

**Report of:** ICT Principal Service Support Officer

**Report to:** Chief Digital Officer

**Date:** 18<sup>th</sup> May 2016

**Subject:** Waiver of Contract Procedure Rules 9.1 and 9.2 to award a contract to Oracle Corporation UK Ltd for provision of Technical Support Services.

Are specific electoral wards affected? If relevant, name(s) of ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

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## Summary of main issues

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1. The Council has in place a contract with Oracle for the provision of technical support services, which expires 31st May 2016.
2. There is a requirement to continue the provision of a service to provide technical support services for all utilised/deployed Oracle products across the Council.
3. The Oracle products are proprietary and therefore this technical support service can only be provided by Oracle who retains the IPR to their products source code. No other Option exists due to the proprietary IPR for source code.
4. If no contract is awarded, key critical systems will have no guaranteed, external operational support. This will pose significant reputational and financial risk and possible interruption to Operational Service.

## Recommendations

5. **The Chief Digital Officer is recommended to approve the waiver of Contract Procedure Rules 9.1 and 9.2 and award a contract to Oracle for their Technical Support Services for a period of 12 months**

## **1 Purpose of this report**

- 1.1 Seek approval from The Chief Digital Officer to award a contract to Oracle Corporation UK Ltd. for their Oracle Technical Support Services for a period of 12 months.

## **2 Background information**

- 2.1 A project was undertaken to replace Leeds City Councils Enterprise hardware which all Oracle systems reside on. As part of this exercise a licence review was undertaken as the replacement hardware would reduce Oracle licences/technical support services requirements for Leeds City Council going forward.
- 2.2 The Councils review of their Oracle Estate identified a reduced licence requirement and significant savings which could be made under their existing contract. This would ensure licence agreements were fully utilised and ensure the contract with Oracle deliver maximum value to the Council.
- 2.3 Oracle contacted the Council to inform them the renewal of their Oracle technical support services was due. Leeds City Council invited Oracle to audit their estate to verify compliance and confirm that savings identified in the internal review could be made. Oracle confirmed a number of licences could be removed from our agreement and the Council will be making a saving of £120,000 per annum if we proceed and renew technical support services directly with Oracle.
- 2.4 The Council cannot renew their existing Oracle technical support services with any other vendor. If we do not renew we will lose support which will expose Leeds City Council given the systems Oracle underpins.

## **3 Main issues**

### **Reason for contracts procedure rules waiver**

#### **3.1 Options Appraisal**

##### **Option 1 Do Nothing**

Should a contract not be awarded, the Council would be unable to provide any SLA service guarantee to directorates on both failure / incident resolution relating to any Oracle software or on assurance, adoption recommendations on Oracle software and Oracle best practice guidelines not publically available. This directly supports both Front Line Council service provision and all other back office users across the Council.

##### **Option 2 Award contract to Oracle Corporation UK**

The Councils Corporate Oracle agreement has been in place for a number of years providing the Council with the software required to run a number of its Enterprise systems at a significantly discounted rate. As the agreement was set up and software licences/technical services procured direct with Oracle the continued technical support services can only be

provided by Oracle. It is essential Oracle support is maintained given the major systems the software underpins in the Council.

### **Consequences if the proposed action is not approved**

- 3.2 If no contract is awarded, key critical systems will have no guaranteed, external operational support. This will pose significant reputational and financial risk and possible interruption to Operational Service.
- 3.3 If the Contract is not awarded the Council will lose support which will expose Council systems as Oracle underpins Financial Management System(FMS), Graphical Information System (GIS), CRM, Youth Offending Service, Data Warehouse.
- 3.4 Data compliance would be at risk as new security patches would not be available

## **4 Corporate considerations**

### **4.1 Consultation and engagement**

- 4.1.1 The Head of ICT Service Delivery (Service owner) and Head of ICT Strategy, Architecture and Commissioning (Stakeholder) has been consulted and this report reflects the continuing requirements of an Oracle Support service. In addition, consultation has taken place with ICT Strategic Sourcing for advice on appropriate sourcing routes.

### **4.2 Equality and diversity/cohesion and integration**

- 4.2.1 There are no Equality and Diversity / Cohesion and Integration issues associated with this decision.

### **4.3 Council policies and best council plan**

- 4.3.1 The service underpins cross cutting Council requirements to provide a range of essential services and functionality to all connected employees of the Council. This directly supports the Best Council objectives relating to the Better Lives programme and dealing effectively with the City's waste.
- 4.3.2 Becoming a more efficient and enterprising Council – the software directly supports the achievement of this best Council plan objective. This includes improving customer satisfaction (from resolving issues in a timely manner based on SLAs), creating flexibility within our workforce (software supports Changing the Workplace objectives for new ways of working), as well as supporting the generation of additional income (which requires contractual SLA support defined services) and becoming more enterprising (introduction of new applications and services based on the software).
- 4.3.3 Promoting sustainable and inclusive economic growth - the software directly supports the achievement of this best Council plan objective. Specifically the software is used to enable the full role in the City region and making the most of devolution opportunities.

### **4.4 Resources and value for money**

- 4.4.1 The value of the contract is £112K for a 12 month contract. The cost in previous years has been £228k in 2015, £224k in 2014. An internal audit was completed to review the Councils

Oracle estate and ensure Leeds achieves value from the investment. This work has enabled us to reduce costs by over 50% whilst ensuring the Council remains software licence compliant.

- 4.4.2 Following the audit and the reduction of software licences identified, the Council will be making a saving of £120,000 per annum if we proceed and renew technical support services.

#### **4.5 Legal implications, access to information and call-in**

- 4.5.1 The award is a significant operational decision taken by the Chief Digital Officer and is not subject to call in.
- 4.5.2 The Oracle products are proprietary and therefore this technical support service can only be provided by Oracle who retains the IPR to their products source code. No other Option exists due to the proprietary IPR for source code.
- 4.5.3 There is a risk of challenge from other providers who may argue that they are in a position to supply the services, however this risk is considered to be very low due to the fact that the Oracle products are proprietary and the support service required can only be provided by Oracle who retain the IPR to their products source code

#### **Risk management**

- 4.5.4 If no contract is awarded, key critical systems will have no guaranteed, external operational support. This will pose significant reputational and financial risk and possible interruption to Operational Service.
- 4.5.5 The contract will be managed in accordance with the contract Oracle Service Delivery management plan.

### **5 Conclusions**

- 5.1 To ensure the continued provision of Oracle Technical Support Services, the contract should be awarded to Oracle Corporation UK Ltd.

### **6 Recommendations**

**The Chief Digital Officer is recommended to approve the waiver of Contract Procedure Rules 9.1 and 9.2 and award a contract to Oracle for their Technical Support Services for a period of 12 months**

### **7 Background documents**

- 7.1 None