



**RECORD OF CABINET PORTFOLIO HOLDER DECISION –  
CONTRACT AWARD**

<b>1. Decision Reference No.</b>	<b>PH112</b>
<b>2. Decision made by</b>	<b>Councillor Sarah Cox – Portfolio Holder for Corporate Finance, Property and Resources</b>
<b>3. Name and job title of Officer requesting the decision (inc Officer email address)</b>	<b>David Scott Assistant Director for Resources <a href="mailto:dscott@melton.gov.uk">dscott@melton.gov.uk</a></b>
<b>4. Title / Subject Matter:</b>	<b>Finance System Contract Extension</b>
<b>5. Type of Decision:</b>	<b>Public</b>
<b>6. Key Decision?</b>	<b>Yes</b>
<b>7. Decision Taken:</b>	<ol style="list-style-type: none"><li>1. To extend the contract with OneAdvanced for a further 5 year period from 27<sup>th</sup> November 2024 for the provision of the council's finance system.</li><li>2. To enter into any necessary legal documentation to effect the contract extension</li><li>3. If required, to authorise funds of £90,260 from the Corporate Priorities reserve should the growth bid not be approved as part of the 2025/26 budget setting process.</li></ol>
<b>8. Reasons for Decision:</b>	<p>The council entered into a long-term contract with One Advanced for the provision of the councils financial management system which commenced on the 27<sup>th</sup> November 2019. The contract was for an initial 5 year period with the option to extend at years 5 and 10, in 5 year increments.</p> <p>As we approach the initial 5 year renewal period the Council has been in negotiations around the new pricing structure and what would be required to upgrade to latest version as this is now over 5 years old since the initial release Melton is currently on and is due to move into de-support. This means eventually the system will no longer have updates, patches etc should something go wrong and therefore could impact on the integrity of the councils financial data.</p>

The system has provided a number of improvements in functionality and processes since its implementation and the Council wishes to continue with the current provider and in accordance with the terms set out in the initial contract, look to extend.

As part of agreeing to the extension the Council would need to commit to an upgrade to the latest version which would involve a one-off cost of £90,260. Alongside this there would also be an increase in the annual fixed price to take into account inflation over the future periods due to the smoothing nature of the contract agreement which would rise from £33,417 currently (which has been fixed from 2019) to £48,963 fixed for the next extended 5 year contract period. The fixed price helps to provide certainty for the budget setting which is welcomed.

As with the initial contract the Council had worked collaboratively with Blaby and Newark and Sherwood, and continues to do so as part of the contract extension to ensure best value has been achieved. Both other councils are also agreeing to extend as we have worked together through the contract extension proposals.

The long-term vision is to ultimately move to a fully Software as Service arrangement which would mean there are no longer any periodic large upgrade costs as this would be built into the ongoing annual fee, with the system upgraded as and when new products / functionality is available. This is in line with the ICT strategy and recommended approach on how we should operate contracts with key system suppliers. Therefore, this one-off investment will be last one.

The upgrade work itself is not expected to start until 2025/26 so the one-off upgrade cost is being put forward as part of a growth bid to members for consideration as part of the budget papers in February 2025 but as the current contract period ends before then, agreeing to the extension would automatically commit the council to the upgrade. Therefore, the proposed recommendation is to await the formal approval for the growth bid before any funding is accessed but if this wasn't approved it is acknowledged the council would need to take this amount from reserves as part of the contract extension.

The supplier has been procured in compliance with the contract procedure rules, and all necessary due diligence has been carried out by the Council Officer.

**9. Authority / Legal Power:**

Paragraph 2.3 of the Cabinet Scheme of Delegation delegates all Cabinet Functions to the Cabinet Member responsible for the relevant portfolio.

**10. Background Papers attached?**

**No**

**11. Alternative options available / rejected:**

1. Not to renew and go out to tender – this isn't viable due to the time scales involved which can require at least 12-18 month lead time for both procurement and implementation. Along side this is that the current system had an initial project budget of £250k which is far in excess of the upgrade cost. Finally, there are no major issues with the current system with both finance and users are happy in the main and therefore there is no service need to change.

Based on these points above it was discounted to not renew and go out to tender.

## 12. Implications:

<p><b>Legal</b></p>	<p>The Council has the power to enter into contracts in order discharge its functions (Local Government Act 1972, s111 and the Local Government (contract) Act 1997, s1).</p> <p>The Local Government Act 1972 requires the Council to have regulations for how it enters into contracts. In addition to complying with all relevant UK and EU legislation every contract entered into on behalf of the Council must also comply with the Council's Contract Procedure Rules and the Council's Financial Regulations</p> <p>[Legal Approval – 10 October 2024]</p>
<p><b>Finance</b></p>	<p>As part of agreeing to the extension the Council would need to commit to an upgrade to the newest version which would involve a one-off cost of £90,260.</p> <p>Alongside this there would also be an increase in the annual fixed price to take into account inflation over the future periods due to the smoothing nature of the contract agreement which would rise from £33,417 currently (which has been fixed from 2019) to £48,963 fixed for the 5 year contract period.</p> <p>The fixed price helps to provided certainty for the budget setting which is welcomed.</p> <p>[Director for Corporate Services Approval – 18 September 2024]</p>
<p><b>HR</b></p>	<p>There are no HR implications associated with this decision</p> <p>[HR Approval - 10 October 2024]</p>
<p><b>Procurement</b></p>	<p>The initial contract with One Advanced allowed for a potential 15 year agreement with 5 year review and renewal stages built in, which the 27<sup>th</sup> November 2024 is the first one.</p> <p>Therefore, the council is compliant with procurement rules to allow them to extend for a further 5 year period if all parties are happy.</p> <p>[Comment from Welland Procurement – 23 September 2024]</p>
<p><b>Other</b></p>	<p>The following checks have been carried out in relation to the contract provider:</p> <ul style="list-style-type: none"> <li>- Financial credit checks</li> <li>- Insurance certificates</li> <li>- Health and safety policies</li> </ul>

**13. Signature of Officer with authority to sign :**

Signature redacted  
**Dawn Garton**  
**Director for Corporate Services**

<b>14. Officer Responsible for Procurement:</b>	I confirm compliance with the Contract Procedure Rules <b>David Scott</b> <b>Assistant Director for Resources</b>
<b>Date: Call In Waived by Scrutiny Committee Chair?</b>	<b>N/A</b>
<b>Has this been discussed by Cabinet Members?</b>	<b>Yes</b>
<b>Cabinet Portfolio Holder Signature</b>	Email approval received <b>Councillor Sarah Cox</b> <b>Portfolio Holder for Corporate Finance, Property and Resources</b> 15 October 2024
<b>Declarations/conflict of interest?</b>	<b>None</b>