



REPORT TITLE: HR Personal Records and Vendor Invoices - Document Scanning and Storage System – Extension of Implementation Support Contract

Dates between which decision will be taken	Earliest date: 6 February 2024 Latest date: 30 April 2024
Cabinet Member	Cllr Lynden Stowe, Deputy Leader and Cabinet Member - Finance and Change
Key Decision	Yes/No
Purpose of Report	To seek the cabinet member's approval for the extension of a contract for specialised consultancy support for the implementation of a new document management system to store and manage HR and supplier invoice records.
Recommendations	That the cabinet member: <ol style="list-style-type: none">1. Ratifies a decision taken by the Director – People and Digital Services to exercise the second of the council's one-year extension options (which commenced on 20th September 2023) under its contract with Softcat Ltd for the supply of implementation support services in respect of the implementation of the Opentext document management system (the first such extension option having been exercised in September 2022); and2. Approves the modification of such contract by increasing the council's spend thereunder by £80,882.35 (i.e. from £250,400 to £331,282.35) due to (a) the need to broaden the scope of the implementation and support services required in order to integrate the Opentext system with a new version of the SAP system; and (b) the greater than expected complexity of the overall implementation as described more particularly in paragraph 3 of this report.
Reasons for Recommendations	The implementation of the system has proved to be significantly more complex than originally expected. As the work has taken longer than planned the council's requirements have changed. Consequently, the scope of the required implementation support services under the contract needs to be extended to provide additional time and funding to complete the work.
Resource Implications	The proposed contract extension and modification will result in a contract cost increase of £80,882.35 over the remaining term of the contract. This will be funded from the existing resources allocated for the wider purchase-to-pay (P2P) programme that this project forms part of.

Background Documents	Individual Cabinet Member Decision - HR Personal Records and Vendor Invoices - Document Scanning and Storage System Procurement Delegated Officer Decision - HR Personal Records and Vendor Invoices - Document Scanning and Storage System Procurement Award of Contract
Statutory Authority	
Divisional Councillor(s)	N/A – this relates to internal management information systems.
Officer	Any representations should be sent to: Name: Rodney Semple, Programme Manager Tel. no: 01452 583435 Email: rodney.semple@gloucestershire.gov.uk By 5pm on 11 April 2024
Timeline	

Background

1. The council has procured the Opentext document management system to store both vendor invoice images and employees' personal files. The invoice images have not been held previously while the personal files have been held electronically on an older version of the system. The main drivers for implementing a new system were:
 - (a) The need to replace the existing system which had reached the end of its useful life and
 - (b) The need to manage the personal files in a GDPR-compliant manner, which the existing system was unable to support.
2. The council has limited in-house experience of implementing such complex systems. Consequently, a specialist implementation partner was engaged to support the project at a cost of £250,400. The contract was let on 20th September 2021. It was let under the G-Cloud framework contract with a duration of twelve months plus the option to extend for up to two further years. The contract was let to a re-selling firm, Softcat plc, who sub-contracted the work to Proceed Engineering Solutions Ltd.
3. The system implementation has been challenging and has taken significantly longer than either the council or the contractor expected. The delays have led to a change in the council's requirements; initially the Opentext system was to integrate with the council's on-premise SAP business system but it will now need to integrate with the new cloud-based SAP system once that goes live. Some of the work needed for the implementation will be similar for both versions of SAP but the contractor will need to carry out additional work for the cloud-based integration.

4. The proposal is to extend the contract to 19th September 2024 i.e. exercising the full option of up to two years extension. An initial decision to do this has been made by the Director – People and Digital Services while discussions about additional costs were ongoing. That decision needs to be ratified by the Cabinet Member. The additional work will cost £80,882.35 i.e. an increase in the total contract value of c.32%. This cost needs to be approved by the Cabinet Member before it can proceed.

	£
Initial contract cost	250,400.00
Additional work cost	80,882.35
Total contract cost	331,282.35

Options

5. The following options have been considered:
- Do nothing – this is not a realistic option. The previous system has been decommissioned and the personal files data is currently held in an interim store. This cannot provide GDPR-compliance hence a new system is needed.
 - Allow the contract to expire and procure support for the additional work separately – this is possible but would be difficult to achieve effectively. A new supplier would need significant time to familiarise themselves with the GCC Opentext configuration and this time would not be available given the dependency on the implementation of the new SAP system; This would also probably result in significant inconvenience or duplication of costs given the dependency on the new SAP system implementation. The project team came to this conclusion after considering whether this work could be carried out by the SAP implementation partner, which has some experience in this field. It was concluded that they could not take it on effectively for the reasons above.
 - Accept the proposal and extend the term of the contract and the scope of the services to be provided (with additional costs) – this is the best available option to enable the system to be implemented within the required timescales and to the required standard.

Risks

6. Not extending the contract would raise the following risks:
- Delaying the point when the council manages the personal files in a GDPR-compliant manner. This raises the prospect of significant fines from the information commissioner's office.
 - The council would not be able to make full use of the Opentext document management system. The benefits of centralising electronic personal file records in one place would be lost.

- Staff would be unable to access personal file records effectively for subject access requests etc.
7. There is a risk in respect of any contract modification that it may become the subject of legal challenge under the Public Contract Regulations 2015 (“PCRs”). While it is acknowledged that a contract variation/modification is permissible under the PCRs only in very limited circumstances, the modification proposed in this report is justified under Regulation 72(1)(b) PCRs on the basis that:
- (a) the value of the proposed modification/ variation will not exceed 50% of the value of the original Opentext Document Management System Implementation Support contract with Softcat Ltd given that the value of the proposed modification (i.e. £80,882.35) amounts to 32.3% of the value of the original contract (ie, £250,400); and
 - (b) a change of provider cannot be made for technical or economic reasons given that any replacement would need significant time to familiarise themselves with the GCC Opentext configuration and this time would not be available given the dependency on the implementation of the new SAP system; and
 - (c) change of provider would cause significant inconvenience or duplication of costs given the dependency on the new SAP system implementation.

Financial implications

8. Extending the contract and funding additional days for the contractor will cost c.£ 80,882.35. This will be funded from the existing purchase-to-pay (P2P) programme budget which this project forms part of.

Climate Change and Ecological implications

9. Has the Climate Impact Assessment Tool (CIAT) been completed? Yes / **No**
10. **A** CIAT has been completed, the sustainability team have reviewed and approved the CIAT. Several improvements in terms of climate from the implementation of this project have been flagged.
11. Has an Ecological Impact Assessment (EclA) been produced, or will one be undertaken at a later stage? **Yes** / No
12. There are no material climate change implications to this decision.

Equality implications

13. Has an Equalities Impact Assessment (EqIA) been completed? Yes / **No**

14. A due regard statement was completed to support the initial procurement [Due Regard Statement - HR Personal Records and Invoices](#). This has now been updated to an Equalities Impact Assessment .

15. Cabinet Members should read and consider the Equalities Impact Assessment to satisfy themselves as decision makers that proper consideration of equalities impacts has been given.

Data Protection Impact Assessment (DPIA) implications

16. A DPIA was drafted and signed off for the initial procurement. This has been kept under review and an updated version has been signed off by IMS . This extension does not affect the DPIA materially.

Social value implications

17. There are no social value implications from the extension of this contract.

Consultation feedback

18. Representatives from Legal Services, Strategic Procurement and Governance have been consulted in the drafting of this report.

Officer recommendations

19. Officers recommend that the Cabinet Member approves or (as appropriate) ratifies the recommendations set out in the corresponding section of this report.

Performance management/follow-up

20. The delivery of the service by the contractor will be monitored as part of the wider One Programme which covers the implementation of the new SAP system as well as the Opentext system.