


Individual Mayoral Decision Decision Log No: <u> 141 </u>	 TOWER HAMLETS
Report of: Zena Cooke, Director of Resources	Classification: Unrestricted
Microsoft Enterprise Licensing – Renewal of Contract R4176	

Is this a Key Decision?	Yes
Decision Notice Publication Date:	7 th December 2016
General Exception or Urgency Notice published?	Yes. Due to the reasons set out in the report, the decision has had to be taken under urgency provisions. The Chair of Overview and Scrutiny has been consulted and agreed to preclude the report from the Council's Call-In provisions.
Restrictions:	None

EXECUTIVE SUMMARY

The Council's framework agreement from Crown Commercial Services (CCS) called PSA09 for its Microsoft Enterprise Agreement (EA) is due to expire on 31st March 2017. The Council cannot renew this and would need to have a new agreement in place after this date, following a procurement process. The current agreement allows the Council to use Microsoft software for its Outlook email, servers and desktops and the Council has also procured Visio and Project licences.

Timescale, Recent Price Hike and Urgency

Whilst the current agreement ends on 31st March 2017, following Brexit Microsoft announced a price increase of between 15% to 22% for its agreement. However, if the Council can renew its EA before the end of 2016 (i.e. by 9th December 2016), it will insulate itself from this price rise.

Recommendations

The Mayor is recommended to:

Delegate to the Corporate Director of Resources the authority to award the contract for a term of 36 months to the most competitive supplier on Kent County Council's Pro 5 Framework Software Products and Associated Services Y17003 following competition run by procurement.

Full Details of the Decision Sought, Including Reasons and Options

Quotes from Kent's framework suppliers and Agilisys on an indicative specification offer best value compared to the CCS Framework. Award of contracts needs to be done in the week commencing 5th December 2016 and an order will need to be raised for renewal before 9th December to avoid the up to 22% price increase.

In addition to running a competition on the Pro 5 framework on an indicative specification, the Council sought prices from Crown Commercial Services.

Prices from CCS framework were at least £75K more expensive over 3 years than the lower bidder on the Kent framework. With reseller margins on the CCS framework, the actual difference would be even greater than £75k, hence the CCS option would not be best value.

The Agilisys quote would attract up to a 5% margin. Whilst the Agilisys quote on the indicative specification was more expensive than Kent's framework, Agilisys will be given another opportunity to quote at the same time as Kent framework bidders on a revised specification and asked to specify their margins to allow a like for like comparison.

Chief Finance Officer Comments

The estimated annual cost of £550k can be funded through existing provision for software licences within centrally held ICT budgets. The potential exposure to the risk associated with the impending price increases is estimated to be between £100k-£123k.

Legal Comments

The Council has power to enter into a contract for the provision of this product which arises by virtue of section 111 of the Local Government Act 1972, providing the power enabling the Council to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The Council has the enabling power(s) to initiate a procurement exercise for the Services and award any subsequent contracts pursuant to that competition.

The estimated value of the contract is circa £1.650 million (£550k per annum) making this an executive decision requiring Mayoral approval giving the relevant Corporate Director the delegated authority to award the contract.

DECISION

Award the contract for a term of 36 months to the most competitive supplier on Kent County Council's Pro 5 Framework following competition run by procurement.

APPROVALS

1. (If applicable) Corporate Director proposing the decision or his/her deputy

I approve the attached report and proposed decision above for submission to the Mayor.

Signed  Date 7/12/16

2. Chief Finance Officer or his/her deputy

I have been consulted on the content of the attached report which includes my comments.

Signed  Date 7/12/16

3. Monitoring Officer or his/her deputy

I have been consulted on the content of the attached report which includes my comments.

I confirm that this decision is urgent and subject to the 'General Exception' or 'Special Urgency' provision at paragraph 18 or 19 respectively of the Access to Information Procedure Rules.

Signed  Date 07/12/16

4. Mayor

I agree the decision proposed above for the reasons set out in paragraphs 2.1, 3 and 4 in the attached report (Individual Mayoral Decision).

Name  Signed  Date 7/12/16

Name Signed

Date