

CABINET

22 MAY 2012

This report is submitted under Agenda Item 9. The Chair will be asked to decide if it can be considered at the meeting under the provisions of Section 100B(4)(b) of the Local Government Act 1972 as a matter of urgency in order to comply with the requirements of paragraph 17.1.3 of Article 1, Part B of the Council Constitution..

Title: Urgent Action - Shared Procurement of Oracle R12 Upgrade (Lot 3)	
Report of the Chief Executive	
Open Report (Appendix B is private & confidential)	For Information
Wards Affected: None	Key Decision: No
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Accountable Divisional Director: Tasnim Shawkat, Divisional Director of Legal and Democratic Services	
Accountable Director: Stella Manzie, Chief Executive	
Summary: At its meeting on 22 November 2011 (Minute 68 refers), the Cabinet considered a report on the proposal to upgrade the Council's current Enterprise Resource Planning (ERP) system, which provides the platform for human resources and financial information, through a shared procurement with other local authorities to be led by the London Borough of Lambeth - a copy of that report is included at Appendix A . The Cabinet approved the procurement of a Framework Agreement for a shared and standardised Oracle system to replace the Council's existing customised system and authorised the Corporate Director of Finance and Resources, in consultation with the Divisional Director of Legal and Democratic Services, to enter into the contract. The proposals that were agreed at that time were for the Framework Agreement to be split into three different categories (lots), thereby allowing suppliers to submit separate offers for the Systems Implementation category (Lot 1), the Systems Hosting and Support category (Lot 2) and the Oracle Licensing and Application Support lot (Lot 3). Attached at Appendix B is a report by the Corporate Director of Finance and Resources dated 18 May 2012 in respect of the procurement of Lot 3 (the provision of software licences and support and maintenance services) of the Oracle R12 system - this appendix is private and confidential as it contains commercially sensitive information. The report explains that it was necessary to vary the original framework structure so that Lot 3, the procurement of Oracle licences and support, was separated from the original framework agreement and negotiated directly with Oracle Corporation UK Ltd. Due to the variation in process and scope of the contract, Cabinet approval was required to enter into the contract with Oracle Corporation UK Ltd and, as the value of the contract exceeded	

£100,000, to waive the requirement under paragraph 5.2 of the Council's Contract Rules (Part D of the Constitution) that the contract be sealed.

Oracle Corporation UK Ltd indicated that the price negotiated and agreed with the Council and the other five boroughs would remain open and valid only until 20 May 2012. In view of the risk that the price may increase if the contract was not signed by that date the Chief Executive considered it to be in the best interests of the Council to deal with the matter under the Urgent Action provisions.

The Leader of the Council and the Lead Member of the Public Accounts and Audit Select Committee were consulted prior to the Chief Executive agreeing the proposals on 18 May 2012.

Recommendation(s)

The Cabinet is asked to note the following action taken by the Chief Executive under the urgency procedures contained within paragraph 17 of Article 1, Part B of the Council's Constitution:

- (i) That the Council enter into a contract directly with Oracle Corporation UK Ltd for the provision of software licences and support and maintenance (Lot 3) services; and
- (ii) To waive the requirement, under paragraph 5.2 of the Council's Contract Rules (Part D of the Constitution), for the Lot 3 contract documentation to be sealed and instead for the Chief Executive to sign the same and any other necessary and associated agreement or documentation.

Background Papers Used in the Preparation of the Report:

- Letter and enclosures from the Chief Executive of 18 May 2012 entitled "Urgent Action under Paragraph 17, Article 1, Part B of the Constitution – Oracle R12 System".

List of appendices:

- **Appendix A** - Report to Cabinet 22 November 2011 entitled "Shared Procurement of Oracle R12 Upgrade"
- **Appendix B** (contained within the private & confidential section): Report dated 18 May 2012 entitled "Shared Procurement of Oracle R12 Upgrade (Lot 3) - Urgent Action"