change.

RECOMMENDATIONS

The Lead Member for Resources and Climate Change is recommended to:

- 1) approve the award of the Modernising Back Office System contracts (to replace the Enterprise Resource Planning system) to the preferred suppliers; and
 - 2) delegate authority to the Chief Operating Officer to take any action the Chief Operating Officer considered appropriate to give effect to the above recommendation, including but not limited to, agreeing the terms and entering into these contracts and dealing with their implementation and delivery.
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1. Background

- 1.1. The current SAP Enterprise Resource Planning (ERP) system was implemented in 2004 and will no longer be supported by SAP beyond 2027. The current ERP system supports the Council's back office processes and transactions. Without a fully supported ERP system the Council would be unable to continue to deliver services without considerable risk.
- 1.2. Consideration was given to the options of "do nothing" and procure an upgrade or alternative ERP system, and approval was given in September 2019 to commence the procurement process for a replacement ERP system and an implementation contract.
- 1.3. ESCC has completed a full EU restricted procurement procedure to consider suppliers and systems that could provide a new ERP platform for the next 10 years.
- 1.4. The procurement will put in place contracts for the supply and implementation of a replacement ERP system to replace the Council's existing ERP SAP.
- 1.5. The evaluation of the invitation to tender (ITT) bids was concluded in May 2021 and a preferred bidder has been identified. Given the value of the contract, the contract award is a Chief Officer and Lead Member decision.
- 1.6. There are two parts to the contract award: the first is the award of the contract for provision and hosting of the system over a 10 year period; the second an implementation contract to run concurrently with the system provision.

2. Supporting information

Procurement Process

- 2.1. A full EU Restricted (two-stage) procurement process commenced on 20th August 2020, with initial responses to the Selection Questionnaire (SQ) received on 22nd September 2020.
- 2.2. Fourteen compliant responses were received by the SQ deadline. Following evaluation of the submissions six suppliers were shortlisted and invited to tender.

- 2.3. The Invitation to Tender (ITT) stage commenced on 16th October 2020 and responses were received on 11th December 2020.
- 2.4. Following receipt of tenders, an evaluation and clarification process commenced, which resulted in a preferred supplier being identified 10th May 2021.
- 2.5. Following the approval of the contract award, all suppliers will be notified, and a 10-day standstill period will commence. Upon completion of the standstill period the contracts can be awarded to the preferred suppliers.

Contractual Arrangements

- 2.6. Two contracts are proposed as below:
 - i. A contract to secure the services of an implementation partner to provide the professional services to deliver the proposed ERP system.
 - ii. A direct contract will also be entered into with the implementation partner's proposed ERP system supplier to provide the licences, subscription, hosting and associated support services.
- 2.7. Both contracts will be in place for an initial period of 7 years, with the Council's option to extend these up to a further 3 years, to provide a maximum 10-year contract term.
- 2.8. Once the contracts have been awarded, the Council will work with the suppliers to implement the core ERP system incorporating the Council's core functionality (or 'must have' requirements) that the supplier has committed to delivering.
- 2.9. During the implementation phase, the Council will also agree any optional enhancements (or 'should have' requirements) that will be implemented. In the first phase of delivery these additional requirements are based on a time and materials rate card and are not part of the financial evaluation being optional.

Benefits

- 2.10. The financial and additional contractual benefits are presented in Part 2.

3. Conclusion and reasons for recommendations

- 3.1 The procurement will meet the objective of putting in place a modern ERP system required to meet the current and future needs of ESCC.
- 3.2. For the reasons set out in this report it is recommended that the award of the implementation and system provision contracts to the preferred suppliers are approved and the Chief Operating Officer is authorised to take all actions the Chief Operating Officer considers appropriate to give effect to the award, implementation and delivery of the contracts.

PHIL HALL

Chief Operating Officer

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BACKGROUND DOCUMENTS

None.