



Mayor and Cabinet

Report title: Procurement and Award of an Agreement for Microsoft Azure Cloud Storage and Services

Date: 1 February 2023

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 Azure Cloud Services, 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
- Approve 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

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 Cloud Services for each of the three councils. The procurement is undertaken in accordance with the Procurement Protocols in the IAA.

All three STS partners, including Lewisham – use Microsoft Azure for a range of cloud services, including compute, analytics, storage and networking.

Azure Cloud Storage is charged at a standard Microsoft rate, but the billing is managed through a reseller. Resellers are also able to provide advice and service management tools.

The standard period for an agreement for Azure is three years.

This report summarises the procurement process and requests approval of the expenditure and for Brent to enter into the contract on behalf of the Council.

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

It is recommended that Mayor and Cabinet:

- (a) notes the procurement strategy and process;
- (b) approves the expenditure of £542k for the contract period of three years; and
- (c) approves Brent entering into the contract on behalf of the Council provided the expenditure is within authorised limits

3. Background

Shared Technology Services currently has an agreement for the provision of Microsoft Azure Cloud Storage and Services. This agreement was put in place in July 2019, and it has now rolled beyond its initial 3 year term. It is therefore necessary to put in place a new agreement through a reseller.

The Council's current requirements are included in the above STS contract between Brent and Bytes Software Services Ltd.

Microsoft Agreements are not made directly with Microsoft, but contracted through resellers, such as the current supplier Bytes.

4. The Procurement Process

This report recommends that this process is noted. The timetable is as at 4.12 below, and in order to enter into contract in February 2023, the process, which is being undertaken in accordance with the terms of the Inter Authority Agreement, will have led to the selection of the preferred tenderer by 1 February 2023.

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.

Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

The procurement is being carried out using the national framework Y20011 KCS Professional Services Software Products and Associated Services 2.

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.

The Framework is a vehicle whereby licences can be procured competitively from resellers.

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.

It is proposed that Shared Technology Services will tender the contract for Microsoft Azure using the framework

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:

- Price: 30%
- Quality of service: 70%

The Framework runs from 1 April 2020 to 31 March 2024 (48 months).

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.

There is no charge to purchasing authorities for using the Framework.

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 Azure	
(ii)	The estimated value for the London Borough of Lewisham.	£542k	
(iii)	The contract term.	36 months to 28 February 2025.	
(iv)	The tender procedure to be adopted.	Mini-competition under the Framework	
v)	The procurement timetable.	Indicative dates are:	
		Invite to tender	05/01/23

Ref.	Requirement	Response	
		Deadline for tender submissions	16/01/23
		Evaluate tenders	17/01/23
		Lewisham Mayor and Cabinet Approval	01/02/23
		Award Decision	10/02/23
		Contract start date	01/03/23
(vi)	The evaluation criteria and process.	<p>1. At tender evaluation stage, the panel will evaluate the tenders against the following criteria:</p> <ul style="list-style-type: none"> 100% quality comprising tenderer proposals for added value, including expertise and Azure management tools; tender proposal for Social Value <p>These criteria have been selected by STS as the price element is fixed by Microsoft, and therefore the quality that the supplier can offer is the significant element.</p>	

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 open tender is best in terms of the reduction in time-scales, costs and resources involved.

5. Financial implications

The cost of Microsoft Licences is a predetermined list price, and this procurement will select a reseller from the framework.

The table below shows the estimated costs of the agreement, based on the partners current* Azure consumption:

For Report	Brent	Lewisham*	Southwark	Total
Year 1	£264,418.79	£180,558.86	£1,169,732.29	£1,614,709.93
Year 2	£264,418.79	£180,558.86	£1,169,732.29	£1,614,709.93
Year 3	£264,418.79	£180,558.86	£1,169,732.29	£1,614,709.93
	£793,256.36	£541,676.58	£3,509,196.87	£4,844,129.80

*Allows an additional £80k per annum for inclusion of website and Active Directory Business to Customer

The current costs of approx £101k are contained within the overall IT & Digital Services

Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>

budget. These costs together with the additional £80k indicated above which form the overall £181k per annum will continue to be contained within this budget.

6. Legal implications

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.

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 Azure following the procurement process provided the financial contribution is within authorised limits.

Provided that the final expenditure is within authorised limits set out in this report and the preferred contractor is selected in accordance with the selection criteria published in the tender documentation, then the London Borough of Brent may enter into the contract on the Council's behalf. For audit purposes a written record should be kept setting out how the selection process has been applied and the preferred contractor selected.

7. Equalities implications

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

8. Climate change and environmental implications

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

9. Crime and disorder implications

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

10. Health and wellbeing implications

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

11. Background papers

None

12. Report author(s) and contact

Philippa Brewin (STS): 020 8937 1733, philippa.brewin@sharedtechnology.services

Chris Bayley (LBL): 07881 251863, Chris.Bayley@lewisham.gov.uk

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

Kathy Freeman (LBL) Kathy.Freeman@lewisham.gov.uk

Provide the name of the author of the financial implications.

Peter Allery (LBL) Peter.Allery@lewisham.gov.uk

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

Mia Agnew (LBL) Mia.Agnew@lewisham.gov.uk Provide the name of the author of the legal implications.

Is this report easy to understand?

Please give us feedback so we can improve.

Go to <https://lewisham.gov.uk/contact-us/send-us-feedback-on-our-reports>