

Meeting: Cabinet
Date: 11 January 2024
Classification: Part 1
Key Decision: Yes
Title of Report: Microsoft Enterprise Agreement Procurement Award Approval

Executive Director: Claire Shuter
Report Author: Aaron Townsend
Executive Councillor: Cllr James Moyies

1. Executive Summary

- 1.1. Microsoft licensing is critical to the daily operations of the Council as it provides staff with access to tools such as Office (word, excel, PowerPoint, and more), platforms for communication (Teams, Outlook, Viva, etc) and various other tools to support the applications that keep a modern council working (server, database, security and cloud licensing). While it is possible to move to another option such as open source/apple, the costs, and complexity of moving, are prohibitive as this would mean replacing other applications that need Microsoft to run.
- 1.2. The purpose of this decision report is to
- provide a clear outline of the maximum costs anticipated
 - to recommend the award of the Microsoft Enterprise Agreement (EA) procurement with effect from 1st April 2024.

The budget was approved at the September Cabinet meeting and the ICT and Corporate procurement teams have been working within a framework to procure the best deal for the council via a Microsoft partner. We anticipate that the costs will reduce further although we cannot provide clarity right now.

2. Recommendations

It is recommended that Cabinet:

- 2.1. Approve the proposed award of a Microsoft EA for 3-years. This will be aligned with the new Government DTA (Digital Transformation Agreement), to ensure uninterrupted access to critical software solutions whilst optimising costs and technology capabilities.

3. Background

- 3.1. SCC has been utilising Microsoft products and services for several years under the existing Enterprise Agreement. Microsoft is a trusted and reliable technology partner, offering a wide range of software solutions essential for efficient public service delivery.

- 3.2. Most if not all Local Authorities use Microsoft as the large applications used for key services are Microsoft based. Microsoft licensing contracts are usually for 3-years, and the current agreement is set to expire in March 2024, necessitating a renewal of the contract. The contracts are with Microsoft but are awarded to a certified partner who is responsible for administering and supporting the contract.
- 3.3. Microsoft and the UK Gov regularly agree a DTA which provides for discounts to central and local government entities using Microsoft licensing. The latest agreement has not yet been finalised, meaning discount levels are not yet known.

4. Reasons for Decisions

- 4.1. By leveraging volume licensing, consolidating software purchases under a single agreement, and aligning to the DTA collective buying power agreement, SCC can achieve significant cost avoidance. Had SCC not participated in the current DTA, the costs above, purely based on user licensing costs, would increase by £722,242.32. The new DTA information is expected before 1 May 2024, but physically renews on that date.
- 4.2. Predictable Budgeting - The enterprise agreement provides for predictable costs over the term of the agreement. This eliminates the uncertainty associated with fluctuating software licensing expenses.

5. Other Options

- 5.1. Other than moving away from Microsoft to a product suite, such as Google Workplace, there are no cost-effective alternatives.

6. Financial Implications

- 6.1. While specific pricing details will be determined during the DTA negotiations, the budgetary implications of renewing the Microsoft EA are summarised below.
- 6.2. The budget forecast below is based on the current cost and does not provide for any change in discount via the DTA or the rightsizing of the licensing mix which is underway.

3-Year Budget / Forecast Summary April 24 – March 27			
	<i>Current Max Spend Est.</i>	<i>New Aggregation Spend Est.</i>	<i>Estimated Cost Avoidance</i>
Year 24/25	£1,169,274	£1,063,748	-£105,527
Year 25/26	£1,169,274	£1,155,682	-£13,593
Year 26/27	£1,169,274	£1,155,682	-£13,593
Total:	£3,507,823	£3,375,112	-£132,712

Table 1 - Projected Budgets

7. Legal Implications

- 7.1. Failure to renew the Microsoft Enterprise Agreement (EA) for our organisation could have significant legal and financial implications. The existing agreement

governs our use of Microsoft software and services, and its expiration without renewal may result in several potential issues: Fines for non-compliance; Data Security and Privacy issues due to an inability to access critical software updates and security patches; Data breaches or non-compliance with data protection regulations, resulting in legal liabilities.

8. Policy Context

8.1 Not applicable in this case.

9. Carbon Impact

9.1. As this is purely a digital license to operate using Microsoft software and services, there is no carbon impact to consider.

10. Equalities

10.1. Not applicable in this case.

11. Consultation

11.1. Other than the standard processes carried out via the council's corporate procurement team, there has been no other external consultation carried out.

12. Appendices

12.1. None

13. Report Authorisation

This report has been approved for publication by:		
	Name:	Date:
S151 Officer	Joe Chesterton	2/1/2024
Monitoring Officer	Kim Sawyer	3/1/2024
Executive Director(s)	Claire Shuter	28/12/2023
Relevant Cabinet Member(s)	Cllr Moyies	3/1/2024