

LONDON BOROUGH OF CROYDON

To: all Members of the Council (via e-mail)
Access Croydon, Town Hall Reception

PUBLIC NOTICE OF KEY DECISIONS MADE BY THE CABINET MEMBER FOR FINANCE AND TREASURY ON 6 JUNE 2016

In accordance with the Scrutiny and Overview Procedure Rules, the following decisions may be implemented from **1300 hours on 14 June 2016** unless referred to the Scrutiny and Overview Committee:

The following apply to each decision listed below

Reasons for these decisions: are contained in the **attached** Part A report

Other options considered and rejected: are contained in the **attached** Part A report

Details of conflicts of Interest declared by any Cabinet Member: none

The Leader of the Council has delegated to the Cabinet Member the power to make the decisions set out below:

CABINET MEMBER'S EXECUTIVE DECISION REFERENCE NO. : 31/16/FT
Decision Title: Microsoft Enterprise Software Agreement

Having carefully read and considered the attached Part A report and the associated Part B report, and the requirements of the Council's public sector equality duty in relation to the issues detailed in the body of the reports, the Cabinet Member for Finance and Treasury in consultation with the Leader of the Council.

RESOLVED to:

1.1 Approve the award of a contract for the provision of a Microsoft Enterprise Software Licence to the Council to Bidder 2 for a period of 3 years at a total contract value of £2.1m upon the terms detailed within the Part A and associated Part B report.

1.2 Note that the name of the successful contractor will be released once the contract award is agreed and implemented.

Scrutiny Referral/Call-in Procedure

1. The decisions may be implemented **1300 hours on 14 June 2016** (5 working days after the decisions were made) unless referred to the Scrutiny and Overview Committee.
2. The Council Solicitor shall refer the matter to the Scrutiny and Overview Committee if so requested by:-
 - i) the Chair or Deputy Chair of the Scrutiny and Overview Committee and 4 members of that Committee; or
 - ii) 20% of Council Members (14)
3. The referral shall be made on the approved pro-forma (*attached*) which should be submitted electronically or on paper to Solomon Agutu and Jim Simpson by **1300 hours on 14 June 2016**. Verification of signatures may be by individual e-mail, fax or by post. A decision may only be subject to the referral process once.
4. The Call-In referral shall be completed giving:
 - i) The grounds for the referral
 - ii) The outcome desired
 - iii) Information required to assist the Scrutiny and Overview Committee to consider the referral
 - iv) The date and the signatures of the Councillors requesting the Call-In
5. The decision taker and the relevant Chief Officer(s) shall be notified of the referral who shall suspend implementation of the decision.
6. The referral shall be considered at the next scheduled meeting of the Scrutiny & Overview Committee unless, in view of the Council Solicitor this would cause undue delay. In such cases the Council Solicitor will consult with the decision taker and the Chair of Scrutiny and Overview to agree a date for an additional meeting. The Scrutiny & Overview Committee may only decide to consider a maximum of 3 referrals at any one meeting.
7. At the Scrutiny & Overview Committee meeting the referral will be considered by the Committee which shall determine how much time the Committee will give to the call in and how the item will be dealt with including whether or not it wishes to review the decision. If having considered the decision there are still concerns about the decision then the Committee may refer it back to the decision taker for reconsideration, setting out in writing the nature of the concerns.
8. The Scrutiny and Overview Committee may refer the decision to Full Council if it considers that the decision is outside of the budget and policy framework of the Council.
9. If the Scrutiny and Overview Committee decides that no further action is necessary then the decision may be implemented.

10. The Full Council may decide to take no further action in which case the decision may be implemented.
11. If the Council objects to the decision it can nullify the decision if it is outside of the policy framework and/or inconsistent with the budget.
12. If the decision is within the policy framework and consistent with the budget, the Council will refer any decision to which it objects together with its views on the decision. The decision taker shall choose whether to either amend / withdraw or implement the original decision within 10 working days or at the next meeting of the Cabinet of the referral from the Council.
13. The response shall be notified to all Members of the Scrutiny and Overview Committee
14. If either the Council or the Scrutiny and Overview Committee fails to meet in accordance with the Council calendar or in accordance with paragraph 6 above, then the decision may be implemented on the next working day after the meeting was scheduled or arranged to take place.
15. URGENCY: The referral procedure shall not apply in respect of urgent decisions. A decision will be urgent if any delay likely to be caused by the referral process would seriously prejudice the Council's or the public's interests. The record of the decision and the notice by which it is made public shall state if the decision is urgent and therefore not subject to the referral process.

Signed: Acting Council Solicitor & Acting Monitoring Officer

Date: 6 June 2016

Contact Officers: Solomon.Agutu@croydon.gov.uk;
jim.simpson@croydon.gov.uk

Telephone: 020 8726 6000 Ext. 62326

PROFORMA

**REFERRAL OF A KEY DECISION TO THE
SCRUTINY AND OVERVIEW COMMITTEE**

For the attention of: Solomon Agutu & Jim Simpson,
Democratic Services & Scrutiny

Meeting:
Meeting Date:
Agenda Item No:

Reasons for referral:

- i) The decision is outside of the Policy Framework
- ii) The decision is inconsistent with the budget
- iii) The decision is inconsistent with another Council Policy
- iv) Other: Please specify:

The outcome desired:

**Information required to assist the Scrutiny and Overview Committee to consider
the referral:**

Signed:

Date:

Member of _____ Committee

For General Release

REPORT TO:	Cabinet Member for Finance and Treasury - on or after 25 May 2016
AGENDA ITEM:	not applicable
SUBJECT:	Microsoft Enterprise Software Agreement
LEAD OFFICER:	Graham Cadle Assistant Chief Executive Customer & Transformation
CABINET MEMBER:	Simon Hall Cabinet Member for Finance and Treasury
WARDS:	ALL
CORPORATE PRIORITY/POLICY CONTEXT The provision of a Microsoft enterprise software license agreement is vital to the council as it enables the Council to administer back office functions and the licences are required to transform the ICT estate enabling efficiencies from the application of new technology.	
AMBITIOUS FOR CROYDON & WHY ARE WE DOING THIS: Delivering high quality public services and improving value for money.	
FINANCIAL IMPACT: The total cost of the proposed contract is £2.1m over the 3 year term of the contract.	
KEY DECISION REFERENCE NO.: 31/16/FT The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Strategic Overview Committee by the requisite number of Councillors.	

1. RECOMMENDATIONS

The Leader of the Council has delegated (decision reference no. 40/16/LR) to the nominated Cabinet Member the power to make the decisions set out in the recommendations below

- 1.1 The Cabinet Member for Finance and Treasury in consultation with the Leader of the Council is recommended to approve the award of a contract for the provision of a Microsoft Enterprise Software Licence to the Council to Bidder 2 for a period of 3 years at a total contract value of £2.1m upon the terms detailed within this and the associated Part B report.

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| 1.2 | The Cabinet Member for Finance and Treasury is asked to note that the name of the successful contractor will be released once the contract award is agreed and implemented. |
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2. EXECUTIVE SUMMARY

- 2.1 The report recommends award of the contract for the provision of a Microsoft Enterprise software licence agreement for a three year term. The estimated contract start date is in June 2016.
- 2.2 The detail section of this report sets out the background to this project and the procurement and evaluation process. This report recommends the award of the contract for Microsoft Enterprise Software Agreement to Bidder 2 for a period of 3 years and upon the terms detailed within this and in the associated Part B on the basis that this bidder has submitted the most economically advantageous tender for the provision of the Services. Further details are provided below; specific values and bidder identities are provided within the associated Part B report on this agenda.
- 2.3 The Procurement Strategy for the report titled “Microsoft Office Enterprise Software” which detailed the procurement approach was approved by the Contracts & Commissioning Board on 03/03/16, CCB Ref: CCB1103/15-16.
- 2.4 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB Approval Date	CCB ref. number
27/4/16	CCB1133/16-17

3. DETAIL

- 3.1 The Council currently licences Microsoft software under an Enterprise Agreement with a specialist software reseller. There is a continuing requirement to licence Microsoft software products so that the Council is able to continue to use and maintain existing products. New cloud based Microsoft software products are also being implemented as part of the ICT transformation (“Transformation”) bringing new functionality and the requirement to maintain upgrade rights to support the transformed ICT environment. These solutions and systems are critical across the organisation to deliver key services a for Croydon residents and the new cloud based approach will further enable efficiencies and improved ways of working which are key to support the council’s financial strategy. As such, a new enterprise agreement is required.
- 3.2 The Council is able to take advantage of a Crown Commercial Services (CCS) Memorandum of Understanding with Microsoft to benefit from volume discounts, across the MS product range, by aggregating subscription licencing volumes across the entire public sector.

- 3.3 As such, a mini competition was run under Crown Commercial Services framework RM1054 Technology Products - Lot 2 Packaged Software with invitations to tender being sent via the Council's e-tendering portal to 15 companies on that framework. Bidders were given 30 days to respond to the invitation.
- 3.4 The Council is able to enter into a subscription based licence enterprise agreement with Microsoft. This will mean that the Council will only pay for what it actually uses and give the Council the flexibility to reduce or increase licence numbers to accommodate the Council's changing requirements. . The proposed duration of the subscription based licence enterprise agreement ("the Agreement") is for 3 years This timeframe will enable the Council to fully utilise the benefits of a subscription model, review products and over time, see a reduction in spend as there is an expectation that staff numbers will decrease leading to reduced licence requirements and a subsequent reduction in subscription costs. The three year term is fixed and there are no options to extend. The expected start date for the new enterprise agreement is during June 2016.
- 3.5 The tender documents were structured to reflect the Council's policy for the provider to pay any person employed or engaged in the performance of the Services or Works at a rate at least equivalent to any implemented London Living Wage (LLW) in accordance with the guidelines of the Living Wage Foundation. Bidders were required to submit social value offerings with their bids as part of the quality criteria.
- 3.6 The contract will be managed by the IT Client Unit (ICU) I.T. Contracts Management team to ensure on-going compliance and value for money.
- 3.7 Of the 15 companies invited to tender, two companies declined to bid. One of these was unable to respond and the other was not confident that their bid would provide the optimal fit from both technical and commercial perspectives. Nine companies did not respond. Four companies submitted compliant tenders which were evaluated by a panel of subject matter experts from ICT and Procurement.
- 3.8 Tenders were evaluated against a set of requirements with cost and quality ratios set at 70% cost and 30% quality. Award criteria questions in the Service Specification were designed to assess potential Providers ability to meet the needs of The Council and, unless marked Pass/Fail, were marked on the council standard zero to five (0-5) scale as set out in the table below.

Score	Rating	Details
0	Inadequate	Applies when a Bidder has clearly not understood the Council's requirement, or to instances where no response is offered.
1	Poor	Applies when the response indicates deficiencies or limitations that indicate that the proposal only partially meets the Council's requirements.

2	Adequate	Applies when the response indicates minor deficiencies or limitations that indicate that the proposal is inflexible, despite meeting the Council's minimum requirements, or only partially meets the Council's detailed requirements.
3	Compliant	Applies when the response is fully compliant and acceptable as meeting the Council's requirements.
4	Good	Applies when the response not only meets the Council's requirements, but offers additional benefits e.g. in terms of functionality, scalability or level of Bidder support.
5	Excellent - Adding Value	Applies when the response meets the Council's requirements and provides significant additional benefits e.g. in terms of functionality, Bidder support and a demonstrated ability to accommodate future developments with minimal effort and cost.

3.9 Quality sub-criteria included:

- Service Management & Account Administration
- Enterprise Agreement Administration and support
- Value add services included
- Social Value

3.10 All bidders were requested to join the Council's premier supplier programme and were scored on their responses as part of the Quality scores.

3.11 The tendered prices were evaluated based on Whole Life Costs ("WLC"). Scores were awarded as follows:

- Awarding the bidder with the lowest WLC the maximum score of 70%
- Awarding scores to other bidders on a pro/rata basis based on percentage variation

3.12 The contract shall be awarded in accordance of the contract award criteria. The Quality score is combined with the Price score in order to select the most economically advantageous tender for approval by the Council. This was the tender with the highest combined score.

3.123 Evaluation results summary is set out in the following table:

Criteria	Bidder 1	Bidder 2	Bidder 3	Bidder 4
Quality Total	20.07	19.85	20.0	17.78
Cost	66.51	70.0	68.51	68.76
TOTAL	86.58	89.85	88.51	86.54
Rank	3	1	2	4

3.14 The evaluation determined Bidder 2 as the preferred bidder with the highest combined score over the quality and cost criteria.

4. CONSULTATION

4.1 Consultation has taken place with the Digital and Enabling programme and New Ways of Working programme to ensure the scope of software license products meets current and planned requirements.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

1 Revenue and Capital consequences of report recommendations

Revenue and Capital consequences are set out in Part B of this report.

2 The effect of the decision

The contract is being funded from capital with a small balance coming from the Digital and Enabling programme budget. The capital element is built into the overall capital transformation pot that forms part of the capital budget. Licencing is part of this budget. The capital programme currently has enough provision within it to cover these costs

3 Risks

A financial health check was performed on the preferred bidder, no concerns were found.

4 Options

No other options were considered viable.

5 Future savings/efficiencies

The subscription model allows the council to reduce the number of licences being paid for annually as the number of users declines in line with the shrinking organisation.

(Approved by: Jabin Jiwa Business Partner for Resources, Financial Planning and Strategy)

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 6.1 The Council Solicitor comments that the overall procurement process as detailed in this report meets the requirements of the Council's Tenders and Contracts Regulations and its statutory duty to secure best value under the Local Government Act 1999.

(Approved by: Gabriel Macgregor, Acting Council Solicitor & Acting Monitoring Officer)

7. HUMAN RESOURCES IMPACT

- 7.1 There are no immediate Human Resources considerations arising from the procurement proposals in this report which would impact Croydon Council staff.

(Approved by: Michael Pichamuthu on behalf of the Director of Human Resources)

8. EQUALITIES IMPACT

- 8.1 An Initial Equality Analysis was undertaken to assess the likely adverse impact the contract award would have on protected groups compared to non-protected groups. The analysis concluded that a full equality analysis will not be required as entering into a license agreement would not have any adverse impact on protected groups compared to non-protected groups.

9. ENVIRONMENTAL IMPACT

- 9.1 The nature of the requirement for the resulting new contract should not lead to any environmental impact.

10. CRIME AND DISORDER REDUCTION IMPACT

- 10.1 There are no crime and disorder considerations arising from this report.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 11.1 The solution from the preferred bidder meets the requirements and provides the most economically advantageous tender.

12. OPTIONS CONSIDERED AND REJECTED

- 12.1 The submitted tenders were evaluated. As all tenders received were compliant with requirements and no alternate options were proposed or considered.

CONTACT OFFICER:

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BACKGROUND PAPERS - LOCAL GOVERNMENT ACT 1972

Initial equality analysis