

## **REPORT - Procurement of Financial Management System November 2024**

The Council currently uses financial management software purchased from a company called Unit 4 Business Software Ltd, which provides the Council with its financial ledger / accounting needs, including the administration of accounts payable and receivable.

The Council has used the above system for a number of years on a 'perpetual licence' approach and based on an on-premises software model.

However, in October 2023 the Council was informed by its software provider that, following their decision to exclusively offer Software as a Service (SaaS) solutions moving forwards, support and maintenance for on-premises software would cease after 31 December 2024.

In response, approvals have been sought and obtained to set aside the necessary budget to fund the cost of implementing a replacement financial management system, whether with our existing provider or a new supplier.

The ongoing base budget allocated to fund the cost of a financial management system is £41,720. In addition, a one-off sum of £100,000 was set aside in the 2024/25 budget and at its meeting on 21 October 2024, Cabinet allocated an extra £60,000 following further review and reflecting the initial stages of the procurement process.

Officers have completed a procurement process via the Public Procurement Gateway platform using a G-CLOUD 13 framework (via Crown Commercial Services). The framework allows for a direct award via a multi-step approach. The relevant framework element is LOT 2 Cloud hosting, software and Support - RM 1557.13. To ensure compliance with the requirements of the framework, the following steps have been undertaken within an associated Contracts Award Service (CAS) that is hosted via the CCS / Public Procurement Gateway:

1. Prepare Requirements, Search and Longlist – using key words such as “general ledger” “creditors” “debtors” and Category and Sub-category “Accounting and Finance” and “Enterprise Resource Planning” chosen respectively.
2. Longlist to Short Listing applying additional relevant criteria such as:
  - a. data storage and processing locations to be within the United Kingdom in accordance with the Councils data protection policy.
  - b. software to be provided directly from the supplier instead of a third party on the basis that pricing documentation provided by resellers matches that of Unit 4, and this would therefore NOT be a deciding factor at pricing stage in any case.

Following the above steps, two suppliers made it through to the shortlist.

Actual pricing is provided within the framework documentation / process and therefore direct comparisons between the two shortlisted suppliers can be made without further engagement with the suppliers themselves, which is limited by the framework rules in any case.

The pricing structure used by one of the suppliers was based on population / number of residents to inform their annual software cost. The other supplier used the more traditional pricing structure based on the number of system users.

Officers have engaged with the first supplier above to better understand their pricing document made available via the framework given its untraditional approach of using population numbers.

Based on the prices quoted by the two shortlisted suppliers, the supplier using the more traditional approach of applying user numbers rather than population numbers demonstrated a significantly

lower cost. The lowest costs supplier is also the provider of the Council's current system. Using price as the primary determinant of the outcome of the procurement process is felt to provide a reasonable approach as there are no non-financial / quality concerns given the Council's use of the lowest cost provider historically and it is also recognised that there would be additional costs in both time and money if moving to a new provider.

Based on the above and in-line with the framework agreement, it is proposed to award a contract to Unit 4 Business Software Ltd for cloud-based financial management software, on a 3 years +1 basis, at a total contract value of **£175,323** over the initial three years (excluding VAT and annual inflationary uplifts). This cost can be met from within the existing budget highlighted above.

By entering into a contract with Unit 4 Business Software Ltd using the GCLOUD 13 framework (which expires on 8 November 2024), the Council is protected against price increases anticipated on the replacement GCLOUD 14 framework, and support for our current system will extend beyond 31 December 2024.

**Recommendation:**

- 1) **That the Council enters into a contract with Unit 4 Business Software Ltd for an initial period of 3 years, with the option to extend for a further year, for the supply of the Financial Management Software.**

Richard Barrett  
**Director Finance & IT**

07 November 2024  
**Date**

**Agreed (Concurrence):**

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**Portfolio Holder for Finance and Governance**

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**Date**