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**REPORT FOR: CABINET**

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<b>Date of Meeting:</b>	30 <sup>th</sup> May 2019
<b>Subject:</b>	Approval to procure a renewal of the Council's Microsoft licenses.
<b>Key Decision:</b>	Yes The proposed renewal involves revenue expenditure of up to £2.0m
<b>Responsible Officer:</b>	Carol Cutler Director of Customer Services and Business Transformation
<b>Portfolio Holder:</b>	Cllr Adam Swersky Portfolio Holder for Finance and Resources
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	Not applicable
<b>Enclosures:</b>	None

## **Section 1 – Summary and Recommendations**

The purpose of this report is to seek approval to procure a renewal of the Microsoft licenses deployed to devices and infrastructure used by all directorates and members to access the Council's information technology services.

### **Recommendations:**

Cabinet is requested to agree:

1. That the procurement of Microsoft licences to permit the use by the

Council of necessary software and services with an estimated contract value of up to £2m for a period of 3 years be approved;

2. That the Corporate Director of Resources, following consultation with the Portfolio Holder for Finance and Resources, be authorised to agree the contract details including the exact quantity and type of licences to procure; and
3. That the Corporate Director of Resources, following consultation with the Director of Legal & Governance Services, be authorised to enter into the necessary legal agreements/contract with Microsoft.

### **Reason: (For recommendations)**

The Council is an established consumer of Microsoft software products for user devices and infrastructure services. The existing license arrangement (an 'Enterprise Agreement') for Microsoft products comes to the end of its three year term in June 2019. Before licenses are procured it is best practice to review the requirement to ensure only those licenses needed are acquired.

The results of this review are heavily reliant on a recently commissioned project to deploy Windows 10 and Office 365 across the estate. This project includes an assessment of the optimum licensing model which will feed into the best practice review.

The approval to proceed is being requested as it will not be possible for the necessary standard approvals to be received before these reviews are completed, prior to the expiry of the current Enterprise Agreement in June 2019.

## **Section 2 – Report**

### **Introductory paragraph**

Microsoft develops, manufactures, licenses, supports and sells computer software, consumer electronics, personal computers, and related services. Its best known software products are the Microsoft Windows line of operating systems, the Microsoft Office suite, and the Internet Explorer web browser.

The Council has used their products for well over ten years with the result that they are embedded as a core provider of information technology services across the organisation.

Laptop and desktop computers, tablets and related infrastructure all facilitate officers to undertake their work and directly underpin delivery of the corporate priorities for all technology users.

The request to proceed with the purchase of the license renewal will ensure the Council can continue to benefit from the products and services that Microsoft provides.

## **Options considered**

### **Alternatives to Microsoft Enterprise Agreement**

Microsoft, in common with many technology vendors and suppliers, has a strategy to shift their product offerings to the cloud. As a result they are gradually replacing the Enterprise Agreement with a more flexible, cloud aligned model through their CSP (Cloud Solution Provider) programme.

The assessment from the Windows 10 project together with the best practice review of licenses held, will result in a clearer picture of the type of licenses (traditional on premise and/or new cloud) required. Simply renewing the existing licenses has the potential to incur additional cost within the term of the new agreement.

### **Alternatives to Microsoft Solutions**

The Council uses a small number of different solutions from alternative suppliers. The use of these is frequently reviewed to ensure the most functionally rich, cost appropriate solutions are acquired.

Alternatives include Chrome O/S, Linux, Solaris, Android and iOS which are used with point solutions and business applications within the Council. The increased use of these would significantly add to the complexity of the computing environment and the cost of associated support.

The Council has evaluated using Google Docs as an alternative to Microsoft Office. Despite common core functionality and both now being cloud based, the work needed to re-educate users and ensure compatibility with business applications is a significant barrier to the adoption of an alternative to the Microsoft Office suite.

### **Current situation**

The Council has a valid Microsoft Enterprise Agreement which runs to the end of June 2019. On expiry of the agreement, the right to use over 15 products expires so a renewal is required.

### **Why a change is needed**

With the deployment of Windows 10 and Office 365, the Council is shifting from traditional on premise licensing to a cloud based model. This, together with Microsoft transitioning their core products to a cloud based model, necessitates a change in the type and make-up of licenses the Council needs to procure.

### **Implications of the Recommendation**

#### **Resources, costs**

The assessment of the Council's Microsoft licensing requirements will be completed by a combination of third-parties and officers.

The Council will receive a license assessment from Sopra Steria in preparation for the deployment of Windows 10 and a number of cloud based solutions from the Office 365 suite.

Additionally, a review has been carried out by an independent external IT consultancy company to identify possible licensing models and areas requiring further validation and possible rationalisation. This feeds into the best practice review being completed by officers working in the IT Client Team.

Microsoft has also offered assistance to finalise the most appropriate type and volume of licenses to procure, by confirming the 'shopping list' prior to engaging with resellers for quotes and making the award.

### **Staffing/workforce**

It is a key deliverable of the Windows 10 and Office 365 project that functional improvements will be provided to all users. The Microsoft renewal will underpin this improvement and will enable more effective ways of working.

The Microsoft Office 365 product allows corporate services to be accessible from a wider number of device types with increased flexibility and mobility.

Devolved application teams planning to move their business systems to the cloud will require the Microsoft renewal to support new ways of working – with a greater emphasis on mobility, improving access to corporate systems at client locations.

### **Performance Issues**

The licence renewal supports the Council in the achievement of its priorities and outcomes, by ensuring officers continue to have the tools needed to do the job in the most cost effective manner.

The licence renewal is a legal construct that provides the Council with the ability to use the vendor's software and services. Holding the appropriate licenses ensures the Council's contractual compliance and assures continued vendor support with security patches, functional updates and remedial assistance.

Failure to renew and continuing to use Microsoft products without the legal title to do so will place the Council at a financial, legal and reputational risk.

Failure to renew with the optimum licensing model will result in increased cost.

### **Environmental Implications**

The Council's ICT strategy to migrate services to the cloud will reduce overall carbon emissions (kg/CO2/user-year). The license renewal will enable this through the shift to the Microsoft's Azure platform, which is the core of their cloud offering.

Carbon emission reductions from the use of cloud based services are driven by efficiencies in Datacentre operations, equipment and infrastructure. The consolidated electricity demand also creates the potential for large-scale purchases of green power that would not be otherwise viable.

## Data Protection Implications

Due to the proposed use of Microsoft's cloud based services a Data Protection Impact Assessment (DPIA) will be completed. There will however be no change to the Council's use of personal data.

Microsoft Azure and related tools help to ensure compliance with GDPR data protection requirements by providing ways to secure/encrypt personal data at rest and in transit, detect and respond to data breaches, and facilitate regular testing of security measures.

Microsoft is the first global cloud services provider to publicly offer contractual commitments that guarantee its clients are able to:

- Respond to requests to correct, amend or delete personal data.
- Detect and report personal data breaches.
- Demonstrate compliance with the GDPR.

The Council's Data Protection Officer (Darren Davies) has reviewed and approved the proposal.

**Ward Councillors' comments – N/A**

## Risk Management Implications

Risk included on Directorate risk register?	No.
Separate risk register in place?	Yes.

If the request to decide the type and make-up of Microsoft licenses is rejected:

- There is a risk that the Council will be unable to procure the required licenses in time for the expiry of the Enterprise Agreement, leading to unnecessary expenditure in the short to medium term.

Mitigation of this risk is to reduce the quantity of licenses procured as part of a core requirement and only flex up when the results of the optimisation assessment and the best practice review are finalised.

- There is a risk that the Council will be unable to procure its Microsoft license requirements in time for the renewal date resulting in the Council being non-compliant with the terms and conditions of the vendor's right to use policy.

Mitigation of this risk is to approve the procurement of licenses up to the value of the current budget now, treating as an exception any variance to the budget stemming from changes in type and quantity of the licenses needed.

If the request for delegate authority to purchase the Microsoft renewal and enter into necessary legal agreements is not accepted:

- There is a risk the Council will be unable to procure the most appropriate type and quantity of licenses in time for the expiry of the Enterprise Agreement, leading to unnecessary expenditure in the short to medium term.

Mitigation of this risk is to proactively manage the delivery of the Windows 10 and Office 365 optimisation assessment, fast-track the best practice review and work with Microsoft to ensure the most appropriate licenses are procured by contract expiry.

## Procurement Implications

The procurement process will be conducted consistent with and in compliance with the Public Contract Regulation 2015 and our own Contract Procedure Rules.

Microsoft licenses can only be purchased through a network of approved resellers. However most offer Microsoft's standard catalogue products and services through framework agreements.

The route recommended to be utilised for the procurement of the MS licences is the G-Cloud framework managed by the Crown Commercial Service. This framework has been developed in line with EU & UK procurement law. The main benefit of utilising this route is that we do not need to go through the full EU tendering process when awarding work - therefore making the process faster and still maintaining competition and value for money.

It is envisaged that resellers will be invited to quote against the G-Cloud framework. This framework assures a baseline level of quality and social value achievement across resellers, so the selection criteria will be driven largely by price.

The proposed procurement timeline is:

<b>Date (2019)</b>	<b>Activity</b>
April and May	Windows 10 and Office 365 Optimisation Assessment
May	Cabinet approval to procure received
May	Best Practice Review
Early June	G-Cloud procurement
End June	Contract award

## Legal Implications

From a governance perspective, the renewal is a business as usual activity, but due to the value of the procurement will require Cabinet approval.

The Microsoft license renewal is a legally binding contract between the reseller and the Council for the provision of rights to use Microsoft's software and services. The Council has no choice in its acceptance of the license terms and conditions - opting not to agree to them results in no right to use the services. However, it should be noted that Microsoft's terms and conditions do not contravene local or applicable international laws.

With licenses likely to be procured using the G-Cloud framework, a standard contract will form the baseline of the agreement and documentation will be reviewed by Legal services prior to signature.

The Council can call-off contracts from lawfully procured framework agreements where it is named generically or specifically as a potential call-off party, the framework is current and the services to be procured are in scope and within the financial envelope under the framework agreement. Using the G-Cloud framework avoids the need for a separate OJEU based procurement process.

The G-Cloud framework allows the Council to award a contract directly to a supplier without doing anything else if only that service meets the Council's requirements.

## Financial Implications

The revenue budget for related licenses and services is £668k pa, so £2m over a 3 year term.

The exact budget required to fund the appropriate type and volume of licenses will only be clear after the Windows 10 and Office 365 optimisation assessment and best practice review are completed.

The shift to cloud based services will have some upward impact on per user license costs. However it is anticipated that the new arrangement will be cost neutral – any incremental costs being offset by changes to on premise solutions which will be reduced or decommissioned.

There is no financial impact on the London Living Wage, income collection.

## Equalities implications / Public Sector Equality Duty

There are no equality implications to this decision as follows.

- You are developing a new policy, strategy, or service - No
- You are making changes that will affect front-line services - No
- You are reducing budgets, which may affect front-line services - No
- You are changing the way services are funded and this may impact the quality of the service and who can access it - No
- You are making a decision that could have a different impact on different groups of people - No
- You are making staff redundant or changing their roles - No

## Council Priorities

Please identify how the decision sought delivers these priorities.

### 1. Building a Better Harrow

- Create a thriving modern, inclusive and vibrant Harrow that people can be proud to call home
  - Increase the supply of genuinely affordable and quality housing for Harrow residents
  - Ensure every Harrow child has a school place
  - Keep Harrow clean
  - More people are actively engaged in sporting, artistic and cultural activities in ways that improve physical and mental health and community cohesion
- 2. Supporting Those Most in Need**
- Reduce levels of homelessness in the borough
  - Empower residents to maintain their well-being and independence
  - Children and young people are given the opportunities to have the best start in life and families can thrive
  - Reduce the gap in life expectancy in the borough
- 3. Protecting Vital Public Services**
- Harrow has a transport infrastructure that supports economic growth, improves accessibility and supports healthy lifestyles
  - Healthcare services meet the needs of Harrow residents
  - Everyone has access to high quality education
  - A strong and resourceful community sector, able to come together to deal with local issues
  - Harrow continues to be one of the safest boroughs in London
- 4. Delivering a Strong local Economy for All**
- A strong, vibrant local economy where local businesses and thrive and grow
  - Reduce levels of in-work poverty and improve people's job opportunities
  - Harrow is a place where people and businesses invest
- 5. Modernising Harrow Council**
- Deliver excellent value for money services
  - Reduce the borough's carbon footprint
  - Use technology and innovation to modernise how the Council works
  - Improving access to digital services

The proposed license renewal meets the Council priorities and the Harrow ambition plan in terms of 'Be More Business Like and Business Friendly' by implementing new and improved cloud based services which enable the Council to achieve its statutory and legislative obligations

The license renewal and the services delivered with it will empower officers to work more effectively and efficiently and as a result, underpins the administration's priorities.



### Section 3 - Statutory Officer Clearance

Name: Sharon Daniels	<input checked="" type="checkbox"/>	on behalf of the * Chief Financial Officer
Date: 23/04/2019		

Name: Stephen Dorrian	<input checked="" type="checkbox"/>	on behalf of the * Monitoring Officer
Date: 17/05/2019		

Name: Nimesh Metha	<input checked="" type="checkbox"/>	on behalf of the * Head of Procurement
Date: 11/04/2019		

Name: Carol Cutler	<input checked="" type="checkbox"/>	Director
Date: 20 May 2019		

<b>MANDATORY</b>	
<b>Ward Councillors notified:</b>	<b>NO, as it impacts on all Wards</b>
<b>EqIA carried out:</b>	<b>NO</b>
<b>EqIA cleared by:</b>	The request is for a license renewal which will not alter the equalities impact assessment of the current service provided.

## Section 4 - Contact Details and Background Papers

### Contact:

Chris Martin,  
Programme Assurance,  
Transformation and Technology Services  
Resources  
020 8416 8544  
chris.martin@harrow.gov.uk

### Background Papers:

- List of current Microsoft licenses
- Review by an independent external IT consultancy

*[Note: Cabinet Decision of 23 April 2015 re: **Background Papers**: ‘That the reference be received and officers be reminded that all Part I background papers be listed on reports presented to Cabinet and that they be published in line with the requirements set out in the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012’.*

*Background Papers are documents used to prepare the report and defined as those which:*

- relate to the subject matter of the decision, or part of the decision;*
- disclose relevant facts or matters on which the decision or an important part of the decision is based; and*
- were relied on to a material extent in making the decision.]*

### **Call-In Waived by the Chair of Overview and Scrutiny Committee**

*(for completion by Democratic  
Services staff only)*

**YES/ NO / NOT APPLICABLE\***

*\* Delete as appropriate  
If Yes, set out why the decision is  
urgent with reference to 4b - Rule  
47 of the Constitution.*