

Eden District Council

Cabinet

21 June 2022

Contract Award - Microsoft Enterprise Agreement

Portfolio:	Resources Portfolio Holder
Report from:	Interim Director of Resources
Wards:	All Wards
OPEN PUBLIC ITEM	

1 Purpose

- 1.1 The purpose of the report is to award a contract for Microsoft Licences for Eden District Council with effect from 1 August 2022 with an option that can be used to ensure licences are in place for the Westmorland and Furness Unitary Council from 1 April 2023.

2 Recommendation

- 2.1 It is recommended that a contract is awarded for the provision of Microsoft Licences to Insight Direct (UK) Ltd.

3 Report Details

- 3.1 Eden District Council has a Microsoft Enterprise Agreement, which is a 3 year contract with a License Reseller underpinned by an agreement with Microsoft who are the software provider. The Council renews this agreement every 3 years for c300 licences which meets current requirements.
- 3.2 The current agreement expires on the 31 July 2022, which means a new contract is required to maintain the Licenses up until vesting day 31 March 2023.
- 3.3 The Microsoft Licenses which are included in the agreement underpin the operation of all systems and equipment used within Eden District Council. Without the licenses the Council would not be able to function.
- 3.4 A fully compliant procurement process has been undertaken using Crown Commercial Services Framework RM6068. To gain access to a higher level of pricing discounts, Eden District Council joined an aggregation procurement run by Crown Commercial Services, which they perform for various public sector organisations to maximise economies of scale.
- 3.5 Crown Commercial Services have confirmed that Insight Direct (UK) Ltd was the winning supplier of our Lot with pricing totalling £943,581 savings across the 10 participating customers in the Lot.
- 3.6 If approved the Council will contract directly with Insight Direct (UK) Ltd on the terms agreed and set out below.

- 3.7 The procurement term for the new contract is for a period of 3 years, with an optional 4th year. If the optional 4th year is required, then approval will be sought at the time by following the appropriate governance processes. The contract timescale will extend beyond 1 April 2023 meaning this will be the responsibility of new Westmorland and Furness Council.
- 3.8 This procurement process has been managed strategically to ensure that the Council's requirements are met, whilst at the same time building options, which will benefit readiness for the new Westmorland & Furness Council.
- 3.9 This has been achieved by using 'multi tenancy' facility that will allow the Microsoft Licenses used by Eden District Council, Barrow Borough Council, South Lakeland District Council and the disaggregated functions of Cumbria County Council to become part of a Master License Agreement that will facilitate the merging and moving of licenses to meet the requirements of the Westmorland and Furness Council, which may total up to c7900 licences.
- 3.10 The contract will only commit the Council to pay for the licenses required for its own operations. This is because Eden's core ICT infrastructure is being used to underpin the delivery of Shadow Westmorland and Furness Council. This provision will need to continue as part of the new Eden District Council contract. The costs for Shadow Westmorland and Furness Council are already approved via the LGR Programme Board.
- 3.11 The 3 year contract for Eden District Council and Shadow Westmorland and Furness Council licence requirements will be £235,765.32. Detailed costs are set out in the finance section of the report.
- 3.12 The Shadow Westmorland and Furness Unitary will consider a report at its meeting of 10 June, which consider the how to manage the implications of the section 24 spending direction. Whilst, seeking general consent for most spend this arrangement, subject to Cabinet approval, will be included as a specific project within the report allowing the multi-tenancy option to be progressed for Westmorland & Furness Council.
- 3.13 The Chair of the Overview and Scrutiny Committee has agreed to waive call in due to the timescales involved in entering into the relevant contract in order to ensure the effective operation of the Council's IT system and delivery of services.

4 Policy Framework

- 4.1 The Council has four corporate priorities which are:
- Sustainable;
 - Healthy, safe and secure;
 - Connected; and
 - Creative

5 Consultation

- 5.1 Barrow Borough Council, South Lakeland District Council, Cumbria County Council, Copeland Borough Council, Allerdale Borough Council and Carlisle City Council have all been consulted as part of the LGR ICT Workstream. Detailed discussions have also taken place with Crown Commercial Services, Insight Direct (UK) as the reseller and with Microsoft to ensure the

recommendation is appropriate and compliant with the Microsoft Licence contract term.

- 5.2 The recommendation in this report has the full support of all Councils and was agreed as appropriate at the LGR Programme Board on Tuesday 10 May 2022.

6 Implications

6.1 Financial and Resources

- 6.1.1 Any decision to reduce or increase resources or alternatively increase income must be made within the context of the Council's stated priorities, as set out in its Council Plan 2019-2023 as agreed at Council on 7 November 2019.

- 6.1.2 As described in the main report there are four financial elements:

- 1) Commitment for Eden to continue Business as Usual Requirements, this will all be covered from existing Eden District Council budget provision. The costs for this element are:
 - a. Year 1 - £65,383.04
 - b. Year 2 - £65,383.04
 - c. Year 3 - £65,383.04
 - d. Total over 3 years - £196,149.12
- 2) Commitment for Shadow Westmorland and Furness Licenses to be paid for from LGR implementation Budget – approval already in place for this cost of £13,205.40 per year (£39,616.20 for 3 years).
- 3) LGR Programme Board support to cover any spend required to lock in the licence prices and categories that may be required (but not yet known or finalised) for the new Westmorland and Furness Unitary Council. Until the exact numbers of each licence type are known and confirmed, there may be a benefit to purchase a minimum of one licence type of each licence that may be required in the future. Exact numbers can 'true' up to the maximum volume scenario of c7900 licences. To allow this facility a cost of £13,000.00 per annum would be required and if exercised, will be paid for by the LGR implementation fund following approval from the LGR Programme Board.
- 4) To ensure all potential scenarios are covered, the maximum total value of the 3 year contract is estimated at £8.2million for c7900 licences. This value covers the eventuality of maximum Potential licence requirements for the Westmorland & Furness Unitary and will provide headroom capacity for all licence type scenarios yet to be confirmed as part of the LGR Programme, particularly regarding the aggregation of District functions and disaggregation of existing Cumbria County Council services.

For the avoidance of doubt, any costs incurred for the Westmorland & Furness Microsoft Licence requirements will be met by the LGR process, not the liability of Eden District Council.

Eden District Council will only commit to and be liable for the licence requirements for Eden District Council.

6.2 Legal

6.2.1 Eden District Council's in house Legal team have been consulted from the start however as we move into reviewing and finalising the contract, external legal assistance funded from the LGR programme is being sought to ensure the timelines required can be achieved. Eden's Legal team are supportive of external advice being sought.

6.2.2 The use of Frameworks are allowed under, Clause 6.1 Supplier Selection, of the Council's Procurement Procedures. Also, Eden District Council's Constitution on Procurement Rules, Clause 4.5.3 allows the Executive to use a framework. In this case Framework RM6808 was used.

6.3 Human Resources

6.3.1 There are no Human Resource requirements as a result of this contract.

6.3.2 Any requirements required as part of the LGR programme will be resourced as part of the programme.

6.4 Environmental

6.4.1 As this is a contract for continuity of service, there are no significant effects on carbon emissions and ecosystems.

6.5 Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	Not Applicable
Health, Social Environmental and Economic Impact	Not Applicable
Crime and Disorder	Not Applicable
Children and Safeguarding	Not Applicable

6.6 Risk Management

Risk	Consequence	Controls Required
The existing Eden District Council Microsoft Enterprise Agreement is permitted to end on 31 July 2022 with no replacement in place.	Eden District Council will be unable to maintain Business as Usual service delivery because it will not have the required licenses for the ICT systems and equipment to operate	Approve the recommendations in this report
There is no contract in place to provide the necessary roadmap for how the existing Microsoft licences will	Inability to merge Microsoft licenses create a blockage to create a unified ICT Infrastructure for the	Approve the recommendations in this report

Risk	Consequence	Controls Required
transition into the new Westmorland and Furness Unitary Council and managed in a cost effective manner.	new Westmorland and Furness Unitary Authority, which would likely increase costs and have significant negative reputational impacts	

7 Other Options Considered

- 7.1 The option being proposed is in line with the recommendations from both the LGR ICT Workstream and has the full support of the LGR Programme Board at its meeting on 10 May 2022.
- 7.2 The only alternative option would be for Eden District Council to enter into a new Microsoft Licence Agreement solely for Eden's requirements. This would require a separate procurement exercise to be repeated solely for the Westmorland & Furness requirements. This option would duplicate officer time, and may not return the economies of scale benefitted from the single contract and multi tenancy solution advised by Microsoft.

8 Reasons for the Decision/Recommendation

- 8.1 The recommendation is presented for approval as this contract will meet the Microsoft Licence requirements of Eden District Council and Shadow Westmorland and Furness Council to ensure business as usual service delivery is maintained for Eden and Shadow Westmorland and Furness Council between the existing contract expiry and 1 April 2023. The multi-tenancy element of the contract will also allow the successful licence transition into the new Westmorland & Furness Unitary Council licence requirements.
- 8.2 The exact licence requirements for Westmorland & Furness Council will become clearer later in 2022 as the LGR Programme progresses.

Tracking Information

Governance Check	Date Considered
Chief Finance Officer (or Deputy)	27 May 2022
Monitoring Officer (or Deputy)	13 June 2022
Relevant Assistant Director	N/A

Background Papers:

Appendices: None

Contact Officer: Ben Wright, Head of Shared ICT Service