

Arun District Council

REPORT TO:	Corporate Support Committee – 31 January 2024
SUBJECT:	Microsoft Licence Renewal
LEAD OFFICER:	Paul Symes, Head of Technology & Digital
LEAD MEMBER:	Councillor Francis Oppler, Chair of Corporate Support
WARDS:	All
CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION: The work of Technology & Digital supports the following themes in the Arun Vision: A better future 2022 -2026. <ul style="list-style-type: none">▪ improving the wellbeing of Arun▪ supporting our environment to support us▪ fulfilling Arun’s economic potential	
DIRECTORATE POLICY CONTEXT: <ul style="list-style-type: none">▪ ICT Service Strategy	
FINANCIAL SUMMARY: Enter into a 3-year contract for Microsoft licences at an annual cost of approximately £278,000 per year.	

1. PURPOSE OF REPORT

Microsoft licences are purchased on a three-year cycle and the current licence expires at the end of June 2024. We are seeking approval to enter into a new contract at the pre-award stage.

2. RECOMMENDATIONS

- (a) The council purchases a three-year Microsoft licence agreement through a Government Procurement Agreement (GPA) compliant framework.

3. EXECUTIVE SUMMARY

Microsoft licences are purchased on a three-year cycle and the current licence expires at the end of June 2024.

We are looking to lock-in a new three-year term. The total contract value will be above the Government Procurement Agreement (GPA) threshold.

We wish to procure the new licences via a GPA compliant framework using mini-competition and award based on the most economically advantages tender (MEAT).

Microsoft prices can change on a monthly basis and there are a number of factors that affect that including inflation and exchange rates. As a public sector organisation we receive a government discount for the life of the contract.

We estimate the licence renewal in June 2024 will be approximately £278,000 and funds are being included in the budget for 2024/25.

Locking into a three-year contract fixes the price for the duration of the contract and provides protection from price increases over that period, three years is the maximum contract length Microsoft allows.

4. DETAIL

Microsoft technologies are a fundamental part of the councils IT infrastructure and support the delivery of all services.

They are used to deliver end-point access (e.g. Windows), corporate telephony, on-premise servers, cloud infrastructure, databases, administration tools, cyber security, Office 365 and mobile applications.

They are also deeply embedded and integrated into many of our 3rd party line-of-business applications i.e. corporate and departmental systems.

We also use Microsoft as our cloud provider and continue to move services from on-premise to the cloud in-line with our IT strategy. This has helped scale back our on-premise hardware refresh programme, avoid additional support costs, improve our resilience and reduce energy consumption.

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Licencing uses a subscription model and at an enterprise level this is not a simple or straightforward process. There are many combinations and choices of licence components that build up our overall holdings (in our case over 20 sub-licences).

The government is in current negotiations with Microsoft on the amount of public sector discount, this won't be known until around May 2024 and have based this report on the current price of licences and included 4.6% for inflation.

We estimate the licence renewal in June 2024 will be £278,000 pa which is an increase of £35,000 based on the price three years ago.

- software: £167,000 pa
- servers: £63,000 pa
- cloud: £48,000 pa

Due to the final subscription pricing not being available until May 2024 and the need for continuity of service we are seeking approval to enter into a new contract at the pre-award stage based on estimates.

5. CONSULTATION

None.

6. OPTIONS / ALTERNATIVES CONSIDERED

Our IT strategy over many years has been based on Microsoft technologies. We have investigated alternative products but these have been dismissed based on cost, effort, disruption and risk. If we were to change our approach, we would effectively be discarding our investment in time, money and knowledge across the council.

There are alternative products such as Google and Amazon these may be free for home users however at an enterprise level they are not and costs are broadly in line with Microsoft. Any savings on licences would be negated by the cost of transitioning.

Microsoft provides a wide range of integrated services and tools that work seamlessly within their own ecosystem. Moving to a different infrastructure provider could introduce compatibility issues with existing applications and services resulting unreliable performance and degradation of service.

Some back-office systems may not support connectors or integrations to non-Microsoft products and consideration would need to be given to the cost and effort to replace those systems.

During the transition we would need to maintain Microsoft licences alongside any new providers licences effectively doubling up on licences for several years. It is also likely that we would still need to maintain a holding of Microsoft licences post transition.

The IT team would need to undergo significant training and adapt to new tools and platforms, this would be time-consuming and costly. Also all users (officers / members) will need to learn new systems and during the transition period there would be a drop in productivity and quality of service.

Transferring data from one provider to another is a time consuming, complex and a risky process. Significant time and expertise would be required to ensure data integrity and security are maintained during the migration to prevent data loss or breaches. There would also be long periods of downtime for users of those systems along with additional migration costs.

Migrating to a new provider will mean dealing with different support structures which initially would impact response times and issue resolution.

Our IT infrastructure is regulated and audited as part of our Public Service Network (PSN) compliance. Moving to a new infrastructure model will require additional compliance assessments, security checks and audits to be undertaken, and will require specialist resources to be bought in.

7. COMMENTS BY THE GROUP HEAD OF FINANCE/SECTION 151 OFFICER

The revised contract costs have been reviewed with a prudent approach taken with current information and have been included in the budget for 2024/25.

8. RISK ASSESSMENT CONSIDERATIONS

Failure to have a Microsoft licence agreement in place means we would have to stop using all Microsoft products. This would mean the loss of IT systems and telephony for staff, members and customers.

9. COMMENTS OF THE GROUP HEAD OF LAW AND GOVERNANCE & MONITORING OFFICER

The contract will be procured and awarded in accordance with the Council's Contract Standing Orders. Advice will be sought at all appropriate stages from the Council's Legal Services and Finance teams, and from Hampshire County Council's procurement advisors.

10. HUMAN RESOURCES IMPACT

None.

11. HEALTH & SAFETY IMPACT

None.

12. PROPERTY & ESTATES IMPACT

None.

13. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE

None

14. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE

None

15. CRIME AND DISORDER REDUCTION IMPACT

None.

16. HUMAN RIGHTS IMPACT

None.

17. FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS

None.

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BACKGROUND DOCUMENTS:

[ICT Strategy](#)