

## Commissioning and Procurement Sub-Committee – 9 Nov. 2021

<b>Subject:</b>	KD – Purchase of Corporate software licences and services for Microsoft products		
<b>Corporate Director(s)/ Director(s):</b>	Clive Heaphy, Corporate Director for Finance & Resources		
<b>Portfolio Holder(s):</b>	Councillor Sam Webster, Portfolio Holder for Finance & Resources		
<b>Report author and contact details:</b>	Simon Salmon, Head of IT Services <a href="mailto:simon.salmon@nottinghamcity.gov.uk">simon.salmon@nottinghamcity.gov.uk</a> , 0115 85 77750		
<b>Other colleagues who have provided input:</b>	Paul J. Burrows, IT Change Projects & Strategy Manager <a href="mailto:paul.burrows@nottinghamcity.gov.uk">paul.burrows@nottinghamcity.gov.uk</a> , 0115 87 63153		
<b>Key Decision</b>	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<b>Subject to call-in</b>
			<input checked="" type="checkbox"/> Yes
			<input type="checkbox"/> No
<b>Reasons:</b>	<input checked="" type="checkbox"/> Expenditure	<input type="checkbox"/> Income	<input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision
			<input checked="" type="checkbox"/> Revenue
			<input type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input checked="" type="checkbox"/> Yes
			<input type="checkbox"/> No
<b>Total value of the decision:</b> The value of the decision is estimated to be up to £ 4,500,000 over 3 years			
<b>Wards affected:</b> All	<b>Date of consultation with Portfolio Holder(s):</b> 20-Oct-2021		
<b>Relevant Council Plan Key Theme:</b>			
Nottingham People			<input type="checkbox"/>
Living in Nottingham			<input type="checkbox"/>
Growing Nottingham			<input type="checkbox"/>
Respect for Nottingham			<input type="checkbox"/>
Serving Nottingham Better			<input checked="" type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>			
<p>Nottingham City Council uses Microsoft products for both end-user and server computing, this is consistent with the Council's ICT Strategy. Every 3 years licences are re-purchased. This report seeks authorisation for re-purchasing using an approved framework. In addition to licences the Council also uses associated services, such as Microsoft approved technical support and consultancy services related to licensed products, to enable it to get the maximum value from purchased licences.</p> <p>The Microsoft purchasing model is based on actual license consumption and is subject to annual review during which licence volumes may be increased or reduced. The volume of licences to be purchased will be based upon consumption at the point at which procurement is made.</p>			
<b>Exempt information:</b>			
None			
<b>Recommendation(s):</b>			
<p><b>1</b> To delegate authority to the Head of IT Services to enter into contracts up to the value of £4,500,000 over 3 years using approved procurement frameworks to purchase Microsoft software licences and associated services for financial years 2022/23 to 2024/25.</p>			
<p><b>2</b> To approve allocation of funding from the IT Efficiency Fund for the three year period 2022/23 to 2024/25 to purchase Microsoft software licences and associated services.</p>			

## **1 Reasons for recommendations**

- 1.1 In order to continue to use Microsoft products for end user and server computing beyond 30 Jun. 2022 Nottingham City Council will need to renew its software licensing agreement with Microsoft.
- 1.2 Microsoft products used as online services are subject to continuous development and improvement. Because of the increasing richness of these products the Council needs sometimes to be able to call upon additional support to get the best value from purchased products. This is the reason for recommending the inclusion of services within this decision as well as licenses.

## **2 Background (including outcomes of consultation)**

- 2.1 Nottingham City Council has used Microsoft products for many years to support end user computing and servers providing application systems, security software, communications, etc.
- 2.2 The Council's ICT Strategy commits to the Microsoft product set, preferring these to other suppliers.
- 2.3 Microsoft software licences are purchased as enterprise wide agreements on a 3 yearly basis. Licencing volumes are reviewed annually to confirm that they are correct and may be 'trued-up' or 'trued-down' accordingly. These annual reviews allow the Council to add or reduce the number of licences in use. The current 3 year agreement ends on 30 Jun. 2022.
- 2.4 The current Corporate Microsoft software licensing agreement is used by both the Council and Nottingham City Homes.

## **3 Other options considered in making recommendations**

- 3.1 Do nothing. This is not considered feasible. The Council depends heavily upon Microsoft's software to deliver services to citizens and maintain shared service delivery with other organisations. The Council could not function without Microsoft software and would be acting illegally if this were not licensed.
- 3.2 Move away from Microsoft software to other providers' software. This is not considered feasible. The Council has trialled non-Microsoft software in the past and has found that challenges in compatibility between it and Microsoft products, which are far more widely used, have added cost and frustration to users' activities. There would be significant costs associated with a change from Microsoft software.

## **4 Finance colleague comments (including implications and value for money/VAT)**

- 4.1 This decision seeks approval to delegate authority to the Head of IT Services to enter into contracts up to the value of £4.500m over a 3 year period using approved procurement frameworks to purchase Microsoft software licences and associated services.

- 4.2 The contracts cover financial years 2022/23 to 2024/25 and funding will be provided in full from the IT Efficiency Fund (ITEF).
- 4.3 The profiling of the above costs have been considered in the ITEF forward plan which aligns to the current MTFP. It is to be noted however that there are further IT projects within the ITEF forward plan that are yet to be approved. The current balance of the ITEF funding is insufficient to fund all of these projects from 2022/23 onwards therefore careful consideration and planning when prioritising projects is critical in order to only spend within the agreed ITEF allocated budget whilst at the same time meeting corporate IT needs. No financial pressure or overspend can occur.
- 4.4 Whilst this decision seeks approval spend up to £4.500m over the 3 year period, the actual value and contracts paid will be based on actual activity levels. The IT service should make every attempt to spend below this ceiling amount, ensure only the minimum equipment is purchased and contracts are only entered for the minimum amounts in order to reduce future liabilities and financial risk, considering the constrained financial environment NCC is operating in.
- 4.5 Alternative provision delivery models have been explored but have proven unviable as outlined in the report.
- 4.6 The compliant procurement process will support the achievement of value for money.
- 4.7 VAT will be treated in accordance with HMRC guidance.

Phil Gretton – Strategic Finance Business Partner – 26 October 2021

## **5 Legal and Procurement colleague comments (including risk management issues, and including legal, Crime and Disorder Act and procurement implications)**

### 5.1 Legal comments:

This report raises no significant legal issues. The procurement of Microsoft software licences through a recognised framework agreement is in accordance with public procurement rules and the Council's Contract Procedure Rules.

S O'Bradaigh, Senior Solicitor 20/10/21

### 5.2 Procurement comments:

Procurement Team will work with the relevant IT colleague to ensure the procurement of a new Microsoft Software Licence for a 3-year period starting 1 July 2022 is done so in a compliant and transparent manner. There are a number of recognised frameworks that could be used in addition to the CCS aggregation route.

I do not have concerns about this procurement and IT have Procurement Team on board from the outset.

L Dobson, Procurement Officer 27/10/21

## 6 Social value considerations

6.1 There are no Social Value Considerations directly associated with this decision.

## 7 Regard to the NHS Constitution

7.1 Local authorities have a statutory duty to have regard to the NHS Constitution when exercising their public health functions under the NHS Act 2006. In making this decision relating to public health functions, we have properly considered the NHS Constitution where applicable and have taken into account how it can be applied in order to commission services to improve the health of the local community.

The NHS Constitution states in section 2, 'NHS Values' that:

### **'Working together for patients.**

Patients come first in everything we do. We fully involve patients, staff, families, carers, communities, and professionals inside and outside the NHS. We put the needs of patients and communities before organisational boundaries. We speak up when things go wrong.'

Microsoft software products are widely used within the NHS. Operating software that is of the same type as the NHS reduces the risk of non-compatibility issues and so facilitates the exchange of information between the NHS and the Council and joint working.

## 8 Equality Impact Assessment (EIA)

8.1 Has the equality impact of the proposals in this report been assessed?

No



An EIA is not required because:

The proposal included within this report is a renewal of software licensing for products that are already in use by the Council. As such an EIA would have been undertaken at the point of initial acquisition or implementation.

Yes



Attached as Appendix x, and due regard will be given to any implications identified in it.

## 9 List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

9.1 None

## 10 Published documents referred to in this report

10.1 Nottingham City Council ICT Strategy