

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:

2190

Author:

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Department:

Resources

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Subject:

Upgrade of the Microsoft Enterprise Contract to Support Office 365 Cloud Based e-mail

Total Value:

£227,700 Comprising:

£210,650 Capital

£17,050 10 month Subscription Revenue from ITEF (Type: Capital and Revenue)

Decision Being Taken:

Authorise the Head of IT to upgrade the Microsoft Enterprise Agreement to include additional services to support Office 365 Cloud Based e-mail.

Approve dispensation from the requirements of Contract Procedure Rule 5.1.2 under Financial Regulation 3.29 and agree to the purchase of the additional licences from a single supplier.

Reasons for the Decision(s)

The Council's Executive Board approved a decision on 24 February 2015 to invest in a Service Improvement Programme (SIP) of technical projects to upgrade the IT infrastructure in order to deliver effective services to citizens.

A key part of the SIP includes the investment in New IT Tools "in order to support improvements in ways of working to support collaborative working (MS-Sharepoint) and person to person communications (MS-Lync) and management of the Council's systems (MS-System Centre). MS-Sharepoint can be used to develop collaborative platforms with Partners, such as the Police, Health and other local authorities, and to support working in facilities such as joint service centres." Microsoft Office 365 is the product which will provide the the described new tools and consequently there is a requirement to licence the Council for its use.

The Council currently has an Enterprise Licence for Microsoft products which expires on 30th June 2016. The capital element of the funding (£190,650) will upgrade the current licencing to a level commensurate with that required to run Office 365. In addition 4 presentation devices will be purchased to support online meetings (£20,000). The remaining revenue funding (£17,050) will purchase a subscription for 500 colleagues to the Office 365 product for 10 months (to June 2016).

Information received from Microsoft reference the procurement through our current contracted reseller is that:

- The EA contract runs until 30 June 2016 so cannot be changed at the moment; this means the Council cannot terminate it and start a new one.
- Any additional purchases the Council makes will be at the agreed contractual price or at the current price list if brand new purchase.
- The Council can change the reseller if required. There is a standard process which takes 3 months to be effective. However, changing the reseller does not change the contract and any pricing structure as explained continues regardless of who the reseller is.

Briefing notes documents:

IT Service Improvement Programme.pdf, IT SIP Business Case v1_00.docx

Other Options Considered:

Do Nothing: New technology tools will not be acquired to support colleagues' productivity and activity. The Public Sector Services Agreement (PSA) allowed public sector organisations to receive substantial discounts from major software suppliers such as Microsoft for products and licences. The PSA agreement expired in April 2015 and will not be replaced. Instead substantial time limiting discounts are available to promote subscription based software licensing which is now widely regarded as the future licencing model for all public sector organisations. To take advantage of these discounts we need to adopt this model before our EA expires in June 2016. The level of discount available will decrease on a per month basis leading up to June 2016 when our EA is due to expire.

Preferred Option: IT SIP as proposed: IT SIP as proposed: MS-Lync and MS-SharePoint deployed and Office-365 piloted. Non-financial benefits derived from the implementation of new productivity tools will enable the provision of cloud based office automation, particularly e-mail, will increase the flexibility offered to Colleagues and Councillors in terms of working and will provide a more resilient infrastructure in the event of a disaster recovery situation requiring business continuity.

Microsoft Office-365 licensing. Office-365 services are paid for on a per user per month basis (with a minimum sign-up period). This switches costs from capital to revenue and includes all upgrades. The product is provided from the 'Cloud' and used through a browser as an Internet based service. An organisation such as the Council will buy a number of seats and will then be able to 'flex' use depending upon demand.

Background Papers:

None

Published Works:

None

Affected Wards:

Citywide

Colleague / Councillor Interests:

Dispensation from Financial Regulations:

Yes

Consultations:

Those not consulted are not directly affected by the decision.

Crime and Disorder Implications:

There are no Crime and Disorder Implications

Equality:

EIA not required. Reasons: This purchase does not have any EIA implications

Decision Type:	Portfolio Holder
Subject to Call In:	Yes
Call In Expiry date:	13/10/2015
Advice Sought:	Legal, Finance, Procurement, IT
Legal Advice:	<p>It is not considered that this procurement gives rise to any significant legal concern. The Microsoft products are being purchased through the existing Microsoft reseller through whom the Council currently licenses its Microsoft software. This is a requirement of that licence. Furthermore the purchase could otherwise have been made under a CSS framework.</p> <p>It has been advised that the other purchases are to be made off EU compliant frameworks. This satisfies both procurement law and standing orders. To seek three quotations would be a bonus.</p> <p>Legal are available to assist with any legal issues arising during the procurement. Advice provided by Brian Lewis Stewart (Solicitor) on 22/09/2015.</p>
Finance Advice:	<p>The value of the decision (£227,700) is based on the estimated cost of the 'New Tools' component of the IT Service Improvement Programme, a report on which was considered and approved by the Council's Executive Board on 24 February 2015. The financing solution for this proposal was identified in that report and the Capital Programme has been amended accordingly. Exemption from paragraph 5.1.2 of Contract Procedure Rules is being sought in accordance with paragraph 3.29 of Financial Regulations. The grounds are that the Council is contractually obliged to procure the necessary licences from its existing supplier beyond the timescale within which the proposal needs to be implemented. There are no further implications for risk beyond any issues identified in the Executive Board report and its supporting business case. Any extent to which value for money might be compromised by waiving Contract Procedure Rules is considered to be outweighed by the operational and financial consequences likely to accompany the alternative procurement routes set out in the 'Reasons for the Decision' section in this report.</p> <p>Advice provided by C I Sharpe (Finance Analyst) on 17/09/2015.</p>
Procurement Advice:	<p>The purchases are being made via our existing reseller and any other purchases will be made via EU compliant CCS framework agreements and an exemption from paragraph 5.1.2 of Contract Procedure Rules is being sought in accordance with paragraph 3.29 of Financial Regulations for operational reasons.</p> <p>The procurement unit supports this decision. Advice provided by Paul Ritchie (Procurement Category Manager) on 23/09/2015.</p>

IT Advice:

**The IT Service supports this proposal.
The proposal will enable the Council to respond to the changing means of supply of Microsoft products which are being provided on a 'cloud' rather than 'on premises' basis. This approach enables the Council to mitigate some risks associated with business continuity and provides users with access to up-to-date suppliers' products.
Advice provided by Paul J. Burrows (Strategy Manager) on 19/08/2015.**

Signatures

Graham Chapman (PH for Resources and Neighbourhood Regeneration)
SIGNED and Dated: 05/10/2015
Glen O'Connell (Acting Corporate Director of Resources)
SIGNED and Dated: 05/10/2015
Theresa Channell (Head of Corporate and Strategic Finance) - Dispensation from Financial Regulations
SIGNED and Dated: 02/10/2015
Chief Financial Officer's Comments: