

North Lanarkshire Council Report

Finance and Resources Committee

Does this report require to be approved? Yes No

Ref KH/TH/MB Date 20/11/24

Microsoft Enterprise Agreement 2025-2028 – Procurement Update

From Katrina Hassell, Chief Officer (Business and Digital)

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Executive Summary

The purpose of this report is to update the Finance and Resource Committee on current procurement activity relating to the Microsoft Enterprise Agreement (EA) contract and seek approval to progress procurement arrangements as outlined in the report.

It is recommended that the Finance and Resources Committee approves:

- (1) The award of a contract procured via a collaborative procedure through the Crown Commercial Service (CCS) and Digital Office NFC180 Provision of Microsoft Licenses and related services up to the value of £11.3M.

The Plan for North Lanarkshire

Priority	All priorities
Ambition statement	(18) Ensure our digital transformation is responsive to all people's needs and enable access to the services they need
Programme of Work	Digital North Lanarkshire

1. Background

- 1.1 The Council's digital ambitions have seen a significant change in how employees communicate and collaborate using Microsoft 365 Enterprise Edition Licenses introduced by Business and Digital through a Microsoft Enterprise Agreement (EA). Microsoft Licenses support and enable digital transformation, service redesign and business change processes.
- 1.2 The current Enterprise Agreement (EA) facilitates council-wide provision of Microsoft Licenses and support. It includes Server Cloud Enrolment (SCE), Enrolment for Education (EES), Dynamics and Centre of Excellence licenses and Azure consumption. This contract is presently with Phoenix Software Ltd and is due to expire on 31 March 2025.
- 1.3 Licenses contained within the Microsoft Enterprise Agreement (EA) enable users across the Council, including the school estate to securely access desktop/laptop software, and on premise and cloud-hosted servers.

2. Report

- 2.1 The council requires to renew the portfolio of Microsoft Licenses and associated support across all agreements detailed in section 1.2 above for a period of three years from 1 April 2025 to 31 March 2028.
- 2.2 In order to maximise efficiencies within procurements, the council is currently participating in Public Sector Reform Shared Services as part of the Programme of Work 2023-2028. This workstream is driven through the One Service Programme of Work Board.
- 2.3 The Digital Office for Scotland has created an opportunity for shared services through the Digital Office Collaborative Procurement which provides councils the opportunity to take part in an aggregated procurement for Microsoft licences with benefits advised as follows:
 - Price savings – better value for money through increased buying power
 - Process savings – a third part runs the procurement
 - Freeing up of resource for more strategic purchases
 - Collaboration and knowledge share
 - Legally compliant route to market
 - Procurement to tried and tested standard operating procedures
- 2.4 This route to market will be advantageous for the council due to its previous success rate within other Local Authorities (highlighted in Appendix 1) and as such, the Council is currently in collaboration with Scotland Excel, The Digital Office for Scotland and Crown Commercial Services (CCS), who are supporting Scottish Councils with their Microsoft Enterprise Agreement.
- 2.5 CCS are running the procurement through their framework 'Technology Products & Associated Services 2 (TPAS2) Lot 3 Software' with only those on the Commercial Agreement able to submit a bid.
- 2.6 Discounts available on Microsoft Licences are negotiated every three years between CCS and Microsoft as part of a Memorandum of Understanding (MoU) where CCS use

national buying power to agree preferential pricing and discounts on products and services across the technology landscape. CCS are working on a Strategic Partnership Agreement (SPA24) which is due to be released in November 2024.

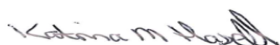
- 2.7 Due to the timing of SPA24 a benchmarking exercise was undertaken to ensure currently available costs represent best value and these have been applied to the Council's current licence profile with details of costs outlined in Appendix 1 of this report.
- 2.8 Following publication of SPA24 any changes to the pricing strategy will be applied and a final report will be submitted to this Committee in Cycle One of 2025 providing the final contract values.
- 2.9 The pricing mechanism is a fixed priced contract for individual licences offering a good level of cost certainty; any fluctuation in overall contract value will be related to volume changes throughout course of contract.
- 2.10 The council is committed to maximising the delivery of community benefits and fair working practices. The aggregation exercise being undertaken by CCS includes social value at tender stage using the social value priority theme of tackling economic inequality.
- 2.11 Officers from Business and Digital will be responsible for managing the contract which will be undertaken in accordance with the council's agreed approach to contract and supplier management.

3. Measures of success

- 3.1 The proposed contract award detailed within this report will deliver the following outcomes:
 - a) The successful and optimum provision of Microsoft Licenses across a subscription model for Microsoft 365 services. This includes the Microsoft Office product lines in the Microsoft Enterprise Agreement (EA), including Server and Cloud Environment (SCE) and Enrolment for Education Solutions (EES), Dynamics & Centre of Excellence licenses and Azure consumption.
 - b) That best value will be both demonstrable and achieved.
 - c) That the performance of contracts awarded are proactively managed against the council's agreed approach to contract and supplier management.

4. Supporting documentation

Appendix 1 - Microsoft Aggregation Procurement outcomes & Contract Benchmarking



Katrina Hassell
Chief Officer (Business and Digital)

5. Impacts

<p>5.1 Public Sector Equality Duty and Fairer Scotland Duty Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?</p> <p>If Yes, has an assessment been carried out and published on the council's website? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p>5.2 Financial impact Does the report contain any financial impacts? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, have all relevant financial impacts have been discussed and agreed with Finance? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p> <p>Based upon the maximum contract value detailed within the report, and benchmarking completed to date, there is scope for revenue costs to increase by around £0.600m over the 3-year contract period. Business and Digital expect to manage these cost increases within their existing contract budgets.</p>
<p>5.3 HR policy impact Does the report contain any HR policy or procedure impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant HR impacts have been discussed and agreed with People Resources? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p>
<p>5.4 Legal impact Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant legal impacts have been discussed and agreed with Legal and Democratic? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p>

<p>5.5</p>	<p>Data protection impact</p> <p>Does the report / project / practice contain or involve the processing of personal data?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, is the processing of this personal data likely to result in a high risk to the data subject?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to dataprotection@northlan.gov.uk</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p>5.6</p>	<p>Technology / Digital impact</p> <p>Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi?</p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p> <p>Microsoft Licenses whether modern workplace, digital platform or cloud services are required to enable council employees to undertake their work. These licenses help support and enable digital transformation, service redesign and business change processes.</p> <p>Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>
<p>5.7</p>	<p>Environmental / Carbon impact</p> <p>Does the report / project / practice contain information that has an impact on any environmental or carbon matters?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p>
<p>5.8</p>	<p>Communications impact</p> <p>Does the report contain any information that has an impact on the council's communications activities?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p>
<p>5.9</p>	<p>Risk impact</p> <p>Is there a risk impact?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?</p>

5.10 Armed Forces Covenant Duty

Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)?

Yes No

If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.

5.11 Children's rights and wellbeing impact

Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these?

Yes No

If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).

If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out?

Yes No

Appendix 1

Microsoft Aggregation Procurements

National Further Competition	Dates	Winning Bidder	No of participants	No who signed best value contracts
NFC157	Feb 2023 for enrolments from 1/4/2023	Phoenix	11	10
NFC162	Sep 2023 for enrolments from 1/11/2023	Phoenix	1	1
NFC166	Feb 2024 for enrolments from 1/4/2024	Insight	5	5
NLC174	May 2024 for enrolments from 1/6/2024	Ultima	2	1

CCS Benchmarking

	Annual CCS Benchmark Pricing	3 Year CCS Benchmark Pricing
Microsoft Enterprise Agreement (61)	£2,334,825.05	£7,004,475.15
Server & Cloud (62)	£84,716.66	£254,149.98
Education Campus (63)	£520,927.58	£1,562,782.74
Microsoft Dynamics (112)	£321,330.59	£963,991.77
PAC (61c)	£62,041.54	£186,124.62
Azure Cloud (165a)	£439,000.00	£1,317,000.00
Total Contract Budget	£3,762,841.42	£11,288,524.26