

Award of contract for the Implementation of Business Process and Technology Transformation for Finance

Date: 31/03/2023

Report of: Head of Finance (Business Change)

Report to: Chief Officer - Financial Services

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

- The Council has undertaken a procurement exercise to appoint a supplier to Implement Business Process and Technology Transformation for Finance, as per decision notice D55918.
- This report seeks authority to award a contract to the successful bidder.
- The contract is for 2 years, with an option to extend for a further 1 year, starting approximately 3rd April 2023.
- The contract is a Call-off from the Crown Commercial Service Software Design and Implementation Services (RM6193)
- This contract will contribute to the city's and council's ambitions by:
 - Enabling the Core Business Transformation programme to deliver a successful change programme and therefore support the authority in achieving its strategic ambitions to be the Best Council in the Best City in the UK. This includes making the best use of its resources through digital capabilities by providing evidence and insight from data.

Recommendations

- a) The Chief Officer - Financial Services is recommended to approve the award of a contract to KPMG LLP for the Implementation of Business Process and Technology Transformation for Finance.

What is this report about?

- 1 The Council is entering a period of unprecedented change. The future scale and shape of the Council is unknown and will only emerge over the coming years. The Council must transform and embark on a continuous, sustainable change journey that embraces opportunities to improve and modernise services for the communities it serves.
- 2 In this reality it is essential that the core business processes of the Council are as efficient and streamlined as possible and that individual managers and staff have the right tools and information easily accessible to deliver valued services effectively.
- 3 The Core Business Transformation Programme is central to the Council realising the changes it needs to make whilst ensuring its core business processes are appropriate for supporting a reshaped organisation. The programme seeks to bring about a transformation in the way Finance and Purchase to Pay (P2P) activities are undertaken. Other areas such as Human Resources and Payroll activities are also within the scope of the Core Business Transformation Programme and will be transformed but they are not within the scope of this procurement exercise.
- 4 The Core Business Transformation Programme is predominantly an organisational business change programme. It does however contain a technology refresh element. It is the aim to deliver the technology to enable change and deliver a transformed way of working that is flexible enough to support an organisation that is on a change journey that will last well beyond the initial technology implementation timeline.
- 5 The Council is seeking a single managing supplier in respect of all products and services that may be needed to meet its requirements. This supplier will be the Implementation Partner.
- 6 The Council may look to the Implementation Partner to provide additional specialist support, sub-contracting this support where necessary. However, the Council will always retain the right to source such specialist support independently.
- 7 The Products, Advice and Services being acquired as part of this project is the successful implementation of Microsoft Dynamics F&O and will include:
 - a) Business Readiness Analysis (gap analysis)
 - b) Implementation Plan covering people, process and technology factors
 - c) Data Management, covering: Discovery, Analysis and Profiling, Design, Development and Testing, Implementation and Evaluation
 - d) Resource Profile, covering the Implementation Partner and the Council
 - e) Review of existing policy and processes, highlighting areas for change
 - f) Standardised business processes, driven by leading best practice, with the desire of the Council to adopt and not adapt the technology
 - g) Change management approach, to include engagement and support to be people-centred and embed new ways of working and cultural change to underpin the technical implementation
 - h) Post-implementation plan to include advice on skills, training and approaches necessary to develop the capacity for the organisation to achieve its transformational ambitions through continuous improvement
- 8 The Council does not have the capacity or expertise available to carry out this work with current resources.

- 9 A decision to run a procurement under the Crown Commercial Services Software Design and Implementation Services (RM6193), was taken on 20th December 2022 (D55918).
- 10 Documents were published through Yortender and 4 companies submitted tenders. The maximum marks possible to score was 1000.
- 11 The evaluation criteria was: 60% quality, 30% price and 10% social value.
- 12 The quality score was arrived at during a moderation event held on the 1st and 2nd February 2023. Pricing was evaluated separately and independently, after the moderation event.
- 13 One Supplier failed to achieve the minimum quality threshold score and was therefore eliminated from further evaluation.
- 14 One Supplier was excluded under the Public Contract Regulations 2015 due to concerns around deliverability details, of which are set out in Appendix 1.
- 15 The information in Appendix 1 of this report has been identified as Exempt/Confidential under the Access to Information Procedure Rules 10.4(3). The public interest in maintaining the exemption in relation to the confidential Appendix outweighs the public interest in disclosing the information and financial details which, if disclosed, would adversely affect the business of the Council and the business affairs of the excluded contractor.
- 16 KMPG LLP submitted the highest scoring bid and are therefore the recommended supplier.

What impact will this proposal have?

- 17 Enable delivery of the Finance phase of the Core Business Transformation Programme, refreshing technology, as well as bringing about a transformation in the way Finance and Purchase to Pay (P2P) activities are undertaken.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing Inclusive Growth Zero Carbon

- 18 The provision of this contract contributes to all three council Key Pillars by helping the Authority to make the best use of its people, money, digital capabilities, providing evidence, and insights

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted? Yes No

- 19 No wards will be affected by this proposal.
- 20 As a significant operational decision, engagement has taken place with:
- a) Head of Procurement & Commercial Services (Resources)
 - b) Legal Manager (Resources)

What are the resource implications?

- 21 Exact resource implications are unknown at this time however, contract cost of this activity is estimated to be in the region of £4.5m.
- 22 The pricing model being used for this work will be time and materials.
- 23 KPMG LLP have provided a schedule of rates that will be used to call off from to complete the work within budget.
- 24 Management of the budget and ensuring contract delivery once the project commences will be undertaken by relevant officers within the Core Business Transformation team in collaboration with the selected Supplier.

What are the key risks and how are they being managed?

- 25 The timescales associated with delivering this project are tight. There is also activity planned to take place over the summer period when there will be a lot of leave absence. The Core Business Transformation Programme Manager, support by the Head of Finance (Business Change), will work with the successful provider to ensure the timescales are adhered to and that appropriate planning is undertaken.
- 26 Budget and Contract management on this project will need to be managed. The Core Business Transformation Programme Manager, support by the Head of Finance (Business Change), will ensure effective budgetary controls and contract management is in place with regular progress reports to the Core Business Transformation Programme Board who will monitor delivery.
- 27 Any other risks which are highlighted during the term of the contract will be managed and mitigated through regular account management/supplier review meetings.

What are the legal implications?

- 28 This is a significant operational decision as it is a consequence of the key decision 'Core Business Transformation Programme', made at Executive Board on 19th October 2022 (D55730). It is therefore not subject to call in.
- 29 A voluntary standstill period was undertaken following the evaluation process and no challenges were raised.

Options, timescales and measuring success

What other options were considered?

- 30 The council has considered carrying out an open tender in accordance with the Public Contract Regulations 2015, however the decision to carry out a further competition under the Crown Commercial Service Software Design and Implementation Services (RM6193) Framework was determined to be the most appropriate and expedient route to procure the services required.
- 31 A direct award was considered and rejected in adherence to CPR 9, as there may be more than one organisation with experience to deliver the service.
- 32 Awarding the contract via G-Cloud 13 was also considered but was rejected following advice from the Head of Procurement in relation to the nature and complexity of the procurement.

33 Do nothing was considered but this was rejected as the skills, knowledge and experience required to deliver the products, services and advice that this project requires is not available within internal resources. The products, services, and advice are critical to the successful delivery of the wider Core Business Transformation programme.

How will success be measured?

34 The Contractor will be given key milestones and deliverables as part of the Contract that will be built into an agreed plan. Exact scope, resource requirement and outputs will be defined and agreed on commencement of delivery each product, service, and advice requirement.

35 The supplier will be required to report on progress at regular intervals throughout the project.

What is the timetable and who will be responsible for implementation?

36 The contract will commence as soon as possible following contract award with an estimated aim of completing final delivery by March 2025.

37 A delivery plan including timetable will be produced by the Supplier and agreed by the Core Business Transformation Programme Manager and Head of Finance (Business Change), within 2 weeks of commencing the project.

Appendices

- Appendix 1 (Confidential)

Background papers

- [Council and democracy \(leeds.gov.uk\)](https://leeds.gov.uk)