



Glasgow City Council

Contracts and Property Committee

Report by Director of Legal and Administration

Contact: Maureen Fitzpatrick Ext: 76406

Item 5

26th February 2026

The Provision of Microsoft Licenses and associated Azure Services.

Tender Reference: - GCC006560CPU

Purpose of Report:

To submit details of the Direct Award of a contract for the provision of Microsoft Licenses and associated Azure services and recommend acceptance of the most economically advantageous tender as detailed in this report.

Recommendations:

The Contracts and Property Committee is requested to approve the Direct Award of a contract for the provision Microsoft Licenses and associated Azure services to the supplier listed below.

Phoenix Software Limited
Companies House Number: 02548628

Ward No(s):

Citywide: ✓

Local member(s) advised: Yes No consulted: Yes No

1 Background and Tender

- 1.1 Glasgow City Council's ("the council's") spend for the provision of Microsoft Licenses and associated Azure services is approximately £3.2 million per annum.
- 1.2 The council's digital ambitions have seen a significant change in how employees communicate and collaborate using Microsoft 365 Enterprise Edition Licenses, introduced by Digital Services through a Microsoft Enterprise Agreement (EA). Microsoft Licenses support and enable digital transformation, service redesign and business change processes.
- 1.3 Microsoft licences are a mandatory requirement for all Microsoft products including cloud services, data centre services and transformation enabling desktop productivity tools for the entire council family. A high proportion of the council's key applications are under-pinned by Microsoft technology. A pre-requisite to operating these systems is to have the appropriate Microsoft licences in place. Microsoft is the sole provider of Microsoft licences; however, the purchase of the licences must be carried out through an authorised Microsoft licence reseller.
- 1.4 Microsoft Azure is a cloud computing platform operated through Microsoft's global network of data centres. It enables organisations to run applications, store information and access high-performance computing resources without purchasing or maintaining physical hardware. For the council, Azure provides the ability to acquire services on demand, using server and desktop capabilities as a managed service rather than investing in and owning the underlying equipment.
- 1.5 A commodity team consisting of stakeholders from Digital Services and the Corporate Procurement Unit was formed to develop the sourcing strategy and deliver a new contract.
- 1.6 Crown Commercial services (CCS) created an opportunity for councils to participate in an aggregated procurement for Microsoft Licences via its framework RM6098 -Technology Products and Associated Services (TePAS 2): Lot 3: Software and Associated Services. The collaborative aggregated procurement provides the following benefits:
 - Price savings better value for money through increased buying power
 - Process savings a third party runs the procurement
 - Freeing resource for more strategic purchases
 - Collaboration and knowledge share
 - Legally compliant route to market
- 1.7 In line with the effective and efficient objective within the Council's Sustainable Procurement Strategy 2023-2027, which can be located [here](#), and to support the national agenda in utilising national collaborative frameworks, it was agreed that a Direct Award of contract through the CCS aggregation agreement would be the most appropriate method to deliver this contract.

- 1.8 The council's current contract is split over two contracts delivered through Phoenix Software Ltd. The Azure consumption expires on 31 March 2026, and the Microsoft License element will expire on 30 June 2026.
- 1.9 The councils Education and Glasgow Life licences are also currently held with Phoenix Software Limited, with expiry dates in late 2026 and early 2027. The council intends to incorporate these licences into this new agreement, as these licence types do not attract any margin. This has been factored into the overall budget and contact value being presented for approval.
- 1.10 The contract period is for three years with an option to be extended for one year.

2 CCS Aggregation Evaluation

- 2.1 4 suppliers were invited to participate in the mini competition/aggregation exercise and 4 submitted a bid.
- 2.2 The award evaluation was based on the following criteria and weightings: -

Price	Quality	Quality Sub Criteria
80%	20%	Social Value 10%
		Capacity 10 %

- 2.3 The evaluation of award scoring and evaluation value of the supplier which has been recommended for award is shown in the table below: -

Description	Supplier	Total Evaluation Score	Value (per annum)	Rank
Provision of Microsoft Licenses and related services	Phoenix Software Limited	99.30 %	£3,700,000*	1

*The value reflects the change in profile, including an increase in Azure consumption. This excludes the value associated with Education and Glasgow Life Licenses.

A summary of the unsuccessful tender evaluation results can be found at Appendix A.

- 2.4 The contract will result in a 2.6% increase against current rates paid, where benchmark rates were available, and has achieved a 1.95% cost avoidance by participating in the CCS aggregation exercise.

3 Contract implementation and Supplier Management

- 3.1 Digital Services will work with the winning bidder to ensure implementation of this contract.
- 3.2 The outcome of our Contract Management Assessment Tool (CMAT) has deemed this contract/framework to be categorised as a low. The supplier will be monitored in line with our contract and supplier management process which includes tracking the suppliers performance against the key performance indicators and working collaboratively to identify opportunities of improvement and innovation.
- 3.3 The agreed community benefits outcomes commitments will be monitored via Cenefits which is a web based monitoring tool. We will also capture sustainable commitments within the CPU Sustainable Register.

4 Policy and Resource Implications

Resource Implications:

Financial:

The estimated annual award value of £4,300,000, totaling £12,900,000 over the duration of the contract, will be met by Digital Services revenue budget.

This estimated overall value allows for consumption increases and the alignment of the Education and Glasgow Life estate.

To support the changing profile and increased demands; approval is sought for £15,000,000.

The overall contract value will not exceed the £15,000,000 Digital Services budget.

As set out in paragraph 2.4 the contract will result in an overall 2.6% increase against the council's current rates.

Legal:

The report raises no new legal issues.

The Director of Legal and Administration will be responsible for concluding the contract.

Personnel:

No direct personnel implications.

Procurement:

A direct award will be made as detailed in section 1.7 of the report.

Council Strategic Plan:

This supports Grand Challenge 4, Mission 3 - Enable staff to deliver a sustainable and innovative council structure that delivers value of money.

Equality and Socio-Economic Impacts:

Does the proposal support the Council's Equality Outcomes 2021-25

What are the potential equality impacts as a result of this report?

An EQIA was not required for this contract as there is no impact.

Please highlight if the policy/proposal will help address socio economic disadvantage.

Fair Work First – The supplier recommended for award Phoenix Software Limited, has the following embedded within their organization:

- Pays the Real Living Wage
- Appropriate channels for effective voice
- Staff development and training
- No use of zero-hours contracts

Community Benefits are calculated based upon spend with the supplier. The anticipated spend value as per this report indicates that the council shall seek delivery of outcomes to the value of 130 points over the lifetime of the contract. Discussions with the supplier will begin upon contract award.

Climate Impacts:

Does the proposal support any Climate Plan actions? Please specify:

No Impact

What are the potential climate impacts as a result of this proposal?

No Impact

Will the proposal contribute to Glasgow's net zero carbon target?

No Impact

**Privacy and Data
Protection impacts:**

The Council's Data Protection Officer advises that there is no legal requirement to complete a DPIA for this particular contract renewal although as a matter of good practice, a DPIA is being prepared for Azure.

5 Recommendations

The Contracts and Property Committee is requested to approve the Direct Award of a contract for the provision Microsoft Licenses and associated Azure services to the supplier listed below.

Phoenix Software Limited,
Companies House Number: 02548628

Appendix A – Unsuccessful Suppliers

Procurement Title	Supplier	Total Score
CCIH24A09NFC196 Provision of Microsoft Licenses and related services	Softcat PLC	98.62
CCIH24A09NFC196 Provision of Microsoft Licenses and related services	SoftwareOne UK Ltd	98.51
CCIH24A09NFC196 Provision of Microsoft Licenses and related services	Ultima Business Solutions Ltd	96.6