

MINUTES OF MEETING Cabinet Member Signing HELD ON Monday, 15th May, 2023, 11.15 am

PRESENT:

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

ALSO ATTENDING: Jess Crowe (Director for Culture, Strategy and Engagement), Carla Villa (Supplier and Contract Manager) and Felicity Foley (Committees Manager)

1. APOLOGIES FOR ABSENCE

None.

2. DECLARATIONS OF INTEREST

None.

3. REVISED SAP HOSTED MANAGED SERVICE CONTRACT EXTENSION/VARIATION AND AWARD OF NEW CONTRACT

The Cabinet Member for Finance and Local Investment considered the report which sought:

- Revised approval for the extension and variation of the existing SAP hosted managed service contract with Support Revolution Ltd to correct the details of the required extension and variation for which approval was granted by Cabinet Member decision on 30th March 2023 (as outlined in the report); and
- Approval for the award of a new contract to Support Revolution Ltd, for a term of 3 years with an option to extend for a further 1 year, by way of a call-off from the Crown Commercial Service's GCloud 13 framework to replace the existing contract on expiry of the extension for which the above revised approval is being sought. The new contract will facilitate the continuation of critical SAP hosting and support for the Finance, Payroll, HR and Procurement systems.

The Cabinet Member for Finance and Local Investment RESOLVED to:

1. Grant revised approval, under Contract Standing Order 10,02.1b), for the extension and variation of the existing SAP hosted managed service contract with Support Revolution Ltd to correct the details of the extension and variation for which approval was already granted by Cabinet Member decision on 30th March 2023. The revised approval sought is:

firstly to confirm the extension of the contract beyond the expiry of the initial contract term on 15th December 2021 for 1½ yrs to 31st May 2023 at a cost of

£400,362 instead of for 1 year from 1st June 2022 at a cost of £266,908 (as previously approved); and,

secondly (as per the previous approval) to confirm approval for an additional cost of £36,000 to enable Support Revolution Ltd to recover losses incurred over the 12 months from June 2022 till the expiry of the proposed contract extension on 31st May 2023.

2. Approve, in accordance with Contract Standing Order 9.07.1d, the direct award to Support Revolution Ltd of a new contract for SAP hosting and support services for an initial 3-year term starting in June 2023 valued at £883,036.86 with an option to extend for a further one-year period valued at £294,345.62 with a total contract value of £1,177,382.48 over the maximum term of 4 years.

Reasons for decision

The current SAP managed service contract was awarded for an initial contract term of 2 years expiring 15th December 2021 with options to extend by up to 2 further periods of 12 months. Cabinet Member approval was sought and obtained on 30th March 2023 for the extension of the contract but the extension requested and granted was, through inadvertence, referred to as being for one year from 1st June 2022 when it should have been for 1½ years starting on 16th December 2021. The cost of the 1½ year extension is £400,362 and not the one-year value of £266,908 previously stated. The result of the revised extension now sought would still be that the contract would expire on 31st May 2023 but 3½ years after the start of the contract and not after 3 years as indicated in the report of 30th March 2023. It is necessary to confirm the correct details of the required extension to allow the contract variation to be implemented correctly.

Although the existing contract included options to extend for up to 2 full years down to December 2023, it is proposed not to take up the full 2-year extension but instead to only extend for 1½ years down to May 2023. This would then allow the current contract to be replaced from June 2023 with a new contract that will address the financial issues being experienced by Support Revolution relating to unsustainable hosting costs and put the contracted service on a sounder basis going forward.

The Council already has a satisfactory relationship with Support Revolution.

It is therefore proposed that a new SAP Managed Service contract should be awarded with a contract term which would better align with the renewal of the Council's SAP licence support contract rather than the two contracts ending 9 months apart. This alignment would enable the Council to have both of its SAP contracts end almost at the same time. This will enable a smoother procurement process for one new contract to replace both of the current contracts if at some point this is required.

Alternative options considered

Do Nothing – not an option as Support Revolution cannot continue to absorb the losses it's incurring on the hosted part of the service and the contract would have to end leaving the Council with no hosting and support for its SAP systems. This is not a realistic option. This would mean that we would not have a Finance, Payroll, HR, and procurement system.

Insource the hosting - the current in-house SAP support team would be required to take on this specialist role. This would require expensive specialised SAP resources to be recruited that would not be fully used. It is not an economically viable option to maintain these sorts of skills as part of the Haringey Digital Services team. The Council would also be required to procure the hardware and software which would come at an additional cost to run, maintain and the Council would be unable to move to a new supplier in the timeframes available.

Go out to Tender rather than do a direct G-Cloud award – To do this would take a minimum of 18 months to 2 years to do. A full specification would be required and full migration of data. There are no plans to move away from SAP currently.

CHAIR: Councillor Sarah Williams

Signed by Chair

Date