

Microsoft Enterprise Agreement re-procurement

To: Strategy & Resources Committee

Meeting Date: 28 March 2023

From: Assistant Director of Customer & Digital Services

Electoral division(s): All

Key decision: Yes

Forward Plan ref: 2023/023

Outcome: This report sets out the background to re-procure and award the new Microsoft Enterprise Software agreement.

The outcome, if agreed, is a contract that provides value for money and meets the licensing needs of the Council over the next three years.

Recommendation: The Strategy and Resources Committee is asked to:

- a) agree the procurement of the Microsoft Enterprise Agreement contract.
- b) Delegate responsibility for awarding and executing a contract for the provision of Microsoft Enterprise Agreement starting 1 October 2023 to the Executive Director for Finance and Resources in consultation with the Chair & Vice Chair of the Strategy & Resources Committee.

Officer contact:

Name: Kevin Halls
Post: IT Finance & Contracts Manager
Email: Kevin.Halls@cambridgeshire.gov.uk
Tel: 01223 699636

Member contacts:

Names: Councillors Nethsingha & Meschini
Post: Chair/Vice-Chair
Email: Lucy.Nethsingha@cambridgeshire.gov.uk
Elisa.Meschini@cambridgeshire.gov.uk
Tel: 01223 706398

1. Background

- 1.1 Cambridgeshire County Council uses Microsoft software extensively across all Directorates and their services. The Council is licensed to do so under the terms of its Microsoft Enterprise Agreement.
- 1.2 As well as providing all staff with the traditional software of email, calendar, Word and Excel that underpin the day-to-day function of the Council, the Office 365 suite of products includes a wide variety of new tools that enable people to work differently and more effectively. A prime example of this is Teams, which, with its focus on collaboration and multiple means of communication supports flexible and remote working across all levels of the organisation and enhanced collaboration with external organisations and partners. This functionality is currently in regular use throughout the Council.
- 1.3 Currently, the Council's agreement is managed by Softcat PLC after it secured the contract as part of a tender process back in 2020 and with its guidance the Council was able to secure a £380k cost avoidance by moving away from a direct like-for-like renewal and using various Microsoft initiatives identified by it to better fit our needs.
- 1.4 The procurement will be to select a new supplier for the agreement and associated services as the current supply agreement runs out at the same time as the Microsoft Agreement.

2. Main Issues

- 2.1 The current Agreement expires in September 2023 and there are no options to extend.
- 2.2 While the IT & Digital service continue to evaluate open-source software options for both new and existing systems currently the best and most cost effective in this instance is Microsoft software.
- 2.3 Microsoft pricing for all public sector has been agreed with central government and held under a memorandum of understanding via Crown Commercial Services, this is accessible via one of its framework agreements or via an aggregation opportunity. It is our experience that while aggregation does provide some like-for-like savings on licensing it often lacks the further support and advice so often required when licensing a large estate.
- 2.4 Previous similar procurements have shown receiving the correct advice on licensing models from a third-party supplier has led to large savings in terms of cost avoidance.
- 2.5 Our intention is to run a further competition tender under Crown Commercial Services Technology Products framework (RM6068) for a new three-year Enterprise Agreement awarding on a balance of Price and Quality.
- 2.6 To date the spend on the current contract is £4.1m, this is made up of three annual licensing renewals and the costs for support on Microsoft software related projects as the Council's software estate has been consolidated around Microsoft Office 365.
- 2.7 Microsoft have announced a 9% price increase this year and as the Council moves towards consolidating telephony services into Microsoft Teams, further increases in the contract

costs are expected.

- 2.8 The new contract will be no higher than £5.5m (£1.8m per annum). The current Microsoft budget is £1.629m per annum and will increase to £1.870m in 2024-25, which will be sufficient for the new contract costs. These changes in budget have been factored into the business planning process and will come from savings in the Telephony and Mobiles budgets.

3. Alignment with corporate priorities

- 3.1 Environment and Sustainability
- 3.2 Health and Care
- 3.3 Places and Communities
- 3.4 Children and Young People
- 3.5 Transport

There are no significant implications for these priorities although having effective, reliable tools for staff to use across the Council is fundamental to our ability to deliver services to our communities.

4. Significant Implications

4.1 Resource Implications

There are no significant implications within this category.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category. The CCC Framework (RM6068) was procured by the Crown Commercial Service, in compliance with the Public Contract Regulations 2015 and is compliant with the Contract Procedure Rules. This framework agreement is valid for four years and expires on 9 December 2023.

4.3 Statutory, Legal and Risk Implications

There are significant implications within this category. CCC must have a Microsoft Enterprise Agreement in place for its IT infrastructure to be compliantly licensed. Failure to have such licences in place may result in intellectual property rights being infringed, which may leave CCC at risk of action being taken against it.

The procurement of a contract using CCS Framework (RM6068) is compliant with the Contract Procedure Rules (Section 8 – Procuring via a Framework Agreement or Dynamic Purchasing System), because it is a framework tendered by central government in compliance with national procurement law and CCC is a potential user of the framework. The terms and conditions have been negotiated by central government and should be fit for CCC's needs and not be onerous

4.4 Equality and Diversity Implications

There are no significant implications within this category.

4.5 Engagement and Communications Implications

There are no significant implications within this category.

4.6 Localism and Local Member Involvement

There are no significant implications within this category.

4.7 Public Health Implications

There are no significant implications within this category.

4.8 Environment and Climate Change Implications on Priority Areas:

4.8.1 Implication 1: Energy efficient, low carbon buildings.

Neutral

Explanation: Renewal of existing contract

4.8.2 Implication 2: Low carbon transport.

Neutral

Explanation: Renewal of existing contract

4.8.3 Implication 3: Green spaces, peatland, afforestation, habitats and land management.

Neutral

Explanation: Renewal of existing contract

4.8.4 Implication 4: Waste Management and Tackling Plastic Pollution.

Neutral

Explanation: Renewal of existing contract

4.8.5 Implication 5: Water use, availability and management:

Neutral

Explanation: Renewal of existing contract

4.8.6 Implication 6: Air Pollution.

Neutral

Explanation: Renewal of existing contract

4.8.7 Implication 7: Resilience of our services and infrastructure and supporting vulnerable people to cope with climate change.

Neutral

Explanation: Renewal of existing contract

Have the resource implications been cleared by Finance? Yes

Name of Financial Officer: Stephen Howarth

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement and Commercial? Yes

Name of Officer: Clare Ellis

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or Pathfinder Legal? Yes?

Name of Legal Officer: Stephen Randall – Pathfinder Legal

Have the equality and diversity implications been cleared by your EqlA Super User? Yes?

Name of Officer: Faye McCarthy

Have any engagement and communication implications been cleared by Communications?
No

Name of Officer: Not applicable

Have any localism and Local Member involvement issues been cleared by your Service Contact? No

Name of Officer: Not applicable

Have any Public Health implications been cleared by Public Health? No

Name of Officer: Not applicable

If a Key decision, have any Environment and Climate Change implications been cleared by the Climate Change Officer? Yes

Name of Officer: Emily Bolton

5. Source documents

5.1 None