



NORWICH City Council

Committee Name: Cabinet

Committee Date: 23/02/2022

Report Title: Renewal of Microsoft Enterprise Licences

Portfolio: Councillor Kendrick, cabinet member for resources

Report from: Executive director of community services

Wards: All Wards

OPEN PUBLIC ITEM - Key decision

Purpose

For Cabinet to approve the award of a contract for the refresh of Microsoft licences.

The current three-year agreement to procure Microsoft licences expires 31 March 2022. A new agreement is required to continue to use all the Microsoft products including operating systems and applications such as Outlook, Word, Excel, Teams, SharePoint and SQL databases.

Recommendation:

To enter a contract with Phoenix Software Limited for the renewal of the Microsoft licence agreement valued at £1.164 million based on current requirements as detailed in paragraph 12.

Policy Framework

The Council has three corporate priorities, which are:

- People living well
- Great neighborhoods, housing and environment
- Inclusive economy

This supports a healthy organisation that supports all three corporate priorities.

Report

1. The current 3-year agreement to pay for Microsoft licences will expire 31 March 2022.
2. All licences follow the subscription business model and as such the council must pay a recurring price at regular intervals for access to the products.
3. The licences are required to operate all Windows based devices such as laptops, tablets, PCs and servers.
4. The licences are also required to use the Microsoft software products such as Outlook Email, Teams, Word, Excel, Exchange, SharePoint, SQL database, Project, Power Bi and Visio. In essence, they are vital for the effective operation of the council's day-to-day business.
5. It is planned to enter a new 3-year agreement to purchase the access rights to the products.
6. An initial analysis was undertaken to explore the potential ways forward to purchase the licences. Routes such as not entering a contract were discounted due to the essential need for the service. The options are:
 - (a) **Identify a single supplier to award the contract to without competition:** This route would be contrary to Contract Procedures and public procurement regulations due to the value of the contract.
 - (b) **Establish competitively tendered contract with one supplier:** Run a competitive procurement exercise looking for a single supplier to meet the council's requirements. As per the council's contract procedures, the recommended approach for the procurement of contracts of over £25,000 should be advertised as an 'open' procedure in order to maximise open, transparent and fair suppliers. This requirement can be viewed as 'off the shelf' and with existing frameworks active and available, it would be a duplication of efforts to pursue a contract via open tender. This option is **not recommended**.
 - (c) **Utilise an existing framework:** Frameworks provided by Crown Commercial Services (CCS), Eastern Shires (ESPO) and KCS were explored. KCS has suitable framework which has been used previously, this is suitable to use again. Suppliers have been through a competitive process to be accepted and therefore Procurement Contract Regulations are met. This is the **recommended approach**
7. Following the competitive process, using the KCS framework, Phoenix Software Limited has been selected as the supplier.
8. The competitive process used current requirements and the February Pricing, exploring which supplier would be most competitive based on those rates. The unit costs are subject to change from 1 March 2022 in line with the Microsoft

scheduled price increase. March pricing hasn't yet been confirmed by Microsoft. The council must order the product by 11 March 2022 to ensure licences are available for 1 April 2022.

9. The unit pricing will flex over the term of the agreement based upon staff levels and the resources required to support the Microsoft environment.

Consultation

10. No consultations have taken place

Implications

Financial and Resources

11. Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan 2019-22 and Budget.
12. The cost of the three-year agreement, based upon current requirements, is £969,697.15. Microsoft are due to publish the unit rates associated with this contract on 1 March 2022, therefore an allowance is incorporated into the contract price of 20% over the life of the contract, although the council will only pay for the number of units utilised in any one year. The contract is therefore valued at £1.164 million.
13. This cost is in line with the existing budget.
14. February Pricing has been provided. Unit costs are subject to change from 1 March 2022 in line with the Microsoft scheduled price increase. March pricing hasn't yet been confirmed by Microsoft.
15. As previously, the unit volumes will flex over the term of the agreement based upon staff levels and the resources required to support the Microsoft environment.

Legal

16. The Council is using a recognised framework, KCS, for the purchase of its licences. This is compliant with the Public Contract Regulations 2015.

Statutory Considerations

Consideration	Details of any implications and proposed measures to address:
Equality and Diversity	Neutral
Health, Social and Economic Impact	Positive – supports IT solutions across the council. Supporting good methods of communication across the workforce and customers. Flexible working has a positive impact to the workforce.
Crime and Disorder	Inability to report key information as required.
Children and Adults Safeguarding	Inability to report key information as required.
Environmental Impact	Environmental services would be disrupted.

Risk Management

Risk	Consequence	Controls Required
Not extending this contract	Severe disruption to council services as Microsoft solutions are inextricably linked to IT provision across the council – would not enable agile working, including inability to answer phone calls and respond to customer enquiries, manage communications, and project management.	Report progress to key officers.

Other Options Considered

17. No other options have been considered. The Microsoft solutions are inextricably linked to the IT provision across the council.

Reasons for the decision/recommendation

18. The recommendation to award is because the current three-year agreement expires March 2022 and without licences the core elements of IT will not be available.

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