

Cabinet	AGENDA ITEM No. 10
14 NOVEMBER 2022	PUBLIC REPORT

Report of:	Cecilie Booth, Executive Director of Corporate Services and S151 Officer	
Cabinet Member(s) responsible:	Cllr Fitzgerald, Leader of the Council	
Contact Officer(s):	Kevin Halls, IT Finance & Contracts Manager	Tel. 01223 699636

RENEWAL OF MICROSOFT LICENSING AGREEMENT

RECOMMENDATIONS	
FROM: <i>Cecilie Booth, Executive Director of Resources</i>	Deadline date: 15/12/2022
<p>It is recommended that Cabinet</p> <ol style="list-style-type: none"> 1. Agree the procurement of the new Microsoft Licensing Agreement 2. Award the Contract for Microsoft Enterprise Agreement to the preferred bidder for a period of 3 years with effect from the 15 December 2022 	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to Cabinet following a referral from the Corporate Leadership Team on 26 October 2022.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is to:

1. Agree the procurement of the new Microsoft Licensing Agreement
2. Award the Contract for Microsoft Enterprise Agreement to the preferred bidder for a period of years with effect from the 15th of December

- 2.2 This report is for Cabinet to consider under its Terms of Reference No. 3.2.5, *'To make decisions on actions relating to the awarding, assigning and termination of contracts over £500k, and waiving or granting exemptions to Contract Regulations where contracts are over £500k, with the exception any time-critical, operational, or routine decision, which may be determined by the relevant portfolio holder.'*

- 2.3 The attached Appendix 1 is NOT FOR PUBLICATION in accordance with paragraph (s) 3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains information relating to the financial or business affairs of any person (including the authority holding that information), namely detail of the preferred bidder. The public interest test has been applied to the information contained within the exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it as to do so could jeopardise the award process if publicly released before the 7 of November. Annex will be available for publication after that date

3. **TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	N/A
---	-----------	----------------------------------	------------

4. **BACKGROUND AND KEY ISSUES**

4.1 Peterborough City Council uses Microsoft software extensively across all Directorates and their services. The Council is licensed to do so under the terms of its Microsoft Enterprise Agreement. The current Agreement expires in December 2022.

As well as the traditional software of email, calendar, Word and Excel that underpin the day-to-day function of the Council, the Office 365 suite of products includes a wide variety of new tools that enable people to work differently and more effectively. A prime example of this is Teams, which, with its focus on collaboration and multiple means of communication supports flexible and remote working across all levels of the organisation and enhanced collaboration with external organisations and partners. This functionality is currently in regular use though out the Council

Currently, the Council has agreements with two separate suppliers covering Microsoft. One agreement covers software used by staff and members (for example Microsoft Office 365 and MS Teams) and the other covers back-office (software running the Council servers and Cloud services). As part of this procurement the intention is to merge these agreements into a single contract to allow for a consolidated market position and to facilitate a clearer view going forward of what software the Council uses and how this can be leveraged for further savings.

5. **CORPORATE PRIORITIES**

5.1 The recommendation links to the Council's Corporate Priority, 'Sustainable Future City Council':

- *How we Work*
- *How we Serve*
- *How we Enable*

Microsoft is the industry standard for office applications so by maintaining Microsoft products at the core of our business we are ensuring continuity across the Council with standard sets of features reducing the need for additional training and maintaining a software interface familiar to most IT users creating the best chance for anybody new to the Council will be able to pick and go and simply as possible.

A prime example of this is Teams, which, with its focus on collaboration and multiple means of communication supports flexible and remote working across all levels of the organisation and enhanced collaboration with external organisations and partners.

Other features of Office 365 that will increase the efficiency and security of the organisation are:

- Easy to use automation of workflow between people and between applications. This allows for processes to be redesigned to be more efficient and consistent.
- Sophisticated document storage that ensures compliance with Records Management and General Data Protection Regulation (GDPR) policies and allows those documents to be shared simple and collaboratively with staff and customer both internal and external to the council.
- A set of tools that allow teams and individuals to plan work, manage and assign tasks to monitor and manage performance in a simple and intuitive way.

6. **CONSULTATION**

6.1 As part of the decision, consultation was undertaken with the relevant Service leads within the Council, as well as the respective legal services for the Council.

6.2 The report had also been considered by the Corporate Leadership Team and Cabinet Policy Forum.

7. ANTICIPATED OUTCOMES OR IMPACT

7.1 Award of Microsoft licensing agreement to the preferred bidder

8. REASON FOR THE RECOMMENDATION

8.1 While there are various alternative solutions to Microsoft no one supplier currently provides such a broad suite of well-known products as Microsoft. While IT will continue to monitor individual applications for suitable replacements, a complete removal of Microsoft products could take many years to complete.

The tender opportunity was run under Crown commercial services Framework RM6068 Technology Products and Associated Services (lot 3) and received five responses from suppliers. The preferred bidder was selected from these responses as they scored highest based on a mixture of quality and cost scoring particularly highly in areas around added value and ongoing account management.

9. ALTERNATIVE OPTIONS CONSIDERED

9.1 While there are various alternative solutions to Microsoft no one supplier currently provides such a broad suite of well-known products as Microsoft. While IT will continue to monitor individual applications for suitable replacements, a complete removal of Microsoft products could take many years to complete.

10. IMPLICATIONS

Financial Implications

10.1 The annual cost of Microsoft Software last year was £794,598.26. This is currently funded from a revenue budget held by the IT and Digital Service PC1192

We took every opportunity to ensure best value in carrying out this procurement, under Framework RM6068 Technology Products and Associated Services (lot 3), with a 30/70 quality/price split for the evaluation criteria. However, as costs for this software are negotiated at a national level and with the Council's increased use of Microsoft products, direct contract savings are not expected on this procurement. We will ensure that the new Microsoft Agreement includes further benefits for the Council, over and above what is available through the current Agreement, particularly through the suite of products available through Office 365.

Having this core Enterprise Agreement in place will give the Council access to additional Microsoft software and professional services, such as Microsoft Project, Power BI Professional and Microsoft Visio. Any additional costs for these services will be subject to an annual subscription under this new contract and exact usage figures will be reviewed and amended as part of that process. This will again ensure we achieve best value for the Council in its use of Microsoft products. We estimate that use of these additional products would be in the region of £6,000p.a.

The replacement Enterprise Agreement is based on current user numbers with any changes to these numbers being provided to the licencing partner on an annual basis. The IT service will have a mixed licensing structure within the Agreement to reflect the difference between users who fully utilise all the Microsoft tools and those who do not. This will also ensure we get best value out of this Agreement.

Legal Implications

- 10.2 Advice has been received from the Council's legal and procurement teams in support of this procurement.

Peterborough City Council is a contracting authority for the purposes of the Public Contract Regulations 2015 (PCR). It must run a compliant procurement process when purchasing goods or services with a value over a prescribed EU threshold (£189,330).

The procurement of the agreement has been by way of a further competition using Crown Commercial Services (CCS) Framework RM6068 - Technology Products & Associated Services Lot 3: Software and Associated Services. A Further Competition Procedure was carried out and Suppliers on the Framework were given the opportunity to submit a Call-Off Tender in response to the Buyer's Statement of Requirements in accordance with the said Framework.

CCS is a central purchasing body (CPB) as defined under the PCR. The PCR allows contracting authorities to buy goods or services through a CPB. Once the CPB's procurement arrangements are carried out in accordance with Government procurement guidelines

CCS has set up the Framework through a tender under EU procedures. An award by Peterborough City Council is compliant with PCR by calling off the Framework.

Equalities Implications

- 10.3 There are not equalities implications related to this decision
- 10.4 This report does not have any implications for Children In Care and Care Leavers.

11. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 11.1 None.

12. APPENDICES

- 12.1 Exempt Appendix 1 – Detail of Preferred Bidder