

DECISION-MAKER:	CABINET		
SUBJECT:	IMPLEMENTATION OF MICROSOFT 365		
DATE OF DECISION:	19 NOVEMBER 2019		
REPORT OF:	CABINET MEMBER FOR RESOURCES		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY

This matter has been listed on the Forward Plan but not as a confidential item. The commercial proposal provided by the supplier needs to be exempt from publication by virtue of the Council's Access to Information Procedure Rules as contained in the Constitution as it contains information relating to the financial or business affairs of the Council and the supplier (paragraph 3).

Appendix 1 is a confidential appendix which provides details of the commercial proposal.

Under Rule 15 of the Council's Access to Information Procedure Rules, this decision may still be taken as it must be taken by such a date that it is impracticable to defer the decision until a further 28 clear days' notice has been given on the Forward Plan.

As required under Rule 15, the Director of Legal and Governance has informed the Chair of Overview and Scrutiny Management Committee of the decision to be made, and has made copies of the notice available to the public within the required timescales.

BRIEF SUMMARY

Southampton City Council is licensed for the full suite of Microsoft 365 products, but has only rolled out a fraction of the suite to a small number of users. To gain full value for money, maximise the productivity of the organisation and avoid additional licensing charges it is necessary to execute a project that will deploy the core suite to remaining users by 1st April 2020 and put in place a training and change programme so that staff and Members are able to fully use them.

It is recommended to contract with Microsoft Services to roll out this project. Microsoft are experts in deploying their own products and have a team that has recently rolled out the 365 suite to many local authorities including Warwickshire County Council.

The project will be phased. Phase 1 is expected to cost up to the amount specified in Appendix 1, with the project starting in January 2020, plus approximately £80,000 in additional temporary IT capacity costs. There will be a further invest-to-save case made for Phase 2 expenditure in 2020/21.

RECOMMENDATIONS: That Cabinet:

	(i)	Agrees to contract with Microsoft for Phase 1 of the Microsoft 365 roll-out at a maximum cost of the amount specified in Appendix 1.
	(ii)	Delegates to the Service Director for Digital and Business Operations, following consultation with the Cabinet Member for Resources and the Service Director for Finance and Commercialisation, to award the contract and implement the project.
	(iii)	Delegates to the Service Director for Digital and Business Operations to negotiate reductions in the scope of the work required from Microsoft in order to reduce the total cost of the project.
	(iv)	Delegates to the Service Director for Digital and Business Operations to recruit or commission additional temporary IT capacity at a maximum cost of £80,000.
	(v)	Approves the addition and spend of the amount defined in Appendix 1 in 2019/20 within the Resources portfolio in the capital programme.

REASONS FOR REPORT RECOMMENDATIONS

1.	Microsoft is the recommended supplier and the Council has negotiated the stated price. The roll-out will generate productivity benefits as set out in the report together with delivering necessary performance links to other essential software that requires Microsoft 365 compatibility.
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ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2.	Not to roll out Microsoft 365 (referred to as M365 below). Rejected because a) the Council needs the productivity uplift that will come with adoption of the suite; b) a number of other important projects depend on M365 being rolled out; c) the Council would be wasting its investment in the M365 suite and facing additional licensing costs.
3.	To roll out M365 using internal staff resources. Not recommended because the Council does not currently have the capacity to roll out the full M365 suite. This will not deliver the productivity improvement that is sought.
4.	To roll out M365 using an alternative supplier. Not recommended because it is believed that only contracting with Microsoft will deliver the project outcomes in the required timescale.

DETAIL (Including consultation carried out)

5.	The Council has used Microsoft products for many years, especially the Office suite. From time to time the Council has upgraded to more recent versions in order to benefit from the latest technology and avoid falling out of support. The latest offering from Microsoft is the 365 suite, which the Council has licensed but not yet deployed.
6.	The M365 suite offers many benefits including: <ul style="list-style-type: none"> • Secure mobile access to Outlook and other Office 365 (Word, Excel, Powerpoint etc) applications • Major improvements to productivity including Sharepoint (document storage), OneNote (notes application), Teams (videoconferencing and collaboration) and others • Cloud-based applications to allow access from anywhere and automatic upgrades • Built-in accessibility tools to support staff with disabilities

	<ul style="list-style-type: none"> • Single sign-on for multiple applications • The latest security and compliance tools from Microsoft giving flexible access across devices whilst maintaining security and reducing risk of any potential loss of information <p>More information is available at https://www.office.com/?trysignin=0.</p>
7.	M365 is a radical and transformational upgrade, and both enables and requires a very different and flexible way of working. For example, Teams meetings allow high-quality video-conferencing between staff, and with external partner organisations, who do not need to travel or book rooms. Cloud-based mobile applications will enable true mobile working, with conditional access allowing control over who can access information from what and from where.
8.	M365 includes a number of products that will potentially allow other legacy systems to be decommissioned. Further detail is provided in Appendix 1.
9.	Due to the way in which M365 is licensed, the Council must migrate all users to a minimum product set before 1 st April 2020 or face additional licence costs of £500,000. The roll-out was started while the Council's IT service was provided by Capita, but only extended to migrating about 120 users to Office 365 before the service transferred back to the Council. This leaves more than 3,000 staff remaining to be migrated across the full spectrum of Council services.
10.	There is therefore limited time in which to achieve the necessary minimum roll-out. The Council has therefore been in discussions with Microsoft about the fastest way of achieving this.
11.	In addition to technical deployment of the products, the discussions have looked at how to achieve the cultural and working changes that are necessary to make the most of M365. This forms a substantial part of Microsoft's proposal.
12.	<p>A pragmatic scope and phasing has been negotiated which allows the Council to meet its licensing requirements and also benefit from substantial productivity improvements immediately. Phase 1 includes:</p> <ul style="list-style-type: none"> • Enabling Office 365 and onboarding SCC to a new technology platform. • Empowering SCC with the knowledge and technical tooling to use, manage and extend the Office 365 platform, including SharePoint Online, OneDrive and Teams (telephony). • Delivering an agreed compliant platform that meets the business and users needs, to accelerate and de-risk the adoption of Office 365 services. • Enabling SCC to provide mobile device management and advanced security capabilities across O365 and mobile devices. • Empowering SCC with the knowledge and tooling to operate and manage their new environment. • Providing Adoption and Change Management Support to enable SCC to drive and accelerate adoption of the change, by engaging and guiding end-users to understand the new ways of working and the impact and benefits of those changes.
13.	Phase 2 will be subject to a separate invest-to-save funding request and includes:

	<ul style="list-style-type: none"> Enabling Azure Information Protection for document encryption and management. Deploying Microsoft Cloud App Security capabilities, features and functionality. Working with Microsoft to implement the core M365 and client security policies and tools that support M365 adoption. Creating a Cloud Service Management capability to better respond to business demands and maximise return on investment.
14.	M365 will run in parallel with existing work to upgrade PCs and laptops across SCC to Windows 10. This is under way but will not complete by April 2020. There is therefore anticipated to be a period where some existing devices will operate at a slower speed given the additional demands placed on them from Office 365 until such time as these devices are replaced.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
15.	The proposed contract with Microsoft contains both revenue and capital expenditure. Funding for the project has been identified from existing resources. A full financial summary is included in Appendix 1.
16.	The likely cost of Phase 2 has not yet been negotiated. There is no dependency between the phases – the Council could implement either phase without the other. The business case is expected to be built on an invest-to-save model.
<u>Property/Other</u>	
17.	N/A
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
18.	s.111 Local Government Act 1972 empowers a Council to do anything calculated to facilitate the delivery of services or which is otherwise necessary or expedient for the same aim. The improvements to core IT infrastructure will enable more efficient delivery of services.
<u>Other Legal Implications:</u>	
19.	The contract can legitimately be awarded directly to Microsoft through the use of a Crown Commercial Services framework and an SCC procurement exemption granted on the grounds of urgency.
RISK MANAGEMENT IMPLICATIONS	
20.	This project carries the same risks as any IT project and will be managed using the usual risk management tools.
POLICY FRAMEWORK IMPLICATIONS	
21.	M365 advances a number of the aims of the Council's Digital Strategy including making the Council more efficient and increasingly moving to cloud-based technologies.

KEY DECISION?	Yes
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WARDS/COMMUNITIES AFFECTED:	All
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Appendix 1 (confidential)
2.	
Documents In Members' Rooms	
1.	None
2.	
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
Data Protection Impact Assessment	
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
Other Background Documents	
Other Background documents available for inspection at:	
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	
2.	