



## Mayor and Cabinet

### **Report title: Procurement and Award of Microsoft Licence Agreement**

**Date:** 5 October 2022

**Key decision:** Yes

**Class:** Part 1.

**Ward(s) affected:** All

**Contributors:** Executive Director of Corporate Resources.

### **Outline and recommendations**

This reports presents Mayor and Cabinet with information on the procurement of the Council's agreement for Microsoft Licences, and requests delegation of the award to the Executive Director of Corporate Resources.

Mayor and Cabinet is recommended to:

- Note the procurement process being undertaken
- approves the expenditure and Brent entering into the contract on behalf of the Council provided the financial contribution is within authorised limits

### **Timeline of engagement and decision-making**

Shared Technology Services have discussed the procurement with key stakeholders in Lewisham.

## 1. Summary

- 1.1. Shared Technology Services (STS) provides IT infrastructure management and support to three partner councils, namely the London Boroughs of Brent, Lewisham and Southwark. Additional supported services include networks, messaging and collaboration services, support for end-user devices such as laptops, tablets and mobile phones, as well as providing the service desk to resolve IT-related incidents and requests. The three partner councils that provide governance over STS are Brent, Lewisham and Southwark, as set out in the Inter Authority Agreement (IAA). Brent is the lead council in the respect that it is the employer for all officers within STS and also carries out procurements and contracts on behalf of STS. The services provided by STS include the procurement and management of Microsoft Licences for each of the three councils. The procurement is undertaken in accordance with the Procurement Protocols in the IAA.
- 1.2. Lewisham requires Microsoft Licences in order to enable its staff to have access to Outlook, Teams, Yammer, Word, Excel and Powerpoint.
- 1.3. The Microsoft Licences are subscription licences whereby an annual amount is paid for their usage and for licence updates.
- 1.4. Microsoft Agreements for these licences are for three years, and Lewisham's current agreement expires on 31 October 2022, and a new agreement is therefore required.
- 1.5. This report summarises the procurement process and requests delegation of the approval for Brent to enter into the contract on behalf of the Council to the Executive Director of Corporate Resources.
- 1.6. Under the terms of the Inter Authority Agreement, the London Borough of Brent will award the contract, but it is also necessary for Lewisham Mayor and Cabinet to agree the award recommendation.

## 2. Recommendations

- 2.1. It is recommended that Mayor and Cabinet:
  - (a) notes the procurement strategy and process;
  - (b) approves the expenditure and Brent entering into the contract on behalf of the Council provided the financial contribution is within authorised limits

## 3. Background

- 3.1. Lewisham's current agreement for Microsoft Licences expires on 31 October 2022, and it is therefore necessary to put in place a new agreement.
- 3.2. The Council currently has a contract with Bytes Software Services Ltd for and is using Microsoft E3 licensing for all staff. This gives each staff member access to Outlook, Teams, Yammer, Word, Excel and Powerpoint as standard.
- 3.3. It is proposed to move to a different type of licensing, namely E5, which provides additional features and is currently available from Microsoft with substantial discounts.
- 3.4. Microsoft Agreements are not made directly with Microsoft, but contracted through resellers, such as the current supplier Bytes.

## 4. E5 Licensing

- 4.1. The Council currently has a contract with Bytes Software Services Ltd for Microsoft E3 licensing for all staff. This gives each staff member access to Outlook, Teams,

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- Yammer, Word, Excel and Powerpoint as standard.
- 4.2. By moving to a different type of licensing, Microsoft E5, Lewisham will be able to leverage their commitment to Microsoft's services, allowing staff to access PowerBI, Teams Telephony and Audio Conferencing as part of their standard licensing, with no additional cost to business areas.
  - 4.3. The move to E5 will enable the Teams telephony option in readiness for when the current 8x8 contract for telephony expires in spring 2023.
  - 4.4. By purchasing the Microsoft E5 bundle, the necessary cyber security tools required to ensure that we protect the council's IT systems from being breached will be included. E5 Security and Compliance protection allows Lewisham to further protect its directory services which manage the usernames and passwords for council staff, and it further improves the controls for applications in the cloud and endpoints such as laptops and mobile devices.
  - 4.5. A direct commercial comparison between E3 and E5 licences is not possible, as the full future benefit of the E5 licences cannot be measured, largely due to the potential for using them for Teams telephony, negating the need for separate telephony licences. Also, without the Security, Compliance and Protection (SCP) products and features that come with E5, there would be a need for further expenditure in this area in future as the threat landscape evolves, which again cannot be defined.

## **5. The Procurement Process**

- 5.1. This report recommends that this process is noted. The timetable is as at 5.11 below, and in order to enter into contract by 31 October 2022, when the current contract expires, the process, which is being undertaken in accordance with the terms of the Inter Authority Agreement, the preferred tenderer will have been selected by 5 October 2022.
- 5.2. Whilst the procurement protocols in the Inter Authority Agreement do not require Lewisham approval to tender when using a framework, EMT have been consulted through this report.
- 5.3. The procurement is being carried out using the national framework Y20011 KCS Professional Services Software Products and Associated Services 2.
- 5.4. The Framework Agreement was set up by Kent County Council trading as KCS Professional Services ("KCS") and is available for use by all public bodies, public sector bodies and all other local authorities (including Brent, who procure and enter into the contract on behalf of Lewisham), subject to the agreement of KCS.
- 5.5. The Framework is a vehicle whereby licences can be procured competitively from resellers.
- 5.6. KCS is the contracting authority that put the Framework in place. KCS Professional Services is a trading unit of the Commercial Services Group (of whom Kent County Council is the only shareholder) and provides a purchasing, warehousing and distribution service to local government and associated public bodies in Kent, neighbouring counties and across the UK. KCS Professional Services is also a member of the Central Buying Consortium, one of the largest local authority purchasing groups in the UK.
- 5.7. It is proposed that Shared Technology Services will tender the contract for Microsoft Licences using the framework
- 5.8. There are ten (10) suppliers appointed to the Framework . The Framework was advertised in OJEU in October 2019. The suppliers were appointed on the basis of the most economically advantageous tender in terms of:

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Price: 30%

Quality of service: 70%

- 5.9. The Framework runs from 1 April 2020 to 31 March 2024 (48 months).
- 5.10. The Framework user guidance states that awards can either be made directly or following a further competition exercise. In order to ensure that the best possible price is obtained, it is proposed to conduct a further competition exercise.
- 5.11. There is no charge to purchasing authorities for using the Framework.
- 5.12. The approximate timetable and other detail relating to the procurement are in the table below:

Ref.	Requirement	Response	
(i)	The nature of the services	Microsoft Subscription Licences	
(ii)	The estimated value for the London Borough of Lewisham.	£2.13m	
(iii)	The contract term.	36 months to 31 October 2025.	
(iv)	The tender procedure to be adopted.	Mini-competition under the Framework	
v)	The procurement timetable.	<b>Indicative dates are:</b>	
		Invite to tender	w/c 22/09/22
		Deadline for tender submissions	w/c 30/09/22
		Evaluate tenders	w/c 03/10/22
		Delegation of Award	05/10/22
		Award Decision	Not before 10/10/22
		Contract start date	01/11/22
(vi)	The evaluation criteria and process.	<ol style="list-style-type: none"><li>At tender evaluation stage, the panel will evaluate the tenders against the following criteria:<ul style="list-style-type: none"><li>80% price</li></ul></li></ol>	

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Ref.	Requirement	Response
		<ul style="list-style-type: none"> <li>• 20% quality (tenderer proposals for added value)</li> </ul> <p>These criteria have been selected by STS as they are the most proportionate ratio for high value licence agreements being purchased through resellers. As the end product that is used is the same whoever the supplier is, the 20% score allows the added value from the supplier to be material without being disproportionate</p>

- 5.13. Other means of procuring the contract were considered by officers in Shared Technology Services but it was determined that use of the Framework, rather than procuring a contract by formal tender is best in terms of the reduction in time-scales, costs and resources involved.

## 6. Financial implications

- 6.1. See Part 2.

## 7. Legal implications

- 7.1. Under the Shared Services Agreement (“Agreement”) where a framework agreement is being used to procure a service the Shared Service does not need to seek Mayor and Cabinet approval to commence the procurement.
- 7.2. In accordance with the Agreement, the report recommends that Mayor and Cabinet approve the expenditure and for Brent to enter into a contract on behalf of the Council for Microsoft E5 following the procurement process provided the financial contribution is within authorised limits.
- 7.3. The decision is a Key Decision under Article 16.2 (a) of the Constitution as it will be likely to result in expenditure of £500,00 or more. It is therefore required to be contained in the current Key Decision Plan and the Council’s Key Decision procedure must be followed.

## 8. Equalities implications

- 8.1. The proposals in this report have been subject to screening and officers believe that there are no adverse equality implications.

## 9. Climate change and environmental implications

- 9.1. There are no direct climate change or environmental implications arising from this procurement.

## 10. Crime and disorder implications

- 10.1. There are no direct crime and disorder implications arising from this procurement.

## 11. Health and wellbeing implications

- 11.1. There are no direct health and wellbeing implications arising from this procurement.

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## **12. Background papers**

12.1. None

## **13. Report author(s) and contact**

13.1. Philippa Brewin

13.2. 020 8937 1733, [philippa.brewin@sharedtechnology.services](mailto:philippa.brewin@sharedtechnology.services)

13.3. Comments for and on behalf of the Executive Director for Corporate Resources

13.4. [Type here, Arial size 11]

13.5. Provide the name of the author of the financial implications.

13.6. Comments for and on behalf of the Director of Law, Governance and HR

13.7. [Type here, Arial size 11]

13.8. Provide the name of the author of the legal implications.

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