

Open Report on behalf of Keith Ireland, Chief Executive

Report to:	Councillor R G Davies, Executive Councillor for Highways, Transport and IT
Date:	Between 3 - 14 December 2018
Subject:	Microsoft Enterprise Agreement
Decision Reference:	I016922
Key decision?	Yes

Summary:

Approval is sought to re-procure the Council's Microsoft Enterprise Agreement. This agreement is a 3 year term contract to deliver the Licensing for a number of Microsoft products used across the council. This description is quoted from the Microsoft website.

"The Microsoft Enterprise Agreement offers the best value to organizations with 500* or more users or devices that want a manageable volume licensing program that gives them the flexibility to buy cloud services and software licenses under one agreement".

Recommendation(s):

That the Executive Councillor:-

- (i) Approves the re-procurement of the Council's Microsoft Enterprise Agreement for the period 2019-2022 for the purchase of Microsoft cloud services and software licenses; and
- (ii) Delegates to the Chief Executive, in consultation with the Executive Councillor for Highways, Transport and IT, authority to take all decisions and approve the entering into of all such contracts as are necessary to give effect to the above decision.

Alternatives Considered:

Not to approve the re-procurement of the Council's Microsoft Enterprise Agreement.

The Council would no longer be able to use its existing software estate and would be unable to migrate to any other alternative software estate within a period of 2-3 years.

The Council's ability to run and manage its business would be fundamentally undermined.

Reasons for Recommendation:

To ensure compatibility with the existing software estate to enable continuation of a number of projects to exploit their business advantage already in delivery.

A move away from Microsoft products to alternative products, such as Open Source or the Google cloud services would require 2-3 years to transition and require the complete focus of all technical resource currently available within the Council to achieve those timeframes at significant resource investment. Lincolnshire County Council (LCC) is currently in build phase and alternative strategies are conventionally re-considered when the current raft of in delivery technologies approach the end of their working life.

1. Background

Microsoft is a major Software vendor and their Enterprise Agreement plans are designed to offer significant discounts for products licensed in this way and for cloud services. Products that require per device or per user are typically licensed across the whole organisation.

Microsoft does not negotiate with individual public organisations or departments in the UK however there is a competitive marketplace of accredited resellers available. The Microsoft Enterprise Agreement is available via Government Frameworks and the Crown Commercial Service negotiates terms on behalf of all public sector clients and provides frameworks to facilitate compliant procurement.

Microsoft Cloud Services have grown rapidly subsequent to massive investment and provide a supported and assisted route to migrate increasingly to cloud services. Their cloud services include many capabilities to deliver end to end digital transformation in an accessible way.

Microsoft Enterprise Licensing strategy combined with the various "Crown Agreements" over many years have resulted in a high percentage of Councils using Microsoft products extensively, with some of its document formats becoming de-facto standards over many years. It is not practical to discontinue the use of Microsoft products in an organisation the size of LCC within a timeframe of less than 2 to 3 years, with the cost of the Microsoft licenses only being recoverable in whole product "chunks" and not via incremental reduction over shorter timescales.

The anticipated cost of the core purchase of licences and associated products is approximately between £3.25m- £3.5m over the 3 year contract, depending on the ability to achieve completion of the procurement to secure the early commit price reduction. This reduction combined with other rationalisation would represent a saving of £500K if the products utilised were static over the life of the agreement, though in practice the product mix changes over the life of the agreement.

The procurement also includes a requirement for the supplier to be able to supply software from manufacturers other than Microsoft on an ad-hoc basis but, does not give the successful bidder exclusivity to supply additional requirements. The value of additional requirements during the contract period is estimated at an additional £750,000 which gives a total contract value of approximately £4m for the 3 year contract.

LCC has a number of projects based upon Microsoft technology moving to the delivery phase, and exploiting the benefits of that work is not possible without the correct licensing in place.

2. Legal Issues:

Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

- * Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act
- * Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- * Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- * Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic
- * Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it
- * Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding

Compliance with the duties in section 149 may involve treating some persons more favourably than others

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant

material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision making process

Equality Act considerations have been taken into account and there are not considered to be any impacts of this decision.

Joint Strategic Needs Analysis (JSNA) and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health & Well Being Strategy (JHWS) in coming to a decision

The JSNA and JHWS have been considered and this decision is not considered to have any direct impact on them.

Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area

Consideration has been given to the section 17 requirements JSNA and JHWS and this decision is not considered to have any direct impact on them.

3. Conclusion

During 2017&18 LCC has progressed with an IMT technical plan which included many core Microsoft technologies and this work is ongoing and many projects are in the delivery stage. To leverage that existing investment licensing must be maintained to allow LCC to exploit the value of this work.

4. Legal Comments:

The Council has the power to enter into the contracts proposed. Appropriate use of a Crown Commercial Service framework will enable the Council to procure in a way that is compliant with its procurement obligations.

The decision is consistent with the Policy Framework and within the remit of the Executive Councillor

5. Resource Comments:

Accepting the recommendation will incur the costs which are detailed in the body of this report. These costs will be met from the approved revenue budgets for the IMT service.

6. Consultation

a) Has Local Member Been Consulted?

N/A

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

This decision will be considered by the Overview and Scrutiny Management Board at its meeting on 29 November 2018 and the comments of the Committee will be provided to the Executive Councillor.

d) Have Risks and Impact Analysis been carried out?

Yes

e) Risks and Impact Analysis

See the body of the Report

7. Background Papers

No Background Papers within the meaning of section 100D of the Local Government Act 1972 were used in the preparation of this Report.

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