

16 January 2019		ITEM: 11
Decision: 110496		
Cabinet		
Procurement of Microsoft Licence Subscriptions		
Wards and communities affected: All	Key Decision: Key Decision	
Report of: Councillor Shane Hebb, Deputy Leader & Portfolio Holder for Finance		
Accountable Assistant Director: Murray James, Assistant Director ICT		
Accountable Director: Sean Clark, Director of Finance and IT		
This report is Public		

Executive Summary

Thurrock Council's office function is supported, as with many other local authorities, by the use of Microsoft software such as the operating system and Office suite of products including Word, Excel and Outlook.

These products are purchased from a licensed Microsoft re-seller Bytes Software Services Ltd, and the current year's cost is £357k per annum. The Council's contract with Bytes expires at the end of March 2019 and it is therefore necessary to re-procure provision for the forthcoming period.

Software purchases are routinely made using publicly accessible frameworks for speed of use and economy of scale. This report recommends the use of the Kent County Council (KCS) Software framework Lot 1 which has a total of 9 suppliers including Bytes which should therefore generate sufficient competition.

1. Recommendation(s)

- 1.1 Approve the process to commence procurement of the Microsoft Licences Subscriptions contract for a period of three years plus a further optional extension of three years.**
- 1.2 Agree delegated authority for award of contract to the Director of Finance and IT in consultation with the Portfolio Holder for Finance.**

2. Introduction and Background

- 2.1 Microsoft Licences are critical to the digital operation of the council; they are the foundation to all the digital services that are delivered within the organisation. For example, the desktop operating system and office suite, E-

mail, Skype etc. In addition the vast majority of the council's line of business applications are delivered using Microsoft technology.

- 2.2 Without the Microsoft subscription Thurrock would lose the rights to run any Microsoft applications within its ICT estate. The enterprise agreement will provide Thurrock with the best value of end user technologies on a per user, per device basis. It allows Thurrock to flex up or down the licences should its workforce numbers change, which is very much in line with cloud delivery models.
- 2.3 The renewal of the Microsoft Enterprise Subscription agreement will provide the rights to run many elements of Office 365. This will support a number of council digital projects i.e. Collaboration, Exchange online and Enterprise mobility.

3. Options Appraisal and Procurement Process

- 3.1 The current spend on Microsoft Licences Subscription is £357k per annum. Microsoft fix their prices for a period of three years from the start of the contract agreement, and therefore it is in the Council's best interest to secure a contract for this term, with an option to extend for a further three year period. This will provide some leverage in terms of the support agreement, and a good negotiating position when considering whether or not to grant the extension. The maximum contract period will therefore be six years in total.
- 3.2 The cost of the subscriptions exceeds the EU threshold and therefore the Council is required to follow either a full tender process including advertisement in OJEU (Official Journal for the European Union) or to run a mini-competition which is a shorter competitive process, using a public purchasing framework.
- 3.3 A number of public frameworks exist that contain the key national re-sellers for Microsoft, including the Council's current incumbent Bytes Software Services Ltd. Officers have reviewed the frameworks and propose to use the Kent County Supplies National Framework: Software Products and Associated Services, reference Y17038. This framework allows for further competition between the re-sellers, ensuring Thurrock Council is able to secure best value.
- 3.4 If Cabinet is content to agree the recommendation, a mini-competition will be launched on 23 January 2019 with a quick turnaround response required by mid-February. The projected contract award will be late February with a start date of 1 April 2019.

4. Reasons for Recommendation

- 4.1 This report is submitted to Cabinet as a key decision with a total value over £500,000 in order to request permission to proceed to tender and award a contract for Microsoft Licences in accordance with the Constitution Chapter 9 Part 2 Contract Procedure Rules.

5. Consultation (including Overview and Scrutiny, if applicable)

5.1 This procurement is inward facing only; however ICT regularly survey staff and Members about their service and suitability of products and software.

6. Impact on corporate policies, priorities, performance and community impact

6.1 Provision of an effective back office, powered by suitable modern software is essential to the delivery of all of the Council's priorities.

7. Implications

7.1 Financial

Implications verified by: **Sean Clark**
Director of Finance and IT

Authorisation is given to go ahead with the tender process; the cost of the licences once procured will be met from the ICT budget.

7.2 Legal

Implications verified by: **Freda Benjamin-Laing**
Contracts Lawyer

This report seeks Cabinet approval to seek the procurement of Microsoft Licence Subscriptions via mini competition under the Kent County Supply National Framework: Software Products and Associated Services framework agreement as proposed in paragraph 4.3 of this report.

The proposed procurement process being considered is estimated at above the applicable European Union thresholds for contracts of this type and this means there is a legal requirement for the procurement process to comply with the provisions of the Public Contracts Regulations 2015 (PCR, 2015).

In addition, taking the above into account and on the basis of the information in this report, the proposed procurement must comply with the Council's Contract Procedure Rules which requires that for contracts over a value of £750,000, Officers must obtain approval to proceed to tender, approval to award a contract in writing from Cabinet or a Cabinet Member having the delegated power to do so.

The report author and responsible directorate are advised of the provisions of Regulation 33 (3) of the Public Contracts Regulations 2015 which prohibits the term of a framework agreement exceeding four years save in exceptional cases duly justified by the subject matter of the framework agreement and to

keep Legal Services fully informed at every stage of the call off from the framework agreement.

Legal Services are on hand and available to assist and answer any questions that may arise relating to any call off from the framework agreement.

7.3 **Diversity and Equality**

Implications verified by: **Natalie Warren**
**Community Development and Equalities
Manager**

There are no direct diversity implications relating to this report.

7.4 **Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

None specific

8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

None

9. **Appendices to the report**

Appendix 1: Stage 1 Procurement Form

Report Author

Joe Gregory

IT Infrastructure Manager