

## CABINET

<b>Date of Meeting</b>	7 <sup>th</sup> January 2025
<b>Report Subject</b>	Microsoft Licensing Contract Extension
<b>Cabinet Member</b>	Cabinet Member for Corporate Services for Corporate Services
<b>Report Author</b>	IT Infrastructure Services Manager
<b>Type of Report</b>	Operational

### EXECUTIVE SUMMARY

Microsoft licenses are procured by all organisations through third party suppliers and the Council's contract for the supply of Microsoft licenses is due to expire on 28<sup>th</sup> February 2025. The IT Service is seeking a contract extension up to 31<sup>st</sup> December 2025. This will allow the Council to align contract start dates for Flintshire County Council and Denbighshire County Council, thus allowing for future collaboration opportunities between the two Councils. It is intended to participate in a joint procurement for Microsoft licenses before Denbighshire County Council's contract expires on 31/12/2025.

### RECOMMENDATIONS

1	Approval is granted by Cabinet to extend the Council's Microsoft Licensing Contract up to 31 <sup>st</sup> December 2025.
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### REPORT DETAILS

1.00	<b>Current Situation</b>
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1.01	The Council's contract for the provision of Microsoft software licenses was awarded to the current software supplier (Softcat Ltd) on the 12 <sup>th</sup> February 2022. This was achieved by undertaking a mini competition conducted through the Crown and Commercial Services Framework - RM6068 - Technology Products and Associated Services (Lot 3). The contract was let for 3 years and two weeks and expires on the 28 <sup>th</sup> February 2025.
1.02	The contract provides a procurement route for the Council to purchase Microsoft licenses. Under the terms of the agreement with Microsoft, the Council is required to place an order in March each year for the licenses it intends using from the 1 <sup>st</sup> April. This ensures the Council is adequately licensed and compliant from a licensing perspective
1.04	The Cabinet Office negotiates agreements with Microsoft that sets the discount levels that are available to local authorities. On entering into a three year agreement with Microsoft, the cost of the individual software licenses are fixed for the duration of that contract. In March 2025 Flintshire will be in year 2 of a 3 year agreement and therefore the cost for the renewal is known, this cost is £1,022,585.60. The spend to date for the existing contract is £2,455,890.63.
1.05	Denbighshire County Council also procures Microsoft licenses through a contract however their current contract does not expire until 31 <sup>st</sup> December 2025. Should the extension be awarded, it is the Council's intention to join Denbighshire County Council in a joint collaborative procurement for Microsoft licenses.
1.06	The contract manager is devoting a significant amount of time on the Council's datacentre relocation project which has a fixed delivery date and as such there is insufficient time to conduct a tendering exercise before the contract ends.
1.07	Legal advice has been obtained from the Council's external legal partner Weightmans and they have confirmed that under the terms of the framework the Council is able to legally vary the contract and extend it by 10 months through a written agreement with the supplier.

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	Financial - Revenue – The cost of procuring the licenses is £1,022,585.60 and will be funded from the IT Service's revenue budget.
2.02	Human Resources - Resource implications will be limited to the IT Service and any work associated with the procurement of the licenses and the future collaborative procurement exercise has been accounted for in the IT work programme.

<b>3.00</b>	<b>IMPACT ASSESSMENT AND RISK MANAGEMENT</b>
3.01.	Extending the current contract and associated value risks a potential challenge from a company in terms of the original contract value. However,

	as the Authority is committed to completing a retendering process within a period of 10 months, it is believed the risk of challenge is low.
3.02	The inability to place an order with a supplier to purchase the necessary Microsoft licenses would place the Council in a position where it would not be able to legally use the software which would lead to significant service disruption.

<b>4.00</b>	<b>CONSULTATIONS REQUIRED/CARRIED OUT</b>
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4.01	The authority's external legal partners Weightmans have been consulted and provided legal advice.
4.02	The Council 's Procurement Team have been consulted and are supportive of this extension request.

<b>5.00</b>	<b>APPENDICES</b>
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5.01	None to this report
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<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
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6.01	Contract Variation report (Confidential)
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<b>7.00</b>	<b>CONTACT OFFICER DETAILS</b>
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7.01	<b>Contact Officer:</b> Aled Griffith – IT Infrastructure Services Manager <b>Telephone:</b> 01352 702801 <b>E-mail:</b> <a href="mailto:aled.griffith@flintshire.gov.uk">aled.griffith@flintshire.gov.uk</a>
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<b>8.00</b>	<b>GLOSSARY OF TERMS</b>
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8.01	<b>Framework</b> – A route used by public sector organisations to procure good through a list of preapproved suppliers with agreed terms and conditions.
8.02	<b>Microsoft Licenses</b> – Comprising all Microsoft licenses used within the authority and includes software licenses used by members of staff and also a range of licenses used to enable the running of infrastructure technologies in the Council's datacentres.