

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:	2344
Author:	Richard Jolly
Department:	Resources
Contact:	Richard Jolly (Job Title: Senior Project Officer, Email: richard.jolly@nottinghamcity.gov.uk, Phone: 01158763219)
Subject:	Purchase of multiple Microsoft Windows Server related Licences for 3 Major Projects
Total Value:	£166,130.00 (Type: Capital)
Decision Being Taken:	Approval to dispense with Contract Procedure Rule 5.1.2. in accordance with Financial Regulation 3.29 of Financial Regulations to purchase 44 Microsoft Windows 2012 datacentre Licences, 44 Microsoft System Centre Licences and 3 physical server 2012 licences directly from SoftBox Ltd by adding them to the existing Enterprise Agreement for 3 Major IT Projects.

Reasons for the Decision(s)

3 major IT Capital Projects, namely, Windows 2012 Server Migration Project, Loxley Citrix Project (Both part of SIP Programme) and Project Evolution (Care First Replacement IT System) require the above mentioned number of Microsoft Licences to function correctly and lawfully on new server hardware recently procured by the Council.

In 2013 the Council conducted a mini competition under Crown Commercial Services RM721 framework agreement which resulted in the Council entering into an Enterprise Agreement with Software Box Ltd for the supply of Microsoft licences for a 3 year period which ends in June 2016.

The Council undertook 2 mini competition exercises in December 2015 for these additional Microsoft licences but was unable to award any contract due to the licence model types submitted not meeting the Council's needs and the tender prices being too costly. The Council now urgently needs these additional licences. The cost model attached demonstrates that the most cost effective solution would be to add them to the existing Enterprise Agreement, which is held by Softbox Ltd.

Cost Option 1: Preferred Solution - linking this order to the current Enterprise Agreement

Until June 2016: £13,677.84 per month (44 servers)

After June 2016 - June 2019: £5914.04 per month (44 servers)

Cost Option 2: Mini competition for a Select Plus Licence agreement completed in Dec 2015 via Crown Commercial Services Technology (Lot 2, RM1054) Framework

Now - + 3years:

£11,024.64 per month (cheapest tender) (44 servers)

OVER A 3 YEAR PERIOD THIS WOULD EQUATE TO A £137,398.00 SAVING OF USING OPTION 1 (SEE Attached SP-EA-PriceBreakDown as part of briefing documents)

The budgets to fulfil this order are already approved and are broken down as follows:

Windows 2012 Server Migration Project BUDGET : 20 Windows Data Licences and 20 System Centre Licences = £74703.80

Project

Evolution BUDGET: &

nbsp;

12 Windows Data Licences and 12 System Centre

Licences = £44822.28

Citrix Project

BUDGET: &nb

sp; &n

bsp; 12 Windows Data Licences

and 12 System Centre Licences = £44822.28

BAU

BUDGET: &nb

sp; &n

bsp; &

nbsp; 3x Windows 2012 Standard Licences = £1781.64

TOTAL = £166,130.00

Windows Server 2012 and the Citrix Project is part of IT SIP Programme - Approved by Exec Board in Feb 2015 (24/02/2015)

Project Evolution - Social Care System approved by Children and Families commissioning Sub Committee in March 2015 (11/03/2015)

Briefing notes documents:	SP-EA-PriceBreakdown.xlsx
Other Options Considered:	The Council has already been out to tender twice recently (through a CCS framework) for the licences without success. The Council cannot use the servers without having these licences in place. See Options in Reasons Section
Background Papers:	None
Published Works:	'IT Service Improvement Programme - Key Decision' Executive Board 24/02/2015 Minute Number 86 'Project Evolution - Social Care System (CareFirst) Replacement - Key Decision' Commissioning and Procurement Sub Committee - 11/03/2015 Minute Number 28
Affected Wards:	Citywide
Colleague / Councillor Interests:	None
Consultations:	Those not consulted are not directly affected by the decision.
Crime and Disorder Implications:	Not Applicable
Equality:	EIA not required. Reasons: Purchase of back office software
Social Value Considerations:	Not Applicable
Major Implications for IT:	Yes
Decision Type:	Portfolio Holder
Subject to Call In:	Yes
Call In Expiry date:	29/02/2016

Advice Sought:

Legal, Finance, Procurement, IT

Legal Advice:

Dispensation from CPR 5.1.2 is needed in accordance with Financial Regulation 3.29 to make a direct award to SSoftware Box Ltd for the reasons set out in the main body of the report.The add-on to the contract can be dealt with through the contractual change control procedure. Advice provided by Sarah O'Bradaigh (senior solicitor) on 11/02/2016.

Finance Advice:

The value of the decision (£166,130) is based on the cost of purchasing 44 Windows Data licences and 44 System Centre licences to support recently approved capital schemes and the further cost of 3 Windows 2012 Standard licences to support business as usual services within IT.

Of the total sum, expenditure of £164,350 has been approved by Executive Board and the Portfolio Holder for Children's Services as part of proposals for the delivery of the IT Service Improvement Plan and Project Evolution respectively. The Capital Programme has been amended to include the estimated cost of server related licensing and funding solutions are already in place.

The remaining £1,780 will be met from existing provisions for licensing within the IT revenue budget as incorporated within the Medium Term Financial Plan. This latter amount does not require spending approval via this delegation but forms part of the total decision value because the decision itself is to seek dispensation from Contract Procedure Rule 5.1.2 in accordance with paragraph 3.29 of Financial Regulations for the full value of the decision. The reason for seeking dispensation is that only one supplier, Softbox Limited, can be used for purchases under the authority's existng Microsoft Enterprise Agreement framework.

The rationale and legitimacy for procuring licences within the existing Enterprise Agreement is explained in the 'Reasons for the Decision'. This approach is believed to represent better value for money than the alternative framework explored because it will realise the required outcome in terms of project and service delivery at less cost.

Advice provided by C I Sharpe (Finance Analyst) on 22/01/2016.

Procurement Advice:

Dispensation from the provisions of the Contract Procedure Rules (5.1.2) in accordance with Financial Regulation (3.29) (Operational Issues)is supported from a procurement perspective to make a direct award to Software Box Ltd for the reasons as stated in the main body of the report and confirmation from the advice provided by legal that the purchase can be made through the contractual change control procedure. Advice provided by Mabs Karim (Procurement Officer) on 11/02/2016.

IT Advice:

The IT Service supports this proposal.

The identified server licensing is required as a part of the project to upgrade the Council's server estate from the unsupported Windows Server 2003 operating system to the Windows Server 2012 operating system. This project was the subject of a report to Executive Board in February 2015. This additional approval is being sought because of the level of expenditure with the Council's existing supplier of Microsoft licences.

Advice provided by Paul J. Burrows (Strategy Manager) on 11/01/2016.

Signatures

Graham Chapman (PH for Resources and Neighbourhood Regeneration)

SIGNED and Dated: 19/02/2016

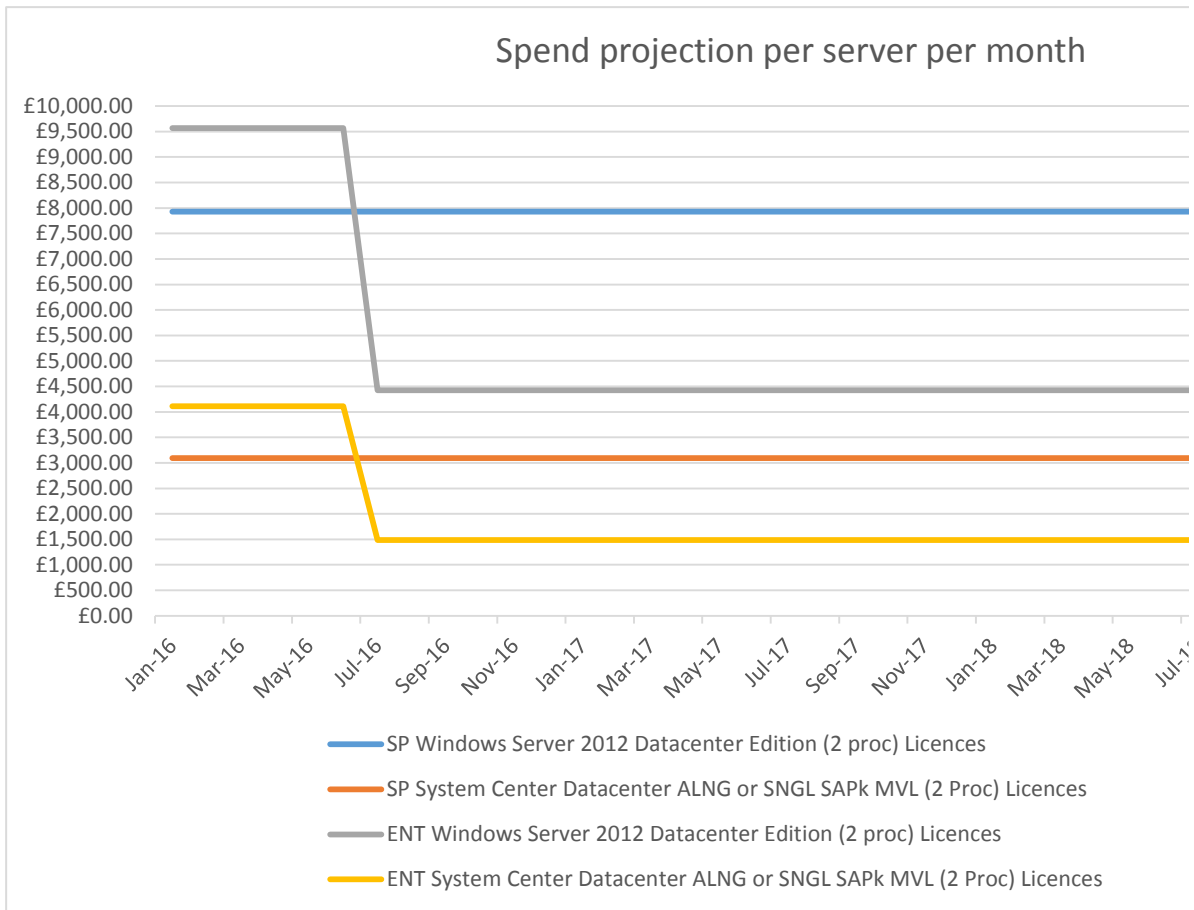
Glen O'Connell (Acting Corporate Director of Resources)

SIGNED and Dated: 19/02/2016

QTY	Product	Jan-16	Feb-16	Mar-16
44 SP	Windows Server 2012 Datacenter Edition (2 proc) Licences	£7,928.36	£7,928.36	£7,928.36
44 SP	System Center Datacenter ALNG or SNGL SAPk MVL (2 Proc) Licences	£3,096.28	£3,096.28	£3,096.28
44 ENT	Windows Server 2012 Datacenter Edition (2 proc) Licences	£9,566.92	£9,566.92	£9,566.92
44 ENT	System Center Datacenter ALNG or SNGL SAPk MVL (2 Proc) Licences	£4,110.92	£4,110.92	£4,110.92

* The above table shows the amount of spend per server / per month.

* The software on the ENT will be added to a new agreement that encompasses the desktops - but this price is cheap only need to purchase software assurance as we will already own the licences



Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17
£7,928.36	£7,928.36	£7,928.36	£7,928.36	£7,928.36	£7,928.36	£7,928.36	£7,928.36	£7,928.36	£7,928.36	£7,928.36
£3,096.28	£3,096.28	£3,096.28	£3,096.28	£3,096.28	£3,096.28	£3,096.28	£3,096.28	£3,096.28	£3,096.28	£3,096.28
£9,566.92	£9,566.92	£9,566.92	£4,425.52	£4,425.52	£4,425.52	£4,425.52	£4,425.52	£4,425.52	£4,425.52	£4,425.52
£4,110.92	£4,110.92	£4,110.92	£1,488.52	£1,488.52	£1,488.52	£1,488.52	£1,488.52	£1,488.52	£1,488.52	£1,488.52

or as we will



TOTAL	£285,420.96	
	£111,466.08	£396,887.04
	£190,167.12	
	£69,321.12	£259,488.24

Difference between SP & ENT £137,398.80