

Decision Note – Award of Contracts for ERP system (Origin) and Finance system (Integra)



REQUEST FOR DECISION BY THE STAFFORDSHIRE COMMISSIONER

	Policing:	Crime:	Fire & Rescue:
This decision relates to:	yes		

APPROVAL (for completion by Staffordshire Commissioner only)

Rationale for approval

STAFFORDSHIRE COMMISSIONER

Signature

Date 09/11/22

Date decision required by:

If an urgent approval is required, please state reasons:

For completion by Staffordshire Commissioner's Office only: -

Decision Number: SCP/D/202223/005

Date Received: 16 February 2023

	Yes	No
Has the required decision been considered under the guidance of the Staffordshire Commissioner's Decision Making Policy?	x	
Has the required decision been deemed to be a Key Decision as defined within the Staffordshire Commissioner's Decision Making Policy?	x	
Who is empowered to make the required decision? Staffordshire Commissioner		

Title	Award of contracts for ERP and finance systems
	<p>This decision paper outlines the request for investment in new software for the force Employment Records Software (ERP - Origin) to enable contracts to be signed and award the to SSS (previously Capita) for the Origin upgrade programme.</p> <p>Staffordshire Police is currently dependent on an existing ERP system, that is expensive, antiquated, inefficient and seriously restricts the capabilities required to deliver effective policing and the principle driver for changing the finance systems is to ensure both the Force and Fire are strategically aligned to generate savings, streamline processes and generate economies of scale.</p> <p>The proposal is to replace the existing Oracle system with a new updated Oracle platform that will deliver greater Value for Money, improve choice and usability for colleagues resulting in long-term commercial sustainability for the Force.</p> <p>The system chosen is the ORIGIN 12.1.10 provided by SSS, which was assessed as the best from a VFM perspective and from a colleague perspective. This decision was made by SGB in October 2021 and the business case has evolved to include both Origin and Integra solution options, although these are two separate contracts. This is also in a position for sign off detailing the costs and benefits of the options agreed.</p> <p>Since the Decision note in June 2022 to The Commissioner, in which approval was given for the contract of both the Capita Integra finance system and (Capita) SSS Origin system, there has been progress on both contracts to continue with contract award projects to deliver by the critical date of December 2023.</p> <p>As already communicated previously, the project has been challenged to tight timescales due to some of the work completed in 2021, that became redundant, due to the nature of the discovery work and the results it provided. This led to having to recommission this work, to ensure it provided us with accuracy and a clear specification of requirements, to evolve the contract and whole project. Due to wasted effort on this previous discovery phase, this took a chunk of time</p>

out, that has meant the timelines this year have been more challenging, to ensure that we reach our overall critical date of December 2023 for implementation.

To support these challenging timelines, we have had to carve out two phases for implementation, with phase 1 delivering the critical parts of the system upgrade and implementation and phase 2 providing more of the solutions that can be implemented post Dec 2023. Both phases have been reviewed and signed off by key stakeholders and by the Project Manager.

To reassure that work has been progressing, the contract was awarded to Capita Integra in July 2022 following The Commissioners approval in June 2022. The project team have been working on the implementation programme to deliver the project by the target date of July 2023, which gives the specified 3-month period prior to ERP Go Live.

The project team both for the force and for Integra are content with current progress and the implementation plan to date.

The progress of this project is being tracked by the Project Manager and reported into the Origin Board.

Costs

The costs within this paper focus on the cost for ERP software only. There will be additional costs for the i-expenses module, these are currently estimated to be £50k with some associated revenue costs to be confirmed.

[REDACTED]

Due to some of the risks of costs and terms of the contract during negotiations, we have agreed a 3-year term, with 2 x +1 year options. This gives us the flexibility to move to an alternative option if we are not satisfied within the life of the 3-year contract

1. P1 and P2 Implementation Charges and Payment Milestones

Table 1 – P1 Implementation Charges

Origin Charges - Implementation Phase 1	Milestone 1	Milestone 2	Milestone 3	Milestone 4	Total payable
	Contract Signature	Config/ Installation complete	UAT Completed	Go-Live Ready	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

Table 2 – P2 Implementation Charges

Origin Charges - Implementation Phase 2	Milestone 1	Milestone 2	Milestone 3	Milestone 4	Total payable
	Contract Signature	Config/ Installation complete	UAT Completed	Go-Live Ready	

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
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2. Schedule of Service Charges and Payments

Table 3 – Support Charges from Phase 1

Origin - Annual Service Charges	1st Annual payment due on Implementation Phase 1, Milestone 4	2nd Annual payment due on 1 st Anniversary	3rd Annual payment due on 2 nd Anniversary	Total Payment over 3 years
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Table 4 – 3rd Party License Support Charges from Phase 1

Origin - Annual Service Charges	Initial charges payable on contract signature	1st Annual payment due on Implementation Phase 1, Milestone 4	2nd Annual payment due on 1 st Anniversary	3rd Annual payment due on 2 nd Anniversary	Total Payment
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Table 5 – Support Charges from Phase 2

Origin DMS - Additional Annual Service Charges - Phase 2	1st Annual payment due on Implementation Phase 2, Milestone 2	2nd Annual payment due on 1 st Anniversary	3rd Annual payment due on 2 nd Anniversary	Total Payment over the Term
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

The revenue costs as detailed in the tables above will give a slight budget pressure against the current revenue spend of [REDACTED] per contract year.

This potentially could be reduced if we are able to remove some of the other Oracle licence commitments, which will only unfold as the new system and specifications are delivered. By working with IT and reviewing the new system against some of the older licences, there is potential that this [REDACTED] budget pressure could be reduced.

The capital budget for ERP upgrade is [REDACTED] Origin, which is accounted for in the Capital Plan.

There will also be considerable non-financial benefits which are difficult to quantify, such as increased capabilities, compliance, single source of data, transparency, confidence in the data we hold, empowering colleagues with functionality and mobile working, however, the key benefit is to restore confidence in systems and operate a modern fit for purpose solution.

As a result of this impending contract award, we can expect to achieve an anticipated 'Go-Live' date across two phases of implementation – phase 1, will 'Go Live' Q3 2023 and phase 2, anticipated to 'Go Live' 7 months post phase 1 Go Live.

The award of the ERP contracts to SSS is as a direct award through the CCS framework RM6194 – Back office solutions and is a fully compliant route to market that satisfies the PCR 2015 and Forces Finance Regulations and Standing Orders.

[REDACTED]

[REDACTED]

[REDACTED]

Whilst the contract award has taken significantly longer than as first anticipated for a Direct Award, we have also negotiated with SSS that they will start the project 'at risk', to ensure delay of the full project does not occur. There has been a couple of project start and progress meetings with an implementation plan proposed. These project meetings will now continue as structured to ensure the project remains on track.

Recommendation:

That the Commissioner approves the award of contracts with SSS and the contract total investment of approximately [REDACTED] in a new ERP system and the associated mobilisation. (this is approximately due to a further contract required for payroll expense module, which are yet to be confirmed). There are additional costs such as Project Management time, IT Hardware and backfill resource costs, contingency, [REDACTED].

Chief Executive

I hereby approve the recommendation for consideration.

The award of contract follows complex and protracted negotiations, in order to mitigate potential risks associated with the new ERP system, and is critical to ensure replacement of the legacy system.

Signature _____ Date 09/11/22



REPORT AND ADVICE TO THE STAFFORDSHIRE COMMISSIONER

1. Introduction and background

As previously written, Staffordshire Police must take some action to resolve imminent end of support on E-Business Suite version 12.1.3 which underpins ORIGIN. Five options have been explored in detail and the best option to deliver the requirements of the Force is Option 4 whereby a full upgrade of the current Origin system and further Payroll discovery requirements alongside with the implementation of the integra finance system to align with the Force with the Fire and rescue services.

Following on from The Commissioners decision to approve and contract award the finance upgrade decision to Capita Integra, we are now in a position to contract award to SSS (previously Capita) for the ERP and HR system built on Oracle E-Business Suite version 12.1.3 which runs on-premise. Due to the upcoming end-of-support on 31st December 2023 of this version of the product Staffordshire Police are seeking an upgrade/ replacement of the following core capabilities:

- HR
- Payroll
- Duty Management
- Health and Safety
- Training and Skills

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The Commercial Team are satisfied with the due diligence that has been carried out in preparation for this contract and significant input from Key stakeholders across the force have been reflected within the contract requirements. All key stakeholders and both the Project Manager and the Head of IT has signed off all specification and requirements.

2. Issues for consideration

Due to the high priority of delivering this project on time it is important to consider that any further delays to its current time line would be critical for the force and if no contract is approved by the Deadline of 7th November 2022 the likely hood of this happening is extremely high.

It is an important to note that the schedules for the Contract have been prepared with the Legal team and the Commercial team are satisfied that the schedules for this contract have been prepared to benefit Staffordshire Police as much as commercial possible. This is a well-planned contract and the commercial team have ensured that all stakeholders have had extensive input to the details within the contract and its schedule. [REDACTED]

The DPIA stage 1 is approved and the stage 2 DPIA will be worked through by the Project Manager during the implementation period of the contract and will have this in pace before the “go- live” date of the contract.

It is important to note that: Capita Integrated Business Solutions and Capita Secure Solutions and Services are now two separate business entities after the sale of Capita SSS to NEC Software Solutions UK Limited in October 2021 and the previous decision note details that the need for two contracts would be required to award the contracts and this is also fully detailed within the Business Case.

3. Consultation and Engagement undertaken

A Weekly moving to monthly meeting has been held for the duration of this procurement process for the Project, namely the Origin Board. Members were consulted on every decision for the project and the requirements of the project.

Origin board has been made up of the following SME’s who were identified from across the business, alongside a PCC representative to take responsibility for key solution capabilities in order to ensure the necessary input and expertise was considered as part of the selection process.

In conclusion an extensive, robust and effective evaluation process has been undertaken with appropriate expert advice and support.

Name	Title
John Bloomer	Assistant Chief Officer
Helen Holden	Head of Commercial Services
Corrinne Bradly	Deputy Chief Finance Officer
Emma Cranidge	Deputy Chief Finance Officer
Melanie Wilmott	Payroll Team Leader
Pervaiz Kibria	Project Manager
C/Supt Jason O’Toole	Chief Superintendent operational Support

Tracey Tyler	HR System Development Manager
Ralph Butler	PCC

Throughout this process, we have been closely working with Tim Crane from legal to ensure that all commercial legalities are covered. Tim has meticulously worked through all schedules alongside commercial and been part of all commercial negotiations.

Report Implications

4. Monitoring Officer comments:

Whilst noting the challenge and risk associated with this project, due process has been followed.

Signature _____ Date 09/11/22



5. Section 151 Officer comments:

The MTFs made an initial allocation for the total holistic replacement of the ERP solution of [REDACTED]. Taking account the capital costs in this proposal to replace the HR, Payroll and Duty Management Elements of the current ERP alongside replacing the current ERP finance system with a stand-alone solution it is anticipated that we will come in slightly under budget. This is based on our current understanding of additional ‘backfill’ staffing resource to deliver this project, however as a number of individuals are doing this work as part of their ‘day job’ there remains a risk they will be pulled into other priorities which necessitates additional spend on this project to provide that support.

The commissioner will note that the anticipated ongoing revenue costs of this solution result in a [REDACTED] cost pressure. In addition, the license costs for Integra are an additional [REDACTED] per annum resulting in a pressure of [REDACTED]. However, compared to the MTFs assumptions on cost increases of [REDACTED] this results in a reduction in that pressure of approximately [REDACTED] (considering some contingency) which contributes towards closing the MTFs gap.

There remain significant risks in implementing what are two new systems concurrently to replace the current one system, in particular around resourcing and organisational priorities for scarce resource. In addition, due to where we find ourselves in terms of the renewal cycle there is a challenging timeline to deliver against, in part driven by the global cessation of market driven support for our version by Oracle. The commissioner will note from previous documentation that the current IT infrastructure that the current system sits on is beyond end of life and represents a significant risk – by moving this upgrade on to our latest hardware this risk will be mitigated and the old servers decommissioned. In short success on this project will look like having in a functioning system before the cessation of the support and removing the inherent risk of unsupported software and end of life hardware. Enhancements should be seen thereafter as iterative as opposed to being delivered for go live. The commissioner should be under no illusion as to the risk of implementing this project given our current status in terms of reliability and conflicting organisational priorities for resource

This is monitored via the Origin project board, with a dedicated project manager and attendance from the Commissioner's Office. It is also an item on the strategic risk register of the Force. Ideally this project would have been commissioned around the end of 2018, however with the relationship ending with BDUK this was deferred until IT provision was back in house.

Signature:

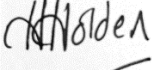


Date: 14.02.2023

	Yes	No
Has legal advice (outside of that provided by the Monitoring Officer) been sought on the content of this report?	x	
<p>6. Legal Comments:</p> <p>Tim Crane, from JLS has been engaged on the procurement routes detailed within this report.</p>		
<p>7. Equality Comments – please attach the completed EIA</p> <p>Not applicable at this stage</p>		
<p>8. Background/supporting paper</p> <p>Several supporting papers, have been used, through previous SGB Boards.</p>		
Please answer the following questions	Yes	No
9. Public access to information?		No
10. Does this decision involve the processing of personal data? (If yes please attach a completed Data Impact Assessment) the DPIA stage 1 has been approved and will require a stage 2 DPIA of which the Project manager for implementation will work through and achieve for the project	Yes	
11. Is the publication of this form to be deferred? (If yes approx. how long?)	Yes, until contract has been awarded	
12. Does this form contain commercial or operationally sensitive information which is to be redacted? (If yes, please provide details with the submission of this note)	yes	

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13. ORIGINATING OFFICER DECLARATION:

Author	Emma Hinchley / Helen Holden
Signed	 <i>Emma Hinchley</i>
Date	02/11/2022