

Report to Director of Finance and Support Services

December 2021

Procurement and Award of Contract for Microsoft Licences

Report by Chief Information Officer and Head of IT

Electoral divisions: N/A

Summary

The Council uses Microsoft technology to support the current working arrangements. The current enrolment for Microsoft licensing (purchased through a certified Microsoft partner) will expire on 31 March 2022.

In anticipation of this contract expiry, the Council has engaged with the Crown Commercial Services (CCS) to run a procurement exercise that aggregates demand with other public sector buyers with a need for Microsoft licences to help consolidate volume and value of money.

The procurement activity has now been completed and a supplier identified. The licence term proposed is 3 years starting from 01 April 2022. The approximate year 1 value is £1.4m. The estimated total value of the contract is £4.2m

Recommendation: That the Director endorses:

The procurement process and award of a contract for Microsoft licences to Computacenter UK Ltd (Company number 01584718) for services from 01 April 2022 to 31 March 2025 at an estimated total value of £4.2m.

Proposal

1 Background and context

- 1.1 In 2018 the Council entered into an agreement with Bytes Software Services Limited for Microsoft 365 E3 licences.
- 1.2 The Council currently buys 3 types of Microsoft Licence:
 - o Enterprise Licence (user) – covers O365 suite (e.g. word, excel, sharepoint, teams etc) Skype and Power BI
 - o Select Plus - A perpetual licence for Microsoft desktop products, server software and Software Assurance (which provides free upgrades when they become available)

- Cloud Solution Provider - enables purchases of online service subscriptions, Azure services and some on-premise software
- 1.3 A review has been carried of the current Microsoft estate to ensure it continues to reflect the Council's current and future requirement over the next 3 years.
- 1.4 The review established that the E3 licence, based on a per user model, should form the basis of the Council's requirements and is sufficient to support the IT roadmap up until 2025.
- 1.5 The CCS runs periodic price-only aggregated tenders through Lot 3 of the framework agreement for Technology Products and Associated Services (RM6068). There are 29 suppliers listed on this Lot.
- 1.6 The Council submitted its revised and updated requirements to CCS in August 2021 along with 27 other public sector customers who have similar requirements with similar contract expiry.
- 1.7 The pricing format is based on a cost-plus model with bidders showing their 'buy-in' price (i.e. the price obtained from Microsoft) plus their margin (which will be fixed for the contract term.)
- 1.8 The outcome of the procurement was communicated to buyers at the end of October 2021, with a proposed award to Computacenter UK Ltd.
- 1.9 It is important to note that the pricing established as part of the aggregated tender is not dependent on all participants proceeding to contract with Computacenter UK Ltd and each organisation will enter into its own agreement with the supplier based on agreed CCS terms.
- 1.10 To proceed with this commercial offer the Council will be required to enter into contract with Computacenter UK Ltd at least one month before the current enrolment expiry (31 March 2022).

2 Proposal details

- 2.1 To award the contract for Microsoft licences to Computacenter UK Ltd (Company number 01584718) for services from 01 April 2022 to 31 March 2025
- 2.2 The aggregated tender has established affordable and sustainable pricing based on the Council's requirements.
- 2.3 The estimated annual value for the licences is £1.4m.
- 2.4 The term of the contract is set at 3 years which is the standard Microsoft licensing enrolment. This makes the total contract value £4.2m.

3 Other options considered (and reasons for not proposing)

- 3.1 The following option has been considered
- a. Do nothing;
 - b. Abandon the CCS aggregated procurement;
 - c. Run a standalone tender incorporating Price and Quality criteria.

- 3.2 Doing nothing or delaying a decision to re-procure licensing and support as part of Option a) is not recommended as there is no other licence cover and the Council risks reputational damage with Microsoft auditors for not having appropriate licensing in place before the contract expires.
- 3.3 Option b) has been discounted on the basis that the aggregated competition has delivered a suitable and affordable outcome for the Council and complies with Public Contract Regulations (PCR) 2015 as well as the Council's Standing Orders.
- 3.4 Option c) is unlikely to deliver better pricing compared to the aggregated tender outcome. Furthermore, advisory services form part of the proposed contract in the form of Infrastructure Optimisation (IO) and deployment meetings.

4 Consultation, engagement and advice

- 4.1 Consultation has been carried out with the following parties

- Cabinet Member for Support Services and Economic Development.
- Commercial Panel
- Council-wide stakeholders who use some of the specialist application/products such as Power BI.

5 Finance

- 5.1 Revenue consequences:

	Year 1 2022/23 £m	Year 2 2023/24 £m	Year 3 2024/25 £m
Revenue budget	£1.400	£1.400	£1.400
Expected Spend*	£1.400	£1.400	£1.400
Remaining budget (contingency)	£0	£0	£0

*The table above assumes no movement in the Council's licence position.

- 5.2 The effect of the proposal:

(a) How the proposal represents good value

The Council's requirements were aggregated with other public sector buyers to enhance buying power.

The £3 per user licence provides an affordable model for the Council based on current usage and avoids the commitment to expensive and excessive bundle products.

(b) Future savings/efficiencies being delivered

The products listed under the Microsoft licence enable Council staff to perform their roles efficiently, both on-site and remotely.

(c) Human Resources, IT and Assets Impact

The Council's IT team will continue to review need and usage through the contract term and ensure the true-up/true-down process is undertaken.

6 Risk implications and mitigations

Risk	Mitigating Action (in place or planned)
The need for Microsoft Licences reduces	The Council will work with the supplier prior to the anniversary of the enrolment to ensure that where the organisation is eligible, that any true-downs are captured.
The Council over specifies or over-buys	A review of the Microsoft licence estate has been carried out prior to the tender exercise. Additionally, as part of the contract, the Supplier will work with the Council through Infrastructure Optimisation (IO) and deployment meetings to assess and advise on the Council's requirements.

7 Policy alignment and compliance

- 7.1 Council Priority: Making best use of resources;
 - a. Continual efforts to achieve value for money in procuring licensing and support;
 - b. Making best use of resource and systems to administer services.
- 7.2 The proposed procurement has been conducted in accordance with the Public Contracts Regulations 2015 and WSCC Standing Orders on Procurement and Contracts.
- 7.3 All UK-GDPR and data protection legislation compliance requirements are set out in the CCS Framework Agreement.
- 7.4 The CCS Framework Agreement states that suppliers will provide to the Buyer a yearly report based on its Corporate Social Responsibility activities and steps it has taken to ensure that slavery and human trafficking is not taking place in any of its supply chains or in any part of its business.
- 7.5 It is not anticipated that the purchase of Microsoft licences will impact on any individuals with a protected characteristic. However, the Council's IT Team will monitor and review any emerging issues and ensure a plan is in place to provide for any relevant consultation and mitigations as required.
- 7.6 The proposal has no implications under the Human Rights Act 1998.
- 7.7 There are no foreseeable crime and disorder implications to this proposal.

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Appendices

None

Background papers

None