

13 March 2024		ITEM: 17
Decision: 110712		
Cabinet		
Preferred Software Reseller – New Procurement		
Wards and communities affected: N/A	Key Decision: Non-key decision	
Report of: Andy Best – Head of Digital and ICT		
Accountable Assistant Director: N/a		
Accountable Director: Daniel Fenwick – Executive Director Corporate Services		
This report is Public with an exempt appendix. Appendix 1 contains confidential information and is not to be published by virtue of part 1 of Schedule 12A of the Local Government Act 1972 because it contains exempt information as set out in category 3 because the report contains information relating to the financial or business affairs of any particular person		
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Version: Final / Cabinet		

Executive Summary

The Council have a requirement to purchase a number of different software licences across multiple software providers. 21 different licences are perpetually required and need to be renewed on an annual basis.

At present each licence is purchased following a desktop exercise to obtain the most economic pricing in the market. Licences cannot be purchased via the Software companies directly and must be purchased via an authorised reseller. With 21 different licences renewing on varying dates throughout the year, the process of managing software licences has become arduous and inefficient.

The Council would like to appoint a “preferred provider of software licences” where all purchases for such licences can be managed and executed through one contract with a major reseller of software. A further competition procurement exercise is proposed to:

- Identify a preferred provider for the Council to purchase Software licences
- Award services under KCS Procurement Services; Software Products and Associates services Y20011.

- The tender exercise will determine whether there is value in amalgamating the multiple contracts names in the report into one.
- The overarching strategy is to reduce the number of contracts and the number of suppliers. This will become more apparent as we introduce the CRM and are able to consolidate the number of applications that are in use.

The report sets out the licence requirements, current engagement details, procurement requirements along with Options to proceed.

Commissioner Comment:

Support the recommendations as laid out in the report, with a requirement to report back, through the monthly financial reporting, the financial opportunity identified from consolidation enabling this to be realised.

1. Recommendation(s)

That Cabinet

- 1.1 Agree and support the proposal to conduct a procurement exercise for the commissioning of the contract referred to below**
- 1.2 Approve delegation to the Executive Director of Corporate Services, in consultation with the Portfolio Holder and Section 151 Officer, to award the contract following completion of the procurement process.**

2. Introduction and Background

Software Licences

- 2.1 Key software licences include; Mimecast providing security, continuity and archiving for email, Ivanti an asset management software for desktops, Citrix enabling remote working and Nutanix an enterprise cloud software enabling applications to run at scale.
- 2.2 This software is essential for the Council as they make up the core infrastructure and security services that underpin the Council's digital services.

Current Engagement

- 2.3 The Council has an adhoc arrangement in place with a software reseller currently Bytes Technology Group to purchase licences that cannot be bought directly from the software provider.

Procurement Requirements

- 2.4 The procurement exercise will make our adhoc software licensing spend comply with the Council Constitution and the Public Contracts Regulations 2015.
- 2.5 At present there is limited transparency on cost price from the Software providers and margins applied by the Reseller. A competitive tender exercise will ensure much more clarity and transparency around

the pricing models and enable the Council to get best value that has the potential to reduce overall spend.

2.6 A single point of contact for all software renewals will also streamline the process, making it more efficient and ensuring minimum time is spent on desktop exercises, processing renewals and seeking spend approvals on a licence by licence basis.

2.7 It is proposed the pricing element of the tender is undertaken on a basket of licences. This will ensure the most economical advantageous reseller is awarded the contract.

Pre-Market Studies

2.8 Pre-market studies suggest there is a buoyant and competitive market for software resellers.

2.9 A number of providers have expressed an interest to submit a tender for this contract.

3. Issues, Options and Analysis of Options

3.1 Option 1: Continue to purchase licences via Bytes Technology group under Supplier Terms and Conditions – Not recommended

This solution is rejected on the grounds it is inefficient and will put the Council in breach of the Public Contract Regulations 2015 and the Council's Constitution.

Benefits

- None

Disadvantages

- The Council will not comply with PCR 15
- Arduous and inefficient process to manage the fragmented annual renewal process.
- Multiple contracts and suppliers need to be managed

3.2 Option 2: Procure a 3+1 Year contract using an Open Tender procedure – Not Recommended

An Open tender is a compliant route to market, however this is time consuming, and resource intensive. An open tender could take up to 12 months to conclude.

Can be overly complex and may result in limited participation from suppliers.

There is an increased risk of challenge

Poor quality bids may be submitted, limiting the Council's ability to award a contract. Considerable time and effort will be required to ensure Contract terms can be agreed.

Uncertainty of costs.

3.3 Option 3: Procure a 3+1 Year contract using a Further Competition under KCS framework KCS Y20011 – Recommended

A 4 year competitively procured contract on KCS Software products and associated services framework is expected to cost c£1.2M. Most of this cost is for the licences, a small proportion is attributed to the costs associated with the software reseller. Market studies indicated reseller margins range between 3% & 6%.

The pricing obtained through the pre-market engagements will be used to set Procurement budget for the service ensuring a best value award.

Suppliers awarded to a framework have already been reviewed to ensure they have the relevant qualifications, capacity and capability to deliver the services.

Pre-agreed terms and conditions between the supplier and framework provider; enabling quick and efficient engagement of supplier.

Ceiling prices are already in place, therefore certainty of maximum costs.

Benefits

- Compliance: The Council will remain in compliance with PCR 15
- Best Value: A tender value set in-line with pre-market studies can ensure competitive pricing on licences and provider margins.
- Improved efficiency through centralised license management of a single supplier and a renewal process after 4 years;
- The potential for cost savings

Disadvantages

- There is a minimal risks that the centralised supplier may not be able to provide all the license types required by the Council.

4. Reasons for Recommendation

- 4.1 A competitive exercise will ensure the Council remains in compliance with PCR 1 and will ensure that the Council is getting best value which may deliver savings which can be added to the overall savings target in 2024/25. The reduction in the number of supplier is in line with the Councils ambition to drive process efficiencies.

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

- 5.1 An approval to proceed to tender Stage 1 form was presented to the Strategic Approval Panel on 23 November 2023, the procurement was approved subject to Cabinet approval.
- 5.2 Conversations and meetings were conducted with ICT managers to gather essential and desirable needs and requirements and shortfalls in existing provider Dec 2023.

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

- 6.1 N/a

7. Implications

Version Cabinet – Final version ready for Cabinet/Executive decision

7.1 **Financial**

Implications verified by: **Laura Last**
Finance Manager

The annual costs for this service equate to c.£300k per annum. These costs are covered by the existing revenue budget for ICT.

7.2 **Legal**

Implications verified by: **Kevin Molloy**
Team Leader Contracts Team

Following issue by the Council of a s114 notice, the Council must ensure that its resources are not used for non-essential spending. The contract at issue here is essential to protect the Council's operations as outlined above. In procuring the services, the Council must observe the obligations upon it in national legislation and in its internal procurement rules. The proposed route would satisfy these requirements. Officers should ensure Legal Services are kept informed as they progress through the procurement.

7.3 **Diversity and Equality**

Implications verified by: **Rebecca Lee**
Community Development Manager

While there are no specific diversity and equality implications, a social value selection criteria will be set as part of the tender with specific community initiatives pledged during the contract term becoming a contractual commitment. The social value criteria will form 5% of the overall weighted scoring during the evaluation process.

7.4 **Risks**

None

7.5 **Other implications** (where significant) – i.e. Staff, Health Inequalities, Sustainability, Crime and Disorder, or Impact on Looked After Children

None

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):

- Thurrock council contracts register: www.thurrock.gov.uk/our-contracts/current-contracts

9. Appendices to the report

- Appendix 1 - The Procurement Stage 1, Approval to Proceed to Tender Form (**exempt**)

Report Author:

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Corporate Services