

26th January 2022

Report of	Assistant Director of Corporate and Improvement	Author	Kieran Johnston ☎ 07983 164744
Title	Request for Delegated Authority to Agree the Award of Contract for Microsoft Licensing		
Wards affected	All wards		

1. Executive Summary

- 1.1 The Council, Colchester Borough Homes (CBH), and Colchester Commercial Holdings Ltd (CCHL) use Microsoft products and services extensively as a core part of the ICT provision. The Council manage the procurement, contract management, and supplier relationship on behalf of the Council, CBH and CCHL
- 1.2 The Council's current Microsoft Licensing agreement (covering the Council, CBH and CCHL) runs out on 30 September 2022. As such the Council needs to enter into a new contract via a compliant procurement process.
- 1.3 This report proposes that the Council makes use of a Crown Commercial Services (CCS) procurement aggregation opportunity to gain the best possible price for the next 3 year contractual period.
- 1.4 The CCS aggregation opportunity aims to collate the needs of customers from across the public sector to increase the volumes and gain the best price.
- 1.5 The CCS aggregation opportunity requires a commitment to award to the preferred supplier by 29th April 2022
- 1.6 If this option is pursued it is anticipated that the contract length will be 3 years, covering the period 01/10/2022 to 30/09/2025, with the potential value, over the term, being in the region of £1 million.

2. Recommended Decision

- 2.1 To delegate the authority to award the contract to the preferred supplier for Microsoft Licensing, under the CCS Microsoft Cloud Services Aggregation opportunity, to the Portfolio Holder for Resources, in consultation with the Assistant Director Corporate and Improvement Services.

3. Reason for Recommended Decision

- 3.1 The existing contract period is coming to an end and we must ensure a new licensing contract is in place to continue to use the business tools and services the Council, CBH, and CCHL rely upon.

- 3.2 Utilising the aggregation opportunity outlined ensures that the procurement is compliant and provides best value through maximising our volume-based buying power;
- 3.3 Delegating authority to the Portfolio Holder and Assistant Director for Corporate and Improvement enables the Council to agree the new contract within required timescales following the procurement exercise.

4. Alternative Options

- 4.1 Consideration was given to seek approval from Cabinet at the point of award of contract under the aggregated procurement but the timeline for this means that we would not have sufficient time at the point the award of contract is required.
- 4.2 The decision could be taken to run a separate procurement process to contract for licences separately and not take part in this aggregation. This is likely to lead to higher pricing and increase the costs to the Council of running the procurement exercise.

5. Background Information

- 5.1 Microsoft licensing enables the Council, CBH and CCHL to make use of all of the Microsoft core business applications in the cloud, the cloud server environment (called Azure), security and endpoint management, and the platform used to develop our business applications (known as the Power Platform).
- 5.2 The Council, CBH and CCHL have a combined total of around 1200 core Microsoft licences and a number of specialist licences. A total of 160 servers are running in our Azure Cloud environment which also hosts our virtual desktop environment.
- 5.3 Central Government negotiates public sector pricing with Microsoft on a regular basis and the latest agreement was in April 2021. Local Government licencing agreements are contracted via a Microsoft Licensing Reseller and not directly with Microsoft. Resellers add a margin onto the core licence costs agreed between Central Government and Microsoft.
- 5.4 The contract will be procured through a CCS aggregation opportunity which is a Public Contracts Regulations 2015 compliant process and is in accordance with the Council's Contract Procedure Rules and Procurement Strategy.
- 5.5 The CCS aggregation opportunity collates the needs of customers from across the public sector to increase the volumes and gain the best price through minimising the reseller margins charged. The service is offered free of charge by CCS and is a compliant, best value route to market. More information on the CCS aggregation opportunity can be found at [Aggregation: Microsoft Cloud Services - CCS \(crowncommercial.gov.uk\)](https://www.crowncommercial.gov.uk/aggregation/microsoft-cloud-services-ccs).
- 5.6 The procurement process will be managed by CCS through the Aggregation Opportunity. CBC will provide the licensing requirements to CCS who will then follow a compliant route to market and appoint a supplier for the next 3 years.
- 5.7 The CCS aggregation opportunity timelines require a commitment to award to the preferred supplier by 29th April 2022, with the contract start date then being aligned to start the day after the end of the existing contract (01/10/2022).

6. Equality, Diversity and Human Rights implications

- 6.1 The relevant Equality Impact Assessment for the CBC Procurement Strategy can be found [here](#) or by following the path: www.colchester.gov.uk Home > Equality and Diversity > Equality Impact Assessments > Commercial Equality Impact Assessments
- 6.2 Through the Procurement Strategy, staff ensure that all future procurement and purchasing documentation recognises, understands and supports CBC policies with regard to equal opportunities, diversity and human rights.

7. Strategic Plan References

- 7.1 The provision of high quality, available, best value ICT services underpins the Council's ability to deliver against its strategic priorities.

8. Consultation

- 8.1 None

9. Publicity Considerations

- 9.1 None

10. Financial implications

- 10.1 The value of the contract is such that it requires approval by Cabinet and will be awarded via compliant process.
- 10.2 The budget for Microsoft licensing and cloud services is held within ongoing revenue budgets and the cost of this contract will be managed within the current overall budget management process.

11. Health, Wellbeing and Community Safety Implications

- 11.1 None identified

12. Health and Safety Implications

- 12.1 None identified

13. Risk Management Implications

- 13.1 By following a procurement process that is compliant with the Public Contracts Regulations 2015 and by implementing the controls and recommendations as set out in this report, the Council is seeking to mitigate against any potential risks or challenges.

14. Environmental and Sustainability Implications.

- 14.1 Microsoft have a commitment to being carbon negative by 2030; [Microsoft will be carbon negative by 2030 - The Official Microsoft Blog](#)

- 14.2 The Council actively manages the Azure server environment to ensure that only the required number of services are running at any one time.
- 14.3 Delivering high quality, efficient processes, maximising the use of Microsoft Licensing and services enables the Council, CBH and CCHL to deliver services as efficiently and sustainably as possible