Birmingham City Council
Report to Cabinet

30th July 2019

Subject:	**Full Business Case and Contract Award for the Future Delivery of the Council's HR & Finance Systems**
Report of:	**Chief Finance Officer, Director of Human Resources and Director of Digital and Customer Services**
Relevant Cabinet Member:	**Councillor Brigid Jones – Deputy Leader** **Councillor Tristan Chatfield – Cabinet Member for Finance and Resources**
Relevant O & S Chair(s):	**Councillor Sir Albert Bore – Chair of Resources Overview and Scrutiny**
Report author:	**Peter May** ERP Programme Director Mobile: 07713631640 Email: Peter.May@birmingham.gov.uk

Are specific wards affected? If yes, name(s) of ward(s):	☐ Yes	☒ No – All wards affected
Is this a key decision? Forward Plan Reference: 006556/2019	☒ Yes	☐ No
Is the decision eligible for call-in?	☒ Yes	☐ No
Does the report contain confidential or exempt information? Schedule 12A of the Local Government Act 1972 as amended – paragraph 3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information)	☒ Yes	☐ No

1 Executive Summary

1.1 The purpose of this report is to seek approval of the Full Business Case (FBC) in relation to the proposed replacement of the Council's Finance and HR (including Payroll and Procurement), Enterprise Resource Planning (ERP) solutions. Further details are contained in Exempt Appendices 1 and 2 of this report.

1.2 Following a competition undertaken under the Crown Commercial Services Framework RM3821 and a commercial and technical evaluation, approval is sought for the award of the ICT ERP services contract.

2 Recommendations

That Cabinet:

2.1 Approves the Full Business Case (FBC) as appended at Exempt Appendix 2 to this report;

2.2 Approves the award of the ICT ERP contract to the preferred supplier, as set out in Exempt Appendix 1, via Crown Commercial Services framework RM3821 for the delivery of a Cloud based ERP solution, for a period of five years with a single option to extend for a further two years;

2.3 Delegates authority to the Chief Finance Officer (or their delegate) in consultation with the Director of Digital & Customer Services (or their delegate) to oversee and implement the new ERP solution, including all changes to business processes and ways of working to maximise the benefits to the Council;

2.4 Delegates authority to the Chief Finance Officer (or their delegate), Director of Digital & Customer Services (or their delegate) and Assistant Director Development and Commercial (or their delegate) in consultation with the Deputy Leader, to negotiate a single option two year extension, subject to satisfactory performance of the contract;

2.5 Notes that the progress of the project will be monitored and reviewed at the Deputy Leader's ICT Strategy Board;

2.6 Authorises the City Solicitor (or their delegate) to complete all relevant documents necessary to give effect to the above recommended decisions.

3 Background

3.1 On 18th September 2018 Cabinet approved an Outline Business Case (OBC) report to replace the current Finance and HR (including Procurement and Payroll) ERP solution with a new Cloud based ERP solution which met all of the business requirements. This aligned with the Council Plan priority of being a Council "Fit for the 21st Century" supported through its Workforce and ICTD Strategies. Cabinet made the decision following the appraisal of a number of options and a procurement strategy for the proposed replacement of the

Council's Finance and HR (including Procurement and Payroll) systems which are hosted, maintained and supported, by its existing ICT partner, Capita. A subsequent procurement exercise was undertaken to identify a suitable Finance and HR, cloud-hosted Software as a Solution (SaaS), replacement ERP solution.

3.2 Four options consideration in the OBC were::

Option 1

Retain the current SAP system and undertake a programme of investment to improve usability and reduce support costs

Option 2

Retain the current SAP system in its current form and migrate to a Cloud-based hosting solution to save hosting costs

Option 3

Replace the current SAP system with separate 'Best of Breed' solutions for Finance and HR (including Procurement and Payroll).

Option 4

Replace the current SAP system with single Enterprise Resource Planning (ERP) system to meet all requirements for Finance and HR (including Procurement and Payroll).

3.3 Examination and analysis of the options by the Council, including a market-testing exercise held in summer of 2018, resulted in the recommendation of **Option 4**, to migrate to an alternative single ERP (Cloud-hosted, SaaS) solution, which meets all business and functional requirements. This solution had the greatest potential to deliver the benefits required of a new system, in terms of its fit to the Council's "Fit for the 21st Century" workforce strategy and "Modern Workplace" objectives, including: enhanced user experience, self-service capability, improved functionality, business process improvements and delivery of significant financial savings.

3.4 The procurement strategy set out in the OBC report recommended using the Corporate Software Solutions procurement framework (RM1042) established by Crown Commercial Services (CCS). This framework enabled the procurement of an agnostic (non branded solution specification) system solution delivered by a pre-qualified system implementation (SI) partner. The OBC report proposed a launch date of 29th September 2018. The procurement strategy however identified risks associated with using this framework, the main risk being that it was due to expire in October 2018 but with a proposed extension through to March 2019, while a replacement framework was established.

3.5 Due to emerging challenges faced by the business in preparation in readiness for a commercial procurement exercise and additional business due diligence required, the ERP Steering Committee approved a 'qualitative' delay in the

launch of the procurement in order to ensure the following criteria had been satisfied:

- Full review and business sign off of the functional & technical specifications due to the on-boarding of new functional management teams & stake-holders; this included the enhancement and a wider scope of specialist system functionality to meet emerging business need

- Enhanced system integration partner specification

- Full SAP (enterprise wide) system integration and interface specification with the Council's 140 integration feeder systems – to ensure market ability to respond commercially to the tender and ensure integration continuity with any new ERP solution

- To highlight to the business the requirements for specific organisational readiness work streams as a dependency to the on-boarding of a new solution based on the following themes: People (Business Change), Project Infrastructure, Process/Controls, Systems, Data, Reporting and Organisational 'Target Operating Model' Infrastructure.

3.6   Subsequently, a parallel review of the procurement timetable concluded that the risks associated in applying a process using the CCS RM1042 framework were too great and that it should be delayed until the replacement framework was in place.

3.7   The new CCS Framework RM3821 went live from 22nd February 2019 and the Council published the tender for the SI and solution requirements on 4th March 2019.

3.8   Four tenders were received from pre-qualified framework suppliers based on the procurement and implementation of an agnostic fully integrated ERP solution covering Finance and HR (including Procurement and Payroll) represented in the tender response included that of SAP, Oracle and Unit 4.

3.9   Tender submissions were evaluated by a range of business sourced subject matter experts against a predetermined set of functional and technical requirements. The submissions were evaluated against a set of functional requirements developed to meet the needs of the organisation and its objectives. The SI partner submissions were also evaluated against a set of delivery requirements. The panel assessed its confidence in bidders experience and capability in delivering programmes of similar size and complexity. As part of the tender all four respondents were invited to demonstrate their system solutions against a set of process scenarios provided by Council functional teams.   Scenario demonstrations were evaluated consistent with the wider functional requirements and scenarios and moderated according to procurement and governance guidelines.

3.10   In parallel with this, pricing and product license & subscription schedules were reviewed and evaluated by Council commercial teams, and third party technical

subject matter experts, to maintain integrity of the process and identify the bidder that provided the best value-for-money on a total cost of ownership for the proposed solution.

3.11   The selection process is outlined in Paragraph 12 of this report and details of the commercial and technical evaluation and outcome is provided in Exempt Appendix 1 to this report.

3.12   The OBC also identified the need to procure specialist business change and programme management resources to support the Council in delivering the programme in terms of the significant cultural and business-process changes that will accompany the implementation. Bidders were expected to take-on a significant proportion of delivery risk.

3.13   Successful adoption of a new Finance & HR solution recognises the importance and positive impact of effective change management that underpins behavioural, cultural and organisational opportunities to the business. A separate procurement exercise was undertaken that sought to establish third party enhancement to the programme delivery team and Council functional resourcing. On mobilisation, this will enable Council programme delivery and third party 'hybrid' change-management support to ensure the successful adoption of the ERP solution by users across the Council, deliver business-case benefits and drive performance.

3.14   Following Cabinet approval of the Planned Procurement Activities report on 22nd Jan 2019, a separate procurement exercise was conducted via the 'Bloom' Framework where 12 industry proven suppliers were invited to respond from which five bids were received and subsequently evaluated. Details of the selection process and outcome forms part of a separate delegated contract award report, approved on 9th July 2019, which was approved in-line with Council governance procedures. Although undertaken as a separate procurement exercise, the costs associated with this contract award form part of the FBC and financial evaluation as detailed in Exempt Appendices 1 and 2.

3.15   Following the approval of the OBC a review was undertaken of the level of resources need to deliver the required business transformation and change management as well as implement the new ERP solution. As a consequence, the level of resources deemed necessary for the implementation of a project of this size and nature has been increased and strengthened, resulting in an increased implementation and training cost. The financial details are provided in Exempt Appendices 1 and 2 to this report. However, the main reasons for these resource changes are detailed below:

- Following a review of the need for Council staff to participate in delivering a successful project, including the secondment of subject matter experts during major delivery stages, the need to provide funding to 'back-fill' those staff has been significantly increased. This includes a supplemented Council / partner hybrid resource model to drive business

change, focussed on behavioural and cultural 'operational' adoption of the new ERP solution and industry best practice processes to end users of the system.

- A review of the capacity and skills available within the Council's technology services teams (including those resources due to transfer back from Capita in August 2019) has led to an increase in the provision of specialist technology expertise to support the delivery of the new system.

- A fully defined programme resource delivery model covering all aspects of Council's business operational implementation capability, cultural and behavioural change and ICT support services has now been identified to support optimal programme delivery resourcing to meet the complex environment, scope and timeline for deployment of the new solution. This includes pre-implementation 'Organisational Readiness' work stream delivery.

3.16 The current SAP ERP system expires in its current operational capacity from March 2021. Subject to Cabinet approval it is anticipated that the mobilisation of the new solution contract will commence from September 2019. This will initiate the programme cycle of implementation of the replacement solution and supporting business change over the subsequent 17 months to full release of functionality by February 2021.

4 Benefits Realisation

4.1 Benefits need to be considered in a much broader context than just the implementation of a replacement IT solution and extend much wider than financial benefits and those to be realised by Finance and HR services. This is a Business Transformation programme which will benefit the Council as a whole and will provide the catalyst for cultural change as well as delivering significant business improvements and efficiencies and a fundamental review of existing processes and procedures. This will underpin the strengthening of the Council's overall financial management arrangements. These wider benefits extend beyond the term of the IT contract solution and will have a positive impact on the day to day work of employees in the future.

4.2 The customer / user experience is at the heart of this new ERP solution. Technology and the financial benefit of a new system implementation is widely accepted, however, there is also significant qualitative benefit for Council employees and end users of the system, both internal (employees) and external to the Council (suppliers and residents). Much of the internal user benefit lies in self-service application of system functionality, information management and subsequent empowered devolved decision making away from the reliance on core traditional Finance and HR operational teams.

4.3   Manager / Employee benefits – the new ERP will provide a greater focus on data and information management which supports real time accurate decision making. This will improve staff and employee management through workflow automation, for example, through recruitment & absence management. Live information / reporting dashboards will be available, which update in real-time, through embedded analytics, presented in a format that is easy to understand. There will be options to filter, sort and drill down into additional levels of details on budgets and staff, and improved workforce management tools that link Finance & HR organisation structures and charts, providing a single source of Finance & HR data.

4.4   Budget Holders – The new ERP will support self-service budget management providing real time reporting and accountability for budget management and transactional approval through workflow automation. User-friendly tools will be available with live budget management information that helps budget holders to forecast and monitor expenditure in the system rather than using spreadsheets. The system will provide one version of the truth with automated commitment and accrual accounting. The chart of accounts will be rationalised to accurately represent the business and optimise budget management and business decisions based on accurate data.

4.5   Line Managers - will be able to access and manage a range of self-service activities such as live dashboard information about employees and improved processes for approving and managing leave requests. New tools will allow management of staff performance online and streamlined processes will minimise the time spent on workforce administration activities, including improved online recruitment processes.

4.6   Employees - will be able to access and manage a range of self-service activities including: viewing payslips, updating learning history and performance objectives, booking annual leave, recording sickness absence, managing personal information. New functionality will support agile and flexible mobile working from any location / device.

5   Consultation

5.1   Senior officers across the Council involved in the delivery of Finance and HR services and a range of users of the existing SAP ERP solution have been consulted, including the use of workshops and product demonstrations to inform this FBC and contract award.

5.2   The Chair of Resources Overview & Scrutiny, Leader of Conservative Opposition, Leader of Liberal Democrats Opposition, and senior officers in Finance, Legal, HR and Procurement have all been briefed and support this proposal.

5.3　　A number of software suppliers were engaged as part of a soft-market testing exercise to inform the business requirements and lessons-learned were acquired from a number of local government organisations that are / have recently replaced their systems and solutions.

5.4　　The Birmingham Children's Trust have been consulted and engaged throughout this procurement exercise as a key stakeholder, as they will also transition to the new ERP solution.

5.5　　Capita technical resourcing has been utilised in the evaluation of both technical and commercial elements of the ERP procurement evaluation.

6　Risk Management

6.1　　Risks will be identified, evaluated and controlled in line with the Council's Risk Management Methodology.

6.2　　Risks will be identified, assessed for likelihood and impact with defined mitigation strategies, will be tracked and managed by the programme PMO.

6.3　　In terms of the technical implementation of the ERP solution, programme management and change-management activities, there would have been a significant risk to the Council's ability to meet key dates and quality of delivery had it planned to manage this level of activity internally.　The Council is considered to have insufficient capacity and relevant knowledge; hence this programme has sought external support to mitigate such risks. A number of key risks and potential mitigating actions have been identified in the table below and further information is provided in the detailed risk assessment included in Exempt Appendix 2.

No.	*Risk*	*Council High Level Programme Response / Mitigation*
1	Back office services transition - Resource flight risk	Full resourcing workstream plan defined for the programme - dependencies to transition resources mapped - contingency planned
2	Back office services transition - Data centre expiry	Ref No. 8 & 10 business continuity of SAP solution options provided and budgeted in the event of solution deployment delay
3	Management of Business Change / Stakeholder Engagement - Behavioural & Cultural - Internal & External (Suppliers / Customers)	Full business change supplementary resourcing to enhance Council capacity has been secured - Hybrid Council /Third party model
4	Data migration volume / Data quality	ICT Workstream (Data Migration Strategy) defined, prioritised & mobilised

5	Business Resources (SME / Process Owners) Assigned to project (Whole Lifecycle)	Business resource backfill secondment model deployed
6	Integration / Interface complexity / Management of 3rd parties	Integration / Interface specification included in CCS RM3821 tender - Prioritised under ICT workstream
7	Payroll complexity / volume	Payroll Landscape defined in CCS RM3821 - 'In Flight' Programme Risk to Manage - Solution dependent - specialist resourcing defined.
8	Timescales for project release (Sept 2020 / Feb 2021)	Release timescales dictated by transition of existing SAP estate schedule. Business continuity / contingency planning in train - SAP Contingency defined and budgeted
9	Governance & decision making (In Flight) / authorisations	Full project & ICT governance model - ToR approved
10	Complexity of Council environment (Inc. back office transition)	Transition schedule - complete prior to SI/Solution contract mobilisation
11	Business acceptance of 'Vanilla' standard solution	Council design principle to adopt standard solution processes - I.e. Nil bespoke - Business (Adopt / Adapt) to new solution
12	Product release cycles / Upgrades - Mid deployment.	Solution dependent - 'In Flight' Programme risk to manage
13	Cross dependencies with other major programmes result in unplanned costs, resource conflict and/or increased timelines.	Establish (ICT/ERP) PMO function to enable governance and alignment between key programme accountabilities ensuring direct lines of governance to the Corporate PMO Function - driving single coherent programme / enterprise wide plan

7   Information Technology / Security

7.1   The ERP specification follows UK Cabinet Office guidelines on Government Digital Code of Practice. The Security Protocol will be fully ratified via supplier terms and conditions prior to the contract award. Further details about the preferred supplier's approach to information technology / security in relation to implementing a new ERP solution is detailed in Exempt Appendix 1.

8 Compliance Issues:

8.1 The Council's outcomes and priorities as detailed in the Council Plan approved by Cabinet in February 2019 will be supported by the adoption of this proposal through the implementation of a new system that will enable more effective decision-making by managers across the Council and delivery of improved efficiency by reducing the cost of administration. It is also consistent with the ICT & Digital Strategy (2016 - 2021) approved by Cabinet in October 2016.

9 Public Sector Equality Duty

9.1 An Equality Impact Analysis has been completed and is attached at Appendix 3. This indicates that the equalities impact of the proposed implementation of a new Finance and HR cloud based ERP system is minimal and that the new solution will ensure that all of the latest equality duty requirements, for example, accessibility for users with specific needs, will be met.

10 Legal Implications

10.1 Section 112 of the Local Government Act 1972 confers power on the Council to appoint such officers as it thinks necessary for the proper discharge of its functions. Section 111 of the act confers power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.

10.2 The Council is under a duty, specifically Section 3 of the Local Government Act 1999, to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

11 Financial Implications

11.1 Exempt Appendix 1 and the FBC in Exempt Appendix 2 provide further detailed financial information to support this decision and contract award, including current SAP ERP revenue running costs, and estimated running costs, implementation costs, funding model, and savings arising from the proposed new ERP solution. It is assumed that by moving to a Cloud based ERP solution, all running, maintenance, development and implementation costs will be treated as revenue expenditure and no capital investment funding will be required.

11.2 This FBC extends over a 12 year period (2019/20 to 2030/31) in line with the OBC and recognises that as the organisational changes in culture, processes and procedures, from the wider ERP programme, become embedded, it will

realise longer term benefits beyond the life of the new IT system and the initial seven year contract period.

11.3 Table 1 below summarises the estimated costs and savings associated with the implementation and operation of the new ERP system. Over the life of the FBC there is a forecast gross ERP system saving of £48.111m. However, taking into consideration estimated implementation and dual running license costs of £19.965m, a further £19.895m for SAP licensing, support and hosting costs during the two years of implementation and ongoing costs associated with SAP data archiving, there is a forecast net system saving of £8.251m. In addition, over the same period, there is an estimated saving of £18.650m in Finance and HR support services, giving an estimated total saving of £26.901m from implementing the new ERP solution, an average of £2.2m per annum..

11.4 At OBC stage a total saving of £38.172m was estimated, taking into consideration system and other employee efficiency savings. The £11.271m reduction is due to increased implementation costs of £4.934m, increased system support costs of £5.250m and various other net changes of £1.087m.

Table 1	2018/ 19	2019/ 20	2020/ 21	2021/ 22	2022/ 23	2023/24- 2030/31	TOTAL
	£m	£m	£m	£m	£m	£m	£m
Estimated running and support costs of the current SAP ERP system	-	7.539	7.356	7.356	7.356	58.848	88.455
Less: Estimated running and support costs of a Cloud based ERP	-	-	-	3.889	3.889	32.566	40.344
Gross ERP system saving	**-**	**7.539**	**7.356**	**3.467**	**3.467**	**26.282**	**48.111**
Less: Estimated implementation and dual running costs of a Cloud based ERP	0.172	6.983	12.810	-	-	-	19.965
Less: SAP licensing, support and hosting during implementation and SAP data archiving	-	7.539	7.356	0.500	0.500	4.000	19.895
Estimated net saving from new ERP	**(0.172)**	**(6.983)**	**(12.810)**	**2.967**	**2.967**	**22.282**	**8.251**
Add: Estimated efficiency savings in Finance and HR support services	-	-	0.100	1.090	1.940	15.520	18.650
Estimated total saving from new ERP	**(0.172)**	**(6.983)**	**(12.710)**	**4.057**	**4.907**	**37.802**	**26.901**

11.5 The estimated total implementation cost for the new ERP is £19.965m, phased over a three year period 2018/19 to 2020/21. As these implementation costs are over and above the existing budget for the SAP ERP running costs during the implementation period, two sources of additional funding have been identified. Firstly, £0.992m of funding identified by the Finance and Governance Directorate towards the ERP project and secondly, £18.973m from corporately allocated Invest to Save resources, which need to be repaid in accordance with agreed policy.

11.6   Repayment of Invest to Save is required to ensure funding can be made available to support similar type projects and new savings proposals that require a level of upfront investment to deliver future savings. Repayment currently extends over a 14 year period from 2021/22 to 2034/35, but every opportunity will be taken to reduce this repayment period in future years subject to budget availability. Repayment will be from two sources of funding. Firstly, £8.115m of Finance and Governance Directorate budget contributions and secondly, using net annual system savings of £10.858m from moving to the new ERP solution (initially £0.967m per annum). Table 2 provides further details.

Table 2	2018/ 19	2019/ 20	2020/ 21	2021/ 22	2022/ 23	2023/24 – 2034/35	Total Cost
	£m	£m	£m	£m	£m	£m	£m
Total Implementation Costs	0.172	6.983	12.810	-	-	-	19.965
Financed by:							
Finance and Governance Directorate base budget contributions	0.172	0.448	0.372	-	-	-	0.992
Invest to Save	-	6.535	12.438	-	-	-	18.973
Total Financing	**0.172**	**6.983**	**12.810**	**-**	**-**	**-**	**19.965**
Repayment of Invest to Save:							
Invest to Save	-	6.535	12.438	-	-	-	18.973
Repaid by:							
Finance and Governance Directorate base budget contributions	-	-	-	0.447	0.462	7.206	8.115
Net annual system saving new ERP	-	-	-	0.967	0.967	8.924	10.858
Total repayment	**-**	**-**	**-**	**1.414**	**1.429**	**16.130**	**18.973**

11.7   This estimated annual system saving of £3.467m (see Table 1) increases by a further £1.940m to £5.407m once the new Cloud based ERP system solution has been fully implemented. This reflects an estimated annual efficiency saving in Finance and HR support services built into the Long Term Financial Plan (LTFP), as a consequence of implementing the new ERP solution. This is based on system and process efficiencies that a new Cloud based ERP is expected to deliver and both services will need to complete a re-structuring exercise to deliver the required savings in full and employee reductions by 2022/23. This is summarised in Table 3.

Table 3	
Estimated Annual Savings from Implementing a Cloud Based ERP	**£m**
Annual ERP running costs saving	3.467
Annual Finance and HR support services saving	1.940
Total annual saving	**5.407**

11.8   Estimated implementation and dual running costs have increased from £15.031m at OBC stage to £19.965m at FBC stage, a £4.934m increase. The main reason for this is the need for additional internal business and ICT resources to deliver the ERP implementation and business change process, given the scale of this project.

11.9   The Invest to Save borrowing requirement has increased by £7.732m between OBC and FBC stage. Borrowing of £18.973m is now required compared to the £11.241m at OBC stage. This is due to increased implementation costs of £4.934m and the loss of £2.798m of other assumed funding sources at OBC stage. Robust programme and project management arrangements will seek to minimise the implementation costs as far as possible.

12   Procurement Implications

12.1   Background

The CCS Data and Application Solutions Framework Agreement (RM3821) was identified as the most suitable to use as the natural successor to RM1042, providing the same scope but with a wider range of suppliers. The protocol for the operation of the RM3821 Framework Agreement requires that a competition exercise is undertaken with the opportunity advertised to all framework providers.

12.2   Publication

A complete tender pack was issued to the 26 suppliers on Lot 1a - Resource Planning & Management Solutions Framework on the 4th March 2019. The tender pack contained;

- Further Competition – Instructions for Suppliers
- Further Competition – Questionnaire
- Further Competition – Specification and Agreement
- Further Competition – Pricing Schedule
- A Requirements Traceability Matrix detailing the functional and non-functional requirements for;
  - HR & Payroll
  - Finance
  - Technical
  - Procurement
  - Delivery Approach
- Additional service information;
  - Traded Services Requirements
  - Interfaces and Integrations
  - Metrics for HR, Traded Services, Finance and Procurement
  - Core Functional Roles for HR, Finance and Procurement

A return date of the 23rd April 2019 was set for tender submissions.

A total of 24 expressions of interest were received, of these four submissions were made by;

- Atos IT Services UK Limited in partnership with SAP
- DXC Technology in partnership with PwC and SAP
- Insight Direct (ULK) in partnership with Evosys and Oracle
- Oxford Computer Consultants in partnership with Unit4

20 suppliers effectively withdrew themselves from the process by not submitting a response. Suppliers that did not respond were contacted for feedback. The feedback received fell into the following categories;

- Unable to support a project of this size
- Lack of capacity owing to existing projects
- No specific reason / no response given

12.3   Evaluation and Selection Criteria

Evaluation and selection was undertaken in-line with the framework protocol and a two stage tender process was used.

Selection Stage (Pass / Fail)

Tenderers were required to respond to the standard selection questionnaire and provide:

- Company Information
- Grounds for Mandatory Exclusion
- Grounds for Discretionary Exclusion
- Economic and Financial Standing
- Technical and Professional Ability
- Data Protection Policies
- Additional Selection Questions
    - Environmental Management
    - Insurances
    - Compliance to Equalities Duties
    - Health & Safety
    - Compliance to the Birmingham Business Charter for Social
    - Responsibility

All four tender responses to the Selection Questionnaire were assessed and no concerns were highlighted. All four suppliers therefore proceeded to the Tender Stage.

Tender Stage

The following weightings were applied:

Quality (55%),
Social Value (5%),

Price (40%).

These weightings were revised from the Cabinet Report strategy to better reflect the importance of the pricing element.

i)   Quality

The Quality evaluation criteria used for the competition exercise were broken down as follows:

Quality 55%	Weightings
Delivery 31%	
Methodology	17%
Plan, Team and Governance, Experience & Capability	11%
Risk	3%
ERP – Functional Requirements 59%	
HR & Payroll	17.5%
Finance	17.5%
Procurement	5%
Technical Capability	17%
Solution Overview	2%
Solution Demonstrations 10%	
Finance	3%
HR	3%
Payroll	2%
Procurement	1%
General	1%
Total	**100%**
Weighting	**55%**

ii)   Social Value

Social Value accounted for 5% of the overall evaluation and is aligned to the requirements of the Council's Birmingham Business Charter for Social Responsibility. Tenderers were required to respond to Social Value questions, complete a Social Value Action Plan, agree to become a signatory to the Birmingham Business Charter for Social Responsibility, and agree to pay employees the Birmingham Living Wage.

iii)   Price

Price accounted for 40% of the overall evaluation. Tenderers were required to provide a complete bill of materials together with implementation costs for the full seven years of the contract (initial five years with a two year extension option).

12.4   Evaluation of Tenders

The evaluation of tenderers was carried out by an extensive range of over 50 functional, technical and commercial subject matter experts from each service area that included both Council employee's and third party partner organisations as follows:

HR & Payroll – 21 evaluators
Finance – 21 evaluators
Procurement – 4 evaluators
Technical – 3 evaluators
Delivery – 7 evaluators

The evaluation was moderated by officers from Corporate Procurement.

12.5   Scoring

The following scoring matrix was used to evaluate tender responses;

Score	Definition	Assessment
5	An excellent response submitted in terms of detail and relevance and clearly meets or exceeds requirements with no negative implications or inconsistencies. Demonstrates exceptional understanding and evidence in their ability/proposed methodology to deliver a solution.	**Excellent**
4	A good response submitted in terms of detail and relevance and clearly meets requirements without significant negative indications or inconsistencies. Above average demonstration by the Tenderer of the understanding and evidence in their ability/proposed methodology to deliver a solution. The requirements would be met to a good standard without intervention or significant ongoing issues.	**Good**
3	A satisfactory response submitted in terms of the level of detail, accuracy and relevance, and evidence in their ability/proposed methodology to deliver a solution. Aspects of the response may be good but there are either some omissions of important factors or negative indications that reduce the extent to which the requirements will be met.	**Satisfactory**
2	Satisfies the requirement with minor reservations. Some minor reservations of the Tenderer's understanding and proposed methodology, with limited evidence to support the response. The Council may be concerned that services would require intervention or ongoing management.	**Unsatisfactory**
1	Limited response provided, or a response that is inadequate, inaccurate or only partially addresses the question. Major reservations of the Tenderer's understanding and proposed methodology, with little or no evidence to support the response.	**Poor**

0	Does not meet the requirement. Does not comply and/or insufficient information provided to demonstrate that the Tenderer has the understanding or suitable methodology, with little or no evidence to support the response. No response to the question or a response that is significantly irrelevant or inaccurate.	**Unacceptable**

The Requirements Traceability Matrixes had an additional scoring element applied based on the EDI rating below;

- "E" Essential requirements equate to 70% of the weighting
- "D" Desirable requirements will equate to 27.5% of the weighting
- "I" Information requirements will equate to 2.5% of the weighting

13   Contract Management

13.1   The contract will be managed by the ERP Programme Director with the support of Corporate Procurement following Council contract management framework governance guidelines.

14   Human Resources Implications

14.1   No TUPE implications have been identified in relation to this report.

14.2   An in-house team will be established on a secondment (fixed term basis), supplemented by external business change resources, to deliver the Council requirements of the programme.

15   Background Documents

15.1   Cabinet Report - Outline Business Case 18th September 2018

16   Appendices

16.1   Exempt Appendix 1 – Full Business Case

16.2   Exempt Appendix 2 – based on Schedule 12A of the Local Government Act 1972 as amended – paragraph 3 -Information relating to the financial or business affairs of any particular person (including the authority holding that information)

16.3   Appendix 3 – Equalities Impact Assessment