



Officer Key Decision
12 February 2019

**Report from
the Strategic Director of Resources**

**Award of a Contract for Microsoft 365 Licences for the
London Borough of Southwark**

Wards Affected:	N/A
Key or Non-Key Decision: (only applicable for Cabinet, Cabinet Sub Committee and officer decisions)	Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Part Exempt – Appendix A to this report is not for publication as it contains exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972
No. of Appendices:	Two: <ul style="list-style-type: none"> • Participating Contractors (Exempt) • Evaluation Scoring
Background Papers:	None
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1.0 Summary

- 1.1 This report requests authority to award a contract for Microsoft 365 Licences for the London Borough of Southwark. 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 Strategic Director Resources awards the contract for Microsoft 365 Licences to Trustmarque Solutions Ltd for a period of 3 years.

3.0 Detail

Background

- 3.1 The London Borough of Southwark uses a number of Microsoft software products for the provision of desktop services to staff. These include the Windows Operating System, Office, Exchange, SharePoint, Project and Visio.

- 3.2 The current licences for these products come to an end on 31 March 2019. 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 April 2019.
- 3.3 The licences were tendered in advance of the start date of 1 April 2019 in order to avoid anticipated 6% - 10% price increases in Microsoft products, which come into effect this year.

Requirements

- 3.1 The requirements to be included in the contract are:

Microsoft 365 Licences, including Microsoft Office, for Microsoft Cloud Technology from the Enterprise Platform for 3 years.

Outline of Tender Process

- 3.2 Tenders for the contract were invited from the KCS Professional Services Software Products and Associated Services framework, Lot 3 (Commercial Off the Shelf Software). The framework was established by Kent County Council.
- 3.3 The opportunity was published through the CCS eSourcing System on 21 November 2018.
- 3.4 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

- 3.5 The tender evaluation was carried out by Digital Services.
- 3.6 All tenders had to be submitted electronically no later than 12 noon on 27 November 2018. 6 tenders were submitted.
- 3.7 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 Tenderer F was the highest scoring tenderer, and it is therefore recommended that the contract is awarded to Trustmarque Solutions Ltd.
- 3.8 The contract will commence on 1 April 2019. As the proposed contract represents a call-off under a framework agreement, a mandatory standstill period is not required.

4.0 Financial Implications

- 4.1 The procurement process, award and contracting are delegated to the London Borough of Brent under the terms of the ICT Shared Service Inter Authority Agreement. The Council's Contract Standing Orders state that the award of contracts for supplies, services or works below the value of £2m can be awarded by Chief Officers. The value of this contract is below this threshold, and therefore the Strategic Director Resources has authority to award.
- 4.2 The total value of the contract is estimated to be £1.87m.
- 4.3 The cost of the licences will be met from the Shared ICT Service budget.
- 4.4 The current annual cost to Southwark of the Microsoft Licensing is £673,000. It is expected that this will reduce by approximately £50,000 through a substantial restructuring of the licence purchasing and the use of separate Education and Manual Worker agreements in addition to the main agreement.
- 4.4 Although the new agreement is not required to commence until 1 April 2019, the procurement has been carried out in advance in order to commit in February and avoid substantial cost increases from Microsoft, in the region of 6% across the products which Southwark needs to buy.

5.0 Legal Implications

- 5.1 The estimated value of the proposed call off contract for Microsoft Licences is higher than the EU threshold for Goods and Services 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 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 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 Director of Legal and HR has advised that participation in the framework is legally permissible. The Director of Legal and HR confirmed that participation in the relevant KCS framework is legally permissible.

5.4 The procurement is subject to the Council's own Standing Orders in respect of Medium Value Contracts and Financial Regulations given that the Council's element of the procurement is valued at less than £2 million. The Strategic Director of Resources therefore has delegated authority to award the contract.

5.5 As the procurement of ICT office hardware 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.

Report sign off:

ALTHEA LODERICK
Strategic Director of Resources