

REPORT TO	ON
CABINET	21 November 2018



TITLE	PORTFOLIO	REPORT OF
Microsoft Licencing Renewal	Corporate Support and Assets	Temporary Director of Customer and Digital

Is this report a KEY DECISION (i.e. more than £100,000 or impacting on more than 2 Borough wards?)	Yes
Is this report on the Statutory Cabinet Forward Plan?	Yes
Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?	No
Is this report confidential?	No

1. PURPOSE OF THE REPORT

- 1.1. To seek approval for the Council to undertake a procurement exercise to renew the Council's current licencing arrangements with Microsoft. Licences will be purchased for a 3 year term from 1st April 2019 and will consolidate two existing contracts.
- 1.2 The Council is currently licenced under the following Microsoft agreements:

Agreement Number	Agreement Start Date	Agreement End Date
94CD7794: Incorporates Client Access Licences and Server Licences	1 st January 2017	31 st December 2019
10914993: Incorporates Microsoft Office, Database Licences and additional Server and Client Licences	1 st April 2016	31 st March 2019

- 1.3 As from December 2018 prices will be raised by 3% - 6% and therefore the council wishes to take advantage of a reduced price offer and undertake a procurement exercise before this date.

2. PORTFOLIO RECOMMENDATIONS

- 2.1. Cabinet approves the decision to undertake a procurement exercise to renew the Council's current Microsoft licence arrangements via a further competition exercise through an EU compliant framework with evaluation weightings of 90% Cost and 10% Quality.
- 2.2. Cabinet approves delegated authority to the Temporary Director of Customer and Digital in collaboration with the Portfolio Holder for Assets and Transformation to enter into a 3 year contract on the basis that the final proposal does not exceed £100k per year.

3. REASONS FOR THE DECISION

- 3.1. The Council's current Microsoft licencing Agreements are due to expire. In order for the Council to obtain the best value and ensure excellence and financial sustainability, a procurement exercise is recommended as the best way forward to achieve a fully licenced Microsoft estate.
- 3.2. Renewal of Microsoft licences will also allow the Council to take advantage of the latest technologies offered by Microsoft including Office 365 (O365) and mobile working opportunities.

4. CORPORATE PRIORITIES

- 4.1 The report relates to the following corporate priorities:

Excellence and Financial Sustainability	<input checked="" type="checkbox"/>
Health and Wellbeing	<input type="checkbox"/>
Place	<input type="checkbox"/>
People	<input type="checkbox"/>

5. BACKGROUND TO THE REPORT

- 5.1. Many of the council's services utilise software and systems which incorporate or require Microsoft technology. To ensure the council can maintain service delivery access to such systems is crucial.
- 5.2. Currently the council is licenced under two agreements which allows the Council to use the Microsoft Operating System as its core ICT platform, along with Microsoft Office applications and other back office products.
- 5.3. Microsoft are encouraging the use of O365 and are therefore as from September 2018 offering discounts for purchases agreed before the 10th December 2018. Amalgamating both contracts and utilising the latest Microsoft technology will promote mobile working within the council and help the council towards achieving its ambitious digital transformation program. Cabinet will be aware that the Council is presently consulting on a Digital Strategy. One of the priorities that is emerging from the strategy is the maximisation of Microsoft O365 technologies and it is anticipated that this will be implemented during 2019/20.
- 5.4. It should be noted that due to Microsoft's position in the market there is limited competition on which suppliers could fulfil the obligations of the contract.

6. PROPOSALS

- 6.1. The proposal is to undertake a further competition tender exercise via Lot 2 of Crown Commercial Services (CCS) Framework RM3733 - Technology Products 2 to renew the councils Microsoft Licences for 3 years from 1st April 2019 at an indicative cost of £90,000 per year over the life of the contract. It will be necessary to use a framework agreement as the total contract value will exceed the EU threshold. Procurement colleagues will be fully involved and have provided example tender documentation which can be adapted for SRBC's requirements. The further competition tender exercise will be conducted through the Chest e-procurement portal.
- 6.2. The CCS framework agreement is a professionally procured public sector agreement which complies with EU legislation. This opens up a mini competition to suppliers included in the framework as opposed to a full EU procurement process.
- 6.3. Given the relative straightforward nature of the procurement and limited variables it is proposed that the evaluation criteria will be based on 90% Cost and 10% Quality with Quality addressing "Added Value" to ensure the best value use of licences in terms of license support and management, account management and any additional services.
- 6.4. Microsoft have indicated that where a renewal agreement is not in place by 10th December 2018, an additional increase of between 3% - 6% will be incurred. This could cost the council up to an additional £16,200 over the lifetime of the agreement.

7. CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION

- 7.1. Consultation has taken place with the Extended Leadership Team where it was agreed that a procurement exercise should take place to avoid the risks associated with not renewing.
- 7.2. Extended Leadership Team also noted the deadline of 10th December 2018 for procurement to have taken place to achieve a discounted cost for the contract. In order to meet these timelines delegated authority is sought to the Temporary Director of Customer and Digital in collaboration with the Portfolio Holder for Assets and Transformation to enter into a contract. It is worth noting that the total contract value for the purposes of Contracts Procedure Rules is the full contract period value and would therefore be £270,000 at £90k per year and a key Decision.

8. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 8.1. Due to the council's heavy reliance on Microsoft technology and Microsoft's dominance in the market, there are no realistic alternatives to the use of Microsoft products.

9. FINANCIAL IMPLICATIONS

- 9.1. There are financial implications to this report. It is noted the total contract value of £270,000 is above the EU threshold value and is therefore subject to EU rules.
- 9.2. The procurement exercise is seen as a necessity to ensure value for money and delivery of council services.
- 9.3. The current revenue budget provision for Microsoft Licences is £77,700, therefore this represents an annual increase of £12,300.

10. LEGAL IMPLICATIONS

- 10.1. If the council did not hold valid licences for Microsoft Software, much of the councils ICT infrastructure would be unusable or subject to legal proceedings for using unlicensed software.

11. HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT IMPLICATIONS

- 11.1. There are no Human Resources or Organisational Development Implications.

12. ICT/TECHNOLOGY IMPLICATIONS

- 12.1. Without an adequately licenced Microsoft estate council officers would be severely restricted in their ability to access core services and systems which would likely effect service delivery. Access to e-mail, documents and web access would all be compromised.

13. PROPERTY AND ASSET MANAGEMENT IMPLICATIONS

- 13.1. There are no Property and Asset Management Implications.

14. RISK MANAGEMENT

- 14.1. Without adequately licenced ICT software and systems the council opens itself up to potential legal challenge and would also constrict the council's ability to offer day to day services to residents. There is also a risk that without a completed procurement exercise by the 10th December 2018 the council would not be able to take advantage of current reduced prices and would therefore need to pay more for the same products and services.

15. EQUALITY AND DIVERSITY IMPACT

15.1. There are no impacts on Equality and Diversity

16. RELEVANT DIRECTORS RECOMMENDATIONS

16.1. The Extended Leadership Team recommends that the council undertakes a procurement exercise to renew Microsoft licence arrangements with agreement from Cabinet.

17. COMMENTS OF THE STATUTORY FINANCE OFFICER

17.1 The indicative annual cost of £90,000 will require an increase in the revenue budget of £12,300 from 2019/20 onwards. This will be reflected in the 2019/20 Budget and Medium-Term Financial Strategy forecasts. Procurement before the 10th December will ensure that discounts can be secured and will give budget certainty by fixing the cost for a three year period.

18. COMMENTS OF THE MONITORING OFFICER

18.1. The use of Framework agreements are permitted by our Contract Procedure Rules. Clearly it is imperative that the council has the requisite Microsoft licences in place.

19. BACKGROUND DOCUMENTS (or There are no background papers to this report)

19.1. There are no background papers to this report.

20. APPENDICES (or There are no appendices to this report)

20.1 There are no appendices to this report

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Job Title: Temporary Director of Customer and Digital

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