

MINUTES OF CABINET MEMBER SIGNING MEETING HELD ON THURSDAY, 30TH MARCH, 2023, 10.30 - 10.35 AM

PRESENT: Councillor Sarah Williams, Cabinet Member for Finance and Local Investment.

In attendance: Carla Villa, Supplier and Contract Manager, and Fiona Rae, Principal Committee Co-ordinator.

1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. SAP HOSTED MANAGED SERVICE CONTRACT RETROSPECTIVE APPROVAL TO EXTEND AND VARIATION

The Cabinet Member for Finance and Local Investment considered the report which sought approval to vary and extend the SAP Hosted Managed Service Contract with Support Revolution Ltd., for a term of 1 year from the 1st June 2022 to the 31st May 23 as allowed under the GCloud 11 framework and to vary the contract to provide for an increased cost of up to £36,000.00 for increases in the hosting charges. The contract would facilitate the continuation of critical SAP support and hosting for the Finance, Payroll, HR and Procurement systems.

The Cabinet Member asked about the length of the contract. The Supplier and Contract Manager explained that the hosted managed service contract would be a three year contract with the option to extend by one year, replacing a two year contract with an option to extend by one year and then one further year. The new contract would also run more co-terminously, or more in line, with the related arrangements for the licence support contract; this would mean that it would be easier to manage any re-procurement exercises.

The Cabinet Member RESOLVED

1. To approve, in accordance with Contract Standing Order 10.02.1b), the extension and variation to the contract with Support Revolution Ltd for a SAP hosted managed service for a period of one year (to 31st May 2023) at a cost of £266,908.00 and at an additional cost for the hosting of up to £36,000.00 to enable Support Revolution to recover losses incurred in the past year. The hosting costs are variable and the additional monthly cost is approx. £4,700.00 per month for the remaining 4 months of the year in addition to £17,100.00 already incurred by the supplier from June.

2. To note that the year 4 extension option should not be exercised and a new 3+1 year contract should instead be procured, which will allow the supplier to resize the environment to ensure costs are aligned and also allow the hosted managed service and licence support contracts to be made almost co-terminous which will make any re-procurement exercise easier to manage.

Reasons for decision

The initial 2-year term of the SAP managed service contract expired on 31st May 2022 but the Council has continued to use the service and has incurred costs during the initial extension period. It was believed that the original approval for a 2+1+1 contract along with approval for the overall financial cost for the four years provided authorisation for this continuation, however it has been clarified that a specific additional approval is needed to confirm authorisation for this continued use.

The original contract had not been sized correctly and had been running at a loss for Support Revolution over the last 3 years and with the turbulence in the market they find they are unable to sustain the business further without some adjustment to current arrangements. As a result, although there is still an option under the existing contract to do an extension contract for a further period of 1 year from 1st June 2023, the Council would need to extend the current contract or award a new contract on a basis that would address the sizing and cost issues being experienced by Support Revolution. The recommendation therefore is that this be done by procuring a new contract instead of extending the current one.

Although within the forecast four year costs, the 3-year costs with the proposed uplift to mitigate the supplier's losses now exceed the originally approved value for the three year term, therefore approval at Cabinet level is required.

Alternative options considered

Do Nothing – Support Revolution cannot continue to provide the service while absorbing the losses it is incurring on the hosted part of the service. Doing nothing is not a realistic option as this would mean that the Council would not have a Finance, Payroll, HR and procurement system.

Insource the hosting - the current in-house SAP support team would take on this specialist role. This would require expensive specialised SAP resources to be recruited that would not be fully used. The Council already has the SAP in-house team to manage most of the administration of the system – this contract is only for specialist SAP support. It is not an economically viable option to maintain these sorts of skills as part of the Council's Digital Services. The Council would also be required to procure the hardware and software which would come at an additional cost to run and maintain and the Council would then be unable to move to a new Support Revolution contract in the timeframe the Council has.

CABINET MEMBER: Cllr Sarah Williams

Signed by Cabinet Member

Date ...31 March 2023.....