



Cabinet
12 December 2016

**Report from the Strategic Director of
Resources**

For Action

Wards Affected:
ALL

Authority To Award A Contract For Microsoft Licences

Appendix 1 of this report is Not for Publication

1.0 Summary

1.1 This report requests authority to award contracts as required by Contract Standing Order No 88. This report summarises the process undertaken in selecting a supplier and, following the completion of the evaluation of the bids, recommends to whom the contract should be awarded.

2.0 Recommendations

2.1 That Members award a contract for Microsoft Licences for a period of three years from 1 June 2017 to Bytes Software Services Ltd.

3.0 Detail

Background

3.1 Brent Council uses a number of Microsoft software products for the provision of desktop services to staff. These include the Windows Operating System, Office, Exchange, Lync, SharePoint, Project and Visio.

3.2 The current licences for these products comes to an end on 31 May 2017. The licensing is on a subscription basis, and without the

subscription the Council will not have use of the products. Therefore a new licensing arrangement needs to be in place from 1 June 2017.

- 3.3 The licences have been tendered in advance of the start date of 1 June 2017 in order to avoid anticipated 22% price increases in Microsoft products, which will come into effect in the new year.

The selection process

- 3.4 Officers reviewed the options for the procurement of Microsoft licences and determined that the use of a national framework agreement offered the most appropriate and effective means of procurement. Officers identified the Crown Commercial Service Framework RM3733 Technology Products - Lot 2 Software (the “Framework”) as meeting the Council’s needs.
- 3.5 Microsoft licences are purchased through a reseller – the Framework is a vehicle whereby licences can be procured competitively from resellers, and in particular this Framework was selected because:
- The maximum allowable uplifts on Microsoft pricing are highly competitive (0% in some cases), and a further competition exercise ensured that the best possible prices are obtained.
 - The process for access requires minimal resources.
 - There is no cost to the Council for its use.
- 3.6 The use of the Framework requires that the new contract will be let using the Crown Commercial Service Framework standard terms and conditions. This will be for a period of 3 years.
- 3.7 The 22 suppliers on Lot 2 of the Framework were invited to submit a bid for the Council’s requirements. The Crown Commercial Service eSourcing portal was used for the process.
- 3.8 As permitted by the Framework, the bidding instructions stated that the contract would be awarded on the basis of 90% price and 10% quality. The quality element was evaluated based on added value offered by the suppliers.

Evaluation process

- 3.9 The evaluation of bids received was carried out by representatives of Digital Services and the Procurement Unit.
- 3.10 All bids had to be submitted electronically on 8th December 2016. Bids were opened on 8th December 2016 and three valid bids were received.
- 3.11 Officers from Digital Services and the Procurement Unit met following

the tender submission deadline on 8th December 2016 and carried out evaluation of price and quality aspects of the submissions.

3.12 The names of the bidders are contained in Appendix 1 and their submitted prices, the scores attributable to those prices and their quality scores are contained in Appendix 2. . It will be noted that Tenderer A was the highest scoring tenderer. Officers therefore recommend the award of the contract to Bytes Software Services Ltd.

3.13 The contract will commence on 1st June 2017.

4.0 Financial Implications

4.1 The Council's Contract Standing Orders state that contracts for supplies, services or works exceeding £500k shall be referred to the Cabinet for approval of the award of the contract.

4.2 The value of this contract is £380k per annum. The total value of the contract could vary depending on the number of licences that are used and so at this point in time the contract is valued at £1,140k over the 3 year contract term.

4.3 The previous cost of the contract was £352k per annum, which is an increase of £28k or 8%.

4.4 The cost of the contract and the increase above the current budgeted costs will be funded from the existing Digital Services budget.

4.5 The Council has a contract savings target of 10% and thus would have expected to make approximately £35k per annum savings. Unachieved savings on this contract will need to be made up on other contracts.

5.0 Legal Implications

5.1 The estimated value of this contract over its lifetime is higher than the EU threshold for Supplies and the award of the contracts and therefore is governed by the Public Contracts Regulations 2015 (the "EU Regulations"). The award is subject to the Council's own Standing Orders in respect of High Value contracts and Financial Regulations.

5.2 As indicated in paragraphs 3.4 – 3.11, Officers have used a framework agreement to select a bidder. The EU Regulations allow the use of framework agreements and prescribe rules and controls for their procurement. Contracts may then be called off under such framework agreements without the need for them to be separately advertised and procured through a full EU process. Also, there is no requirement for the Council to observe a mandatory minimum 10 calendar day standstill period before the contract can be awarded when using a framework.

5.3 The Council's Contract Standing Orders state that no formal tendering procedures apply where contracts are called off under a framework agreement established by another contracting authority, where call off under the framework agreement is approved by the relevant Chief Officer and provided that the Chief Legal Officer has advised that participation in the framework is legally permissible. Legal Services have reviewed the Framework and are able to confirm that participation in the Framework is legally permissible.

6.0 Diversity Implications

6.1 The proposals in this report have been subject to screening and officers believe that there are no diversity implications.

7.0 Staffing/Accommodation Implications

7.1 There are no implications for Council staff or accommodation arising from retendering the contract.

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Meeting
Date

Version no.
Date