

MERSEYSIDE FIRE AND RESCUE AUTHORITY

MEETING OF THE:	POLICY AND RESOURCES COMMITTEE		
DATE:	23 MARCH 2023	REPORT NO:	CFO/67/22
PRESENTING OFFICER	CHIEF FIRE OFFICER PHIL GARRIGAN		
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TITLE OF REPORT:	MICROSOFT ENTERPRISE AGREEMENT RENEWAL 2023		

APPENDICES:

Purpose of Report

1. To request that Members approve the renewal of the Authority's Microsoft Enterprise Agreement (EA) and in doing so award the contract to Phoenix Software Limited to act as the Authority's Microsoft Licensing Solution Provider (LSP).

Recommendation

2. It is recommended that Members
 - a) approve the renewal of the Microsoft EA for a period of three years from April 2023.
 - b) approve the award of the contract to Phoenix to act as the Authority's Microsoft LSP for three years, from April 2023, with the option to extend for a further year.
 - c) note that A Microsoft EA offers the best value to organisations with 500 or more users or devices that wish to buy software licenses and cloud services from Microsoft.
 - d) note that A Microsoft EA can only be purchased via a Microsoft-accredited LSP.
 - e) note the contract value with Phoenix is £809k over three years. This includes the cost of Microsoft licenses, cloud services, and a small margin for Phoenix to act as Merseyside Fire & Rescue Authority's (MFRA)'s LSP.

Introduction and Background

Microsoft EA

3. The UK government has signed a new three-year Memorandum of Understanding (MOU) with Microsoft to enable public sector organisations to continue to unlock the benefits of cloud computing and business applications.
4. The new MOU, entitled the Digital Transformation Arrangement 2021 (DTA21), allows all eligible public sector organisations to benefit from discounts and beneficial terms for Microsoft 365, Azure, and associated support and consulting services.
5. To continue to use the latest versions of Microsoft products, such as Windows Server, Windows 11, and Office 365 (O365), MFRA will need to renew its Microsoft (EA), which expires on 31st March 2023. In doing so, MFRA will sign up to the Microsoft pricing agreed in the DTA21 MOU which will have one year to run until April 2024.
6. A key cost consideration in setting up a Microsoft EA is around O365 licensing. Office 365 is available in three plans: E1, E3, and E5. O365 E1 is the most basic plan, offering essential business services like email, file sharing, and storage. O365 E3 provides the full suite of enterprise functionality with Office applications (Word, Excel, PowerPoint, etc.) and additional security functionality. O365 E5 is the most advanced package, with all the features of O365 E3, alongside advanced email security functionality, analytics, and phone systems.
7. Commonly asked questions are: which plan offers the best value for money? Is it better value to use E3 and implement third-party email security? Does an organisation need the additional security and analytics functionality offered in E5?
8. For MFRA the best all-around option for MFRA is the O365 E3 and a pick-and-mix approach of using additional security features of the more expensive O365 E5.
9. Note: to move fully to O365 E5 there is a potential increase of £150k cost p.a. Microsoft, however, does offer a 'ramp' facility where O365 E5 is cheaper in the shorter term rising to the full price after three years.

Licensing Solution Provider (LSP)

10. As the Microsoft EA, associated with the DTA21 MOU, can only be purchased via a Microsoft-accredited LSP, MFRA's Procurement and Information and Communications Technology (ICT) Departments identified three options as a route to market:
 - a) Run an Openly advertised competition as an individual organisation

- b) As an individual organisation, run a mini-tender using the Technology Products and Associated Services (TePaS) framework to select an LSP.
 - c) Join the Crown Commercial Services (CCS) complimentary aggregation framework in Spring 2023 to select an LSP.
- 11. Option 'a' was discounted in favour of using an existing framework agreement (options 'b' or 'c') which is a more efficient route to market for the Authority.
- 12. This left Options 'b' and 'c' on the table. It was recognised that by combining the similar needs of organisations from across the public sector, CCS can increase public sector national buying power to achieve savings that would not be possible through individual buying.
- 13. For this reason, Option 'c' was chosen as a route to market
- 14. The DTA21 agreement already provides excellent discounts and consistent pricing for eligible public sector organisations. Further price-saving opportunities are limited to the variation of the LSP price margin, which is, on average, around 1% of the values of the Microsoft licensing and cloud services, regardless of the route to market.
- 15. To support the DTA21 agreement and provide an easy route to market for customers, CCS set up a programme of aggregated procurements for Microsoft licensing. These competitions are run free of charge by CCS under its Technology Products and Services (TePas) framework agreement.
- 16. In November 2022, MFRA's ICT and Procurement Departments joined the CCS NFC157 aggregation framework in Spring 2023.

Aggregation Framework Spring 2023 Outcome

- 17. For MFRA, the result of the aggregation framework, Spring 2023, is the recommendation to award the contract to Phoenix to act as MFRA's Microsoft LSP for three years from April 2023, with the option to extend for a further year.
- 18. MFRA ICT and Procurement Departments agreed the final quote with Phoenix and the cost to MFRA for Microsoft Licences is £809k over three years

Crown Commercial Services

- 19. CCS plays an important role in helping the UK public sector save money when buying common goods and services.
- 20. CCS is the biggest public procurement organisation in the UK. It uses its commercial expertise to help buyers in central government and across the

public and third sectors to purchase everything from locum doctors and laptops to police cars and electricity.

21. The collective purchasing power of its customers, plus its procurement knowledge, means CCS can achieve the best commercial deals in the interests of taxpayers.

Equality and Diversity Implications

22. Microsoft as a supplier is committed to Equality and Diversity and MFRA can benefit from that commitment.

23. More information on Microsoft's Global Diversity and Inclusion can be found at:

[Inside Microsoft | Global Diversity and Inclusion at Microsoft](#)

Staff Implications

24. Staff will benefit from the latest version of the software at work potentially matching their home experience with associated productivity benefits.

Legal Implications

25. The contract is a call-off contract under the TePaS framework agreement which conforms to the Public Contracts Regulations (2015).

Financial Implications & Value for Money

26. The Phoenix bid is a price of £263k for year one and £273k for the remaining two years. This equates to £809k over the three-year contract.
27. The existing capital budget provision for Microsoft EA is £310k Annually and therefore can be met within the budget

Risk Management, Health & Safety, and Environmental Implications

28. Adoption of this proposal provides for more robust business continuity arrangements and supports the development of bespoke solutions to meet MFRA's business needs.

Contribution to Our Vision:	<i>To be the best Fire & Rescue Service in the UK.</i>
Our Purpose:	<i>Here to serve, Here to protect, Here to keep you safe.</i>

29. In line with the Authority's vision to be the best Fire and Rescue Service in the UK, MFRA ICT is committed to a successful partnership, working with ICT Suppliers to deliver a value for money, secure, robust quality service whilst enabling continuous business-led ICT Innovation.

BACKGROUND PAPERS

N/A

GLOSSARY OF TERMS

CCS	Crown Commercial Services
DTA	Digital Transformation Arrangement
EA	Enterprise Agreement
EIA	Equality Impact Assessment
FRS	Fire and Rescue Service
ICT	Information and Communications Technology
LSP	Licensing Solution Provider
MFRA	Merseyside Fire and Rescue Authority
MFRS	Merseyside Fire and Rescue Service
MOU	Memorandum of Understanding
O365	Office 365 - Can be called Microsoft 365 (M365)
SLT	Strategic Leadership Team
TDA	Training and Development Academy
TEPAS	Technology Products and Associated Services