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Award

Provision of Payroll & Expenses Systems Integrator

MINISTRY OF DEFENCE

F15: Voluntary ex ante transparency notice

Notice identifier: 2023/S 000-010213

Procurement identifier (OCID): ocds-h6vhtk-03bd6d

Published 6 April 2023, 3:21pm

Section I: Contracting authority/entity

I.1) Name and addresses

MINISTRY OF DEFENCE

MAIN BUILDING WHITEHALL

LONDON

SW1A2HB

Contact

Anita Wilson

Email

anita.wilson278@mod.gov.uk

Country

United Kingdom

Region code

UK - United Kingdom

Justification for not providing organisation identifier

Not on any register

Internet address(es)

Main address

<https://www.gov.uk/government/organisations/ministry-of-defence>

I.4) Type of the contracting authority

Ministry or any other national or federal authority

I.5) Main activity

Defence

Section II: Object**II.1) Scope of the procurement****II.1.1) Title**

Provision of Payroll & Expenses Systems Integrator

II.1.2) Main CPV code

- 72600000 - Computer support and consultancy services

II.1.3) Type of contract

Services

II.1.4) Short description

Provision of a System Integrator to implement Oracle Human Capital Management Payroll

and Oracle Expenses

II.1.6) Information about lots

This contract is divided into lots: No

II.1.7) Total value of the procurement (excluding VAT)

Value excluding VAT: £2,000,000

II.2) Description

II.2.3) Place of performance

NUTS codes

- UK - United Kingdom

II.2.4) Description of the procurement

The Defence Business Services Team part of the Ministry of Defence (the "Authority") intends to amend a contract with Deloitte for the provision of Cloud and Payroll Integration services by amending both the design requirement and the term of the contract. The additional design services and five months extension of the contract has an estimated value of a total of £2 million ex VAT.

In accordance with the provisions of The Public Procurement (Amendment etc.) (EU Exit) Regulations 2020 SI No. 2020/1319, this procurement falls to be regulated under the provisions of the Public Contracts Regulations 2015 as amended (in particular by SI 2020/1319). . It is considered that the amendment of the contract without a new procurement procedure is lawful in accordance with regulation 72(1)(b) and 72(1)(c) of the PCR 2015 because changing the contractor at this stage cannot be made for economic and technical reasons relating to interchangeability and interoperability with existing services and would cause significant inconvenience and substantial duplication of costs for the Authority. Furthermore the need for this modification has been brought about by circumstances which the Authority could not have foreseen. This modification and all previous modifications to the contract thus far have in each case not exceeded 50% of the value of the original contract, save in relation to the modification for which a Voluntary ex ante Transparency Notice was published on 24 Nov 2022.

In the alternative where this amendment is governed by Regulation 32 of the Public Contracts Regulations 2015, the Authority considers that the amendment of the contract without prior publication of a contract notice in the UK e-notification service (as required by relevant

legislation) is lawful in accordance with regulation 32(b)(ii) of the PCR 2015 because competition is absent for technical reasons.

The amendments to the services include changes to the design and scope of the services to be provided which have been necessitated by the unforeseen amount of data discrepancies identified (during testing) between the Authorities HR and legacy Payroll system, exacerbated by complex underlying design issues identified in the legacy Payroll system, requiring the Authority needing time to carry out extensive data reconciliation, before testing can be completed and assurance achieved for Go Live.

Due to the delay, there is also an unforeseen need immediately post Go Live, to implement mandated, statutory, legislative changes, the majority of which were not expected as they have been delayed exceptionally beyond what could be reasonably anticipated.

As a result of the additional time required to implement these changes in design and scope and the requirement to de-risk delivery due to known events which impact delivery (such as known MOD pay awards and dependant Oracle system upgrades), the additional service of migrating legacy data onto the new system has had to be amended and implementation delayed until the earliest time by which the Authority reasonably considers it safe to do so as to minimise the impact to the Authority's continuing Payroll and Expenses obligations.

Further consideration also needs to be given to the timeliness with which the Authority is, as part of its estates strategy, closing down the site that hosts the on premise data centre which provides the existing Payroll services in quarter three of 2023 and as such decommissioning the legacy Payroll system, so it is imperative that the Payroll service is transitioned to Oracle Cloud well in advance of this date to de-risk both projects by continuing to provide a Payroll service and vacate the site as per the lease agreement.

Whilst it may be possible in theory to compete the additional design services and subsequent legacy data migration services and award to a third party provider, this cannot be achieved in the short timeframe available and or without significant risk to the Authorities service provision, estates strategy and substantial additional cost to the Authority.

Furthermore, only Deloitte's have the current specific functional and technical know-how of the Authority's Payroll, as well as use tools available to support data migration and Payroll Comparison Testing, used to date, to verify and validate and assure the current build and provide further assurance once the mandated changes are made within the necessary timeframe

II.2.11) Information about options

Options: No

Section IV. Procedure

IV.1) Description

IV.1.1) Type of procedure

Award of a contract without prior publication of a call for competition in the cases listed below

- The procurement falls outside the scope of application of the regulations

Explanation:

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IV.1.8) Information about the Government Procurement Agreement (GPA)

The procurement is covered by the Government Procurement Agreement: Yes

Section V. Award of contract/concession

A contract/lot is awarded: Yes

V.2) Award of contract/concession

V.2.1) Date of conclusion of the contract

6 April 2023

V.2.2) Information about tenders

The contract has been awarded to a group of economic operators: No

V.2.3) Name and address of the contractor/concessionaire

Deloitte LLP

London

Country

United Kingdom

NUTS code

- UK - United Kingdom

Companies House

OC303675

The contractor/concessionaire is an SME

No

V.2.4) Information on value of contract/lot/concession (excluding VAT)

Total value of the contract/lot/concession: £2,000,000

Section VI. Complementary information

VI.4) Procedures for review

VI.4.1) Review body

Ministry of Defence

London

Country

United Kingdom