

# **APPENDIX G**

## **WAVERLEY BOROUGH COUNCIL**

**EXECUTIVE - 19 MAY 2009**

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**Title:-**

**MICROSOFT ENTERPRISE AGREEMENT - REQUEST TO BRING FORWARD  
CAPITAL EXPENDITURE**

**[Portfolio Holder: Cllr Adam Taylor-Smith]  
[Wards Affected: All]**

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**Summary and purpose:**

The Executive is being asked to consider the business case for bringing forward to the 2009/10 Capital Programme a capital spend on a three year Microsoft Enterprise Licence the annual cost would be £51,635. Provision of £150,000 has been included in the draft 2010/11 Capital Programme for this project.

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**How this report relates to the Council's Corporate Priorities:**

The provision of fit for purpose IT systems is a crucial element in supporting all the Council's service priorities. The Council's primary suite of core Microsoft office business software has not been upgraded for seven years.

**Equality and Diversity Implications:**

There are no direct implications.

**Resource/Value for Money implications:**

This report proposes adding £51,635 to the 2009/10 and 2011/12 Capital Programmes, offset by a reduction of £98,365 in the £2011-12 Programme. Although this represents a small overall increase of some £5,000, this does provide the opportunity to achieve savings of at least £56,000 compared with the alternative 'status quo' route. Detailed financial information is contained in the report.

**Legal Implications:**

An Enterprise Agreement with Microsoft has the benefit of simplifying licensing arrangements for software as it is based on licenses for individuals rather than the software used on individual desktops.

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**Background**

1. The Council through its IT service has traditionally had a policy of periodically upgrading its Microsoft software products (primarily Word, Excel and Powerpoint) as a significant one-off capital cost based on a Microsoft Select Agreement. The Council has then remained on the version of software

purchased for a number of years until there is a need to update again when once more a major capital expenditure for a one-off upgrade is programmed. Waverley is currently on the Microsoft Office 2000 platform and has been on this software version since 2002. Over the last 7 years Microsoft have regularly introduced new versions of software and services and services are increasingly finding new business application software systems are using more up to date versions of Microsoft office products than Office 2000 – there is therefore a business need to upgrade. As an example of the type of low-level problem that is increasingly arising documents created in Word 2007 that are sent to Waverley officers could not be opened on their PCs using Office 2000.

2. Officers are proposing that in future rather than taking the approach previously adopted of purchasing Microsoft software under a Select Agreement i.e. a one-off significant capital upgrade to the existing version of Microsoft software available at the date of renewal, Waverley should instead enter into a three year Microsoft Enterprise Agreement under which any upgrade or new releases of Microsoft products introduced during the three year period would be automatically available (at no additional cost) to the Council. This arrangement with Microsoft is part of an Office of Government Commerce contract through which public sector bodies benefit from a 50% discount on desktop software. The Enterprise Agreement proposed would ensure Waverley has up to date software as well as a wider suite of Microsoft products, which would include the collaborative working software package Sharepoint. Local authorities generally have moved to the Enterprise Agreement solution.
  
3. Alternative open source office desktop products are available in the marketplace but officers do not consider at this stage that it would be appropriate to recommend a change away from Microsoft office products. These products are not at a mature enough state for general users and require a much higher level of end-user knowledge and training. The open source products will also require the IT support team to have a more detailed technical knowledge of the products used.

**Benefits of a Microsoft Enterprise Agreement as against a Select Agreement**

4. The main benefit of an Enterprise Agreement over a Select Agreement are cost savings as set out in the table below:

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15			
Year	1	2	3	4	5	6	Years Cover	Grand Total	Cost Per Annum
Select Agreement		£211,338	Payment Holiday	Payment Holiday		£211,338	6	£422,676	£70,446
Enterprise Agreement	£51,635	£51,635	£51,635	Payment Holiday	Payment Holiday	Payment Holiday	6	£154,905	£25,818
Enterprise Agreement + Renewal	£51,635	£51,635	£51,635	£44,095	£44,095	£44,095	6	£287,190	£47,865

5. The Enterprise Agreement includes, free of charge, any new releases of the Microsoft products launched during the three-year agreement period. At the conclusion of the agreement there is no requirement to enter a further agreement so a 'holiday' period can be taken when the authority would remain on the level of software being used at the conclusion of the agreement. It is officers' view that ideally the 'holiday' period should not exceed three years in order to avoid software becoming out of date. The Enterprise Agreement also includes as part of the package other software applications such as the collaboration tool Sharepoint.
6. The table above includes for information only a further option to renew the Enterprise Agreement after the third year at an annual cost of £44,095.
7. The Select Agreement route involves a one-off upgrade of desktop software at a significant capital outlay estimated at £211,000 at current prices. The Select Agreement is more complicated to administer in terms of software licensing and several authorities have fallen foul of licensing requirements and had to pay significant backdated sums for unlicensed software use. Entering into an Enterprise Agreement would negate this risk to Waverley.

#### **Reason for requesting that this scheme be advanced to 2009/10**

8. Officers have recently been advised that the OGC contract with Microsoft for its Enterprise Agreement, discounted by 50% for Local Authorities and other public sector bodies, will end in mid June 2009 and that the cost of future agreements will increase in cost significantly from that date.
9. Estimated provision of £150,000 has been included in the draft 2010/11 capital programme for Microsoft Software Upgrades. The actual cost of an Enterprise Agreement if approved in 2009/10 at current prices would be £51,635 per annum for 3 years starting in 2009/10 i.e. an overall total of £154,905. The cost of a Select Agreement would be £211,000. Therefore a saving of £56,000 can be achieved by entering into an Enterprise Agreement and bringing forward the initial expenditure to 2009/10
10. The cost of an Enterprise Agreement will increase with effect from 19<sup>th</sup> June 2009 to £65,576 per annum or £196,728 in total for the three years. This represents a 27% increase in cost that could be avoided if a decision is made to bring forward the purchase of an Enterprise Agreement to 2009/10 and enter into the agreement prior to 19<sup>th</sup> June.

#### **Conclusion**

11. The Executive are being asked to consider bringing forward the scheme to upgrade the Council's core office desktop software systems to the current financial year. The circumstances behind this request are primarily to take advantage of the prevailing Microsoft Enterprise Agreement offer that is provided under the terms of an OGC contract. After mid June 2009 the cost of such an agreement will increase in cost by 27%.

12. The proposal at this stage is to bring forward the cost of £51,635 into the current year's Capital Programme without identifying at this time a specific equivalent slippage on an existing scheme. The Budget report to Council identified flexibility of £448,000 in terms of resources available to finance the 2009/10 Programme should the Executive be inclined to recommend this course of action.
13. If the Executive approves the proposal to bring forward expenditure of £51,635 to the current year under Standing Orders it will require the formal approval of full Council to this expenditure.

### **Recommendation**

It is therefore recommended that the Executive:

1. approves the proposal to bring forward the capital scheme to upgrade Waverley's Microsoft office software into the 2009/10 Capital Programme at a cost of £51,635;
2. reduces the provision in the draft 2010/11 capital programme from £150,000 to £51,635 and add expenditure of £51,635 to the draft 2011/12 Capital Programme; and
3. seeks approval from Council to the expenditure of £51,635 in 2009/10.

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### **Background Papers (SD(E))**

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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