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Award

Unit4 ERP

Gateshead Council

F15: Voluntary ex ante transparency notice

Notice identifier: 2024/S 000-034679

Procurement identifier (OCID): ocds-h6vhtk-04b167

Published 25 October 2024, 1:56pm

Section I: Contracting authority/entity

I.1) Name and addresses

Gateshead Council

Regent Street

Gateshead

NE81HH

Contact

Paul Millar

Email

paulmillar@gateshead.gov.uk

Telephone

+44 7712692787

Country

United Kingdom

Region code

UKC22 - Tyneside

Justification for not providing organisation identifier

Not on any register

Internet address(es)

Main address

www.gateshead.gov.uk

Buyer's address

www.gateshead.gov.uk

I.4) Type of the contracting authority

Regional or local authority

I.5) Main activity

General public services

Section II: Object

II.1) Scope of the procurement

II.1.1) Title

Unit4 ERP

Reference number

IT0492024

II.1.2) Main CPV code

- 48000000 - Software package and information systems

II.1.3) Type of contract

Supplies

II.1.4) Short description

This notice sets out Gateshead Borough Council's intention to award a contract to Unit 4 Business Software Limited for the provision of a cloud-based enterprise resource planning solution (ERP Solution). The Council needs to secure an operational ERP Solution to meet all required Purchase to Pay (P2P) functionality required for the Council, including the necessary workflows, approval pathways and fully auditable reports to enable the Council to comply statutory requirements. The system must remain functional, with a robust Service Level Agreement (SLA), to provide 24/7 365 day a year operation to meet the demands of the organisation, with suitable cyber security to ensure the safety of the Councils confidential data. The proposed contract is for a period of 5 years. The total value of the proposed contract is £2,003,939. The Council considers that the award of the contract is permitted under Regulation 32(2)(c) of the Public Contract Regulations 2015 (the PCR 2015). Regulation 32 of the PCR 2015 allows contracting authorities to award a public contract by a negotiated procedure without prior publication. Regulation 32(2)(c) permits the award of a public contract for reasons of extreme urgency brought about by events unforeseeable by the contracting authority where the time limits for the open or restricted procedures or competitive procedures with negotiation cannot be complied with. The Council considers that due to Unit4's unforeseeable decision on 20 October 2023 to remove support for the Council's on-premises solution from 31 December 2024, the Council does not have sufficient time to conduct market tests, complete a full procurement exercise and implement a new solution before 31 December 2024. The award of a contract pursuant to Regulation 32(2)(c) is therefore strictly necessary, for reasons of extreme urgency, to ensure business continuity and statutory compliance for the Council. Further details are set out in Section IV below.

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: £2,003,939

II.2) Description

II.2.3) Place of performance

NUTS codes

- UKC - North East (England)

II.2.4) Description of the procurement

The Council's has awarded a contract to Unit 4 Business Software Limited for the provision of a cloud-based enterprise resource planning solution (ERP Solution). The system will be used to meet all required Purchase to Pay (P2P) functionality required for the Council, including the necessary workflows, approval pathways and fully auditable reports to enable the Council to comply with statutory requirements. The system must remain functional, with a robust Service Level Agreement (SLA), to provide 24/7 365 day a year operation to meet the demands of the organisation, with suitable cyber security to ensure the safety of the Councils confidential data

The proposed contract is for a period of 5 years. The total value of the proposed contract is £2,003,939.]].

The Council currently operates Unit 4 for its ERP solution on a perpetual licence but uses a cloud provided by a different company to store the data that relates to the solution. Unit 4 contacted the Council on the [insert date] to say that the system would not be supported after December 2024 unless the Council used the Unit 4 cloud to store their data. Connectivity between the system and the cloud mean it is not possible to simply transfer data from one cloud to another. To guarantee continuity of service the Council must procure the system and the cloud.

The Council considers that the award of the contract is permitted under Regulation 32(2)(c) of the Public Contract Regulations 2015 (the PCR 2015). Regulation 32 of the PCR 2015 allows contracting authorities to award a public contract by a negotiated procedure without prior publication. Regulation 32(2)(c) permits the award of a public contract for reasons of extreme urgency brought about by events unforeseeable by the contracting authority, the time limits for the open or restricted procedures or competitive procedures with negotiation cannot be complied with.

The Council had received no prior notice or indication that Unit 4 were going to take the approach of withdrawing support for the Council's system before the letter dated 20 October 2023. As such the Council considers that due to Unit4's unforeseeable decision the Council does not have sufficient time to conduct market tests, complete a full procurement exercise and implement a new solution before 31 December 2024. The award of a contract pursuant to Regulation 32(2)(c) is therefore strictly necessary, for reasons of extreme urgency, to ensure business continuity for the Council.

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:

Negotiated without a prior call for competition

- Extreme urgency brought about by events unforeseeable for the contracting authority

Explanation:

The Council considers that the award of the contract is permitted under Regulation 32(2)(c) of the PCR 2015. Regulation 32 of the PCR 2015 allows contracting authorities to award a public contract by a negotiated procedure without prior publication. Regulation 32(2)(c) permits the award of a public contract for reasons of extreme urgency brought about by events unforeseeable by the contracting authority, the time limits for the open or restricted procedures or competitive procedures with negotiation cannot be complied with. The Council considers that its reliance on Regulation 32(2)(c) is justified for the following reasons:

The Council has a perpetual licence for the Unit4 Agresso Enterprise Resource and Planning Solution and receives annual maintenance and support from Unit4 Business Software Limited (Unit4.) The data is stored on cloud storage supplied by another contractor.

On 17 October 2023 Unit4 announced that it would no longer provide maintenance and support services for perpetual licences or any on premises solutions (this would include any non-Unit 4 cloud solutions) post 31 December 2024, meaning that the Council would have to migrate the existing solution to Unit4's own cloud services and adopt a subscription-based licence model.

The ERP solution is an essential and integral part of the Purchase to Pay functionality. Unit4's announcement that it would cease to provide maintenance and support services or any on premises solutions post 31 December 2024 was not foreseeable by the Council and has given rise to a situation of extreme urgency in which the Council must ensure that its ERP systems do not become unsupported post 31 December 2024.

It is the Council's position that the time period provided by Unit4 before the ERP system becomes unsupported is insufficient to permit the Council to undertake the intricate process of compiling detailed business requirements for a new solution, perform an exhaustive market analysis, execute a comprehensive open procurement exercise, and deploy a new ERP system prior to 31 December 2024. The decision to award a contract pursuant to Unit4 pursuant to Regulation 32(2)(c) is therefore considered to be strictly necessary in a situation of extreme urgency, to ensure business continuity for the Council. This approach will also provide the Council with the necessary time to evaluate all potential options and ensure that any future procurement decisions align with the Council's best interests and value for money obligations.

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

25 October 2024

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

Unit4 Business Software Ltd

Bristol

Country

United Kingdom

NUTS code

- UK - United Kingdom

Companies House

01737985

The contractor/concessionaire is an SME

No

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

Initial estimated total value of the contract/lot/concession: £2,003,939

Total value of the contract/lot/concession: £2,003,939

Section VI. Complementary information

VI.3) Additional information

Negotiated without a prior call for competition

- Extreme urgency brought about by events unforeseeable for the contracting authority

Explanation:

The Council considers that the award of the contract is permitted under Regulation 32(2)(c) of the PCR 2015. Regulation 32 of the PCR 2015 allows contracting authorities to award a public contract by a negotiated procedure without prior publication. Regulation 32(2)(c) permits the award of a public contract for reasons of extreme urgency brought about by events unforeseeable by the contracting authority, the time limits for the open or restricted procedures or competitive procedures with negotiation cannot be complied with. The Council considers that its reliance on Regulation 32(2)(c) is justified for the following reasons:

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The ERP solution is an essential and integral part of the Purchase to Pay functionality. Unit4's announcement that it would cease to provide maintenance and support services or any on premises solutions post 31 December 2024 was not foreseeable by the Council and has given rise to a situation of extreme urgency in which the Council must ensure that its ERP systems do not become unsupported post 31 December 2024.

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This approach will also provide the Council with the necessary time to evaluate all potential options and ensure that any future procurement decisions align with the Council's best interests and value for money obligations.

VI.4) Procedures for review

VI.4.1) Review body

Gateshead Council

Gateshead

Country

United Kingdom