

Report of: ICT Principal Service Support Officer

Report to: Chief Digital Officer

Date: 9th January 2017

Subject: Approval to award contracts to Oracle Corporation Ltd for the provision of Technical Support Services on an annual renewal basis for a period of up to 5 years using the Negotiated Procedure without prior publication of a contract notice.

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

Summary of main issues

1. The Council has two contracts in place with Oracle Corporation Ltd for the provision of technical support services. One contract provides support for Leeds City Council corporate systems the second contract provides support for Adult Social Care system. These agreements expire on 31st May 2017 and 20th February 2017 and currently jointly cost the Council £138,000 per annum.
2. There is a requirement to align the corporate contract and Adult Social Care contract so they are co-terminus and managed solely by ICT services. These contracts currently renew on separate dates as the Adults social care system was purchased after the existing corporate agreement. These agreements allow us to continue to maintain technical support for all utilised/deployed Oracle products across the Council.
3. The justification for using the negotiated procedure without publication of a notice is that 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, meaning there is no reasonable alternative or substitute available to provide this service.
4. Should a contract not be awarded to Oracle Critical systems such as SAP & Ess/Mss, Financial Management System (FMS), Graphical Information System (GIS), Children's social care, Adults social care, CRM and Youth Offending Service would be left with no external support or patch fixes. This poses significant security, reputational and financial risk and could result in possible interruption to critical Council Services.

Recommendations



5. The Chief Digital Officer is recommended to approve the award of a contract to Oracle Corporation Limited in accordance with the negotiated procedure without publication of a notice under Regulation 32 of the Public Contracts Regulations 2015, for support and maintenance (on an annual basis) for a period of up to 5 years at a cost of approximately £138,000 per annum.

1. Purpose of this report

- 1.1. To seek approval from the Chief Digital Officer to award a contract to Oracle Corporation Limited in accordance with the negotiated procedure without publication of a notice under Regulation 32 of the Public Contracts Regulations 2015, for support and maintenance (on an annual basis) for a period of up to 5 years at a cost of approximately £138,000 per annum.

2. Background information

- 2.1. Leeds City council has utilised Oracle software to underpin its enterprise systems for over 15 years. The licenses and support services have been purchased on an annual renewal basis and license numbers increased as key systems have been purchased and implemented, these systems include SAP & Ess/Mss, Financial Management System (FMS), Graphical Information System (GIS), Children's social care, Adults social care, CRM, Youth Offending Service etc.
- 2.2. This contract is to cover the support and maintenance of proprietary software licenses and the continued supported use of Oracle software.
- 2.3. There is a requirement to continue to provide the Oracle Technical Support Services. This consists of external support being provided for key critical systems within the council.
- 2.4. The annual value of the two existing contracts for Corporate and Adult Social Care are £112k and £26k (Exact future renewal costs will be confirmed when renewals takes place)
- 2.5. The Council cannot renew their existing Oracle License technical support services with any other vendor. If the contract is not renewed the Councils Oracle systems will not be supported which poses significant security, reputational and financial risk and could result in possible interruption to critical Council Services.

3. Main issues

Reason for awarding the contract

- 3.1. The justification for using the negotiated procedure without publication of a notice is that 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, meaning there is no reasonable alternative or substitute available to provide this service.
- 3.2. Oracle underpins all of the Councils Enterprise systems including SAP, ESS-MSS, Adults social care, Children's social care, GIS Mapping, CRM and FMS. Many of these systems will only run on Oracle databases and operating systems meaning moving away from Oracle would require these systems to be replaced, this would take many years and require significant investment and resource which could potentially cost millions of pounds.
- 3.3. Should a contract not be awarded to Oracle Critical systems such as Adults and Children's social care, FMS and GIS mapping would be left with no external support or patch fixes. This poses significant security, reputational and financial risk and could result in possible interruption to critical Council Services.
- 3.4. 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.

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 and its citizens.

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).

4.4 Resources and value for money

4.4.1 Resource costs to move away from these systems is estimated to be in the region of 20,000 man hours and would take in the region of 5 years due to the complexity of the systems involved.

4.4.2 The value of the corporate contract in 2016 was £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.

4.5 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. There are no grounds for keeping the contents of this report confidential under the Access to Information Rules.

4.5.2 Due to the level of spend it is considered that there is the potential risk of challenge that organisations interested in providing these services have not been provided with an opportunity to tender for this work. In addition, there is also a risk of challenge that interested organisations may argue that there are no real technical reasons justifying the use of the negotiated procedure without publication of a notice in accordance with the Public Contracts Regulations 2015, and

that the Council are simply seeking to circumvent the application of the rules. However, due to the reasons set out in section 3 above these risks are perceived to be low.

4.5.3 In addition, these risks can be diminished somewhat by the publication of a voluntary transparency notice in OJEU immediately after the decision to award the contract has been taken and then waiting 10 days to see if any challenges are made. If no challenges are made the chances of a claim for ineffectiveness being brought are significantly reduced, and would only be successful if the Council had used the negotiated procedure without publication of a notice incorrectly. Further, publishing such a notice will also start time running for any other potential claim for breach of the Regulations, which must be brought within 30 days of the date that an aggrieved party knew or ought to have known that a breach had occurred.

4.5.4 These comments should be noted by the Chief Digital Officer and in making the final decision should be satisfied that doing so represents best value for the Council

Risk management

4.5.5 Should the contracts 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..

4.5.6 If no contract is awarded, key critical systems will have no guaranteed, external support. This will pose significant reputational and financial risk and possible interruption to Operational Service.

4.5.7 If the Contracts are not awarded the Council will lose support which will expose Council systems as Oracle underpins critical Council Enterprise systems such as, SAP & Ess/Mss, Financial Management System (FMS), Graphical Information System (GIS), Children's social care, Adults social care, CRM, Youth Offending Service etc.

4.5.8 Data compliance would also be at risk as new security patches would not be available.

4.5.9 The contracts 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 Corporate and Adult Social Care contracts should be awarded to Oracle Corporation UK Ltd.

6 Recommendations

6.1 The Chief Officer Digital Officer is recommended to approve the award of a contract to Oracle Corporation Limited in accordance with the negotiated procedure without publication of a notice under Regulation 32 of the Public Contracts Regulations 2015, for support and maintenance (on an annual basis) for a period of up to 5 years at a cost of approximately £138,000 per annum

7 Background documents

7.1 None

