

DELEGATED DECISIONS BY CABINET MEMBER FOR COMMUNITY AND CORPORATE SERVICES

21 January 2025

Re-Procurement of Microsoft Enterprise Agreement

Report by Executive Director of Resources and Section 151 Officer

RECOMMENDATION

The Cabinet Member is **RECOMMENDED** to:

- (a) To authorise the Head of IT to re-procure the Microsoft Enterprise Agreement (MEA) for a 3 year period; and**
- (b) To delegate authority to the Head of IT to award the contract following the procurement exercise and finalise the contractual documentation, in consultation with the Head of Legal and Deputy Monitoring Officer.**

Executive Summary

1. The Council need to re-procure our MEA with a recognised Microsoft Gold Partner
2. Due to the value of the contract, a key decision is required
3. The Council will consider the additional social value and other value-added benefits that resellers are able to provide
4. Our current MEA expires on 28 February 2025.
5. The cost of the renewal is estimated at £1.6m per year.
6. The contract will be for 3 years
7. The retail cost for Microsoft licenses is centrally negotiated for Local Government
8. The Council will be purchasing using a procurement process compliant with Public Contracts Regulations 2015 and the Council's Contract Procedure Rules.

Project Context - Background

9. The Council uses Microsoft products to enable their IT infrastructure, this includes but is not limited to computer operating systems, productivity tools, server technology and cyber defence.
10. The Council chooses to buy these services through a Microsoft Enterprise Agreement for the following reasons:
11. Cost Savings: Significant discounts compared to standard licensing costs, making it a cost-effective option for large organisations.
12. Flexible Payment Options: Allows for the spread of payments over a three-year period, helping with budget management.
13. Comprehensive Software Assurance: Includes benefits like upgrades, support, and access to the latest software and technologies.
14. Simplified License Management: Streamlines license management with a single organisation-wide agreement, reducing administrative overhead.
15. Access to a Wide Range of Products: Provides access to a broad array of Microsoft products and services, including cloud services like Azure and Office 365.
16. Price Protection: Locks in pricing for the duration of the agreement, protecting against price increases.
17. Standardisation: Helps standardise IT across the organisation, which can improve efficiency and reduce complexity.

Corporate Policies and Priorities

18. The continuation of Microsoft as our preferred Cloud First Provider is enabling a programme of works that sets out the Council's strategy for Customer Experience. This over-arching Customer Experience Strategy is centered on a principle of providing our customers with an excellent experience throughout their interactions with us and to feel valued and heard. *"We want to make sure that however and wherever they are interacting with us they have the same positive experience and feel genuinely supported and listened to"*.
19. Microsoft software is a familiar tool for citizens making it simple to use.
20. The procurement of an MEA ensures that we can purchase these software licenses at best value with prices held over an agreed period.
21. Software is provided under the agreement following an 'evergreen' model. This means that all our software is kept up to date with latest changes, bug fixes and security vulnerabilities.

22. The MEA is aligned with the ITID strategy principles for providing services:

- Provide value for money.
- Provide simplicity.
- Meet the needs of the business and service areas.
- Align and support digital services (Web / Customer Relationship Management (CRM)).
- Put residents / citizens first.
- Provide internal sustainability.
- Be considered best practise.
- Enable scalability.
- Consider cloud-first where appropriate.
- Be modern and up to date.
- Provide flexibility.
- Be safe and secure.

23. While the licensing is checked annually at the true up, the price for each line item is set at the start of the agreement for the length of the contract held. This is particularly beneficial during this time of frequent currency fluctuations which impact monthly on the prices set for software licenses.

Future Requirements

24. The MEA can also be used to purchase an increased number of licenses as needed, such as CoPilot AI and E5 security. If the suggestion is to move the whole organisation to CoPilot and E5 an additional Key Decision will be sought.

Financial Implications

Affordability

25. The terms of payment for the MEA will be 12 months in advance for each year.

26. The annual cost will be in the region of £1.6m in line with existing budget.

27. The Head of Service has confirmed that the revenue budget has been allocated in full to cover the costs of a Microsoft Enterprise Agreement.

Budget - Whole Life Costs

28. A revenue budget of £5.5 million is available over 3 years to cover the annual costs of a Microsoft Enterprise Agreement. This is in line with current and historical costs for this service. An annual true-up of licence numbers required takes place in February each year to ensure that only licenses being used are paid for.

Cost Benefit Analysis

29. For each license type included from the start of the MEA the price for additional licenses of the same type will be fixed for the 3 years. In the previous 3 years, since the purchase of the current MEA this has been a saving of 9% on each licence. Over the last three years that has seen the council avoid £133k of price increases.

Comments checked by:

Drew Hodgson, Strategic Finance Business Partner
Drew.Hodgson@oxfordshire.gov.uk

Legal Implications

30. The procurement will be undertaken in accordance with the Council's Contract Procedure Rules and the Public Contracts Regulations 2015.

31. It is intended that, to comply with the Public Contracts Regulations 2015, the procurement will be undertaken by way of a mini competition under a framework agreement.

32. Legal Services will prepare the necessary contract documentation.

Comments checked by: Jayne Pringle, Head of Law & LBP (Contracts & Conveyancing) Jayne.Pringle@oxfordshire.gov.uk

Lorna Baxter
Executive Director of Resources and Section 151 Officer

Contact Officer: Tracy Jones, IT Governance and Business Continuity Manager, Tracy.Horwood-Jones@oxfordshire.gov.uk

January 2025.