

Time commenced – 18:02
Time finished – 19:07

Corporate Services Scrutiny Review Board
9 December 2021

Present: Councillors Naitta, Cooper and Pandey

In Attendance: Alison Parkin – Director of Financial Services
Linda Spiby – Head of Procurement

15/21 Apologies for Absence

Apologies were received for Councillors T Pearce, J Khan and Nawaz.

16/21 Late items introduced by the Chair

There were no late items.

17/21 Declarations of Interest

There were none.

18/21 Minutes of the meeting held on 30 September 2021

The minutes of the meeting held on 30 September 2021 were agreed as a correct record.

19/21 Financial Management System Replacement

The Director of Financial Services presented the Board with an update on the Financial Management System Replacement.

It was noted that the Oracle Financial Management System had been in operation since 2007 with minimal development since the last major upgrade in 2012. It was also noted that short term support and maintenance arrangements were put in place in 2017 whilst a replacement solution was procured and implemented. It was reported that the current version of Oracle E-Business Suite would no longer be supported by Oracle plc from January 2022 and that financial resources could only be effectively managed with a significant amount of manual intervention outside of the core financial system.

The Board noted that one case for changing the financial management system was that a significant amount of non-value added work was being undertaken across the user base for a number of reasons including:

- Existing solution does not effectively support the business outcomes, so compensating workarounds have been developed

- Key information is buried in email correspondence or other key systems rather than the system where it is needed
- Legacy solution is not intuitive and easy to use

It was reported that another case for changing the financial management system was that the existing solution would soon be out of support. It was noted that as a result of this, the risk attached to the security of the system increases and the costs of applying compensating measures also increases whilst delivering no business benefit.

It was reported that a benefit of the new modern finance system was that there would be a reduction in the number of systems and workarounds that need to be maintained in order to provide key financial information for decision making purposes. It was noted that the new financial management system was intuitive, easy to use and included Portal technology for customers and suppliers to support self-service.

The Board noted that another benefit of the new financial management system was that it would lead to improved financial intelligence, including:

- Key FMS information will be pushed to users to act upon within the system
- Business Partnering conversations can be proactive rather than reactive.
- Support the delivery of the data strategy and Intelligence Led Council Project

It was noted that the new financial management system would also refocus resources on value added activities including:

- Business partnering including budget forecasting
- Debt recovery
- Efficient and prompt payment of invoices
- Streamlining the contract monitoring solution

The Board noted that a consultation had been undertaken with Key Stakeholders including schools. It was also noted that an options appraisal had been conducted which had recommended that the Council procured a new finance system.

A councillor asked why the Council had decided to peruse a standalone finance system. The Board noted that the Council had considered joining the East Midlands Shared Service and had also had informal discussions with Derbyshire County Council. It was noted that the implementation times for both of these options did not match the Council's, and that it therefore made more sense to procure a standalone finance system.

It was reported that a negotiated tendering exercise had taken place covering price, quality, including demonstration of the product and contractual Arrangements (Legal Terms and Conditions).

It was noted that the Project Management Office had given Gateway 3 Approval of Full Business Case in December 2021. It was reported that there had been a

negotiated tendering exercise with a maximum budget of £1.5 million for initial supplier deployment and £180k per annum for the first 5 years operating costs. It was noted that 13 bids were received ,of which 5 were compliant, and that a shortlist of 3 bidders were taken forward and had been invited to:

- Demonstrate their systems against 8 scenarios set by the project team
- Clarify any outstanding points
- Submit final bids by 26th November 2021

It was reported that on 8 December 2021 Council Cabinet had approved delegated authority to the Strategic Director of Corporate Resources, in Consultation with the relevant cabinet member. It was noted that the contract would be awarded later in December 2021.

A councillor asked what support the provider would give the Council for the new finance system. The Board noted that the Council would receive support during the implementation phase and that any further support could also be acquired from third parties.

A councillor asked whether the new system would allow the Council to make savings in comparison to using Oracle. It was noted that the new system would provide savings of around £200k per annum and that there were opportunities to increase this further. It was reported that the contract with the new provider was for five years with the option of an additional five years.

The Chair questioned whether the Director of Financial Services was confident that the implementation of the new finance system would be smooth. It was reported that there was an internal project team that would not be dissolved after the implementation period. It was noted that this would ensure a smooth transition. A councillor asked whether a back up was in place in case the transition failed. It was noted that the new provider would have completed the configuration of the new system within six months. It was noted that the new system would not go live until April 2023 and that there would therefore be a significant overlap period if any issues occurred.

Resolved to note the information provided within the presentation.

20/21 Corporate Services Scrutiny Review Board Topic Review

The Head of Procurement presented the Board with an update on the work that the Procurement Team had done during the COVID-19 pandemic.

The Board noted that the Public Contract Regulations 2015 set out a legal framework for the procurement of good and services with a contract value in excess of £189,330 and works with a contract value in excess of £4,733,252. It was reported that for sub-thresholds contracts, the Council must comply with principles of transparency, equality etc.

It was reported that Contract Procedure Rules set out the procedures that must be followed when buying goods, services and works to ensure compliance with the Public Contract Regulations (PCR) 2015 and to ensure the Council achieves

value for money. The Board noted that Waivers were put in place where the Council was required to award a contract without following requirements of the Public Contract Regulations 2015.

It was reported that at the start of the pandemic the Government had recognised that Local Authorities needed to put in place contracts urgently and that the PCR 2015 requirement to advertise and conduct full tender processes were inappropriate in an emergency situation. It was noted that the Government issued Procurement Policy Notes (PPN's) to allow easements within the regulations.

It was reported that the following Procurement Policy Notes were issued during the pandemic:

- PPN 01/20 – to allow direct award due to extreme urgency to respond to COVID-19 consequences
- PPN 02/20 – to enable support suppliers at risk
- PPN 04/20 – building on PPN 02/20
- PPN 01/21 – building on PPN 01/20

The Board noted that throughout the pandemic, the Council had continued to conduct its procurements in accordance with PCR 2015 and CPR. It was reported that there had been some limited use of the COVID Easements to facilitate urgency requirements and that all decisions to award contracts using COVID Easements were recorded under the Council's emergency planning procedures.

It was noted that examples of use of procurement easements included:

- Provision of 55 short term residential care beds for people discharged from hospital
- Purchase of a stand-alone cremator for Markeaton Crematorium
- Private waste collection services
- Continuing payments to Special Education Needs transport providers

The Board noted that there had been no evidence of procurement non-compliance during the Pandemic and that 17 waivers raised during the period were Covid-19 related. It was reported that all easements had now been withdrawn and that no amendments were required to the CPR at the current time.

The Board noted that new thresholds were coming into force in January 2022. It was reported that the new thresholds were for goods and services with a contract value in excess of £213,477 and works with a contract value in excess of £5,336,937. It was noted that for the first time the Council would have to publish contract values inclusive of VAT.

It was reported that the Government had published a Procurement White Paper and that consultation was currently taking place as to how the regulations would be amended going forward.

The Chair questioned whether the Council used the European Journal to advertise contracts. It was noted that the Council; advertised contracts on the Contracts finder website and through the Find a tender Service.

A councillor asked what the total value of the 17 waivers during the pandemic amounted to. The Head of Procurement informed the Board that they would provide this information after the meeting.

A councillor questioned whether the Procurement Team had looked into expenditure for the Derby loves You Venue. It was noted that a lot of spend for this venue had been on artists which were not part of procurement rules. It was reported that the Head of Procurement had looked at expenditure and had found that there was not any non-compliance.

Resolved:

- 1. to note the presentation on procurement.**
- 2. to approve the scope of the Topic Review.**

21/21 Work Programme for 2021/22 Municipal Year

The Board considered a report setting out the Work Programme for 2021/22 Municipal Year. It was agreed that the Board would add an item on Boundary Commission Review update to the Work Programme or the meeting on 10 March 2022.

It was agreed that the Board would recommend that a Topic Review on the Medium Term Financial Plan and an item on Derby Plan/Council Plan update were included in the Board's 2022/23 Work Programme.

Resolved:

- 1. to note the information provided within the report.**
- 2. to add an item on Boundary Commission Review update to the Work Programme or the meeting on 10 March 2022.**
- 3. to recommend that a Topic Review on the Medium Term Financial Plan and an item on Derby Plan/Council Plan update are included in the Board's 2022/23 Work Programme.**

MINUTES END.