



Cabinet Key Decision by Delegated Authority

Report to the Director of Performance Policy and Partnerships

For Action

Wards Affected:
[ALL]

AWARD OF A CONTRACT FOR MICROSOFT DYNAMICS 365 LICENCES

Appendix 1 is Not for Publication

1.0 Summary

1.1 This report requests authority to award a contract for Microsoft Dynamics 365 CRM Licences. This report summarises the process undertaken in procuring the contract and recommends to whom the contract should be awarded.

2.0 Recommendations

2.1 That the Director of Performance Policy and Partnerships, in consultation with the Deputy Leader, awards the contract for Microsoft Dynamics 365 CRM Licences to Bytes Software Services Ltd for a period of 5 years.

3.0 Detail

Background

3.1 Brent Council's Digital Strategy made a case for a new corporate CRM to provide an enterprise platform which supports the business in accelerating both the breadth and scope of channel shift, to transform the customer experience and deliver efficiencies.

3.2 CRM has also been identified as a key component for the successful delivery of the Housing Operations Transformation programme.

3.3 Accordingly a project to purchase Microsoft Dynamics 365 licences, set up the capacity/resources for an in house team to deploy the solution corporately, and procure developers to deliver the Housing project by May 2018, was costed and submitted to CMT/Cabinet for decision as part of the Digital Strategy recommendations.

- 3.4 The recommendation to fund the new corporate CRM was agreed by the Cabinet on 19 June. The Cabinet also agreed that the decision to award a contract for the Microsoft Dynamics 365 Licences be delegated to the Director of Performance, Policy and Partnerships in consultation with the Deputy Leader.
- 3.5 The contract for the implementation of the CRM was awarded in early October, and the work is underway. The licensing requirements have now been scoped and officers wish to award a contract.

Requirements

- 3.6 The requirements to be included in the contract are:
- Server & Cloud Enrolment for Dynamics 365, for 5 years
 - Customer Engagement Plan licences for use by Housing Department staff and also wider Council departments.

Outline of Tender Process

- 3.7 Tenders for the contract were invited from the Crown Commercial Service (CCS) Framework RM3733 Technology Products, (the "Framework Agreement"), Lot 2 (Software)
- 3.8 The opportunity was published through the CCS eSourcing System on 20th June 2017.
- 3.9 In accordance with the requirements of the Framework Agreement, the Invitation to Tender stated that the selection of Suppliers to be awarded the contract would be made on the basis of the most economically advantageous combination, and that in evaluating tenders, the Council would have regard to the following:
- Added Value (10%)
 - Price (90%)

Evaluation Process

- 3.10 The tender evaluation was carried out by Digital Services.
- 3.11 All tenders had to be submitted electronically no later than 12 noon on 28th June 2017. 2 tenders were submitted.
- 3.12 The names of the tenderers are contained in Appendix 1. The scores received by the tenderers are included in Appendix 2. It will be noted that

Tender A was the highest scoring tenderer, and it is therefore recommended that the contract is awarded to Bytes Software Services Ltd.

- 3.13 The contract will commence in January 2018. As the proposed contract represents a call-off under a framework agreement, a mandatory standstill period is not required.

Contracting Requirements and Urgency

- 3.14 The implementation of the CRM system is underway, and precise licensing requirements have been scoped. Discussions re the licensing arrangements have been ongoing with Microsoft and the successful tenderer, Bytes Software Services Ltd.

- 3.15 The requirements have now been determined, and an offer received from Microsoft, which will generate a saving to the Council against their standard licensing costs and arrangements. In order to take advantage of this, the Council needs to commit to the purchase by early January 2018, hence the requirement for the decision to be made urgently.

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. The value to Brent of this contract is above this threshold. However, the Cabinet has delegated authority to the Director of Performance, Policy and Partnerships, in consultation with the Deputy Leader, to award the contract upon completion of the procurement process.
- 4.2 The total value of the contract is estimated to be £1.4m.
- 4.3 The investment required for the Digital Programme, of which this contract is a part, is to be funded by the capital programme for the first 3 years.
- 4.4 The ongoing costs in years 4 and 5 of the contract will be funded through revenue savings generated through the CRM implementation and the rationalising of other systems.
- 4.5 The Outline Business Case in Appendix 2 of the Digital Strategy Report to Cabinet in June 2017 identified £300k per annum savings to result from the Application Rationalisation referred to above.
- 4.6 Income generated through Dynamics 365 development work with other boroughs will also be used to fund the future running costs.

5.0 Legal Implications

- 5.1 The estimated value of the proposed call off contract for Microsoft Dynamics 365 licences is higher than the EU threshold for Supplies and the award of the contract is therefore governed by the Public Procurement Regulations 2015 (the “PCR 2015”).
- 5.2 Officers have used a framework to procure the Microsoft Dynamics 365 licences. The PCR 2015 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. Call offs under the framework need to be carried out in accordance with the framework rules, to include using evaluation criteria specified in the framework and utilising the terms and conditions set out in the framework. Officers have confirmed that the Microsoft Dynamics 365 licences have been procured in a compliant manner.
- 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. The Chief Legal Officer confirmed that participation in the relevant CCS framework is legally permissible.
- 5.4 The procurement is subject to the Council’s own Standing Orders in respect of High Value contracts and Financial Regulations. Cabinet approval is required for the award of High Value contracts but in this instance Cabinet on 19th June 2017 delegated authority to award to the Director of Performance, Policy and Partnerships in consultation with the Deputy Leader.
- 5.5 As the procurement of Microsoft Dynamics 365 licences is from a framework, there is no requirement for the Council to observe a 10 day standstill period under the PCR 2015 although the award of the contract will be subject to the council’s usual call-in process.

6.0 Equality Implications

- 6.1 The proposals in this report have been subject to screening and officers believe that there are no equality implications but this will be kept under review. There are likely to be considerations about accessibility of digital services for all customer groups.

7.0 Staffing/Accommodation Implications

- 7.1 None in addition to those contained in the report to Cabinet of June 2017.

8.0 Background Papers

8.1 Appendices

Appendix 2

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