

	Officer Key Decision
	Report to the Strategic Director of Customer and Digital Services
AUTHORITY TO AWARD CONTRACT FOR MICROSOFT AZURE AND OFFICE 365 ASSESSMENT AND IMPLEMENTATION SERVICES	

Wards Affected:	All
Key or Non-Key Decision:	Key Decision
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Part Exempt – Appendix 1 is exempt as it contains the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: "Information relating to the financial or business affairs of any particular person (including the authority holding that information)"
No. of Appendices:	Two Appendix 1: (Tenderer names – Not for publication) Appendix 2: (Evaluation Scoring)
Background Papers¹:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Philippa Brewin, Service Account and Procurement Manager, Shared ICT Service, philippa.brewin@brent.gov.uk 020 8937 1733

1.0 Purpose of the Report

- 1.1 This report concerns the award of a contract for assessment and implementation services for Microsoft Azure and Office 365 cloud services for the Shared ICT Service. This report requests authority to award a contract as required by Contract Standing Order 88. The report summarises the process undertaken in tendering this contract and, following the completion of the evaluation of the tenders, recommends to whom the contract should be awarded.

2.0 Recommendation(s)

That the Strategic Director of Customer and Digital Services:

- 2.1 Approves the award of the contract for Microsoft Azure and Office 365 Assessment and Implementation Services to Infosys Limited for a period of 18 months with a possible 6 months extension.

3.0 Detail

- 3.1 The Shared ICT Service (SICTS) partner authorities of the London Boroughs of Brent, Lewisham and Southwark have a requirement to migrate applications to the Microsoft Azure Cloud. There are two key drivers for this: one is specific to the London Borough of Southwark, who need to exit their current Data Centre by October 2020, and the second is a shared driver whereby each partner has committed to consume £10,000 of Azure resources in early 2020 and a full £100,000 per annum consumption of Azure services by 30 June 2020.
- 3.2 The services in the contract are in three parts:
Part 1 of the work is to create a common foundation level build and configuration of Microsoft Azure and Office 365 products and services to a best practice standard. This will deliver a shared design that enables access to these services for all partners on an 'as and when required' basis.
Part 2 covers data centre transformation for Southwark based on SaaS/Azure/CoLo discovery, design, build and migration.
Part 3 covers Windows 10 application discovery, design, build and migration, and O365 discovery and migration services including Exchange, SharePoint and Teams.
These parts are funded in different ways; with Part 1 being jointly funded by the three councils and Parts 2 and 3 funded by Southwark.
The invitation to tender made it clear that Part 2 and 3 are to be optional within the contract.
- 3.3 The new MS Azure and Office 365 environment will accommodate all SICTs users so that it can host appropriate line of business applications and infrastructure services for them, in order to deliver public services.

The Tender Process

- 3.4 Tenders for the contract were invited from the Crown Commercial Service (CCS) Framework RM1043.5 Digital Outcomes and Specialists 3 (the "Framework Agreement"). Lot 1 (Digital Outcomes). Officers invited the tenders once approval from the Chief Officer was obtained and confirmation of legality to use the framework obtained from the Director of Legal HR , Audit & Investigations.

- 3.5 The opportunity was advertised on the CCS Digital Marketplace on 24 September 2019. The suppliers on the framework were then able to decide whether or not to apply to be included in a shortlist for tendering. The closing date for applications was 8 October 2019 and 18 suppliers applied. The tender evaluation panel then scored the suppliers' responses and shortlisted 5 to be invited to tender. The shortlisting was based on skills and experience only, in accordance with the framework rules.
- 3.6 The 5 shortlisted suppliers were invited to tender on 11 October 2019, using the London Tenders Portal.
- 3.7 In accordance with the requirements of the Framework Agreement, the original marketplace advertisement and 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 bid and that in evaluating tenders, the Council would have regard to the following:
- Technical Competence: Proposal (35%)
 - Cultural Fit (5%)
 - Price (60%)

Evaluation process

- 3.8 The tender evaluation was carried out by a panel of officers from the Shared ICT Service and the 3 partner authorities.
- 3.9 All tenders had to be submitted electronically no later than 3pm on 24 October 2019. 5 tenders were submitted.
- 3.10 The suppliers were invited to attend interviews on 25 October, where they presented their proposals and the panel asked, and received answers to, some clarification questions.
- 3.11 Following the interviews, the panel met on 28 October and each submission was marked by the whole panel against the award criteria.
- 3.12 The names of the tenderers are contained in exempt Appendix 1. The scores received by the tenderers for each lot are included in Appendix 2. It will be noted that Tenderer A was the highest scoring tenderer. On 31 October 2019, an Officer Decision was made which agreed the recommendation that the contract be awarded to Tenderer A. However, following officer engagement with Tenderer A, it has been decided not to proceed with the award. This report therefore recommends that the award is now made to the second placed tenderer, Tenderer C, namely Infosys Limited.

3.13 It is anticipated that the contract will commence on 27 January 2020.

4.0 Financial Implications

4.1 Part 3 of the Council's Constitution states that the Strategic Director of Customer and Digital Services has delegated authority to approve the award of contracts for services valued at less than £2 million.

4.2 The estimated value of this contract is £1,499,700.00, being £245,000 for Part 1 and £1,254,700 for parts 2 and 3.

4.3 It is anticipated that the cost of Part 1 of this contract will be funded from the SICTS budget and shared among the three councils, according to the ratio of SICTS user numbers (30:25:45) as follows:

Authority	£
Brent	73,500.00
Lewisham	61,250.00
Southwark	110,250.00

Parts 2 and 3 will be funded by Southwark, from approved capital funding. The contract makes it clear that the implementation of Parts 2 and 3 are optional.

4.4 The tender and contract pricing are structured in such a way that, should any of the 3 boroughs wish to add further requirements to the initial scope, these can be ordered at contract rates. In particular, it is possible that Brent and/or Lewisham may wish to commence their own migration of applications to the cloud environment during the contract term. This could increase the value of spend under the contract to up to £1.5m. Similarly, the services included in Parts 2 and 3 are optional, meaning that the contract value is potentially the Part 1 price only of £245,000.

5.0 Legal Implications

5.1 This memo is seeking approval to award the contract to Infosys Limited, for the provision of assessment and implementation services for Microsoft Azure and Office 365 cloud services for the Shared ICT Service for a period of 18 months with a possible 6 months extension. Officers confirmed that the potential value of the proposed contract is £1.5m for the whole duration of the contract including the potential extension.

5.2 The estimated value of this contract is in excess of the EU threshold for services or supplies contracts which currently is £ £189,330. The award of this contract is therefore governed by the Public Contracts Regulations 2015 (the

“EU Regulations”). The award is subject to the Council’s own Standing Orders in respect of Medium Value Contracts and Financial Regulations.

- 5.3 Officers have explained in paragraph 3.4, that in order to procure this contract they used the CCS Framework RM1043.5. Paragraph 86 (e)(ii) of 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 reviewed the Framework Agreement used and was able to confirm that participation under this framework was legally permissible in 19 July 2019.
- 5.4 As indicated in paragraph 5.3, the award of the contract is subject to the Council’s own Standing Orders in respect of Medium Value Contracts. Chief Officers have delegated to them power to award Medium Value Contracts in accordance with paragraph 9.5, of Part 3 of the Constitution.

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.

7.0 Consultation with Ward Members and Stakeholders

- 7.1 All three of the Shared ICT Service partner authorities have been consulted in relation to the project, the invitation to tender and specification, and the evaluation, and the selection of Tenderer C for this award.

8.0 Public Services (Social Value) Act 2012

- 8.1 The Council is under a duty pursuant to the Public Services (Social Value) Act 2012 (“the Social Value Act”) to consider how services being procured might improve the economic, social and environmental well-being of its area; how, in conducting the procurement process, the Council might act with a view to securing that improvement; and whether the Council should undertake consultation. Officers have had regard to considerations contained in the Social Value Act in relation to the procurement.
- 8.2 Social Value criteria are not included in the prescribed criteria for procurements under the framework. The recommended bidders will be required to commit to pay the London Living Wage for services delivered under the contract.

Report sign off:

PETER GADSDON

Strategic Director of Customer and
Digital Services