

Report of the Director of Corporate Resources to the meeting of Corporate Overview and Scrutiny to be held on Thursday 8th December 2022

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Subject:

Tender for Microsoft Enterprise Agreement (Renewal)

Summary statement:

This report outlines the basis to go out to tender under the Crown Commercial Services Framework RM6068, Lot 3 – Technology Products & Associated Services (TePAS), to renew our Microsoft Enterprise Agreement for 3 years and to price lock the products included in the agreement.

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Director of Finance/S151 Officer

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Portfolio:

[Insert where appropriate]

Overview & Scrutiny Area:

[Insert where appropriate]

1. SUMMARY

This report outlines the cost for renewal of the Enterprise Agreement with Microsoft via the Crown Commercial Services Framework RM6068, Lot 3 – Technology Products & Associated Services (TePAS), for a period of 3 years for the following licence and to make sure we lock in the prices for the other items included in the agreement as the current contract comes to an end at the end of March 2023.

- **Microsoft M365 E3 (M365 E3) for 8774 users**

2. BACKGROUND

The renewal of the Enterprise Agreement with Microsoft is essential, as all devices that are used by our council users, need the following to operate

- The operating system (this is the underlining software that allows the hardware and software to interact and work giving the end user a seamless and friendly user interface with their device)
 - Currently running Microsoft Windows 10 and by October 2025 we will need to have moved on to Microsoft Windows 11 (this upgrade is included in the renewal price).
 - This will need to be pushed out to 8774 user devices that we have registered and are operational in the estate.
- Microsoft Office Suite, this is required to allow the end user to be able to use, the productivity suite such as:
 - Microsoft Outlook (Email)
 - Microsoft Word
 - Microsoft Excel
 - Microsoft PowerPoint
 - Microsoft Publisher
 - Microsoft Access

There are also a number of Security and Compliance modules that we use and is essential for the safeguarding of data and our devices, these can be seen in Appendix 1 - Appendix 1 - Security and Compliance modules (Microsoft 365 E3).

Microsoft 365 E3 services are delivered on Microsoft's infrastructure and not the Council's which brings additional resilience and has transferred the associated risks of delivering these services in house.

This renewal cannot be bought directly via Microsoft, but need to go via reseller, the current incumbent is Insight PLC, and we are looking to use the Crown Commercial Services Framework RM6068, Lot 3 – Technology Products & Associated Services (TePAS) to purchase this renewal via formal tender as the current contract comes to an end at the end of March 2023.

The framework has Core Terms which govern the procurement and management of the contract, which includes specific clauses on the obligations and performances of the supplier.

3. OTHER CONSIDERATIONS

None.

4. FINANCIAL & RESOURCE APPRAISAL

The below table shows the cost for the next 3 years for the renewal of our Microsoft Enterprise Agreement. The annual cost is identified as circa £2.2M.

A 3-year term is used as this protects the prices for this period with invoices being paid annually. The framework allows contract lengths of between 1 and 5 years - a 3 year term is used to ensure competitive pricing over the term without tying the Council to a longer term in case of changes in technology or major changes in licence numbers.

An annual “true up” runs from 1st April each year, with work being done in the months beforehand to validate licences numbers from the Council’s Software Asset Management partner Certero and the internal Service Operations team.

The funding for the renewal will be met from the IT Services revenue budget.

1. M365 E3 "As Is" (M365 E3 + Defender Endpoint P2)	Apr-23	Apr-24	Apr-25
	Year 1	Year 2	Year 3
	£2,228,526.26	£2,228,526.26	£2,228,526.26

- Please note that the price shown is based on 8774 users.
- The price quoted is fixed for a period of 3 years based on 8774 users that require a corporate device to undertake their work.
- If more users are on-boarded, then this price will go up against an agreed fix price for 3 years.
- The reverse is also true that the price could go down if the number of active users are reduced, this can only be done once a year under the true up and true down compliance.
- The price will increase if additional software is purchased such as
 - Microsoft Project
 - Microsoft VisioAs these are not included in the Microsoft Office Suite.
- A licencing “housekeeping” exercise is being undertaken, which will ensure the licences procured aligns to the Council’s requirements, this may result in some reduction in cost. This activity will complete ahead of the renewal.

5. RISK MANAGEMENT AND GOVERNANCE ISSUES

The risk of not renewing in March 2023, is that the Council could face a huge fine from Microsoft, for using their product without the correct licences and this could have financial and reputational damage.

6. LEGAL APPRAISAL

None.

7. OTHER IMPLICATIONS

7.1 EQUALITY & DIVERSITY

None.

7.2 SUSTAINABILITY IMPLICATIONS

None.

7.3 GREENHOUSE GAS EMISSIONS IMPACTS

None.

7.4 COMMUNITY SAFETY IMPLICATIONS

None.

7.5 HUMAN RIGHTS ACT

None.

7.6 TRADE UNION

None.

7.7 WARD IMPLICATIONS

None.

**7.8 AREA COMMITTEE ACTION PLAN IMPLICATIONS
(For reports to Area Committees only)**

None.

7.9 IMPLICATIONS FOR CORPORATE PARENTING

None.

7.10 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT

None.

8. NOT FOR PUBLICATION DOCUMENTS

None.

9. OPTIONS

There is the option of not to procure, but this is not recommended as the Council could face a huge fine from Microsoft as a result of a non-compliance position on licences.

There is the option to identify an alternative e.g. Google or other product other than Microsoft, however, this would incur very significant additional costs associated with making the change etc. so this is not recommended.

The recommended option is that IT Services go out to tender using the Crown Commercial Services Framework RM6068, Lot 3 – Technology Products & Associated Services (TePAS) and purchase the Microsoft M365 E3 under the Microsoft Enterprise Agreement that will cover the 8774 user requirement.

10. RECOMMENDATIONS

Recommended -

That Head of IT, begin the tender process using Crown Commercial Services Framework RM6068, Lot 3 – Technology Products & Associated Services (TePAS) for the renewal of the Microsoft M365 E3 licence for a period of 3 years and award the contract to the winning bidder and approve the spend and caveats as outlined in this report under section 4, so that the Microsoft Enterprise Agreement can be renewed before April 2023

11. APPENDICES

Appendix 1 - Security and Compliance modules (Microsoft 365 E3)

12. BACKGROUND DOCUMENTS

None

Microsoft 365 E3

January 2022

m365maps.com

