

ABERDEEN CITY COUNCIL

COMMITTEE	FINANCE & RESOURCES
DATE	March 15 th , 2012
DIRECTOR	Stewart Carruth
TITLE OF REPORT	Proposed upgrade of desktop and applications software
REPORT NUMBER	CG/12/031

1. PURPOSE OF REPORT

This report seeks approval to upgrade existing desktop and applications software including email, Office and Windows to a Microsoft Enterprise Agreement under the Government PSA-09 Framework Agreement.

As this subscription replaces an existing agreement, it is anticipated that implementation and operational costs will be met from existing ICT rolling programme budgets and we are not seeking additional revenue above that already approved in the 2012/13 Council budget.

2. RECOMMENDATION(S)

It is recommended that the Committee agrees to;

1. Enter into a 5 year enterprise subscription agreement under the Government framework PSA-09, which shall enable the Council to upgrade to current versions of Microsoft Office, Windows, email (Exchange/Outlook) and collaborative working tools at a cost of £289,772 in year one and £360,809 annually thereafter, and approves the total estimated expenditure of £1,839,984 including implementation costs of approximately £107,476.
2. Commit the funds required for implementation (£107,476) and ongoing operational costs outlined in recommendation 1 from existing ICT rolling programmes and operational budgets.
3. Extend the current Novell enterprise Agreement at a cost of £273,000 for 12 months to ensure business continuity during the implementation of the proposed replacement system.
4. Invoke the provisions of Standing Order 1(6)(a) and exempt the extension of the current Novell Agreement from the

requirements of SO 4 which would require a compliant EU tender exercise to be undertaken.

3. FINANCIAL IMPLICATIONS

The maintenance and ongoing costs associated with the existing desktop and applications software has a current cost of £273,000 per annum. Due to the evolving nature of the Council ICT architecture if no change is made then there will be a cost involved with continuing as is, as an upgrade to Windows 7 (Select agreement) and server upgrade will be necessary. The overall additional cost of doing nothing is estimated to be £387,000 in year one and £113,000 annually in maintenance costs thereafter.

If the recommendations were approved then a new Enterprise Subscription Agreement addressing all of the current requirements would, based on Government framework prices, cost the council approximately £289,772 in year one and £360,809 annually thereafter.

The financial impact over five years is shown in the table below:

	Year					Total
	1	2	3	4	5	
Cost						
Extension of current EA	273,000					
Setup costs	107,476					
Annual subscription	289,272	360,809	360,809	360,809	360,809	1,732,508
Total	669,748	360,809	360,809	360,809	360,809	2,112,984
Do nothing costs						
Novell Enterprise Agreement	273,000	273,000	273,000	273,000	273,000	1,365,000
Windows 7 Select (corporate)	344,000	99,760	99,760	99,760	99,760	743,040
Windows 7 Select (education)	60,000	17,400	17,400	17,400	17,400	129,600
Server licenses	43,000	13,000	13,000	13,000	13,000	95,000
Total	720,000	403,160	403,160	403,160	403,160	2,332,640
Net (spend)/saving	50,252	42,351	42,351	42,351	42,351	219,656

Table 1: 5 year cashflow

In summary, the implementation of the Enterprise agreement will realize immediate savings, resulting in the recommended subscription

agreement being a lower cost over the five year period by approximately £219,000.

The net present value of the cash advantage would amount to £190,882, at a discount rate of 5%, reflecting the diminishing value of money in the future.

4. OTHER IMPLICATIONS

The financial implications make use of government framework agreement prices and as such are commonly available. The procurement process for securing the new Enterprise Agreement will involve undertaking a mini competition by securing quotes from suppliers covered by the government framework agreement PSA-09, in order to achieve the best possible price. The Framework was established as a result of a compliant EU tender process. As a consequence, so long as the Council complies with the requirements of the Framework, it will have complied with the provisions of the the Public Contracts (Scotland) Regulations 2006 (“the Regulations”).

The technology included in this agreement will support a virtual desktop deployment across the Council which can run on lower specification hardware thereby extending the life of existing hardware.

5. BACKGROUND/MAIN ISSUES

The Council's ICT platform currently uses the following key products:

- A Strategic Enterprise Addendum (SEA) to the Master License Agreement (MLA) with Novell UK Ltd for a number of core infrastructure products, including user authentication, file and print and e-mail services.
- Microsoft Windows XP which is due to go out of support in 2013.
- The Microsoft Office suite of products (currently using a version from 2003.)

It is recognized that there is a limited knowledge base, both internally and externally, to support these Novell products and that the currently deployed version of Office is 9 years old. As the current Novell agreement expires in 2012 and there was a requirement to change some Microsoft licensing to support VDE, there is an opportunity to examine the options available to the Council to improve its corporate ICT infrastructure to support the 5 year business plan in the most cost-effective way.

It is proposed to extend the original Novell agreement for 12 months to February 2013 to facilitate a smooth transition to a new agreement whilst ensuring continued support for the existing platform.

The decision to move to a Microsoft Enterprise agreement has been made following the development of a business case and options appraisal. The

evidence is that the chosen option will lead to a lower net total cost of ownership (TCO) due to the benefits delivered by the Microsoft platform. A summary of some of the major tangible and non-tangible benefits is in table 2.

<ul style="list-style-type: none"> • Migration to latest version of Microsoft Office , Windows and Exchange included as well as collaborative working tools for mobile and flexible working.. Currently deployed versions of Windows and Office will become obsolete in 2013 and will require an upgrade in order to maintain support. The most cost-effective option is to acquire both office and platform technologies in a single bundle. • Free upgrades to current versions of all Microsoft products during lifetime of agreement. • Appropriate licensing for virtual desktop environment (VDE) to allow users to access their desktop including Microsoft Office from a range of ACC and personal devices. • Lower support costs due to robust product suite and ready availability of qualified support staff in the marketplace. • Better support for mobile working and savings in office space requirements over time. • Integration with a wider range of 3rd party applications. • Increased employee productivity 	<ul style="list-style-type: none"> • Flexible licensing model to allow ACC to increase or decrease licenses on an annual basis according to business need. • Improved collaborative working including sharing and routing of documents using Sharepoint. • Enhanced management information reporting and analysis capabilities using a range of reporting services and familiar front end applications such as Excel. • Transferability of licenses to other delivery models such as ADM, ALO etc. • Improved interoperability and compatibility with partners and other agencies many of whom use Microsoft products. • Improved educational outcomes through provision of free email and web-office applications to all pupils/students. • Home purchase scheme for staff allowing staff and their families to purchase Office for home use for approximately £10.
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Table 2: Non-tangible benefits

Legal Implications

There is a legal risk to the Council in extending the existing Novell Agreement. This Agreement was originally entered into in 2004 for a duration of 5 years and at a total cost of just over £1M. It has already been extended for 3 years at a cost of approximately £758,160.. It is now proposed to extend the contract for a further year at a cost of £273,000.

There are potential legal consequences to putting contract extensions in place as opposed to undertaking re-tendering exercises. In purchasing goods and services, the Council must comply with the requirements of the Regulations, as well as its own Standing Orders. The Standing Orders relating to Contracts and Procurement have been drafted in such a way as to make sure that compliance with the Standing Orders should ensure compliance with the Regulations.

Notwithstanding the requirements of the Regulations and the Council's Standing Orders, it is proposed that the Council extends the existing contract without undertaking a competitive process. There is a risk that the Council may be legally challenged. In the event that such a challenge materialises and is successful, then in terms of the Regulations the Court could terminate or reduce the duration or scope of the Contract, levy a fine against the Council and also the award of damages to any aggrieved economic operator. There would also be reputational issues arising from this.

However, the legal risks require to be measured against operational requirements and other risks to service delivery, In particular the Council currently has a Strategic Enterprise Addendum (SEA) to the Master License Agreement (MLA) with Novell UK Ltd for a number of core infrastructure products, If the Council takes no action the existing Addendum will automatically revert to the MLA committing the Council to a further 2 year license support and maintenance contract at a cost of £437,287 in year 1 and 281,952 in year 2 as opposed to the one year extension being proposed at a cost of £273,000. Since it is the Council's intention to standardise on particular technologies in common with other Scottish Local Authorities through an existing Government Framework and the current supplier has agreed to the extension of the current agreement the risk of challenge has been assessed as extremely low. As such, in terms of SO 1(6)(a) the Committee is asked to disapply the provisions of SO 4 which require a compliant EU procurement to be undertaken for the operational reasons set out above.

6. IMPACT

The implementation of the Enterprise Agreement supports the following key areas:

- Vision
Aberdeen's vision to be a vibrant, dynamic and forward looking city and an even better place to live and work where people can expect high quality services that meet their needs.
- Smarter
This project will contribute to ACC's objective of smarter by ensuring both staff and pupils across Aberdeen Council and the

schools estate are trained in the use of industry standard office productivity technologies. It also facilitates development of improved business intelligence and management reporting capabilities using products included in the agreement. ACC will be able to attract smarter candidates to work here by offering the latest version of industry standard technologies that are familiar to employees from their experience elsewhere

- Greener
This technology enables and supports a range of flexible and mobile working options reducing overall commute miles by allowing staff to work effectively at client's sites or from home without needing to come into the office. Over time this will also reduce ACC's need for physical office space.

- Strategic priorities
- Ensure efficient and effective delivery of services by the council and with its partners. The technology supports and enables ACC's commitment to delivering our strategic priorities to;
 - Make best use of the financial resources available to us, ensuring best value for the public purse;
 - Have a flexible, skilled and motivated workforce.

- Windows 7 also includes several improvements in accessibility options for users with visual or hearing impairments.

7. BACKGROUND PAPERS

Business Case
Options Appraisal

9. REPORT AUTHOR DETAILS

Paul Fleming Head of Customer Service and Performance