

Meeting	Cabinet Resources Committee
Date	18 October 2012
Subject	Information Systems – Logica SAP Services for The Barnet Group
Report of	Deputy Leader of the Council and Cabinet Member for Resources and Performance
Summary	The report seeks the waiver of relevant rules within the Council’s Contract Procedure Rules to enable additional purchases to be made in 2012/13, in the sum of £100,000, for services provided for The Barnet Group with Logica, the Council’s Managed Service for SAP provider.

Officer Contributors	Andrew Gee, Head of Information Systems Service Delivery
Status (public or exempt)	Public
Wards affected	All
Key Decision	No
Reason for urgency / exemption from call-in	Not applicable
Function of	Executive
Enclosures	None

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1. RECOMMENDATION

- 1.1 That, in response to identified One Barnet change projects, the Committee authorise a waiver of Contract Procedure Rules to enable purchases to be made with Logica, who currently provide the Council with Managed Services for SAP, for The Barnet Group up to a value of £100,000 to the annual contract of £1.2m. The annual contract due to expire July 2013 with this additional work being concluded by 1 April 2013.**

2 RELEVANT PREVIOUS DECISIONS

- 2.1 The hardware underpinning the SAP ERP system was procured with the SAP Software as part of the Modernising the Way we Work (MWW) programme undertaken by the council in 2004.
- 2.2 The Council procured the Managed Service for SAP with Logica on 1 April 2006, following novation of the Prime Contract dated 1 February 2000.
- 2.3 On 1 February 2010 the Council extended the Logica Managed Service contract for 3 years.
- 2.4 Cabinet Resources Committee, 4 April 2012, (Decision Item 17) - resolved: the variation of the existing contract with Logica, the current SAP managed service provider, to replace the current obsolescent hardware provision including the one off cost of a hardware refresh of £200,000 and an estimated annual cost for 2012/13 of £1.2 million, which has been allocated through the Council's Financial Forward Plan.

3 CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The aim of the suggested recommendation to spend is to ensure that Information Services (IS) does not hinder or impede the Council's 'One Barnet' objectives. Therefore, IS require authorisation to procure infrastructure services to cover the period between now and until any new service provider agreement is fully executed.
- 3.2 The regularisation and extension of contracts, going forward, will progress with priority as per the Council's Corporate Plan: Better services with less money – through efficient procurement and contract management, including reduction of administration costs associated with placements.

4. RISK MANAGEMENT ISSUES

- 4.1 Following the transfer of Housing Needs Resources to The Barnet Group in April 2012, there is a need to implement the SAP SRM (Supplier Relationship Management) for The Barnet Group. A temporary facility for processing payments has been agreed by the S151 Officer but is not sustainable under council data management policies.
- 4.2 If the spend, identified in this report, is not approved, the Council:
- will be exposed to continuing to process data against council data management policies.

- 4.3 SAP services cannot be procured outside the existing Logica contract for the council whilst the council continues to provide SAP services for Barnet Homes under the management contract.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Under the Equality Act 2010, the council and all other organisations exercising public functions on its behalf must have due regard to the need to: a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; b) advance equality of opportunity between those with a protected characteristic and those without; c) promote good relations between those with a protected characteristic and those without. The 'protected characteristics' referred to are: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex and sexual orientation. It also covers marriage and civil partnership with regard to eliminating discrimination.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 The annual SAP Managed Service contract with Logica expires in July 2013.
- 6.2 The annual SAP Managed Service contract for 2012/13 has a value of £1.2m.
- 6.3 Cabinet Resources Committee, 4 April 2012, (Decision Item 17) approved spend with Logica in addition to the Managed Service contract for 2012/13 is:

Contract spend	
Hardware Refresh	£200,000

- 6.4 The total spend on the SAP Managed Service contract with Logica for the last three years is:

Year	Contract spend
2010/11 (includes Licence Flex costs)	£1,287,407.86
2011/12	£961,412.37
2012/13 to date	£1,030,361.31
	£3,279,181.54

6.5 The following additional spend with Logica for The Barnet Group SAP SRM provision:

	Project / authorisations	Estimated Total spend
SAP SRM implementation	The Barnet Group	£100,000

6.6 There are no issues related to Staffing and Property

6.7 The Council provides SAP services to The Barnet Group under contract until 01 April 2013.

7. LEGAL ISSUES

7.1 The Treaty provisions of equal treatment, fairness and non-discrimination must be complied with, by the council, in carrying out its functions and in exercising its powers.

7.2 With respect to the council's own Contract Procedure Rules, the Cabinet Committee has power to waive any one of more of those Rules if satisfied that waiver is justified on any one or more of the grounds set out in Section 8, below.

8. CONSTITUTIONAL POWERS

8.1 Constitution, Part 3, Section 3.6 details the functions of the Cabinet Resources Committee. Section 5.8 of the Contract Procedure Rules provides that the Committee has the power to waive the provisions of the Contract Procedure Rules where the Committee is satisfied, after considering a written report by the appropriate officer, that the waiver is justified because:

8.2.1 the nature of the market for the works to be carried out or the supplies or services to be provided has been investigated and is demonstrated to be such that a departure from the requirements of Contract Procedure Rules is justifiable; or

8.2.3 the contract is for works, supplies or services that are required in circumstances of extreme urgency that could not reasonably have been foreseen; or

8.2.3 the circumstances of the proposed contract are covered by legislative exemptions (whether under EU or English Law); or

8.2.4 there are other circumstances which are genuinely exceptional.

8.2 A waiver of the Contract Procedure Rules is being sought, herein, on the basis of exceptional circumstances, in view of the complex nature of the contracts which require regularisation the time which it would take to carry out full procurement process(es); and the impending externalisation of NSCSO to an private partner.

9. BACKGROUND INFORMATION

9.1 In April 2012, the council's Housing Needs Resources service transferred to The Barnet Group under the One Barnet programme.

- 9.2 The Council provides IT services, including SAP, under a service contract which expires on 1 April 2013.
- 9.3 The Barnet Group requested that the Council continue to provide data processing services in SAP for the Housing Needs Resources service. This was approved by the S151 officer on a temporary basis until a decision on extending SAP services was taken by Barnet Homes.
- 9.4 In June 2012, The Barnet Group requested that the council procure SAP SRM services for them to process housing payments.
- 9.5 The implementation of the SRM service will incur £100,000 in 2012/13.
- 9.6 The cost is to be met by the council Housing budget.

10. LIST OF BACKGROUND PAPERS

- 10.1 None

Cleared by Finance (Officer's initials)	AT/MC/JH
Cleared by Legal (Officer's initials)	SS