



DECISION RECORD

Service Reference Number	DFIT/2024/015
Decision Maker: David Bell, Director of Finance and Transformation	
Delegated Authority Officer exercising delegated powers pursuant to minute 73 of Cabinet Meeting of 20th December 2021 and paragraph 18.1 Part B of the Constitution.	
Decision: <ol style="list-style-type: none"> 1. To award a new contract for a replacement Enterprise Resource Planning (ERP) platform, including implementation services, to Workday Limited by way of call-off from the Crown Commercial Services RM6194 framework for Software as a Service (SaaS) for a single ERP solution for back-office applications. 2. That the contract be awarded for a period of an initial 7 years with an option to extend, subject to satisfactory performance, for a further 24 months plus 12 months (3 years in total). 3. To confirm that the price is within the budget envelope is within the budget envelope confirmed by Decision Record and included in the annual budget approved by Cabinet on 26th February 2024. 	
Reasons for the Decision: <p>The current on-premise installation of Oracle is aged and is being supported and updated by a third-party support provider. This support has maintained the current system but only to keep it compliant and not to include quality of life changes or addressing any compatibility issues.</p> <p>The decision to replace the Authority's Oracle eBusiness Suite (ERP) was made by Cabinet on 20th December 2021. Due to the complexity and large scope of the procurement an extensive period of soft market testing has taken place to ensure the most effective route to market was identified and to ensure the specification requirements were refined to ensure the Authority selects the most advantageous software.</p> <p>This contract will be a call off contract for the period of up to 10 years on the basis that this is a major, complex software procurement for the Authority and a longer-term contract provides for longer term stability. The contract will be based on a duration of 7 year plus extension options, subject to satisfactory performance, of up to 3 years.</p>	

Nature of Decision: Non-Key

Non-Key – Implementing a previous key decision, Forward Plan number 0079/21

Exemptions

Is the accompanying formal report (or other documentation where applicable) exempt? **Yes**

Reason the report (or other documentation) is exempt:

This Decision Record is not exempt; however the supporting documentation at Annex A is exempt from publication because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information). Namely the details of tenders submitted to the Authority through the tender process and the public interest in maintaining confidentiality outweighs the public interest in publication as publishing the details of bids which were submitted in confidence is likely to discourage bidders from tendering in the future.

Supporting information:

The current system is used by approx. 5000 users across all areas of the Authority who use the system to pay invoices, raise debts, procure supplies, and manage staff. In addition, there are over 40 links with other internal and external systems which involve inbound and outbound data including benefits payments, foster carer payments and Housing rents. The new system will need to be Cloud hosted to meet the Authority's Cloud First strategy and must facilitate the complex data flows to maintain business continuity.

On 20th December 2021 Cabinet granted approval to:

- (a) proceed with a procurement exercise using a competitive procedure with negotiation for the provision of an ERP with the inclusion of, but not limited to, mobilisation, migration, training, configuration, and all relevant licenses to operate to the Authority's requirements.
- (b) That Cabinet approve the tenders be evaluated on a Quality: Price ratio of 70:30 and that the contract be awarded to the most economically advantageous tender for a period of 10 years.
- (c) That authority to award the contract(s) is delegated to the Director of Finance and Transformation in consultation with the Director of Legal and Partnerships and the Portfolio holders for Corporate Services.

During the soft market testing it was agreed that due to the challenging financial situation and financial uncertainty a decision was sought to change the assessment criteria to an approach that recognises the financial constraints and prioritises price over quality. Therefore, the weighting for the Software was agreed to be 60% price and 40% quality, which would include an assessment of social value options put forward by suppliers. The weighting for Implementation Services was agreed to still be based on a weighting of 70% quality and 30% price to ensure that the best implementation partner is chosen to work alongside the Authority to successfully deliver the implementation project.

Following the Cabinet Decision to proceed with the procurement exercise, an internal team was established and entered a competitive procedure with negotiation.

The scope of the procurement included a single cloud based ERP with functionality which includes, but are not limited to:

- Human Resources (Recruitment, Learning & Development, Employee/Manager Self Service)
- Payroll (compensation, Local Gov Pension Scheme, Teachers Pensions, Payroll Bureau)
- Finance (GL, AP, AR, Cash Man, Fin Planning, Budgets, e-invoicing)
- Procurement (Self Service, Sourcing, Contracts, Supplier Portal)
- Integration, Reporting & Full System Security.

Through the process the Authority identified compliant providers for the software in stage 1 and selected a preferred supplier based on the agreed scoring criteria. Selection of the preferred supplier enabled the Authority to enter further discussions during the negotiation rounds to ensure that the complex requirements and implementation of this system could be fully met. Following negotiations, the Authority was able to make an informed decision and selected the most advantageous supplier based on the agreed scoring criteria.

The Procurement Process

The Authority split the tender process into two distinct parts, each evaluated separately:

Part A – Software Provision weighted as follows:

40% Quality (including 5% Social Value)

60% Price

Part B – Implementation weighted as follows:

70% Quality (including 3% Social Value)

30% Price

Bidders had to submit a tender for both Part A and Part B. The Authority initially evaluated and scored all compliant **Part A** tenders received. The highest scoring Tenderer became the preferred bidder, subject to any required clarification / negotiation. **The Authority then only evaluated Part B submissions from tenderers that submitted a tender for the same software solution as the Part A preferred bidder.**

The process did allow for a scenario whereby the Part A preferred bidder could be a separate organisation to the Part B preferred bidder.

The attached **Annex A** is the Evaluation Matrix used to score the received bids and provides a full breakdown of quality and price scoring.

Social Value

Workday Limited has (in their Part A tender submission) committed to:

- 1% of the revenues from the Part A contract on an annual basis, to support financial contributions to local community projects or VCSE organisations;
- deliver 100 employee volunteer hours per annum (and an associated grant of up to £1,592) to devote to either business advice or skills development activities;
- making an Apprenticeship levy transfer of up to £15,000 available to one or more Hull-based organisations;
- join Hull City Council's Enterprise Panel;

Workday Limited have also committed to additional Social Value as part of their Part B tender submission. Details of how all Social Value will be delivered and reported will form part of the contract negotiation process.

The total core cost of a 10 year contract is **£10.7 million** (broken down in Summary of Decision table). This represents the cost of a system that addresses our core and mandatory system requirements. Through the tender process further optional functionality and support was identified that enhances the mandatory functionality and provides enhanced levels of advice and support services. The cost of these optional services and enhanced functions was negotiated as part of the negotiation phase.

In addition to the costs above, dedicated resources will also be aligned to the project and these are expected to be in the region of £500k for a period of approximately 18months and will include:

- Project Management
- Business Analysis
- Change and adoption
- Data migration
- Reporting and archiving expertise

The existing Oracle EBS system will remain in place until the new solution is live.

In addition to the system implementation and ongoing support it will be necessary to engage with the supplier to help the Authority review, change and embed new working practices and processes that take full advantage of the new opportunities that a new modern system will provide. e.g., Automated workflows, intuitive online help, and access via mobile devices.

By moving to a cloud based solution ICT will also be contributing to reducing its carbon footprint and supporting the Hull 2030 Carbon Neutral Strategy by reducing power consumption through reduced data centre cooling and power.

The decision to replace the Authority's Oracle eBusiness Suite (ERP) was made by Cabinet on 20th December 2021. Due to the complexity and large scope of the procurement an extensive period of soft market testing has taken place to ensure the most effective route to market was identified and to ensure the specification requirements were refined to ensure the Authority selects the most advantageous software.

This contract will be a call off contract for the period of up to 10 years on the basis that this is a major, complex software procurement for the Authority and a longer-term contract provides for longer term stability. The contract will be based on a duration of 7 year plus extension options, subject to satisfactory performance, of up to 3 years..

The RM6194 framework allows for the procurement of installation, implementation, and software configuration services, Therefore, the Authority included implementation services within the RM6194 tender and has also selected Workday Limited to provide the implementation services.

Following a compliant and extensive procurement exercise, the Authority wishes to award the contract to the preferred supplier Workday Limited via the Crown Commercial Services RM6194 framework for Software as a Service (SaaS) solutions for back-office applications.

The Procurement process used is highlighted below in Supporting Information.

The Authority received four tenders. One tender was deemed non-compliant due to inaccuracies in their Supplier Questionnaire and this bidder was disqualified from the tender process. Part A bids were scored as follows:

Bidder	Software Solution	Quality Score (out of 35%)	Social Value Score (out of 5%)	Price Score (out of 60%)	Total Score
Workday Limited	Workday	26%	4%	60%	90%
Bidder #2	Alternate	28%	4%	48%	80%
Bidder #3	Alternate	24%	2%	42%	68%

The Part A preferred bidder was therefore Workday Limited taken through to demonstration. The System Demonstration score for Workday Limited was 7 out of 10.

The total cost for implementation and software for 10 years is £10.7m of which £3.140m relates to implementation.

The £3.1m investment cost associated with the implementation costs one-off costs should demonstrate pay back over a 5 year period through associated efficiency savings of £1m pa from 2026/2027 as reflected in the Council's Medium Term Financial Plan.

Description	Year 1	Year 2	Year 3	Year 4	Year 5
Implementation costs	£3,140,000				
Estimated Efficiency Savings		£1,000,000	£1,000,000	£1,000,000	£1,000,000
Balance	£3,140,000	£2,140,000	£1,140,000	£140,000	-£860,000

Equalities Impact Information: .

Does the decision have relevance to equality or affect any group with protected characteristics?

N/A

<p>Contact Officer: Paul Robinson, Procurement Manager, paul.robinson2@hullcc.gov.uk, 01482 612769</p>	
<p>Chief Officer Comments</p> <p><u>Comments of the Assistant Director of Legal Services and Governance (Monitoring Officer)</u></p> <p>The decision to award a contract to Workday Limited for the provision of Enterprise Resource Planning Systems and implementation. The award of the contract was done utilising the Crown Commercial Services RM6194 Framework and had a robust evaluation process. The award of the contract is fully compliant with the Public Contract Regulations 2015 and the Council's Contract Procedure Rules. The Council has had to amend to procurement route that was proposed in the cabinet report as the Crown Commercial Services was not compatible with the price quality split or the length of time available to contract. (PG)</p> <p><u>Comments of the Director of Finance and Transformation (Section 151 Officer)</u></p> <p>The Director of Finance and Transformation is the author of this report.</p> <p><u>Comments of the Assistant Director of Organisation Development & Human Resources and compliance with the equality act</u></p> <p>The content of the report is noted and supported. Any staffing issues arising from this decision will be factored into the implementation of the system. A full training plan will be developed as part of the implementation programme to ensure a successful delivery is achieved. There are no equality issues arising from this decision. KH</p> <p><u>Comments of the Portfolio Holder (Deputy Leader of the Council)</u></p> <p>The outcome of the tender process is noted, and the successful supplier has submitted a bid that is within the budget envelope agreed for this key platform for the future of integrated resource planning across the Council. This procurement process has been a key strategic piece of the jigsaw to drive improved process implementation across the Council and will be an enabler to drive efficiencies. It offers a modern solution with favourable cost comparisons and improved management and training. (JD)</p> <p><u>Scrutiny Comments</u></p> <p>This decision has not been subject to pre-decision scrutiny. (Sc8310 – AS)</p>	
<p>Exceptional Circumstances n/a</p>	
<p>Is the decision record currently exempt from publication at the point of decision?</p>	<p>No</p>

If yes, what date can the decision record be made public?	N/A
Reason the decision record is exempt from publication at the point of decision: N/A	
Signature of Decision Maker: Signed: Signature confirmed	
Date signed: 21.08.2024	
FOR COMPLETION BY THE SCRUTINY OFFICE:	
Date published on CMIS:	22/08/2024
Can the decision be called in?	No
Date decision comes into force:	22/08/2024