

EXECUTIVE BOARD DECISION



REPORT OF: Executive Member for Digital and Customer Services

LEAD OFFICERS: Strategic Director of Resources (SIRO)

DATE: Thursday, 11 February 2021

PORTFOLIO(S) AFFECTED: Digital and Customer Services

WARD/S AFFECTED: (All Wards);

KEY DECISION: Y

SUBJECT:

Renewal of the Councils Microsoft licence agreement for server and database licences

1. EXECUTIVE SUMMARY

This report seeks approval to enter into a new 3 year contract for Microsoft server and database licences along with the associated financial implications.

2. RECOMMENDATIONS

That the Executive Board:

1. Further to the approval of the Capital Programme at Finance Council on 1st March 2021, the Executive Board is asked to approve the reallocation of £377,000 from the earmarked ICT Capital Reserve for Microsoft licences for the Councils server and database estate.
2. Approves a revenue budget increase of £49,000 from year 2 of the agreement to offset the additional costs.

3. BACKGROUND

The Council entered into an agreement previously with Microsoft in 2018. The SCE (Server and Cloud Enrolment scheme) is the most cost effective way to cover the Councils requirement for licences on its SQL estate (database environment), server estate and also for Sharepoint. This agreement was for a three year period and is due to end on the 31st March 2021, in order to retain the software assurance on these products a new agreement is required. Pricing for the new agreement is set by government with Microsoft, the department is planning to execute the agreement with Phoenix Software Limited through the KCS framework with the supplier providing the licences at cost.

4. KEY ISSUES & RISKS

If the Council does not renew these agreements then we will be in breach of Microsoft licencing terms as software assurance is required to run the software in the current format. The Council periodically has audits from Microsoft which would pick up any licencing shortfall and would result in the Council having to purchase licences again at a much higher cost.

The new agreement will allow the Council to deploy any new versions of the software released over the term of the agreement allowing us to keep up to date with the latest software available. The agreement will fix the price of the agreement for the next three years.

5. POLICY IMPLICATIONS

The new agreement will help deliver a fit for purpose organisation by allowing the Council to deploy the latest version of any software release over the term of the agreement.

6. FINANCIAL IMPLICATIONS

Costs for the renewal are £573,760.08 which will be split into 3 equal payments of £191,253.36. The licence cost are split between capital and revenue this is due to the Council having a mix of perpetual and subscription licences and are outlined below;

Capital Costs	Annual Price	Contract Cost
Sharepoint Licences	£5,780.40	£17,341.20
Database Licences	£76,511.52	£229,534.56
Server Licences	£43,111.68	£129,335.04
Total	£125,403.6	£376,210.80
Revenue Costs		
Database Licences	£28,596.96	£85,790.88
Server Licences	£37,252.8	£111,758.40
	£65,849.76	£197,549.28

The Capital element of the cost will be met through Corporate ICT earmarked reserves. The department currently only holds an annual revenue budget of £17k for server licences which leaves a £49k shortfall. For year one the shortfall will be funded through the ICT digital reserves with this being built into the ITM&G budget from year 2.

The shortfall in the current budget is due to additional licences being required for new servers to support the Council due to the increase on demand on infrastructure as services become more digitised and the Council holds more data. Previously the Council has invested in perpetual licences which involved an upfront purchase cost and then an annual payment for software assurance. Over recent years Microsoft and Government has been driving the move to more cloud base services resulting in the difference in annual costs between perpetual and subscription licences narrowing considerably. Whereas the department would normally have purchased the licences and treated as capital expenditure the new pricing model means it is far more cost effective to have subscription licences which are treated as revenue.

7. LEGAL IMPLICATIONS

The procurement process used under the KCS framework complies with the requirements of the Council's Contract and Procurement rules and the Public Contracts Regulations 2015.

8. RESOURCE IMPLICATIONS

There are no resource implications associated with this decision.

9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below.

Option 1 Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision.

Option 3 In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision.

10. CONSULTATIONS

No public consultation has taken place.

11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published on the day following the meeting.

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DATE:	12/02/2021
BACKGROUND PAPER:	None