

London Borough of Enfield

Subject: Award of Enterprise and Cloud Enrolment Services
Cabinet Member:
Executive Director: Fay Hammond

Key Decision: 5284

Purpose of Report

1. This report seeks the approval of a direct award from the G Cloud 12 framework for the provision of Microsoft Enterprise and Cloud Enrolment Services for 3 years to support the delivery of digital services.

Proposal(s)

2. This proposal is to:
 - Break these contracts into three separate agreements. An Enterprise Service Agreement for licencing, Server Cloud Enrolment for Azure, and Cloud Solutions Provider which enables us to consume additional services without the need to lock into a minimum commitment, which would otherwise pay for a service up front which it may not use in full.
 - Award of a contract for 3 years from 1st May 2021 to 30th April 2024.
 - Please see commercially sensitive attachment for values of contract award and supplier.

Reason for Proposal(s)

3. The council currently uses an Enterprise Services Agreement (ESA) for Licences for Microsoft 365 which provides corporate services such Teams, email, One Drive, Share Point, Word, Excel and multiple corporate wide services for all members of staff to access on any device. It also uses the complementary Server Cloud Enrolment (SCE) service for Microsoft Azure, which provides secure storage for applications and services for both Microsoft 365 and over half of the council's applications.
4. The organisation relies on these products to deliver all its' services. Although they are Microsoft products, they are only sold by resellers.
5. Please see point 5 in the Commercially sensitive attachment for details of financial pricing.
6. The timeframe period for the award is limited to the end of April 2021 in line with Microsoft's latest pricing and the end of the existing contract. Failure to award the contract will mean defaulting to a non-discounted pay as you go model and put at risk support for existing services from 1st May 2021. The delay in awarding this contract is because of the work Digital Services has had to undertake in 2021 to review requirements and then negotiate the discounts. The impact of the pandemic on how we work and

resources available impacted on this assessment and like other organisations renewing their Microsoft agreements we extended the existing contract by the maximum 30 days allowed to provide sufficient time to complete this.

Relevance to the Council Plan

7. All aspects of the council's plan are supported by provision of secure, robust and flexible Digital Service provision. This enables all service provision.

Background

8. The Digital Service strategy is based on a Corporate Enterprise wide delivery of services in the cloud and these are based on using Microsoft 365 and Azure Cloud services as the preferred tools. These have been in place since 2015 based on a 3-year contract, last renewed in 2018 and this the latest award. Microsoft do not sell these contracts directly, but through re-sellers based on nationwide framework.
9. The Council's IT plan is a Cloud first, digital by design strategy using Microsoft products as its' preferred application and storage products. These continue to meet the 2020-2023 Digital Services Strategy and are now embedded in the organisation as it's default tools. Over the next 3-year cycle, these contracts will provide the basis for application rationalisation, smart devices that work anywhere and secure products that are supported 24/7 and will continue to be developed. For example, during the last 3-year contract, the Microsoft Teams product was developed supporting remote working and conferencing without any additional cost.
10. Digital Services began implementing its' strategy and structure from November 2020. One of the key challenges has been to look at the existing costs and work with our partners and suppliers to offer and demonstrate better value. Over the past 4 months our existing partners have been working with our teams to review our licences and our use of cloud storage and they have been implementing changes to how we use them which demonstrate how we can reduce our costs. The exercise commenced at the end of January 2021 and was completed at the end of April. This proved we could reduce our consumption of storage in the cloud for those months which validated our new requirements, but this reduced the timeframe available to award the contract, and necessitated the need for a direct award
11. We have worked with and challenged our key digital partners to identify how to reduce costs on these contracts aligned to our strategy, to exploit the use of what we are buying so we can look to rationalise other products we currently use and to leverage savings against other products we already use from them. Both partners provided reviews of our enterprise making recommendations that we were able to validate. This changed the licencing position, the way we consume storage in the cloud and also provision of additional services including identification of savings outside

of this contract. See commercially sensitive attachment for details of our key partners and committed savings being delivered.

Main Considerations for the Council

12. The council's Digital Strategy requires its enterprise solutions to be capable and agile to deliver its services putting the customer at the heart of delivery and can continue to grow while controlling its costs. The options to use these services are via expensive pay as you go services or receiving larger discounts by a 3-year commitment that ensure existing prices are both discounted and locked in for the contract period.

13. Digital Services will ensure that its monitoring of use of products ensures that its spend remains within contract and by utilising its partnerships with Microsoft and Civica it will maximise the use of the products and contractual relationship to enable its Enterprise to be rationalised.

Safeguarding Implications

14. N/A

Public Health Implications

15. N/A

Equalities Impact of the Proposal

16. N/A

Environmental and Climate Change Considerations

17. N/A

Risks that may arise if the proposed decision and related work is not taken

18. Failure to award the contract will mean that the council will be at risk at both increased financial liability by using a more expensive pay as you go model, which it does not have a budget for and in addition risks non-compliance with licencing of products in use in the organisation.

19. Please see point 19 in the Commercially Sensitive attachment regarding commitments to reduce costs and future savings on other products,

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

20. The key risk is that the contracted requirements change during the life of the contract. These risks are mitigated by ensuring that the upfront costs are minimised and subject to annual review and have also been aligned to the 3-year Digital Strategy.

Financial Implications

21. Please see point 21 in the commercially sensitive document for financial implications and details.

Legal Implications

22. The Council, under s.111 Local Government Act 1972 has power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.
23. The Council also has a general power of competence under s.1(1) Localism Act 2011 to do anything that individuals generally may do, provided it is not prohibited by legislation and subject to Public Law principles. This power includes the power to enter into contracts.
24. As the value of the proposed contract to be awarded is £1,081,980 and so is over £500,000 in value:
 - a. the decision to award must be taken as a key decision and consequently all procedures for the taking of key decisions must be followed in accordance with the Council's constitution;
 - b. the contract must be executed as a deed by the use of the council's common seal and the form of contract must be approved by legal services.
25. Notwithstanding paragraph 26(b) above, it is noted that as this is to be an award under a framework agreement the terms of the contract to be awarded must be as required by the framework agreement. The council shall be precluded from making any material changes to the terms and conditions to be used. If any amendments are required legal advice must be sought first.
26. CPR 7.2 of the Contract Procedure Rules provides for the rules in respect of the security requirements for the contract to manage risk depending on the total value of the contract. As the total Value of the Contract is over £1,000,000 the Supplier must be required to provide sufficient security. Evidence of the form of security or why no security was required of the Supplier must be stored on the E-Tendering Portal for audit purposes. The forms of security that are acceptable are set out in CPR 7.3 (for example a performance bond).
27. Where the Supplier cannot provide Security, but the Council has no acceptable alternative provider or has decided to accept the level of risk, then the Executive Director of Resources must approve the financial risk prior to any award. In these circumstances the relevant Authority Report (i.e. this report) must set out the reason why it is proposed that the contract should be awarded despite absence of security and what measures are to be taken to manage this risk. This is in accordance with CPR 7.4

28. Where the council looks to make use of an external framework agreement such as is proposed in this report, the council must be legally allowed to use the framework agreement. Framework agreements set up prior to Brexit and during the transition period following Brexit (that expired on 31st December 2020), would set out under the OJEU notice on whose behalf the framework provider is purchasing. This would need to include a reference to Enfield or a reference to a group of contracting authorities that would include Enfield. It is unlikely that any framework agreements would be concluded and set up following the end of the transition period, but the external framework agreement should be checked in this regard to see for whom they are purchasing and ensure that the council is legally entitled to use it.

29. Any award of a contract under an external framework agreement must be made in accordance with the procedures laid down in that framework for the award of contracts.

(Legal implications provided by Senol Mustafa on 27th April 2021 based on an updated report emailed by Claire Reilly on 26th April 2021 with her comments included)

Workforce Implications

30. N/A

Property Implications

31.

Other Implications (this looks like a generic info; think we need specific confirmation that the approach is aligned to the CPRs).

32. Any procurement must be undertaken in accordance with the Councils Contract Procedure Rules (CPR's) and the Public Contracts Regulations (2015).

The award of the contract, including evidence of authority to award, promoting to the Councils Contract Register, and the uploading of executed contracts must be undertaken on the London Tenders Portal including future management of the contract.

All awarded projects must be promoted to Contracts Finder to comply with the Government's transparency requirements.

This contract is a call off from the Government G Cloud 12 Framework, and direct award is permissible under this Framework. Microsoft software is unique in that the Government Crown Commercial services negotiate pricing for England with Microsoft, so pricing is set for all resellers. This is to ensure that pricing is accessible to Public Sector bodies. Working in partnership with Civica will deliver value for money

and savings through demand management and better configuration of Enfield's Microsoft offer.

To ensure efficiencies and maintain budgets, it is expected that Digital Services will implement a 'demand management' approach to who has a device. This should be through policies and control of devices. That ongoing management of devices will be implemented to control costs.

This came to the Resources & CEX Departmental Procurement Board on the 04/02/2021 and was approved conditionally that:

- the life term of the contract be confirmed 3-year contract and the value amended accordingly on documentation.
- The direct award is via G-Cloud 12 Framework

It is expected that this contract be properly managed, with KPI's and reviews to ensure that the savings are delivered and the return on investment is obtained.

That the LTP used to upload contract information, and that it comes to the board in a timely manner when renewal is needed, to allow time for a proper market consultation and procurement exercise if needed.

Options Considered

33. Alternative options were considered to award this contract using upfront commitments to spend to achieve a higher discount. However, this required a commitment to consume at least at the level of the existing contract, which contradicts both the Digital Services strategy and the existing MTFS already in place.

Conclusions

34. By aligning the requirements to the council's Digital Strategy and by using an organisation that the council is in partnership with to ensure it gets the best deal, this enables the council to have the most appropriate and value for money contract available to it that meets it's needs.

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Appendices

Background Papers

The following documents have been relied on in the preparation of this report:

Commercially Sensitive DAR
Rule 16 Letter
ESA SCE CPS Renewal 210421

**Commercially Sensitive Attachment
Pricing Schedule**