

Title: Renewal of Microsoft Enterprise Agreement
 Lead Officer: Head of Customer and Digital Services
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 Portfolio Holder: Councillor Jessica Harrison
 Wards of the District directly affected: None

Approvals required	Date	Name
Portfolio Holder	14/11/2023	Cllr. Jessica Harrison
Finance	14/11/2023	Andrew Rollins
Legal Services		
Chief Executive	14/11/2023	Chris Elliott
Director of Climate Change	14/11/2023	Dave Barber
Head of Service(s)		NA
Section 151 Officer	14/11/2023	Andrew Rollins
Monitoring Officer	14/11/2023	Graham Leach
Leadership Co-ordination Group		
Final decision by this Committee or rec to another Cttee / Council?	Yes	
Contrary to Policy / Budget framework?	No	
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No	
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	Yes, Forward Plan item 1408 – scheduled for 06/12/2023	
Accessibility Checked?	Yes	

Summary

This report seeks permission to renew the Council's Enterprise Software Agreement with Microsoft, via an authorised Large Account Reseller.

Recommendation(s)

- (1) That Cabinet agrees to enter into a revised Enterprise Subscription Agreement upon completion of a procurement exercise.
 - (2) That Cabinet delegates authority to the Head of Customer and Digital Services and Portfolio Holder for Transformation to execute a revised Enterprise Subscription Agreement, providing the overall costs are no more than £662,971.
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1 Reasons for the Recommendation

1.1 Background

- 1.1.1 Warwick District Council's Customer and Digital Services team currently manage just over 530 laptop computers and 115 servers that support the day-to-day operation of 600 users. Every service that the Council offers requires ICT provision, either directly or behind the scenes and in nearly every instance, that provision will involve a Microsoft product.
- 1.1.2 Presently, the Council licenses its Microsoft estate through an Enterprise Subscription Agreement (ESA); a volume licensing mechanism specifically reserved for large organisations. WDC is part of a government-wide Memorandum of Understanding which heavily discounts the prices we pay.
- 1.1.3 The Council's current ESA expires in January 2024 and a renewal is required to maintain access to Microsoft Services. Due to the value of this contract, Cabinet approval is needed to enter into a replacement agreement.
- 1.1.4 ICT has already worked with its existing supplier to secure budgetary pricing. Since the Council's previous agreement was signed price increases have been introduced by Microsoft, which will be applicable at the point of renewal but will then be fixed for a further three years.

1.2 Proposal

- 1.2.1 It is proposed that ICT work with the Council's procurement team and Crown Commercial Services to secure a new agreement. This will involve a competition to ensure best value, through an existing Crown Commercial Services framework – Technology Products and Services 2. This will fully comply with the Council's Code of Procurement.
- 1.2.2 Because the exact costs of the renewal will not be known until the competition is validated, it is also proposed that authority is delegated to the Head of Customer and Digital Services in consultation with the Portfolio Holder for Transformation, to enter into a new agreement, providing the costs are within an agreed budget envelope.

2 Alternative Options

2.1 Do Nothing

2.1.1 The Council does not have to renew its Enterprise Agreement, but failing to do so would have dire consequences. All access to Office 365 would be lost and the Council would not be able to use any of its ICT infrastructure. This is not a viable alternative.

2.2 **Use Alternative Software**

2.3 There are alternative, free to use applications available for several functions that Microsoft currently cover. But the significant issue with such software is compatibility; our line of business applications simply don't work with them.

2.4 For an organisation like WDC, with a diverse application portfolio, there isn't a viable alternative to use mass open-source software.

3 **Legal Implications**

3.1 Whilst there are no specific legal implications to not renewing our Microsoft ESA (providing we cease to use the software), failing to do so would halt the ability of the Council to effectively provide almost all services – including those which are statutory.

4 **Financial Services**

4.1 Budgetary pricing obtained from our incumbent ESA provider outlines the Council's future costs as £602,701 over a three-year contract period. This equates to £200,900 per year.

4.2 This cost includes all-of our desktop, server and Office 365 subscriptions and is an increase of approximately £124,239 (£41,413 per year) on our previous agreement (£478,462).

4.3 Several factors have influenced this including:

- Globally, Microsoft prices have increased since our last renewal;
- All staff now have laptops rather than virtual PCs increasing the software burden;
- Our agreement will include telephony using Microsoft Teams to replace Cisco Jabber (due for replacement in 2024);
- The size of our user base and Office 365 estate has grown since 2020;
- The increasing functionality of the Office 365 suite provides opportunities to remove other legacy platforms.

4.4 A contingency budget of £92,000 was included in ICT's revenue funding for 2023/24, to cover the increased costs of renewal in January 2024. The bulk of the first years costs will be met from the existing ICT revenue budget, which has £159,000 allocated for Microsoft products. However, longer term, a growth request will be submitted to cover the anticipated £41,000 uplift each year as part of the 2024/25 budget setting process.

4.5 To ensure an agreement is entered into in a timely manner, part of the recommendations outlined in 1.2 involve setting a budget envelope for the Head of Customer and Digital Services and Portfolio Holder for Transformation to work within. It is recommended that a maximum cap is placed at 10%

above the budgetary pricing, when final prices are obtained (£220,990 pa / £662,971 total).

4.6 If a contract price can be secured below this value, a contract will be entered into. If not, the matter will need to be urgently referred to Cabinet.

4.7 Final pricing is anticipated before December 22nd, 2023.

5 Corporate Strategy

5.1 Delivering valued, sustainable services

5.1.1 Without the Microsoft applications, the Council's staff would not be able to operate effectively. We would lose access to essential productivity tools that directly support the operation of services, and the "behind the scenes" services that underpin much of our modern service delivery. Council services would not be sustainable.

5.1.2 Many of the facilities included in our ESA, such as options for robotic process automation, the development of business apps, the use of single-sign-on authentication and always-on VPN will, over the next three years, contribute significantly to ensuring staff have the right tools to do their jobs efficiently. They will also accommodate us gradually removing some existing technology provisions from our infrastructure.

6 Environmental/Climate Change Implications

6.1 Whilst there is no direct impact on our Environmental and Climate Change commitments, as a company, in 2020 Microsoft committed to becoming carbon negative by 2030.

7 Analysis of the effects on Equality

7.1 This proposal has no direct effects on equality.

8 Data Protection

8.1 This proposal has no direct effects on data protection as there are no changes to any of our previous arrangements.

9 Health and Wellbeing

9.1 This proposal has no direct effect on health and wellbeing.

10 Risk Assessment

10.1 Further Price Rises

10.1.1 As a commercial organisation, Microsoft may increase prices at any time. Until a new ESA is signed, the Council may be subject to these increases.

10.1.2 To mitigate this risk, a procurement exercise will be undertaken promptly as Microsoft generally give notice that prices will increase by a set amount on a

future date. Providing our new contract is signed before any announced increases come into effect, we will be shielded from them for a further period of three years.

10.2 Inability to Complete an Agreement

- 10.2.1 There is a risk that procuring an agreement through competition and our internal processes could delay completion. This would be difficult for the Council to overcome.
- 10.2.2 To mitigate this risk, the procurement will be undertaken through a Crown Commercial Services framework, which has non-negotiable, standardised terms applied to all government organisations. The competitive process will be very quick, because the requirements for providers to bid against are simple, standardised part numbers. Delegating authority also negates the need to go through another committee cycle for agreement.

10.3 Incorrect Licences

- 10.3.1 During any renewal process it is possible that we may specify the wrong license codes, types or quantities, potentially resulting in significant additional expense.
- 10.3.2 To mitigate this risk, the Council has worked closely with it's existing Large Account Reseller, to ensure that our quantities, licensing metrics, software selection and variants are correct.
- 10.3.3 The agreement also includes the ability to flex licence quantities up at any point, and down at key milestones. We have undertaken as much due diligence as possible to ensure we're asking for the right product at renewal.

11 Consultation

- 11.1 No consultation has been undertaken regarding this proposal.

12 Background papers:

- 12.1 None to consider – I couldn't find any that were sent to cabinet in 2020/2021 or 2017/18 (remove before publishing)

13 Supporting documents:

- 13.1 Microsoft Environmental Commitment Blog – Available Online