

REPORT TO:	Cabinet 8 July 2019
SUBJECT:	Microsoft Enterprise Software Agreement
LEAD OFFICER:	Jacqueline Harris Baker Executive Director of Resources Neil Williams Chief Digital Officer
CABINET MEMBER:	Councilor Simon Hall Cabinet Member for Finance and Resources
WARDS:	All

CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON

The provision of a Microsoft enterprise software license agreement is vital to the council as it enables the Council to administer back office functions and the licences are required to transform the ICT estate enabling efficiencies from the application of new technology.

FINANCIAL IMPACT

The total cost of the proposed contract is stated in Part B of this report. This is provided for within departmental budgets.

FORWARD PLAN KEY DECISION REFERENCE NO.: 2119FR.

This is a Key Decision as defined in the Council's Constitution. The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Overview Committee by the requisite number of Councillors.

The Leader of the Council has delegated the power to the Cabinet Member for Finance and Resources to the power to make decisions set out in the recommendations below;

1. RECOMMENDATIONS

- 1.1 The Cabinet Member for Finance and Resources in consultation with the Leader of the Council, is recommended by the Contracts and Commissioning Board to approve the award of contract for Microsoft Enterprise Software Agreement in accordance with the Regulation 27(c) of the Council's Tenders and Contracts Regulations to the supplier named in Part B of this report for a contract period of 3 years for a maximum contract value stated in Part B of this report.
- 1.2 To note that the Director of Commissioning and Procurement has approved to waive the requirement under Regulation 21 to change the evaluation criteria from the Council standard to 70% price and 30% quality, in accordance with Regulation 18.
- 1.3 To note that the name of the successful contractor will be released once the contract award is agreed and implemented.

2. EXECUTIVE SUMMARY

- 2.1 The report recommends award of the contract for the provision of a Microsoft Enterprise software licence agreement for a three year term. The contract start date is 1 July 2019.
- 2.2 The detail section of this report sets out the background to this project and the procurement and evaluation process. This report recommends the award of the contract for Microsoft Enterprise Software Agreement to Bidder 3 for a period of 3 years and upon the terms detailed within this and in the associated Part B on the basis that this bidder has submitted the most economically advantageous tender for the provision of the Services. Further details are provided below; specific values and bidder identities are provided within the associated Part B report on this agenda.
- 2.3 The Procurement Strategy for the report titled “*ICT Sourcing Strategy*” which detailed the procurement approach was approved by the Contracts & Commissioning Board on 10 November 2017, CCB Ref: CCB1288/17-18 and has been adhered to throughout the procurement process.
- 2.4 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB Approval Date	CCB ref. number
20/06/2019	CCB1495/19-20

3. DETAIL

- 3.1 The Council currently licences Microsoft software under an Enterprise Agreement with a specialist software reseller. There is a continuing requirement to licence Microsoft software products so that the Council is able to continue to use and maintain existing products.
- 3.2 New cloud based Microsoft software products are also being implemented as part of the Digital transformation (“Transformation”) bringing new functionality and the requirement to maintain upgrade rights to support the transformed ICT environment. These solutions and systems are critical across the organisation to deliver key services for Croydon residents and the cloud based approach will further enable efficiencies and improved ways of working which are key to support the council’s financial strategy. As such, a new enterprise agreement is required.
- 3.3 The Council is able to take advantage of a Crown Commercial Services (CCS) Memorandum of Understanding with Microsoft to benefit from volume discounts, across the MS product range, by aggregating subscription licencing volumes across the entire public sector.
- 3.4 As such, a mini competition was run under Crown Commercial Services

framework RM3733 Technology Products 2 - Lot 2 Packaged Software with invitations to tender being sent via the Council's e-tendering portal to 21 companies on that framework. Bidders were given 17 days to respond to the invitation.

- 3.5 The Council is able to enter into a further subscription based licence enterprise agreement with Microsoft. This will mean that the Council will only pay for what it actually uses and give the Council the flexibility to reduce or increase licence numbers to accommodate the Council's changing requirements. The proposed duration of the subscription based licence enterprise agreement ("the Agreement") is for 3 years This timeframe will enable the Council to fully utilise the benefits of a subscription model, review products and over time, see a possible reduction in spend as there is an expectation that staff numbers will decrease leading to reduced licence requirements and a subsequent reduction in subscription costs. The three year term is fixed and there are no options to extend. The expected start date for the new enterprise agreement is 1 July 2019.
- 3.6 The tender documents were structured to reflect the Council's policy for the provider to pay any person employed or engaged in the performance of the Services or Works at a rate at least equivalent to any implemented London Living Wage (LLW) in accordance with the guidelines of the Living Wage Foundation. Bidders were required to submit social value offerings with their bids as part of the quality criteria.
- 3.7 The contract will be managed by the Croydon Digital Services Contracts Management team to ensure on-going compliance and value for money.
- 3.8 Of the 21 companies invited to tender, three companies declined to bid. One of these was unable to supply and the other two decided that they would not be competitive. Twelve companies did not respond. Six companies submitted compliant tenders which were evaluated by a panel of subject matter experts from CDS and Procurement.
- 3.8 Tenders were evaluated against a set of requirements with cost and quality ratios set at 70% cost and 30% quality. Award criteria questions in the Service Specification were designed to assess potential Providers ability to meet the needs of the Council and, unless marked Pass/Fail, were marked on the council standard zero to five (0-5) scale as set out in the table below.

Score	Rating	Details
0	Inadequate	Applies when a Bidder has clearly not understood the Council's requirement, or to instances where no response is offered.
1	Poor	Applies when the response indicates deficiencies or limitations that indicate that the Tender Response only partially meets the Council's requirements.
2	Adequate	Applies when the response indicates minor deficiencies or limitations that indicate that the

		Tender Response is inflexible, despite meeting the Council's minimum requirements, or only partially meets the Council's detailed requirements.
3	Compliant	Applies when the response is fully compliant and acceptable as meeting the Council's requirements and demonstrates cultural fit* .
4	Good	Applies when the response not only meets the Council's requirements, but offers additional benefits e.g. in terms of cultural fit* , functionality, scalability or level of Bidder support.
5	Excellent - Adding Value	Applies when the response meets the Council's requirements and provides significant additional benefits e.g. in terms of functionality, strong cultural fit* , scalability, Bidder support and a demonstrated ability to accommodate future developments with minimal effort and cost.

3.9 Quality sub-criteria included:

- Service Management & Account Administration
- Enterprise Agreement Administration and support
- Value add services included
- Social Value

3.10 All bidders were requested to join the Council's premier supplier programme and were scored on their responses as part of the Quality scores.

3.11 The tendered prices were evaluated based on Whole Life Costs ("WLC"). Scores were awarded as follows:

- Awarding the bidder with the lowest WLC the maximum score of 70%
- Awarding scores to other bidders on a pro/rata basis based on percentage variation

3.12 The contract shall be awarded in accordance of the contract award criteria. The Quality score is combined with the Price score in order to select the most economically advantageous tender for approval by the Council. This was the tender with the highest combined score.

3.13 Evaluation results summary is set out in the following table:

Criteria	Bidder 1	Bidder 2	Bidder 3	Bidder 4	Bidder 5	Bidder 6
Quality Total 30%	19.8	18.8	19	17.8	19.4	16
Cost 70%	68.00	66.32	70.00	69.51	67.29	66.92
TOTAL	87.80	85.12	89.00	87.31	86.69	82.92
Rank	2	5	1	3	4	6

3.14 The evaluation determined Bidder 3 as the preferred bidder with the highest combined score over the quality and cost criteria.

4. CONSULTATION

- 4.1 Consultation has taken place with the Croydon Digital Service to ensure that the scope of the software license products meet current and planned requirements.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 5.1 Revenue and Capital consequences are as set out in Part B of this report.

1 Revenue and Capital consequences of report recommendations

Please see Part B report.

2 The effect of the decision

3 Risks

4 Options

No other options were considered viable as the Council requires Microsoft licensing to operate.

5 Future savings/efficiencies

The subscription model allows the council to reduce the number of licences being paid for annually as the number of users declines in line with the shrinking organisation.

- 6** Approved by: *Ian Geary*, Head of Finance, Resources

6. LEGAL CONSIDERATIONS

- 6.1 The legal considerations are as set out within this report.

- 6.2 Approved by: Sean Murphy, Director of Law & Governance and Deputy Monitoring Officer

7. HUMAN RESOURCES IMPACT

- 7.1 There are no immediate Human Resources considerations arising from the procurement proposals in this report which would impact Croydon Council staff.

- 7.2 Approved by: Sue Moorman, Director of Human Resources

8. EQUALITIES IMPACT

- 8.1 An equality analysis has not been undertaken because this is a continuation of the current service. When awarding the contract we will have due regard to whether it would be appropriate for the award criteria for that contract to include considerations to help meet the general equality duty. We will also stipulate conditions relating to the performance of the contract to help meet the three aims of the general duty such as eliminating unlawful discrimination, harassment and victimisation and other conduct that is prohibited by the Act.
- 8.2 We will ensure the new software products and functionalities are inclusive and accessible to all including those from protected groups and in particular those with disabilities

Approved by Yvonne Okiyo, Equalities Manager

9. ENVIRONMENTAL IMPACT

- 9.1 The nature of the requirement for the resulting new contract should not lead to any environmental impact.

10. CRIME AND DISORDER REDUCTION IMPACT

- 10.1 There are no crime and disorder considerations arising from this report.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 11.1 The solution from the preferred bidder meets the requirements and provides the most economically advantageous tender.

12. OPTIONS CONSIDERED AND REJECTED

- 12.1 The submitted tenders were evaluated. As all tenders received were compliant with requirements and no alternate options were proposed or considered.

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BACKGROUND DOCUMENTS: None