

REPORT TO CABINET

20 February 2019

Subject:	Direct Award of Microsoft Server Cloud Enrolment (SCE) License renewal using KCS framework agreement.
Presenting Cabinet Member:	Councillor Steve Trow - Cabinet Member for Culture and Core Council Services
Director:	Executive Director – Resources – Darren Carter
Contribution towards Vision 2030:	
Key Decision:	Yes
Forward Plan (28 day notice) Reference:	SMBC11/02/2019
Cabinet Member Approval and Date:	Cabinet Member for Culture and Core Council Services – Steve Trow
Director Approval:	Executive Director – Resources Darren Carter 24/01/19.
Reason for Urgency:	Urgency provisions do not apply.
Exempt Information Ref:	Exemption provisions do not apply.
Ward Councillor (s) Consulted (if applicable):	This does not affect local towns.
Scrutiny Consultation Considered?	Scrutiny have not been consulted.
Contact Officer(s):	<p>Sue Knowles (Head of ICT and Revenue & Benefits) Sue_knowles@sandwell.gov.uk</p> <p>Andy Saunders (ICT Service Manager) Andy_saunders@sandwell.gov.uk</p> <p>Balbir Bhogal (ICT Enterprise Manager) Balbir_bhogal@sandwell.gov.uk</p>

DECISION RECOMMENDATIONS

That Cabinet:

1. Approve the direct contract award using the Kent County Suppliers (KCS) framework to Phoenix Software Limited for the renewal of the existing Microsoft SCE license agreement for continued support and licensing arrangements for a three (3) year period from 1st April 2019 to 31st March 2022 at a total cost of £526,827.36p.

The total cost of the three (3) year proposed renewal is based on current usage and would be paid annually as follows:

- Year 1 cost: £175,609.12p
- Year 2 cost: £175,609.12p
- Year 3 cost: £175,609.12p

The cost could flex up or down on an annual basis dependent on decreases or increases in usage of the products within the Microsoft SCE license agreement.

2. Authorise the Executive Director - Resources to execute any documents necessary to give effect to the recommendations set out in 1 above.
3. Authorise the Head of ICT and Revenue & Benefits and ICT Service Manager to sign any contract documentation in relation to the renewal of the Microsoft SCE license agreement for subsequent contract award set out in 1 above.

1 PURPOSE OF THE REPORT

- 1.1 This report seeks approval for a direct contract award for the renewal of the existing Microsoft SCE license agreement using the KCS framework to Phoenix Software Limited to cover period 1st April 2019 to 31st March 2022.

2 IMPLICATION FOR VISION 2030

- 2.1 The placing of this contract will enable our workforce to be skilled and talented and will be geared up to respond to changing business needs.
- 2.2 Sandwell's workforce relies on effective ICT to deliver services. This reliance has increased considerably in recent years as the Council moves to digital and online services.
- 2.3 It could therefore be argued that regular investment in the council's ICT infrastructure contributes to all ten ambitions, however it directly links to

ambition 3 in ensuring our workforce is geared up to respond to changing business needs and ambition 10 – National reputation for getting things done.

3 BACKGROUND AND MAIN CONSIDERATIONS

- 3.1 The current three (3) year Microsoft SCE agreement expires on the 31st March 2019
- 3.2 Phoenix Software Limited is the current incumbent supplier for the existing three (3) year Microsoft SCE license agreement and also the Microsoft Enterprise Agreement until 31st March 2021.
- 3.3 Phoenix have managed the licensing for Sandwell MBC since 2013, with the same dedicated Account Manager, who therefore has a holistic understanding of the estate allowing them to offer advice and guidance with the confidence that they have visibility of all licensing options.
- 3.4 The renewal of the Microsoft SCE license agreement is required for the continued use of the technology products being delivered through the agreement and for continued usage, vendor support and software license compliancy.
- 3.5 Microsoft products make up a large part of the existing ICT Infrastructure of the Council and these are being expanded through the implementation of the ICT and Digital Strategy to deliver better service outcomes.

4 THE CURRENT POSITION

- 4.1 The current three (3) year Microsoft SCE license agreement expires on the 31st March 2019. Approval is being sought for a direct contract award to Phoenix Software Limited using the KCS framework for a three (3) year period from 1st April 2019 to 31st March 2022. Whist the new agreement would start on the 1st April 2019, to maintain service provision and proposed pricing, we will need to award the agreement and subsequent purchase order no later than 1st March 2019.
- 4.2 The total cost of the three (3) year proposed renewal based on current usage is £526,827.36p and would be paid annually as follows:

Year 1 cost: £175,609.12p

Year 2 cost: £175,609.12p

Year 3 cost: £175,609.12p

The cost could flex up or down on an annual basis dependent on decreases or increases in usage of the products within the Microsoft SCE license agreement.

4.3 Phoenix Software Limited is the current incumbent supplier for the existing three (3) year Microsoft SCE license agreement and Microsoft Enterprise Agreement until 31st March 2021.

5 **CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)**

5.1 Consultation and engagement had taken place with the following:

- Andy Jukes – Corporate Procurement Services
- Sue Knowles – Head of ICT and Revenue and Benefits
- James Trickett – ICT Strategic Lead
- Jay Bola – Legal Services

6 **ALTERNATIVE OPTIONS**

6.1 A fuller tender exercise could have been conducted. However, there is an essential need to maintain service continuity across both existing Microsoft agreements with Phoenix Software Limited. Were the contract to be let to another contractor, the issues listed below could cause operational problems. The utilisation of the KCS framework allows these issues to be negated in a compliant manner.

- Having multiple Microsoft Enterprise agreements with different Licensing Solution Providers is against Microsoft recommendations. This is for a number of reasons including a lack of cohesion across licensing schemes, neither partner having an overall view of the licensing entitlement and therefore the potential for neither party to be able to offer accurate and cost-effective licensing advice due to the lack of a cohesive understanding of the Council's licensing estate.
- Microsoft strongly recommend as best practice that agreements are placed with the same Licensing Solution Provider to ensure that communications and engagements are not being duplicated as this is a waste of time for the Council and the partners involved.

7 **STRATEGIC RESOURCE IMPLICATIONS**

7.1 The total cost of this renewal is £526,827.36p excluding VAT. Funding will be drawn from existing budget provision for this renewal. Payment would be on an annual basis as follows:

Year 1 cost: £175,609.12p

Year 2 cost: £175,609.12p

Year 3 cost: £175,609.12p

The cost could flex up or down on an annual basis dependent on decreases or increases in usage of the products within the Microsoft SCE agreement.

- 7.2 The Corporate Risk Management Strategy has been complied with to identify and assess the risks associated with the decisions being sought. This has not identified any significant risks that require reporting.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

- 8.1 Procurement Services were consulted and following a review of procurement options it was agreed that the most suitable course of action would be to source from an established framework agreement which offered both continuity of service provision and compliance with the Council's Procurement and Contract Procedure Rules.
- 8.2 Legal Services Team have been reviewed the KCS framework and confirmed that a direct award for the Microsoft SCE license renewal with Phoenix Software Limited is permissible under the terms of the agreement.
- 8.3 The KCS framework has been advertised and awarded in full accordance with EU Procurement Directives and therefore complies with Public Contract Regulations 2015.
- 8.4 The KCS framework offers an OJEU compliant route to market which stipulates a number of stringent requirements for any businesses wishing to supply under its terms and conditions. This ensures value for money and confidence that suppliers are regularly checked and audited to guarantee compliance against these conditions. These include strict rules on pricing, service levels and auditability.
- 8.5 Direct awarding to Phoenix Software Limited means that we can ensure a continuation of the service levels that the Council have been accustomed to, all of which was contractually agreed upon in the ESA tender completed March 2018.

9 EQUALITY IMPACT ASSESSMENT

- 9.1 An equality impact assessment was not undertaken however the T&C's of the KCS framework ensures that all Acts and Codes of practice applicable have been complied with.

10 DATA PROTECTION IMPACT ASSESSMENT

10.1 No data protection issues have been identified.

11 CRIME AND DISORDER AND RISK ASSESSMENT

11.1 No crime and disorder issues have been identified.

12 SUSTAINABILITY OF PROPOSALS

12.1 There are no sustainability implications arising from this proposal.

13 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

13.1 There are no health and wellbeing implications, including social value from this renewal.

14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

14.1 There are no impact on any council managed property or land from this renewal.

15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

15.1 Having reviewed all the available procurement options and taking into consideration the recommendations and advantages for using the current incumbent supplier for this Microsoft Server Cloud Enrolment License renewal, it is in our opinion that a direct award to Phoenix Software Limited using the KCS framework would be the most suitable approach for the Council.

15.2 The Microsoft SCE license renewal is required to ensure continued product usage, vendor support and software license compliancy and therefore it is recommended that this renewal is authorised.

16 BACKGROUND PAPERS

16.1 None.

17 APPENDICES:

7.1 None.