GREATER**LONDON**AUTHORITY

REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD191

Title: GLA Open Accounts

Executive Summary:

A technical project has been identified that will improve the reliability and reduce the maintenance costs of the legacy GLA Open Accounts finance system. It is proposed that a contract is entered into with the company that owns the Open Accounts software (Advanced Business Solutions) to migrate the legacy system to an alternative server that can be supported, and which is more cost effective to maintain.

Decision:

That the Assistant Director approves:

- Expenditure of up to £20,000 in 2014/15 to enter into a contract with Advanced Business Solutions to migrate and upgrade the legacy GLA Open Accounts system to the server that is running the legacy LDA Open Accounts system, in order to reduce the risk of system failure and maintenance costs

- An exemption from the GLA Contracts and Funding code, required due to Open Accounts being a proprietary finance system owned by Advanced Business Solutions with no other companies able to provide these services

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AUTHORISING ASSISTANT DIRECTOR/HEAD OF UNIT:

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: David Munn   **Position: Head of Technology Group**

Signature: **Date:** 15/5/14 .

PART I - NON-CONFIDENTIAL FACTS AND ADVICE
Decision required – supporting report

1. Introduction and background

When the GLA moved to using the SAP finance system that is shared with TfL in 2009, the existing GLA Open Accounts finance system contract was cancelled without any support arrangements being put in place for future use of the GLA Open Accounts system for ad hoc queries. The GLA has perpetual licences to the GLA Open Accounts system and therefore has the right to access the system, but the system is unsupported in the case of problems. The GLA is legally required to keep historic finance data until 31 March 2017. Additionally, the GLA Finance Team access the GLA legacy Open Accounts system frequently for reporting purposes such as responding to queries from the Mayor's Office and the London Assembly, and responding to Freedom of Information requests.

To avoid confusion, the LDA Open Accounts system was also transferred to the GLA at the time that the LDA was disbanded in early 2012. This system does have full support arrangements in place, does not use Oracle (see below for further discussion about database usage) and is not currently a cause for concern.

This gives rise to two issues.

Firstly, the GLA Open Accounts system is now unsupported software, running on outdated and unsupported server hardware, running an unsupported version of Windows server, and connecting to an unsupported Progress database. The Progress database, in turn, connects to an Oracle database. The Oracle database is currently supported but this is very expensive (outlined below). The server hardware, Open Accounts, Windows server and Progress software are unsupported because they are outdated. There is a serious and pressing concern that there could be some unpredictable failure of the GLA Open Accounts legacy system that would be completely unrecoverable, resulting in the loss of all GLA legacy finance data. It would not be possible to call in the Open Accounts company (Advanced Business Solutions) on a time and materials basis to carry out emergency rescue work because all of the constituent software components are unsupported.

Secondly, the GLA has a well-advanced project to move from Oracle to open source database software. The GLA currently incurs over £60,000 per year in Oracle maintenance costs; however, it will be possible to save almost all of these costs when Oracle systems are decommissioned. Any other software that uses Oracle has been removed from the old server that is running the GLA Open Accounts software. The only program still using the Oracle database on this old server is GLA Open Accounts. When GLA Open Accounts is removed from this server it will be possible to cancel the maintenance contract for half of the Oracle Database processor licences in the GLA.

Due to the complexities of the Oracle licencing arrangements, if the maintenance agreement for the Oracle licences that are still running Open Accounts were to be cancelled, then it would also be necessary to cancel the perpetual Oracle licences that are associated with the maintenance agreement. This could give rise to a non-compliant situation. The maintenance costs for these Oracle licences (that are now only used for server running the GLA Open Accounts system) are approximately £30,000 per year. Accordingly, the total cost of taking no action for the 3 years during which access continues to be required is approximately £90,000.

Options considered:

A. Do nothing
   Support: There is no remediation to the risk of a total, unrecoverable failure of the GLA Open Account system
   Cost: Approximately £90,000 over 3 years (until 31 March 2017)

B. Cancel the current Oracle licences and replace with time limited 1 year licences
Support: There is no remediation to the risk of total, unrecoverable failure of the GLA Open Account system
Cost: £8,000 for four 1-year, time limited Oracle database licences

C. Upgrade Open Accounts
Open Accounts upgraded to a supported version. Windows Server and Progress database upgraded to supported versions. System configuration altered so that Oracle is no longer used.
Support: Open Accounts would be in a 'supportable' state. Any support requirements could then be purchased from Open Accounts on a time and materials basis (£950 per day). This would only be called on in the case of a serious failure.
Cost: £35,000 based on a quote from Open Accounts to upgrade the system to a level that is supportable

D. Migrate GLA Open Accounts to run as a separate company on the LDA Open Accounts server
As mentioned above, there are currently two versions of Open Accounts running in the GLA: the legacy GLA system (which is unsupported) and the LDA system (which is more up to date and in a state that can be supported)
Support: GLA Open Accounts would be in a 'supportable' state. Any support requirements could then be purchased from Open Accounts on a time and materials basis (£950 per day). This would only be called on in the case of a serious failure.
Cost: £17,000 based on an estimate from Open Accounts
Notes: The GLA only has two 'right to use' licences for the LDA Open Accounts server. Hence only two people would be able to simultaneously work on the GLA or LDA accounts data. Additionally, the GLA would not be able to change any data in the GLA accounts system – only to read and report on it. There is a risk that the estimate provided by Open Accounts might increase following more detailed analysis so some budget contingency should be allowed. Open Accounts have estimated that this migration project would require one month of elapsed time to complete from the initial kick-off meeting.

E. Export the legacy accounts data from GLA Open Accounts and hold it in a spreadsheet
The GLA Finance team has indicated that this option will not meet GLA reporting requirements on the legacy data. Open Accounts have also recommended against this approach
The export would likely take between 5 – 10 days and hence cost £5,000-£10,000.

Following discussions with the GLA Finance team, Option D is recommended – Migrate GLA Open Accounts to run as a separate company on the LDA Open Accounts server. This is the lowest cost option that mitigates the risk of a major system failure.

The deliverables of Option D are to:
- Upgrade GLA Open Accounts system from version 5 to version 6 since the LDA Open Accounts installation is running at version 6 of the Open Accounts software
- export GLA Open Accounts data
- create a new company on the LDA Open Accounts installation
- import GLA Open Accounts data into the LDA Open Account installation
- Carry out a series of quality assurance checks at various points in the process

Open Accounts is a proprietary finance system owned by Advanced Business Solutions. It does not have open interfaces or freely available system tools. The project deliverables can only be provided by the company that owns the Open Accounts software. There are not any other companies that can provide these services. For this reason a single source action is required in order to carry out this work. The reason a single source action is required is because only a limited number of suppliers exist that can carry out the work (in this case one suppler), in accordance with the GLA Contract and Funding Code, Section 5.4.

TfL Procurement have been consulted about, and have concurred with this course of action.

The estimated cost of the migration/upgrade project is £20,000. The Technology Group has made provision for these costs in the 2014-15 programme of IT projects. It is proposed that this project will be funded from the TG Programme Delivery budget.

2.   Objectives and expected outcomes

The legacy GLA Open Accounts system is upgraded from Open Accounts version 5 to Open Accounts version 6 and then migrated to run as a separate company on the LDA Open Accounts installation in City Hall.

3.   Other considerations

Key risks have been outlined in the Introduction and Background section. The recommended option is considered to mitigate these risks.

This proposal has been developed in consultation with the GLA Finance Team.

TfL Procurement has been consulted about, and has concurred with, the need for a single source procurement.

4.   Financial comments

4.1   Approval is being sought for expenditure of up to £20,000 to migrate the legacy GLA Open Accounts system to the more up to date and supported LDA Open Accounts Server.

4.2   An options appraisal has been undertaken and it has been decided by the technical experts in Finance and Technology Group that migration to an alternative server is the most cost effective and efficient option.

4.3   The cost of up to £20,000 will be wholly incurred in 2014/15 and will be funded from the existing 2014/15 TG Programme Delivery budget.

4.4   Any changes to this proposal must be subject to further approval via the Authority's decision-making process.

4.5   All appropriate budget adjustments will be made.

4.6   The Technology Group within Resources Directorate will be responsible for managing the GLA's activities relating to this programme of work and must ensure that the proposed expenditure and associated procurement complies with the Authority's Financial Regulations, Contracts & Funding Code and Expenses & Benefits Framework (wherever applicable).

5.   Legal comments

5.1   Sections 1 to 4 of this report indicate that:

5.1.1   the decision requested of the Assistant Director, in accordance with the GLA's Contracts and Funding Code (the "Code"), falls within the GLA's statutory powers to do such things considered to further or which are facilitative of, conducive or incidental to the discharge of its general functions; and

5.1.2 in formulating the proposals in respect of which a decision is sought officers have complied with the GLA's related statutory duties to:

- pay due regard to the principle that there should be equality of opportunity for all people;

- consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and

- consult with appropriate bodies.

5.2 Section 3 of the Code requires the GLA to seek three or more written quotations in respect of the services required or call off the services required from an accessible framework. However, the assistant director may approve an exemption from this requirement under section 5 of the Code upon certain specified grounds. One of those grounds is that a limited number of suitable suppliers exist. Officers have indicated in section 1 of this report that this ground applies and that the proposed contract affords value for money,

On this basis the assistant director may approve the proposed exemption if satisfied with the content of this report.

6.   Planned delivery approach and next steps
Set out how the project will be delivered and complete the outline timetable

Activity	Timeline
Procurement of contract [for externally delivered projects]	23 May 2014 (est)
Delivery Start Date [for project proposals]	16 June 2014 (est)
Delivery End Date [for project proposals]	14 July 2014 (est)

Appendices and supporting papers:

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Note: This form (Part 1) will either be published within one working day after approval <u>or</u> on the defer date.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? YES
If YES, for what reason:
If the supplier is aware of GLA budget estimates then this will put the GLA at a commercial disadvantage when negotiating the contract for the supply of services.

Until what date: (a date is required if deferring) 14 July 2014

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:	Drafting officer to confirm the following (✓)
Drafting officer: Graham Lane has drafted this report in accordance with GLA procedures and confirms that the Finance and Legal teams have commented on this proposal as required, and this decision reflects their comments.	✓

HEAD OF GOVERNANCE AND RESILIENCE:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature: _(signature)_   **Date:** 15·05·14