

**Forward Plan reference number:** FP/992/02/21

<b>Report title:</b> Re-Procurement of a Single Supplier Framework for the Provision of Software, Hosting and Associated Services	
<b>Report to:</b> Councillor Whitbread - Cabinet Member for Customer, Communities, Culture and Corporate.	
<b>Report author:</b> Steve Miller, Service Operations Manager	
<b>Date:</b>	<b>For:</b> Decision
<b>Enquiries to:</b> Ben Patterson, Category & Contract assistant manager	
<b>County Divisions affected:</b> <i>All Divisions</i>	

## 1. Purpose of Report

- 1.1. To seek approval to procure a single supplier framework contract for Corporate software, Hosting and Associated Services.

## 2. Recommendations

- 2.1. Agree to undertake a single stage open competitive tender process based on 60% price and 40% quality to procure a four year sole supplier Value Added Reseller framework agreement (the Framework) for a period of four years.
- 2.2. Agree to delegate authority to approve the evaluation model and to award the Framework to the successful bidder following completion of the procurement to the Executive Director of Finance and Technology.

## 3. Summary of issue

### The Current Framework Agreement

- 3.1. In 2016, Essex County Council (ECC) procured the Corporate Software, Hosting and Associate Service framework under an OJEU open procedure and awarded to Comparex UK Ltd (now known as SoftwareONE UK Ltd) (the Supplier), to provide ECC and other Contracting Bodies (see Appendix A), access to a sole supplier value-added reseller for software, hosting and associated services (the Services). The current Framework Agreement commenced in November 2016 for a 4-year period, which was extended for a further year via an Executive director decision due to the impact of the COVID-19 pandemic so it is due to expire on 13 November 2021.
- 3.2. To call off the Current Framework, ECC will place an order with the Supplier outlining the scope, spend and length of the requirements. The Supplier provide either a single quote (If only one supplier can supply the need) or multiple quotes depending on the requirement. The Supplier will then add the 2% mark up to the quote. ECC will raise a Purchase order through its payment portal to the Supplier who invoices the third-party supplier. The Supplier has a supply chain of third-party suppliers who have already been vetted and can supply the requirement.

- 3.3. The pricing mechanism for the current Framework Agreement operates on a fixed 2% mark-up, the industry standard, calculated against the pricing secured by the Supplier from the third parties to cover the costs of their service and ensure the contract remains sustainable. There is no annual fixed cost that ECC are required to pay the supplier, nor is there any minimum commitment to use this Framework Agreement as a route to market.
- 3.4. It is proposed that ECC will procure another sole supplier value added reseller framework to operate on the same terms as the current framework agreement. The benefits of this approach have been identified as follows:
- 3.4.1. Consolidation of smaller third-party contracts under a single Framework.
  - 3.4.2. Easier management of the Services.
  - 3.4.3. Compliant route to market for the majority of software licensing and associated service requirements managed by Technology Services (excluding spend with suppliers such as Microsoft, Oracle, etc).
  - 3.4.4. Visibility and control over the software estate at ECC.
  - 3.4.5. Access to market insight and research.
  - 3.4.6. Achieving value for money.
  - 3.4.7. Time and resource savings for ECC, as time is not spent on procuring, negotiating and contract managing the third-party suppliers.
  - 3.4.8. Strengthening ECC's relationship with other local authorities and contracting bodies.

## Procurement

- 3.5. It is proposed that the new Framework Agreement will be procured using a single stage Open procurement route, to award a contract to sole supplier for a term of 4 years with allowance for call offs to be completed for up to 4 years after the end of the Framework.
- 3.6. The Framework will be procured on terms which would allow access for other Public Sector organisations including but not limited to subsidiaries, Essex Online Partnership (EOLP), Local Authority Trading Companies (LATC), Unitary, Borough and District Councils, clinical commissioning groups (CCG) and NHS partners. These organisations will be responsible for the ordering of, and payment for Services through the Framework. The call off procedure will be as set out in paragraph 3.2 above. As part of the procurement process bidders will be asked how they onboard their third-party suppliers, what checks are carried out and how they are contract managed.
- 3.7. The Services which will be provided under this framework are listed below:
- Software – procuring and managing licenses, support and Maintenance on behalf of ECC.
  - Hosting – procuring and managing facilities, support and maintenance.
  - Audit and asset management of services procured through the Contract.
  - Market analysis – pre-market engagement and market intelligence.
  - Implementation – support during and post implementation.
  - Benchmarking – ensuring continuous improvement and value.
  - Contract Management support – contract and supplier management of third-party suppliers.

- Project Management and consultancy – end to end process management from order to expiry of the software.
- Onboarding and vetting of new suppliers onto the framework agreement.

3.8. Expenditure on the current framework for ECC and Partners is on average £1.1m per annum. It is expected that the Framework will have a total value of £4.4million across the four-year term, of which £4million would be spend by ECC. This is based on the last five years of spend under the current framework and forecasting conducted with Technology services and our partners regarding the use of the new framework.

3.9. The associated services to be provided through the Framework are:

- 3.9.1. Negotiate better than market rate commercials with third party software vendors for new and existing requirements on our behalf.
- 3.9.2. Work with third party Vendors on our behalf including the contract management of all purchases let under the Agreement.
- 3.9.3. Provide market analysis on third party suppliers who meet our business needs. i.e. premarket engagement and market intelligence.
- 3.9.4. Support with the purchase of each requirement by providing an expedited and compliant route to market.
- 3.9.5. Contract manage third-party suppliers on behalf of ECC.

3.10. The high-level Evaluation Criteria for the award of the Framework will be as follows:

- 3.10.1. Commercial response (Price) – 60% weighting
- Technical response (Quality) – 40% weighting, including 10% for social value

3.11. An indicative timetable for the procurement is:

- Invitation to Tender to be issued July 2021
- Evaluation August 2021
- Contract Award September 2021
- Contract Signature September 2021
- Contract Commencement October 2021

## 4. Options

There are a number of options available to procure and meet the needs of ECC which are identified below, each taking into consideration the resource, time and cost which would be required to source a new contractual arrangement to replace the current Framework Agreement when it expires in November 2021.

### Option 1 – Do Nothing

Due to some of these licenses being business critical, a do-nothing option is not viable for ECC as it would raise some serious business continuity risks.

Resource Implications	This option would cause considerable resource implications for ECC due to potential business Continuity failure for the whole organisation.
Benefits	• There are no associated benefits for this option

<b>Risks</b>	<ul style="list-style-type: none"> <li>• Business continuity would be at serious risk of failure if we let all the licenses expire.</li> <li>• Certain business areas would have to operate at reduced efficiency and capacity.</li> <li>• This would have a knock on affect to the residents of Essex and would not link to ECC's Vision.</li> <li>• This option has significant safety risks for ECC's data held within our cloud solutions.</li> </ul>
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## Option 2 – Procure Services as and when required

This option would require a procurement process to be undertaken for each requirement as and when required. The resource implications, benefits and risks are outlined below:

<b>Resource Implications</b>	<ul style="list-style-type: none"> <li>• Resource will need to be requested for Procurement, Legal, Information Governance, Technology Services and Finance to input into each requirement over £100k.</li> </ul>
<b>Benefits</b>	<ul style="list-style-type: none"> <li>• Ability to work with multiple partners</li> <li>• Potential to save as we won't be paying the margin of 2% to the reseller which we currently pay, however this could be offset by not achieving best price and reducing purchasing power.</li> </ul>
<b>Risks</b>	<ul style="list-style-type: none"> <li>• ECC would need an owner to manage all software licensing and hosting services</li> <li>• Contracts with multiple partners would need to be managed across the organisation</li> <li>• Does not allow ECC to benefit from economies of scale</li> <li>• Does not allow ECC to build a relationship with a single partner</li> <li>• May not achieve best value for money</li> <li>• For larger procurements (Above £180k) ECC would not have sufficient resource within the workforce to conduct these procurements.</li> </ul>

## Option 3 – Procure a Sole Value Added Reseller under an Existing Framework Agreement

This option would require a procurement process to be undertaken for each requirement as and when required. There are multiple frameworks that have been identified that would meet some of the required services. Detailed information on each of these frameworks can be found within the Options Paper (attached below).

The resource implications, benefits and risks are outlined below:

<b>Timescales</b>	<ul style="list-style-type: none"> <li>• 4-6 Months</li> </ul>
<b>Resource Implications</b>	<ul style="list-style-type: none"> <li>• Resource will need to be requested for Procurement, Legal, Information Governance, Technology Services and Finance to input into each requirement.</li> </ul>
<b>Benefits</b>	<ul style="list-style-type: none"> <li>• Reduction in resource needed to procure from ECC compared to Option 2.</li> <li>• Allows for competition and potential cost saving opportunities</li> <li>• Suppliers have already agreed to T&amp;C's</li> </ul>

<b>Risks</b>	<ul style="list-style-type: none"> <li>• Cannot tailor the contract to our exact needs.</li> <li>• Does not allow us to build a long-term relationship with a sole supplier</li> <li>• Frameworks available would require ECC to change its way of working and would create high resource implications to manage each software requirement as a separate procurement.</li> <li>• Partners would be unable to use our contract and would need to undertake their own call-off.</li> <li>• The frameworks do not permit a long-term call off with a sole supplier.</li> </ul>
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#### **Option 4 – Create a Sole Value Added Reseller Framework (Recommended Option)**

This option would require a full OJEU compliant procurement process to be undertaken to put in place a similar arrangement to that which is currently in place with SoftwareONE. The resource implications, benefits and risks are outlined below:

<b>Timescales</b>	<ul style="list-style-type: none"> <li>• 8-10 Months</li> </ul>
<b>Resource Implications</b>	<ul style="list-style-type: none"> <li>• Dedicated resource will need to be requested for Procurement, Legal, Information Governance, Technology Services and Finance to input into each requirement.</li> </ul>
<b>Benefits</b>	<ul style="list-style-type: none"> <li>• Enables ECC to tailor a framework directly to meet our needs, ensuring efficiency benefits are achieved.</li> <li>• Provide ECC the opportunity to build a strategic relationship with a single supplier.</li> <li>• Provides an opportunity to collaborate with Partners and other Local Authorities.</li> <li>• The sole supplier would be responsible for supporting ECC and Partners in the management of its third-party contracts through the Framework Agreement.</li> </ul>
<b>Risks</b>	<ul style="list-style-type: none"> <li>• Requires substantial resource and time to procure.</li> <li>• Will need to ensure ECC are receiving value for money.</li> </ul>

## **5. Links to Essex Vision**

5.1 This report links to the following aims in the Essex Vision

- Develop our County sustainably
- Share prosperity with everyone

*For more information visit [www.essexfuture.org.uk](http://www.essexfuture.org.uk)*

5.2 This links to the following strategic aims in the Organisational Plan:

- Transform the council to achieve more with less

## **6 Issues for consideration**

### **6.1 Financial implications**

6.1.1 The procurement of the proposed framework has no direct financial implications, in that it is not planned to include a minimum commitment for the Council to spend under the framework. However, use of the framework by the Council will require individual decisions to procure the relevant services from the framework, which will need to include demonstration that sufficient funding is available to support any costs associated with those decisions.

6.1.2 Total spend under this framework is expected to be £4.4m for ECC and Partners. If spend needs to exceed this amount, further governance may be required.

6.1.3 Previous benchmarking of the 2% percentage mark-up on the current SoftwareONE contract has identified alternatives that could be used with a lower mark-up. However, this value will be validated through the procurement and will need to take into account the range and quality of support and management services required for the framework.

## **6.2 Legal implications**

6.2.1 ECC is a contracting authority for the purposes of the Public Contract Regulations 2015 ("the PCR 2015"). The total expected spend under the Framework is above the financial threshold for services (currently set at £189 330). The procurement of the Framework must be undertaken in accordance with the PCR 2015.

6.2.2 The PCR 2015 allow the creation of a single supplier framework if the framework lasts for no more than 4 years and allows other public authorities to use the framework provided this is clearly set out in the contract notice.

6.2.3 Use of the framework by ECC and other public authorities set out in the contract notice will be subject to the Call Off terms and conditions as published.

## **7 Equality and Diversity implications**

7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual

orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

- 7.3 The equality impact assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

## 8 List of appendices

Equality Impact Assessment

## 9 List of Background papers

None

<b>I approve the above recommendations set out above for the reasons set out in the report.</b>	<b>Date</b>
<b>Councillor Whitbread Cabinet Member for Customer, Communities, Culture and Corporate.</b>	6 July 2021

### In consultation with:

<b>Role</b>	<b>Date</b>
<b>Executive Director, Finance and Technology (S151 Officer)</b>	29 June 2021
<b>Stephanie Mitchener on behalf of Nicole Wood</b>	
<b>Director, Legal and Assurance (Monitoring Officer)</b>	18 June 2021
Susan Moussa on behalf of	
<b>Paul Turner</b>	