



EXECUTIVE BOARD DECISION

REPORT OF: Executive Member for Digital and Customer Services

LEAD OFFICERS: Director, Chief Executive

DATE: Thursday, 7 March 2024

PORTFOLIO/S AFFECTED: Digital and Customer Services

WARD/S AFFECTED: (All Wards);

KEY DECISION: Y

SUBJECT: Microsoft licence agreement for the Councils server and database estate

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. Approves the award of the contract to Phoenix software through the KCS framework.
2. Approves a supplementary capital estimate of £308k to fund the agreement.
3. Approves a virement of £210k (over 3 years) from the Corporate ICT Investment budget.

3. BACKGROUND

The Council entered into an agreement previously with Microsoft in 2021. 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) and server estate. This agreement was for a three-year period and is due to end on the 31st of March 2024, 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 incurring additional costs.

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 £391,522 which will be split into 3 equal payments of £130,507. 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:

| | Annual Price | Contract Cost |
|--------------------------------------|----------------|-----------------|
| Capital Costs | | |
| Database Licences | £56,111 | £168,333 |
| Server Licences | £43,219 | £129,658 |
| Total | £99,330 | £297,991 |
| Upgrade of Memory | | £10,000 |
| Total Estimated Capital Costs | | £307,991 |
| | | |
| Revenue Costs | | |
| Server Licences | £31,176.96 | £93,530.88 |

In addition to the above there will be a one off capital cost of £10k to upgrade the memory in the Councils existing database servers. The department is consolidating its existing database estate onto fewer servers which will save the Council £190,736 over the term of the contract.

The department currently holds an annual revenue budget of £63,840 for Microsoft licences, therefore the additional £32,663 annual budget will form an annual revenue contribution to capital (totalling £97,989 over the three years) towards the capital costs of this proposal.

The remaining £210,002 will be funded from the Corporate ICT Investment budget over the three years of the contract.

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. Where appropriate please include the hyperlink to the EIA.

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. *(insert EIA link here)*

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. *(insert EIA attachment)*

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.

VERSION: 1

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| CONTACT OFFICER: | Peter Hughes |
| DATE: | 12/02/2024 |
| BACKGROUND PAPER: | None |