



Essex Police, Fire and Crime Commissioner Fire and Rescue Authority

Decision Report

Please ensure all sections below are completed

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| Report reference number: 04-23 |
| Government security classification: Official Sensitive (Commercial) |
| Title of report: Microsoft Enterprise Agreement renewal 2023 |
| Area of county / stakeholders affected: Service wide |
| Report by: Sarah Taylor, Head of ICT and Adolfo Guerra, ICT Category Manager |
| Date of report: 26/01/2023 |
| Enquiries to: Adolfo Guerra, ICT Category Manager |

1. Purpose of the report

To request the approval of the Purchase Order for the future annual cost of the Microsoft licences.

2. Recommendations

The recommendation of this report is for the PFCC to approve the renewal of the Microsoft licenses for the three (plus option of one further) financial years commencing 2023/24 at an annual cost of £472,839.88 and a total cost of £1,891,359.60 for four years based on Phoenix Software's response to the CCS Aggregation Microsoft purchase. The expenditure for 2023/24 is within the budget proposal. The PFCC provides authorisation for the Chief Financial Officer to approve the purchase order in our finance system.

3. Benefits of the proposal

Using a Microsoft Enterprise Agreement is the most cost-effective way to purchase Microsoft licenses. Purchasing through an aggregation competitive tender on a multi-year cycle reduces overheads of negotiating this each year and allows suppliers to lock in multi-year pricing benefits.

The agreement that will be reached in March 2023 allows us to flex the specific quantity of each item at each yearly review. This allows us to evolve our Digital Strategy and only pay for licenses we are using during the year.

The total figure of £1,891,359.60 quoted in this report includes our current licensing needs, the right sizing of licensing for our IT infrastructure and Microsoft 365 apps for enterprise (devices) licences to provide improved desktop IT on stations.

4. Background and proposal

In December 2022, an expression of interest to join the Crown Commercial Service Microsoft Enterprise Aggregation process was completed and the EPFCCFRA entered into an aggregated tender for a three-year plus one Enterprise Agreement with Microsoft resellers. Phoenix Software Limited has been awarded the aggregation contract for Lot 3 (government services). The aggregation includes local government, central government departments/agencies and other fire and rescue services. This process, using Crown Commercial Service Technology Products and Associated Services Framework (TePAS RM 6068), will lock in beneficial pricing for the three-year plus one period with the ability to flex up and down as our digital strategy evolves and licensing needs change.

5. Alternative options considered and rejected

The only viable alternative currently is to go to tender standalone, which is not preferable due to the likelihood of higher unit costs as a single customer.

6. Strategic priorities

The Microsoft licenses are critical to digitally enabling our employees, providing communication tools such as email and Teams, productivity tools such as the MS Office suite and infrastructure capabilities in both on-premises and cloud data centres

The Digital and Data Strategy and its supporting Business Case highlight how the programmes and projects align to the Fire and Rescue Plan Priorities, IRMP 2020-2024 and the Annual Plan. The licenses from Microsoft continue to support the priorities within the Digital and Data Strategy.

7. Operational implications

The Microsoft operating system and product set underpin ICT services. From the operating systems used on Mobile Data Terminals in appliances to the software used to calculate payroll, Microsoft licensing includes the Teams application that has is now our internal telephone system. Operational and organisational service would degrade rapidly without Microsoft solutions.

8. Financial implications

The first-year cost is benchmarked to £472,839.88. It represents an increase of 57% over the current year costs of £300,801.62 (under our Enterprise Agreement alone; we also purchase Microsoft licensing through another agreement where we need month on month flexibility). The new costs are within the budget envelope for ICT. Unit prices confirmed at the outset of the agreement should remain fixed throughout the life of the agreement, therefore inflationary increases are not a consideration in the total figure quoted above for the first three years. The pricing for the +1 year extension is not fixed and this can change due to CPI increases or foreign exchange rates deemed by Microsoft. The predicted price increase between 2022/23 and 2023/24 is due to a number of factors, the most financially significant of which are:

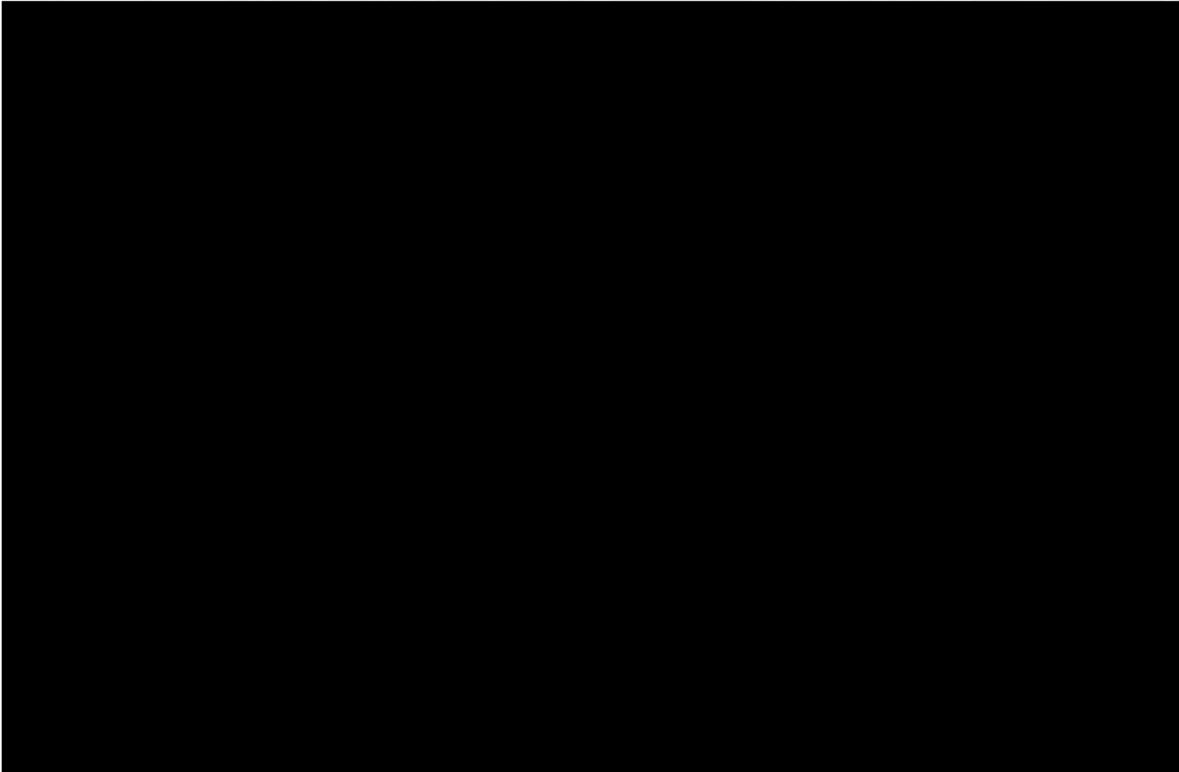
- An emerging requirement for desktop device licenses for MS Office that are being rolled out on fire stations.
- The true-up of licensing quantities for existing on-premises infrastructure.
- An increase of 9% in pricing from Microsoft due to a weakened Pound Sterling and Euro against the US Dollar although pricing is still in Pound Sterling.
- The movement of some quantities of flexible licensing to this fixed licensing arrangement, which offers preferential pricing.

The contract and decision sheet have different pricing. This is due to the expected but unsure demand ramp for the year one deployment. The decision sheet reflects the maximum amount that the EPFCCFRA is going to purchase based on possible demand for additional licenses within year 1. The ICT team aims to fully deploy to Fire Stations by the end of the year but there

is some variability of the actual role out of this programme which will impact the final year 1 costs. This flexibility means that we can flexi to accommodate additional demand as this becomes clear but we do not fully commit to the maximum requirements while this is still uncertain as this would lead to unnecessary waste.

The contract in its current state, allows us to award 50 of the Microsoft O365 device licenses although it is possible that if we achieve full deployment the need will be for 400 devices. The total cost of this is below and incorporated into the total possible cost.

The figures below are the maximum expected cost amount that the life of the contract will be.



9. Legal implications

This procurement was run as an aggregation by the Crown Commercial Service aggregation team on RM6068 Technology products and associated services Lot 3 Software & Associated Services. Under the framework agreement all contractual terms and conditions have already been set and agreed with each framework supplier during the initial process for them to secure a place on the framework.

10. Staffing implications

The approval of the licensing is vital to allow staff across the service to continue using Microsoft operating systems, toolsets and security products which are fundamental to their day-to-day roles.

11. Equality and Diversity implications

There are no implications with regards to diversity in this decision.

We have considered whether individuals with protected characteristics will be disadvantaged as a consequence of the actions being taken. Due regard has also been given to whether there is impact on each of the following protected groups as defined within the Equality Act 2010:

| | | | |
|--------------------|---|--------------------------------|---|
| Race | x | Religion or belief | x |
| Sex | x | Gender reassignment | x |
| Age | x | Pregnancy & maternity | x |
| Disability | x | Marriage and Civil Partnership | x |
| Sexual orientation | x | | |

The Core Code of Ethics Fire Standard has been fully considered and incorporated into the proposals outlined in this paper.

12. Risks

No risks identified in relation to this purchase.

13. Governance Boards

The decision has not been subject to any governance boards.

14. Background papers

None

Decision Process (#)

Step 1A - Chief Fire Officer Comments

(The Chief Fire Officer is asked in their capacity as the Head of Paid Service to comment on the proposal.)

.....I support the recommendation.....

.....



Sign:

Date:.....21.03.23.....

Step 1B – Consultation with representative bodies

(The Chief Fire Officer is to set out the consultation that has been undertaken with the representative bodies)

No consultation with representative bodies

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Step 2 - Statutory Officer Review

The report will be reviewed by the Essex Police, Fire and Crime Commissioner Fire and Rescue Authority's ("the Commissioner's") Monitoring Officer and Chief Finance Officer prior to review and sign off by the Commissioner or their Deputy.


Monitoring Officer

Sign:DHorsman.....

Print:Darren Horsman - Deputy Monitoring Officer.....

Date:22/3/2023.....

Chief Finance Officer



Sign:

Print:Neil Cross.....

Date: 20.03.23

Step 3 - Publication

Is the report for publication? YES/NO

If 'NO', please give reasons for non-publication (Where relevant, cite the security classification of the document(s). State 'none' if applicable)

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If the report is not for publication, the Monitoring Officer will decide if and how the public can be informed of the decision.

Step 4 - Redaction

If the report is for publication, is redaction required:

1 Of Decision Sheet YES/NO

2 Of Appendix YES/NO

If 'YES', please provide details of required redaction:

.....Please redact section 8 financial implications highlighted in yellow...

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Date redaction carried out: 27/03/2023

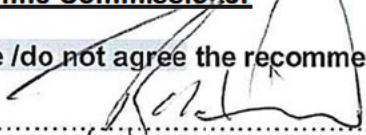
If redaction is required, the Chief Finance Officer or the Monitoring Officer are to sign off that redaction has been completed.

Sign:  Print: Neil Cross

Date signed: 27/03/2023

Step 5 - Decision by the Police, Fire and Crime Commissioner or Deputy Police, Fire and Crime Commissioner

I agree /do not agree the recommendations to this report:

Sign:  (PFCC / DPECC)

Print: 24/3/23 Date signed: 