

<b>Meeting</b>	<b>Public SPA Board Meeting</b>
<b>Date</b>	<b>20 June 2016</b>
<b>Location</b>	<b>Stirling Court Hotel, Stirling</b>
<b>Title of Paper</b>	<b>Contract Award Recommendation Report – Microsoft Licensing Agreement</b>
<b>Item Number</b>	<b>13.4</b>
<b>Presented By</b>	<b>Gordon Downie</b>
<b>For Approval For Consultation</b>	<b>FOR APPROVAL</b>
<b>Appendix Attached:</b>	<b>NO</b>

**PURPOSE**

This paper is presented in accordance with the Scottish Police Authority Scheme of Administration between the SPA and Police Scotland, Section 6.0, and the Police Scotland Standing Orders Relating to Contracts.

Following approval and recommendation from the SPA Finance and Investment Committee on 9 May 2016 for this paper to be submitted to the full SPA Board, this Report is submitted in order to seek SPA Board approval to award a Contract for the Provision of a National Microsoft Licencing & Premier Support Agreement (ITT Ref PROC-15-0091).

## **1. BACKGROUND**

- 1.1 Police Scotland ICT provides services for Scottish Policing, maintaining the ICT requirements of Police Scotland. Police Scotland ICT works to a strategy that supports the vision of common systems running on a common infrastructure to deliver services across Scotland as well as supporting services locally within the wider Police Scotland Areas.
- 1.2 In 2013 Police Scotland established an effective licencing position and developed a Microsoft licensing model for the future of Scottish Policing. The licence model took into account the relevant transformation work that was required over a three to five year period to deliver the required upgrades to the Microsoft product stack. The key elements of this focused on the following.
- Migration to a single Windows 2012 Active Directory Forest/Domain
  - Migration to a single Exchange 2013 Email System
  - Deployment of Skype for Business
  - Migration from Windows XP to Windows 8.1 & Windows 10
  - Rationalise and Consolidate SQL database servers
  - Upgrade Microsoft Office
  - Deploy & Manage Systems Centre Configuration Manager
  - Deploy & Manage Systems Centre Operations Manager
  - Rationalise the application estate
  - Virtualise applications using App-V
- 1.3 As the existing three year agreement is reaching expiry at the end of June 2016 a tender exercise has been carried out in order to establish a new three year agreement which will be used to build upon the established licensing position and continuance of the required transformation.
- 1.4 The specification for the requirements were created based on the number of existing licences currently in operation serving each of their functionalities. The tender was issued in a manner consistent with our standard practice and allows us to seek best value at the same time as maintaining compliance with the Procurement Regulations.
- 1.5 A Further Competition was carried out via the Crown Commercial Service (CCS) Technology Products Framework (RM1054), Lot 2: Software. This competition was undertaken utilising the CCS electronic Procurement Portal as deemed appropriate due to this

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specific Framework being a CCS offering. Pricing was requested in line with the Crown Commercial Service and Microsoft UK Public Sector Cloud Transformation Transition Arrangement which offers the best public sector pricing structure available.

- 1.6 All fifteen suppliers within Lot 2 of the Framework were invited to respond to the Invitation to Tender (ITT). Five suppliers responded to this ITT. All five suppliers; Comparex, Insight UK, Software Box (SBL), Specialist Computer Centres (SCC) and Trustmarque proposed an appropriate response to the stated requirements. The responses were checked for compliance with the Terms of the ITT and all progressed through for formal evaluation.
- 1.7 The offers were evaluated by an evaluation team consisting Procurement Officers and ICT Technical staff to identify the most economically advantageous tenders in accordance with the award criteria detailed in the ITT's.

<b>Overall Evaluation Criteria</b>	
<b>Criteria</b>	<b>Weighting</b>
Quality – Fitness for Purpose	35%
Delivery	10%
Lifecycle Costs	50%
Environmental	5%
	<b>100%</b>

<b>Quality Sub Criteria</b>	
<b>Criteria</b>	<b>Weighting</b>
Microsoft Relationship	20%
Approach to Working with the Authority	20%
Microsoft Skills, Accreditations & Competencies	60%
	<b>100%</b>

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<b>Microsoft Relationship – Sub Sub Criteria</b>	
<b>Criteria</b>	<b>Weighting</b>
Strategic Microsoft Relationship	50%
Ability, Knowledge and Understanding	50%
	<b>100%</b>

<b>Microsoft Skills, Accreditations &amp; Competencies – Sub Sub Criteria</b>	
<b>Criteria</b>	<b>Weighting</b>
Technical Competencies – Data Platform	30%
Technical Competencies – Management & Monitoring	10%
Technical Competencies – Devices and Deployment	10%
Technical Competencies – Software Asset management	50%
	<b>100%</b>

<b>Lifecycle Costs – Sub Criteria</b>	
<b>Criteria</b>	<b>Weighting</b>
Delivery of Savings and Other Benefits	50%
Licence Costs (Enterprise/SCE/MPSA) & Premier Support Services	50%
	<b>100%</b>

- 1.8 The overall weighting of the Award Criteria represents a 50% / 50% split between Quality and Price respectively. The Framework guidance has no mandatory weightings and allows you to apportion an appropriate weighting to your criteria in order to achieve best value for the specific requirement.
- 1.9 The Scottish Government recommends within the Scottish Procurement Directorate Toolkit that for a strategic procurement of this value where specifications may be complex, that the suggested price to quality ratio could be apportioned in this manner.

- 1.10 In this instance it was felt that the weightings given to each criterion would allow for Best Value to be achieved. It was expected the costs submitted would be similar therefore proportionate emphasis was placed on what proposed savings and benefits could be provided by suppliers as value added services within the cost section in order to drive further value.
- 1.11 There were no physical samples required or evaluated as part of the tender process.
- 1.12 Supplier visits were not necessary for this procurement.

**2. FURTHER DETAIL ON THE REPORT TOPIC**

- 2.1 Each of the firms who submitted a compliant bid, were evaluated in accordance with the published award criteria as detailed at 1.7 above.
- 2.2 The overall score for each Tenderer is calculated by the addition of the weighted score for each element of the award criteria.
- 2.3 The offer from SCC represents the most economically advantageous tender in respect of the combined Microsoft Licencing and Premier Support Agreement.

<b>Firm Name</b>	<b>Score</b>	<b>Value of Offer (Ex VAT)</b>
Specialist Computer Centre (SCC)	78.67	£5,308,480.94

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The other firm who submitted a compliant bid are as follows:

Firm Name	Score	Ranked Position
Trustmarque	71.46	2
Comparex	70.79	3
SBL	66.34	4
Insight	60.94	5

For Licencing and Premier Support pricing, Insight were the lowest cost at £5,281,126.29, SCC being second placed in this regard. SCC did however receive the highest score for the lifecycle cost section overall, given the proposed delivery of savings and benefits throughout the duration of the agreement. SCC also scored highest in the Quality criteria overall.

### 3. FINANCIAL IMPLICATIONS

- 3.1 The contract award is for a period of three years with the licensing costs paid on an annual basis and the Premier Support costs having the ability to be paid either upfront or annually. The Authority will have the ability to call off further licencing, services and support etc. if required throughout the duration of the agreement, however the initial licensing position will have a cost of £5,104,168.86 over three years. This consists of £5,024,776.86 Revenue cost and £79,392.00 Capital cost (paid in year 1 for some perpetual licences). Premier Support costs will be either £188,914.46 paid upfront or £204,312.09 over three annual instalments. The maximum total expected contract award based on the existing requirements is £5,308,480.95.
- 3.2 Provision has been made in the Police Scotland ICT budget for these requirements for a period of 3 years. Any further requirements during the contract period will require further approval at that time subject to appropriate budget authority.
- 3.3 When considering the preferred savings calculation method 1 of the savings definitions (as presented to the Finance & Investment Committee in November 2013), which is a comparison to the last known price paid, then the proposed contract would save approximately £45,000 over the three year period.

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Using savings calculation method 2, the averaging of unsuccessful offers it can be determined that the proposed contract would provide further savings of £11,500.57.

By utilising the pricing available under the UK Public Sector Cloud Transformation Arrangement between Crown Commercial Service and Microsoft, the Authority are ensuring the best available UK Public Sector pricing. This arrangement provides the Authority with discounts from the standard Microsoft price, ranging from 15% to 60% across the product range.

Furthermore, through value added services and potential licence volume reduction initiatives, it is foreseen that further savings can be made during the contract lifetime.

#### **4. PERSONNEL IMPLICATIONS**

4.1 There are no personnel implications associated with this paper.

#### **5. LEGAL IMPLICATIONS**

5.1 This procurement was performed in compliance with The Public Contracts (Scotland) Regulations 2012 and the Police and Fire Reform (Scotland) Act 2012.

5.2 The Terms and Conditions of the Crown Commercial Service Technology Products Framework apply to the purchase of these solutions and therefore there are no further legal implications in respect of Terms and Conditions.

#### **6. REPUTATIONAL IMPLICATIONS**

6.1 Failure for the Scottish Police Authority to have a contract in place for Microsoft Licencing could lead to reputational damage for the organisation from a number of perspectives.

Without the required licensing contract, the Authority would be in a non-compliant licencing position and in order to rectify that position would have to cease the use of all products related to the Microsoft portfolio. This would place the Authority in a situation where it could not operate in any capacity and would leave Police Scotland unable to fulfil its obligations for operational policing.

This would have undoubted reputational damage to Police Scotland and the Scottish Police Authority. Ultimately the public would suffer from a lack of service, which in turn would lead to lower confidence in Police Scotland and the Scottish Police Authority.

**7. SOCIAL IMPLICATIONS**

7.1 There are no social implications associated with this paper.

**8. COMMUNITY IMPACT**

8.1 There are no community implications associated with this paper.

**9. EQUALITIES IMPLICATIONS**

9.1 There are no equality implications associated with this paper.

**10. ENVIRONMENT IMPLICATIONS**

10.1 The suppliers within the Crown Commercial Service Technology Products Framework were required to fulfil environmental and sustainability requirements as part of the original procurement exercise.

10.2 The terms and conditions of the Framework state that suppliers are required to comply in all material aspects of all applicable environmental laws in relation to the ordered IT products.

10.3 In respect of sustainability the supplier warrants that they have a sound environmental policy and warrants that they have ISO 14000/14001 certification for its environmental management and shall comply with and maintain such certification requirements.

Furthermore, five percent of the overall available evaluation criteria issued under the tender was dedicated to compliance with Environmental standards.

## **RECOMMENDATIONS**

Members of the Scottish Police Authority Board Open Session are invited to:

- 1) Approve the award of the Contract in respect of the Provision of a National Microsoft Licensing and Premier Support Agreement to Specialist Computer Centres (SCC) for the commitment of £5,308,480.95 (ex VAT).
- 2) Subject to approval from SPA, and as part of service provision to the Authority by police staff permitted under section 83 (2) of the Police and Fire Reform (Scotland) Act 2012, to instruct Procurement staff within Police Scotland to prepare contract documentation for the contract period, to present this documentation for review and signature by the Accountable Officer and subsequently issue on behalf of the Authority.