

<b>SHADOW EXECUTIVE</b>
<b>17 FEBRUARY 2009</b>

<b>SUBJECT</b>	<b>Central Bedfordshire Council - Microsoft Licence Procurement Phase 1</b>  <i>(This report seeks authority to procure Microsoft software licences in support of the creation of the new ICT infrastructure for Central Bedfordshire Council)</i>
<b>REPORT OF</b>	<b>Director of Corporate Resources</b>
<i>Contact Officer: Robert Wood (Tel: 01582 474161)</i>	

**IMPLICATIONS**

<b>SUSTAINABILITY</b>	No
<b>FINANCIAL</b>	Funding will be drawn from the approved transition budget, but the value exceeds the delegated procurement limit of the Interim Chief Executive and this report is therefore issued in compliance with the CBC procurement rules.
<b>LEGAL</b>	No
<b>PERSONNEL/EQUAL OPPORTUNITIES</b>	No
<b>COMMUNITY DEV/SAFETY</b>	No
<b>TRADES UNION</b>	No
<b>HUMAN RIGHTS</b>	No
<b>KEY ISSUE</b>	Yes
<b>BUDGET/POLICY FRAMEWORK</b>	No

<b>OTHER DOCUMENTS RELEVANT TO REPORT</b>
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Appendix A (Exempt) – Licence Procurement Detail
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<b>RECOMMENDATION(S):</b>
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**That the Shadow Executive approves the procurement of Microsoft Licences (Phase 1) to the value of £ 889,694**

<i>Reason for Recommendation:</i>	<i>The procurement of the first batch of an estimated 2 for Microsoft software licences necessary to implement the ICT infrastructure for Central Bedfordshire Council (CBC). Procurement of the licences is in line with the approved ICT Programme PID which states: 'Whilst ensuring that stability in operations remains throughout and risk is suitably contained, the concept behind ICT for CB will be to create a new fit for purpose infrastructure'</i>
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## **Background**

1. It is both a legal and technical requirement that Central Bedfordshire Council (CBC) is properly licensed for the computer software it deploys. A major component of this licensing relates to CBCs extensive use of Microsoft products.
2. This report deals with the procurement of the majority of the Microsoft licences required by CBC and falls within the anticipated budget provision. Approval by the Shadow Executive is a requirement of CBCs procurement rules because of the value of the purchase.
3. Microsoft offer large organisations a variety of methods to enable them to procure the licences they require. However the two major methods are:

**Enterprise Agreement (EA)** – a heavily discounted agreement, but one which contractually requires organisations to keep their products under “Software Assurance” (upgrade protection). An EA also allows the utilisation of some software on an as required basis and a subsequent declaration of usage on the agreement anniversary, thus avoiding wastage and over licensing.

**Select Agreement** – a (not so heavily) discounted agreement, but one where the purchase of Software Assurance (SA) is optional.

Microsoft operate a policy whereby licences not placed under Software Assurance are not able to be upgraded and if a later version of software is required, the licence must be purchased again from new.

Organisations therefore need to decide whether to spend money on a ‘smoothed’ basis and take advantage of software assurance or purchase software upgrades only as required. This latter approach can be more cost effective (typically if the upgrade cycle is less than 3 years), but results in large procurement exercises that can put strain on budgets if the savings made are not accrued for this eventuality.

South Bedfordshire DC and Mid Bedfordshire DC both utilise Enterprise Agreements (EA), however Bedfordshire County Council (BCC) have chosen the Select Agreement route without SA.

4. Bedfordshire County Council (BCC) has not explicitly allocated any funds for the eventuality of having to upgrade the versions of the software it uses (e.g. Microsoft Office). CBC will be using more modern versions of most software and as a consequence is unable to make use of the current BCC licences as they are not under Select Agreements. Consequently CBC will be required to purchase the appropriate licences afresh for its Microsoft applications and the Enterprise Agreement route is considered the most appropriate form of licence for CBC. It is confirmed that sufficient budget provision has been allowed for within the CBC draft budget for the current agreements until their expiry.

It is estimated that approximately 60% of CBCs total Microsoft licensing requirement is related to the re-purchase of BCC licences. The remaining 40% relates to factors such as changes in technology rather than the BCC decision not to follow the Enterprise Agreement route.

5. CBCs Microsoft licensing procurement is being split into two phases. The current phase represents the major procurement activity and ensures necessary licences will be in place for vesting day on 1<sup>st</sup> April 2009. A second much smaller phase will take place later in the year to “top up” licences requirements in accordance with the EA provisions to ensure our legal compliance whilst assisting us not to procure too many licences at this stage, given the expected changes during the first 6 months of the new council.
6. Tactical procurement of certain licences types is being adopted at this stage in order to fix pricing at current rates where a major price rise is expected from Microsoft in April 2009. (With Enterprise Agreements, the price is fixed at the first purchase of that licence type for the remainder of the agreement). This tactical procurement amounts to £4,867
7. Procurement will be made using a mixture of the current South Bedfordshire and Mid Bedfordshire Enterprise Agreements in order to deliver the best commercial outcomes for CBC. The procurement is compliant with EU requirements and enables CBC to take advantage of the public sector wide framework pricing negotiated between the Office of Government Commerce (OGC) and Microsoft. The detail of this procurement, including itemised pricing and proposed split of procurement between agreements is shown in Appendix A, which is not for publication by virtue of paragraph 3 of part I of Schedule 12A of the Local Government Act 1972.

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**Background Papers:** Approved ICT Programme PID  
CBC ICT transition overview for OPB

**Location of Papers:**

***File Reference:***