

**Report to:** **JOINT MEETING EXECUTIVE CABINET / OVERVIEW PANEL**

**Date:** 14 February 2024

**Executive Member:** Councillor North, First Deputy (Finance, Resources and Transformation)

**Reporting Officer:** Ridhwaan Hafezji, Assistant Director - ICT & Digital

**Subject:** **MICROSOFT ENTERPRISE AGREEMENT RENEWAL**

**Report Summary:** The Microsoft Enterprise Agreement expires on 31 March 2024 and this report sets out the proposed investment required to further strengthen our security posture, improve data security, and ensure compliance. There are also additional benefits in terms of Teams telephony services and business intelligence, through Power BI to create data visualisations. The report also covers the licences to be purchased to unlock the automation, low code, and rapid development capabilities available through the Microsoft Power Platform.

**Recommendations:** It is recommended that Executive Cabinet approve:

1. The procurement of Microsoft 365 E5 licences for the authority over a period of three years from 31 March 2024 – 31 March 2027.
2. A further report be presented to Executive Cabinet in 2024/25 detailing the full benefits realisation from the implementation of the E5 licences.

It is recommended that Executive Cabinet note:

3. The gross increase in costs of £0.492m over a three-year period
4. The gross budget reductions of £0.250m over a three-year period from decommissioning licences no longer needed
5. The additional funding for the licence cost increase is captured in the 2024/25 Budget at Full Council.

**Corporate Plan:** The Corporate Plan is built on the three priorities of starting well, living well and ageing well. To enable delivery of these priorities the council must invest in its digital architecture to improve the user experience. Procuring E5 licences supports the authority in delivering the digital transformation required to deliver the corporate plan.

**Policy Implications:** None

**Financial Implications:** The report requests approval to procure the upgrade and renewal of the Microsoft Enterprise Agreement.

**(Authorised by the statutory Section 151 Officer & Chief Finance Officer)** The table below summarises the additional investment required for the software for the proposed three-year contract commencing 1 April 2024.

	<b>£ m</b>
Three Year Cost Of The Current Contract	2.200
Proposed Cost Of New Contract	2.692
Additional Cost	<b>0.492</b>
Savings via Decommission Of Existing Licences	(0.250)

<b>Additional Three-Year Investment Required</b>	<b>0.242</b>
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This additional three-year total investment of £0.242m is earmarked within the Council's revenue contingency budget and will be allocated to the Resources Directorate, Digital Tameside service subject to approval by the Executive Cabinet.

It is noted in the report that Microsoft have agreed to apply an 'E5 ramp' that will result in the financing of the E5 licences by the Council over the three-year contract term with the majority being paid in year three, as it is acknowledged by Microsoft that not all capabilities will have been implemented in years one and two of the contract.

STAR procurement have been engaged and it has been agreed to undertake the procurement via the KCS framework which is an approved framework for procuring Microsoft licensing partners.

It is advised that a subsequent report is presented to Members at a later date on the realisation of the benefits that will be delivered by the upgrade to E5 following implementation as referenced in sections 3.1, 3.2 and 3.3 of the report.

**Legal Implications:  
(Authorised by the  
Borough Solicitor)**

The report confirms that the proposed procurement route has been the subject of legal advice provided by STaR Legal and that the proposed procurement route is via the KCS framework and which framework is an approved framework for procuring Microsoft licensing partners.

**Risk Management:**

As set out in the report.

**Access to Information:**

The information in this report is public.

**Background Information:**

The background papers relating to this report can be inspected by contacting:

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## 1. INTRODUCTION

- 1.1 The current Microsoft Enterprise Agreement ends on 31 March 2024, the agreement provides a mechanism to purchase software licences and cloud services for a minimum three-year period. In addition, there is a Memorandum of Understanding (MOU) signed between the Government and Microsoft, the MOU allows public sector organisations to benefit from discounts and beneficial terms. The MOU is entitled, Digital Transformation Agreement 2021 (DTA21).
- 1.2 There have recently been engagements with Microsoft and Phoenix (incumbent licensing partner) to understand our licensing options, costs and additional features associated with Microsoft 365 (M365), to enhance areas such as security, compliance, and automation tools.

## 2. EXISTING AGREEMENT

- 2.1 The existing agreement consisted of E3 licences for all its laptop users, which provided 2,800 user licences and was at a cost of £1.750m over the three-year contract.
- 2.2 In addition to the E3 licences 1,600 licences were purchased for Teams telephony which allowed for the removal of desktop telephony, and this was at a cost of c. £0.285m. However, it has recently become apparent that the 1,600 licences purchased have all been allocated to users and additional licences have been purchased to ensure users have the Teams telephony capability to support their role and to avoid allocating them with a mobile phone.
- 2.3 To support hybrid working, there were also a few licences purchased for the facilitation of Teams meetings within the meeting rooms, allowing those working from home to join meetings hosted within the meeting rooms at Tameside One.
- 2.4 The total cost for the current contract over the three years was £2.200m.

## 3. PROPOSED NEW AGREEMENT

- 3.1 It is proposed that as part of the new Enterprise Agreement, Tameside Council move from the current M365, E3 licensing to E5, which means there will be an increase in the revenue commitment over the next three years. The move to E5 licences will unlock considerably more capabilities in addition to those we already receive as part of the E3 licences and include Teams telephony as standard, therefore not needing Teams telephony licences to be purchased separately.
- 3.2 The Microsoft E5 licence provides increased security, compliance, and data loss prevention features, plus a few additional capabilities around telephony and data visualisation tools, some of these are described below (Appendix 8.1 summarises the additional capabilities available in the form of a matrix):
  - **Microsoft Defender for Endpoint:** A unified endpoint security platform for preventative protection, post-breach detection, automated investigation, and response.
  - **Microsoft Defender for Identity:** Use a cloud-based solution to that helps protect your organisation's identities from multiple types of advanced targeted cyber-attacks.
  - **Information Protection and Governance:** Identifying risks by locating data and understanding how it's used. In addition, help safeguard data where it lives by configuring protection and retention labels.
  - **Microsoft Purview eDiscovery:** Helping the organisation find data quickly and cost-effectively.
  - **Microsoft Purview Insider Risk Management:** Intelligently identify, investigate, and take quick action on insider risks.
  - **Microsoft Teams Audio Conferencing:** Allows conducting or calling into meetings from

your phone with Microsoft Teams Audio Conferencing, which allows up to 250 phone attendees.

- **Microsoft Teams Phone Standard:** Enables call control in the cloud with Microsoft Teams Phone Standard.
- **Power BI Pro:** Delivering insights to enable fast, informed decisions with business analytics.

3.3 E5 licences, will provide several benefits to the organisation but also to the ICT & Digital service, some of which are as follows:

- A standardised set of tools, making it easier to manage and maintain services.
- A standardised training approach for staff, as staff will not need to maintain their skills in various technologies.
- Simpler to recruit, as the skill set required is defined to a core standardised architecture.

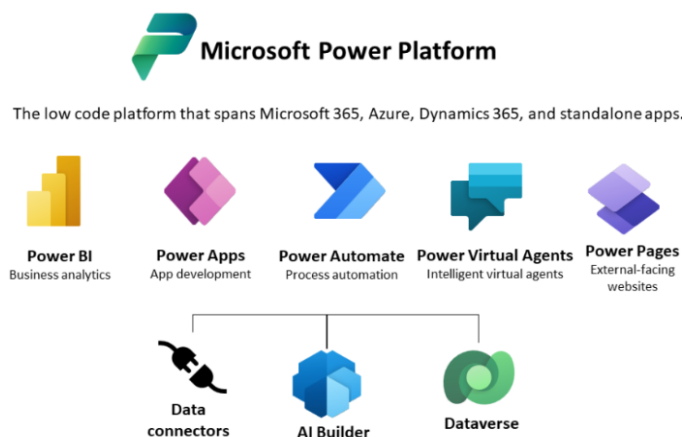
3.4 The Council is barely touching the surface when it comes to realising the benefits of M365. It is planned that an M365 Programme is stood up in the very near future, through which a capability roadmap will be developed to ensure the Council is making the most of the licences purchased as quickly as possible. The capabilities once made available will also increase security as well provide services with the tools to work more digitally and remove low complexity manual processes and transform agile working.

3.5 To ensure Tameside Council benefits from the DTA21 discounts, it is proposed that a minimum number of Microsoft Power Platform licences are also purchased to protect the discounted prices as part of the Enterprise Agreement.

3.6 Power Platform is a 'low code/no code' solution which expedites the development process. This is done by removing the need for traditional complex coding methods, which extend the development timescales, increases complexity, and create support complexities. The plan is to transform the current development team within the Digital Tameside service over the coming year by providing them with the skills and tools to undertake rapid development to support digital transformation.

3.7 The Power Platform also provides a governance framework to ensure the process of development, test and deployment is managed effectively and that licences are optimised. Finally, the Power Platform, once matured can be rolled out to service areas with the appropriate governance, through the 'Citizen Developer' initiative, so champions within service areas can start to solve less complex problems within their service areas themselves.

3.8 The following is a diagram that outlines the key capabilities of the Power Platform, which includes, app development, automation, chat bots, robotic process automation (RPA) and more.



## 4. BUDGET

- 4.1 The proposed change to E5 licences and the inclusion of the minimum Power Platform licences as part of the Microsoft Enterprise Agreement will result in a total increase of £0.492m over the length of the contract (3 years).

The total cost over the term of the contract is c. £2.692m and an analysis of E5, Teams for Meeting Rooms and Power Platform licences over the three-year contract are provided in table 1:

**Table 1**

Part Number	Item Name	Qty	Monthly Net Price	Annual Unit Price	Year 1 Total	Year 2 Total	Year 3 Total	Total (all 3 years)
<b>Enterprise Products</b>								
<b>Year 1</b>								
AAD-33168	M365 E5 Unified Sub Per User	2,800	£23.62	£283.44	£793,632.00			£793,632.00
<b>Year 2</b>								
AAD-33168	M365 E5 Unified Sub Per User	2,800	£26.18	£314.16		£879,648.00		£879,648.00
<b>Year 3</b>								
AAD-33168	M365 E5 Unified Sub Per User	2,800	£29.19	£350.28			£980,784.00	£980,784.00
KV3-00381	Win Enterprise Device ALng Upgrade SA	109		£36.47	£3,975.23	£3,975.23	£3,975.23	£11,925.69
<b>Subscription Products</b>								
JZV-00002	Business Apps AO Sub Per User O365 E3/E5	2,800	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
JFX-00003	M365 F3 FUSL Sub Per User	1	£4.67	£56.04	£56.04	£56.04	£56.04	£168.12
8RU-00005	M365 F5 Security + Compliance Sub Add-on	1	£9.20	£110.40	£110.40	£110.40	£110.40	£331.20
V9B-00001	Teams Rooms Pro Sub Per Device	16	£29.15	£349.80	£5,596.80	£5,596.80	£5,596.80	£16,790.40
KXG-00002	Teams Shared Devices Sub Per Device	10	£4.96	£59.52	£595.20	£595.20	£595.20	£1,785.60
AAA-51068	Win OLS Activation User Sub Add-on E5	2,800	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
<b>Power Platform</b>								
J8Q-00005	Power Apps Per App Sub 1 App or Website	99	£1.96	£23.52	£2,328.48	£2,328.48	£2,328.48	£6,985.44
SEI-00002	Power Apps Premium Sub Per User	1	£8.75	£105.00	£105.00	£105.00	£105.00	£315.00
<b>TOTAL</b>					<b>£806,399.15</b>	<b>£892,415.15</b>	<b>£993,551.15</b>	<b>£2,692,365.45</b>

- 4.2 Microsoft have agreed to apply an 'E5 ramp' which means Tameside Council will not be paying for all the E5 licences up front, and costs are spread over the three years, with the majority being paid in Year 3. The benefit of this, is that the organisation does not have to pay 100% of the licence costs in year 1 to receive the benefits of the E5 platform capabilities, as it is acknowledged by Microsoft that not all capabilities will have been implemented in year 1. The following is a breakdown of the E5 costs for each year, a total of £2.655m.

Year 1 Total £m	Year 2 Total £m	Year 3 Total £m
0.794	0.880	0.981

- 4.3 The move to E5 licences will allow several existing solutions to be decommissioned once they reach the end of the current contract term as the same capabilities are available through the E5 licences. An initial assessment has been conducted and the indicative savings that can be realised is c. £0.250m over the period of the contract, which can be off set against the increase in the Enterprise Agreement costs. Therefore, the increase in revenue expenditure over the contract period will £0.242m.
- 4.4 Power Platform costs are associated with the minimum licences to be purchased to guarantee the discounts. As the Power Platform project commences and use cases for digital transformation are identified then there will be a requirement to purchase additional licences to support the new apps developed. However, each use case will be assessed for savings opportunities, which could consist of application rationalisations or business process improvements, which will contribute to the increase in Power Platform licences.

## 5. PROCUREMENT

- 5.1 There has been engagement with STAR procurement, and it has been agreed to undertake the procurement via the KCS framework which is an approved framework for procuring

Microsoft licensing partners.

## **6. CONCLUSION**

- 6.1 The enterprise agreement renewal presents an ideal opportunity to re-assess the current ICT landscape and to ensure the Council has the required capabilities to support the delivery of the Digital Strategy over the coming years.

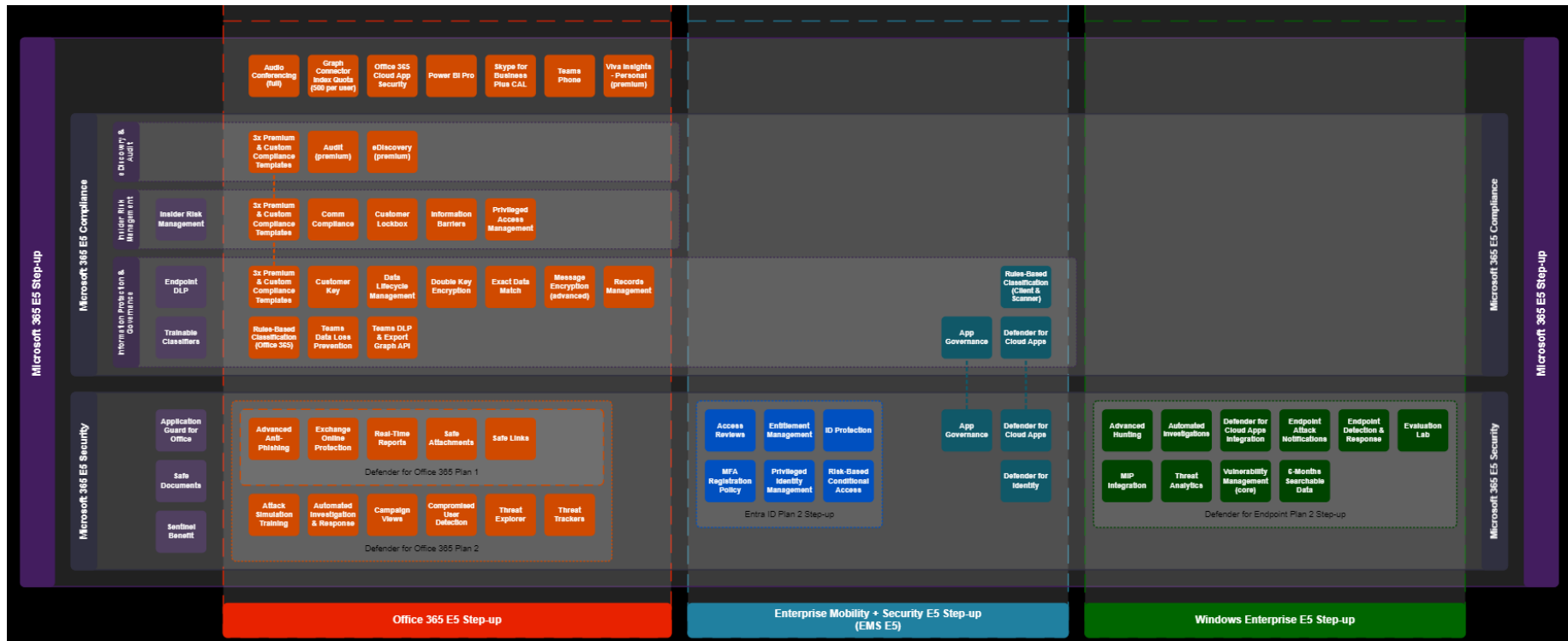
## **7. RECOMMENDATIONS**

- 7.1 As set out at the front of the report.

# APPENDIX 1

## E5 Licence Capabilities Matrix

Note: E5 licences include everything available in E3 plan plus the below capabilities.



Source: [Microsoft 365 Enterprise Landscape | M365 Maps](#)